FINANCIAL STRATEGY

This section describes the financial strategy for funding the activities in the Implementation Plan to achieve the vision on State Street. The financial strategy addresses the following questions related to the State Street corridor:

- What activities are currently funded?
- What activities are currently unfunded?
- What tools are available to fund the roadway, transit, and land use activities?

The financial strategy is primarily focused on funding for public agency improvements to the roadway and transit systems. While some land use activities are funded by public agencies, a majority of the land use investments on the corridor will ultimately be the responsibility of the private sector.

Funded and Unfunded Activities

As identified in the implementation tables, several activities are currently funded on the State Street corridor. For the purpose of this financial strategy, all of the activities, including planning, project development, and construction of projects, are treated similarly and referred to as "improvements." This section summarizes the total costs of the near-term, medium-term, and long-term improvements by roadway, transit, and land use categories. These costs are summarized in millions of dollars (year 2010 dollars) and represent the estimated project costs for improvements to the State Street/SH 44 corridor. Additionally, the funded and unfunded improvements are identified in this section.

Overall, the total cost of all improvements is estimated at approximately $475 million, of which 43-percent of the improvements are currently funded by ACHD, ITD, and VRT.

NEAR-TERM IMPROVEMENTS

Figure 26 illustrates the total cost of the near-term improvements divided into the roadway, transit, and land use categories. As shown in Figure 26, over 78-percent of the near-term improvements are associated with roadway activities on the corridor, such as the SH 16 extension to US 20/26, 30th Street extension, and pedestrian and ITS improvements.

Figure 27 illustrates the relative costs of the funded and unfunded near-term improvements. As shown in Figure 27, over 84-percent of the near-term improvements are currently funded. The transit and land use activities make up the major components of the unfunded near-term activities. These activities are critical to increasing transit service and ridership and moving forward with right-of-way acquisition for the medium-term improvements.

Figure 26 Total Cost (in millions) of Near-Term Improvements

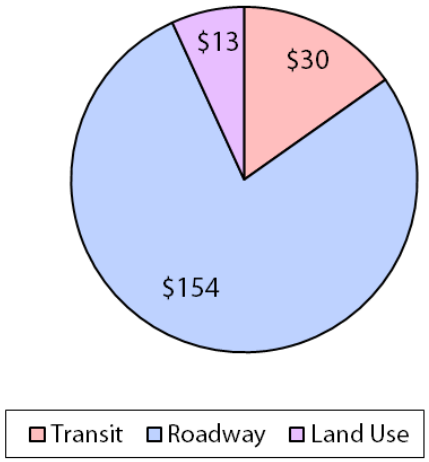
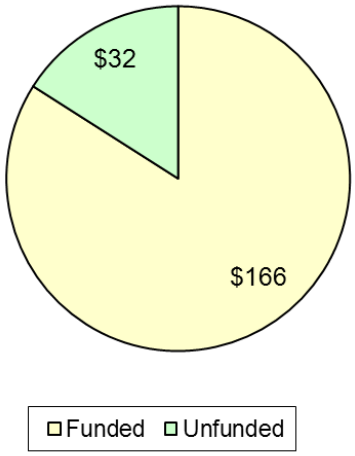


Figure 27 Funded and Unfunded (in millions) Near-Term Improvements



MEDIUM-TERM IMPROVEMENTS

Figure 28 illustrates the total cost of the medium-term improvements divided into the roadway, transit, and land use categories. As shown in Figure 28, approximately 50-percent of the medium-term improvements are associated with roadway activities. The most significant improvement is the widening of State Street between 23rd Street and Glenwood Street to accommodate curbside HOV lanes.

Figure 29 illustrates the relative costs of the funded an d unfunded medium-term improvements. As shown in Figure 29, over 33-percen t of the medium-term improvements are currently funded. Transit and land use activities continue to make up the major components of unfunded medium-term activities. These activities are critical in increasing the transit service, ridership, and TOD and preparing the corridor for a high-capacity transit service.

Figure 28 Total Cost (in millions) of Medium-Term Improvements

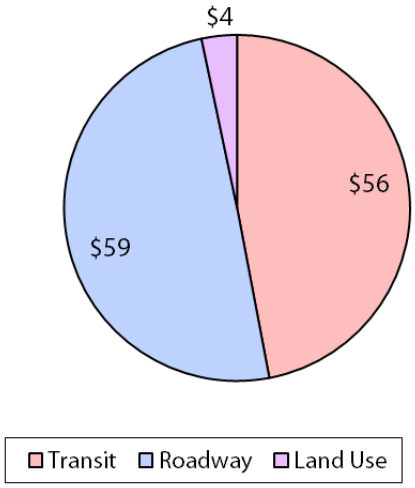
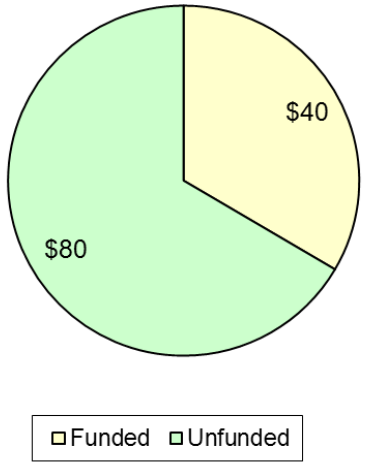


Figure 29 Funded and Unfunded (in millions) Medium-Term Improvements

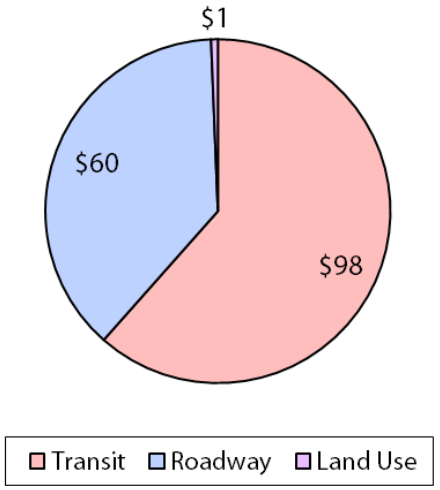


LONG-TERM IMPROVEMENTS

Figure 30 illustrates the total cost of the long-term improvements divided into the roadway, transit, and land use categories. As shown in Figure 30, approximately 62-pecent of the long-term improvements are associated with transit activities on the corridor.

100-percent of the long-term improvements are currently unfunded. The roadway and transit activities make up the major components of unfunded long-term activities. These activities are critical in achieving the long-term vision for the corridor. TOD site development is not included in the cost estimates for this corridor as those activities are typically implemented through private development. Potential public agency costs could occur due to public policy changes or incentives but none were included in the cost estimates.

Figure 30 Total Cost (in millions) of Long-Term Improvements



TRANSIT AND LAND USE ASSUMPTIONS FOR COST ESTIMATES

A few assumptions were made in developing the cost estimates for the near-term, medium-term, and long-term improvements.

The costs associated with transit improvements are primarily annual operating costs for the buses and drivers. Therefore, to account for the total operating costs, a timeframe was assumed for how long a new transit route would operate between the near-term, medium-term, and long-term phases and year 2035.

For example, Project ID N-32 (implementing 15-minute headways and all-day service for Route 9) is estimated to cost $300,000 to $500,000 annually to operate. It was assumed that this project would be implemented in the next 5 years and operates for 20 years by the year 2035. Once implemented, all near-term transit routes were assumed to operate for 20 years, medium-term were assumed to operate for 15 years, and long-term were assumed to operate for 5 years for the purpose of calculating a total transit cost over the planning horizon.

Land use projects, such as purchasing land for Park & Ride lots, development of TOD sites, and acquisition of right-of-way were not included in the overall cost estimates due to the various options available for implementing these changes and the likelihood these would be implemented in

partnership with the private sector. Therefore, actual costs associated with this project will be higher due to the cost associated with developing the TODs.

TOTAL COST SUMMARY

Overall, the total cost of all improvements is estimated at approximately $475 million, of which approximately 43-percent are currently funded by ACHD, ITD, and VRT.

Based on the cost summary and funding shortfall of $270 million, a funding strategy has been prepared that identifies potential sources and opportunities for funding the various roadway, transit, and land use activities.

Tools for Funding Roadway, Transit, and Land Use Activities

ROADWAY

The existing funding sources and future funding tools for roadway activities used by ACHD and ITD are described in this section.

EXISTING ROADWAY FUNDING

A large number of the roadway activities identified on the corridor are currently funded through a variety of sources, including:

- **Local/State Funding**: gas tax, property tax, vehicle registration, and impact fees
- **Federal:** Highway Trust Fund (gas tax), grants, and earmarks

The current funded roadway projects are estimated at approximately $194 million on the corridor. This cost estimate includes ITD's SH 16 project at a cost of $123 million.

ACHD has several revenue sources for planning, designing, constructing, and maintaining roadway projects.

Property Tax: Property taxes are the single largest General Fund revenue of ACHD. This revenue is limited to a 3-percent increase per year by Idaho Statute. In 2010, this revenue was $31.7 million, which is approximately 40-percent of the total ACHD budget.

Highway User's Fund (HUF): This fund is limited by Idaho Statute and is tied directly to gasoline tax and vehicle registration. The fuel tax collected provides funding for building and maintaining Idaho roads, bridges, and recreational areas. This revenue was $20.2 million in 2010.

Ada County Registration Fees: Registration fees are collected by ITD for vehicle registrations in Ada County. The revenue is then apportioned to various entities, with ACHD receiving a statutory

amount. Additionally, in 2009, voters approved an increase in registration fees that now provides funding for congestion mitigation and community projects, such as Safe Routes to School. This revenue was $8.0 million in 2010.

Development Impact Fees: Impact fee revenue is collected from developers to pay for their proportionate share of system improvement costs. This revenue was $6.0 million in 2010, although it is not considered a stable income source due to the fluctuation in development activity.

Cost Sharing: Cost sharing agreements with other entities to construct sewer, utilities, and roadways help reduce the project costs. This revenue varies greatly depending upon projects, participants, and the project phase.

Other sources include state sales tax, federal grants, interest, and Commuteride. ACHD's total revenue was $78.7 million in 2010 with the property tax, HUF, registration fees, and development impact fees accounting for over 83-percent of the total revenue. The estimated revenue is $84 million for 2011 (ACHD's Budget).

In addition to the ACHD sources, a number of funding sources are considered flexible and are secured through regional priorities. These sources include Surface Transportation Program-Transportation Management Area (STP-TMA), Congestion Mitigation and Air Quality (CMAQ), FTA 5307, and FTA 5309 funds. The funds can be used for a variety of transportation projects but are allocated through a competitive process.

FUTURE ROADWAY FUNDING TOOLS

The major roadway activities identified in the Implementation Plan that are unfunded are:

- Studies, such as the Access Management Plan and HOV Lane Use Study
- Projects to fill in gaps in the pedestrian facility network
- SH 44 widening project between Ballantyne Lane and SH 16
- Curbside running way with HOV between Glenwood Street and Eagle Road

It is estimated that an additional $80 million of funding is needed to achieve the roadway vision for the State Street/SH 44 corridor. In addition to the sources used today to fund roadway projects, the following options are identified for funding future roadway improvements:

Surface Transportation Program (STP) Funds: These are federal flexible funds distributed through the COMPASS Transportation Improvement Program. The STP-TMA program was used recently to fund the Franklin Road widening between Touchmark Way and Five Mile Road, the State Street ITS project, and some maintenance projects. This program could be used to fund these types of future roadway projects on State Street:

- Widening of State Street between Glenwood Street and 23rd Street;

- Adding an HOV lane, bus stops, and shelters;
- Adding and improving pedestrian facilities; and
- Improving intersections.

Congestion Mitigation and Air Quality (CMAQ) Funds: ITD oversees the distribution of CMAQ funds in Idaho. Grants are provided for projects that demonstrate air quality benefit in air pollution problem areas. The CMAQ program could be used to fund these types of future projects on State Street:

- Bicycle and pedestrian facilities
- Bus facilities and buses
- Park & Ride lots

CMAQ funds were recently (when they were last available) used for purchasing buses and Commuteride vans.

Community Programs (ACHD): The pedestrian facility projects to fill in gaps on the corridor could be funded through this program. This program is currently funding some of the other pedestrian improvement projects on State Street between Veterans Memorial Parkway and Glenwood Street.

Cost sharing with other agencies and/or private developers: Cooperative agreements could be established between agencies and/or private developers to share the costs of certain roadway, streetscape (ACHD, by statute, cannot fund installation or maintenance of landscaping), and/or pedestrian improvements. For example, the ITS improvements for traffic and transit could be funded through a possible cost-sharing agreement between ACHD and VRT.

Grant Anticipation Revenue Vehicle (GARVEE): The GARVEE Transportation Program is a funding program that allows Idaho to plan, design, and build more highway projects in less time than through traditional transportation funding methods. It uses GARVEE bonds to fund critical improvements in six transportation corridors throughout the state. Depending upon spending authority granted by the current legislature, GARVEE could be fully obligated to the spending limit specified in the current version of the GARVEE legislation. This type of program could be used in the future to fund roadway improvements on the SH 44 corridor between Glenwood Street and SH 16.

Idaho Sales Tax Anticipation Revenue Act (STAR): The Idaho Sales Tax Anticipation Revenue Act allows private parties to pay upfront costs in excess of $6 million for transportation improvements associated with a retail and/or commercial development. The developer receives a rebate of the sales tax for reimbursement of the transportation improvements. This type of funding tool can work with retail/commercial development of a minimum size of 300,000 square-feet and building cost of over $4 million.

TRANSIT

The existing funding sources and future funding tools for transit activities are described in this section (Transit Operations Plan).

EXISTING TRANSIT FUNDING

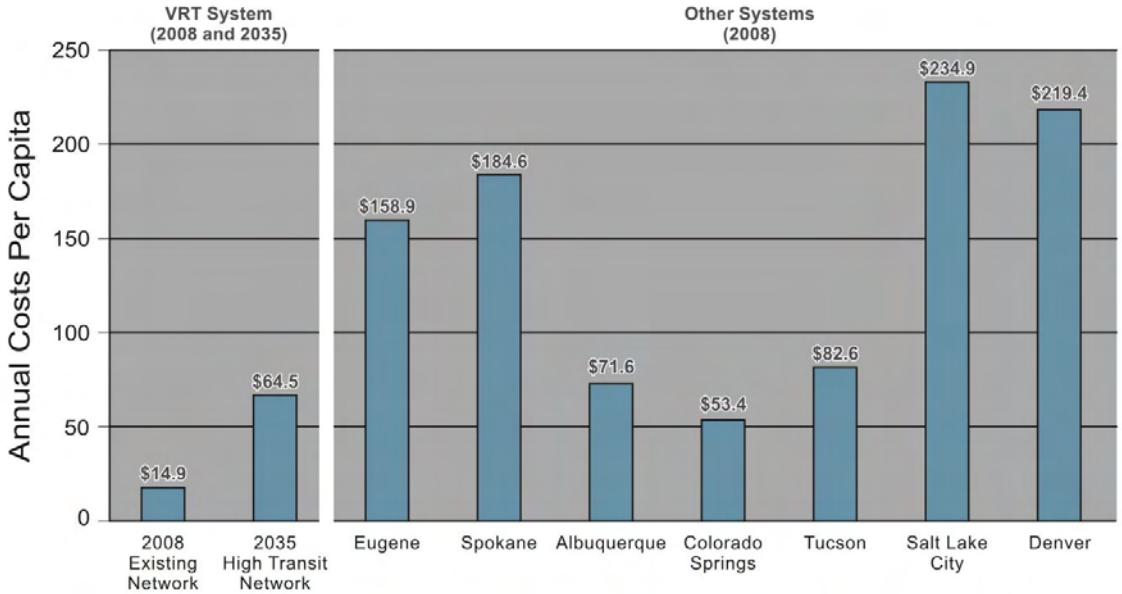
Operating Costs: Transit funding for ValleyRide comes from the following key sources:

- Fare box revenue
- Voluntary contributions from local agencies
- Federal funding

Fare box revenue accounts for approximately 10-12 percent of the annual transit budget. Ada and Canyon counties and the Cities of Boise, Garden City, Eagle, Meridian, Nampa, and Caldwell provide voluntary contributions, which is the major funding source.

Federal operating funds are used to augment local funding. Federal funds are not used for service in the City of Boise or, in the new census, for Canyon County. The total operating revenues for the full agency in FY 2010 were approximately $10 million, with about 30-percent provided by federal funds.

Figure 31 Operating Cost per Capita in the Treasure Valley and Western and Mountain State Cities



In order to determine how the funding for transit in the Treasure Valley compares with other similar regions, data on the amount of service provided by VRT and the associated operating costs per-capita were compared with other peer cities and systems in the Western and Mountain States. Figure 31 illustrates this annual operating cost comparison.

The Treasure Valley spends the lowest amount per capita compared to other transit systems in the west. Even after making the increased investment in a future High Transit Network (discussed in Background), the region would still be within the lower end of transit investment per capita compared with other western cities.

Capital Costs: Federal funds typically cover approximately 80-percent of the capital expenditures for VRT. Current capital projects include bus and equipment purchases, right-of-way purchases, ADA bus stop improvements, and the design and construction of the

future Downtown Boise Multimodal Center.

FUTURE TRANSIT FUNDING TOOLS

The major transit activities identified in the Implementation Plan are:

- Increasing transit service on the corridor
- Capital expenses for increased service
- Installing bus bays/pull outs and queue jump lanes
- Installing ITS infrastructure for the transit system (i.e., Automatic Vehicle Location (AVL) system, transit signal priority)
- Implementing a high capacity transit service (i.e., bus rapid transit) between the Downtown Boise Multimodal Center and Eagle

To achieve the transit vision for the State Street corridor, approximately $70 million of capital costs and $3-5 million in annual operating costs are needed on the corridor. Some potential funding tools are addressed below.

Operating Costs: The current funding mechanisms, while adequate today, do not provide significant opportunity to increase in the future. In order to develop a comprehensive transit system and implement operations on corridors such as State Street some type of stable, non-voluntary funding source is required. Implementing high capacity transit-style improvements on State Street would require VRT to increase their operating budget significantly, bringing it more in line with Albuquerque, Colorado Springs, and Tucson. This level of investment in transit operations would be consistent with Treasure Valley in Transit and could provide an adequate foundation for considering the implementation of high-capacity transit capital improvements.

Recently, the Public Transportation Subcommittee of the Governor's Task Force on Modernizing Transportation Funding identified and ranked potential funding sources that could be used for transit operations. The rankings are shown below from highest to lowest.

- User fees and fares (highest ranked option)
- Local option sales tax
- Local option resort tax
- Local option real property tax

While user fees are ranked the highest, they do not have the potential to cover the operating costs of ValleyRide. On average, user fees can account for up to 30 percent based on average data from the FTA. Currently, VRT's user fees generate about 10-12 percent of the sources to fund the operating costs, which could potentially increase if a higher level of transit service was provided throughout the region. However, in either case, some type of tax would still be required.

In recent legislative sessions, a proposal has been developed to provide local areas with the authority to ask voters to consider a local option sales tax with the ability to fund transit, but the proposal has not had success. If a local option sales tax for transit

is included as part of the overall package of funding modernization that comes out of the recommendations adopted by the Governor's Task Force, it may significantly improve chances of passing in the legislature.

Past efforts to provide local jurisdictions with this local option have had strong support within the Treasure Valley region but have failed to garner enough support from other parts of the state. If the legislature were to provide the authority to ask local voters to assess additional sales tax, the region would need to develop a package of transportation improvements (either transit-only or transit plus roadway) and ask the voters for their support to impose a tax in order to fund the improvements.

Capital Costs: The capital elements for a State Street high capacity transit service would likely include some of the following elements:

- Stations with shelters
- Exclusive or semi-exclusive travel lanes (including HOV lanes)
- Special branded vehicles
- Advanced signaling systems (i.e., transit signal priority)
- Real-time traveler information
- Off-board payment machines
- Signage and striping
- Limited amounts of additional right-of-way
- Bus bays or pull outs

The current federal transportation authorization, Safe Accountable Flexible Efficient Transportation Equity Act, a Legacy for Users (SAFETEA-LU), passed Congress in 2005 and has been extended through 2010. The following discussion of potential federal capital funding sources is based on sources available through SAFETEA-LU.

Federal funding for BRT or other high capacity transit improvements can come from a variety of sources including 5307 formula funds, 5340 formula funds, CMAQ funds, Surface Transportation Program (i.e. "Flexible") funds, and Section 5309 grant programs (including the New Starts and Small Starts programs). The following describes these funding sources and potential issues related to their use for transit capital improvements on State Street.

- **5307 and 5340 Formula Funds:** These funds are available on a population-based formula and can be used for planning, construction, and (in some cases) operations. BRT capital elements that could be covered with 5307 funding include bus purchase, passenger facilities, and traffic signals.
- **CMAQ Funds:** ITD oversees the distribution of CMAQ funds in Idaho. Grants are provided for projects to demonstrate air quality benefit in air pollution problem areas. Northern Ada County is currently classified as a Maintenance Area for carbon monoxide (CO) and particulates. A case could be made that BRT capital improvements on State Street would have an air quality benefit for Ada

County by improving the transit mode share and reducing the number of motor vehicles on the corridor.

- **Surface Transportation Program (STP) Funds:** These are federal flexible funds distributed through the COMPASS Transportation Improvement Program. STP funds have been used in many regions as a substantial funding source for major transit improvements. Determining the priority for use of STP funds for a major transit investment on State Street could require modification of COMPASS's project ranking methods by the COMPASS Board.
- **New Starts/Small Starts Grants**: The largest potential source for transit capital improvements on State Street would be through FTA's New Starts Program, also known as the Section 5309 Capital Investment Grant Program. The New Starts Program is a discretionary and competitive grant program that typically provides 50-to 60-percent of capital funding for high-capacity transit capital improvements. There are currently three categories of projects that are considered:
  - Very Small Starts – These projects include a total capital cost of less than $50 million and less than $3 million per mile (excluding vehicles). A corridor must have existing transit ridership of 3,000 per day in order to qualify for Very Small Starts funding.
  - Small Starts – These are projects with a total capital cost of less than $250 million with no greater than $75 million requested in federal 5309 funding. Small Starts must have at least 50 percent of the project length in a fixed guideway or be a corridor BRT project with substantial stations, signal priority, low-floor vehicles, 10-minute peak frequency, and at least 14 hours of service per day.
  - New Starts – These projects include a total capital cost of more than $250 million. (Note: the term "New Starts" refers to this specific funding category but it is also used to refer to the overall Section 5309 Capital Investment Grant Program).

A successful application for New Starts/Small Starts funding requires a corridor with a strong base of existing transit ridership and forecast growth and a project that can provide significant improvement in transit travel time and attract new riders. In order to prepare a successful New Starts/Small Starts project for the State Street corridor, it will be necessary to build up the level of transit service, maintain that built-up level of service, and then allow the increased service to operate for several years in order to attract additional riders. It will also require developing a project that can achieve significant travel time savings for transit and potentially compete with other projects nationally.

As part of the long-term improvements, an application for the Very Small Starts projects may be applicable as the transit service is increased and higher ridership

numbers are achieved on the State Street corridor.

LAND USE

The land use activities identified in the Implementation Plan can be separated into three categories:

- Category #1 – Studies and site planning
- Category #2 – Land acquisition
- Category #3 – Site development of multimodal centers, TOD, and Park & Ride lots

To achieve the land use vision for the State Street corridor, approximately $6 million is needed for the funding of studies, site planning, and development of Park & Ride lots. Additional funding is needed for land acquisition and development of the TOD sites, which are not included in the planning-level cost estimates.

Some tools to consider for funding are addressed below. A majority of the land use tools are taken from the *Transit Oriented Development Site Selection and Prioritization Report.*

IMPLEMENTATION AND FUNDING TOOLS

This section describes several actions, programs, and tools that can be utilized to encourage TOD along corridors. A majority of the TOD will occur through private-sector investment and development, but there are many tools that can be implemented by the public sector to encourage this development type.

- **Studies and plans:** The local cities of Boise, Eagle, and Garden City will need to work out a plan to allocate funds from their General Fund to conduct the corridor-wide Land Use Master Plan. Additionally, each city will have different levels of need for the plan, which should be identified as they develop the scope of work and funding needs for the Land Use Master Plan.
- **Streamlined zoning & entitlement:** In development, more than in virtually any other industry, time is money. Development of TOD along State Street should ideally be the easiest type of development to apply for in the region. Streamlining regulations and entitlement processes, including having a plan in place provides an opportunity for developers to accelerate the development schedule. This would be a significant incentive for developers.
- **No parking minimums:** Parking is one of the most expensive development costs in a project. Reducing minimum parking standards in Central Business Districts and TOD areas would allow developers to only build as much parking as required by tenants, helping to make projects more affordable and creating a more pedestrian-oriented landscape.
- **Shadow platting:** Shadow platting is the laying out of a site to accommodate infill and redevelopment in the future. For

example, a surface parking lot at a shopping center, built to meet today's market, could be designed with full-width streets and block sizes so that it could be redeveloped into an urban grid of buildings in the future, when the market for such development emerges.

- **Shared parking:** For development projects, implementing shared parking can reduce the project costs for the developer. As part of the planning process, agencies should plan for the development of adjacent complementary uses so that they can share a parking lot.
- **Public-private partnerships**: The complexity of TOD and the need to "encourage" the market will require a close coordination of public and private development efforts, including joint ventures or leasing/ownership opportunities. Public-private partnerships can provide the context that ensures that the whole is greater than the sum of its parts.
- **FTA 5307 and 5309 funds**: These programs were described earlier and could be used to fund Park & Ride lots. Recently, the 5309 funds were used for buses, Commuteride vans, pedestrian facilities on Catalpa Drive, and a Park & Ride lot in Kuna.
- **Public funding:** For some, but not all TOD, public funding will be the tool that makes an uneconomic project feasible. Tools such as tax increment financing, tax credits, low-interest loans, grants, and other programs should be made available for projects that meet the TOD vision.

DISCRETIONARY GRANT PROGRAMS

In addition to the funding sources described above, several discretionary grant programs have recently been made available for funding various roadway, transit, and land use projects. Some examples include:

- **Sustainable Communities Regional Planning Grant (HUD Led):** This grant provides funding for Regional Plans for Sustainable Development (RPSD) and implementation efforts as part of those plans. For example, COMPASS submitted a grant request for expansion of Communities in Motion into a RPSD.
- **Community Challenge Planning Grant (HUD Led):** This grant provides funding to planning efforts for local sustainability projects and could be partnered with a TIGER II planning grant.
- **TIGER II Planning Grants (DOT Led)**: This grant provides funding to planning, concept, and design work of transportation facilities. Projects need to focus on active modes of transportation, and some projects could be partnered with the Community Challenge Planning Grants. For example, COMPASS submitted a Community Challenge/TIGER II Planning Grant application for completion of the Land

Use Master Plan, design work on pedestrian facilities, and concept design for intersections along State Street/SH 44 out to Middleton.

- **TIGER II Capital Grant (DOT Led):** This grant provides funding for capital infrastructure with projects ranging from $10 to $200 million and a focus on multimodal projects. For example, ITD submitted a grant request for the Meridian Road Interchange.
- **TIGGER II (DOT Led):** The Transportation Investments in Greenhouse Gas and Energy Reduction (TIGGER) focuses on bus fleet investments that will reduce greenhouse gas emissions and reduce fuel consumption.
- **Bus and Bus Facilities/State of Good Repair (DOT Led):** This program is funded by unused FTA 5309 funds from previous appropriations and has the same focus as regular 5309 funding. For example, VRT submitted an application for buses and Park & Ride facilities.
- **Brownfield Reinvestment Grants (EPA Led):** This is an ongoing annual grant program that focuses on site cleanup and redevelopment of Brownfield sites.
- **Reauthorization and Appropriations:** Earmark requests funded by Congress during the annual budgeting process or through the reauthorization of the federal transportation bill. For example, regional applications have been submitted for ITS improvements and the Downtown Boise Multimodal Center. However, it is unknown how earmarks will be included as part of future budgets and administrations.

For a successful grant application, coordination among the local agencies needs to occur to leverage resources, identify priorities, and have projects ready for planning and development stages in order to secure these competitive funding sources.

SUMMARY

Overall, a number of programs exist currently that local agencies can use to fund the various implementation activities in the plan. Most importantly, the land use agencies will need to work together and identify a cost-sharing agreement for completing the corridor-wide Land Use Master Plan in the near-term phase. VRT will need to seek a dedicated funding source for operating costs of the increased service on the corridor. These two items are critical in establishing the next steps of moving toward an integrated, multimodal corridor.

Additionally, an overall joint Programming and Finance Plan needs to be developed for the corridor that establishes a framework for the funding sources, grant timelines, and next steps to ensure funding of the Implementation Plan. This plan is identified as a critical activity in the near-term.