

# **Regional and Local Transportation Infrastructure Issues and Street Fund Sales Tax Extension/Increase**

## **Introduction**

Transportation and infrastructure challenges are becoming more urgent at the local, regional and national levels. Nationally, discussions are underway regarding a potential public works stimulus package that would focus on critical infrastructure improvements to an aging and outdated transportation system. At the State level, the Governor's Blue Ribbon Transportation Finance and Implementation Panel has issued its final report identifying the need for increased funding to maintain and improve the State transportation system and the increasing demands being placed on it. At the local level, Longmont's existing 5-year Street Fund Sales Tax will come up for renewal at the end of 2011 and is the primary funding source for both day to day maintenance and improvements to the over 300 miles of City streets. A coordinated strategy to best leverage Longmont's opportunities and needs will be necessary to ensure that the community's transportation system is capable of reliably serving the transportation needs of our community, supporting economic viability in the community, and supporting the quality of life of those who live in, work in, and visit our community.

## **State and Regional Transportation Issues**

As was identified in the Origin and Destination Study completed last year, 10% of the traffic on Longmont's major arterials during the morning and evening rush hours is pass through traffic. In addition, 55% of the traffic either starts in Longmont and ends outside the City, or starts elsewhere and ends in Longmont. Combined, 65% of the peak hour trips on Longmont's arterial roads being regional in nature.

To address those regional trips, it is critical that Longmont work with surrounding communities and entities such as DRCOG, the North Front Range MPO, RTD, the Colorado Department of Transportation, Boulder County and Weld County on regional transportation solutions to regional transportation issues.

## **North I-25 Environmental Impact Study**

The Colorado Department of Transportation (CDOT) is working to complete the North I-25 Environmental Impact Statement. While no design or construction currently are scheduled or funded, this document will establish the plan for future transportation improvements along the I-25 corridor and the northern Front Range of Colorado. The Draft Environmental Impact Statement (DEIS) included two alternative plans, and the CDOT Project Team is currently working to finalize one "Preferred Alternative" to include in the final EIS.

City Council supported Package A, which focuses on a combination of roads, rail and buses. This option includes Commuter Rail Service along the existing BNSF Rail Line from Fort Collins to Longmont. A new rail line would be extended east from Longmont to Weld County Road 7, south along that corridor and then connecting to I-25 and the FasTracks North Metro Commuter Rail Line from Thornton to Denver. Package A would also include widening along I-25 to include three general purpose traffic lanes in each direction from Highway 66 north to Fort Collins, and widening to include four general purpose traffic lanes in each direction from Highway 52 south to the E-470 interchange.

Package B focuses primarily on roads and a few bus improvements. This option includes widening I-25, establishing tolled Express Lanes, and using Bus Rapid Transit Service along I-25 and bus service connecting to the communities east and west of I-25.

### **Update on State Transportation Funding and Options from the Governor's Blue Ribbon Transportation Finance and Implementation Panel**

In May of 2007, Governor Ritter appointed the Transportation Finance and Implementation Panel to evaluate the State's transportation needs and identify long-term programs and sustainable funding sources. The Panel submitted a Report to Colorado dated January 2008, and a copy of the Executive Summary is attached. The entire Report to Colorado and other information on the work of the Panel can be found at <http://www.colorado.gov/governor>

The report identified a large discrepancy between the needs of the existing state transportation system with deteriorating infrastructure and a revenue source that has also deteriorated and not kept pace with the needs of the system. Some of the specific items identified include:

- A significant increase in the travel demand placed on Colorado's roadways in the last decade accompanied by a primary funding source that has eroded to less than a third of its value.
- A 60% increase from 1990 in miles driven on State highways, up to 28.5 billion miles in 2006.
- The amount of time the average motorist sits in traffic in congested corridors during peak hours every day is expected to double in 10 years.
- Without increased resources, it will not be possible to maintain the current surface condition of State roads, which will have a major impact. Today, if you drive an hour on an average stretch of highway, you will spend about 20 minutes on rough pavement. By 2016, you will spend about 40 minutes on rough pavement.

While the demand on the State's transportation system is increasing, funding maintenance of and improvements to the system is becoming much more challenging as the primary revenue stream lags behind increasing construction

costs. Motor fuel taxes – 22 cents per gallon on gasoline and 20.5 cents per gallon on diesel – are the primary funding source for Colorado’s State highway system, along with federal taxes of 18.4 cents per gallon on gasoline and 24.4 cents per gallon on diesel. The last gas tax increase in Colorado was 17 years ago, and the last tax increase on diesel was 16 years ago. Since fuel taxes are a flat amount and not a percentage of the price of fuel, while Coloradans are driving more than ever, increasing fuel efficiency in vehicles has actually led to a reduction in the growth of gas tax revenues.

Panel Recommended Policies

Panel members unanimously supported an increased investment in transportation that would address a broad range of infrastructure needs, both roadway and transit. The Panel’s main policy recommendations were as follows:

- Maintain existing infrastructure as the first priority. Address deteriorating components of the highway system, including bridges and shoulders.
- Address safety and congestion through large corridor reconstruction projects.
- Increase access to jobs, health services and recreation by expanding transit, including more options for the elderly and people with disabilities, more lines in rural areas, and interregional transit to connect communities around the state.
- Make non-motorized travel options safer and more convenient by adding more pedestrian and bike paths.
- Promote environmental stewardship to mitigate the impacts of maintenance and construction.
- Allocate dollars to local governments to invest in roads and transit, recognizing that both are part of the broader transportation network.

Revenue Options and Funding Level Recommendations

The Panel considered 39 alternatives for generating more revenue for transportation, evaluating each on 16 criteria such as administrative burden, flexibility, and stability of the revenue source. The Panel recommended the following five primary revenue sources:

Revenue Source	Incremental Fee or Tax	Revenue Generated	Voter Approval Required?
Highway Maintenance Fee – A new annual fee added to the cost of registering a motor vehicle. All proceeds, after the cost of administration, would be dedicated to maintenance operations for the State highway system.	Average fee increase of \$100	\$500 million	No

Motor Fuel Tax Increase – Increase excise taxes on motor fuels. The taxes either would be indexed to inflation or the ballot measure would include a schedule of future incremental rate changes.	13 cent per gallon increase	\$351 million	Yes
Visitor Fee – Establish a new fee for renting a car and staying in a hotel or motel. The revenue would go to transportation-related projects.	\$6 per day	\$240 million	No
Sales and Use Tax Increase – Increase state taxes on the sale of retail items to individuals and the use of items purchased by businesses. The revenue would be dedicated to transportation.	0.35% increase	\$312 million	Yes
Severance Tax Increase – Increase severance tax rates on oil and gas income and dedicate the money for transportation. The current tax rate ranges from 2% to 5%.	1.7% effective increase	\$96 million	Yes

The Panel recommended a package of funding mechanisms that would generate additional annual revenue for transportation at four annual levels: \$500 million, \$1 billion, \$1.5 billion or \$2 billion

The Panel’s preferred alternative would raise an additional \$1.5 billion per year, and that could be used as follows:

<u>Investment Category</u>	<u>Funding Level</u>
Surface Treatment	\$222 million
Bridges	\$156 million
Maintenance Levels of Services	\$ 82 million
Shoulders	\$ 78 million
Mobility:	
Strategic Projects	\$ 56 million
Multi-Modal Mobility	\$337 million
Strategic Transit	\$169 million
Transit – Urban	\$ 36 million
Transit – Rural	\$ 36 million
Environmental	\$ 25 million
Bicycle & Pedestrian	\$ 10 million
Local Transportation	\$293 million

Where is this Heading?

State Representative Glen Vaad and Boulder County Commissioner Will Toor, who were both members of the Governor’s Panel, have been invited to attend the Council Retreat and give an update on what progress they see in the effort to increase State Transportation Funding and what might possibly be discussed and acted on in the State Legislature in 2009.

**Local Transportation Funding**

Statewide, residents and taxpayers fund transportation improvements through gas taxes paid with the purchase of fuel, and through fees and taxes paid as part of vehicle registration, a portion of which is returned to local municipalities. In addition to those funding sources, four specific sales and use tax increments exist to fund transportation improvements. Two of those go to RTD (one for general operation funding and one for the FasTracks Project), one goes to Boulder County for its Transportation Tax, and Longmont has the Street Fund Sales Tax.

- RTD Operations .....0.6 cents per dollar sales and use tax
- RTD FasTracks .....0.4 cents per dollar sales and use tax
- Boulder County Transportation .....0.1 cents per dollar sales and use tax
- City of Longmont Street Fund .....0.75 cents per dollar sales and use tax

The sales and use tax collected by RTD and Boulder County is on a somewhat different base than the sales and use tax collected in Longmont and therefore cannot be directly correlated. That is, 1.0 cent of sales and use tax collected by Longmont would not generate the exact same amount as 1.0 cent of sales tax collected by RTD on sales in Longmont. One example of the difference is that Longmont’s sales and use tax is charged on grocery purchases, while the RTD and Boulder County sales and use taxes are not.

For simplicity in the remainder of this paper, sales and use tax will be referred to simply as sales tax.

RTD Sales Tax

RTD has a 0.6 cent sales tax, originally imposed in 1974, that funds general operation of their system. A 0.4 cent sales tax was approved by voters and added to RTD’s revenues in 2005 as a funding source for the FasTracks Project, bringing the RTD sales tax to a total of 1.0 cent on every dollar spent. This sales tax exists throughout the district, which includes Boulder County.

Boulder County Transportation Sales Tax

Boulder County voters approved a 0.1 cent Transportation Tax in 2001, which was originally scheduled to end in 2008. In 2007, Boulder County voters approved an extension of this tax for the period of 2009 to 2024. This tax is specifically identified and limited to use on road, bridge and transit projects.

Attached is a Council Communication from the November 20, 2007, council meeting that includes a list of projects that were identified by Boulder County to be funded by this funding source.

Longmont ¾ cent Street Fund Sales Tax

Originally approved by Longmont voters in June 1986, the ¾ cent (0.75 cent) Street Fund sales tax is the primary funding source of the Street Fund and was identified to improve the City’s street maintenance efforts, implement an enhanced Street Rehabilitation Program to improve the service life and level of service of street pavements and sidewalks, and construct improvements to the City’s street system.

While the needs for ongoing maintenance, rehabilitation and improvements to the City’s street system continue, the Street Fund sales tax has always carried a five-year sunset clause. Since its original approval by Longmont voters in 1986, it has been renewed by Longmont voters four times at elections in 1990, 1994, 2000, and 2005. The current five-year period expires December 31, 2011.

Attached is the Street Fund funding information from the 2008 and 2009 budgets. As you can see, the ¾ cent sales tax represents the most significant funding source for the Street Fund, representing over 60% of the total revenues.

The adopting ordinance for the original election included a formula of how the revenues would be used. That expenditure formula has continued in each election since then and is as follows:

<u>Street Fund Program</u>	<u>Approximate Annual Expenditure*</u>
Street maintenance, transportation services, traffic signal maintenance, snow removal	39%
Capital construction projects	21%
Street rehabilitation, concrete repair and replacement	31%
Transportation system management projects, school and pedestrian safety, traffic signals, turn lanes, safety and capacity improvements, etc.	9%

\*Please note that the code limits the administrative transfer fee to the general fund to 8.5% of the sales tax annual revenues.

The formula does have some flexibility and the adopting ordinance includes the following criteria:

“Revenues derived from the three-quarters-cent street system maintenance and improvement component of the taxes imposed by this section shall be allocated and expended, as closely as practicable, among street fund programs, as listed below. Minor variations from these percentages shall be allowed annually, as required to permit funding requirements for entire projects to be satisfied”

Five-year Revenues for Each Sales Tax Increment

Based on information from the Finance Department, the RTD, Boulder County and Longmont, transportation taxes would have generated the following revenues since the start of the RTD FasTracks sales tax in 2005.

Year	RTD – Operations 0.6% (Million)	RTD – FasTracks 0.4% (Million)	RTD Combined (1.0% Total) (Million)	Boulder County 0.1% (Million)	Longmont Street Fund 0.75% (Million)
2005	\$ 5.7	\$ 3.8	\$ 9.5	\$ 0.95	\$ 10.2
2006	\$ 5.9	\$ 3.9	\$ 9.8	\$ 0.98	\$ 10.5
2007	\$ 6.0	\$ 4.0	\$ 10.0	\$ 1.0	\$ 10.7
2008 Projected	\$ 5.9	\$ 3.9	\$ 9.8	\$ 0.98	\$ 10.5
2009 Anticipated	\$ 5.3	\$ 3.6	\$ 8.9	\$ 0.89	\$ 9.5
5 year Totals	\$28.8	\$19.2	\$ 48.0	\$ 4.8	\$ 51.4

What has been funded with the Longmont Street Fund Sales Tax?

*Maintenance of the City System* - With 39% allocated to maintenance and 31% allocated to the contracted work included in the annual street rehabilitation program, 70% of the revenues are focused on maintaining the City’s existing street system infrastructure. With over 315 miles of City streets (not including State highways within the City), over 600 miles of sidewalks, bridges and other structures, traffic signals and signs, the City’s street system has an estimated replacement value of over \$500 million. The ongoing maintenance of that system is critical to the safety, mobility and economy of the community. While various components of the street system age at different rates and have different design life cycles, a simple approach of looking at a 50-year life cycle would mean replacing 2% of the system each year, which would cost \$10 million per year. With that, it is easy to see why it is critically important for the City to work to extend the life cycle of the system by not letting streets deteriorate to a point of total reconstruction.

Severe snow storms in recent winters are another example of what Longmont is able to do because of this maintenance funding. In addition to the efforts of in-house crews working on snow removal around the clock, staff hired contractors

to add to that effort to help keep the community moving during severe storms. Following that severe winter weather, the spring thaw brought a significant increase in pot holes and once again, we were able to hire contractors to come in and assist City crews in patching efforts to keep the streets safe for our residents.

*Improvements to the City System* – Through funding for capital projects the City has been able to fund improvements to the street system such as the SH 119/Ken Pratt Boulevard Extension, recent improvements to Airport Road, and numerous other projects. With a source of local matching funds, Longmont has been able to apply for and receive State and Federal transportation funding that has increased the City's ability to implement needed improvements.

In addition to larger corridor improvement projects, the annual TSM Program focuses on smaller projects to address safety, multi-modal focus, minor intersection improvements, the Neighborhood Traffic Mitigation Program, school safety, completion of missing sidewalk sections and a variety of other areas. These projects focus on improvements within the existing community and neighborhoods and also focus on changing demands placed on the street system with an increase in pedestrian and bicycle improvements.

Attached is a list of projects funded fully or in part by revenues from the Street Fund Sales Tax since its inception.

#### What happens if it is gone?

While the Street Fund Sales Tax has continued to be put before the voters in five-year increments, the need for maintenance, rehabilitation, and improvements to the City's street and transportation system is ongoing, as are the maintenance and operation needs of any infrastructure system. Since the Street Fund Sales Tax is the primary funding source that provides the majority of funding to the Street Fund, the impacts of not having that funding source would be catastrophic. Prior to the initial Sales Tax approval, the cost of maintenance efforts, rehabilitation, and capital projects in excess of the remaining funding sources from the Street Fund were covered by the City's General Fund and Public Improvement Fund. Relieving those funds of that burden has allowed them to focus on other services that are critical to the community.

Attached is a copy of the Street Fund Statement from the 2009-2013 CIP, which shows the impact of not having that funding source in 2012 and 2013. The Street Fund quickly goes into a negative cash flow even with the elimination of capital projects, the TSM Program and the Street Rehabilitation Program. In addition to the impact to daily operations and services, an accelerated deterioration would rapidly be seen in pavement and sidewalk conditions.

## **Next Steps for Longmont**

Many critical steps need to be taken by Longmont in the next few years to deal with both local and regional transportation issues discussed in this communication.

### **Local Transportation Funding**

With the Street Fund Sales Tax expiring at the end of 2011, the City will need to determine when it will take an extension of this existing tax to the voters, and what the nature of the tax will be. Some of the questions that Council might want to discuss relating to local funding are:

- **When will an extension of the Street Fund Sales Tax be placed on the ballot?** Previous ballot measures for an extension of the Street Fund Sales Tax have been presented to the public either one or two years prior to the expiration of the existing Sales Tax period. This allows the City to better plan CIP and Budget issues rather than waiting until a November election only two months before the tax is scheduled to expire. With the existing Street Fund Sales Tax expiring at the end of 2011, the normal options would be to send it out to the voters in 2009 or 2010. The last election was held in November 2005.
- **Will the extension period be the same five-year period, or is it time to extend the time frame?** As a new tax, it was originally felt that having a five-year period allowed a periodic review of how funds were being used. While it requires regular accountability of the City to the public, the 5 year time frame hinders longer term planning and commitments. For example, grant applications that require matching funds cannot always be committed to, and a five year time frame limits the City's ability to employ financial tools such as bonding to move large capital projects forward in favorable economic times or to meet immediate needs.
- **Should an extension of the Street Fund Sales Tax be proposed for the same  $\frac{3}{4}$  cent amount?** If there is a desire in the community to enhance transportation improvements that might require additional funding, an increase in the tax should be considered. The City has adopted a Multi-Modal Transportation Plan, but a funding mechanism for the construction of many of these improvements in a reasonable time frame has not been created. A great deal of interest has also been expressed in improving transit services and funding improvements such as quiet zones to address quality of life issues for residential areas adjacent to the railroad.
- **Should there be a change in the expenditure proportions, or should they be eliminated?** Council may choose to discuss whether the expenditure percentages are too restrictive and if it would be better to

eliminate them and allow the Capital Improvement Program and budget process to determine annually how expenditures should be made.

### Regional Transportation Issues

In addition to ongoing work with RTD on the FasTracks Program, there are several possible action items for 2009 relating to the various ongoing regional transportation issues that are critical to Longmont.

- **North I-25 EIS** – There will be continued effort with CDOT and other communities of the Northern Front Range as work continues to develop a final preferred alternative for the Final Environmental Impact Statement that CDOT hopes to finalize in 2009. Assuming that the Commuter Rail Transit Option from Package A is in the final preferred alternative, several long-term impacts on Longmont exist.
  - Planning for Transit Stations on the north end of the City and at the Sugar Factory Site
  - Planning for rail extension east from Longmont extending toward I-25
  
- **Work with DRCOG and surrounding communities to implement Regional Planning efforts along the State Highway 119 Corridor** - With SH 119 as Longmont's primary connection to I-25 and south to Denver, what continues to happen along this corridor has a major impact to Longmont. Since DRCOG has extended its boundaries north to include this area of SW Weld County, Longmont might want to consider working with DRCOG and surrounding communities to focus on long-range transportation planning along this corridor, including how to implement transit options. An effort similar to the US 36 Corridor efforts might be a model.
  
- **Work with DRCOG and surrounding communities to implement Regional Planning efforts along the State Highway 66 Corridor** – A short to mid-term planning effort could include working with CDOT, DRCOG, Weld County, Boulder County and Mead to develop a corridor plan for State Highway 66 between Highway 287 and I-25. Efforts could include planning for access control, future roadway improvements and possible future transit opportunities.

## **Questions for Consideration**

1. What is the vision of the City Council with respect to both our regional and local street and transportation system?
2. Which areas or programs are priorities?
3. What type or level of public involvement process should be used as we work during 2009 to plan for future improvements in local and regional transportation systems and funding?
4. What additional information would Council like?

## **Attachments**

Attachment 1A and 1B North I-25 DEIS Alternatives (Package A and B)

Attachment 1C Staff comments on the North I-25 DEIS

Attachment 2 Executive Summary of the Governor's Transportation Finance and Implementation Panel

Attachment 3 November 20, 2007, Council Communication on Boulder County Transportation Tax

Attachment 4A and 4B Street Fund Revenue Summary from the 2008 and 2009 Operating Budgets

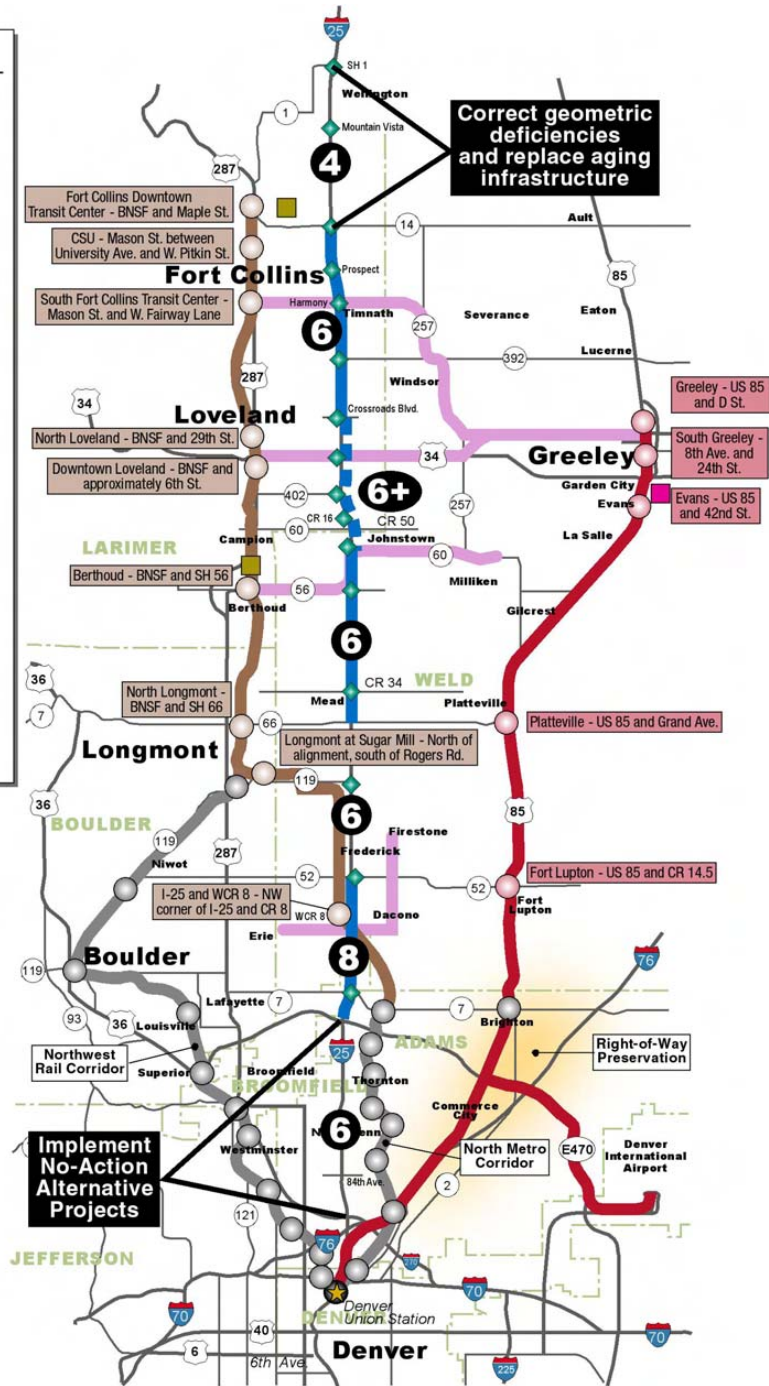
Attachment 5 List of Projects Funded by Street Fund Sales Tax Revenues

Attachment 6 2009 - 2013 CIP Street Fund Summary

Attachment 1-A  
 North I-25 Draft EIS  
 Package A – Commuter Rail Option











**LEGEND**

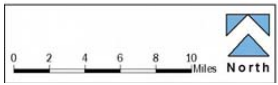
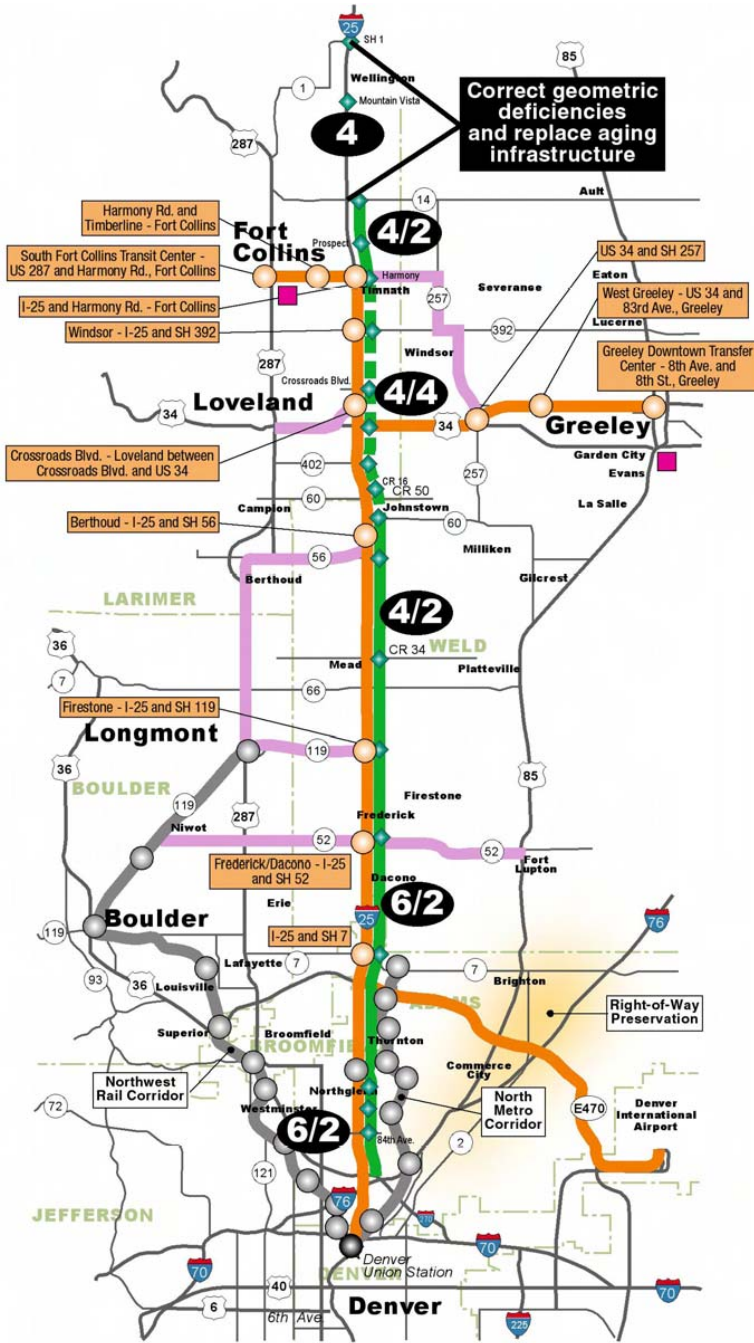
- 1 New General Purpose Lane (GPL) in Each Direction
- 1 New General Purpose Lane (GPL) + Auxiliary Lane in Each Direction
- Commuter Rail (CR)
- Commuter Bus (CB) Service on US 85
- Feeder Bus Service
- Interchange Upgrades
- Number of Lanes
- Commuter Bus Station / Stop
- Commuter Rail Station
- FasTracks Rail Line
- FasTracks / RTD Transit Station
- Potential Commuter Rail Operational & Maintenance Facility
- Potential Commuter Bus Operational & Maintenance Facility



Attachment 1-B  
 North I-25 Draft EIS  
 Package B – Bus Rapid Transit Option

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-  1 Buffer-Separated Tolled Express Lane (TEL) in Each Direction
-  2 Barrier-Separated Tolled Express Lanes (TEL) in Each Direction
-  Bus Rapid Transit (BRT) Route (Uses TELs on I-25)
-  Feeder Bus Service
-  Interchange Upgrades
-  Number of Lanes: General Purpose/Tolled Express Lanes
-  Bus Rapid Transit Station
-  FasTracks Rail Line
-  FasTracks / RTD Transit Station
-  Potential Commuter Bus Operational & Maintenance Facility



## Staff Analysis of Options A and B

In looking at a comparison between the two alternatives, staff recommended Package A with the Commuter Rail Service primarily for the following reasons:

- The DEIS identifies that the commuter rail transit option included in this Package focuses future growth toward the existing urban centers rather than encouraging a more dispersed development pattern that would have greater impacts on the region.
- With the commuter bus service on Highway 85, the commuter rail service east of I-25, and the improvements to I-25, Package A creates more transportation options compared to focusing all of the transportation service towards the central I-25 Corridor.
- Package A will complement and connect with the current RTD FasTracks plans.

The estimated cost of Package A is \$2.433 billion with annual estimated operating costs of \$43 million per year. The estimated cost of Package B is \$2.006 billion with an annual estimated operating cost of \$20 million per year. As stated above, no design or construction funding exists and there are currently no plans for implementing a funding source for this type of regional transportation project.

The input that staff has seen from individuals, other communities and from counties seems to strongly support the commuter rail component of Package A. CDOT is scheduled to report back to the Advisory Committee in late January, and will begin working with that group to finalize a single Preferred Alternative for the Final Environmental Impact Study which they hope to complete by the end of 2009.

Some of the direct impacts to Longmont identified in the DEIS include:

*Double Track Impact* - The commuter rail option included in Package A, includes planned double tracking for the entire length of the project, including the BNSF line from Fort Collins to Longmont. The narrowest sections on right-of-way on the existing BNSF line are the sections through Longmont, and the addition of a double track, as outlined in the DEIS would have an impact on numerous adjacent properties where additional right-of-way is required to facilitate the double track plan. Staff's comments to CDOT have included the statement that while we understand the desire to include that option in the DEIS, that thorough planning should be done to determine whether full double tracking within the City is necessary to provide adequate service, or whether passing lanes within the City, where feasible, along with double track north and east of

Longmont where impacts would be much less could still provide adequate service.

*Noise Impact* – The DEIS also includes plans for a large noise wall along the east side of the right-of-way where the new double track will set the rail line closer to private property. Staff's comments to CDOT have included the statement that while this might be included in the DEIS, that significant community input should be included in any ultimate design to determine the impact of such a noise wall on adjacent properties and the community. Staff believes that the primary noise concern will continue to be related to the crossings and the need to establish Quiet Zones at each roadway crossing to offset the increased horn noise from additional commuter rail traffic.

*Station Areas* – The DEIS includes plans for a station on the north side of Highway 66 and a Station at the Sugarmill Site. These would be in addition to the Downtown/Flourmill Site included in the RTD FasTracks Plan.

*Operation of the FasTracks Commuter Rail System and the North I-25 Commuter Rail System* – Since Longmont is a connection point between the Commuter Rail System proposed in the North I-25 DEIS and RTD's FasTracks Commuter Rail System, we will have a particular interest in the operation of both of these systems. Since RTD currently does not function in Weld and Larimer Counties, the question arises as to whether these two systems would be operated by the same agency, or by two different agencies. Coordination of the two systems is critical to their success and this function will be a specific concern to Longmont.