

FUNDING AND FINANCING

The *Downtown Mobility Study* envisions many capital improvements to the street network for all modes of transportation. In addition, the *Downtown Mobility Study* recommends new and expanded demand management programs to help reduce the growth of peak-hour vehicle trips and improve transportation choices for downtown residents and employees.

Some small projects/programs may be fundable through existing funding streams that are already available to the City. However, for larger projects and programs, the City will have to use both existing funding options and access new funds at the local, state, and/or federal level. The purpose of this chapter is not to match specific funding to specific projects, but rather to identify and provide an overview of potential revenue sources, with particular attention paid to new and innovative revenue sources.



7.1 PRINCIPLES

- ◆ Prioritize those funding tools that not only provide revenue to pay for *Downtown Mobility Study* improvements, but also promote long-term policy goals for downtown (such as congestion management, improving transportation choices, reducing pedestrian and bicycle safety, etc.).
- ◆ Particularly for on-going demand management programs, prioritize funding instruments that are: under local control, dedicated to specific programs, have predictable annual revenue yields, and, where possible, produce “counter/cyclical” revenue during economic downturns.
- ◆ Assess fees equitably for all stakeholders, with assessments based on the “positive benefits received” by the payees from the downtown improvement being funded (e.g. better transit service) and/or “negative impacts caused” by the payees’ activity in downtown (e.g. increased traffic congestion).
- ◆ Develop a diverse package of funding instruments so that new development pays its fair share of costs for new infrastructure based on the specific impacts of new development.
- ◆ Work closely with stakeholders and especially potential payees to facilitate buy-in and improve chances of successful implementation of funding instruments.

7.2 SUMMARY OF RECOMMENDATIONS

Recommendation 7.1

Maximize utilization of new parking revenue that will come from parking management and pricing changes to fund *Downtown Mobility Study* recommendations. Manage parking funds through a Downtown Transportation and Parking Management District as described in the Parking Chapter (Chapter 5). Broaden eligible uses of parking funds to include a broad range of *Downtown Mobility Study* recommendations such as transit improvements and TDM programs.

Recommendation 7.2

Dedicate Redevelopment Agency investments from downtown tax increment revenue to implement *Downtown Mobility Study* recommendations for streetscape, pedestrian, and bicycle improvement projects in the *Downtown Specific Plan* area.

Recommendation 7.3

Pursue implementation of a parking tax on commercial parking.

Recommendation 7.4

- a. Work with downtown merchants and property owners to investigate formation of either a downtown Business Improvement District (BID) or a Mello-Roos District.
- b. Depending on the outcome of negotiations, implement a BID or a Mello-Roos District. Once established, work with the District to advance public/private funding of significant streetscape capital projects (such as a downtown wayfinding signage system), or to provide the local match funding for long-term transit capital projects (such as a downtown streetcar circulator).

Recommendation 7.5

- a. Initiate a transportation impact fee nexus study to mitigate auto trips and congestion impacts of new development.
- b. Once completed, if a reasonable nexus is found, implement a new impact fee for the downtown that is assessed according to number of new peak-hour vehicle trips

generated by the development. Dedicate revenues to a Downtown Transportation Fund to pay for *Downtown Mobility Study* recommendations.

Recommendation 7.6

Implement a program to share costs of new transit service with schools through: a cost-share arrangement between the City and the School District and/or a Universal Transit Pass program for high school and college students.

Recommendation 7.7

Maximize utilization of existing grant sources by having “funding-ready” projects that fit existing grant criteria. Position new projects to receive federal, state, and regional grant funds. Consider changes in budgeting that recognize grant funds as revenue, relieving the cash flow burden on transit and other departments that are heavily dependent on grant sources.

Recommendation 7.8

Work with local and regional transportation leaders to position transportation projects recommended by the *Downtown Mobility Study* to be eligible for funding under the state transportation bond package.

Recommendation 7.9

Work with state transportation leaders and planning agencies to identify state funding opportunities for *Downtown Mobility Study* projects, such as the new Safe Routes to School grant funding program.

Recommendation 7.10

Work with local and regional transportation leaders and planning agencies to make sure that *Downtown Mobility Study* projects, especially those that involve other jurisdictions such as an east-west busway, are prioritized within the next update of the *Regional Transportation Plan*.

Recommendation 7.11

Work with Congressional delegation attempt to secure federal funding of high priority large-scale capital projects in the next transportation bill (2009), such as a streetcar circulator.

7.3 DISCUSSION OF RECOMMENDATIONS

Overall, the City should approach funding the *Downtown Mobility Study* recommendations in the following fashion:

- ◆ In the immediate term, the City should focus on a) implementing the parking management and pricing recommendations of the *Downtown Mobility Study* and b) creating a Transportation and Parking Management District that manages parking supply (both of these recommendations are described in detail in Chapter 5). Getting parking policies right can optimize parking revenue and play a critical role in reducing peak-hour vehicle trips downtown.
- ◆ In the immediate to short term, beyond the implementation of new parking management and pricing policies, the City should also lay the groundwork for future funding options such as initiating a nexus study for a transportation impact fee on new development and begin negotiating with downtown merchants to form a Business Improvement District and/or a Mello-Roos District. In addition, the city should investigate all grant options and begin to position projects to receive federal, state, and regional grant funds.
- ◆ In the short to medium term, we recommend that the city focus on accessing state and federal funds, as well as implementing the new fees and taxes on existing and future development to ensure that beneficiaries of downtown improvements assist in paying for them.
- ◆ In financing the *Downtown Mobility Study*, Glendale must ensure that all new fees and taxes are assessed equitably and in direct relation to the positive benefit received and/or the negative impact caused. Both existing and new development will benefit from mobility improvements (and conversely, each contributes to overall traffic, parking, and mobility challenges in downtown) and therefore both must contribute to funding the improvements. Two keys to the success of these partnerships are:
 - ◇ Staff must inform and involve businesses from the start.
 - ◇ Staff must ensure a clear and visible link between the payment of taxes and fees and the improvements to downtown and its transportation system.

All these steps are discussed in detail in the coming pages.

7.3.1 EXISTING FUNDING SOURCES

Funds for transportation come from a variety of sources at the federal, state, and local levels. This section describes the most important existing funding sources available to Glendale for implementation of the *Downtown Mobility Study* recommendations. They are summarized in Figure 7-2 on page 7-10.

Federal Funds

Federal transportation funds, which may fund transportation projects in Glendale, include funds from the Federal Transit Administration (FTA) and the Federal Highway Administration (FHWA).

FTA and FHWA capital funds are available to fund transportation projects in Glendale largely through the regional planning process overseen by the Southern California Association of Governments (SCAG), known as the *Regional Transportation Plan* (RTP). The Regional Transportation Improvement Program (RTIP) is a capital listing of all transportation projects proposed over a six-year period for the SCAG region. The projects include highway improvements, transit, rail and bus facilities, high occupancy vehicle lanes, signal synchronization, intersection improvements, freeway ramps, etc. The RTIP is prepared to implement projects and programs listed in the RTP.

SCAG assembles the RTIP in part from local priorities submitted by cities and local agencies, including the City of Glendale via the Los Angeles County Metropolitan Transportation Authority (LACMTA). SCAG develops the RTIP based on consistency with the current RTP, inter-county connectivity, and availability of resources. FTA funds distributed via this process include Section 5307 Urbanized Area Formula Grant funds for transit capital. FHWA funds include Surface Transportation Program (STP) funds, which are flexible for either highway or transit projects, as well as Congestion Mitigation Air Quality (CMAQ) funds, which may provide funds for clean fuel bus purchases. The amount of capital funds received for Glendale projects varies greatly on a yearly basis depending on whether Glendale's projects rate highly in the RTP.

State Funds

Gas Tax

State funds available to fund transportation projects in Glendale are largely state gas tax revenues, which currently fund street-and traffic-related infrastructure maintenance and improvements. State gas tax monies go primarily into the Public Transportation Account (PTA) and the State Highway Account (SHA) which are

Recommendation 7.10

Work with local and regional transportation leaders and planning agencies to make sure that *Downtown Mobility Study* projects, especially those that involve other jurisdictions such as an east-west busway, are prioritized within the next update of the *Regional Transportation Plan*.

allocated to specific projects or by formula to counties throughout the state.¹ These funds currently total approximately \$4.8 million annually for Glendale. With the passage of Proposition 1A in November 2006, it is more difficult for state government to channel gas tax monies away from transportation projects as has occurred in recent years (despite the 2002 passage of Proposition 42 which directed that gas tax revenues be used solely for transportation purposes). The result is that Glendale should receive more gas tax funds to use for transportation purposes beginning in FY 2008-09, when cities and counties will begin receiving approximately double their prior gas tax allocations.²

Gas Tax Spillover

In addition, periodic gas tax spillover revenues are often available to fund transit operating costs for potential expansions to Beeline service.³ Gas tax spillover is the only state-wide funds dedicated exclusively to transit operations. The money is channeled through the state Public Transportation Account (PTA), and is split 50/50 between regional Metropolitan Planning Organizations (MPOs) such as SCAG and county governments. The regional funds are distributed to regional MPOs by formula, and then apportioned regionally to local public transit agencies for transit operating costs, while the revenues distributed to counties can be used for transit capital improvements.

As with gas tax revenues, the gas tax spillover revenues have in recent years been diverted by the State Legislature and Governor to other General Fund priorities. Since 2000, \$1.7 billion in gas tax spillover revenue has been diverted, and gas tax spillover was not included in Proposition 1A “firewall” protections that protected other transportation funding sources (such as the gas tax itself). As of this writing, Governor Schwarzenegger’s FY 2007-08 state budget currently proposes to divert next fiscal year’s estimated \$617 million in spillover revenue from the PTA in order to

1 Half of the Public Transportation Account (PTA) funds go to the State Transit Assistance (STA) Fund. Half of the STA funds are allocated to counties based on the ratio of each county’s population to the State’s population. The other half are allocated based on the ratio of each county’s total transit operators’ revenues to total revenues of transit operators in the State.

2 “Pursuant to current law, cities and counties do not receive any local streets and roads funds from Proposition 42 next fiscal year due to an obligation to pay back the STIP for funds received in earlier years. Cities and counties will begin receiving their Proposition 42 allocations again in 2008-09.” California State Association of Counties, “Highlights of the 2007-08 State Budget,” 1/10/07. Accessed at www.csac.counties.org/images/public/Advocacy/budget/Governors%20Proposed%2007%2008%20Budget%20Summary.pdf on 1/22/07. California League of Cities, “State Budget Positive for California Cities,” 1/12/07. Accessed at www.cacities.org/index.jsp?displaytype=11&zone=locc§ion=&sub_sec=&tert=&story=26139 on 1/22/07.

3 When the gas tax was first established in 1972, it was determined that when collections from the sales tax on gasoline increase at a faster rate than revenues on all other taxable items, the increment would “spillover” to the PTA to fund transit operations.

pay down the state debt, including the recently-approved transportation infrastructure bonds (discussed in Section 7.3.2).⁴

However, the 2006 state legislative session enacted a bill to prohibit diversion of spillover funds for the 2006-2007 fiscal year, and there will likely be legislation proposed in the next legislative cycle that would either temporarily or permanently prevent gas tax spillover funds from future diversion.⁵ If this bill is enacted and/or diversions of gas tax spillover funds cease, this transit-operations revenue source could represent a good opportunity in future years to fund Beeline service expansions, as well as expanded LA MTA Metro Rapid or dedicated right-of-way Bus Rapid Transit to Glendale.⁶ For example, the California Transit Association (CTA) estimates that assuming no diversion for FY 2007-08, SCAG would receive \$95.7 million in spillover funds for distribution to local transit agencies to pay for transit operating costs, and Los Angeles County MTA would receive \$95.7 million in spillover funds for transit capital improvements.⁷

Grant Opportunities

Glendale should also pursue state grant opportunities for bus replacement, service expansion, and other transit improvements. Most state transportation grants are channeled through regional transportation planning agencies (such as MTA). Three current grant opportunities are summarized in Figure 7-1. As these examples indicate, it is generally easier to get capital grants (usually with a local match required) than operating grants (which are less common, oversubscribed, and highly-competitive).

Recommendation 7.7

Maximize utilization of existing grant sources by having “funding-ready” projects that fit existing grant criteria. Position new projects to receive federal, state, and regional grant funds. Consider changes in budgeting that recognize grant funds as revenue, relieving the cash flow burden on transit and other departments that are heavily dependent on grant sources.

4 Up to \$340 million in proposed gas tax spillover would be dedicated to pay off transportation bond debt. The rest of the proposed spillover diversion would be used to pay for transportation expenditures that are typically paid for out of the General Fund, thereby freeing up General Fund dollars to pay off transportation bond debt and other smaller infrastructure bonds.

5 Information on pending gas tax spillover legislation from Transportation and Land Use Coalition. Accessed at www.transcoalition.org/c/sus_spill/index.html on 1/15/06.

6 Because retail gas prices will continue to increase faster than the annual inflation rate into the foreseeable future, state gas sales tax revenues will likely increase faster than sales tax revenues on all other taxable items, resulting in “spillover.”

7 California Transit Association spillover allocation figures provided by the Transportation and Land Use Coalition, 1/22/07. Assumes same allocation percentages for FY 2007-08 as were used in FY 2006-07. As of this writing, the spillover proposed in the Governor’s current FY 2007-08 budget is \$57.3 million (\$38.4 million less than potential) for SCAG and \$57.3 million (\$38.4 million less than potential) for LA County.

Figure 7-1 Grant Opportunities for Transit Improvements

Grant Source	Grant Category	Grant Application Period	Grant Amount
MTA Mini-Call for Projects	Bus Replacement	December 2006 to March 2007	\$1.4 million for 4 buses
MTA Supplemental Call for Projects	Facility Construction	September 2006 to March 2007	\$2.225 million
MTA Call for Projects	Service Expansion & New Service	January 2007 to June 2007	\$2.3 million
SAFETEA-LU	Transit	January 2009	\$80,000

Local Funds

Local funds provide the bulk of funding for construction, maintenance, and operation of Glendale’s transportation system. The General Fund is the resource that provides for most street and traffic system operations and maintenance. Most of these funds are raised through local property taxes, sales taxes, and other local taxes and fees.

Glendale also receives funding specifically dedicated to local transit: Countywide sales tax Propositions A and C provide \$6.5 million in annual funding for the operation of the Beeline, Glendale’s municipal transit operation.⁸ As discussed in section 7.3.3 (new and enhanced local funding sources), Glendale is currently pursuing a partnership with Pasadena and Burbank to become an “eligible operator,” which has the potential to result in an additional \$4 million of LA County transit money to the Arroyo-Verdugo region, to be distributed between the 3 cities.⁹

The Parking Enterprise Fund is an enterprise fund in the City, and collects income from parking tickets, parking meters, and parking garage revenue. This income totals approximately \$7 million per year. However, while this covers operating expenses, it does not allow for new capital expenses, and the fund runs an annual deficit of nearly one million dollars.

The City of Glendale also has an established Redevelopment Project Area for Central Glendale. Tax increment (the increased tax revenues that result from redevelopment based on increased property value and new investment) from downtown flows to the

Recommendation 7.2
Dedicate Redevelopment Agency investments from downtown tax increment revenue to implement *Downtown Mobility Study* recommendations for streetscape, pedestrian, and bicycle improvement projects in the *Downtown Specific Plan* area.

⁸ Rebecca Granite-Johnson, City TDM Coordinator, City of Glendale. Transit Fund Analysis spreadsheet (entitled “Fund250Transit Analysis02-28-06FINALPURCHASEBUSES”).

⁹ Jano Baghdanian, City Traffic and Transportation Administrator, City of Glendale.

Redevelopment Agency to fund improvements, including economic and housing development. The Redevelopment Agency contributed \$1.5 million towards the funding of the Brand Boulevard improvements. In addition, Redevelopment Agency funds were used for the construction of parking structures. The Redevelopment Agency collects approximately \$10 million per year in property tax and other income for the Central Glendale Redevelopment Project Area. It should be noted that taking a loan from the San Fernando Redevelopment District is being considered as a potential source of funding for a transit maintenance facility. Loans could be repaid from parking revenues and grant sources.

Summary: Potential of Existing Funds to Fund Transportation Improvements

For the most part, existing funds cover the operations and maintenance of existing service, and for the regular capital improvements that are required for existing infrastructure. As such, they are generally marginal sources for funding the new projects forecast in this *Downtown Mobility Study*. However, existing funding sources may provide partial funding for the following kinds of projects:

- ◆ Transit expansion, such as development of shuttles and streetcars, can be programmed into the RTP and RTIP through a lengthy regional process. Existing federal sources to the region may support the capital cost of these projects. As each RTIP is a six-year document, and is fully subscribed, new projects must normally “wait in line” to receive funding from federal funding sources programmed in the RTIP. Operations funding would need to come from existing sources (that are also used to run the Beeline). The likelihood of getting substantial funding from this source is low because MTA has a \$100 million structural deficit.
- ◆ Projects proposing changes to highways and highway approaches would also need to work through the regional funding process, and could be funded through federal funds flowing to the region if these projects are competitive regionally.
- ◆ Given that federal transportation funds will be reauthorized after the FY 2009, large projects may also be positioned to receive “earmarks” in the next funding cycle if they have regional support.
- ◆ Redevelopment money is a significant source of funding that is already focused on downtown, and can be used to implement the *Downtown Mobility Study*. As downtown continues to develop and the Redevelopment Project Area throws off more tax increment to the city, this source of funding should increase substantially.

Figure 7-2 provides a summary of existing funding sources discussed in the previous section, including current uses and potential availability for funding *Downtown Mobility Study* recommendations.

Figure 7-2 Existing Funding Sources

Funding Source	Current Use	Available for <i>Downtown Mobility Study</i>	Current Funding Amount	Comments
Federal				
FTA Section 5307	Transit capital projects	Yes, for transit capital projects	Variable locally	Access to federal funds requires regional priority of projects in <i>Downtown Mobility Study</i> ; generally long-term strategy as funds are programmed years in advance.
FHWA STP	Highway projects / flex to transit	Yes, for highway or transit projects	Variable locally	
CMAQ	Purchase of clean fuel buses	Limited to bus purchases	Variable locally	
State				
Gas Tax	Ongoing capital investment in streets	Yes, but not available at expense of other citywide priorities	\$4.8 million	With passage of Proposition 1A in November 2006, more gas tax revenue should come to local governments.
State Grants	Bus replacement, facility construction, service expansion, & new service	Yes, if application successful	\$1-4 million	Applications due by March or June 2007.
Gas Tax Spillover	Transit agencies: Transit operations; Counties: Transit capital improvements	Yes, City-controlled funds limited to transit operations	Uncertain: assuming no diversion in FY 2007-08, \$95.7 million to SCAG for local transit operating costs and \$95.7 million to LA MTA for transit capital improvements	Ongoing certainty of these funds depends on status of ongoing budget negotiations and potential state legislation as described above.
Local				
General Fund	Operation and maintenance (Public Works)	No	\$20 million/year (Public Works budget)	General Fund is generally limited to ongoing maintenance and improvements.
Transportation Sales Tax (Proposition A and Proposition C)	Beeline transit operating costs	Limited	\$6 million per year	Possible that discretionary portions of Propositions A and C could be increased for local projects, especially if Glendale becomes an "eligible operator."
MTA TDA Local Return Funds	Beeline transit operating costs	Yes, for transit operations and capital	Unknown at this time	This source could increase if Glendale becomes an "eligible operator."
Parking Enterprise Fund	Operations and maintenance of public parking	Not currently	\$7 million per year	Currently runs at a \$1 million deficit after all expenses.
Redevelopment Agency Funds	Economic development, housing, transportation improvements	Yes	\$10 million per year	Growing source well suited to <i>Downtown Mobility Study</i> objectives.
Gas Tax (TDA / Article 3 / SB 821)	Beeline transit operating costs	Yes	\$100,000	Fluctuates with tax amounts.
NTD Incentive Funds	Dial-a-Ride operations	Yes	\$300,000	Fluctuates with revenue service hours for Dial-a-Ride.

7.3.2 NEW AND ENHANCED FEDERAL AND STATE FUNDING SOURCES

This section discusses new and enhanced federal and state funding sources that could be used to implement *Downtown Mobility Study* recommendations. A summary of new funding sources can be found in Figure 7-7, “Potential Sources of New and Enhanced Funding” at the end of this chapter.

New Federal Funds

For large-scale capital projects, such as a new streetcar or improvements to highway access, the City should begin now to position specific projects to receive funding in the next round of federal transportation funding, after the current SAFETEA-LU is completed in FY 2009-2010. To do so, projects should be part of the *Regional Transportation Plan*, and political support should be developed to push for their early funding. In the last transportation bill, many projects were “earmarked” by federal legislators for funding. If the next bill proceeds accordingly, Glendale should seek support from their congressional delegation for such an earmark for high priority projects of the *Downtown Mobility Study*.

New State Funds

Infrastructure Bonds

The infrastructure bond package recently approved by voters includes \$19.9 billion for transportation purposes under Proposition 1B (the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006), with local governments receiving \$7.1 billion in the next five years. As of this writing, the Governor’s budget proposes the following allocations to cities and counties for FY 2007-08:¹⁰

- ◆ \$600 million for local streets and roads, split evenly between cities and counties in FY 2007-08, \$300 million split evenly for FY 2008-09, and \$150 million split each year beyond that (until the total \$2 billion in this category is completely spent).
- ◆ \$600 million for local transit
- ◆ \$170 million for state and local partnerships
- ◆ \$340 million for State Transportation Improvement Projects (STIP)
- ◆ \$55 million for grade separations
- ◆ \$9 million for seismic bridge retrofitting

¹⁰ California League of Cities, “State Budget Positive for California Cities,” 1/12/07. Accessed at www.cacities.org/index.jsp?displaytype=11&zone=locc§ion=&subsec=&tert=&story=26139 on 1/22/07.

Recommendation 7.11

Work with Congressional delegation attempt to secure federal funding of high priority large-scale capital projects in the next transportation bill (2009), such as a streetcar circulator.

Recommendation 7.8

Work with local and regional transportation leaders to position transportation projects recommended by the *Downtown Mobility Study* to be eligible for funding under the state transportation bond package.

As of this writing, Glendale is projected to receive approximately \$1.65 million by formula in FY 2007-08 and approximately \$6.8 million over the 5-year life of the bond from the \$2 billion Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account (allocated directly to and split evenly between cities and counties for traffic congestion relief, traffic safety, transit, storm damage, maintenance, construction and other projects to improve the local street and road system).¹¹ As the list above illustrates, the additional funds will be split in several pots targeting such regional issues as highway corridor congestion relief, intercity transit, and the like. Sixty percent of all Proposition 1B funding is targeted towards thirteen southern California Counties. Projects to receive funding will be nominated via the regional transportation planning process in 2007, and must be able to begin construction by 2012.

Glendale can target formula funds from Proposition 1B to *Downtown Mobility Study* projects. Their use is very flexible, and could include both street and transit projects. For larger projects, such as the freeway access improvements or changing technologies for the Buzz shuttle, Glendale could propose that these projects be included in the *Regional Transportation Plan* and Glendale could then advocate for funding from one or more sources in the bond program, including funds flowing by formula to the County or funds targeting corridor mobility improvements. For example, \$3.6 billion in bond monies will be split by formula between transportation planning agencies and county transportation commissions.¹² According to the language from Proposition 1B, these will be used to fund:

Intercity rail projects and commuter or urban rail operators, bus operators, waterborne transit operators, and other transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus

11 LA MTA Metro Programming and Policy Analysis, "Proposition 1B - State Infrastructure Bond for Transportation \$2 Billion for Local Streets and Roads (\$1 B Counties, \$1B Cities) Estimate for LA County and Cities in LA County," 7/20/06. Accessed at www.mta.net/about_us/govtrela/images/Counties_and_Cities_Share.pdf on 1/22/07. League of California Cities, "Proposition 1B - Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006: Potential Funds for Local Governments," 11/14/06. Accessed at www.cacities.org/resource_files/25168.Prop%201B%20Fund%20Updates-%20final.pdf on 1/22/07.

12 Half based on the total revenue of all the operators in the area and the other half based on population. California Public Utilities Code online. Accessed at www.aroundthecapitol.com/code/code.html?sec=puc&codesection=99310 in November 2006.

*rapid transit improvements, or for rolling stock procurement, rehabilitation, or replacement.*¹³

This is an opportunity for Glendale to join with local and regional transportation leaders to position the downtown multi-modal transportation projects recommended by the *Downtown Mobility Study* to be eligible for funding under this bond package.

Two other “accounts” that were created under the bond initiative that Glendale might pursue to fund downtown mobility improvements are:¹⁴

The “Corridor Mobility Improvement Account” has \$4.5 billion to be allocated by the California Transportation Commission, for:

*...performance improvements on highly congested travel corridors in California. Funds in the account shall be used for performance improvements on the state highway system, or major access routes to the state highway system on the local road system that relieve congestion by expanding capacity, enhancing operations, or otherwise improving travel times within these high-congestion travel corridors.*¹⁵

The California Transportation Commission developed and adopted guidelines, including regional programming targets, by December 1, 2006 and project nominations were required to be made no later than January 15, 2007. The inclusion of a project in the program will be based on all of the following criteria:

- ◆ The project is a high-priority project to improve mobility in the corridor as demonstrated by either:
 - 1) Its inclusion in the list of nominated projects by both the implementing local agency and the regional transportation planning agency or county transportation commission or authority; and

¹³ California Secretary of State website. Accessed at www.ss.ca.gov in November 2006.

¹⁴ California Secretary of State website. Accessed at www.ss.ca.gov/elections/vig_06/general_06/pdf/proposition_1b/entire_prop1b.pdf in November 2006.

¹⁵ Project nominations for these funds can be submitted by the following agencies: Department of Transportation, regional transportation planning agencies (RTPAs) or county transportation commissions or authorities responsible for preparing a regional transportation improvement plan (RTIP). All nominated projects must be included in a regional transportation plan. Nominations must include a fairly accurate cost estimate and timetable for construction, as well as an explanation of each project's consistency with the policy objectives developed by the CTC. The CTC will adopt a funding plan by March 1, 2007. This plan can be updated every two years in conjunction with the adoption of the state transportation improvement program (STIP).

- 2) If needed to fully fund the project, the identification and commitment of supplemental funding to the project from other state, local, or federal funds.
- ◆ Able to commence construction or implementation no later than December 31, 2012.
- ◆ Improves mobility in a high-congestion corridor by improving travel times or reducing the number of daily vehicle hours of delay, improves the connectivity of the state highway system between rural, suburban, and urban areas, or improves the operation or safety of a highway or road segment.
- ◆ Improves access to jobs, housing, markets, and commerce.

The State-Local Partnership Program Account has \$1 billion to be allocated by the California Transportation Commission over a five-year period to eligible transportation projects nominated by an applicant transportation agency. A dollar-for-dollar match of local funds shall be required for an applicant transportation agency to receive state funds under this program.

See Figure 7-3 for a summary of potential funding for *Downtown Mobility Study* recommendations from the state transportation bond.

Recommendation 7.9
Work with state transportation leaders and planning agencies to identify state funding opportunities for *Downtown Mobility Study* projects, such as the new Safe Routes to School grant funding program.

Safe Routes to Schools

Safe Routes to Schools (SR2S) is a national and state grant program that provides funding to projects that increase the number and safety of children reaching school by walking and biking. SR2S is a construction program to fund projects such as: sidewalk improvements, traffic calming and speed reduction, pedestrian/bicycle crossing improvements, on-street bicycle facilities, off-street bicycle/pedestrian facilities, and traffic diversion improvements. Glendale could apply for a Safe Routes to School grant to fund mobility improvements in downtown that provide access to schools located in downtown-adjacent neighborhoods (this will benefit both school-aged children that live in the multi-family units downtown, and kids coming from other neighborhoods). Costs for education, enforcement, or incentive programs are also eligible for reimbursement if these costs are related to the construction and incidental to the overall cost of the project. This means that, in addition to physical improvements, these funds could go towards TDM programs as well.

These funds are administered at the state level. SAFETEA-LU, the federal transportation bill passed in August 2005, included a five-year grant program to distribute \$612 million. This funding is targeted at improving conditions for children in kindergarten through eighth grade, and improvements must be located within a two-mile radius of a school. Requests should be less than \$500,000 and the federal reimbursement ratio for all projects will

**Figure 7-3: Potential Proposition 1B Funding for
Downtown Mobility Study Recommendations**

Category	Purpose	State-wide Allocation	Glendale Allocation	Allocation Process
Local Street and Road Improvement, Congestion Relief, and Traffic Safety Account	Repair and rehabilitate local streets and roads, reduce local traffic congestion, improve traffic flow, or increase traffic safety	\$2 billion (to be split evenly between cities and counties)	\$1.65 million FY 07-08; \$6.8 million over 5 years	Direct allocation by formula in bond language
Corridor Mobility Improvement Account	Relieve congestion by expanding capacity, enhancing operations, and improving travel times on highly-congested corridors	\$4.5 billion	unknown at this time	CTC submission by 1/16/07; CTC program adoption by 3/1/07
State Transportation Improvement Program (STIP)	Same as existing STIP program	\$2 billion	unknown at this time	Appropriated to CTC upon approval by Legislature; allocated by current STIP formula
State-Local Partnership Program	Will vary depending on guidelines developed by CTC	\$1 billion	unknown at this time	Appropriated to CTC upon approval by Legislature; requires 1:1 local match
Public Transportation Modernization, Improvement, and Service Enhancement Account	Transit capital improvements and fleet enhancements	\$4 billion	unknown at this time	Appropriated to Caltrans upon approval by Legislature, then directly to transit operators under current STA formula
Transit System Safety, Security, and Disaster Response Account	Capital projects that provide increased transit security and safety and increase transit operations in preparation for and in the aftermath of a disaster	\$1 billion	unknown at this time	Appropriated upon approval by Legislature; specific allocation process to be determined by legislative statutes
Local Bridge Seismic Retrofit Account	Local agencies can use these funds for required 11.5% local match for federal funds for seismic repair or retrofit of bridges, ramps, and overpasses	\$125 million	unknown at this time	Appropriated to Caltrans upon approval by Legislature; local agencies apply for funding from Caltrans
Highway Safety, Rehabilitation, and Preservation Account (SHOPP)	\$250 million of this category for traffic light synchronization projects or other technology-based projects to improve safety operations and capacity of local streets and roads	\$750 million, including \$250 million for traffic light synchronization and other technology-based safety and capacity enhancements	unknown at this time	Appropriated upon approval by the Legislature; Caltrans to develop program to fund technology-based projects; allocated by current SHOPP process
Total Known 5-Year Funding Allocations	n/a	Approximately \$14.9 billion	Approximately \$6.8 million	n/a

Source: League of California Cities, "Proposition 1B - Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006: Potential Funds For Local Governments," 11/14/06. Accessed at www.cacities.org/resource_files/25168.Prop%201B%20Fund%20Up%20dates--%20final.pdf on 1/22/07.

be 90%. This program is highly competitive and stakeholder participation is key for getting an allocation. The deadline for 2007 was January 2. Grant applications are supposed to demonstrate the following outcomes:¹⁶

- ◆ Increased bicycle, pedestrian, and traffic safety around schools.
- ◆ More children walking and bicycling to and from schools.
- ◆ Decreased traffic congestion around schools.
- ◆ Reduced childhood obesity.
- ◆ Improved air quality, community safety and security, community involvement.
- ◆ Improved partnerships among schools, local agencies, parents, community groups, non-profit organizations.

Information on how to apply for the funds can be found on the Caltrans Safe Routes to School website.¹⁷

¹⁶ Sources: Transportation Policy Project: www.transact.org/ca/saferoutes.htm, State Department of Transportation: www.dot.ca.gov/hq/LocalPrograms/saferoute2.htm, the Federal Highway Administration: <http://safety.fhwa.dot.gov/saferoutes/index.htm>, the National Center for Safe Routes to School www.saferoutesinfo.org/index.cfm, State Safe Routes to Schools website: www.dhs.ca.gov/routes2school/, Marin's model Safe Routes program website: www.saferoutestoschools.org/index.html, "Other Federal And State Transportation Funding," Metro Funding Sources Guide 2004, LACMTA.

¹⁷ Caltrans Safe Routes to School website. Accessed at www.dot.ca.gov/hq/LocalPrograms/saferoute2.htm in November 2006.

7.3.3 NEW AND ENHANCED LOCAL FUNDING SOURCES

This section discusses new and enhanced local funding sources that could be used to implement *Downtown Mobility Study* recommendations. A summary of new funding sources can be found in Figure 7-7, “Potential Sources of New and Enhanced Funding” on page 7-30.

Attain “Eligible Operator” Status

Glendale is currently pursuing a partnership with Pasadena and Burbank to become an “eligible operator” under state and LA MTA guidelines.¹⁸ City staff reports that this could bring an additional \$4 million of STA, TDA, and local Proposition A revenue to fund transit operations in the Arroyo-Verdugo region. These funds would be allocated by formula between the 3 cities.¹⁹

Transit Funding for Service to Schools

There are two potential sources for securing revenue to provide additional transit service to schools above and beyond existing Beeline fixed-route service. These are a) cost share arrangements between the City and the School District and b) universal transit pass program.

Cost Share Arrangements

The City could approach the School District to identify what the District’s mobility needs are for their service population and service area. The City could then estimate what the cost would be to address any mobility deficits by supplementing existing Beeline fixed-route service. Cost-sharing arrangements would then need to be mutually agreed upon depending on resources available to both parties.

Universal Transit Pass Program

As discussed in the TDM Chapter (Chapter 6), universal transit pass programs are a great tool to encourage transit use and decrease congestion. Universal transit pass programs at educational institutions are not free transit, but a new way of paying for transit that provides “fare-free” transit passes to school populations (usually high school and college students). Educational institutions or school districts purchase transit passes in bulk from the local transit operator which are good for unlimited rides of the transit system. The educational institution/district benefits

Recommendation 7.6

Implement a program to share costs of new transit service with schools through: a cost-share arrangement between the City and the School District and/or a Universal Transit Pass program for high school and college students.

¹⁸ See “Formula Allocation Procedure,” LA MTA Library, undated. Accessed at www.mta.net/about_us/library/Formulation%20Allocation%20Procedure.pdf on 1/22/07.

¹⁹ Jano Baghdanian, City Traffic and Transportation Administrator, City of Glendale.

by improving access for their service population in a cost-effective manner. The transit operator benefits through increased ridership and a new source of guaranteed revenue, as the parties typically enter into multi-year contracts for these programs.

The *Beeline Short-Range Transit Plan*, currently being finalized, recommends supplemental school service which would be an ideal service enhancement to be funded with revenues from a universal transit pass program. This type of program enhances Beeline revenues in the following ways:

- ◆ Bulk pass sales are a stable source of income.
- ◆ Increases ridership; helps meet goals which can qualify the Beeline for regional funding.
- ◆ Because there is usually excess capacity on transit systems, extra income can be absorbed with little additional cost of adding service (low marginal costs).
- ◆ Transit passes reduce fare collection costs, a significant cost for bus operations.
- ◆ Reduces dwell times (through elimination of cash fare payments) thereby reducing operating costs (less time spent waiting means more time en route, meaning more service provided at same operating cost).

While the specific revenue potential of a program like this in Glendale will depend on numerous factors, a few examples of the revenue generated by existing universal transit pass programs in other jurisdictions are outlined in Figure 7-4.

Recommendation 7.1

Maximize utilization of new parking revenue that will come from parking management and pricing changes to fund *Downtown Mobility Study* recommendations. Manage parking funds through a Downtown Transportation and Parking Management District as described in the Parking Chapter (Chapter 5). Broaden eligible uses of parking funds to include a broad range of *Downtown Mobility Study* recommendations such as transit improvements and TDM programs.

Revenues from Priced Parking

Enhancing revenue from downtown parking is a critical method to provide funding for implementing the recommendations of the *Downtown Mobility Study*. If revenue raised through downtown parking is also dedicated to implementing aspects of the *Downtown Mobility Study* that improve the experience of downtown customers and visitors and that are desired by downtown merchants, then any parking price increases can also create a virtuous cycle: improvements attract more customers, which in turn produces more parking revenue. For that reason, we recommend creation of a Transportation and Parking Management District, as well as additional steps to increase revenues from the existing resources as discussed in the Parking Chapter (Chapter 5).

The parking management and pricing recommendations of this *Downtown Mobility Study* are discussed in detail in Chapter 5. A conservative estimate of the *additional new* revenue that could be generated by implementing these parking recommendations in full is approximately \$1 million (see Appendix 7A for a full explanation of this revenue calculation).

Figure 7-4 Revenue Increases from Universal Transit Pass Programs

Buyer/Population	Seller/Operator	Before (\$/month)	After (\$/month)	Increase (total \$ and %)
UC Berkeley	Alameda County (CA) Transit	\$84,500	\$125,100	\$40,600 or 40%
City of Berkeley	Alameda County (CA) Transit	\$2,410	\$6,650	\$4,240 or 175%
Various institutions and agencies	Denver Regional Transit District	No universal transit pass programs	Pass programs yield higher \$/boarding than system-wide average	3 biggest pass programs yield twice the \$/boarding than system-wide average

Source: "Discounting Transit Passes," Conelius Nuworsoo, Access, Spring 2005.

Commercial Parking Tax

The implementation of a parking tax or fee in downtown Glendale is not only a tool to raise revenues for implementation of *Downtown Mobility Study* recommendations, it is also a congestion management strategy. It can help decrease auto use, enable more compact development, and increase use of alternative modes, thereby reducing congestion. While some commuter parking is necessary as part of a balanced multimodal transportation system, too much parking that is priced too low encourages excess peak-hour trips.

For this reason, increasing the marginal cost of each car trip by raising the cost of parking can have significant effects on reducing auto trips and congestion downtown. This is especially true when combined with a simultaneous decrease in the marginal cost of using other modes through implementation of financial incentives to use improved transit, bike, and pedestrian networks.

For example, Seattle is currently considering a commercial parking tax based on the reasoning that, "in addition to generating revenue for transportation system maintenance and improvements, the fee is also expected to help Seattle reduce its greenhouse gas emissions...[and] the city's dependence on cars." Examples of parking tax rates for several cities is shown in Figure 7-5.

Recommendation 7.3

Pursue implementation of a parking tax on commercial parking.

**Figure 7-5 Survey of Cities with Parking Taxes
(Rates Range between 6-50% Assessed on Parking Revenues)**

City	Tax Amount / Structure
Anaheim, California	7.75% of revenues.
Bainbridge Island, Washington	12% of revenues for public and private parking facilities.
Baltimore, Maryland	\$14 flat fee on monthly parking transactions, 11% on daily and weekly parking.
Berkeley, California ^a	10% of gross receipts of private garages.
Bremerton, Washington	6% of commercial operator revenues.
Burbank, California ^b	10% of revenues.
Burien and SeaTac, Washington	\$1.00 per parking transaction. Exemptions for people with disabilities, government vehicles, and carpools.
Cleveland, Ohio	8% tax to fund a new football stadium.
Detroit, Michigan	30% tax on airport commercial parking.
Los Angeles, California	10% of parking revenues.
Miami, Florida	27.8% of revenues.
New York, New York	18.5%, or 10.5% for Manhattan residents.
New Orleans, Louisiana	12% of revenues.
Oakland, California	10% of revenues.
Philadelphia, Pennsylvania	50% of revenues.
Pittsburgh, Pennsylvania	31% of revenues.
San Francisco, California	25% of revenues.
Santa Monica, California	10% of revenues.
Seattle, Washington (under consideration currently) ^c	5%, 7.5%, 10% of revenues, increasing over 3 years.

Notes and Sources:

- a City of San Francisco Parking Tax Fact Sheet. Accessed at www.sfgov.org/site/uploadedfiles/controller/budget_information/taxrev/PkgTax.pdf in November of 2006.
- b City of Burbank City Code, Chapter 14 (Finance), Article 19 (Transient Parking Tax). Accessed at www.ci.burbank.ca.us/cityclerk/bmc/CHAPTER%2014%20-%20NEW.pdf in November of 2006.
- c This tax has been voted out of a committee of the whole City Council. The proposed tax is to begin in July 2007.

How are Parking Taxes Implemented?

A commercial parking tax in Glendale dedicated to specific downtown purposes would require two-thirds voter approval, under State Proposition 13 passed in 1978. For this reason, if the City decides to pursue implementation of this recommendation, it should begin to outreach to stakeholders early on and contract with professional assistance to help develop an outreach and campaign strategy. This outreach effort should educate Glendale voters on how the parking tax revenues will be used for specific improvements that will directly benefit their lives and will tangibly improve quality of life downtown and in the City as a whole.

Who Pays?

Parking taxes and fees have been described as one of the few taxes that people can “opt-out” of, since people can adjust their commute behavior to reduce their parking tax burden, either by carpooling, taking public transit, biking, walking to work, or by parking at satellite lots and walking or taking a shuttle/circulator into downtown. In addition, parking taxes impact commuters most and impact short-term parkers the least, thereby reducing peak-hour trips that strain downtown streets’ existing auto capacity most. All of these changes in travel behavior reduce traffic into the DSP area.

Where Can the Revenue be Spent?

Cities have a great deal of flexibility in allocation of revenue from this tax. Revenue can go to fund the general activities of the Transportation and Parking Management District, or can be exclusively allocated to a particular program, such as transit enhancements or streetscape improvements.

Types of Parking Taxes

The most basic type of parking tax is a commercial parking tax, a tax levied on any parking transaction when a user/occupant pays a fee or rent to use a parking space for any length of time. This functions essentially as a gross receipts tax for parking. To users, if the vendor passes on the fee, it functions like a sales tax on each parking transaction. A commercial parking tax can be graduated or applied selectively depending on the intended goals. For example, commuter-oriented, all-day parking can be taxed at a higher rate than retail-oriented short-term parking. Best practices suggest that parking taxes should also be levied on valet parking transactions.

Challenges to be Addressed

One problem with commercial parking taxes is that they are only levied on paid parking which may provide an incentive to provide free parking. For example, a parking tax provides an incentive for

developers not to charge for employee parking or to unbundle residential parking costs from housing lease/sales costs. This problem can be addressed by exempting certain types of parking, such as private residential or employee parking, thereby limiting the application of the tax to commercial transactions for parking that is available to the public.

In addition, since the commercial parking tax requires the parking operator to keep track of revenues and transactions, many jurisdictions have experienced difficulty collecting the full amount of this tax due to underreporting. Auditing private parking facilities can be challenging, time consuming, and expensive. However, revenue control technologies have advanced in recent years to facilitate collection and auditing of parking taxes. In addition, parking audit consultants can help the City develop reporting and enforcement protocols to minimize parking tax evasion, and can provide spot audits on a contract basis. This typically results in a significant increase in parking tax revenues to provide a positive return on investment.

It is optimal if parking operators pass on the cost to users. If they do not, the tax simply functions as gross receipts tax on a particular industry, and the congestion reduction benefits of the tax are diminished or eliminated. In a parking market with a large supply of parking, where competition for users is at a premium (for example in a suburban setting with ample free parking), increased parking costs are often not passed on. This is usually not a problem in a Central Business District like downtown Glendale. Currently in Glendale there is an ample supply of vacant parking, however with the implementation of the *Downtown Mobility Study* recommendations, downtown parking should be better utilized.

As discussed above, any parking tax requires extensive stakeholder consultation prior to implementation in order to be successful. Without proper outreach, it can elicit strong private opposition from parking vendors and businesses.

While commercial parking tax could be a significant source of revenue for implementation of *Downtown Mobility Study* recommendations, it is difficult to make precise revenue predictions for a hypothetical parking tax.

Business Improvement Districts

Business Improvement Districts (BIDs) are a useful local funding mechanism for commercial district economic development and improvement. These types of districts exist in some form in most states. In California, BIDs were first created by the California Legislature in 1965, when the California Legislature passed AB

Recommendation 7.4

- a. **Work with downtown merchants and property owners to investigate formation of either a downtown Business Improvement District (BID) or a Mello-Roos District.**
- b. **Depending on the outcome of negotiations, implement a BID or a Mello-Roos District. Once established, work with the District to advance public/private funding of significant streetscape capital projects (such as a downtown wayfinding signage system), or to provide the local match funding for long-term transit capital projects (such as a downtown streetcar circulator).**

103 in response to declining economic activity in central business districts. It provided a means for businesses to assess themselves to improve downtowns. A more recent bill enabled a property-based improvement district (PBID), which collects money from property owners rather than business owners. Over 200 BIDs exist in California cities today.

Business owners often initiate the process to establish a BID. However, BIDs must be authorized by a City Council resolution that establishes the intent and activities of the BID and its proposed boundaries. Public notice to all potential BID members follows, which names a public hearing date. If a majority of potential BID members object to the BID, formation is tabled for at least a year. If no majority process is filed, then the City Council passes a BID ordinance which establishes:

- ◆ Purpose of the BID.
- ◆ BID boundaries.
- ◆ Make-up of its Advisory Board.
- ◆ Method and basis for levying fees.
- ◆ Time and manner of collecting the fees.

Traditionally the money collected by BIDs is used to fund marketing, streetscape improvements (like street cleaning, street furniture, public art, and landscaping), commercial tenant recruitment and retention programs, and transportation improvements. Normally BIDs do not fund substantial infrastructure like parking construction because BIDs are reluctant to tax themselves adequately to undertake such large projects. Emeryville, CA and Portland, OR are examples of BIDs that have more aggressive programs to help fund downtown transit service (see sidebar “Public/Private Partnerships for Transit Improvements” at the end of this chapter for more information).

BID Potential in Glendale

Although downtown Glendale does not currently have a BID, the city has an established BID in Montrose and in Adams Square, and downtown has an active merchants association which could instigate a BID if desired. A BID could easily supplement efforts to improve streetscapes and provide maintenance and operations assistance to the City, in line with traditional BID activities.

Scaling up to fund a downtown shuttle (as in Emeryville), or even more aggressively raising millions to construct a streetcar may be several years away. Both Emeryville and Portland benefited from having large property owners who saw the real estate development potential of enhanced transit connections. With an already established downtown, there may be more property owner opposition to such an ambitious program. However, with such signifi-

Case Study: Beverly Hills

The City of Beverly Hills' Mello-Roos experience is an interesting case study for Glendale. It raised \$16 million in Mello-Roos bonds to finance infrastructure projects known as the Urban Design Program in Beverly Hills' premier shopping district "the Golden Triangle." The program funds street fixtures, sidewalk, landscape, and street improvements. The seventy-acre district had fewer than 12 residents and thus the existing property owners voted. There were 111 property owner votes, and 79% of cast votes approved the CFD. The City, which was one of the largest property owners itself, spent months working closely with consultants and meeting with both property owners and tenants of this primarily commercial district to craft the measure which reflected their priorities, and equitably apportioned the cost of the improvements to the properties that would benefit.



ABOVE: The streetscape improvements funded by the Beverly Hills Mello-Roos District create a clean, well-maintained, attractive pedestrian environment that is clearly well-used by visitors and residents.

cant development potential in downtown Glendale, formation of a BID should be pursued and the attitudes of downtown property owners and merchants assessed.

Mello-Roos Community Facilities District Act

The Mello-Roos Community Facilities District Act authorized local governments and developers to create Community Facility Districts (CFDs) for the purpose of selling tax-exempt bonds to fund public improvements. Subsequently, property owners that participate in the CFDs pay a "special tax" to repay the bonds. The services and facilities Mello-Roos Districts can provide include streets, police protection, fire protection, medical transport, elementary schools, parks, libraries, museums, cultural facilities, and water facilities. A requisite for the Mello-Roos districts' establishment is that it be approved by two-thirds margin of qualified voters in the district. If there are fewer than twelve registered voters within the proposed district, the vote may be passed by current landowners.

Property owners in Mello-Roos Districts are responsible for payment of the "special tax." The amount of the "special tax" is not directly based on the value of the property. Special taxes are based on mathematical formulas that take into account property characteristics such as square footage and parcel size.

While Mello-Roos Districts are most often used to fund public infrastructure in "greenfield" development, they have also been used successfully in urban, developed settings for such diverse activities as seismic rehabilitation (West Hollywood), park improvement (Los Angeles), and urban design improvements (Beverly Hills; for more information, see sidebar to the left). What unites these projects is that they are usually quite specific, with obvious benefits to landowners within the project area. This is because the requirement to receive a two-thirds margin by either residents or property owners is a difficult hurdle.

Any Mello-Roos program for Glendale would need to be similarly structured to target investments property owners broadly agree are needed, and the area geography should be crafted to limit the number of current property owners who might object to the goals of the program. It is possible that a program to fund streetscape improvements could be passed, with the potential to raise up to \$10 million. Of course, the political reality of success is highly speculative at this time, and it would take significant effort to craft a saleable program. The effort takes an extended amount of time, at least 120 days, just to form the CFD. The process also requires an extraordinary amount of preparatory work to secure the agreement of so many property owners, ultimately

the future taxpayers. But this is a resource that is worthy of further investigation.

Development Impact Fees

Development impact fees are assessed by city, county, or regional governments on new development in order to pay for the increased services and new infrastructure necessary to serve the residents and/or employees of the new development. Similar to community facility fees funding such things as parks, libraries, and fire stations, transportation-related development impact fees are very common: a 1997 survey of 264 California cities and counties (including all 58 counties and 206 of the 469 cities in the state) found that 150 impose some form of transportation-related development impact fee, including 34 (59%) of the counties and 116 (56%) of the cities.²⁰ A 1999 study found that 80% of the 87 California jurisdictions surveyed (including 93% of the 76 cities and 64% of the 11 counties) assessed some form of local traffic mitigation fee.²¹ A 2001 survey of 42 California cities of all sizes found that 29 (69%) had some form of transportation-related impact fees.²²

The most innovative transportation impact fees base the fee on the number of vehicle trips projected by new development. For example, of the jurisdictions surveyed in the 1997 study mentioned above, 65% based the amount of the traffic impact fee on either the project's estimated number of *daily* (42%) or *peak-hour* (23%) vehicle trips. This fee structure also provides an incentive to reduce a development project's vehicle trips.

Furthermore, the benefits of the impact fee on traffic reduction can be enhanced by using fee revenues to fund *Downtown Mobility Study* recommendations that will reduce vehicle trips. Increasingly, cities and counties of all sizes are implementing transportation impact fees and investing some (or all) of the resulting revenue stream in multimodal improvements, including increased transit service, completion of bicycle networks, and better pedestrian infrastructure and amenities (for examples, see Figure 7-6).

20 Ann Lawler and Michael Powers. "Traffic Impact Fees -- Survey Results," *CalAPA Planner*, 11/22/04. Accessed at www.impactfees.com/newsarticles/Traffic%20Impact%20Fees%20--%20Survey%20Results.pdf on 1/22/07.

21 John Landis et. al. "Pay to Play: Residential Development Fees in California Cities and Counties - 1999," California Department of Housing and Community Development, August 2001. Accessed at www.hcd.ca.gov/hpd/pay2play/fee_rpt.pdf on 1/22/07.

22 Ken Born. "Development Impact / Capacity Fee Study," Monterey County Environmental Resource Policy Dept., October 2001. Accessed at www.co.monterey.ca.us/gpu/reports/Impact%20Fees%20-%20FINAL.pdf on 1/22/07.

Recommendation 7.5

- a. **Initiate a transportation impact fee nexus study to mitigate auto trips and congestion impacts of new development.**
- b. **Once completed, if a reasonable nexus is found, implement a new impact fee for the downtown that is assessed according to number of new peak-hour vehicle trips generated by the development. Dedicate revenues to a Downtown Transportation Fund to pay for *Downtown Mobility Study* recommendations.**

The fee area is usually defined to a specific area, but may also be city-wide. The fee must demonstrate a “rational nexus” between the impact of the project and the fee charged. A nexus study completed before the fee is imposed determines the proportional impact of new growth on existing resources and assigns appropriate fee levels. It takes six months to a year to scope and complete a study, and then gain political approval of the fee by the City Council. A transportation impact fee for downtown Glendale focused on funding the projects of the *Downtown Mobility Study* would first need to find that new development creates impacts which must be mitigated, and secondly find that the *Downtown Mobility Study* provides suitable mitigations. Cities must segregate funds collected through an impact fee program, and use them within a reasonable period of time for projects described in the fee study.

It is important to stress that development impact fees may only be imposed on new development; existing development is exempted, even if it contributes to the need for new facilities. Thus, only developments permitted AFTER passage of the fee must pay, anything that is already entitled is exempt. As Glendale has a large volume of projects already in the approvals “pipeline,” many projects could potentially get entitled prior to imposition of a fee.

The assessed level of the impact fee should be adjusted periodically in order to ensure that the fee is keeping up with actual mitigation costs. Rather than conduct a comprehensive nexus study on a regular basis, it is much easier to conduct an initial nexus study for a particular development impact to be mitigated (such as PM peak-hour vehicle trips) and then index the fee level to the Consumer Price Index for programmatic costs (such as additional transit service) and the Construction Cost Index for capital costs (such as pedestrian and bicycle safety infrastructure).

It should be noted that one limitation of development impact fees is that their revenue yield is linked to cycles associated with real estate development markets and the overall health of the regional economy. In other words, the revenue generated by these fees can sometimes be sporadic: when the jurisdiction experiences significant new development, impact fees can generate substantial new revenue, but when the rate of new development cools, impact fees do not yield as much revenue. For this reason, development impact fees should generally be used to supplement other funds, or fund smaller, phase-able projects, rather than large capital projects that require a revenue bond or significant ongoing program costs. In downtown Glendale, streetscape and transit improvements would be an appropriate use for impact fee proceeds.

Total funding available through an impact fee will depend greatly on the findings of the nexus study and the pace of downtown development. While transportation-related development impact fees in California vary widely by jurisdiction, region, and housing type, fees of several thousand dollars per residential unit are not unusual in California cities and counties. For example, a 1997 study of transportation-related impact fees in California found that fees on residential development ranged from \$550 per peak-hour residential trip to \$16,000 per single-family residential unit and non residential fees ranged from \$550 to \$4,564 per peak-hour trip.²³ A 1999 survey of 89 cities and counties found considerable variation in transportation-related development impact fees; amounts varied from no fee in 48 jurisdictions, to less than \$1,000 per unit in 9 jurisdictions, to greater than \$5,000 per unit in 5 jurisdictions.²⁴ A 2001 survey of 42 California cities of all sizes found that of the 29 that had transportation-related impact fees, the fees ranged from a low of \$85 for a 1,500 square foot single family residence in Marina (Monterey County) to a high of \$9,075 for a 2,000 square foot single-family residence in Santa Barbara. The complete range of all known transportation-related development assessed impact fees in California is illustrated in Appendix 7C.

A good model for Glendale could be the City of Pasadena's Traffic Reduction and Transportation Improvement Fee, passed by City Council in July 2006. A full description of this fee is included in Appendix 7B. More details on assessing a traffic impact fee based on number of peak-hour auto trip generated by new development is discussed in the Parking Chapter (Chapter 5).

²³ Ann Lawler and Michael Powers. "Traffic Impact Fees Survey," Santa Barbara County Association of Governments, May 1997. Accessed at www.impactfees.com/newsarticles/Traffic%20Impact%20Fees%20--%20Survey%20Results.pdf on 1/22/07.

²⁴ Data from John Landis et. al. "Pay to Play: Residential Development Fees in California Cities and Counties - 1999," California Department of Housing and Community Development. August 2001. Accessed at www.hcd.ca.gov/hpd/pay2play/fee_rpt.pdf on 1/22/07. Reported in "Taxing Development: The Law and Economics of Traffic Impact Fees," Independent Institute Working Paper Number 65, 12/13/06. Benjamin Powell, Dr. Stringham, and Jack Estill. Accessed at www.independent.org/pdf/working_papers/65_taxing.pdf on 1/22/07.

Figure 7-6 California Cities Using Impact Fee Revenues for Alternative Transportation Improvements

Jurisdiction	% for Alternative Modes	Comment / Usage
Tahoe Regional Planning Agency	100%	Used for transit or air quality projects other than development mitigation.
San Francisco	100%	Transit impact fee used for both capital improvements and operating costs.
Santa Cruz County	50%	Allocated among pedestrian amenities (78%), existing bike facilities (10%), new Class II bike facilities (6%), bicycle signage (4%), and bus pullouts (2%).
Sacramento County	25-30%	Used for buses, park-and-ride lots and light rail station. 7 Districts with fee schedules.
City of Long Beach	27%	Allocated to transit (23%) and a Parking Management Program (4%).
Redwood City	25%	Used for bicycle paths, shuttle services, TDM coordinator, and other miscellaneous alternative mode improvements
City of San Luis Obispo	20%	Allocated to bicycle facilities (75%) and transit capital improvements (25%).
Coachella Valley Association of Governments	10%	Used for bus replacement and additional transit service, commuter buses, carpools/vanpools, and discount senior/disabled fares.
South Placer Regional Transportation Authority	6%	Used for rail and bus transit.
City of Dublin	6%	Allocated among Class I bikeways (19%), transit (57.5%), P&R (23.5%).
City of Fillmore (Ventura County)	5%	Used for Class I bikeways.
San Joaquin County	5%	Projects needed accommodate growth at Comprehensive Plan build out.
City of Bakersfield	4%	Used for transit capital improvements.
City of Petaluma	3%	9 alternative modes projects include Class II bike lanes, Class I trails, pedestrian projects, a park and ride lot and a transit center.
City of Vacaville	2%	Used for Class I bike trails along 3 creeks.
City of Woodland (Yolo County)	2%	Used for new bicycle facilities.
Monterey County	1%	Used to maintain Class II bike lanes along arterials.
City of San Diego	n/a	Fees and use vary based on 49 Community Plans. Used for bike and pedestrian facilities and park and ride lots.
City of Irvine	n/a	Uses \$3 million of fee revenue for alternative transportation.
Walnut Creek	n/a	A variable percentage is apportioned to alternative modes.
Santa Barbara County Association of Governments	n/a	Detail unavailable at time of writing.

Source: "Traffic Impact Fee Survey," Santa Barbara County Association of Governments, May 1997, and follow-up interviews.

Parking In-lieu Fees

As discussed in the Parking Chapter (Chapter 5), this *Downtown Mobility Study* recommends that the City implement an “in-lieu of parking” fee for all new development downtown. This in-lieu fee program would allow developers to pay a pro-rata fee in exchange for permission from the City to forgo construction of some portion of their required parking. The fee would be used to provide funding for programs that reduce parking demand such as the transit service improvements recommended in Chapter 4 and the TDM programs recommended in Chapter 6. In order to be effective at managing downtown congestion and providing on-going funding for *Downtown Mobility Study* recommendations, the in-lieu fee program must adhere to three conditions:

- ◆ Payment of the fee must be on an annual basis rather than a one-time payment.
- ◆ All proceeds from the fee must go into the Downtown Transportation Fund and be dedicated for implementation of *Downtown Mobility Study* recommendations.
- ◆ The in-lieu fee should be set as low as possible to encourage its use and ensure the provision of only enough parking demanded by market.

As these recommendations make clear, the in-lieu of parking fee is not recommended for use to build additional parking downtown, and for this reason the fee level should not be based on the costs of building a new public parking space. Instead it is recommended that the fee revenues be used for programs that reduce the need for parking by downtown commuters, residents, and visitors. To accomplish this, the fee level should be based on the average per-person programmatic costs of shifting one downtown peak hour auto trip to another other mode (carpooling, transit, bike, or walk).

Implementation of an in-lieu parking fee as recommended will not be a large revenue generator for building new public parking garages, but will instead be a supplemental revenue source for implementing *Downtown Mobility Study* recommendations.

As referenced throughout this chapter, a summary of all known new funding sources can be found in Figure 7-7, “Potential Sources of New and Enhanced Funding.”

Figure 7-7 Potential Sources of New and Enhanced Funding

Funding Source	Fundable Projects	Likelihood	Timing	Type of Development to which this applies	Scale of resource
Attain "eligible operator" status	Transit operations and service enhancements.	High	1 year	n/a	Up to \$4 million in additional STA, TDA, and Prop A revenue, allocated by formula between Glendale, Burbank, and Pasadena.
Business Improvement District	Flexible, allocated based on District member input.	High for traditional BID activities, moderate for more aggressive transit infrastructure	Establishment of BID within a year	Existing	Probably modest initially, could scale up to several million per year.
Mello-Roos District	Streetscape, infrastructure, special projects.	Moderate	1-2 years	Existing	\$5-10 million
Development Impact Fees	Flexible as long as nexus exists.	Moderate	1-2 years, collections very gradual	New	\$5-10 million (depends on nexus study)
Federal Earmarks	Large capital projects.	Low	Post-2009	n/a	Tens of millions
State Infrastructure Bond (1B, Nov. 2006)	Streets, highway, transit, mobility improvement, congestion relief, safety enhancements.	High	1 year	n/a	\$1.6 million direct to city, other possible.
State Safe Routes to School Grants	Pedestrian and Bicycle improvements.	Moderate	Apply by January 2 for 2007 funds	n/a	\$50,000-\$500,00
Priced Parking Revenue	Flexible, allocated based on stakeholder input.	High	Immediate	Both new and existing	Estimated to be approximately \$1 million more than current parking revenue each year.
Commercial Parking Tax	Flexible, but higher voter approved threshold if dedicated.	Moderate	1 year	Both new and existing	Varies depending on tax amount and structure.

7.3.4 OTHER SOURCES CONSIDERED AND REJECTED

Assessment Districts

An assessment district can fund the construction of public infrastructure, and also can pay for the maintenance and operation of infrastructure. Unlike impact fees, assessments affect all property owners, not only new development. Property owners pay in proportion to the benefit they receive. With the passage of Proposition 218, the use of assessment districts was greatly restricted by the requirement that the district must be approved by voters, and also may be repealed by voters at any time, thereby restricting the ability to affordably bond infrastructure projects with projected assessment district revenue streams. For those reasons, an assessment district is not a good vehicle to fund the *Downtown Mobility Study* recommendations.

General Obligation Bonds

A general obligation bond requires a two-thirds vote of city residents. Historically, this is a quite difficult test to pass. Given the significant financial and personnel resources necessary to run a successful ballot campaign, the unpredictable nature of election trends, and the need to market a package of improvements that would be particularly compelling to two-thirds of city-wide voters, the consultant team determined that other financing mechanisms would be more cost-effective and provide more certainty.

Local Sales Tax Increase

Glendale residents already pay for two half-cent sales taxes that benefit local transit and transportation projects. This is the maximum allowed under state legislation. The state legislature has recently considered a bill that would increase this cap, in order to allow local jurisdictions to impose additional transportation-related sales taxes (AB 1020, Migden).²⁵ If this bill were to pass, Glendale may consider a transportation sales tax.

²⁵ California State Legislature "Bill Info" website., Accessed at www.leginfo.ca.gov/bilinfo.html in November 2006.

Public/Private Partnerships for Transit Improvements

Emeryville, CA¹

Emeryville set up a city-wide property-based Business Improvement District in 1998 to fund the Emery-Go-Round, a free shuttle that provides service from major nearby regional transit stops (BART, AC Transit, and Amtrak). It is one of the only free shuttles in the region and is funded entirely by commercial property owners in Emeryville.

Emery-Go-Round is a private service, run by Emeryville Transportation Management Association, a non-profit organization made up of local business. The TMA Board of Directors determines the annual tax assessment rate and shuttle service levels. A high level of service is provided, with weekday service from 6 am-10 pm, and weekend service from 9 am-10 pm on Saturday and 10 am-7 pm on Sunday. It operates every 10-12 minutes during commute hours and every 15-20 minutes the rest of the day.

Portland, Oregon²

The Portland Streetcar is another example of a successful public/private partnership to improve transportation choices and spur local development. The Portland Streetcar provides transportation service on a 6-mile roundtrip loop with stops every 3-4 blocks. It operates every 13 minutes daily from 5:30 am-11:30 pm, with slightly shorter service on weekends. The Streetcar was built and is operated by a non-profit corporation, Portland Streetcar, Inc (PSI). PSI is governed by a Board of Directors; members come from both the public and private sectors and represent institutions, businesses and other stakeholders along the Streetcar route.

Streetcar investment has contributed to a significant shift in density and location of new development in Portland's CBD:

- ◆ Over \$2.28 billion has been invested within 2 blocks of the Streetcar alignment;
- ◆ 7,248 new housing units and 4.6 million square feet of office, institutional, retail, and hotel construction have been constructed within 2 blocks of the alignment;
- ◆ 55% of all CBD development since 1997 has occurred within 1-block of the Streetcar, compared with 19% previously;
- ◆ Developers are building new residential buildings with lower parking ratios than anywhere else in the region.

A Local Improvement District (LID) provided \$14.6 million (16%) of the capital costs of the completed Streetcar sections. Generally, LIDs in Portland fund street paving, sidewalk construction, and storm water management system installation. Like a Business Improvement District (BID), a LID is a mechanism by which property owners can share the expense of improvements. Unlike a BID, a LID is formed for a specific project, essentially a one-time payment. Once the project is complete and the final assessment is made, it ceases to exist.

Other funds used to construct the Streetcar included tax increment financing from the city's urban renewal agency, bonds backed by a \$0.20 short-term parking rate increase in city owned garages, regional transportation funds, reallocated transit funds from TriMet (the regional transportation agency and transit operator), public land sales, and the city general fund.

Local businesses also help with ongoing operations financing. The Streetcar Sponsorship Program is designed to leverage business financial support of Streetcar operations while helping businesses benefit from the Streetcar system. Different packages are available for different costs, each includes varying levels of advertising. Sponsorships are voluntary and provide between 8-13% of the ongoing operations costs of the Streetcar operations.

¹ Emery-Go-Round websites. Accessed at www.emerygoround.com/about.htm and www.bwc.gov/about/dist_list.htm#emeryville in November 2006.

² Portland Streetcar website. Accessed at www.portlandstreetcar.org/sponslist.php in November 2006.