11: FUNDING & IMPLEMENTATION

This chapter presents the estimated costs for the projects and programs identified in the Richland Transportation Plan, and describes existing and potential new funding mechanisms that will be required to implement the Transportation Plan over the next 20 years.

The following sections describe the historical funding sources and spending patterns for the City of Richland's Transportation program, based on past financial reports. The Current Financial Structure and Funding Alternatives sections were provided by FCS Group[1] and the memorandums this information is based on are provided in the appendix.

Current Financial Structure

The City currently budgets for its Transportation program in three separate special revenue funds:

City Streets Fund: The City Streets Fund (Fund 101) is the primary funding division for street maintenance, including street overlays, grading and graveling of unimproved roads, snow and ice control, traffic markings, crosswalks, and traffic sign installation. In 2003, the City budgeted total expenditures of $2.35 million, including over $118,000 in capital outlays and funding for 9.50 permanent full-time equivalent employees. The primary revenues for this fund include the majority of the City's share of the State Motor Vehicle Fuel Excise Tax ("gas tax"); an allocation of the City's General Fund revenues (e.g., property and sales tax, etc.), including dedicated utility taxes for street repairs of roughly $360,000 annually; and reimbursements for services provided.

Arterial Street Fund: The Arterial Street Fund (Fund 102) primarily funds the design and construction of transportation infrastructure. The level of capital outlays funded from these resources vary from year to year, but in 2003, the City budgeted nearly $750,000 in capital expenditures. The primary revenues for this fund include a portion of the City's share of the gas tax, state and federal grants, and an allocation of the City's General Fund revenues.

Street Utility Fund: The Street Utility Fund (Fund 104) is a special revenue fund accounting for the collection of the City's monthly street utility charge of 91-cents per full-time equivalent employee imposed on businesses within its jurisdiction. These revenues, roughly $260,000 annually, are transferred to the Arterial Street Fund to contribute to the capital investments of the Transportation program.

[1] Memorandum to Carl Springer, DKS Associates, from Jeanette Hahn, FCS Group, Richland Transportation Plan – Financing Policies, October 15, 2003. Memorandum to Carl Springer, DKS Associates, from Jeanette Hahn, FCS Group, Richland Transportation Plan – Historical Funding Patterns, October 16, 2003.

In 2003, over 35% of the revenues for these three funds were expected to be provided by the City's General Fund. The second most significant revenue source, gas taxes, will provide nearly 26% of the funding for these activities. Figure 11-1 shows the breakdown of primary Transportation revenues expected for these funds in 2003.

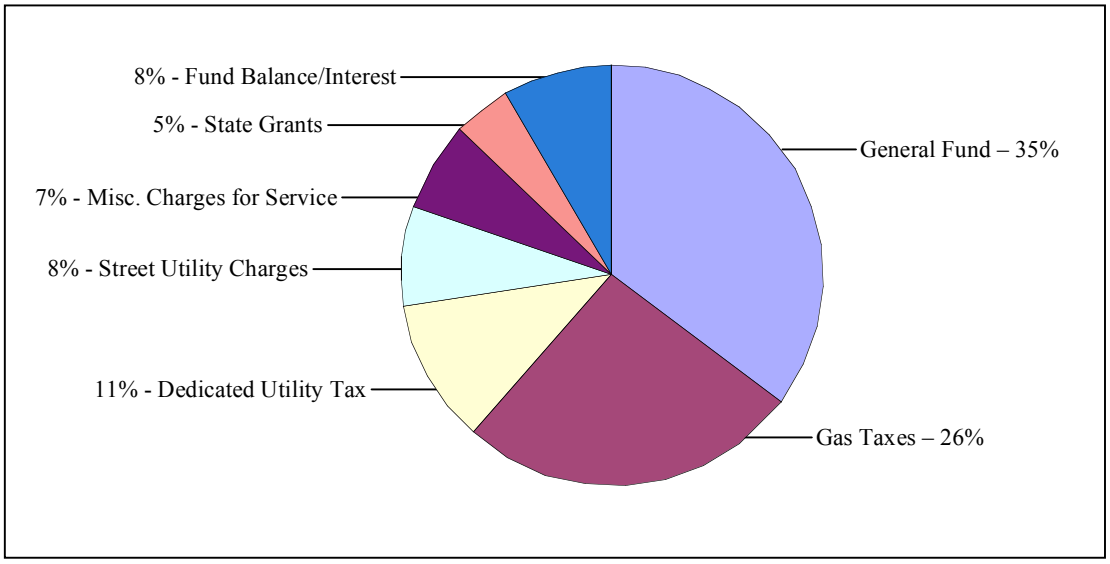

Figure 11-1: 2003 Transportation Resources

Historical Funding Patterns

Over the past six years, nearly one-third of the funding for the City's Transportation program has been provided by intergovernmental assistance, such as state and federal awards. Gas tax revenues have provided another 20% of total resources, while the City's General Fund has allocated revenues, including dedicated utility taxes for street repairs, to fund an average of 36% of the total program. (Refer to Figure 11-2.).

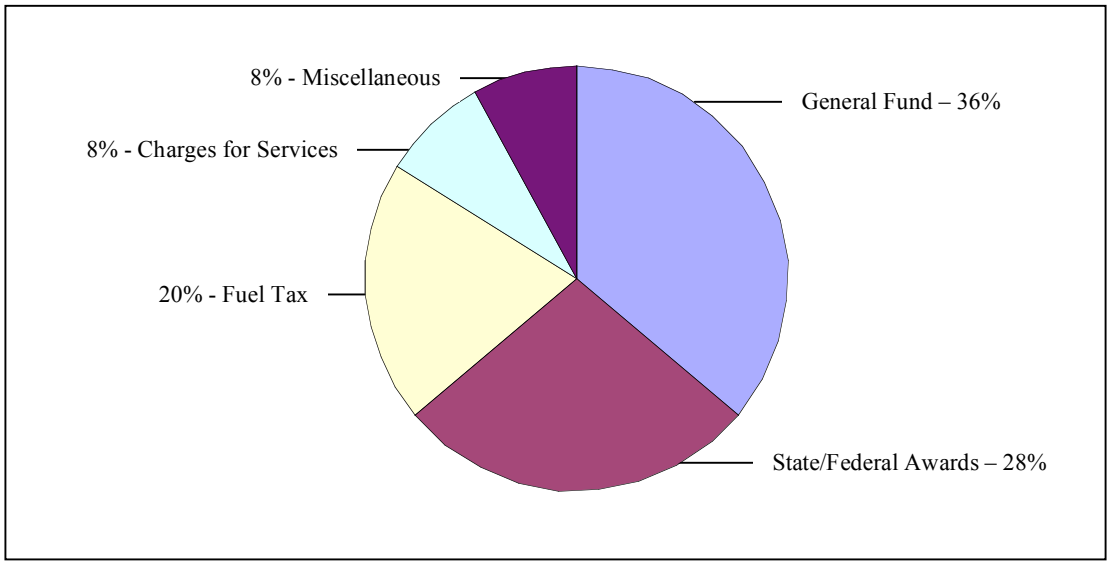

Figure 11-2: Average Funding Mix, 1998-2003

From 1998 to 2003, the Transportation program has invested roughly 55% of its total resources in capital infrastructure for an average of $2.1 million annually. It's ongoing operations, maintenance, and administrative activities have averaged over $1.7 million per year. (Refer to Figures 11-1 and 11-2 for illustrations of annual spending.)

Funding Overview

Table 11-1 shows that existing city revenues for transportation projects and programs in Richland are about $3.8 Million. This amounts to about $76 million over 20 years for capital projects and roadway maintenance.

Table 11-1: Existing Transportation Funding Sources (2003 Dollars)

Source	Average Annual Revenue ($1,000)
General Fund	$1,368
State/Federal	$1,064
State Fuel Tax	$760
Charges for Services	$304
Miscellaneous	$304
Annual TOTAL	$3,800
20 YEARS OF CURRENT FUNDING ($1,000's)	**$76,000**

Table 11-2 summarizes the costs outlined in the Transportation Plan to implement the Action Plans for Streets, Bicycles, Pedestrians, and several other recommended transportation programs (see Table 11-3 for details). The 20-year cost is estimated at $104.8 million, which is $28.8 million higher than current revenues provide. The following sections outline several methods for increasing transportation funding or seeking alternative solutions to better balance transportation costs and revenue.

Table 11-2: Richland Transportation Action Plans Costs over 20 years (2003 Dollars,)

Transportation Element		Approximate Cost ($1,000)
Street Improvement Projects:	Unfunded Action Plan	$32,600
Road Maintenance ($1,700,000/yr)		$34,000
Bicycle Action Plan		$27,000
Pedestrian Action Plan		$3,700
Pedestrian/School Safety Program ($10,000/yr)		$200
Sidewalk Grant Program ($50,000/yr)		$1,000
Neighborhood Traffic Management ($75,000/yr)		$1,500
Transportation Plan Support Documents (i.e. Design standard update, TSP updates)		$500
20 YEAR TOTAL in 2003 Dollars		**$100,500**
Funding Shortfall for 20-year plan (minus $76 million available)		**$24,500**

Recommended Projects

This section presents the recommended projects and programs developed for the City of Richland to serve local travel for the coming 20 years. The Pedestrian, Bicycle and Motor Vehicle projects were identified in the Action Plan for each mode, and represent those projects that have the highest short-term need for implementation to satisfy performance standards, or other policies established for the Richland Transportation Plan. The costs for the remaining motor vehicle projects noted in the Master Plan are identified, but these have not been included in the funding needs analysis for the city.

Project Cost Estimates

Cost estimates (general, order of magnitude) were developed for the projects identified in the motor vehicle, bicycle and pedestrian elements. Cost estimates from the existing RTP and/or TIP projects in Richland were used in this study, if available. Other projects were estimated using general unit costs for transportation improvements, but do not reflect the unique project elements that can significantly add to project costs[2]. Development of more detailed project costs can be prepared in the future with more refined financial analysis. Since many of the projects overlap elements of various modes, the costs were developed at a project level incorporating all modes, as appropriate. It may be desirable to break project mode elements out separately, however, in most cases, there are greater cost efficiencies of undertaking a

[2] General plan level cost estimates do not reflect specific project construction costs, but represent an average estimate. Further preliminary engineering evaluation is required to determine impacts to right-of-way, environmental mitigation and/or utilities. Experience has shown that individual projects costs can increase by 25 to 75 percent as a result of the above factors.

combined, overall project. Each of these project costs will need further refinement to detail right-of-way requirements and costs associated with special design details as projects are pursued.

All cost estimates are based on 2003 dollars. Historical construction costs price index has risen by 2.5 to 2.75 percent per year according to Engineering News Record research[3] on historical construction costs. Since 1979, construction costs have increased 100 percent over 20 years.

Transportation Programs

Table 11-3 summarizes the elements of the plan that were not specifically defined in the recommended project lists, and explains how costs will be addressed for these elements.

Table 11-3: Non-Auto, Pedestrian and Bicycle Costs Issues

Travel Mode	Issues
Parking	The transportation plan does not define specific projects. Off-street parking will be provided by private property owners as land develops
Neighborhood Traffic Management (NTM)	Specific NTM projects are not defined. These projects will be subject to neighborhood consensus based upon City placement and design criteria. A city NTM program, if desired, should be developed with criteria and policy adopted by the City Council. Traffic humps can costs $2,000 to $4,000 each and traffic circles can cost $3,000 to $8,000 each. A speed trailer can cost about $10,000. It is important, where appropriate, that any new development incorporate elements of NTM as part of its on-site design. The City currently has no allocation for NTM in the current budget.
Public Transportation	Ben-Franklin Transit will continue to develop costs for implementing transit related improvements. The Cities can supplement this by incorporating transit features through development exactions and roadway project design. Developing new transit services in Richland will require Ben-Franklin Transit to reallocate funding or seek additional sources of operating funds.
Trucks/Freight	Roadway funding will address these needs.
Rail	Costs to be addressed and funded by private railroad companies and the state.
Air, Water, Pipeline	Not required by the City
Transportation Demand Management	Not required by the City

Table 11-4 outlines recommended bicycle projects in Richland. The City, through its Capital Improvement Program (CIP) and bond measure funding (along with joint funding with other agencies such as WSDOT or development approval) would implement these projects. Multi-use paths identified on the bicycle plans should be aligned to cross roadways at intersections for safe crossing rather than crossing roadways at mid-blocks without traffic control.

[3] Engineering News Record Construction Cost Index as reported for the past ten years for 20 cities around the United States. Reference: http://www.enr.com/features/conEco/costIndexes/constIndexHist.asp

Recommended Bike Facility Projects

Most of the identified bike facility projects will occur through frontage improvement paid by re-development or by scheduled capital improvement projects since they require major roadway widening and/or relocation of on-street parking. However, a portion of these projects were identified that could be provided at much less cost because the existing roadway pavement is more than sufficient to serve long-range traffic demands. The criteria applied where cases that have existing paved width was 50 feet or greater, and the long-range (2020) peak hour traffic demands where less than 700 vehicles in the peak direction. The selected roadways can be restriped to allow bike facilities without widening. Typically, the restriping projects convert four-lane roadways (two travel lanes in each direction) to three-lane roadways with bike lanes (one travel lane in each direction, a center turn lane, and bike lanes on both sides). The initial list of roadways is indicated in Table 11-4 by asterisks (*) next to the project length.

Table 11-4: Bicycle Action and Master Plan Projects

Street	From	To	Length (ft)	Cost ($1,000)
Action Plan				
Columbia Park Trail	City Limits	Steptoe Street	8,500	1,530
Duportail Street	Wellsian Way	Queensgate Drive	9,100	1,638
Gage Boulevard	Keene Road	City Limits	9,500	1,710
George Washington Way	Horn Rapids Road	Aaron Dr.	32,000	5,760
Horn Rapids Road	Stevens Dr.	George Washington Way	2,700	486
Lee Boulevard	Swift Blvd.	Columbia River Trail	4,000	720
Leslie Road	Columbia Park Trail	Clearwater Avenue	18,000	3,240
McMurray/Wright Ave	Columbia River Trail	Duportail Street	17,500	3,150
Queensgate Drive	Duportail Street	I-182	4,500	810
Snyder Street	Stevens Dr.	Columbia River Trail	8,500	1,530
Sprout Street	George Washington Way	Columbia River Trail	2,800	504
Steptoe Street	Columbia Park Trail	Gage Blvd.	4,500	810
Stevens Drive	Horn Rapids Road	Catskill St.	5,300	954
Swift Boulevard	SR 240	George Washington Way	3,500	630
Van Giesen Street	West City Limits	Columbia River Traill	15,700	2,826
Wellsian Way	Aaron Drive	Duportail Street	5,500	990
Aaron Drive	Wellsian Way	George Washington Way	5,500*	82
Columbia Park Trail	Queensgate Road	Steptoe Street	15,000*	225
Columbia Point Dr	George Washington Way	Columbia River Trail	5,300*	80
Lee Boulevard	George Washington Way	Thayer Road	4,100*	62
Stevens Drive	Catskill Street	Lee Boulevard	4,000*	60
Swift Boulevard	George Washington Way	Sanford Avenue	4,800*	72
ACTION PLAN TOTAL			*189,600*	*$27,200*
Master Plan				
Keene Road	Queensgate Drive	West City Limits	7,500	1,350
Horn Rapids Road	Stevens Dr.	Kingsgate Way	8,000	1,440
Kingsgate Way	Horn Rapids Road	SR 224	9,500	1,710
SR 240	Kingsgate Way	Stevens Drive	10,000	1,800
MASTER PLAN TOTAL			*35,000*	*$6,300*
Off Street Bike Facilities				

Street	From	To	Length (ft)	Cost ($1,000)
Keene Road	Queensgate Drive	West City limits	7,500	675
Along Columbia River	Spring Street	Sprout	2,600	234
Queensgate Drive	Keene Road	Interstate 182	2,000	180
Stevens Drive	Jadwin Avenue	Horn Rapids Road	17,000	1,530
SR 240	SR 240	Van Giesen St	2,400	216
SR 240	Steptoe	Wye Park	11,500	1,035
SR 240	Duportail Street	City limits	18,500	1,665
OFF STREET TOTAL			**61,500**	**$5,535**
TOTAL			**286,100**	**$39,035**

* Potential opportunities for providing bike lanes by restriping existing pavement without requiring widening.

Table 11-5 outlines recommended action plan pedestrian projects in Richland. The City, through its Capital Improvement Program (CIP) and bond measure funding (along with joint funding with other agencies such as WSDOT or development approval) would implement these projects.

Table 11-5: Pedestrian Action Plan Projects

Street	Side	From	To	Length (ft)	Cost ($1,000)
Aaron Drive	Both	Wellsian Way	George Washington Wy	5,300	1,113
Bellerive Dr	East	Gage Blvd	Muriel St	1,800	94
Bellerive Dr	East	Broadmoor St	Amon Creek	1,000	52
Bellerive Dr	West	Country Club Road	Meadows Dr	600	31
Duportatil Street	Both	Wright Ave	Thayer Dr	1,700	357
Gage Boulevard	Both	Leslie Road	City Limits	1,800	378
George Washington Wy	East	Bradley Dr	I-182	2,300	120
Jadwin Avenue	Both	Catskill St	Coast St	1,000	210
Jadwin Avenue	East	Symons St	Torbett St	500	26
Jadwin Avenue	West	Williams Blvd	Stanley St	500	26
Leslie Road	East	Broadmoor St	Gage Blvd.	3,700	194
Saint Street	South	George Washington Wy	Davison Ave	1,200	63
Spengler Road	South	Stevens Dr	Hurd Ave	1,700	89
Stevens Drive	East	Williams Dr	Torbett St	1,800	94
Stevens Drive	East	Van Giesen St	Wilson St	500	26
Stevens Drive	West	McMurry St	Catskill St	1,000	52
Swift Boulevard	North	Sanford Ave	Thayer Dr	2,000	105
Symons Street	South	Jadwin Ave	George Washington Wy	500	26
Thayer Drive	East	Arbor St	Iry St	2,300	120
Van Giesen Street	North	Mahan Ave	Goethals Dr	1,000	52
Wellsian Way	East	Aaron Dr	Elliot St	3,800	199
Wellsian Way	West	Wyman St	Wellhouse Lp	600	31
Williams Boulevard	South	Wright Ave	Mahan Ave	3,000	157
Wright Avenue	East	Sanford Ave	Woodbury St	700	36
TOTAL				**41,000**	**$3,660***

*Note: Does not include pedestrian enhancements.

Motor Vehicle Projects

The Action Plan Motor Vehicle projects reported in Chapter 8 are summarized in Table 11-6 on the next page. These include street extensions, re-alignments, traffic signals, and other recommended improvements to the city street system. A number of additional improvements were recommended on the State Facilities (SR 240 Bypass Highway) that were not previously identified in the WSDOT Highway System Plan. The full scope and estimated costs for these projects require further study, and all of these project do not have identified funding. It is unclear what share of local match will be required to implement them. To date, the total city street projects included in the Action Plan represent $34 million dollars over the next 20 years. The Master Plan projects would add another $25 million. The pending improvements on State facilities could range from $150 to $200 million.

Table 11-6: Proposed Motor Vehicle Project Costs

Type of Project	Estimated Cost (Million Dollars)
City Action Plan	$32.6
City Master Plan	$33.5
State Facilities	$150 to 200

Notes: Refer to Chapter 8 for details on the street improvement projects.

Funding Alternatives

Due to the complexity of today's transportation projects, it is necessary to seek several avenues for funding projects. Unique or hybrid funding of projects generally will include many of the funding sources identified in this section. This section summarizes several funding options available for transportation improvements. Examples of funding sources which generally do not provide funding for roadways include: Property Tax General Funds, Car Rental Tax, Transient Lodging Tax, Business Income Tax, Business License Tax and Communication Services Tax.

Local funding for major transportation projects is typically brought to a vote of the public for approval. Specific projects are often outlined for use of public funds. Because of the need to gain public approval for transportation funding, it is important to develop a consensus in the community that supports needed transportation improvements. That is the value of the Transportation System Plan.

The following sections describe the array of locally-controlled resources available for funding the City of Richland's Transportation program. The following sections provide a brief description of each funding source; should the City seek to implement a new funding source or enhance an existing method, it will need to explore each program at a greater level of detail to ensure that all administrative, financial, and legal issues are addressed.

The City has available to it an assortment of means with which to fund its Transportation program, ranging from local taxes, assessments, and charges to state and federal appropriations, grants, and loans. All of these resources can be constrained based on a variety of factors, including the willingness of local leadership and the electorate to burden citizens and businesses; the availability of local funds to be dedicated or diverted to transportation issues from other competing City programs; and the availability and

competitiveness of state and federal funds. Nonetheless, it is important for the City to consider all of its options and understand where its power may exist to provide and enhance funding for its Transportation programs.

Traditional / Existing Funding Sources

The following funding sources are or have been used by the City to fund the capital and maintenance aspects of its Transportation program. There may be means to enhance or further utilize these sources, as described below, to address new needs that may arise from the Transportation Plan.

General Fund Revenues: At the discretion of the City Council, the City currently allocates General Fund revenues to pay for its Transportation program. (General Fund revenues primarily include property, sales/use taxes, and other miscellaneous taxes and fees imposed by the City.) This allocation is completed as a part of the City's annual budget process, but the funding potential of this approach is constrained by competing community priorities set by the City Council. General Fund resources can fund any aspect of the program, from capital improvements to operations, maintenance, and administration. Additional revenues available from this source to fund new aspects of the Transportation program are only available to the extent that either General Fund revenues are increased or City Council directs and diverts funding from other City programs.

Gas Tax Revenue: All cities receive a share of the Motor Vehicle Fuel Excise Tax ("gas tax") revenue collected in the state, distributed on a per-capita basis. With the Legislature's recent 5-cent increase, the total state gas tax is 28-cents per gallon, of which, cities share 10.7%. A city the size of Richland is required to dedicate nearly 32% of their gas tax receipts in a dedicated arterial street fund for the construction, improvement, and repair of arterial highways and city streets. The remaining gas tax receipts can be deposited in the City Street Fund for ongoing maintenance. There is no potential for additional revenues from this source; the City cannot implement its own gas tax and therefore is limited to its distribution from the State.

Utility Tax Revenue: The City currently imposes a tax on the gross receipts of utilities, both municipally-owned and external, of which, a portion of the receipts is dedicated for the Transportation program. This resource is locally controlled and can be used for both capital and operations needs. While the utility tax is considered a General Fund revenue, for which Transportation must compete with other City programs, the City of Richland has a voter-approved increment of the tax of 0.48%, which generates roughly $360,000 annually, that is dedicated to street repairs. The City must hold a public vote to increase the utility tax, should additional utility tax revenues be chosen to fund the Transportation program. (Taxes currently levied on utilities, both external and municipally-owned, range from 7.50% to 10.50%.).

Street Utility Charge Revenue: The City currently manages a Street Utility, which is a special revenue fund dedicated to the ongoing maintenance of city streets. The revenues generated are from utility charges imposed on businesses at a rate of 91-cents per full-time equivalent permanent employee (FTE) per month, generating roughly $260,000 annually. The street utility charge must be cost of service-based, recovering no more than half the actual costs of maintenance, operation, and

preservation of transportation facilities (RCW 82.80.050). The maximum charge allowed by statute is $2.00 per month per FTE. Should the City pursue additional revenue from its street utility to cover issues raised in the Transportation Plan, it is strongly recommended that the basis of the charges and their application in accordance with statute and prevailing case law be reviewed by City leaders and legal resources.

Mitigation Fee Revenue: On a case-by-case basis, according to the findings of traffic mitigation studies, the City requires new development to pay for or construct local transportation facilities needed to mitigate the impacts of the development. To the extent future development requires the addition or improvement of local facilities to mitigate its impact on existing areas, the City should be able to continue receiving these contributions. That said, the revenues or contributions received from this source cannot be used to fund general transportation system improvements nor ongoing operations and maintenance; therefore, there is no new revenue potential for issues raised in the Transportation Plan.

Local Improvement District Assessment Revenue: Subject to voter approval, the City may set up Local Improvement Districts (LIDs) to fund specific capital improvement projects within defined geographic areas, or zones of benefit. LIDs impose assessments on properties within its boundaries and are limited to the value added to benefiting properties by the improvements. LIDs may not fund ongoing maintenance costs. They require separate accounting, and the assessments collected may only be spent on pre-defined capital projects within the geographic area. The City has used LIDs in the past for localized Transportation system improvements and is currently pursuing public interest in additional LIDs, due to citizen and business concern for improving City street facilities. To the extent that the Transportation Plan identifies improvements of local benefit, LIDs may prove to be a feasible funding source, freeing other City resources for projects and operations of more general benefit City-wide.

TIB Grant Revenue: The Washington State Transportation Improvement Board (TIB) administers state funding for municipal transportation capital projects at the local level. The TIB manages six grant programs, funded by state gas tax receipts, which require local matching. Funds are awarded based on prioritization criteria established by the TIB for each grant program. The TIB provides annual funding of roughly $70 million; however, it is a highly competitive process. The City has received TIB grants in the past and may choose to pursue funding through this source again for projects identified in the Transportation Plan; however, it must compete for prioritization with other jurisdictions, and funding is not guaranteed.

TEA-21 Grant Revenue: The Transportation Equity Act for the 21st Century, a federal program, provides for funding of surface transportation programs through grants with local matching. Funds are allocated to the states for distribution to capital projects at the local level. The City of Richland participates with neighboring jurisdictions through the local Council of Governments to avoid competition at the local level for funding. As with all special assistance programs provided by the state and federal governments, funding for specific projects is highly competitive; however these funds may be available for improvements identified in the Transportation Plan.

Direct Appropriations: In the past, the City has been both pro-active and successful in pursuing direct appropriations from the State Legislature and United States Congress for Transportation capital improvements. There may be projects identified in the Transportation Plan for which the City may want to again pursue these special, one-time appropriations.

In addition to the above funding sources, the City may collect reimbursements from other governmental agencies or utilities for work completed which benefits or is caused by the actions of those entities (e.g., street cuts). Those reimbursements are not discussed here in the context of future transportation planning but are assumed to continue when appropriate.

Debt Financing Tools

While not direct funding sources, the following financing tools can be used to mitigate the immediate impacts of significant capital improvement projects and spread costs over the useful life of a project. Though interest costs are incurred, the judicious use of debt financing can serve not only as a practical means of funding major improvements, but is also viewed as an equitable funding strategy, spreading the burden of repayment over existing and future citizens and businesses who will benefit from the projects. The obvious caution in relying on debt service is that a funding source must still be identified to fulfill annual repayment obligations.

Voter-Approved General Obligation Bond Proceeds: Subject to voter approval, the City can issue General Obligation (G.O.) bonds to debt finance capital improvement projects. G.O. bonds are backed by the increased taxing authority of the City, and the annual principal and interest repayment is funded through a new, voter-approved assessment on property City-wide (a property tax increase). Depending on the critical nature of any projects identified in the Transportation Plan, and the willingness of the electorate to accept increased taxation for transportation improvements, voter-approved G.O. bonds may be a feasible funding option for specific projects. Proceeds may not be used for ongoing maintenance. It should be noted that state law limits cities to total G.O. debt, both voter approved and councilmanic (described below), at 2.5% of assessed value.

Councilmanic General Obligation Bond Proceeds: As with voter-approved G.O. bonds, described above, councilmanic G.O. bonds are used to debt finance capital projects, but they are backed by the general taxing authority of the City, rather than a voter-approved (new) levy. The City Council, can decide without a public vote, to issue G.O. bonds; however, state law limits councilmanic G.O. debt to 1.5% of the city's total assessed value. The City may only use this option as a possible funding source for transportation improvements if its has capacity to do so.

Public Works Trust Fund Loan Proceeds: The City can apply for low-interest loans through the Public Works Trust Fund (PWTF) loan program, administered by the State. Funding for this program is available dependent on the Legislature's biennial appropriation. This is a highly competitive program, with project-specific applications accepted each May. To obtain the lowest interest rate available, currently 0.5%, a local match of at least 15% must be provided. While the use of a PWTF loan does not affect the City's statutory debt ceiling (described above), each jurisdiction is limited to $10 million per biennium, so if the City obtains PWTF loans

for other programs (e.g., utilities), funds for transportation projects may be unavailable. PWTF loans may not be used for ongoing maintenance. Unlike G.O. debt, which authorizes the use of taxes to fulfill annual debt service, should the City seek this program for funding any of its transportation projects, it must identify (or create) an available revenue source to make annual PWTF loan repayments.

Other Funding Tools

The City of Richland is taking advantage of most funding sources available to it, as described above. However, there may be options for it to implement or enhance resources with the following mechanisms, dependent on the goals and policies of the community and City Council. With the exception of impact fees and franchise fees, the other revenues listed are of a more general nature and can be used for City programs in addition to Transportation. Whether these revenues are appropriate for use in addressing issues raised in the Transportation Plan will have to be discussed by City staff and Council members.

Impact Fee Revenue: The City does not currently impose a transportation impact fee, which in times of notable growth, can contribute a significant amount to the costs of capital improvements and expansions. Impact fees are one time charges imposed on new development, designed to ensure that new development pays its proportionate share of the transportation infrastructure necessary to serve it.

There are stringent guidelines governing the calculation of impact fees, as well as the use of revenues generated by them. The cost basis for the fee may only include the investments planned for in an adopted capital program, for facilities that accommodate growth. (Impact fees may not recoup costs for capital investments, existing and planned, that have no capacity to serve growth or correct existing deficiencies.)

Furthermore, revenues generated by transportation impact fees may only be spent on those specific capital projects for the transportation system that provide capacity for growth. Additionally, impact fee revenues must be spent within six years of collection or refunded. It is important that when implementing an impact fee, the City identify its own funding sources for projects included in the fee calculation, to ensure that it can practically construct the facilities within that time requirement. Finally, the City will need to craft policies regarding impact fee credits and economic development concerns, as well as implement financial controls to ensure that impact fees are developed, collected, and spent within statutory requirements.

Franchise Fee Revenue: Franchise fees are ongoing charges imposed on utilities to reimburse the City for the costs of overseeing the use of City rights-of-way. The City does not currently impose franchise fees on utilities, either external or municipally-owned. If some of the ongoing costs of the City's Transportation program are incurred to process permits, review plans, and monitor activities in city streets or other rights-of-way, the City may be able to impose a fee to recoup the actual costs of providing those services. If the City pursues this small revenue option, it will want to ensure that activities to be covered by any franchise fee are not already recovered through separate permit fees or direct reimbursements.

Business and Occupation Tax Revenue: The City does not currently impose a

Business and Occupation ("B&O") tax, which is a tax on the gross receipts of businesses in its jurisdiction for the purposes of funding general government activities, from which businesses benefit. Cities have the authority to levy up to 0.2%, though any initial implementation of such a tax requires a referendum process. Higher taxes may be imposed, though any increase above the 0.2% ceiling requires approval by a majority of voters. In the current political and economic climate statewide, the B&O tax is highly unpopular, though it does merit discussion if critical expenditures are required for the City's Transportation program and other funding sources are unavailable.

Regulatory License Fees and Revenue-Generating Regulatory Licenses: The City already imposes a business license fee within its jurisdiction, but an enhanced source of General Fund revenue that many cities are now implementing are Revenue-Generating Regulatory Licenses (RGRLs). RGRLs are similar to a business license fee; however, they are set according to classes of businesses and can be based on variables, such as the number of employees. This type of structure usually yields a larger revenue stream than flat fee business licenses. Revenues generated by RGRLs can be deposited in the General Fund and allocated to programs, such as Transportation, dependant on the City Council's priorities.

There are other means to enhance transportation revenues at the regional level, such as local option gas taxes, local option vehicle license fees, but this discussion has focused only on those resources that can be controlled or pursued at the City level or with its own electorate.