Local Funding Strategies
For Streetcars and Urban Circulators

RAILVOLUTION 2010

LELAND CONSULTING GROUP
People Places Prosperity
LOCAL FUNDING DISCUSSION

- Important strategies
- Common tools
- Outlook for the future
FUNDING: NO SINGLE ANSWER

- Seattle: 52% Private/Other, 26% Federal, 9% State, 6% County/Region, 6% City, 16% Local
- Tacoma: 100% Private/Other
- Portland Downtown: 30% Private/Other, 60% Federal, 2% State, 13% County/Region
- Portland Eastside: 33% Private/Other, 2% Federal, 51% State
- Tucson: 46% Federal, 21% Private/Other
- Tampa: 79% Private/Other

Legend:
- Private/Other
- Federal
- State
- County/Region
- City
- Local
FUNDING EVALUATION CRITERIA

- How much is needed?
- Has it been used before?
- Is there political support for it?
- Is there community support for it?
- Who will “own” the process?
- What is the process to implement the tool?
- Does it need to go to a vote?
1. **Balance**
   Multiple funding sources that reflect users and beneficiaries.

2. **Two to three primary sources**

3. **Partner with the private sector**

4. **It's a political process.**
   That is only sometimes technical.

5. **All funding sources are not created equal.**
   For example, some sources may require more time and impose labor, procurement, environmental requirements.

6. **Coordinate with other projects.**
   For example, streetscape and boulevard improvements. Look at your CIP.

7. **Funding plans are never complete.**
LOCAL IMPROVEMENT DISTRICT (LID)

- Property owner initiated
- Paid for by those who will directly benefit
- Flexible assessment
  - Distance
  - Frontage
  - Land use
- Frequently used
- Ensures public-private partnership
TAX INCREMENT FINANCING (TIF)

**Plusses...**
- Large potential revenue
- Locally controlled
- Extensively used
- Tied to economic development

**But...**
- Changing legal & political landscape
- Usually part of a package
- Revenue timing

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Diagram showing the concept of Tax Increment Financing (TIF) with two shaded areas: Base and Increment, over time.
PARKING

- Meters
- Garages
- Permits

Plusses...
- Large revenue potential
- Easy to implement
- Stable
- Parking and transit: key components of CBD transportation system

But...
- Often politically unpopular
- Lower potential outside downtowns
LOCAL AND REGIONAL TAXES

- Transportation sales taxes
- Regional transportation bonds
- Toll revenues

Plusses...
- Very large revenue potential
- Relatively stable
- Used before

But...
- Requires vote
- Typically must share with regional projects
- Needs broad regional support
MISC. REGIONAL AND STATE SOURCES

- Regional Transportation Improvement Programs
- Air quality programs
- State DOTs
- State earmarks
- Reprioritize existing funds
CREATIVE LOCAL SOLUTIONS

- Lottery funds
- Naming rights
- Development impact fees
- Sale of land and air rights
- Shared appreciation
- Utility fees
- Vehicle registration fees
- Institutional contributions
- Non-profit/philanthropic

Be creative!

Plusses...
- Can fill the gaps
- Show local commitment
- Engages broader stakeholder base

But...
- Time consuming to put together
- May be legally untested
- Needs solid organization to coordinate
- Often small funding potential
Issues

- Stability
- Ongoing revenue stream
- Growth over time (inflation)
- Many tools not eligible for O&M

Questions

- Is the streetcar part of the bigger transit system or on its own?
- Who will own and manage the process over time?
COMMON LOCAL O&M SOURCES

Farebox/Tickets
- Daily/hourly tickets
- Annual passes
- Bulk passes

Parking
- Dedicate meter fees
- Raise rates
- Form parking district
COMMON LOCAL O&M SOURCES

Business Improvement Districts
- Business support
- Mix with other BID programs

Existing Transit Operating Funds
- Reduced service
- Shift savings to streetcar
- Blend with overall transit operations
COMMON LOCAL O&M SOURCES

Sponsorships/Advertising
- Naming rights
- Advertising
  - In trains
  - Exterior
  - Station platforms

Other tools
- Endowments
- Event rentals
- Hotel/motel taxes
LOCAL FUNDING OUTLOOK

- Challenging times ahead!
- Local match as important as ever
- Constrained budgets
- Critical public
- Hypercompetitive funding marketplace
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