



# **V. Institutional Arrangements & Financing Mechanisms**

## V. INSTITUTIONAL ARRANGEMENTS AND FINANCING MECHANISMS

This section of the report describes the institutional options available to sponsor and/or operate a public transit system in the Estes Valley and the corresponding financing mechanisms to generate additional funding resources to address the other transportation infrastructure needs identified in the this study.

### A. Institutional Options

Colorado statutes authorize many institutional options pertinent to transit system operations and funding of transportation improvements. Those options that are most relevant to the transit options and types of improvements considered for the Estes Valley transportation plan are identified and evaluated for suitability in this section. Those institutional options include:

- ◆ Municipal Operation (Town of Estes Park)
- ◆ Estes Park Urban Renewal Authority (EPURA)
- ◆ Estes Valley Recreation and Park District (EVRPD)
- ◆ Rocky Mountain National Park
- ◆ Intergovernmental Agreements (IGAs)
- ◆ Rural Transportation Authority (RTA)
- ◆ Regional Service Authority (RSA)
- ◆ County Operation and Sales Tax
- ◆ Special or General Improvement Districts
- ◆ Metropolitan District

A brief description and suitability evaluation of each option follows. Some of these options are more viable for some types of improvements or alternatives than for others, while others may be more or less appropriate if a particular funding mechanism were preferable.

#### *Municipal Operations*

The most common form of local transportation project funding and transit operation in the state is direct municipal funding and operations. Larger cities outside of the Denver metropolitan area (where RTD provides regional service) providing transit service include Pueblo, Colorado Springs, Ft. Collins, Loveland and Greeley. Resort communities, including Crested Butte, Steamboat Springs and Telluride, have Town-sponsored systems. A local system can operate outside municipal boundaries, yet be funded by the full array of municipal revenue sources and governance mechanisms.

### ***Estes Park Urban Renewal Authority***

EPURA is a natural institutional option for implementing components of the plan affecting the downtown area. EPURA is well funded through sales tax receipts. It can provide parking and trails, and a wide array of other improvements. However, its charter appears to preclude direct operations of a transit system, even a downtown shuttle.

### ***Estes Valley Recreation and Park District***

EVRPD is special district formed under state legislation and has limited powers to engage in activities beyond its core mission. However EVRPD's mission could allow it to develop new trails or, more likely, to assume maintenance responsibility for trails that are integral parts of the transportation system.

### ***Rocky Mountain National Park***

RMNP is a federal entity, managed according to laws, regulations, procedures and budget authority set at the federal level, and consequently is not subject to state or local control. As such, the Park faces unique constraints but also enjoys opportunities to address transportation issues relative to other entities in Estes Park. Historically, the Park has focused its attention primarily within its boundaries, such as with its efforts to expand shuttle bus service within the Park. In recent times, the National Park Service and gateway communities located adjacent to national parks and monuments have recognized the inter-relationships between them and the need to address issues and problems in a cooperative manner. This understanding has opened an avenue for the Park to be more actively involved in planning efforts, such as this study, and activities that occur primarily outside the Park's boundaries. However, any specific program or action may require special authorization and approvals, which can add uncertainty to the process and extend the implementation timetable.

### ***Intergovernmental Agreements (IGAs)***

Colorado law allows governmental entities to agree or contract with one another to provide any service that they are permitted to provide themselves. For example, the Town of Estes Park could provide transit service to or even within down-county locations if the affected jurisdictions agreed on the service and compensation arrangements. Such an agreement was the initial basis for the Roaring Fork Transit Agency (RFTA), which provides bus service within Aspen and through parts of three counties to Glenwood Springs.

### ***Rural Transportation Authority***

In 1998, the Colorado legislature enacted a bill authorizing the formation of Rural Transportation Authorities by any two or more jurisdictions located outside of the current RTD boundary. The structure of the RTA is similar to RTD or the E-470 authority in the powers granted. Such an authority can impose (subject to electorate approval, of course) limited taxes and fees not to exceed the following rates:

- ◆ Sales Tax up to 1.0 cents per dollar
- ◆ Lodging Tax up to 2.0 cents per dollar
- ◆ Vehicle Registration Fee up to \$10.00/vehicle/year

Each member jurisdiction can establish its own tax method and rates for the area within its jurisdiction. RFTA has been reorganized under this structure. It is the only RTA presently operating in the state. Work is progressing toward a public vote to establish the North Front Range Transit Authority to serve portions of Larimer and Weld counties.

### ***Regional Service Authority***

Colorado statutes authorize the formation of Regional Service Authorities to provide one or more specified services to multi-jurisdictional areas encompassing at least two counties. Thus, it is not an appropriate vehicle for Estes Valley. While public transportation is an authorized service, the process of forming an RSA is cumbersome and to date none has been formed in the state. The only attempt to establish an RSA, which would have in effect consolidated RTD and several regional agencies in the Denver metro area, failed at the polls. The taxing authority of RSAs is limited to property taxes.

### ***County Operation and Sales Tax***

Under existing statutes, Colorado counties are authorized to impose a sales tax of up to one percent to finance the operations of transit systems in which they are actively involved. While this can be considered as much a funding option as an institutional option, it is mentioned here because its use would require Larimer County to become directly involved in transit operations. This tax is used in Summit, Pitkin (where it is a major funding source for RFTA), and Eagle Counties.

### ***Special or General Improvement Districts***

In Colorado, many governmental services and facilities are provided through special districts where an area within a defined boundary is provided a service or improvement that is paid for by a tax or special assessment on properties within the district. There are many types of districts with varying powers to tax or assess property and varying governing structures. These districts may be as small as a block or two for sidewalk or alley improvements, or large multi-jurisdiction areas to provide functions such as library services or fire protection.

### **Metropolitan District**

A metropolitan district is a unique form of special district that can provide municipal services to a defined geographic area that is either not incorporated, or is incorporated but not provided those services by a municipality. However, the statutes require that a metropolitan district must provide two or more of the authorized services, which are:

- ◆ Fire protection
- ◆ Elimination and control of mosquitoes
- ◆ Park or recreational facilities
- ◆ Safety protection through traffic and safety controls
- ◆ Sanitation service (including flood and surface drainage works)
- ◆ Street improvements
- ◆ Television relay and translator facilities
- ◆ Water
- ◆ A system to transport the public by bus, rail or other means of conveyance
- ◆ Telephone extensions (commercial only)
- ◆ Solid waste collection

Metropolitan districts are a common method in Colorado of developing infrastructure for a large development controlled initially by a single entity, with the district then providing ongoing municipal services. It is less commonly used to overlay a service district on an existing developed area. Therefore if this mechanism were used, it would have to provide at least one other service as well as transit, most appropriately street improvements or traffic and safety controls.

## **B. Institutional Characteristics**

The institutional options vary in how they are structured, the degree of public accountability, their accessibility to various funding mechanisms and sources, and other characteristics affecting their suitability for use in implementing the plan. Selected characteristics of these options, focusing on topics of interest for this study and highlighting the key differences between the options are presented in Table 28 and Table 29.

**Table 28. Institutional Characteristics Comparison**

<b><i>Is a Public Vote Required to Establish or Authorize the Option?</i></b>	
Town of Estes Park	No
EPURA	No
EVRPD	No
Rocky Mountain National Park	No, but Congressional or NPS approval may be necessary
Intergovernmental Agreement	No
Rural Transportation Authority	Yes, to establish tax, and create the entity
Regional Service Authority	Yes, by a majority in each jurisdiction
County Operation and Sales Tax	Yes, to establish tax, but not establish operations
Improvement Districts	Yes, but who and how varies by type of district
Metropolitan District	Yes, by residents of the district
<b><i>What is the Composition of the Board or Governing Body?</i></b>	
Town of Estes Park	Town Council
EPURA	Existing Board
EVRPD	Existing Board
Rocky Mountain National Park members	Park and NPS staff management. No public
Intergovernmental Agreement	Local government representatives or appointees as specified in the agreement
Rural Transportation Authority	Elected officials from member jurisdictions
Regional Service Authority	Elected by residents of the area
County Operation and Sales Tax	County Commissioners
Improvement Districts	Can be council/commissioners, appointed or elected
Metropolitan District	Elected by residents of the district
<b><i>Relative Cost or Difficulty of Implementation</i></b>	
Town of Estes Park	Medium
EPURA	Medium
EVRPD	Medium
Rocky Mountain National Park	High
Intergovernmental Agreement	Low, if one of the parties already provides transit
Rural Transportation Authority	Medium
Regional Service Authority	High
County Operation and Sales Tax	Medium, if a sales tax is not already in place
Improvement Districts	Medium, for multiple jurisdictions or large geography
Metropolitan District	High, for multiple jurisdictions or large geography
<b><i>Relative Cost and Ease of Administration (may increase as a function of area and scale)</i></b>	
Town of Estes Park	Medium
EPURA	Medium
EVRPD	Medium
Rocky Mountain National Park	Medium
Intergovernmental Agreement	Low
Rural Transportation Authority	High
Regional Service Authority	High
County Operation and Sales Tax	Low
Improvement Districts	Medium
Metropolitan District	High

<b>Adaptability to Changes and Phasing of Service Areas and Type of Service</b>	
Town of Estes Park	High
EPURA	High
EVRPD	Medium
Rocky Mountain National Park	Medium
Intergovernmental Agreement	Medium, can be renegotiated
Rural Transportation Authority	Medium, services can be phased within a fixed geography
Regional Service Authority	Low, fixed geography and service elements
County Operation and Sales Tax	High, services can be phased
Improvement Districts	Low, fixed boundaries
Metropolitan District	Low, fixed boundaries, tied to service plan

**Table 29. Suitability for Various Improvements and Services**

<b>Institutional</b>	<b>Suitability for:</b>			
	<b>Transit</b>	<b>Trails</b>	<b>Roads</b>	<b>Parking</b>
Town of Estes Park	High	High	High	High
EPURA	Low	High	Low	High
EVRPD	Low	High	Low	Low
Rocky Mountain National Park	High	Low	Low	High
Intergovernmental Agreement	High	Medium	Medium	Medium
Rural Transportation Authority	High	Medium	Medium	Medium
Regional Service Authority	Not Applicable, requires two or more counties			
County Sales Tax Option	High	Low	Low	Low
Special/General Improvement District	Low	Low	High	Medium
Metropolitan District	Low	Low	Medium	Medium

## **C. Funding Mechanisms**

In addition to the characteristics previously described, the institutional options vary greatly with respect to the funding mechanisms available to address the range of transportation improvements contained in this plan. Because many of the improvements contained in the plan are of relatively low priority or ineligible for funding under the established local, state and federal funding programs, the emphasis for this analysis is on possible revenue sources to supplement traditional highway funding sources, such as federal highway construction funds administered by the Federal Highway Administration (FHWA) and state funding through CDOT. Such sources include a broad spectrum of local taxes and fees, revenues derived from parking and transit service, and various federal grants and revenues. Those that are relevant to transportation and transit funding can be described as follows:

### **Local revenue sources**

- ◆ *Sales tax:* A tax added to the cost of retail purchases of goods and selected services. The combined state and local sales tax rate in Estes Park is currently at the statutory limit of 7.7 percent.
- ◆ *Property tax:* A tax on the value of real and personal property within a jurisdiction's established taxing boundary.
- ◆ *Motor vehicle registration fees:* An annual fee assessed on each motor vehicle licensed within an entity's service area. Such fees can be approved for a defined period.
- ◆ *Lodging tax:* A tax on the cost of overnight and short-term lodging accommodations, i.e., hotels, motels, lodges, cabins, bed and breakfasts, and private RV/camping. The lodging tax can be in addition to any sales tax levied.
- ◆ *Fund transfers:* Not a new source of revenue per se, fund transfers are an option for governmental entities to allocate revenues derived from established mechanisms to transportation and transit. For example, the Town of Estes Park could allocate future revenues made available by the retirement of existing debt to fund transportation improvements.
- ◆ *Development fees:* Impact fees or excise taxes levied on new construction, the revenues of which fund capital expansion projects in order to address growth-related impacts.
- ◆ *Special assessments:* Additional taxes or fees paid by a defined group of property or business owners, with their prior approval, to fund a higher level of facilities or services than is provided the general public.
- ◆ *Debt:* Not a revenue source per se, debt represents the use of borrowed capital to fund capital improvements sooner than would occur when relying on cash financing. Borrowed sums are repaid over time, with interest; using revenues derived using one of the other sources.

### Parking and Transit Operating Revenues

- ◆ *Metered on-street parking:* In many communities, revenues from paid, metered on-street parking yield a surplus over and above the cost of parking administration and enforcement. These revenues can be used to support other functions such as transit. In Estes Park, the use of this mechanism would imply a decision to implement the use of paid parking. Policies to charge only during the peak season, during peak hours, or for specific periods, i.e., the first 30 minutes free, can be enacted in conjunction with metered parking.
- ◆ *Parking garage operations:* Similar to metered parking, this mechanism would tap into any net revenue from the operation of one or more parking garages, which charge for parking. Again, this implies the construction of such a garage(s) and decisions/policies regarding charging for parking.
- ◆ *Transit fares:* Many transit systems charge riders for using the system. The fares collected typically only cover a relatively small share of the operating costs. Some systems forego fares because of the problems and relatively high cost of collecting and administering fares.
- ◆ *Advertising:* Buses, bus stops, printed schedules and other elements of transit operations are viewed by riders, pedestrians and other motorists. To many, this makes them an obvious platform for advertising. Many transit operators now lease advertising space to help defray operating costs.
- ◆ *Concessions/Other:* This category includes revenues derived from space rentals in terminals, vending concessions, special charter operations and other miscellaneous sources.

### Federal Funding

The federal government provides substantial funding to support both highway and transit improvements. The bulk of these funds are administered by the FHWA and are for highway capacity and safety projects. That funding is channeled through CDOT and regional funding conduits, e.g., the Upper Front Range Transportation Council. Those channels and their prioritization and funding processes are well established and thus not discussed here. Federal funding is also available to support transit, bicycle and pedestrian walkways and other facilities and programs. Pertinent programs are highlighted below.

- ◆ *Federal Transit Administration:* Federal funds are a vitally important source of transit funding. Various funds administered by the Federal Transit Administration (FTA) and channeled through CDOT provide a critical funding for planning, operating and capital funds. Funds that are earmarked for transit purposes include the following:
  - 5309 Discretionary Funds – available on a competitive, discretionary basis, providing up to 80 percent of fleet acquisition and expansion, maintenance facility or other capital costs to public transportation agencies.

- 5310 Elderly and Handicapped – provides funding for up to 80 percent of capital equipment costs to private, nonprofit service providers that transport elderly and handicapped persons.
- 5311 Capital and Operating – available to private and public transportation providers on a competitive basis, this program provides up to 80 percent of the net administrative costs and 50 percent of net operating deficits.
- 5313 Planning – grants made to support transit system planning and pre-startup costs.

Presently the annual FTA funding for these programs in Colorado totals just over \$3.0 million. Most of these funds are awarded on a competitive basis. New startups typically enjoy a preference in the allocations. Other possible federal sources include:

- ◆ *Federal Highway Administration (FHWA):* Some of the improvements included in this plan may be eligible for funding under FHWA programs directed to non-traditional highway projects. Those programs include:
    - Transportation Enhancements - non-traditional projects including safety and educational activities for bike and pedestrian facilities.
    - Transportation and Community and System Preservation (TCSP) - research and planning and implementation grants, including one to fund this project, addressing the relationships between transportation and community, and to identify private sector-based initiatives.
    - Recreational Trails Program - develop and maintain recreational trails for motorized and non-motorized recreational trail users.
    - Federal Land Highways Program - funding for roads and transit facilities serving federal and Indian lands, including national parks and forests.
    - Surface Transportation Program - an umbrella program providing for a wide variety of highway and other transportation facility construction.
  - ◆ *National Park Service (NPS):* RMNP uses funds generated from entrance fees and funding received from the NPS to fund ongoing operations and capital improvement activities. These activities include its current Bear Lake shuttle operation. The Park has a backlog of unfunded projects. At the same time, the NPS is recognizing the inter-relationship between its parks and the gateway communities. Thus, the Park may provide a conduit for securing additional funds in the future.
  - ◆ *U.S. Department of Energy (DOE):* Another potential source of federal funds are various grant programs administered by the DOE to support the federal government's clean cities and livable cities initiatives. The focus of these grants is to promote the use of alternative fuel vehicles in transit and municipal fleets as part of a broader strategy to address the nation's future energy needs.
  - ◆ *Special funding:* this category includes special Congressional appropriations and one-time grants.
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Table 30 on the following page contains a matrix summarizing the availability of the above mechanisms to the various institutional options, based on existing statutes and regulations. The column labeled “Exists Already” indicates the existence of the corresponding jurisdiction/institution. Available mechanisms are indicated in the subsequent columns by checkmarks (✓). In the columns under the heading of “Local Revenue Options”, a checkmark indicates that the necessary enabling legislation/statutory authority allowing use of the mechanism is in place. However, additional local approvals and implementation procedures may be required. Under the heading of “Service and Operating Revenues”, entries are only contained in cells for those institutions considered a likely operator of a particular service. For instance, transit fares would be available to whatever entity operates a transit system. This might include the Town of Estes Park, but not EPURA. Thus, a checkmark appears in the appropriate place for the Town, but not EPURA.

Beyond the issue of availability of particular mechanisms, other important characteristics of the funding mechanisms include:

- ◆ Revenue yield - how much revenue will be generated, annually and over time.
- ◆ Efficiency – how easy and costly is it to administer.
- ◆ Reliability – how variable the revenue is and what factors affect its yield.

Table 31 presents an overview of these characteristics as they apply to the various financing mechanisms for the Estes Valley.

Decisions regarding Plan financing must also consider the issue of equity. That is, who pays, how much, how does the amount they pay relate to their use of or demand for the improvement, and does the mechanism treat similar groups fairly. The assessment of equity is quite subjective, often involving tradeoffs between various constituencies and user groups. For example, does a specific tax or fee treat visitors who spend the night in Estes Park and those that are day-visitors fairly? The decisions ultimately reflect policy choices by officials, the public and system management. Consequently, the issue of equity or fairness is not addressed here.

Among the various factors, the potential revenue yield from local sources and the corresponding tax rates and fees are perhaps the most important. This importance derives from recognition that timely implementation of the Plan depends heavily on dedication of additional local sources to the problem. Not only are the amount, timing and reliability of many non-local sources uncertain, but many non-local sources require a local match to fund a portion of the total project costs.

**Table 30. Transportation Improvement Funding Option**

Entity/Authority	Exists Already?	Local Revenue Options							
		Sales Tax	Property Tax	Motor Veh. Fee	Lodging Tax	Fund Transfers	Development Fees	Special Assessments	Debt
Town of Estes Park	Yes	✓	✓			✓	✓	✓	✓
EPURA	Yes	✓				✓	✓		
Estes Valley Recreation & Park District	Yes		✓			✓	✓		✓
Rocky Mountain National Park	Yes					✓			
Intergovernmental Agreement (IGA)	No	✓	✓			✓			
Rural Transportation Authority (RTA)	No	✓		✓	✓				✓
Regional Service Authority	No		✓						✓
County w/Sales Tax Option	No	✓							✓
Special/General Improvement District	No		✓				✓	✓	✓
Metropolitan District	No		✓				✓	✓	✓
Entity/Authority	Service and Operating Revenues					Federal Sources			
	Metered Parking	Parking Garages	Transit Fares	Advertising	Concessions/ Other	FTA/FHWA Operating Funds	FTA/FHWA Equipment Funds	NPS Funding	Special Funding
Town of Estes Park	✓	✓	✓	✓	✓	✓	✓		
EPURA		✓							
Estes Valley Recreation & Park District									
Rocky Mountain National Park			✓		✓	✓	✓	✓	✓
Intergovernmental Agreement (IGA)			✓	✓	✓	✓	✓		
Rural Transportation Authority (RTA)			✓	✓	✓	✓	✓		
Regional Service Authority			✓	✓	✓	✓	✓		
County w/Sales Tax Option			✓	✓	✓	✓	✓		
Special/General Improvement District		✓							
Metropolitan District		✓	✓	✓	✓	✓	✓		

**Table 31. Funding Mechanisms**

Revenue Sources	Potential Annual Revenue Yield	Established Mechanism	Efficiency	Revenue Reliability
<b>LOCAL SOURCES</b>				
Transfers from EPURA/Community Investment	\$\$\$	Yes	High	Medium
Parking Operations				
- Parking Meters on Surface lots	\$ - \$\$	Yes (general) No (locally)	Low	Medium
- Structured parking	\$\$	Yes	Low	Medium
Transfers from General Fund/Sales Tax	\$\$\$	Yes	High	Medium
Designated Sales Tax	\$\$\$ (depends on tax rate)	Yes	High	High
Designated Property Tax	\$\$ (depends on tax rate)	Yes	High	High
Residential Development Impact Fee or Excise Tax	\$	No	High	Low
Motor Vehicle Registration Fee	\$	Yes	High	High
Parking Development Fee for new DT Dev.	\$	No	High	Low
Long-Term Bond Issuance (w/repayment using one of the revenue sources listed above)	\$\$\$	Yes	High	High
Fares	\$ - \$\$	Yes	Low	Medium
Advertising Revenue	\$	Yes	Medium	Medium
Lodging Tax	\$\$	Yes (County)	Medium	Medium
<b>FEDERAL SOURCES</b>				
Cooperative Program with the NPS				
- Fee demo revenues	\$\$\$	Yes / No	High	Medium
- Special appropriations/demonstration funds	\$ - \$\$	Yes	High	Low
- Congressional approved demo project	\$ - \$\$	Yes	High	Low
- Other special revenues / surcharges	??	No	High	Low
- NPS as a Visitor/Transit Center tenant	\$	Yes	High	High
Federal [FTA/RPTA/DOE]				
- Capital funding	\$\$	Yes	NA	Low
- Operating funding	\$\$	Yes	NA	High
\$ = Under \$100K    \$\$ = \$100K to \$500K    \$\$\$ = Over \$500K				

Among the potential local sources, four options have the highest potential annual yields, sales, property, lodging taxes and motor vehicle registration fees. The high relative yields result from the large tax base to which any new or increases in taxes or fees would apply. Given the overall costs identified in the Plan, it is likely that one or more of these sources will be required to implement the Plan. Table 32 shows the estimated revenues produced by a discrete set of tax rates and fees. As shown, an increase in the local sales tax rate of 0.1 percent would generate about \$204,000 in 2010 compared to \$171,000 from a \$10 motor vehicle registration fee.

**Table 32. Estimated Annual Revenue Yields for Selected Local Sources**

Source	Annual Revenue in 2002 Dollars		Change 2010 to 2020
	2010	2020	
<b>Sales Tax</b> Per 0.1 Percent	\$204,000	\$268,000	+31%
<b>Property Tax</b> Per 1.0 mill	\$244,000	\$295,000	+20%
<b>Motor Vehicle Registration Fee</b> At \$10/Vehicle	\$171,000	\$214,000	+25%
<b>Lodging Tax</b> Per 0.5 Percent	\$161,000	\$189,000	+17%
Notes: Projected sales and property taxes do not reflect inflation, but do allow for increases due to population growth, RMNP visitation increases and new development.			

The example is not intended to suggest that the rates shown or the approximate \$200,000 per year generated by any of these sources would be adequate to fund the Plan, or to judge the preference for one source over the others. Rather, the example provides a comparison of the relative impacts on rates and some perspective on the growth in revenue over time. Furthermore, the focus on the four key sources is not to suggest that the funding plan ignore other, lesser yielding sources, but simply that they likely would produce inadequate revenue to be relied upon as the primary revenue source.