[Denver needs] to complement RTD’s regional focus with a home-grown transit service for the city proper.

– Denveright Community Visioning Workshop Participant (October 2016)
CHAPTER 6
GOVERNANCE AND FUNDING
BEST PRACTICES

Cities around the country are investing resources in their transit systems and expect greater accountability and service from their transit providers. *Denver Moves: Transit* will help to define the City and County of Denver’s (CCD) role in supporting transit and identify opportunities to enhance coordination and partnerships between CCD and the Regional Transportation District (RTD), including potential funding sources to enhance transit in Denver. This section outlines Denver’s current organizational structure and funding for transit and highlights best practices from three peer cities and transit agencies: Seattle, Los Angeles, and Minneapolis.
STATE OF THE SYSTEM

DENVER

ROLE OF THE TRANSIT AGENCY

The Regional Transportation District (RTD) provides local and regional service in the Denver metropolitan area, serving nearly 100 million trips over 2,300 square miles. The agency leads both transit investment and planning. It is governed by a 15-member publicly-elected board of directors, each representing part of the district. As of 2016, RTD operates two commuter rail lines, six light rail lines and approximately 125 bus routes.1

ROLE OF THE CITY

The City and County of Denver (CCD) is an active partner with RTD in the development of the current transit system; the agencies have worked together on FasTracks, Peoria Crossing, Colfax Corridor Connections, Denver’s Union Station renovation, bus routing and stop locations, the 16th Street Mall, and other transit and multi-modal projects throughout Denver. Together these efforts have greatly expanded mobility options and economic opportunities in Denver and throughout the metro area. CCD has begun to take more of a leadership role to further explore existing and future travel demand in Denver, in partnership with adjacent municipalities, RTD, the Colorado Department of Transportation (CDOT), and other public and private entities.

As CCD becomes increasingly involved with transit planning, similar to other cities including Salt Lake City and Seattle, the importance of establishing a transit plan and further defining transit’s role in helping meet Denver’s mobility needs will continue to grow.


CCD’s Transit Amenities Program allows companies to advertise on bus stop shelters. Participating companies are required to install amenities and maintain the bus stops.
CCD’s Public Works Department has a Transportation and Mobility Division that focuses on multimodal/urban mobility and implementation planning, parking operations, and traffic operations and engineering. The Policy, Planning, and Sustainability Division within Public Works includes planners focused on transportation planning and implementation. CCD supports transit through a number of planning efforts, such as the city’s 2014 Transit-Oriented Development Strategic Plan (2014), the Denver: Moves Bicycles plan (updated in 2015), and the Strategic Parking Plan (2010) (see Appendix A for details).

To date, Public Works’ primary role in transit has been to support bicycle and pedestrian access to transit, develop multimodal corridor studies/plans, manage a Transit Amenities Program, and implement transit-oriented development projects. There are a number of planning efforts underway currently, including Denver Moves: Transit and major corridor planning such as the Colfax Corridor Connections project, that are helping to define CCD’s role in supporting transit. As of 2016, CCD does not pay for the operation of transit service.

CCD’s Transit Amenities Program launched in 2001. Participating companies are allowed to advertise in the right-of-way in exchange for providing amenities, such as benches, shelters, and trash cans, at bus stops. There is no revenue sharing; the participating companies are required to install the amenities and maintain the bus stops.

**TRANSIT FUNDING**

Capital transit projects in the Denver region have been funded primarily by FasTracks over the last decade. FasTracks was approved by voters in 2004 to expand light rail, commuter rail, and bus rapid transit (BRT), across the Denver metro region. Funding for FasTracks is from a sales tax of 0.4%. Local jurisdictions within the RTD service area, including Denver, contribute 2.5% of eligible FasTracks corridor costs, which are roughly equal to 2.1% of total project costs. FasTracks is also funded through a variety of other sources, including public-private partnerships, Transportation Infrastructure Finance and Innovation Act (TIFIA) loans, Certificates of Participation, Federal New Starts funding, and other federal sources.

Aside from FasTracks, RTD’s revenues to operate transit service are primarily from a 0.6% sales taxes (69%) and passenger fares (30%). Another 1% of revenues come from vehicle advertising and grants. Funds generated from the 0.6% sales tax can be used to fund FasTracks, if necessary, but RTD cannot use funds from the 0.4% sales tax to fund transit operations.

**CITY OF BOULDER SERVICE BUY-UPS**

Since 2001, the City of Boulder has invested millions of dollars in transit service to help fund its Community Transit Network. The city has historically funded the HOP route (together with RTD and the University of Colorado) and purchased service on the JUMP and BOUND routes. City buy-ups in transit service operated by RTD peaked in 2008 at $1.5 million; in 2011, the city’s investment had declined to $1.1 million. The City’s funding contribution includes its share of a contract with Via (a non-profit based in Boulder) to operate the HOP route.

SEATTLE

ROLE OF THE TRANSIT AGENCY
Transit in the Puget Sound region is managed primarily at the county level (King, Pierce, and Snohomish Counties). King County Metro Transit is the primary transit provider for Seattle, and Sound Transit plans and builds regional transit facilities and provides regional light rail, commuter rail, and bus services.

ROLE OF THE CITY
In 2012, the City of Seattle adopted its first Transit Master Plan (TMP) to articulate transit priorities and identified funding sources to support these priorities. The TMP has resulted in an unprecedented level of consensus on Seattle’s mobility future, led to rapid advancement of a number of transit priorities, and helped shape partnerships with the City of Seattle’s regional transit agency partners. The TMP has also led to the formation of a new Transit and Mobility Division within the Seattle Department of Transportation (SDOT), substantial increases in staff dedicated to transit planning and capital project delivery, and new local funding sources for transit. The TMP was updated in early 2016, ahead of the normal five-year cycle, due to rapid implementation of plan priorities and the need to provide policy direction for use of these local transit funding sources. Specific outcomes of the Seattle TMP include:

■ Project development underway on all four High Capacity Transit Priority Corridors identified in the plan

■ New Center City Streetcar designed and successful in FTA Small Starts process ($75M award)

Using funding from the Proposition 1 measure approved by Seattle voters in November 2014, the city is purchasing approximately 220,000 additional hours of Metro transit service annually through 2020.
Madison Bus Rapid Transit at 30% design and FTA Small Starts grant application submitted

Studies for seven BRT corridors are underway with intent to implement all corridors by 2024

Local tax measure passed to provide $45M per year in service buy-ups on Seattle bus routes

Local capital levy passed, including funding for seven BRT corridors and multimodal improvements in those corridors

Speed and reliability improvements in a number of priority bus corridors

Partnership formed to improve Center City transit operations

Transit Advisory Board founded in 2015 to guide City Council decisions; the Board is composed of 12 regular members—six appointed by the Mayor, five appointed by the Council, and one Get Engaged (young adult) member

City partnerships with Sound Transit and King County Metro to improve wayfinding, station access, and fare collection

SDOT has a number of transit investment programs and generally allocates resources to the following activities:

Managing local operating funds generated by Seattle Transit Benefit District (STBD); through the establishment of the STBD in 2014, SDOT pays for additional Metro service, purchased on a per-hour basis (with a fully-loaded cost including capital)

Planning, designing, and constructing speed and reliability improvements on existing bus corridors

Capital project development for streetcar and BRT projects, including project development for federalized projects

Program management for a multi-corridor BRT system in development with King County Metro; city is leading capital project development and funding, and Metro will be the operating agency

Operating the South Lake Union Streetcar; SDOT owns and operates the streetcar through an interlocal agreement with King County Metro

Rail station access and transit-oriented development planning and agency coordination

Shared mobility programming, including the development of a shared mobility hub program for major transit hubs and junctures

Bike share provision and operations; SDOT owns and operates Pronto! bike share and is working to implement a new bike share system with a fleet of 1,200 electric assist bicycles

Coordinated parking management, corporate and institutional TDM programs, and other programs to manage travel demand

TRANSIT FUNDING

In 2010, the Seattle City Council authorized the creation of the Seattle Transit Benefit District (STBD). Voter approval of the STBD in November 2014 authorized a 0.1% sales tax increase and an annual vehicle license fee (VLF) per registered vehicle. The current VLF is $60 per year, with a $100 cap. Local and regional funding sources are outlined below.

King County Metro: Between 50-60% of King County Metro’s funding comes from a countywide sales tax. Metro’s Community Mobility Contracts Program allows local jurisdictions to purchase additional transit service.
STATE OF THE SYSTEM

- **Sound Transit:** Sound Transit is funded by the Regional Transit Authority tax and includes a 0.9% retail sales tax, 0.8% rental car tax, and a 0.3% motor vehicle excise tax. These funds are used for capital projects and to operate the system.

- **Seattle Transit Benefit District (STBD):** This citywide benefit district uses a $60 vehicle license fee and 0.1% increase in the sales tax to pay for additional bus transit service hours in Seattle. The district is managed by the STBD Governing Board comprised of Seattle City Councilmembers. This funding mechanism raises approximately $45 million per year that is invested in bus service to address overcrowding and reliability issues and to add frequency to meet demand for more transit.

- **Community Mobility Contract with King County:** In February 2015, the City of Seattle entered into a Community Mobility Contract with King County Metro. Using funding from the Proposition 1 measure approved by Seattle voters in November 2014, the city is purchasing approximately 270,000 additional hours of Metro transit service annually through 2020. Additional service hours have resulted in 27% more RapidRide service hours and more than 7,000 more daily riders on the C-Line, D-Line, and E-Line.¹

- **Levy to Move Seattle:** In November 2015, voters approved a nine-year, $930 million property tax Levy to Move Seattle to help pay for capital projects in the city.

- **Sound Transit 3 (ST3):** In November 2016, Seattle residents passed ST3, which will help fund the next phase of high-capacity transit improvements in the Seattle region, including a significant expansion of Link Light Rail.

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KEY LESSONS

- Seattle made a policy decision a decade ago that transit investment was a foundation for accommodating rapid growth. The Transit Master Plan has provided structure for the city to advance its transit interests and, align, fund, and construct key projects.

- Clear city direction on transit priorities has helped to build partnerships with local transit agencies and coordinate adopted service and capital investment priorities. King County Metro’s newly adopted Metro Connects Long-Range Plan is well aligned with the city’s TMP.

- Simultaneous investment in light rail and high-quality bus service and facilities has been needed to meet rapid population and job growth.

- The City of Seattle has successfully raised local operating and capital funds through city funding measures, including a successful local measure (Proposition 1) that followed a failed countywide measure.

- SDOT’s Transit and Mobility Division allows the agency to better plan for transit investments and coordinate with other divisions when implementing multimodal projects and making decisions about use of limited rights-of-way.

- The ORCA (“One Regional Card for All”) regional fare card is accepted by all seven transit providers in the region. Regional agencies are beginning a multi-year process to plan and implement the next generation of regional fare collection.

STATE OF THE SYSTEM

LOS ANGELES

ROLE OF THE TRANSIT AGENCY
The Los Angeles County Metropolitan Transportation Authority (Metro) is the regional transit operator for the LA region. It serves more than 9.6 million people in a 1,433-square-mile service area. Metro operates 170 bus routes, four light rail lines, and two subway lines.

ROLE OF THE CITY
The City of Los Angeles Department of Transportation (LADOT) is the lead agency for the planning, design, construction, and operation of transportation systems in the City of Los Angeles. LADOT’s Mobility Management group operates the city’s bus transit system, LADOT Transit. LADOT is the second-largest public transit operator in LA County (next to Metro), providing 25.6 million trips in 2014. LADOT Transit operates the local bus service (the DASH) and a regional bus service (Commuter Express) that supplements Metro’s regional transit system. This service has been incrementally expanded, replacing transit routes formally served by Metro. There are five downtown DASH routes, 26 community DASH routes, and 14 Commuter Express routes. LADOT contracts all service to a private operator. The City Council and Mayor review and approve all of LADOT Transit’s service contracts and fare policies.

TRANSIT FUNDING
Metro receives funding through a regional dedicated sales tax. Los Angeles County voters have approved half-cent sales taxes for Metro three times: Proposition A, Proposition C, and Measure R. A fourth measure, Measure M,
was approved by voters in November 2016 and will add a half-cent sales tax for LA County to finance new transportation projects and programs. Propositions A and C will remain in place indefinitely. Measure M has no expiration date, and its approval makes Measure R permanent. As a condition of voter approval, 25% of the Proposition A tax revenues, 20% of the Proposition C tax revenues, and 15% of Measure R tax revenues are earmarked for the Local Return Programs to be used by cities and the County of Los Angeles in developing and/or improving local public transit, paratransit, and related transportation infrastructure.

Measure M will adhere to a slightly different formula: 35% will be dedicated to transit capital, 20% to bus operations, and 5% to rail operations. Seventeen percent will be dedicated to freeways, 16% to the Local Returns Program, and 1% to regional rail (Metrolink). There are also three new categories of funding: 2% for ADA paratransit, 2% to “state of good repair” maintenance projects, and 2% to bicycle and pedestrian improvements.

LADOT Transit is funded primarily through the transportation sales tax funds noted above. Most DASH transit routes are exclusively funded by the city’s local Proposition A funds. LADOT also uses Federal Transit Administration (FTA) 5307 capital allocations for expenditures such as new vehicles and stop improvements. LADOT has also received earmarks to help purchase buses and improve transit stops. LADOT also receives nearly $1 million in annual revenues from bus advertising ($979K in FY 2014-2015).

**KEY LESSONS**

- Metro and LADOT transit services are not integrated. Each agency has its own online trip planner and fare system. Passengers transferring between LADOT buses and Metro rail or bus or other municipal bus lines are required to purchase an interagency transfer equal to $1.50 or the base fare.

- A 2016 pilot program allowed Metro 7-day and 30-day pass holders to ride DASH buses for free. The pilot program runs through December 2016 and was made possible by a cap and trade grant from the state’s Low Carbon Transit Operation Program. The goal of the pilot is to provide a seamless transfer between Metro and DASH services to increase the use of transit by existing riders and attract new riders to both services.
MINNEAPOLIS

ROLE OF THE TRANSIT AGENCY

The Twin Cities region has two entities that coordinate transit planning and investment. Metro Transit is the Minneapolis-St. Paul region’s primary transit operator and is a division of the Metropolitan Council (Met Council), the metropolitan planning organization for the region. Metro Transit is governed by a 17-person board of appointed members, with 16 representing different geographic districts and one member at large. The Counties Transit Improvement Board (CTIB) is a separate entity that is primarily responsible for funding capital projects. The CTIB was formed in 2008 as a result of a bill passed by the Minnesota Legislature. The Board is comprised of representatives from five counties: Anoka, Dakota, Hennepin (Minneapolis), Ramsey, and Washington.

In 1981, the Minnesota Legislature allowed communities that felt they were not receiving adequate transit service to “opt out” of the regional transit services on the condition that they provide alternative transit services. Twelve communities that have chosen to opt out of Metro Transit as of 2016 make up about 17% of transit service in the Metro Transit district. The opt-out communities receive funding through a formula outlined in the legislation and subsequently determine the level of transit service provided in their communities. All six of the suburban transit providers offer express bus service to downtown Minneapolis; several also offer express service to the University of Minnesota. One suburban provider, the Minnesota Valley Transit Authority, offers express bus service to downtown St. Paul and to the Mall of America. The suburban providers also offer a range of local bus service. By law, all providers in the region are required to charge the same fares for the same type of service.

ROLE OF THE CITY

The City’s 10-year transportation plan—Access Minneapolis (2009)—sets a bold vision for the primary transit network (PTN) in Minneapolis. The PTN sets a standard for all-day transit service that operates at 15-minute frequency or better at least 18 hours per day seven days a week. The plan sets clear roles and responsibilities for the city and Metro Transit. Responsibilities of the City’s Public Works Department include signal prioritization and optimization, bicycle and pedestrian access to transit improvements, and maintenance of amenities at bus stops. Metro Transit is responsible for implementation of system operations.
The City of Minneapolis, in collaboration with Met Council, is also planning a 3.4-mile modern streetcar project in downtown Minneapolis along the Nicollet and Central Avenue corridors. The streetcar project is estimated to cost $200 million and carry over 9,000 daily riders. The project would be funded in part through the value capture district that the City of Minneapolis established for the project in June 2013 (see funding section below); other federal, regional, and local funds will also be pursued.

FUNDING FOR TRANSIT

Transit service provided by Metro Transit is funded by federal sources (10%), state grants (14%), transit fares (28%), and a motor vehicle sales tax (33%). The motor vehicle sales tax was increased by the Minnesota Legislature in 2004 (from 20.5% to 21.5%). By 2012, 36% of motor vehicle sales tax revenue was allocated to transit in the Twin Cities region.

Capital funding comes from the regional Transportation Sales Tax passed by the Legislature in 2008. This is a quarter-cent metropolitan sales tax dedicated to new light rail, commuter rail, and busways in the seven-county metropolitan area. These funds are allocated by a regional partnership made up of the eligible metropolitan counties. The tax is levied county by county and generates about $110 million per year.

The Nicollet and Central Avenue streetcar line is expected to be funded in part through a value capture district established by the city, along with federal, regional, and local funds. The value capture district consists of one city block on either side of the proposed streetcar line, and can be amended if routing changes. The city will retain 100% of the captured net tax capacity of the district, and will allocate the funds for planning, design, and engineering services, acquiring property, and construction of the streetcar line. Tax revenues will not be used for the operation of the streetcar line.

KEY LESSONS

- Metro Transit is unique in that it is operated by the regional metropolitan planning organization. Potentially competing regional and local priorities are balanced by allowing jurisdictions to opt out of Metro Transit’s services and CTIB.

- The governance structure in Minneapolis is complex. For example, the CTIB can decide which transitways to fund, but its funding decisions must be consistent with the Met Council’s Transportation Policy Plan. The opt out policy allows the suburban transit providers to determine the amount of service they provide within their communities, but they must comply with regional standards and federal requirements.

- In Minneapolis, where multiple providers offer regional service into downtown, coordination and communication across providers is needed to ensure the transit system is easy to use for passengers.
GOVERNANCE AND FUNDING SUMMARY

The following table provides a summary of the roles and responsibilities in Denver and each of the peer cities.

Summary of Roles & Responsibilities

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*LA County sales tax funds are designated to the City to operate local service
**Planned