

# Report of the CCMPO Blue Ribbon Commission on Innovative Finance

*(as presented to the CCMPO Board on 11/19/08)*

## **PREAMBLE**

### ***Purpose and Charge of the Blue Ribbon Commission<sup>1</sup>***

The Board of the Chittenden County Metropolitan Planning Organization (CCMPO) recruited five prominent Chittenden County citizen-statesmen, each with extensive experience in the public and private sectors, to form a Blue Ribbon Commission on Innovative Finance of transportation (BRC). The charge of the BRC was to:

“Provide recommendations by December 1, 2008 regarding viable innovative finance strategies to advance the region’s transportation needs, including all modes as well as the necessary connections with our land use, economic, environmental and quality of life needs.”

### ***Working Groups<sup>2</sup>***

The work and recommendations of the BRC has been informed by three working groups, each comprised of individuals from the local, state and federal governments, regional organizations, and the private sector. The working groups and their charges are:

- Intergovernmental Roles and Responsibilities Group  
“Assess appropriateness of current roles and relationships of the state, regional entities and municipalities in the planning, delivery and management of transportation projects; to pursue promising avenues for redesigning roles and responsibilities to make multi-modal transportation network development and management more efficient and cost-effective.”
- Funding Options Group  
“Identify methods and opportunities for increasing the type and amount of methods available to Chittenden County and Vermont for funding needed transportation improvements across all modes.”
- Flexible Standards and Project Delivery Group  
“Re-examine Vermont’s current standards for transportation design, engineering and construction to identify options for applying them in proportion to the nature and needs of different types of projects. Further, to examine Vermont’s laws, regulations and policies to enable the use of expeditious mechanisms for transportation project delivery, such as public-private partnerships and design-build contracts.”

These working groups met several times to discuss their charges and develop information and recommendations for the BRC’s review. The BRC considered these proposals and has produced seven recommendations, which are listed on the following page.

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<sup>1</sup> See Addendum 1 for Blue Ribbon Commission members

<sup>2</sup> See Addendum 1 for working group participants

## **Blue Ribbon Commission Recommendations**

The BRC, by unanimous vote, makes the following recommendations to the CCMPO Board which may be considered in whole or in part for further action.

### ***Intergovernmental Recommendations***

1. Promote enabling legislation for Regional Transportation Districts (RTDs).
2. Establish a Chittenden County Regional Transportation District.<sup>3</sup>

### ***Funding Recommendation***

3. Promote enabling legislation allowing the development of additional funding for regional transportation needs.

### ***Project Delivery Recommendations***

4. Promote streamlining of permit processes
5. Promote streamlining of Right of Way processes
6. Recommend specific ideas to improve design and construction efficiency
7. Recommend multi-year project budgeting in the Transportation Bill

## **Intergovernmental Recommendations**

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<p><b><i>Recommendation 1: Legislation should be adopted enabling Regional Transportation Districts in Vermont</i></b></p>
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Vermont should enact legislation enabling regions within Vermont to create regional transportation districts (RTDs). An RTD would correspond to a regional planning commission territory or, where applicable, a metropolitan planning organization (MPO) boundary as defined in federal statute. Powers would be vested in an RTD in three phases, with progressively greater responsibilities in each phase.

### **Creation and Governance**

An RTD would be created by affirmative votes of the governing bodies of the subject communities. The RTD would have a “whole region”<sup>4</sup> perspective; however the towns voting affirmatively could proceed without the participation of a town or towns which chose not to participate.

<sup>3</sup> For ease of reference, “Chittenden County” is used to signify the region for the RTD, however, the MPO Boundary may expand to include adjoining communities outside of Chittenden County after future Censuses as prescribed in federal statute.

<sup>4</sup> The Intergovernmental Roles and Responsibilities Working Group felt strongly that an RTD should be constituted with a truly regional perspective, rather than as a collection of municipalities with representatives. One approach might be for all RTD board members to be elected by a majority vote of the select boards in the region, with no more than two members from any single municipality.

The development of any RTD would involve three definitive phases. Each phase would need to be completed to the satisfaction of the participating governing bodies before the RTD could proceed to the next phase.

**Phase 1 RTD powers:**

- a) Coordinate closely or merge with the subject regional planning commission and, if applicable, the metropolitan planning organization;
- b) Set all regional transportation priorities that are subject to federal funding;
- c) Create a Regional Transportation Facilities (RTF) program to plan, build and maintain the regionally significant transportation facilities<sup>5</sup> within the RTD's jurisdiction;
- d) Receive and manage an appropriate share of the federal transportation monies each year, based on the average of the prior 5 years and a fair and appropriate annual adjustment;
- e) Receive and manage an appropriate share of state transportation revenues based on a formula to be negotiated;
- f) Enter into mutually beneficial agreements with member and non-member municipalities around corridor planning and other issues;
- g) Enter into mutually beneficial agreements with private parties for financing some or all mutually beneficial projects;
- h) Participate in Act 250 and other land use planning processes that affect the regional transportation system;
- i) Implement incentive programs to use public transit and alternative modes of transportation.

**Phase 2 RTD powers:**

- a) Where applicable, undertake other regional transportation-related responsibilities such as regional transit management and funding, and charge member communities accordingly;
- b) Levy and collect user fees and / or taxes within the region, for expenditure on a regional transit system and on transportation infrastructure development;
- c) Levy fees on new development and create special tax districts to support the regional transportation system.

**Phase 3 RTD powers:**

- a) Issue revenue bonds backed by funding streams developed in Phase 2;
- b) Issue general obligation bonds with the credit backing of the member communities.

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<sup>5</sup> The definition of "regionally significant transportation facility" would be developed by the RTD in collaboration with regional municipalities and VTrans and pursuant to federal regulations governing MPOs designated as "Transportation Management Areas" (which the CCMPO current is not).

**Recommendation 2: Chittenden County should establish a Regional Transportation District**

Under the statutory authorities described in Recommendation 1, the Chittenden County Metropolitan Planning Organization and the Regional Planning Commission should merge, and the merged entity's duties should be expanded to include those of a Regional Transportation District under the new law.

**Phase 1, Chittenden Region**

- a) The RTD would be formally designated as the Metropolitan Planning Organization for the Census-designated Burlington Urbanized Area and adjacent municipalities comprising the CCMPO.
- b) Chittenden County's obligated federal funding for the 5 years from FY'03 to FY'07 averaged \$37,691,000. This amount, with reasonable adjustments based on future federal funding, would be provided annually by VTrans to the Chittenden RTD.
- c) Chittenden County's historical share of state transportation dollars (amount to be determined) would be provided annually by VTrans to the Chittenden County RTD.
- d) Chittenden County's regional transportation priorities will continue to be established based on the Metropolitan Transportation Plan (MTP) and Transportation Improvement Program (TIP).
- e) The Chittenden County RTD would create a Regional Transportation Facilities program to plan, build and maintain regionally significant transportation facilities within the RTD's jurisdiction.
- f) The Chittenden County RTD would develop the institutional capacity to handle, either directly or through consultants, the permitting, engineering, contracting and project management for new capacity and preservation transportation infrastructure projects.
- g) Where applicable, the Chittenden County RTD would enter agreements with municipalities and private entities to augment the resources needed to plan, build, or maintain transportation capacity.

**Phase 2, Chittenden Region**

- a) The RTD would propose / levy a regional tax to establish a permanent, stable source of funding for public transit.
- b) The RTD would subsume the regional transit authority.
- c) Each year, the RTD would evaluate the additional annual funding requirement, above and beyond receipts from the federal and state government, to meet both the preservation and new capacity goals of the Metropolitan Transportation Plan. By 2012, this additional funding requirement is estimated to be \$50 million to \$60 million.
- d) The RTD would propose / levy a regional tax to meet some or all of the additional funding requirements of the MTP<sup>6</sup>, above and beyond the federal and state funding available under Phase 1.

**Phase 3, Chittenden Region**

The RTD would consider the use of public debt as a strategy for accelerating the execution of transportation infrastructure projects.

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<sup>6</sup> See Addendum 2 for forecast of MTP funding needs through 2025. Projections based on the current MTP, adjusted for inflation and averaged over the 25- year life of the Plan, suggest that annual system preservation needs in the region may cost \$55 million by 2012. The cost of new capacity investments, including TIP commitments, may represent an additional \$31 million annually by 2012.

## Funding Recommendations

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The BRC recognizes a clear need for additional transportation funding sources to maintain our existing system and particularly for additional needs related to CCMPO's 2025 Metropolitan Transportation Plan (MTP). Attached to this document is a list of possible funding sources.<sup>7</sup> As such, the BRC recommends the following:

***Recommendation 3: A sustainable source of additional funding should be developed for regional transportation needs***

Under Phase 2 of Recommendations 1 and 2, the Regional Transportation District would be enabled by state law to levy a regional tax or user fee to meet some or all of the additional funding requirements of the Metropolitan Transportation Plan (MTP) above and beyond the federal and state funding, and a regional tax to support public transit. Accordingly, the BRC recommends two dedicated funding sources: one for public transportation and one for infrastructure development.

## Project Delivery and Standards Recommendations

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The four remaining recommendations provide a detailed framework for more efficient use of transportation construction funding.

***Recommendation 4: Permitting Process Streamlining***

For the permitting process, Vermont should statutorily streamline state permit procedures in cases where there are little to no environmental impacts associated with a project (referred to as Categorical Exclusion projects). The streamlining would include, but not be limited to the following:

- a) Coordination of Federal and State environmental and cultural resource approvals, and elimination of separate, redundant state and local processes;
- b) Development of a single coordinated process for all necessary state and local permits;
- c) Exemption of projects on existing alignments from an Act 250 permits to limit process redundancies;
- d) Study of the use of wetlands banking;
- e) Establishment of permit timelines for action at the state and local levels; and
- f) Identification by municipalities of one local permitting authority for projects.

***Recommendation 5: Right of Way Process Streamlining***

Streamline the Right-of-Way (ROW) process by adopting the federal Uniform Act thereby eliminating necessity hearings. Appeals should be assigned to a quasi judicial board such as the Transportation Board. Investigate methods to speed up appraisals and negotiations with landowners.

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<sup>7</sup> See Addendum 3: Funding Sources Evaluation

**Recommendation 6: Design and Construction Efficiency**

- a) Vermont should increase the use of standardized bridge designs in order to improve the speed of design and construction, and reduce project costs.
- b) Vermont should take full advantage of pre-cast concrete bridge components in order to get the most out of the Vermont's short construction season and reduce project costs.
- c) Vermont should revisit/review the historic bridge requirements.
- d) Vermont should pursue the use of design / build contracts for bridge rehabilitations and replacements, and roadway reconstructions. Successful bidders would be fully accountable for designing and building to required standards. The purpose would be to give contractors greater control and predictability over their projects, thereby reducing costs.
- e) VTrans should consider ways to improve bundling of projects in a single contract, for completion within a set number of years at a fixed price. The goal would be to increase even further the contractor's ability to plan for work flow, work force recruitment and training, material acquisition, etc. thereby reducing costs and making costs more predictable.
- f) The state should encourage, where feasible, the turnover of management to local teams for projects on local transportation facilities.

**Recommendation 7: Multi-year budgeting**

The Legislature should consider providing multi-year budget approval for construction projects with annual adjustments based on available revenue to allow for meaningful multi-year planning.

**LIST OF ADDENDA**

ADDENDUM 1: Blue Ribbon Commission Members & Working Group Participants

ADDENDUM 2: Forecast of MTP Funding Needs Through 2025

ADDENDUM 3: Funding Sources Evaluation

## ADDENDUM 1: Blue Ribbon Commission Members & Working Group Participants

### **Blue Ribbon Commission**

Member	Peter Clavelle
Member	Jim Condos
Member	John O'Kane
Member	Bob Penniman
Member	Tom Torti

### **Funding Options Work Group** (Dave Roberts, CCMPO Staff)

Private Developers	Bob Bouchard
LCCC	Dawn Francis
Town Reps	Jonathan Leopold, Paul Conner
CCTA	Chris Cole
VTrans	Tom Daniel, Carmen Neveau, Matt Langham
Citizen	Marcy Ryan
Legislative Delegation	Ted Brady, Jeff Munger, Mary Sprayregen
FHWA	Chris Jolly
CCRPC	Charlie Baker
VLCT	Trevor Lashua
Planner	Juli Beth Hinds

### **Flexible Standards & Project Delivery** (Eleni Churchill, CCMPO Staff)

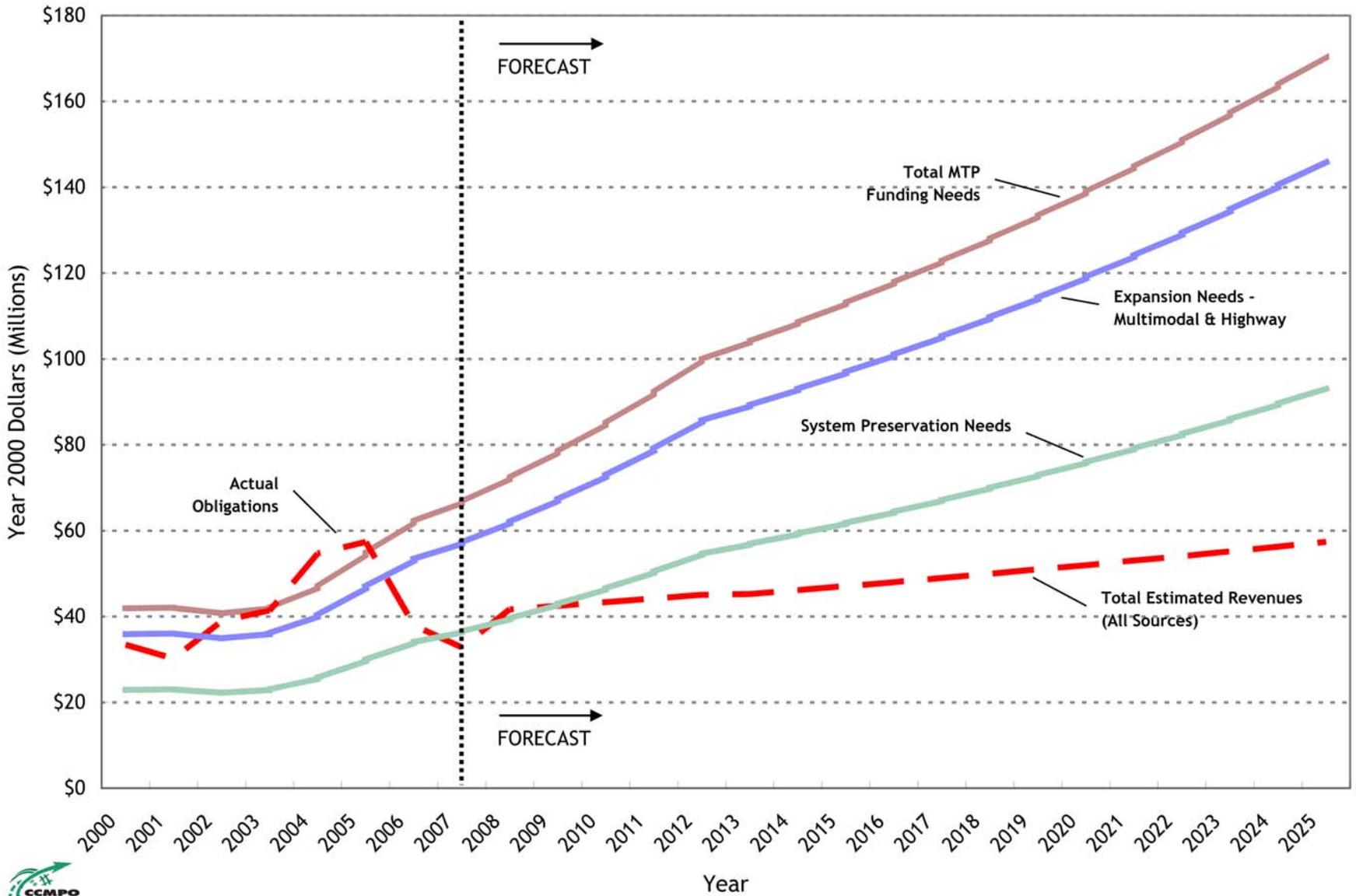
Concrete Industry	Mike Coates
VTrans	Jim Bush, Al Neveau, Kevin Marshia
Engineers	Greg Edwards, Jim Donovan
Community Representatives	Sonny Audette, Carol Duncan, Bruce Hoar
VLCT	Karen Horn
TAC Representative	Andy Legg
FHWA	Chris Jolly

### **Intergovernmental Roles & Relationships Work Group** (Christine Forde & Bryan Davis, CCMPO Staff)

CCTA	Chris Cole
Town Managers	Chuck Hafter, Sandy Miller
VLCT	Trevor Lashua
LCCC	Dawn Francis
CCRPC	Charlie Baker
BIA	Brian Searles
VTrans	Mel Adams, Amy Bell
CATMA	Meredith Shuft
UTC	Lisa Aultman Hall
FHWA	Chris Jolly

# Forecast of Chittenden MTP Funding Needs through 2025

ADDENDUM 2: FORECAST OF MTP FUNDING NEEDS THROUGH 2025



Based on CCMPO 2005 MTP Projects & Needs  
October 2008

### ADDENDUM 3: FUNDING SOURCES EVALUATION

CCMPO Innovative Finance Blue Ribbon Commission  
Funding Options Workgroup

Funding Sources Evaluation  
10/25/2008

Potential Funding Source	Revenue Adequacy / Yield	Stability / Predictability	Equity	Ease of Implementation	Multimodal Feasibility	Relationship to Economic Efficiency	Est. Annual Chit. Cty. Revenue (2008)	Assumptions/Calculation	State (S) or Regional (R) Implementation	Currently Authorized?
Gasoline Excise (per gallon) Tax	○	○	◐	●	◐	○	-\$1 million	1¢/gallon	S	State level only
Diesel Excise Tax	○	○	◐	●	◐	○	< \$0.5 million	1¢/gallon	S	State level only
Indexed Gasoline Excise Tax	◐	◐	○	●	◐	○	-\$1 million+	1¢/gallon + CPI	S	No
Motor Fuel Sales Tax	◐	○	○	●	◐	○	-\$3 million	1% on gas sales	S	No
Value Added Tax	●	◐	◐	◐	◐	○	Mid	Varies with industries covered	S/R	No
Registration Fee	●	◐	◐	●	○	◐	\$1-2 million	\$5-\$10 per year on each reg vehicle	S/R	State level only
Personal Property Tax on Vehicles	●	●	◐	◐	◐	◐	\$9-10 million	\$5000/vehicle x 1% tax	S/R	No
Vehicle Sales Tax	◐	◐	●	●	◐	○	\$2-4 million	1%-2% on each vehicle sold in CC	S/R	State level only
Tolling New Lanes/Facilities	●	◐	●	○	○	●	Low-Mid	Minimal new highway lanes	S/R	No
VMT Fees	●	◐	◐	○	○	●	Mid-High	Significant VMT in CC	S/R	No
Local Option Sales Tax	●	●	◐	●	●	○	\$10-20 million	1% on retail sales in CC	R	Yes w/restrictions
Impact Fees	◐	◐	●	●	◐	◐	Mid-High	Regionalized fees > municipal fees	R	Yes w/restrictions
Innovative Financing - Debt	●	●	◐	○	●	◐	Mid-High	Regionalized debt capacity > muncip capacities	S/R	Yes w/restrictions
Public-Private Partnerships	●	◐	●	○	◐	●	Low-Mid	Few CC projects approp for PPPs	S/R	Yes w/restrictions
Payroll Tax	●	●	◐	◐	●	○	\$10-41 million	.25%-1% of total annual CC wages	S/R	No
Business Energy Tax Credit	◐	◐	●	◐	●	●	Low-Mid	35% tax credit on eligible private spending	S	No
Special Assessment Districts	●	●	●	◐	●	●	Mid-High	Similar to successful BID initiatives	R	?

KEY: ● Excellent ◐ Fair ○ Poor