May 14, 1996

A REPORT TO THE GOVERNOR, THE LEGISLATURE
AND THE CITIZENS OF COLORADO:

Meeting Colorado's Long-term Transportation Needs

Blue Ribbon Panel on Transportation

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EXECUTIVE SUMMARY

Among the greatest challenges facing the leaders of Colorado today are growth and transportation issues. Recent changes in our state have been profound - rapidly growing population, more cars and trucks on our highways and roads, increasing numbers of tourists, and substantial escalation in trips and miles traveled.

Confronted by these additional demands yet faced with decreasing financial resources, Governor Roy Romer appointed the Blue Ribbon Panel on Transportation (Panel) and challenged its members to examine the long-term transportation needs of Colorado, determine their validity, and make recommendations on funding options to meet those needs.

The Panel was appointed by Governor Romer on November 8, 1995, in response to the top priority recommendation emerging from the 1995 "Smart Growth Initiative." The Governor asked the Panel to respond to five questions regarding the future of the transportation system in the State of Colorado:

1. What are the transportation needs and priorities statewide?
2. What can and should the Legislature do with existing state revenues to address these needs?
3. How should Colorado achieve the level of funding necessary over the long term?
4. What funding mechanism(s) can and should be used?
5. What type of action(s) should be used (i.e., legislation, referendum, initiative) and within what timetable?

The work of the Panel consumed nearly six months of investigation, dialogue and deliberation. In addition to the members of the Panel, interested parties from every region of the state participated in framing the issues and synthesizing information that was gathered from throughout Colorado and across the nation. The conclusions reached through this process and reflected in this report represent the consensus of a broad cross section of perspectives including Colorado transportation interests, and individuals and organizations not normally directly involved with this topic.

The responses to the questions considered by the Panel are presented in depth within the report. They can be summarized as follows:

1. **What are the transportation needs and priorities statewide?**
   Colorado's transportation system consists of a variety of modes including state highways, local roads and streets, rail, transit, general and commercial airports, pedestrian and bicycle facilities. This system is not equal to the demands placed on it by a growing population with expanding transportation needs. The system is deteriorating measurably both in condition and capacity relative to demand.

   The current revenues available to transportation providers in the state will generate only $24 billion of the $37 billion needed to fund identified priorities statewide between now and the year 2015. The Panel has found that over the next 20 years $13 billion in new revenues will be needed to meet the critical, priority needs of state, regional and local transportation systems.

2. **What can and should the Legislature do with existing state revenues to address these needs?**
   Meeting the funding shortfall for critical transportation investments over the next 20 years will certainly require additional new revenues. The amount of new revenues, however, can be reduced by the appropriation of existing and projected state surplus funds for transportation capital construction projects. The Colorado Legislative Council in its March, 1996, report, *Focus Colorado: Economic & Revenue Forecast, 1996-2002*, projects the state budget surplus growing from $270 million in Fiscal Year 1996-97 to over $1 billion by Fiscal Year 2000-01. These forecasts assume current law and transfers, and a relatively healthy economy. The Panel believes a significant portion of this budget surplus should be used to meet the critical transportation needs of the state.

3. **How should Colorado achieve the level of funding necessary over the long term?**
   Current transportation financing mechanisms will not provide the long-term funding required to create an efficient and effective multi-modal and inter-modal system of transportation. Those needs can only be met by the investment of additional revenues. The support of the Governor, key legislators, the business community, and important public interest groups are absolutely critical to making such additional revenues available.

   The Panel urges the Governor and the Colorado Legislature to create new tools to increase our transportation system's capacity. New finance mechanisms such as bonding authority, allocation of existing surplus revenues, and legislation enabling local communities to decide how to fund their own critical transportation needs are important ways state government can begin to address this problem. Transportation agencies at the state, regional and local level must take action to increase the confidence of citizens by greater use of public forums in decision making and greater emphasis on accountability and efficiency in everything they do. The citizens and activist groups of the state can serve themselves, their neighbors and our future by becoming informed about transportation issues and supporting both legislation and ballot initiatives aimed at providing workable solutions.

   Everyone in the state can play a role in solving our transportation problem but we must work together and we must work quickly.

4. **What funding mechanism(s) can and should be used?**
   The Panel has examined no fewer than 15 different funding sources to meet the long-term transportation needs of Colorado. These funding mechanisms will continue to be evaluated according to a number of criteria, including: funding flexibility, user fee basis, funding reliability, revenue production capacity, and political acceptability (including voter support). Using these and other criteria, the Panel has concluded that no single funding source will generate the revenue necessary to meet Colorado's long-term transportation needs.

   Final selection of a combination of new funding sources for consideration by Colorado voters should be made after a variety of options are discussed and tested with voters around the state.

5. **What type of action(s) should be used (i.e., legislation, referendum, initiative) and within what timetable?**

> Solutions to Colorado's transportation problems will require action on many fronts and by many people. Responses to prior questions have identified what some of those actions are: legislation to create new tools and authorities, a statewide ballot initiative for approval of new revenue sources, local referenda for transit and other local needs, and allocation of a portion of the state budget surplus for capital construction projects. It is the recommendation of the Panel that these finance and revenue strategies be implemented during 1997. Those elements requiring new legislation should be introduced in the General Assembly during the next session, and both statewide and local revenue questions should be on the November 1997 ballot.

Much more detailed responses to each of these questions are contained in the main body of this report. But direct responses to the questions themselves do not reflect the complexity of the issues and the interests involved. Members of the Panel represented many different and often conflicting views of what Colorado should be doing to deal with issues of growth and development. The Panel began its work by exploring the relationships between transportation modes, providers, consumers and resources. These discussions helped the members articulate a vision of an efficient and effective, fully integrated, multi-modal transportation system. The key elements of this vision were captured in a set of twelve guiding principles. These principles were constantly referred to and their effect on the conclusions reached by the Panel can be seen throughout the document.

The principles which follow are numbered to ease discussion and not to indicate relative importance.

1. Structure transportation investments to improve Colorado's environment and Coloradans' quality of life.

The goal of our transportation system must be to balance the health of our citizens and the scenic beauty of our state, while retaining our economic vitality and the mobility of our residents and visitors. Colorado's citizens clearly see the connection between transportation and other issues with which they are concerned — growth, pollution and the environment, jobs and the economy; all of which they see as directly affecting their quality of life. The efficient movement of people and goods through the state on this system is a common goal of Colorado's residents, governments and businesses. Coloradans are making it clear in many ways that they are dissatisfied with the condition of streets and highways, traffic congestion, air pollution, sprawling development and the loss of open space.

Environmental issues are clearly gaining in significance as a factor in transportation planning as well. Colorado's transportation investments are constrained by the requirement that federal funds for transportation be spent in ways that support the attainment of the goals of The Clean Air Act Amendments of 1990. The Act establishes criteria for attaining and maintaining national air quality standards developed by the Environment Protection Agency. Geographic areas that do not meet the national air quality standards are designated as "nonattainment" areas.

Nonattainment areas are required to develop plans that monitor, control, maintain, and enforce compliance with the national air quality standards. This often requires a shifting of resources and priorities. Failure to meet air quality standards for any pollutant can result in loss of federal highway funds. Eleven regions or communities in Colorado are currently classified as nonattainment areas for at least one pollutant.

A successful attempt to devise solutions to Colorado's transportation problems will have to address quality of life and environmental protection credibly.

2. Respect the priorities developed in the 15 regional transportation planning processes.

In January, 1996, after nearly five years of extensive public involvement, the Colorado Department of Transportation (CDOT) released _Colorado's 20 Year Transportation Plan_ (CTP) outlining Colorado's long-term statewide transportation needs and solutions. The recommendations from the CTP are based on the efforts of CDOT, the Statewide Transportation Advisory Committee, and the 15 transportation planning regions. The Panel believes very strongly that the priorities identified in this regional process are more sensitive to the needs of a particular area and more responsive to the values of our citizens than a top down approach would be. The priority needs identified in each of the 15 individual regional plans have been integrated into the statewide plan and the judgements made by the participants during this public process must be upheld.

3. Integrate all modes of transportation — air, rail, mass transit, bicycle, pedestrian and automobile systems must support each other as a single coordinated network. Recognize the need/responsibility to move people and goods as part of national system of transportation. Recognize the importance of the interstate connection.

Federal, state, and local fees and taxes, together with a variety of private resources, support a transportation infrastructure in Colorado that includes nearly 80,000 miles of public roads, over 8,000 bridges, 32 public transit agencies, 65 airports operated by city or county governments, over 3,000 miles of rail lines, and hundreds of miles of dedicated on and off-street bicycle and pedestrian routes. The success of each of these system components relies heavily on its interconnection with the others. Our continued economic health, and the sustainability of those characteristics of life in Colorado that we most value will in large part be determined by effective, integrated, multi-modal transportation system. Our transportation system is an irreplaceable asset that is now showing visible signs of age and distress. To handle future needs, the system must be repaired and enhanced.

The net effects of continued growth in tourism, population, domestic freight shipment, and vehicle miles traveled, while funding for transportation is decreasing, will mean: a substantial and ever-increasing funding shortfall to meet critical needs; a constant decline in the condition and serviceability of our transportation system; and a potentially pivotal negative impact on Colorado's economic outlook.

The movement of people and goods throughout our state as well as our connections with the national transportation and delivery system is critical if Colorado is to maintain its economic vitality, respond to global competition, and preserve our quality of life. We must have efficient and interconnected highway, transit, air and railroad systems to ensure the mobility of people and the delivery of goods, services, and manufactured products. Few other issues affect as many of our citizens or will have as great an impact on the shape of Colorado's future.

4. Provide new revenue sources for transportation that are flexible in the sense that they can be used to finance highways, transit or any other identified

transportation priority regardless of mode.

The Colorado Constitution states that the proceeds from the imposition of any excise tax on gasoline must be used exclusively for the construction, maintenance, and supervision of public highways. The panel does not seek to amend or change the language of the constitution to allow for flexible use of existing gasoline tax revenues but circumstances dictate that we find other resources to enable Colorado to meet a variety of transportation needs in other modes as well. The results of focus groups and the input received by the Panel from interested individuals and organizations reinforced the Panel's belief that the transportation problems of Colorado cannot be solved by building more highway capacity alone. Several states that do not restrict the use of highway users' fees solely to highways have established a transportation trust fund in addition to, or in place of, a highway trust fund, making clear their commitment to utilization of multiple transportation modes to meet their needs.

Colorado must be prepared to respond to growing demands for alternatives to the automobile in locations where expansion of highway capacity is not feasible or will not provide an effective long-term solution. The Panel is convinced that decisions regarding how we invest our transportation resources should be driven by what is best for our state and our communities, not by restrictions on how funds may be spent under the law.

5. **Continue to use revenue streams which are restricted by Article 10, Section 18 of the Colorado Constitution, for the purpose of construction, maintenance, and supervision of the public highways.**

Increasing the types of transportation investments for which state funds can be used became an extremely important issue for the Panel (see principle number 4). The Panel reviewed activities currently underway in other states to change the way funds in state highway user trust funds are used, and decided that Colorado should pursue increased flexibility in funding by looking at new revenue sources that are not restricted by Article 10, Section 18 of the constitution.

6. **Preserve the existing basic distribution formula for state-collected revenues; that is, 60% state, 22% counties, and 18% cities.**

This practice has been in place for many years with only minor variations in the distribution formula. While there were numerous discussions about reasons why it might be changed and how it might be changed the Panel supports the continued use of this formula. This sharing of resources recognizes the fundamental interdependency of the state and local components of the transportation system and ensures compatibility and continuity of a system that crosses jurisdictional boundaries.

7. **Use newly enhanced toll authority (HB 96-1144) as a financing option for construction of new limited-access highways and for new lanes on existing limited-access highways.**

Toll revenues are the purest form of user fees. They are paid only by the users of the tolled facilities and only when they use them. Colorado has a long and successful history of the use of toll roads. Many rural roads in the state were built by private investors and operated as toll roads. US-36 between Denver and Boulder is a more recent example of the successful use of this financing technique, and E-470 is proof that it remains viable today. The Panel believes that there will continue to be circumstances where the use of toll revenues to finance the construction, operation, and maintenance of certain elements of our highway system will make very good sense.

House Bill 96-1144, sponsored by Representative Anderson and Senator Ament, was signed into law on April 23, 1996. This act amends existing Colorado statutes to make tolls a more useful source of revenue for highway construction and maintenance. The Panel supports these amendments and views the use of toll revenues for construction, operation, and maintenance of new highway capacity as a valuable option for CDOT.

8. Provide as much local prerogative and as many local transportation financing options as possible.

Local communities and substate regions face too many restrictions in their ability to respond to their particular transportation needs and priorities. Locally determined transportation revenue alternatives are needed to enable local communities to respond to purely local or regional transportation necessities without having to compete with or persuade other communities in the state. Communities throughout Colorado clearly want the authority to establish their own transportation programs and to design and develop projects in response to local or regional needs. However, any such authority must allow access to a variety of funding sources that will provide the flexibility local and regional providers must have to provide a balanced transportation system for their citizens.

The Panel urges the legislature to create the opportunity for citizens of local and regional communities to design their own transportation finance mechanisms. The Panel believes that for these substate authorities to be an effective part of our overall transportation strategy such local authorities must: include mode flexibility; be available to every jurisdiction in the state; uphold the Panel's guiding principles respecting improvements to the environment; and be regarded as only one important piece of a comprehensive strategy to address Colorado's critical transportation problems.

9. Expand capability for local/regional areas to raise funds for transit.

The Regional Transportation District (RTD) is allowed by law to collect up to .6% sales tax within the district boundaries. Currently, RTD is prohibited from asking the voters to increase that rate. This restriction has limited the ability of RTD to respond to changing circumstances regarding the availability of federal funding for transit and has placed the future of transit for the Denver region in question. The Panel believes that additional revenues for RTD are critically needed. Funding to complete the planned rapid transit network in the Denver region is uncertain at best and it will be impossible to meet the region's mobility needs without that network.

The Panel urges the legislature to allow the voters within the RTD district to determine whether to increase the portion of their sales taxes dedicated to transit and to extend that opportunity to voters in other areas of the state. Although historically Colorado has had very limited dependence on mass transit, there are currently 32 organizations operating public transportation services in the state. They receive tax revenues to operate and their services are open to the public. The Panel's focus groups clearly demonstrated that transit has become a critical element in peoples' views on how to increase the system's capacity and reduce pollution. As mass transit becomes a more desirable choice to residents of communities throughout Colorado, it is critically important that we do what we can to make transit expansion feasible as well. The Panel supports authorization by the legislature for voters within RTD to increase their tax rate up to 1% and recommends further that similar authority be made available to other transit providers statewide.

10. Continue to increase the efficiency and effectiveness of CDOT.

The Colorado Department of Transportation has become one of the most efficient and effective state transportation departments in the country. A national study undertaken by Professor David Hartgen, Coordinator of Transportation Studies at the University of North Carolina, Charlotte, found that in 1992 Colorado had the lowest state administrative costs as a percent of total disbursements of all 50 states. Under the leadership of Bill Vidal, executive director since 1994, CDOT has flattened its operations from nine management levels to six. In fiscal year 1996, its administrative budget decreased by $7.7 million. For fiscal year 1997, CDOT is budgeting for an additional $3.5 million decrease.

While these results are extremely significant and heartening, there is good evidence that the public is unaware of the excellent job CDOT has done. Among the conclusions drawn from the Panel's focus group responses were these:

- Transportation issues are salient and clearly defined in people's minds. But people have a low level of trust in government and must be given a sense that additional spending will truly address the problems.
- Guaranteed accountability will be an essential element in gaining public support for any new transportation revenues.

The Panel commends CDOT administrators for their effort in continually seeking ways to streamline operations. Public trust in our department of transportation is a necessary ingredient in public support for increased transportation revenues. Continuing to implement sound management and organizational changes, along with encouraging more public involvement in the transportation decision making process, will assist in removing citizen concern over where additional revenues will be spent and whether our transportation agencies are doing a good job.

11. Improve equity in the system, and continue to evaluate it regionally and by mode.

Throughout its work the Panel had discussions and heard from interest groups and every region of the state about the lack of equity in the allocation of resources. It was clearly beyond the capacity of the Panel, given its timeframe, to deal effectively with this issue. However, the Panel acknowledges that the equitable distribution of transportation funds to regions of the state is an extremely important factor in developing public support for increased transportation funding, and for the credibility of the transportation planning process. The Panel supports the Transportation Commission's recent decision to refine the allocation procedure. The Panel recommends that this reconsideration include an open process designed to encourage public involvement in the decision.

The Panel further recommends that the Commission adopt objective, quantifiable statewide criteria that: 1) provide predictable results that can be relied on to support long-range planning, 2) are based on demonstrable measures of need, and 3) provide a rational basis for determining the extent of funding in each region necessary to achieve comparable performance of the transportation system throughout the state.

12. Ensure the involvement of the Legislature, the Governor, and the people of Colorado in determining what our transportation system will be and deciding how to pay for it.

A transportation system that will sustain and improve the Colorado economy and our quality of life will require wise choices and major financial investments. No one branch of government can make these decisions alone. This report points out specific action that can be taken by the legislature, some of which has already been done in the 1996 session (e.g. toll authority and appropriation of a portion of the budget surplus to transportation). Other action should be taken in 1997 (e.g. allowing Metro Denver to vote on increased RTD funding, enabling legislation for substate regional transportation financing mechanisms, and increased bonding authority). The Governor should continue to use his statewide platform to support transportation investments and to assist CDOT as it extends its exemplary record of efficiency and effectiveness.

The Tabor Amendment to the Colorado Constitution requires that tax increases be voted on by the people of the state. Preparing for this vote should be viewed as an opportunity to restore the trust between government and the governed. The focus groups conducted by the Panel made it clear that the people of the state have strong opinions and good ideas about how to improve our transportation system. Those opinions and ideas should be sought and valued.

Before the major funding elements contained in this report go to a vote in November of 1997, the people of Colorado need to engage in meaningful dialogue about what should be funded, how these improvements should be funded, and what mechanisms should be put in place to insure accountability. By state law, government agencies cannot participate in attempts to persuade voters to support ballot issues, others will have to take the lead. The Panel has conceived a plan to accomplish this. These activities would be directed by a leadership group drawn from the Blue Ribbon Panel, environmental organizations, business, and local government.

The plan calls for 1) close work with members of the legislature prior to and during the next session of the General Assembly regarding the legislative solutions proposed, 2) creation of a network of local and regional committees to engage the public in discussions of the current and future transportation needs of their communities and the state, and 3) drafting and passing an initiative on the November 1997 ballot.

Colorado doesn't have to settle for a smog-filled, traffic-jammed future. Neither should we allow a decline in the condition of our roads and bridges. Congestion and potholes are a choice — and in our view, a bad one.

More cars and more miles traveled puts added stress on our state's roads. Less than 10 years ago over 80 percent of our roads were in good or fair condition. Today that number hovers around 50 percent. We can get around, but it takes longer and the ride is bumpier.

Let's be honest: These problems can not be solved by mere "belt-tightening." They result not from government waste but from fundamental changes in our lifestyles and in the size of our population. And they will not go away; if these problems are not addressed soon, they will worsen. Pollution is a good example. Recent advances in automotive and other technologies have enabled Colorado to meet most federal air quality standards. But experts estimate that the state's growth will erode these gains within 20 years. Making cars cleaner, in other words, will not be enough to offset the emissions a million more drivers will produce.

Now consider the alternative. Imagine a transportation system that moves people and goods within and across Colorado as quickly and efficiently as possible. A system that connects different modes of transportation. A system that enhances our environment instead of degrading it. Today, we have the backbone of this integrated, multi-modal transportation system.. The Panel believes we can maintain this current system and enhance it for the future, but only if we take action now.

INTRODUCTION

It is increasingly evident that Coloradans view a healthy transportation system as a critical component in the quality of their lives and the economic vitality of the state. More important, the citizens of our state clearly see the connection between transportation and other issues with which they are concerned — growth, pollution and the environment, jobs and the economy. Through surveys, town meetings and in many other ways, Coloradans are telling pollsters and government officials of their dissatisfaction with the condition of streets and highways, traffic congestion, air pollution, and development sprawl impinging on open space.

This message was clearly heard throughout the year-long "Smart Growth and Development" initiative during which thousands of Coloradans came together to create a vision for the future of the state. The number one recommendation emerging from the Smart Growth effort requested the creation by Governor Roy Romer of a Blue Ribbon Panel on Transportation (Panel) to develop strategies to meet the state's future transportation needs. The Governor assembled the Panel, an independent, bipartisan group of 21 business, community, environmental and government leaders; and gave them the mission of assessing Colorado's long-term transportation needs and the financial resources necessary to meet these needs.

When announcing the Panel's formation, Governor Romer asked the members to provide answers to these five questions regarding the long–term transportation needs of Colorado:

1. What are the transportation needs and priorities statewide?

2. What can and should the Legislature do with existing state revenue(s) to address these needs?

3. How should Colorado achieve the level of funding necessary over the long term?

4. What funding mechanisms can and should be used?

5. What type of action should be used (i.e., legislation, referendum, initiative) and within what timetable?

In the course of responding to these questions, the Panel built upon the work of many government, business and advocacy groups that have been studying transportation issues in Colorado. The Panel also met with state legislators and interest groups and public agencies. There was a striking degree of consensus among environmental, business and government leaders — not only on the nature of Colorado's transportation needs but also on the inadequacy of current revenue sources.

Among those organizations and agencies that helped the Panel through this process were these:

- Citizens for Balanced Transportation
- Coalition for Mobility and Air Quality
- Colorado Association of Transit Agencies
- Colorado Counties Inc.
- Colorado Department of Transportation
- Statewide Transportation Advisory Committee
- Colorado Highways Users Conference

- Colorado Motor Carriers Association
- Colorado Municipal League
- Colorado Rail Passengers AssociatiOn
- Colorado Public Expenditures Council
- Denver Regional Council of Governments
- Environmental Center of Colorado
- Highway Users Federation
- Independence Institute
- North Front Range Transportation and Air Quality Planning Council
- Pikes Peak Regional Council of Governments
- Regional Air Quality Council
- Regional Transportation District
- Sierra Club
- Sustainable Transportation Coalition Urban Environment Committee

In addition, the Panel met with experts in public finance, public opinion research, political participation and representatives of the United States Department of Transportation.

This report reflects the conclusions reached by the Panel during an intensive six month period of research and reflection. The Panel's diverse membership represents all sectors, a mix of urban and rural interests, and a variety of perspectives on the state's transportation needs. Yet, despite their outward differences, the Panel reached agreement on the critical nature of transportation to Colorado's future prosperity, and on many elements of a strategy to ensure that this issue receives the attention it must have. Members of the Panel believe that the continued deterioration of the transportation system, and the limitations placed on the government agencies charged with dealing with that deterioration, will soon create an intolerable situation. They also believe that by the time such a crisis becomes widely apparent, it may well be too late to effectively address it.

We believe this report furnishes a strategy to guide the citizens and leaders of the state toward solutions to the present and future transportation problems facing Colorado.

The Panel asks that each of you who reads this report to capture the spirit of collaboration that has governed our efforts and that must be the foundation of any successful quest to set a course that will meet Colorado's future needs. To those who will take on this work and pursue implementation of our recommendations, we offer the following mission statement:

We are a coalition of Coloradans dedicated to promoting understanding, enhancing communication, and engaging Colorado's residents, governments, and businesses in a partnership to expand mobility and enhance the quality of life for all Colorado's residents and visitors; an alliance of citizens, neighbors and friends working together to ensure that Colorado's transportation system is a vital network of integrated systems and efficient technologies, crafted to meet diverse needs and support shared values.

May 14, 1996

GUIDING PRINCIPLES

The Panel developed the following set of principles to guide its analysis of Colorado's long-term transportation needs and to provide a vision for developing strategies to meet those needs. The principles recognize the diversity of transportation interests in the state and the comprehensive work done by the Colorado Department of Transportation (CDOT) and the 15 transportation planning regions in preparing Colorado's 20 Year Transportation Plan.

1. **Structure transportation investments to improve Colorado's environment and Coloradans' quality of life.**

2. **Respect the priorities developed in the 15 regional transportation planning processes.** [1]

3. **Integrate all modes of transportation — air, rail, mass transit, bicycle, pedestrian and automobile systems must support each other as a single coordinated network. Recognize the need and responsibility to move people and goods as part of a national system of transportation. Recognize the importance of the interstate connection.** [2]

4. **Provide new revenue sources for transportation that are flexible in the sense that they can be used to finance highways, transit or any other identified transportation priority, regardless of mode.** [3]

5. **Continue to use revenue streams that are restricted by Article 10, Section 18 of the Colorado Constitution, for the purpose of construction, maintenance, and supervision of the public highways.**

6. **Preserve the existing basic distribution formula for state-collected revenues; that is, 60% state, 22% counties, and 18% cities.**

7. **Use newly enhanced toll authority (HB 96-1144) as a financing option for construction of new limited-access highways and for new lanes on existing limited-access highways.**

8. **Provide as much local prerogative and as many local transportation financing options as possible.**

9. **Expand capability for local and regional areas to raise funds for transit.** [4]

10. **Continue to increase the efficiency and effectiveness of CDOT.**

11. **Improve equity in the system, and continue to evaluate equity regionally and by mode.**

12. **Ensure the involvement of the Legislature, the Governor, and the people of Colorado in determining what our transportation system will be and deciding how to pay for it.**

ANSWERS TO GOVERNOR ROMER'S QUESTIONS

1. What are the transportation needs and priorities statewide?

This first question provided the basis for all of the Panel's deliberations. No other issue could be framed or resolved until doubts and uncertainties regarding needs and priorities were dealt with. As a result, this section constitutes the bulk of the Panel's report. The conclusions reached by the Panel with regard to this question provide the context for and are reflected repeatedly in our responses to the four others.

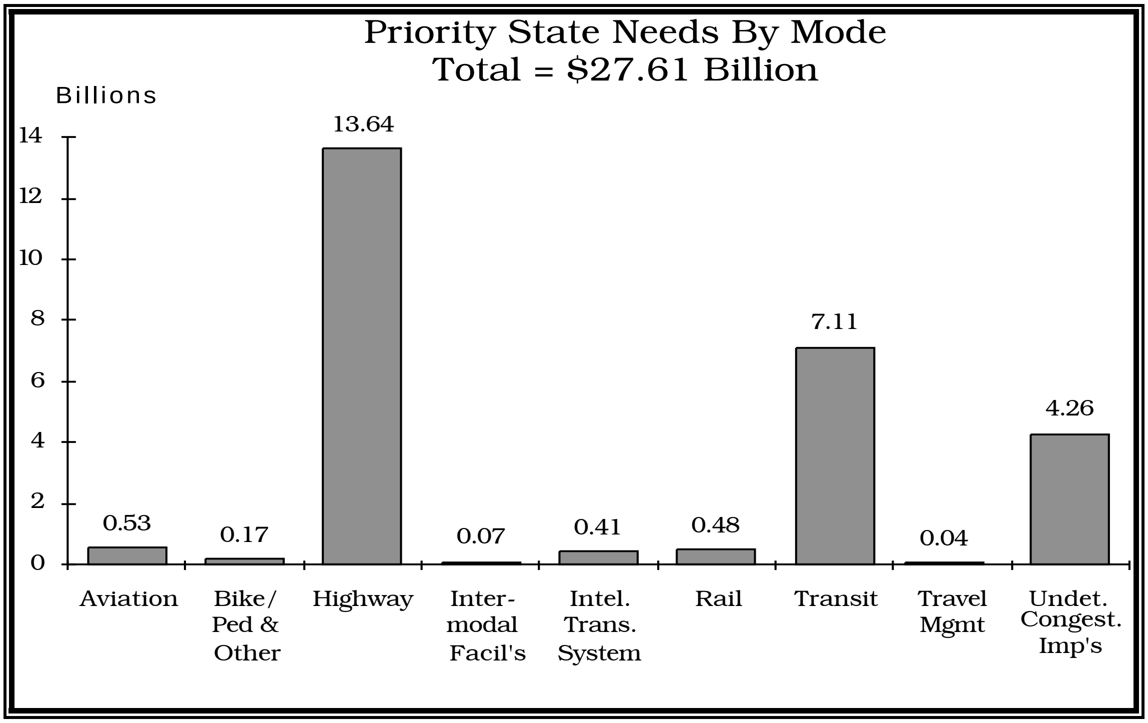
The System
Federal, state, and local fees and taxes, together with a variety of private resources, support a transportation infrastructure in Colorado that includes nearly 80,000 miles of public roads, over 8,000 bridges, 32 public transit agencies, 65 airports operated by city or county governments, over 3,000 miles of rail lines, and hundreds of miles of dedicated on and off-street bicycle and pedestrian routes. The success of each of these system components relies heavily on its interconnection with the others. The efficient movement of people and goods through the state on this system is a common goal of Colorado's governments, residents and businesses. Our continued economic health relies on it, and the sustainability of those characteristics of life in Colorado that we most value will in large part be determined by it. Our transportation system is an irreplaceable asset that is now showing visible signs of age and distress.

State Transportation Funding Needs
In January, 1996, after nearly five years of extensive public involvement, the Colorado Department of Transportation (CDOT) released *Colorado's 20 Year Transportation Plan* (CTP) outlining Colorado's long-term statewide transportation needs and solutions. The recommendations from the CTP, are based on the efforts of CDOT, the Statewide Transportation Advisory Committee, and the 15 transportation planning regions. Thousands of citizens from throughout the state participated in this vision of Colorado's transportation future. The planning process identified critical transportation needs and widespread citizen demand for an efficient and effective transportation system.

The CTP estimates a funding shortfall of $8 billion to meet the identified priority needs of the state transportation system. An additional $10 to $11 billion dollars would be necessary to meet the state's preferred needs. (The preferred needs are part of the long-range transportation plan, but are not part of the priority plan.)

Alternate Modes Funding Needs
Many regions in Colorado seek to implement significant expansion of alternatives to the single occupant vehicle (SOV). For example: Aspen wants mass transit solutions for access to town; The North Front Range Metropolitan Planning Organization has set a goal to shift 10% of all trips to alternative modes; and the Denver Metro Area plans to spend up to a third of its transportation capital resources over the next 20 years on transit and other alternatives.

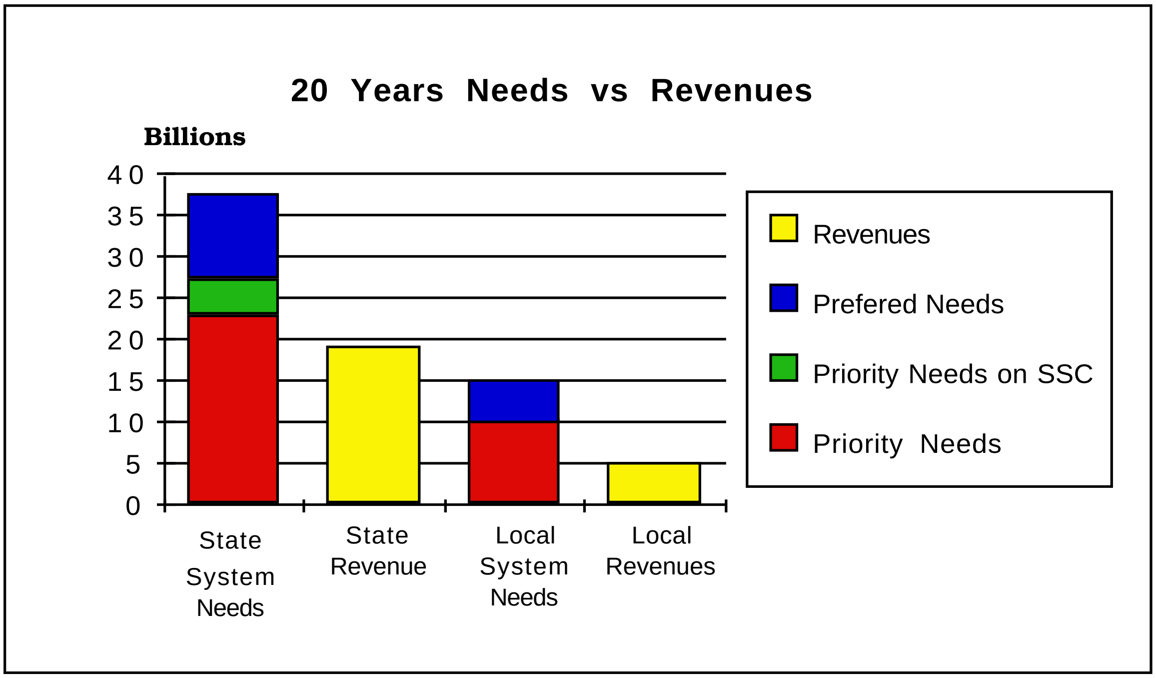
These regional plans cannot be fully implemented with existing funding for two reasons: 1) By law, the bulk of existing state transportation revenues cannot be used for anything but highway based facilities, and 2) local and regional agencies lack the resources needed to match flexible federal funds for transit and other alternatives.



Local Transportation Funding Needs
An efficient and effective statewide transportation system must be seamless, allowing people and goods to move unconstrained across and throughout the state. Often unrecognized critical elements of the Colorado transportation system are the local highways, bridges, and public transit agencies. Given the complexity of determining local transportation needs (there are 63 counties, 268 cities and towns, and 32 transit services in Colorado) an analysis of local needs was beyond the scope of the CTP. However, the size of the local transportation system, its critical relationship to the state system, and the significant funding necessary to support local transportation needs warrants highlighting it in this report.

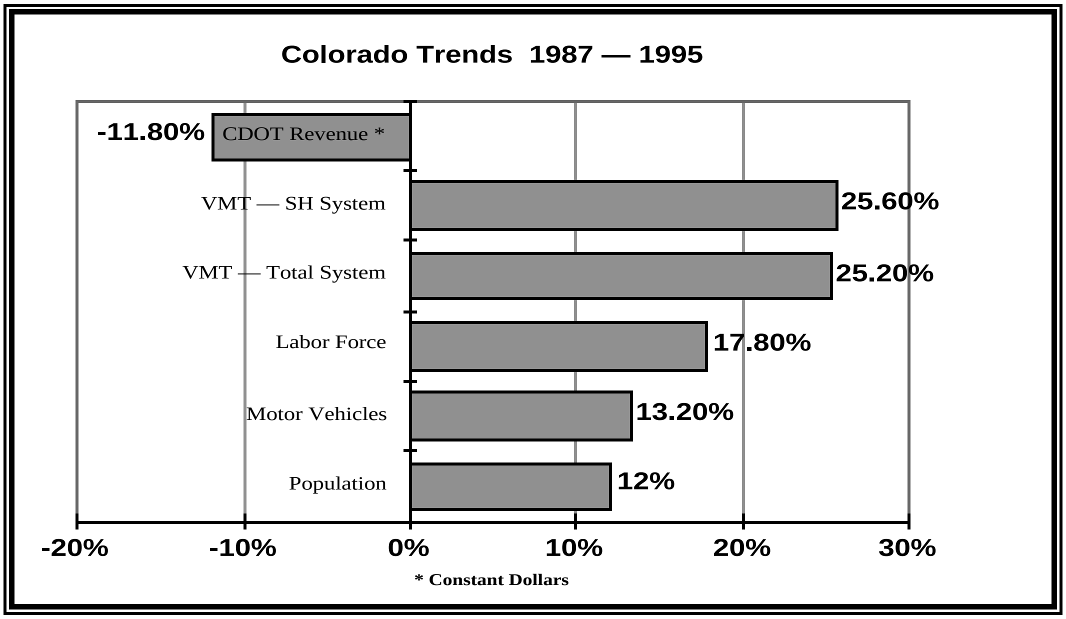
Nearly 70,000 miles of roads, or 88% of public roads in Colorado, are county roads or municipal streets. Local governments are also responsible for over 4,000 bridges, 32 public transportation services, bicycle paths, and many other transportation improvements and enhancements. Unfunded local transportation needs are extensive. With the number of agencies involved and the size and complexity of the system, quantifying the needs on a project-specific basis is impossible. However, estimates prepared by CDOT for the 1988 publication *Colorado's Surface Transportation Needs Through 2001* forecast unfunded local needs of at least $8 billion for the 12 year period ending in 2001.

While local communities do not have the detailed project listing that was developed through the statewide planning process, evidence provided to the panel clearly demonstrates an overall funding shortfall over the next 20 years of over $10 billion with at least $5 billion in a category of critical priority needs.



Combined System
This $13 billion ($8 billion state, $5 billion local) total funding shortfall for critical transportation priorities occurs for a number of reasons and presents serious risks to the state's economy and the quality of life of its citizens.

- Increased stress on the state's transportation system has several causes, including internally generated population growth and new residents to the state:
  - There was a net population migration into the state of approximately 227,000 from 1990 through 1994.
  - Overall population increase for the same period was 360,000 which is a growth rate in excess of 2.5% annually. For the purposes of this report, the population growth rate used to project transportation needs over the next 20 years was 1.4% per year, or 1,000,000 new residents by 2015.
- Increased tourism accounts for additional pressure:
  - The recent increase in the number of visitors to Colorado's recreation resources has been staggering. From 1989 to 1995 the number of visitors to the state's recreation resources, such as national parks, state parks, national forests, and Bureau of Land public lands, has grown from approximately 40 million to nearly 100 million annually.
  - To reach their points of destination and travel the state, tourists and business visitors use a variety of transportation modes including, air, rail, highways, bicycles, and mass transportation.
- While the population of Colorado increased by 12% from 1987 to 1995, the vehicle miles traveled (VMT) increased at more than twice this rate to slightly over 25%. During this same period, CDOT revenues, in constant dollars, decreased by nearly 12%.



- In 1993, our national transportation infrastructure supported an estimated 3.5 trillion ton-miles (the weight times the mileage for a shipment) of domestic freight. This includes freight transported by way of highways, railroads, air, water, and pipelines. Within Colorado, the state transportation infrastructure supported an estimated 25 billion ton-miles of shipments originating in Colorado alone (this number does not include most shipments of crude oil, the national figure does).
    - The estimated value of these shipments, for Colorado only, comes to over $58 billion for 1993.
    - In Colorado, as it is for the United States as a whole, the bulk of shipments are transported over highways.
    - Nearly three-fourths of the total tons are shipped by truck in Colorado, though many of these are short haul trips. As a result, nearly 50% of the ton-miles of shipments are by rail, and another 12% involve multiple, interacting modes of transportation. [5]

- Transportation spending decisions in Colorado are constrained by the requirement that federal funds for transportation be spent in ways that support the attainment of the goals of The Clean Air Act Amendments of 1990. The Act establishes criteria for attaining and maintaining national air quality standards developed by the Environment Protection Agency. Geographic areas that do not meet the national air quality standards are designated as "nonattainment" areas.

  Nonattainment designation may come from violations of standards of three pollutants; ozone (O_3), carbon monoxide (CO), and small particulate matter (PM10). Nonattainment areas are required to develop plans that monitor, control, maintain, and enforce compliance with the national air quality standards. This often requires a shifting of resources and priorities to: achieve conformity; reduce pollutants within a specified time period; and attain the national air quality standards. Failure to meet air quality standards for *any* pollutant can result in loss of federal highway funds.

There are three primary sources of air pollution:

- mobile sources — motor vehicles and other transportation modes;
- stationary sources — large fixed sources such as power plants and petroleum refineries; and
- area sources — small operations which when combined within a region are a significant source of pollution.

Eleven regions or communities in Colorado have been classified as nonattainment areas for at least one pollutant:

- **<u>Carbon Monoxide</u> (CO)**
  Denver-Boulder Area
  Colorado Springs Area
  Fort Collins Area
  Longmont Area
  Greeley Area
- **<u>Ozone</u>**
  Denver-Boulder Area
- **<u>Particulate Matter</u> (PM10)**
  Adams, Denver, and Boulder Counties; Denver Metropolitan Area
  Archuleta County; Pagosa Springs
  Fremont County; Canon City Area
  Pitkin County; Aspen
  Prowers County; Lamar
  Routt County (part); Steamboat Springs
  San Miguel County; Telluride

This information was provided to the Regional Air Quality Council (RAQC)on April 18, 1996, by the Environmental Protection Agency.

- Several economists have begun to explore the relationship of public capital outlays, specifically infrastructure investments, to regional economic activity. While this research has not focused on the effect of state transportation funding on economic activity, several reports and papers suggest that there is a positive relationship between public outlays and private growth.
  - Researchers at the Federal Reserve Bank of Boston "found that public capital had a positive, statistically significant impact on private sector output." [6]
  - Another study stated that "there is a positive relationship between general transportation spending and the rates of growth of private plant and machinery, the productivity of the workforce, and output." [7]

  Critics caution that further research to understand the dynamics of public infrastructure investments is necessary prior to concluding that there are certain positive correlations between public outlays and private growth. However, the Panel assumes that public/private investment in transportation infrastructure will have some positive influence on productivity, private sector growth, and increased standard of living.

The net effects of continued growth in tourism, population, domestic freight shipment, and VMT, while funding for transportation is decreasing, will be a substantial and ever increasing funding shortfall to meet critical needs, a constant decline in the condition and serviceability of our transportation system, and a potentially pivotal negative impact on Colorado's economic future.

A Comparison of Transportation Spending

A frequently asked question is: "Why do we need more taxes for CDOT when our gas tax is one of the highest in the nation?" The answer is to look beyond the gas tax, to the total dollars spent on transportation.

Colorado does have one of the higher motor fuel tax rates. At $.22 per gallon, the Colorado tax ranks 14th in the country, using 1993 data. Of the thirteen states that have a higher motor fuel tax Montana, Rhode Island, New Mexico, and West Virginia all have rates over $.25; Connecticut is the highest at $.30.

However, the motor fuel tax is only part of the transportation finance picture. In Colorado, for example, the motor fuel tax represents a little less than 42% of the total revenue used for transportation. This percentage varies dramatically from state to state. Other revenue sources that help pay for Colorado's transportation system include general and other state revenues (4%), federal dollars (31%), motor vehicle taxes[8] (15%), local funds (4%), and a miscellaneous category representing about 4% of the total.

Comparing categories of revenue sources (such as the gas tax) to other states is not particularly meaningful. A state-by-state analysis reveals large variations among the sources of revenue available to fund transportation. It is more meaningful to compare total revenues divided by the states' populations to obtain the amount of revenue per capita. On this basis Colorado ranks 38th; 37 other states spend more on their state transportation system on a per capita basis than we do.

Total Per Capita State Transportation Revenues

State	Ranking	$ Per Capita
Alaska	1	727.97
Delaware	2	719.92
Wyoming	3	572.73
•		
•	Average	328.59
•		
Florida	Median	293.39
•		
Colorado	38	249.54
•		
South Carolina	50	173.4
California	51	163.79

Based on this comparison, Colorado revenues seem quite modest. In addition, a number of factors tend to drive up the costs of Colorado's transportation system versus the "average" state. For example, Colorado is a large state (8th in total square miles) with an average population (26th); this results in a relatively high number of roadway miles per capita of 23.61 (18th overall; by comparison, California has 5.42 miles per capita). Thus, there are fewer people supporting a higher number of miles than the "average" state. How would Colorado compare to other states if $8 billion in additional revenue, over 20 years, for transportation was realized? Based on an increase of $400 million per year over current spending of almost $1 billion, Colorado would rank 16th, about 7.8% higher than the average state. This would mean that Colorado, on a per capita basis, would be spending a little more on transportation than Nebraska, but less than Iowa.

Total Per Capita State Transportation Revenues With $8 Billion Increase

State	Ranking	$ Per Capita
Alaska	1	727.97
Delaware	2	719.92
Wyoming	3	572.73
•		
Colorado	16	354.35
•	Average	328.59
•		
Florida	Median	293.39
•		
•		
South Carolina	50	173.4
California	51	163.79

Factors Having a Negative Impact on State Revenues

The necessity for increased investment is driven in large part by the fact that we, as a state, have under-funded our transportation infrastructure for at least the last eight years. The elimination of the “Noble Bill,” increased fuel efficiency, inflation, and other factors have contributed to an effective 11.8% decrease in CDOT revenue over the past nine years.

Senate Bill 536, the "Noble Bill," which had provided a constant source of revenue for state and local highways, was eliminated in 1987. Enacted in 1979, SB 536 transferred revenue into the Highway Users Tax Fund from a portion of sales taxes on motor vehicles and motor vehicle parts and accessories. In the first year of its existence, the Noble Bill generated $30 million for the HUTF. The largest amount transferred in any one year to HUTF was $51.7 million.

Also impacting state highway revenues is the increased fuel efficiency of motor vehicles. From 1970 to 1990 the fuel efficiency of all motor vehicles increased by 36%. The fuel efficiency of new cars has gone from 15.2 miles per gallon (mpg) in 1970 to 28.2 mpg in

1994. With increased efficiency comes reduced gasoline sales and declining tax revenues.

Further erosion of fuel tax revenues results from inflation. Over the past decade the inflation rate for Denver-Boulder has fluctuated between 0.7% and 4.4%, with a rate of 4.3% for 1995. The fuel tax in Colorado is not adjusted to the rate of inflation. The $0.22 per gallon raised in gasoline tax in 1991 does not have the same buying power in 1996. In fact the tax would have to be $0.30 per gallon to have the same buying power.

Relevant Trends & Facts

- A research report entitled *Measuring and Monitoring Urban Mobility* recently released by the Texas Transportation Institute (TTI)[9] identified the factors contributing to annual per capita cost of congestion in the Denver metro area. At the request of the Panel, the Denver Regional Council of Governments (DRCOG) reviewed the TTI findings and estimated the actual cost of congestion for 1992, and 1995. Both years show the cost at $5 per hour. The cost is shown as the annual cost in millions of dollars for: recurring delays (rush hour), delays from accidents or other incidents, fuel wasted from recurring delays, fuel wasted from accident or incident delays, and total annual cost to the region. The per capita cost is the total cost divided by the population.

Calculation of delay based on level of service "C" travel time v. actual travel time

1992 Denver Region	Estimated Annual Congestion Cost ($ millions)					
Population — 1,911,000	Recur. Delay	Incid. Delay	Recur. Fuel	Incid. Fuel	Total	Annual $ Per Capita
DRCOG estimate $5.00/hour	143	143	14	19	319	143

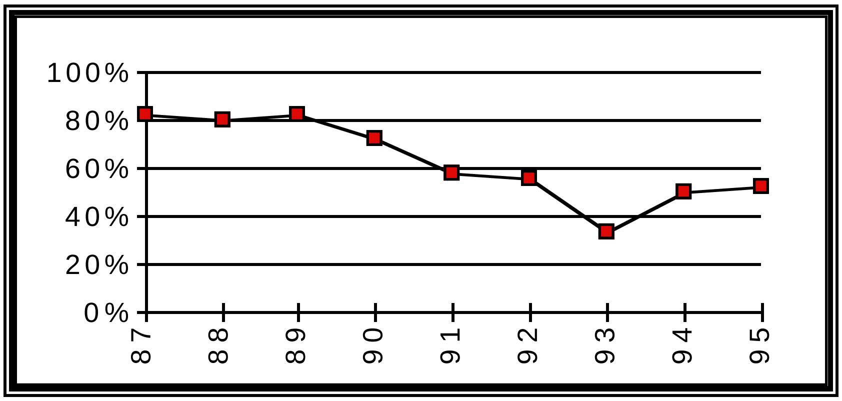
Calculation of delay based on free flow speeds travel time v. actual travel time

1995 Denver Region	Estimated Annual Congestion Cost ($ millions)					
Population — 2,034,000	Recur. Delay	Incid. Delay	Recur. Fuel	Incid. Fuel	Total	Annual $ Per Capita
DRCOG estimate $5.00/hour	302	302	30	40	673	331

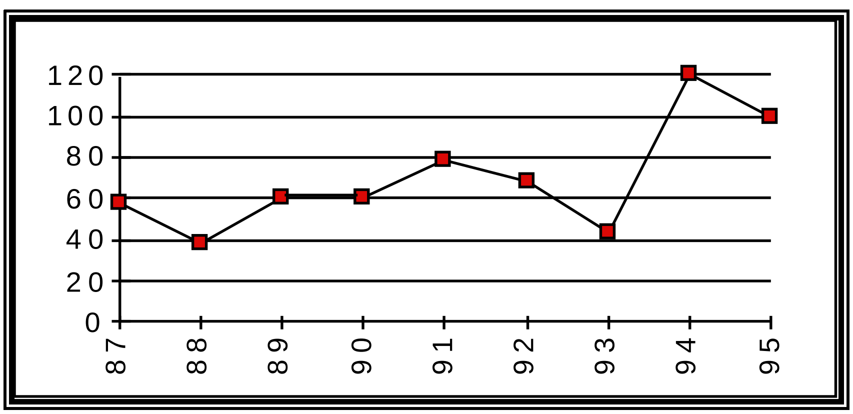
- Colorado's transportation spending as a percent of total state budget fell from 12.3% in 1985 to 6.4% in 1994.
- The Interstate 25 Corridor through Colorado Springs has experienced an average 25% increase in vehicle count in the last 3 years; travel time could double over the next 20 years. Increased traffic pressure on connecting streets will directly affect the quality of

life, including safety, of those neighborhoods.

- In March of 1996, the Office of State Auditor released the results of a performance audit of the Colorado Department of Transportation. A major finding of this report was the substantial deterioration of Colorado's roads since 1987. From 1987 to 1993 the percentage of roads classified as good and fair fell from approximately 80 percent to less than 40 percent. Though road conditions have improved slightly in the past two years, considerable spending planned by CDOT through 1998 will only raise the proportion of good and fair roads by 10 percent from the present 50 percent.



Surface Condition Trends — % Good or Fair



Surface Treatment Expenditures

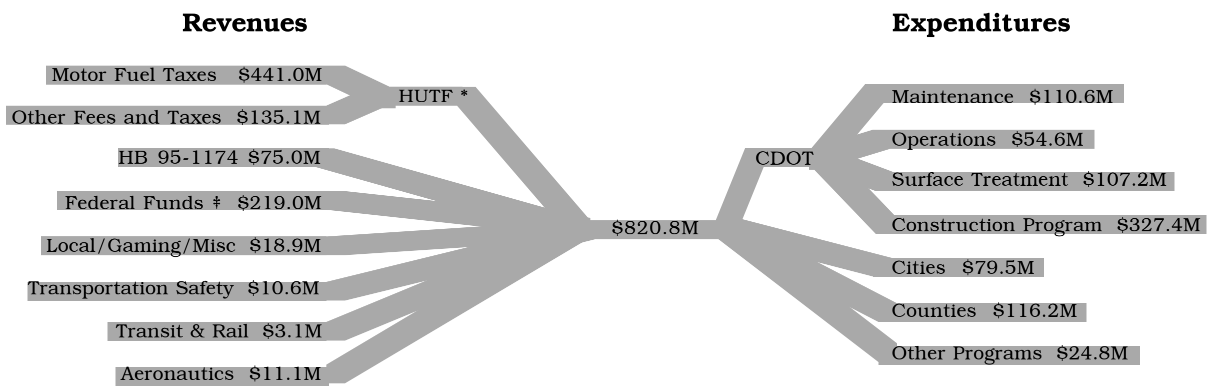
- The average “peak period” (rush hour) speed in the Denver metro region was 31 mph in 1993. Assuming no new funding it is estimated to decrease to 22 mph by 2015; VMT will increase from 41 million to 63 million during the same period; The roadway miles more than 25% over capacity at peak will increase from 148 in 1993 to 525 in 2015.

2015 Regional Transportation Plan — Denver Region
Transportation Demand 1993 v. 2015

	1993	2015
Person Miles Traveled (millions)	54.7	84.3
Person Hours Traveled (millions)	1.5	2.9
Vehicle Miles Traveled (millions)	41	63
Vehicle Hours of Delay (millions)	.3	.9
Roadway Miles More Than 25% Over Capacity at Peak	148	525
Average Peak Period Speed (mph)	31	22

Assumes No New Revenues

Colorado Department of Transportation
Revenues and Distribution
Fiscal Year 1995-96



* HUTF revenues total $576.1M before "off the top" expenditures of $71.9M for the Departments of Public Safety, Administration, Corrections, and Labor and Employment.

‡ Federal funds 90% obligation limits reduce this amount by $21.7M.

If Additional Funding is Not Received

The Colorado Department of Transportation has performed a rough estimate of the cost to Colorado if an additional $8 billion in revenues for long-term transportation needs cannot be raised for the state system. Failure to raise the additional revenues could require CDOT to amend its priorities with the following effects:

Eliminate Inflation in Surface Treatment

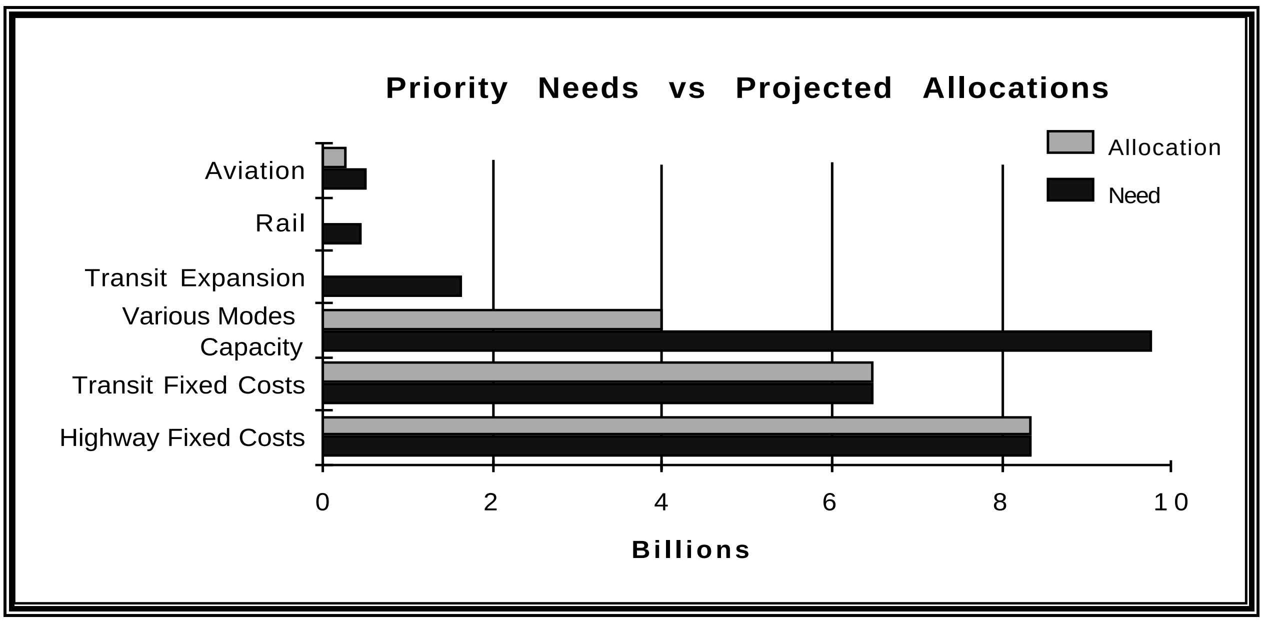
State highway surface condition would decline to more than 75% poor. Currently, approximately 50% of the state's highway system's surface is in poor condition.

Eliminate Statewide Programs Except Safety Training

No improvements would be made to road shoulders, rest areas, noise barriers, studies/traffic coordination, inter-modal exchange facilities, road drainage, rights of way, or bicycle enhancements.

Reduction in Mobility Program

There would be a significant reduction in the statewide mobility program. CDOT offered two possible alternatives when reducing the mobility program. One alternative results in virtually no improvements outside the four air quality non-attainment areas except for maintenance, surface condition, and bridge work. A second alternative with investments outside the non-attainment areas risks the loss of federal transportation funding due to our inability to meet air quality requirements, and expected significant increases in traffic congestion.



Conclusions of the Panel on Question #1

The movement of people and goods throughout our state as well as our connections with the national transportation and delivery system is critical if Colorado is to maintain its economic vitality, respond to global competition, and preserve our quality of life. We must have efficient and interconnected highway, transit, air and railroad systems to ensure the mobility of people, and the delivery of goods, services, and manufactured products. Few other issues affect as many of our citizens or will have as great an impact on the shape of Colorado's future.

It was with these convictions in mind that the Panel conducted its investigations, dialogues with the public and with interested organizations and agencies. The process used to consider the state of the transportation system and the trends and pressures confronting it was as thorough and painstaking as possible. The Panel reviewed CDOT's programs, program costs, and projected shortfall as described in the CTP, and acquired additional information from other sources in Colorado and throughout the United States. Testimony and submittals from transportation agencies, public interest groups, private sector organizations, local government associations, and interested citizens were synthesized and analyzed, debated and dissected.

For the Panel this process created a very high level of confidence in the work of and the conclusions reached by CDOT and Colorado’s regional transportation planning process. The cost of meeting Colorado's priority long-term transportation needs for the State Highway system and transit agencies *will* require $8 billion in additional revenue over 20 years. The supporting local transportation network *will* require an additional $5 billion to meet critical needs for mobility and air quality over 20 years. The claim that there is a $13 billion priority shortfall statewide is **valid**. If new revenues are not invested in Colorado’s transportation system, deterioration will continue and as population and transportation demand increase, our ability to respond effectively will be consistently reduced.

The investigations and deliberations of the Panel have resulted in the following consensus:

<u>The Panel strongly believes that</u>:

- The findings in the statewide plan are credible; the priority plan accurately identifies the critical priority transportation needs of Colorado over the next 20 years;
- The revenue projections of $19.2 billion over the next 20 years (see below) and their underlying *assumptions are legitimate*.

Projected Transportation Revenues: 1995-2015

Source	Current Dollars (in Billions)
Federal Highway	$4.34
Federal Transit	$0.67
Federal Rail	$0.00
Federal Aviation	$0.06
State Aviation	$0.22
Local Transit	$5.84
Regional Highway	$0.82
State Highway	$6.71
Other	$0.52
TOTAL	$19.18

- A valid estimate of the costs of critical priority needs plus the fixed costs of maintaining the existing system comes to nearly $27 billion.

- Nearly all of the projected revenues for the next 20 years are committed to keeping existing systems in place and operating:
  - The basic requirements of state highway maintenance and operations, resurfacing, bridge replacement or rehabilitation, and other statewide program needs are forecasted to consume $9 billion over the next 20 years,
  - Existing transit systems will require $6.5 billion to operate, maintain and provide new rolling stock.

  This will obligate $15.5 billion out of the forecasted revenue stream of $19.2 billion, leaving $3.7 billion for mobility needs and regional priority projects. This remainder is likely to be required to address the mobility needs in the state air quality non-attainment areas, leaving virtually no funds available to meet mobility needs in other parts of the state.
- The $8 billion state priority shortfall is focused in large part on capacity, with other improvement categories including:
  - updating and safety improvements,
  - reconstruction of our aging system (much of which is more than 35 years old),
  - intersections/interchange improvements, and
  - selected transit and airport improvements.
- The detailed project listing for the priority mobility needs meets the test of a critical examination for reasonableness.
- Evidence provided to the panel clearly demonstrates a critical priority need by local transportation systems of at least $5 billion over the next 20 years in addition to the $8 billion needed for Colorado's Priority Plan.
- The transportation system investment of the citizens of Colorado is low compared to our neighbors and competing states.
  - In FY 1994 Colorado ranked 38th in revenue per capita for transportation purposes.
  - Of the seven contiguous states, five are ranked in the top 13 for transportation revenue per capita.

  Colorado must reassess the wisdom of maintaining this relatively low level of funding for its transportation system.
- The regional planning process has proved to be a reliable mechanism for determining long term needs and priorities.
- A no-new-revenue alternative is not a viable option for our current and future well being.

2. What can and should the Legislature do with existing revenues to address these needs?

The Colorado Constitution states that the proceeds from the imposition of any excise tax on gasoline must be used exclusively for the construction, maintenance, and supervision of the public highways. The panel does not seek to amend or change the language of the constitution to allow for flexible use of existing gasoline tax revenues. It is the consensus of the Panel that the revenues dedicated to the existing Highway User's Tax Fund should be held harmless. Funds collected from the imposition of any excise tax on gasoline would continue to be used exclusively for the construction, maintenance, and supervision of the public highways.

In the past the General Assembly has appropriated General Fund revenues to HUTF and other transportation accounts. The Panel recommends that any future legislation to appropriate General Fund surplus revenues for transportation capital investments make those revenues available to meet a variety of transportation needs, including, but not limited to highways. During the 1995 legislative session the General Assembly took a significant step towards ensuring a healthy and vital transportation system by transferring $75 million from General Fund Reserves to transportation. As of this writing the legislature is considering the transfer of $158.5 million from General Fund Reserves to transportation. In the recent past legislators have recognized the importance of maintaining our transportation system at a certain level. Members of the General Assembly have chosen not to refund surplus taxes. Instead they have sought to improve the education, corrections and transportation infrastructure of this state. Yet the real challenge for Colorado's legislators is to consider the long-term transportation needs of this state, to ensure well kept roads, bridges, and transit systems, enhanced mobility, and improved air quality.

The state revenue surplus (revenues in excess of the 6 percent spending growth limit can be used only for capital construction and infrastructure; they cannot be spent for education, training, social service or other on-going programs) is an important part of the answer to this question and question #4 (funding mechanisms). The Colorado Legislative Council in its March, 1996, report, *Focus Colorado: Economic & Revenue Forecast, 1996-2002*, estimates a budget surplus for each year from now through fiscal year 2000-2001. The Council estimates a surplus of $270 million for 1996-97, expanding to over $1 billion in 2000-01. These forecasts assume current law and transfers, and a relatively healthy economy. Panel members understand the volatility of the economy and the danger of relying on a proportion of the budget surplus as a revenue source. Nonetheless, the Panel believes that a portion of this budget surplus should be used to meet the critical transportation needs of the state with this important caveat:

> *The existing general revenue streams of the state should not be allocated for transportation purposes except through annual appropriation of surplus revenues for capital expenditures on transportation projects. Any such appropriation of general revenues should be available for use on any transportation project contained in the 20 Year Statewide Transportation Plan.*

3. How should Colorado achieve the level of funding necessary over the long term?

Current transportation financing mechanisms will not provide the long-term funding required to create an efficient and effective multi-modal and inter-modal system of transportation. Those needs can only be met with additional revenues. The support of the Governor, key legislators, the business community, and important public interest groups are absolutely critical to making such additional revenues available.

<u>How the Governor Can Help</u>
The support of Governor Romer for the Panel's strategies is critical. His office can highlight, to a statewide audience, the critical relationship between transportation, the economic vitality of Colorado and the well-being of its environment. Through the efforts of Governor Romer and the visibility of the "Smart Growth" initiative, there is currently tremendous momentum to address the long-term transportation needs of Colorado. The

Governor's leadership in support of both ballot issues and legislation to accomplish the Panel's recommendations is a necessary part of the comprehensive strategy put forth herein.

<u>How the General Assembly Can Help</u>
In light of the constitutional restriction mentioned in Question #2, the current political climate, and holding HUTF harmless, the Blue Ribbon Panel encourages the General Assembly to adopt legislation that will help meet the critical needs of the state's transportation system through the following avenues:

- Expanded toll authorization - allow excess toll revenues to be used for existing and new facilities construction and operation on any part of the transportation system;
- Bond authorization;
- Appropriate General Fund surplus transfers;
- Local government challenge grant fund;
- Referral of an RTD sales tax increase;
- Regional and local transportation taxing authority;
- Preservation of existing revenue streams (e.g., no additional "off the top" expenditures by other departments);
- More compatible Transportation Commission, planning, and engineering district boundaries; and
- Lobby U.S. Congress to remove funding obstacles (e.g., toll restrictions, take transportation trust funds "off budget").

<u>How the Citizens of Colorado Can Help</u>
Citizens statewide have already been involved in the planning processes for Colorado's 20 Year Transportation Plan, Governor Romer's "Smart Growth" initiative, and meetings of the Blue Ribbon Panel on Transportation. The Panel has solicited the views of the business community, environmental and transportation experts, as well as the general public. These processes and meetings, along with surveys and focus groups, are helping to crystalize Colorado's transportation needs, priorities, and potential funding sources. Specifically, the Panel asks all Colorado's citizens to become informed and involved in this problem, and to engage in achievement of the following goals:

- Lobby U.S. Congress (e.g., toll restrictions);
- Approval of RTD Sales Tax by Metro Area Voters;
- Approval of Blue Ribbon Panel on Transportation Ballot Initiative.

<u>How CDOT Can Help</u>

- Keeping CDOT Administrative Costs Low

  The Colorado Department of Transportation has become one of the most efficient and effective state transportation departments in the country. A national study undertaken by Professor David Hartgen, Coordinator of Transportation Studies at the University of North Carolina, Charlotte, found that in 1992 Colorado had the lowest state administrative costs as a percent of total disbursements of all 50 states. Under the leadership of Bill Vidal, executive director since 1994, CDOT has flattened its operations from nine management levels to six. In fiscal year 1996, its administrative budget decreased by $7.7 million. For fiscal year 1997, CDOT is budgeting for an additional $3.5 million decrease.

  The Panel commends CDOT administrators for their effort in continually seeking ways to streamline operations. Public trust in our department of transportation is a necessary ingredient in public support for increased transportation revenues. Implementing sound management and organizational changes, along with encouraging public involvement in the transportation decision making process, will assist in removing citizen anxiety over where additional revenues will be spent.

The Panel recommends that when substantial new revenues are generated for mobility projects, design and construction should be done by the private sector when economically feasible. CDOT would need to manage these contracts but they could do it with existing employees. Privatizing these new revenues would continue to maximize the investment in transportation, making CDOT operations more efficient.

- Periodic Revision of CDOT Allocation Procedures
  The Blue Ribbon Panel acknowledges that the equitable distribution of transportation funds to regions of the state is complex but important for developing public support for increased transportation funding, and for the credibility of the transportation planning process. The Panel supports the Transportation Commission's decision to refine the allocation procedure. The Panel recommends that this reconsideration include an open process designed to encourage public involvement in the decision.

  The Panel further recommends that the Commission adopt objective, quantifiable statewide criteria that: 1) provide predictable results that can be relied on to support long-range planning, 2) are based on demonstrable measures of need, and 3) provide a rational basis for determining the extent of funding in each region necessary to achieve comparable performance of the transportation system throughout the state.

- Appropriate Use of the Intelligent Transportation Infrastructure
  In a recent speech before the Transportation Research Board's Annual Meeting, Secretary of Transportation Federico Peña outlined the components of an integrated transportation system. Secretary Peña coined the term "Intelligent Transportation Infrastructure", or ITI, for this integrated system. The goal of ITI is to encourage local, state and federal officials to form a partnership with the private sector to combine the individual components (present and future) of an intelligent transportation system into an integrated infrastructure. Information could be shared with citizens, and with various government departments within and between jurisdictions.

  Colorado, and many other states, have looked towards ITI technology for relief when faced with increasing vehicles miles traveled, congestion, air pollution, and shrinking revenues for transportation. Unable to undertake large highway building projects because of revenue shortfalls or limits on existing right of ways, urban and suburban areas have had to maximize the functionality of their existing infrastructure. States and cities have successfully used technology to improve safety and efficiency of the existing transportation system, increasing mobility, reducing congestion, and allowing for faster emergency and police response.

  While ITI technology holds forth an important opportunity for enhancing the performance and safety of our existing highway system, it cannot be seen as a substitute for the provision of alternatives to the automobile. ITI must be weighed carefully as an option on our path toward increased mobility and cleaner air.

- New and Continuing Challenges for CDOT
  - Continue to increase taxpayer confidence in CDOT by making every possible effort to encourage public involvement at every stage of the planning process, and at all levels (local, county, state).
  - Pursue implementation of the recommendations contained in a March 1996 Performance Audit Follow-up of the Colorado Department of Transportation, by the Office of the State Auditor (four are mentioned below):
    1. Assess the value of the annual road survey to ensure that it produces timely, accurate, appropriate, and consistent information.
    2. Develop and measure regional benchmarks and goals to link with and support statewide goals for road surface conditions.
    3. Ensure that road condition goals promote cost-effective resurfacing by periodically assessing the costs and benefits from changing them.
    4. Adopt and report on performance measures for the goals, objectives, and priorities presented in the 20-Year Transportation Plan.

4. What funding mechanism(s) can and should be used?

The responses to the two previous questions illustrate that avenues exist to partially alleviate the projected funding shortfall. Yet, even assuming an optimistic scenario regarding actions undertaken by the Governor and the General Assembly, the long-term transportation needs of Colorado will not be met without additional revenue.

The Panel examined no fewer than 15 funding sources to meet the long-term transportation needs of Colorado. The funding mechanisms were evaluated according to a number of criteria, including: funding flexibility, user fees, funding reliability, maximum funding capacity, and political flexibility (including voter support). Using these and other criteria, the Panel concluded that no single funding source will generate the revenue necessary to meet Colorado's long-term transportation needs.

The Panel is looking at bundling multiple revenue sources into various funding options. Funding packages will undergo a review process which will involve testing each of the funding options with focus groups, surveys, and direct feedback from other groups and organizations.

Potential New Funding Sources (Annual Revenues)

Revenue Option	Rate/Increase	Potential Annual Revenue Generated	Per Capita
Budget Surplus	No Increase in Tax	$120,000,000	$33
RTD Tax	0.4% sales tax	$88,000,000	$24
Vehicle Registration Fee	Average. $40 per vehicle	$124,000,000	$34
Motor Vehicle Ad Valorem Tax	Average. $40 per vehicle	$124,000,000	$34
Motor Fuel Tax	$0.08 (Approx. $20 million per $0.01)	$163,000,000	$45
Index Motor Fuel Tax	3%	$12,000,000	$3
Sales Tax on Fuel	0.1%	$1,870,000	$0.52

The appropriate use of tolls for construction, operation and maintenance of transportation facilities can reduce the need for other revenue sources. The Panel was unable to quantify the revenues that this source could produce and so did not include tolls in the list above. Other funding options considered but rejected by the Panel include: income tax increase, VMT tax, general sales tax, driver's license fee, local/regional sales tax, impact zone fees, service taxes.

5. What type of action(s) should be used (i.e., legislation, referendum, initiative) and within what timetable?

The solution to Colorado's $13 billion transportation financing shortfall will require action by many people -- business leaders, state and local government officials, environmental and other activists, and, most important, concerned citizens. As outlined earlier, the legislature needs to pass, and the governor sign, legislation that will increase authorities available for tolling and bonding where appropriate, to become viable funding options. The legislature should also pass enabling legislation to allow for the creation of substate regional transportation financing districts and to create a transportation investment challenge fund as a matching fund for local and regional projects. An investment challenge fund would serve as an incentive for local and substate regional action for important projects.

Also, the legislature should allow voters in the metropolitan Denver area to decide whether to increase the amount of sales tax that goes to the Regional Transportation District. Finally, the legislature should continue its practice of dedicating a portion of the general fund surplus to be used for capital construction transportation projects. Because this a revenue source that is not limited to use on highway and highway related projects the Panel feels it should be possible to use these appropriations on any projects in the approved State Transportation Plan, While the recommendations above are important they will not be enough to achieve the necessary transportation investment. We will have to increase the amount of revenue available. As a result of the Tabor Amendment any increase in taxes must be voted on by the general public, and while fees are exempt from this requirement the legislature should not be expected to pass significant increases.

Therefore, the Blue Ribbon Panel recommends that an initiative be undertaken that would result in a public vote in November of 1997. The results of the April 1996 focus groups show that if voters are involved in a meaningful discussion of the transportation problems in Colorado, the action necessary to solve them, and are shown there will be appropriate accountability, they will be willing to vote for an increase in taxes and fees. The following conclusions were drawn from the focus group responses:

- Transportation issues are salient and clearly defined in people's minds. But people have a low level of trust in government and must be given a sense that additional spending will truly address the problems.
- Transit has become a critical element in people's view of how to increase the system's capacity and reduce pollution.
- Transportation expenditures and funding are not well understood by the public, but people believe more funding will be required to improve road conditions, improve mobility and address transit issues.
- Transportation user fees and graduated taxes, along with a portion of the state budget surplus, received the most public support.
- A package of additional transportation investment between $8 and $13 billion over the next twenty years was supported.
- Accountability will be an essential element in a successful proposal.

Success will depend on how effectively Colorado voters are engaged in a dialogue aimed to get their input and solicit their support. The following outlines a plan to accomplish this. These activities would be directed by a leadership group drawn from the Blue Ribbon Panel, environmental organizations, business, and local government.

June 1996 to December 1996

- Work with Legislative Leadership
  - Assist Legislators in the drafting of legislation and building of support for those recommendations upon which they can take action.

- Local/Regional Activities
  - Committees that reflect the makeup of the Blue Ribbon Panel, i.e., environmental, business and local governmental leaders, must be created in as many of Colorado's 200 communities as possible.
  - These committees must engage the local public in a discussion of the current and future transportation needs of their community and the state, and the ways to get them funded.
  - These committees and the discussions would create groups of involved citizens who would be able to circulate petitions for the 1997 initiative.

- Draft the Initiative
  - Based on the work of the Panel and feedback from the local committees, an

initiative would be drafted for review and discussion.

January 1997 to June 1997

- Work with Legislature
  - Generate support for those statutory changes that were developed in the last half of 1996.

- Collect Initiative Petitions Signatures
  - People that had participated in the activities during the last half of 1996 would be called upon to circulate petitions to collect the signatures necessary to put the initiative on the ballot.

July 1997 to November 1997

- Campaign
  - Following the end of the legislative session and the certification of the initiative, a Campaign for passage of the initiative would begin. There would be a return to the local committees for help with the educational process. Both print and electronic advertising would start in earnest after Labor day.

CALL TO ACTION

NOW IS THE TIME

Today's Decisions Will Determine Colorado's Transportation Future

Looking back over the past decade, Colorado has experienced significant growth in population, in the number of cars on the road and in the miles they travel. Twenty years from now, Colorado may be home to almost five million people, nearly 1.1 million more than today. But for many of them, *getting* home could be a nightmare. What we do today will help determine whether that nightmare becomes a reality.

If current forecasts are accurate, Colorado's roads will endure one and a half times as much traffic in the year 2016 as they do today. That means longer rush hours, more frequent jams and, for perhaps thousands of Coloradans, far fewer weekend trips to the mountains.

Unless . . . we act now. Colorado doesn't have to settle for a smog-filled, traffic-jammed future. Neither should we allow a decline in the condition of our roads and bridges. Congestion and potholes are a choice — and in our view, a bad one.

As members of the independent Blue Ribbon Panel on Transportation, we have spent the past five months analyzing Colorado's long-term transportation needs and evaluating ways to meet them. The Blue Ribbon Panel was convened by Governor Romer last fall, in response to public concern expressed at a series of "Smart Growth" meetings earlier in the year.

The Panel's 21 members include leaders from business, government and the environmental community. Despite the differences in our backgrounds, we all share a single goal: developing a statewide transportation system that preserves individual safety and mobility, protects our natural resources and promotes our overall quality of life.

At the outset of our discussions, the Panel solicited the opinions of more than two dozen transportation, public finance, and air quality experts, including representatives of the Sierra Club, the Colorado Municipal League, Colorado Counties, Inc., the Colorado Motor Carriers Association, the Colorado Rail Passengers Association, and a number of other public agencies and private organizations. All of these groups agreed on the importance of alleviating congestion, reducing pollution and improving the state's transportation infrastructure, and that these goals would not be achieved with the revenues generated currently.

In the past decade alone, Colorado experienced a 15 percent increase in population and a *30 percent* increase in the number of vehicle miles traveled. In metropolitan Denver and the mountain communities, where growth rates have been even higher, a brown cloud often fouls the air and obscures scenic views. In 1995, the state's visibility standard was violated in metro Denver on 110 days — and auto emissions are one of the principal sources.

More cars and more miles traveled puts added stress on our state's roads. Less than 10 years ago over 80 percent of our roads were in good or fair condition. Today that number hovers around 50 percent. We can get around, but it takes longer and the ride is bumpier.

Let's be honest: These problems can *not* be solved by mere "belt-tightening." They result not from government waste but from fundamental changes in our lifestyles and in the size of our population. And they will not go away; if these problems are not addressed soon, they will only worsen.

Pollution is a good example. Recent advances in automotive and other technologies have enabled Colorado to meet most federal air quality standards. But experts estimate that the state's growth will erode these gains within 20 years. Making cars cleaner, in other words, will not be enough to offset the emissions a million more drivers will produce.

Now consider the alternative. Imagine a transportation system that moves people and goods within and across Colorado as quickly and efficiently as possible. A system that connects different modes of transportation. A system that *enhances our* environment instead of degrading it. Today, we have the backbone of this integrated, multi-modal transportation system. Can we maintain the current system and enhance it?

Such a system is within our reach, What will it take to get us there? First, a recognition that Colorado faces a serious shortfall in transportation funding. The Colorado Department of Transportation estimates that existing revenue sources will generate only $19 billion over the next 20 years, while the state’s high priority transportation needs will total nearly $27 billion. At a bare minimum, therefore, Colorado will require $8 billion in additional state transportation funding — just to keep pace with demand. In addition, over the next 20 years there is a $5 billion shortfall at the local level.

Where will that money come from? The Panel has considered a number of options, ranging from toll roads to user fees. Any revenue increase will be subject to the will of voters. We present these final recommendations to the Governor and the Legislature and the people of

Colorado. Both branches of the state government must be integrally involved in solving Colorado's transportation problems. Ultimately, though, it is the people of Colorado themselves who must decide what sort of future they wish to create for themselves and their children.

Whatever that decision, one point should remain clear: The status quo is not free. A deteriorating transportation infrastructure carries a pricetag, and the cost — to our time, our economy, our mobility, and our health, as well as our state budget — is rapidly escalating.

Who has a responsibility for this? We as informed citizens.

Now is the time to begin taking action for both our short-term future and the beginning of the next millennium.

Legislative Initiatives

The Blue Ribbon Panel on Transportation (Panel) considered a variety of legislative initiatives as a part of an overall strategy to improve the prospects for financing transportation priorities during the next 20 years. Some of the actions discussed either had previously been before the legislature or were under review in the General Assembly at the time the Panel was in deliberation. Other ideas included by the Panel were borrowed from initiatives in other states or were suggested by Panel members and/or interested outside parties.

The Final Report of the Panel identifies nine areas for action by the General Assembly:

1. Toll Authorization

Under current law and regulation, the collection of tolls is prohibited on the Interstate system with exceptions in certain circumstance for tunnels and bridges, and Interstate routes where tolls were imposed prior to the designation of the Interstate system in 1954. Colorado Revised Statutes authorize the collection of tolls for the construction of a new turnpike or for improvements to existing turnpikes. Toll revenues generated for these purposes can be used for the retirement of bonds financing the construction, operation and maintenance of the turnpike where tolls are collected. If there are excess revenues after meeting these obligations, they may be used for the operation maintenance or construction of a "network of turnpikes."

House Bill 96-1144, sponsored by Representative Anderson and Senator Ament, was signed into law on April 23, 1996. This act amends existing Colorado statutes to make tolls a more useful source of revenue for highway construction and maintenance. This bill amends state law in the following ways:

- Authorizes CDOT to contract with public or private entities to design, finance, construct, operate, maintain, or improve a turnpike;
- Allows CDOT to periodically revise tolls, fees and fares charged for travel on any turnpike;
- Requires CDOT to use excess revenues, after bond retirement, for maintaining, repairing, and operating a turnpike or network of turnpikes;
- Requires that fees, fares and tolls charged be used first for the retirement of bonds or for a reasonable return on investment of any private entity financing a project, and then for maintenance;
- Eliminates the requirement that once bonds are retired, a turnpike must be operated "toll free."

The Panel supports these changes and views the use of toll revenues as a financing mechanism for construction, operation and maintenance of new limited access highways as a valuable option for CDOT.

2. Bond Authorization

In addition to the existing authorization for the issuance of bonds to defray the cost of constructing, improving or reconstructing any turnpike (see above), the Panel asks the general assembly to consider granting additional authority to CDOT to issue bonds for construction of certain selected transportation facilities backed by revenues other than tolls. Among the specific types of construction projects that could be funded through a bond issue are these:

- Projects that can generate their own revenues after construction such as

toll roads (above) and those providing access to private sector facilities,
- Projects which are so costly that it is unlikely that sufficient funds could be amassed up front,
- Projects with quantifiable benefits to life-cycle costs (i.e., deferred investment will lead to greater overall long-term cost),
- Projects which will save lives if completed sooner,
- Projects which have a pressing need now but which will have additional beneficiaries in the future.

Most other state use bond financing to provide funds for at least some of their transportation construction program. Some states use only bonding for major new construction and reconstruction. A review of the practices and experiences of other states could be very helpful in designing legislation that would give Colorado another tool to use to meet our significant transportation financing deficit.

3. Impact Fees

House Bill 96-1206 by Representative Saliman and Senator Rizzuto proposed the creation of a new authority for CDOT, to designate transportation impact zones and assess a transportation impact fee. As drafted, the bill allows CDOT to "define, evaluate, and approve a specified area within the state as a growth impact zone" using specific criteria outlined in the bill. The criteria include these items:
- Present and future transportation capacity concerns resulting from additional residential or commercial development,
- the percentage of roadways currently at or near capacity in a specified region,
- the adequacy of existing roads to provide safe efficient access to a proposed development,
- the degree to which a development includes an alternative transit-oriented design with access to alternatives to the single-occupant vehicle, and
- the priority ranking of roadways in the statewide transportation plan.

Before designation of growth impact zones, the department would submit any proposal to affected local governments for review, comment, recommendations, and final approval of the designation. Once an area is designated CDOT will set and asses a reasonable impact fee on residential and commercial developers within the zone. Any such fee must be directly proportional to the identified transportation impact, and must be used to address transportation related growth impacts.

Although this particular bill has been postponed indefinitely, the concept of using growth impact fees for related transportation improvements has merit and deserves reconsideration. The Panel favors reevaluation of impact fees as a potential revenue source for local and regional transportation problems.

4. General Fund Surplus

The Panel strongly urges the General Assembly to commit to use existing and future state surplus funds to reduce the amount of new tax revenues needed to address Colorado's transportation problems. There have been appropriations from General Fund revenues to HUTF and other transportation accounts in the past but they have not been a dependable source of revenue suitable for planning purposes and have often carried limitations on their use. The Panel recommends legislation to appropriate a fixed percentage of General Fund surplus revenues for transportation capital investments, and to make those revenues available to meet a variety of transportation needs, including, but not limited to highways.

The Colorado Legislative Council in its March, 1996, report, *Focus Colorado: Economic & Revenue Forecast, 1996-2002*, estimates a budget surplus for each year from now through fiscal year 2000-2001. The Council estimates a surplus of $270 million for 1996-97, expanding to over $1 billion in 2000-01. These forecasts assume current law and transfers, and a relatively healthy economy. Panel members understand the volatility of the economy and the danger of relying on a proportion of the budget surplus as a revenue source. Nonetheless, the Panel believes that a portion of this budget surplus should be used to meet the critical transportation needs of the state.

5. Authorization of a Referral to the Voters in the District of an RTD Sales Tax Increase

The Regional Transportation District (RTD) is allowed by law to collect up to .6% sales tax within the district boundaries. Currently, RTD is prohibited from asking the voters to increase that rate. This restriction has limited the ability of RTD to respond to changing circumstances regarding the availability of federal funding for transit and has placed the future of transit for the Denver region in question.

Senate Bill 96-198 by Senator Blickensderfer, was introduced to authorize RTD, upon receipt of a valid initiative petition, to submit a sales tax rate increase to the voters in the district. The Panel believes that additional revenues for RTD are critically needed. Funding to complete the planned rapid transit network in the Denver region is uncertain at best and it will be impossible to meet the region's mobility needs without that network.

The Panel supports authorization by the legislature for voters within RTD to increase their tax rate up to 1% and recommends further that similar authority be made available to other transit providers statewide.

6. Preservation of Existing Revenue Streams

Given the critical nature of the current transportation financing situation in Colorado, Preventing any erosion in the existing revenues for transportation must have the highest priority. The Panel urges the General Assembly to ensure that no diversion of existing transportation revenue be allowed and that whenever possible the amount of Highway User's Tax Fund (HUTF) dollars currently allocated "off the top" for expenditures by agencies other than CDOT be reduced.

Significant losses to existing revenue bases have been experienced by the HUTF over the years. In part the reduction in purchasing power of the fund results from inflation effects on the "cents per gallon" motor fuel tax. Additional losses may be credited to increased fuel efficiency in new automobiles. No matter what the cause of this predicament may be, we are faced with a decreasing revenue

base while our demands continue to grow. This situation is clearly demonstrated by the trends Colorado experienced between 1987 and 1995:
- 12% increase in population,
- 13.2% increase in the number of vehicles,
- 25.2% increase in Vehicle Miles Traveled (VMT),
- 11.8% drop in CDOT revenues (constant dollars).

The Panel suggests that any legislation which will have a negative impact on the total amount or the purchasing power of revenues dedicated to transportation, at the state or local level, be promptly defeated.

7. Transportation Investment Challenge Fund

The Panel has considered a proposal for the creation of a Transportation Investment Challenge Fund. If authorized by the legislature, a portion of the funds available to CDOT would be set aside to fund local/regional priorities on a 33% state, 67% local matching grant basis. Local match funds could derive from local taxes, private sector investment, or other sources.

This approach allows local communities to ensure that investments by the state in local transportation projects reflect locally determined priorities. It may also serve to enable localities to accelerate badly needed construction projects through local investment.

The Panel recommends consideration by the legislature of the following components of a challenge grant program:
- an initial limit of $50 million per year,
- any funds not applied for by local communities in a given year would then become available for CDOT's priority projects,
- grant funds would be available for any project contained in *Colorado's 20 Year Transportation Plan*,
- the funds would be available to support local/regional revenue streams with multi-year commitments, and would permit support for bonding of transportation projects.

8. New Wheels on the Road Registration Fee

Much of the pressure on the current transportation system has come from in-migration and the growth in the number of vehicles on the highways of the state. One of the revenue ideas presented to the Panel was the establishment of a registration fee surcharge for additional vehicles in the state.

Such a fee is in effect in Florida. Under their law, a fee of $349 is charged in these circumstances:
- a vehicle is brought into the state and registered,
- a resident of the state buys their first vehicle,
- a resident of the state who already has one or more vehicles registered adds another vehicle without giving up a prior registration. This would not apply to someone who buys a new car and trades in the old car but to someone who buys a new car and keeps the old car as well.

The Panel suggests that legislature explore this idea as a way to lessen the burden caused by an ever increasing number of vehicles competing for space on the highway system.

9. Local and Regional Transportation Taxing Authority

Locally determined transportation revenue alternatives are needed to enable local communities to respond to purely local or regional transportation priorities without having to compete with or persuade other communities in the state. Communities throughout Colorado clearly want the authority to establish their own transportation programs and to design and develop projects in response to local or regional needs. However, any such authority must allow access to a variety of funding sources that will provide the flexibility local and regional providers must have to provide a balanced transportation system for their citizens.

At the time of this writing, a bill is under consideration by the General Assembly which would create such a local or regional transportation district authority. While the Panel has not reviewed this specific legislation[10] we do support the establishment of local authority if it comes with mode flexibility, is available to every jurisdiction in the state, upholds the Panel's guiding principle number one with respect to improvements to the environment, and is regarded as only one important piece of a comprehensive strategy to address Colorado's critical transportation problems.

Acronyms and Abbreviations

CDOT	Colorado Department of Transportation
CTP	Colorado's 20 Year Transportation Plan (released in January, 1996, by the Colorado Department of Transportation)
DRCOG	Denver Regional Council of Governments
HUTF	Highway User's Tax Fund
ITI	Intelligent Transportation Infrastructure (previously referred to as Intelligent Transportation System (ITS) and Intelligent Vehicle Highway System (IVHS))
MPO	Metropolitan Planning Organization
Panel	Blue Ribbon Panel on Transportation
PM10	Particulate Matter 10
RTD	Regional Transportation District (public transportation operator serving metro Denver)
TPR	Transportation Planning Region
TTI	Texas Transportation Institute
VMT	Vehicle Miles Traveled

Glossary of Terms and Issues

Ad Valorum Tax
: Tax imposed at a rate percent of value.

Attainment Area
: An area considered to have air quality that meets or exceeds the U.S. Environmental Protection Agency (EPA) health standards used in the Clean Air Act. An area may be an attainment area for one pollutant and a non-attainment area for others. Non-attainment areas are areas considered not to have met these standards for designated pollutants.

Bond(ing)
: A written promise to repay borrowed money on a definite schedule, usually at a fixed rate of interest over the life of the bond.

Carbon Monoxide (CO)
: A colorless, odorless, tasteless gas that impedes the oxygenation of blood. CO is

formed in large part by incomplete combustion of fuel.

Conformity
A determination made by metropolitan planning organizations and the U.S. DOT that transportation plans and programs in nonattainment areas meet the "purpose" of the State Implementation Plan, which is reducing pollutant emissions to meet the National Ambient Air Quality Standards.

Constant Dollars
Dollars restated in terms of current purchasing power. Converting current dollars to constant dollars allows for comparisons among different years without the distortion caused by the changes in the value of money.

Current Dollars
Actual dollar amounts without any adjustments for inflation.

Excise Tax
Tax imposed on the domestic manufacture, sale, or consumption of specific commodities, usually for the purpose of raising revenue.

Impact Fee
The community assesses a fee on a developer for a share of the costs of infrastructure in or near the development project, such as for major roadways, installation of a traffic light, and new sewer plant.

Indexed Motor Fuel Tax
This is a mechanism whereby the gas tax is tied to inflation.

Infrastructure
A term connoting the physical underpinnings of society at large, including, but not limited to, roads, bridges, transit, waste system, public housing, sidewalks, utility installations, parks, public buildings, and communications networks.

Metropolitan Planning Organizations
MPOs are responsible for developing the Transportation Improvement Plans (TIPs) for urbanized areas with populations over 50,000 (e.g. DRCOG). MPOs are granted this authority in the Intermodal Surface Transportation Efficiency Act of 1991.

Mobility
The ability to move or be moved from place to place.

Ozone
Ozone is a colorless gas with a sweet odor. Ozone is not direct emission from transportation sources. It is a secondary pollutant formed when hydrocarbons and nitrogen oxides combine in the presence of sunlight. The ozone is associated with smog or haze conditions. Although the ozone in the upper atmosphere protects us from harmful ultraviolet rays, ground level ozone produces an unhealthy environment in which to live.

Particulate Matter 10
Small particulate matter, or PM10, is less than 10 microns in size and is too small to be filtered by the nose and lungs.

Smart Growth and Development Initiative
Governor Roy Romer began the Smart Growth and Development effort in January 1995 which has brought together citizens along with representatives from business, agricultural, environmental and governmental communities to identify key growth concerns and solutions throughout Colorado communities. A series of Smart Growth and Development meetings have been held throughout the state.

Toll(ing)
A fee assessed against the user to defray the cost of particular governmental services. Transportation tolls are usually fees assessed against the user of limited access highways, bridges and tunnels. Transportation tolls are usually paid into a special fund.

Toll Restrictions (Federal)
As a general rule, existing interstates cannot be tolled except as provided for under United States Code 23, Sec. 129, with respect to certain toll bridges and tunnels. One exception is tolls may be maintained on Interstate routes that were toll roads prior to the initial designation of the Interstate system in 1954.

In the context of this paper (response to question #3), the Panel believes that the General Assembly and the citizens of Colorado can help the long-term funding needs of Colorado by lobbying Congress to change the toll restrictions stated in the above paragraph.

Ton-mile
The movement of one ton of freight the distance of one mile. Ton-miles are computed by multiplying the weight in tons of each shipment transported by the distance hauled.

Vehicle Miles Traveled (VMT)
Sum of all miles traveled by all vehicles during a fixed period of time, usually for a year.

Sources:
A Summary: Transportation Programs and Provisions of the Clean Air Act Amendments of 1990, Federal Highway Administration, U.S. Department of Transportation, 1992; *National Transportation Statistics 1995*, Bureau of Transportation Statistics, U.S. Department of Transportation, 1994; *The Status of the Nation's Highways, Bridges, and Transit: Conditions and Performance 1993*, Federal Highway Administration, U.S. Department of Transportation, 1993; *ISTEA Planner's Workbook*, Surface Transportation Policy Project, 1994.

Endnotes

1. In the regional transportation planning process, five of the fifteen Transportation Planning Regions (TPRs) involve Metropolitan Planning Organizations (MPOs), nine are Regional Planning Commissions, and one is a planning advisory committee.

2. The Panel acknowledges that adequately effecting air and rail transportation will likely be beyond the capacity of existing or new state revenues.

3. Twelve of the states that do not restrict the use of highway users' fees solely to highways have established a transportation trust fund in addition to, or in place of, a highway trust fund.

4. There are 32 organizations operating public transportation services in Colorado. They receive tax revenues to operate and their services are open to the public.

5. Sources for this section include: U.S. Department of Transportation. 1995. *Transportation Statistics Annual Report, 1995*; U.S. DOT. 1994. *National Transportation Statistics: 1995*; U.S. DOT. 1992. *Our Nation's Highways: Selected Facts and Figures*; U.S. DOT and U.S. Department of Commerce. 1995. *1993 Commodity Flow Survey: United States* (Preliminary); U.S. DOT and U.S. Department of Commerce. 1996. *1993 Commodity Flow Survey: Colorado*.

6. Munnell, Alicia. 1990. "How Does Public Infrastructure Affect Regional Economic Performance." *Is There a Shortfall in Public Capital Investment*, Conference Series No. 34. Boston: Federal Reserve Bank of Boston, pp. 93-95.

7. Aschauer, David. 1991. *Transportation Spending and Economic Growth: The Effects of Transit and Highway Expenditures.* Washington, D.C.: American Public Transit Association, p. 10.

8. This includes all motor vehicle taxes including registration fees, driver's license fees, ownership taxes, and motor carrier fees and taxes.

9. *Measuring and Monitoring Urban Mobility, Research Report 0-1131, September 1995, Volume II, Roadway Congestion Index.* The Texas Transportation Institute, Texas A & M University.

***10. Senate Bill 96-232* by Senator Hopper and Representative Anderson.**