

Feasibility Study for the San Diego portion of the California Coastal Trail Technical Memorandum No. 5: Funding

Purpose: *Technical Memorandum No. 5: Funding* highlights Federal, State, and Local programs that could be used for funding California Coastal Trail segment improvements.

Introduction

Numerous potential funding sources exist for bikeway projects. The first step is, of course, to program the improvements into the Regional Transportation Improvement Plan (RTIP). Besides the more obvious sources of federal and state funding (e.g., SAFETEA-LU programs), other related funds may be applicable for the California Coastal Trail (CCT) feasibility, environmental, design, and construction projects.

To apply for most funding programs, the state, county, city, or local Metropolitan Planning Organization (MPO) must “leverage” funds; in other words, match anywhere between 10% to 50% of the total funds required. San Diego Association of Governments (SANDAG), as the local MPO, continues to collect local funds through a local sales tax called TransNet. Cities and counties also receive local revenues through other sources such as sales taxes. As a condition of federal or state funding, certain requirements may also be associated. For instance, the use of federal or state programs make it mandatory that the National Environmental Protection Act (NEPA) and California Environmental Quality Act (CEQA) processes be completed before proceeding to the design phase (see *Technical Memorandum No. 4: Environmental*).

Bikeway and recreational trail funding strategies

Funding of non-motorized facilities is somewhat more complex than for highways. Depending on funding sources, certain trail segments may only be eligible for a limited number of programs. However, this also opens up other non-transportation sources of funding. Some key strategies to consider:

- The CCT is a segmented route. Thus, programs exist that specifically address continuity problems on bicycle and/or pedestrian facilities officially designated on a local bikeway plan.
- Certain funding is available only for the purchase of right of way for bikeways, or even for the purchase of park or public lands. Once a parcel is dedicated as parkland, it could later have a bicycle path constructed through it.
- Some funding sources allow grant or local matching funds to be used for bicycle facility construction. For instance, a bicycle path constructed parallel to the main highway might be considered a safety improvement, as it would move most bicycles from the road, and widen the shoulder. Another example would be improving rail bridges by constructing a wide shoulder on one side for shared emergency access and bicycle use. There is also a cost savings with this strategy, as construction equipment is present on the job site (as opposed to two separate construction projects).
- Shared ownership of trail segments can sometimes be used as local funding to leverage state or federal funds. In other words, if a local agency and a state/federal agency both construct or improve segments on the same trail, the local match might be waived.

- Bikeway projects can encourage people to improve overall health, increase commercial traffic to historic districts or commercial districts, add to livability or create community pride, preserve and protect natural conservation areas, and become focal points for arts projects. Thus, “out of the box” funding exists, such as health services grants, community block grants, economic development grants, environmental protection grants, or arts enhancement grants.
- Separate funding is available for pedestrian-only facilities. This may be useful if it is necessary to provide separate trails for wheeled users and walkers at congested points along the CCT.
- Accessibility is also a factor to consider when deciding on funding sources. Evaluation criteria for certain funding sources gives additional weight to projects that seek to upgrade facilities to make them accessible by the disabled. Many of the design considerations for disabled users also apply to bicycle and roller blade users.
- Certain funding sources (particularly most SAFETEA-LU programs) may only be used in conjunction with transportation projects, and specifically prohibit use of funds on recreational trails. This is of particular concern along the unimproved portions of the CCT that closely parallel the coastline. These trails are intended for those with fewer mobility challenges, or even equestrian use.

The following is a partial list of funding programs available for the planning, design, or construction of, or for specific components of, the CCT. It should not be considered to be an all inclusive list, as many other sources exist.

Federal funding sources

ARRA (Economic Recovery Act)

The American Recovery and Reinvestment Act (ARRA, or the “Economic Stimulus Bill”) was passed into law in January 2009. Funding is allocated to numerous federal agencies. Since its enactment, several billion dollars have been allocated toward “shovel-ready” construction projects. In February 2010, TIGER grants were awarded to several large highway projects. Although few of the ARRA awards have been spent, most of the funding has been allocated. ARRA may have created or replenished smaller grant programs which bikeways or trails would be eligible. However, unless another stimulus bill is enacted in the future, this funding source is unlikely to be directly useful to the CCT initiative. The website for the latest information on ARRA can be found at:

<http://www.recovery.gov/Pages/home.aspx>

SAFETEA-LU

The Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU), adopted in 2005, expired in October 2009, and was extended to March 2010, is the new federal transportation legislation that affects virtually all federal bikeway funding. Although the SAFETEA-LU bill has expired, its programs have been re-appropriated through the remainder of 2010 with the “Jobs” bill as a temporary stop-gap measure. Federal funding under this measure has provided for the same level of funding as fiscal year 2009. However, funding will need to be allocated for future years. Funding is generally programmed through the California Department of Transportation (Caltrans) and

SANDAG. Most, but not all, of the funding programs are transportation (versus recreation) oriented, with an emphasis on:

- reducing auto trips
- providing inter-modal connections

Funding criteria often requires quantification of the costs and benefits of the system (such as saved vehicle trips and reduced air pollution), proof of public involvement and support, CEQA and NEPA compliance, and commitment of local resources. In most cases, SAFETEA-LU provides matching grants of up to 80 to 90 percent but preference is usually given to projects with a higher local funding percentage.

Projects that receive funding from many SAFETEA-LU programs must apply through SANDAG. The required local match for these funds is generally 20 percent and projects compete based on a number of criteria. Assuming reauthorization of this bill, or the enactment of a similar bill, numerous funding opportunities are available through SAFETEA-LU for the CCT. The most recent information on SAFETEA-LU can be found at:

<http://www.fhwa.dot.gov/safetealu/index.htm>

Regional Surface Transportation Program (RSTP)

The RSTP is a block grant fund, apportioned by Caltrans and programmed by SANDAG. Funds are used for roads, bridges, transit capital, bicycle projects (including bicycle transportation facilities), bike parking facilities, equipment for transporting bicycles on mass transit vehicles and facilities, bike-activated traffic control devices, preservation of abandoned railway corridors for bicycle trails, and improvements for highways and bridges. SAFETEA-LU allows the transfer of funds from other SAFETEA-LU programs to the RSTP funding category. Current SANDAG policy, as included in the adopted TransNet Plan of Finance, sets aside 94% of RSTP and CMAQ funds to supplement TransNet to complete the TransNet Major Corridor Program of projects. Therefore, this funding source may not be a viable source of funding for the CCT.

Congestion Mitigation and Air Quality (CMAQ)

This funding source is also programmed by SANDAG. Funds are available for projects that will help attain National Ambient Air Quality Standards (NAAQS) identified in the 1990 federal Clean Air Act Amendments. Since bicycle projects help meet national goals for improved air quality and congestion relief, they are eligible for CMAQ funds. Projects must come from jurisdictions in non-attainment areas. Eligible projects include bicycle transportation facilities intended for transportation purposes, bicycle route maps, bicyclist activated traffic control devices, bicycle safety and education programs and promotional programs. Several regional bikeway projects have been developed using CMAQ funds. However, this may not be considered a viable source of funding for CCT implementation in the near future due to SANDAG's policy to dedicate 94% of discretionary funds to the Early Action Program.

Safe Routes to School (SRTS)

SAFETEA-LU established a permanent Safe Routes to School program which supports projects that encourage more children to walk or ride a bike to school. This funding program is administered through Caltrans. SANDAG, as the regional MPO, is eligible to

receive grants under this program. Cities and counties are also eligible to receive funding. No local match is required. Eligible activities are the planning, design, and construction of projects that will substantially improve the ability of students to walk and bicycle to school. These include sidewalk improvements, traffic calming and speed reduction improvements, pedestrian and bicycle crossing improvements, on-street bicycle facilities, off-street bicycle and pedestrian facilities, secure bike parking, and traffic diversion improvements in the vicinity of schools (within approximately 2 miles). Such projects may be carried out on any public road or any bicycle or pedestrian pathway or trail in the vicinity of schools. More information can be found at the Caltrans Safe Routes to School Website:

<http://dot.ca.gov/hq/LocalPrograms/saferoutes/srts.htm>

Transportation Enhancement Activities (TE)

TE funds are programmed by the California Transportation Commission, but administered by Caltrans. The TE Program is a 10 percent set-aside of funds from the Surface Transportation Program, and is one of the most common funding sources for bicycle and pedestrian projects. TE funds are applicable for 12 specific types of projects. Two enhancement activities are specifically bicycle related:

- Provision of facilities for bicyclists
- Preservation of abandoned railway corridors (including conversion and use for bicycle trails)

Projects must have a direct relationship to the intermodal transportation system through function, proximity, or impact. The Caltrans website for TE funding is located at:

<http://www.dot.ca.gov/hq/TransEnhAct/TransEnact.htm>

Transportation, Community, and System Preservation Program (TCSP)

This federal program was created as a pilot by TEA-21. Cities are eligible to apply for these funds. Application is through either the Caltrans Division of Local Assistance or through FHWA. SANDAG is also eligible, but since this is a discretionary funding source, SANDAG's policy on applying discretionary funds to the Early Action Program may override the use of this program. The program was made permanent with \$270 million over five years nationwide in the SAFETEA-LU bill. One eligible use is for projects that reduce the impacts of transportation on the environment. Funding is eligible to be used for bicycle and pedestrian projects; a number of projects funded under TEA-21 were for non-motorized transportation programs. More information on this funding program may be found at:

http://www.fhwa.dot.gov/tcsp/pi_tcsp.htm

Highway Safety Improvement Program (HSIP)

This is a new program to replace the Safety Set-aside program, and is also administered by Caltrans. It significantly increases funding to \$5 billion nationwide over four years (2006-2009). Bicycle and pedestrian projects historically accounted for one percent of safety construction funds, which would mean \$50 million over the life of SAFETEA-LU nationwide. The program is very similar in scope and purpose to the safety set-aside

program in TEA-21; projects to improve the safety of bicyclists and pedestrians are eligible. The HSIP is unlikely to fund construction of new bikeways, however. HSIP funds are eligible for work on any publicly-owned roadway or bicycle/pedestrian pathway or trail that corrects or improves the safety for its users. It is the intent of the HSIP that federal funds be expended on safety projects that can be designed and constructed expeditiously. Projects should not require the acquisition of significant rights of way (not more than 10% of the construction cost), nor should they require extensive environmental review and mitigation. More information can be found about the HSIP program at:

<http://www.dot.ca.gov/hq/LocalPrograms/hsip.htm>

Recreational Trails Program

The Recreational Trails Program is programmed by California State Parks. This program provides funds for developing and maintaining recreational trails and facilities for both non-motorized and motorized recreational trails. This is a five-year federal funding program at \$370 million nationwide. At least 30% must be spent on non-motorized trail projects, which means around \$110 million over the life of SAFETEA-LU nationwide. Examples of non-motorized trail uses include hiking, bicycling, and equestrian. While bikeway projects have been developed through this program, the urban location and transportation emphasis of the CCT suggests this will not be a major source of revenue for project implementation. There are, however, recreational trails and access points along the coast that may not be eligible for other SAFETEA-LU funds. The state website for the Recreational Trails Program is located at:

http://www.parks.ca.gov/?Page_id=24324

Other potential sources of federal funding

Federal funding of specific projects by Act of Congress

Although an unlikely source of federal funding, the congressional delegation from the State of California has the ability to receive special funding by Act of Congress for use on any particular project. The local elected delegation to the State Capitol also has the ability to do the same in the state legislature. These are typically in the form of:

- Earmarks: funding allocated to specific projects by inclusion in a larger, sometimes unrelated bill
- Pilot projects: funding intended to demonstrate feasibility of a unique situation or new technology that could be applied on a larger scale if successful

Land and Water Conservation Fund (National Park Service)

Funding allocated to California under this program is administered by California State Parks and provides funds to acquire land for recreational purposes, including bicycle paths and support facilities (such as bike racks). Eligible applicants include cities, counties and other entities responsible for maintaining park and recreation areas. For local agencies, funds are provided through a competitive selection process, with a 50% local match requirement. More information can be found at:

http://www.parks.ca.gov/default.asp?page_id=21360

HUD Community Development Block Grants (CDBG)

The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. Beginning in 1974, the CDBG program is one of the longest continuously run programs at HUD. The CDBG program provides annual grants on a formula basis to local government and states. Cities and counties are both eligible, but SANDAG is not directly eligible. Each activity must meet one of the following national objectives for the program: benefit low- and moderate-income persons, prevention or elimination of slums or blight, or address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available. A grantee must develop and follow a detailed plan that provides for and encourages citizen participation.

Funding is programmed both through HUD and California Department of Housing and Community Development. The annual CDBG appropriation is allocated between States and local jurisdictions called "non-entitlement" and "entitlement" communities respectively. Entitlement communities are comprised of central cities of Metropolitan Statistical Areas (MSAs); metropolitan cities with populations of at least 50,000; and qualified urban counties with a population of 200,000 or more (excluding the populations of entitlement cities). States distribute CDBG funds to non-entitlement localities not qualified as entitlement communities.

HUD determines the amount of each grant by using a formula comprised of several measures of community need, including the extent of poverty, population, housing overcrowding, age of housing, and population growth lag in relationship to other metropolitan areas. More information can be obtained on this funding source at the following locations:

<http://www.hud.gov/offices/cpd/communitydevelopment/programs/>
<http://www.hcd.ca.gov/fa/cdbg/>

U.S. Fish and Wildlife Service

The U.S. Fish and Wildlife Service administers several types of conservation grants for long-term preservation, restoration, enhancement, and/or education in wetland and protected habitat areas. States, cities and counties are eligible, as well as non-profit organizations. Examples of the types of grant programs that the CCT effort may be qualified for are the North American Wetlands Conservation Standard Grants Program and the National Coastal Wetlands Grants Program. More information on these grants can be located at:

<http://www.fws.gov/birdhabitat/Grants/NAWCA/index.shtm>
<http://www.fws.gov/coastal/CoastalGrants/index.html>

State funding sources

Proposition 1B

Proposition 1B (Prop 1B) provided \$19.925 billion in bond funds for a variety of transportation priorities, including \$2 billion for cities and counties to fund the maintenance

and improvement of local transportation facilities. The 2007 Budget Act and Chapter 181, Statutes of 2007 (SB 88), appropriated a total of \$950 million of these Prop 1B funds in 2007-08. Of this amount, Chapter 314, Statutes of 2007 (AB 196), specified that \$550 million be allocated to cities and \$450 million be allocated to counties. Chapter 39, Statutes of 2008 (AB 1252), appropriated an additional \$87 million in these Proposition 1B funds specifically to counties. These funds are referred to as the 2008 Supplemental Appropriation for Counties. The 2008 Budget Act appropriated a total of \$250 million, including \$63 million available to counties and \$187 million available to cities on a first-come, first-served basis. The 2009 Budget Act appropriates a total of \$700 million, including \$258,205,000 for cities and \$441,795,000 for counties, which represents the remaining balance of Proposition 1B Local Streets and Roads funding.

Although there are many different Proposition 1B programs, none are specifically for bikeways. Since most of these funds have already been committed, and since no additional bonds are being sold, it is unlikely that this will be a direct or indirect source of funds for the CCT.

Coastal Conservancy

Some examples of the kinds of projects the Coastal Conservancy may fund include trails and other public access to and along the coast, natural resource protection and restoration in the coastal zone or affecting coastal areas, restoration of coastal urban waterfronts, protection of coastal agricultural land, and resolution of land use conflicts. The stages of a project generally funded by the Coastal Conservancy include pre-project feasibility studies, property acquisition, planning (for large areas or specific sites) and design, environmental review, construction, monitoring, and, in limited circumstances, maintenance. The Coastal Conservancy currently has no formal process or forms for grant applications. Most Conservancy-funded projects are developed over time through the joint efforts of Conservancy staff and potential grantees.

State Transit Assistance (STA)

This program is intended for transit agencies. The state cut these funds to close the budget gap, but recently reinstated 40% for projects under this program. Transit agencies were forced to cut service because of the funding cuts, so it is unlikely that STA funds would be used for bicycle or pedestrian facilities along the CCT in the near future.

State Bicycle Transportation Account (BTA)

The BTA provides state funds for city and county projects that improve safety and convenience for bicycle commuters. It is an annual statewide discretionary program that is available through the Caltrans Bicycle Facilities Unit for funding bicycle projects. Available as grants to local jurisdictions, the emphasis is on projects that benefit bicycling for commuting purposes. Grants to cities and counties provide over \$7 million yearly, with an emphasis on funding projects that benefit bicycling for commuting purposes.

San Diego County received approximately \$2 million in BTA funds for fiscal year 2009/10. Applicant cities and counties are required to have a Bicycle Transportation Plan (BTP) that conforms to Streets and Highways Code 891.2 in order to qualify to compete for funding on a project-by-project basis. BTA funds have been used to develop regional bikeways. Funds would only be available through a cooperative agreement with a local agency that agreed to

apply for the funds on SANDAG's behalf. A local match of 10% is required for all awarded funds. The guidelines on the Caltrans Local Assistance web site can be found at:

<http://www.dot.ca.gov/hq/LocalPrograms/bta/btawebPage.htm>

Safe Routes to School (SR2S)

The Safe Routes to School program is a state program administered by Caltrans using allocated funds from the Hazard Elimination Safety program of SAFETEA-LU. This program is meant to improve school commute routes by eliminating barriers to bicycle travel through rehabilitation, new projects, and traffic calming. A local match of 11.5% is required for this competitive program, which allocates \$18-million annually. The most recent funding cycle provided \$2.2 million in San Diego County. Only cities and counties are eligible under the state program. Planning grants are not available through this program. The state Safe Routes to School program website is:

<http://www.dot.ca.gov/hq/LocalPrograms/saferoutes/sr2s.htm>

Community Based Transportation Planning (CBTP) Grants

This funding program is administered by Caltrans, and is available to SANDAG as well as cities and the County of San Diego. Approximately \$1 million was awarded to San Diego County projects in the last funding cycle. The CBTP grant program funds local planning activities that encourage livable communities. The intention of the grants is to help communities better integrate land use and transportation planning, to develop alternatives for addressing growth, and to ensure that infrastructure investments are efficient and meet community needs. Funding is provided by a 20% local match. The website for the CBTP Grant program is:

<http://www.dot.ca.gov/hq/tpp/grants.html>

Environmental Enhancement and Mitigation Program

This funding program is administered by Caltrans, although grants are evaluated by the Natural Resources Agency. Funds, when available, are allocated to projects that offset environmental impacts of modified or new public transportation facilities including streets, mass transit guideways, park-and-ride facilities, transit stations, tree planting to equalize the effects of vehicular emissions, and the acquisition or development of roadside recreational facilities. In the 2008-09 funding cycle, San Diego County projects received over \$2 million in funding from this program. This program may not currently be funded. The most recent information on this funding program can be located at:

<http://resources.ca.gov/eem/>

AB 2766 Clean Air Funds

AB 2766 Clean Air Funds are generated by a surcharge on automobile registration. State law authorizes the San Diego County Air Quality Management District (AQMD) to assess motor vehicle registration fees of between \$2-\$4 to reduce air pollution from motor vehicles and for related planning, monitoring, enforcement, and technical studies necessary for the implementation of the California Clean Air Act.

Local funding sources

Transportation Development Act (TDA) Article 3 bikeway funds

The TDA creates a Local Transportation Fund (LTF) in each county in which a ¼ cent sales tax of the state sales tax is deposited annually based on the amount of sales tax collected. The funds are allocated based on population. Annual revenues currently are approximately \$1.8 million for San Diego County. Bicycle and pedestrian facilities are eligible for up to 2% of the total TDA funds available. SANDAG has successfully used these funds for trail projects, and administers these funds in the San Diego region to cities and the County. The funds are distributed locally through the same competitive process used to award TransNet active transportation grants.

SANDAG TransNet ½ % local sales tax (Proposition A)

The TransNet ½-cent transportation sales tax program has provided approximately \$31.4 million in sales tax revenues and interest earnings for active transportation projects since it first began in 1988. With the passage of the TransNet Extension Ordinance in 2009, a 2% set-aside from the annual revenues was created, which was intended to fund pedestrian and neighborhood safety (traffic calming) projects. TransNet funds primarily serve as the local match for federal funds. The overwhelming majority of the funds have gone to local projects through an annual competitive grant process.

According to Board Policy #31 (Ordinance and Expenditure Plan Rules), Rule #21 states that “adequate provisions for bicycle and pedestrian travel” may be used for TransNet funds. This allows the TransNet funds to be used for accommodations of pedestrian and bicycle traffic within a project area. There is a good chance that the Local Streets and Roads fund could include these improvements in roadway projects. However, it is less likely that any other TransNet funds can be used for bikeway or pedestrian projects.

New construction

Future road widening and construction projects are one means of providing bikeways. To ensure that roadway construction projects provide bike lanes where needed, it is important that an effective review process is in place to ensure that new facilities meet the standards and guidelines of the local jurisdictions along the CCT corridor. Developers may also be required to dedicate land toward the widening of sidewalks and roadways in order to provide for enhanced pedestrian and bicycle mobility.

Impact fees and developer mitigation

Another potential local source of funding is developer impact fees, which typically tie to trip generation rates and traffic impacts produced by a proposed project. A developer may reduce the number of trips (and hence impacts and cost) by providing or paying for on- or off-site bikeway improvements that will encourage residents to bicycle rather than drive. Establishing a clear justification between the impact fee and the project’s impacts is critical in avoiding a potential lawsuit.

Mello Roos

Bike paths, lanes, and routes can be funded as part of a local assessment or benefit district. Defining the boundaries of the benefit district may be difficult unless the facility is part of a

larger parks and recreation or public infrastructure program with broad community benefits and support.

Business Improvement Districts

Bicycle improvements can often be included as part of larger efforts related to business improvement and retail district beautification. Similar to Mello Roos assessments, Business Improvement Districts collect levies on businesses in order to fund area-wide improvements that benefit businesses and improve access for customers. These districts may include provisions for pedestrian and bicycle improvements, such as wider sidewalks, landscaping, and ADA compliance.

Private/non-profit partnerships

Private and non-profit corporations can also help leverage money for bikeway and trail projects. Some grants may allow the labor of non-profit corporations to be counted as matching funds. Private companies may be willing to sponsor portions of the facility (benches, kiosks, or portable restrooms, for instance). Donations of money, labor, land, or even allowing their private lot to be used as a trailhead parking facility are also possibilities. Foundations, such as the Ford Foundation, also offer private grant opportunities.