

IDAHO TRANSPORTATION RESOURCE TASK FORCE FINAL REPORT

Executive Summary

Idaho's transportation jurisdictions foresee difficulty providing and maintaining an effective transportation system in the future with current revenue streams. Rapid growth in population and economic activity in the 1990s have strained capacity at the same time major components of the transportation system are nearing the end of their design life. Revenues to the transportation system have not mirrored that rapid growth.

Representatives of transportation jurisdictions came together in the fall of 2001 to begin an exploration of this issue, because it is so strategic to Idaho's future. The group called itself the Idaho Transportation Resource Task Force. They gathered information, reviewed updated reports, and analyzed numerous options to expand Idaho's ability to finance transportation needs.

The Task Force (1) evaluated possible methods of producing new revenue anywhere in the system, (2) studied money-saving administrative efficiencies and organizational improvements, and (3) listed the benefits and disadvantages of funding strategies. Nearly forty option papers in these three categories were created, and a summary of each is included in Appendix A of this report.

The Task Force then ranked each of the options according to six criteria - revenue-raising ability, efficiency, administrative ease, fairness, simplicity, and public acceptance. The options were presented and discussed with local officials and industry representatives at eight Transportation Finance Stakeholder Workshops conducted around the state in November and December of 2002 and February of 2003.

Conclusions

There is a need to improve Idaho's transportation system beyond what current revenue streams will allow. Recent rapid growth in state population has increased the burden on the transportation system. A 1995 needs assessment revealed that the cost of improving Idaho's roads and bridges to minimum engineering standards was in the billions of dollars. While progress has been made from 1995 to the present, needs still far out-weigh available revenue. Pavement condition on the State Highway System has improved, but a growing number of state and local bridges are reaching replacement age. Other transportation modes like air, public transportation, and rail add hundreds of millions more in needs.

Documented engineering needs do not necessarily translate into a public willingness to pay. However, Idaho's transportation infrastructure still requires additional resources. When asked how great the need is for more investment to maintain and improve Idaho's transportation system, ninety-five workshop participants responded with an average score of 8.4 out of a possible 10.

Idaho's revenues for transportation have flattened in recent years. The fuel tax, car registration fees, title fees and license fees bring fixed revenues per unit. The revenues they raise have fallen behind the rate of inflation. Idaho's transportation system is still experiencing a large gap between needs and revenues. This gap could foreseeably increase due to a leveling off of revenues and, in some cases, possible drastic reductions in revenue within the near future.

Transportation jurisdictions can maximize the life-span of facilities with routine system maintenance. If revenue flows are not adequate to perform both preventative maintenance and address the improvement or replacement of aged facilities, then acute system problems can result. For example, selective and timely road surface maintenance can be deferred, but this delay will eventually result in a costly resurfacing project. In areas of rapid population and economic growth, system users are gradually experiencing greater congestion and longer travel times on major roadways. Lack of adequate revenue means project selection and prioritization becomes increasingly difficult. Failing to properly fund basic transportation needs will cause serious consequences to the citizens of Idaho in terms of loss of time, safety, and economic competitiveness.

The Idaho Transportation Resource Task Force has assembled much of the information that policy makers need to address this issue. They have shared this information with other transportation stakeholders and involved them in the discussion. They have pledged their support in helping decision-makers further study this issue and develop proposals to address these needs.

IDAHO TRANSPORTATION RESOURCE TASK FORCE

FINAL REPORT

INTRODUCTION

PURPOSE

The movement of people and goods is one of the most important conditions for a healthy society and a growing economy. Providing the necessary transportation infrastructure is among the primary roles of local, state, and federal government.

Idaho's transportation jurisdictions foresee difficulty providing and maintaining an effective transportation system with current revenue streams. Representatives of those jurisdictions came together in the fall of 2001 to begin an exploration of this issue because it is so strategic to Idaho's future. The group called itself the Idaho Transportation Resource Task Force (ITRTF).

The purpose of this report is to describe what the Task Force learned thus far, and to extend the conversation to Idaho's policy makers, elected officials at all levels of government, and interested parties across the state. The Task Force members look forward to hearing the policy makers' perspective, in continuing to seek the best ways to meet their responsibilities to provide a modern, safe, and effective intermodal transportation system.

LIST OF TASK FORCE MEMBERS AND THE ORGANIZATIONS REPRESENTED

Association of Idaho Cities (AIC)

Ken Harward, Executive Director

Debbie Bloom, Deputy Director, AIC

Idaho Association of Counties (IAC)

Dan Chadwick, Executive Director

Tony Poinelli, Deputy Director, IAC

Idaho Association of Highway Districts (IAHD)

Stuart Davis, Executive Director

Idaho Transportation Department (ITD)

Dwight Bower, Director (Retired February 2003)

Charles Rountree, Administrator, Division of Transportation Planning

Larry Falkner, Administrator, Division of Public Transportation

Bob Martin, Administrator, Division of Aeronautics

Susan Simmons, Administrator, Division of Administrative Services

Steve Hutchinson, Assistant Chief Engineer, Development, Division of Highways

Mary Detmar, Manager, Office of Budget, Policy, and Intergovernmental Relations (BPIR)

Tim Greeley, Transportation Legislation and Policy Specialist (BPIR)

Steve Bywater, Deputy Attorney General, assigned to ITD

Local Highway Technical Assistance Council (LHTAC)

Joe Haynes, Director

Byron Keely, Deputy Director, LHTAC

Dr. Richard Gardner, Facilitator

Linda Emry, Management Assistant, ITD BPIR, Administrative Support

Mark McNeese, Sr. Planner, ITD, Planning, Technical Writer

GOAL STATEMENT

The overall goal of the Idaho Transportation Resource Task Force is to develop a plan to increase Idaho's ability to meet current and future transportation needs.

The Task Force shall:

- A. Analyze options that
 - 1) Increase administrative efficiency,
 - 2) Increase revenues, or
 - 3) Provide financing alternatives;
- B. Clearly articulate why Idaho needs an expanded toolkit of options;
- C. Include partners, customers, and policy makers in order to gain their input and support; and
- D. Provide its information, analysis, and recommended next steps to Idaho policy makers.

PROCESS

The Task Force spent several months evaluating existing information, updated reports, and studies, as well as reviewing and documenting the improvements made after the last fuel tax and vehicle registration fee increase was granted by the Idaho Legislature in 1996. The Task Force also analyzed efforts by state and local jurisdictions to enact administrative efficiencies and organizational improvements from 1995 to the present.

Task Force activities were reported to the Governor's staff, Legislative leaders, the AIC Board of Directors and Legislative Committee, the IAC Transportation Committee, the IAHD, and the LHTAC members. Regular updates have also been provided to the Governor's staff and Legislative leaders.

The Task Force findings were then discussed with attendees at eight Transportation Finance Stakeholder Workshops, conducted around the state in November and December of 2002 and February of 2003. The AIC, IAC, IAHD and ITD invited representatives from the individual associations, metropolitan planning organizations, and stakeholders from commerce and industry to the workshops. A list of the workshops is included in the Transportation Finance Stakeholder Workshop Summary Report in Appendix B.

The information gathered from the ITRTF research and analysis process as well as feedback from the workshops will be reported to the Governor and the Idaho Legislature in March 2003, and subsequently to local elected officials and all workshop attendees.

Specific solutions will not be recommended but the ITRTF is prepared to present the pros and cons of alternatives that may be considered and support decision makers that are interested in studying this issue.

ECONOMIC IMPACT OF TRANSPORTATION INFRASTRUCTURE INVESTMENTS

Idaho depends heavily on its transportation infrastructure, which includes the highways, airports, rail lines, and ports that help drive the economy. Transportation is a key component in the nation's economic mix. According to the U.S. Department of Labor, transportation-related expenditures account for nearly 20 percent of consumer spending in the United States, while transportation and transportation-related businesses currently employ around 10 percent of the nation's workforce.¹

The importance of efficient transportation to businesses is clear. According to the American Association of State Highway and Transportation Officials' (AASHTO) *2002 Bottom Line Report*, an efficient transportation system can decrease the time it takes a motor carrier to make a delivery; increase reliability of shipments, thereby lowering the costs of business; reduce inventory costs since improvements in transportation reliability have created the possibility for service innovations such as just-in-time logistics systems; and preserve productivity gains. A recent study indicated that, on average, carriers value an hour of transport time saved at \$168. However, avoiding an hour of non-scheduled delay was valued at \$371. In other words, system reliability is nearly twice as valuable as system speed.

According to the U.S. Department of Transportation, Federal Highway Administration, for every \$1 billion of investment in 1996, the federal-aid highway program supported approximately 42,100 total full-time equivalent jobs. Using those statistics, Idaho's average annual investment in transportation infrastructure of \$253 million for the federal and state funded program in FY00-FY02 supported over 11,000 jobs each year. More than 2,200 of those jobs were related to on-site construction, while more than 8,800 were related to supply and support or are supported by worker's wages.

Idaho's commercial and general aviation airports provide a substantial annual economic benefit to the state's economy according to the 1997 report entitled "The Economic Impact of Airports in Idaho." The combination of airport-based businesses and visitors (1.8 million in 2001) arriving via the Idaho airport system are responsible for an estimated \$1.48 billion economic impact annually. This activity supports an estimated 27,000 jobs with an associated annual payroll of \$618 million. Many off-airport non-aviation businesses rely on Idaho airports to support and extend their activities. In addition to the previously noted tenant and visitor-related jobs, an estimated 30,000 jobs in Idaho benefit directly from the daily operation of Idaho's airports.

Innumerable qualitative and quantitative benefits are associated with investments in public transportation. The 1997 "Idaho Statewide Public Transportation Needs and Benefits Study" identified the more readily-apparent benefits of public transportation: job creation, reduced reliance on natural resources and reduced air pollution. Other benefits are more intangible: enhanced quality of life, increased independence, reduced pressure on caregivers, and improved mobility. The study found the benefits to outnumber the costs by a margin of four to more than seven times. In other words, for every dollar spent on operating costs of public transportation, benefits will be a least four times as great as the cost.

Idaho's economy, particularly in rural areas, relies heavily upon the rail freight system to facilitate movement of the state's agricultural, mineral, lumber and wood, chemical, and other natural resources and manufactured products to local, national, and international markets. A healthy rail freight system supports the competitiveness of Idaho's freight shippers, enhancing the economic vitality of the state, particularly in rural areas. Because of community isolation, a balanced, competitive, multi-modal transportation system is important to the efficient flow of commerce necessary to sustain Idaho's rural economy. The primary benefits of short-line railroad operations are transportation choice and flexibility for shippers, a local ownership presence and lower costs versus mainline railroads, and the ability and incentive to develop additional business. Short-line railroads help keep rural Idaho connected to the national mainline railroad network.

At a mere 27 years old, the Port of Lewiston is still in its infancy, with shipping trade increasing steadily. Today, some one million tons of wheat and barley are exported through the Port annually. Eleven steamship lines provide containers to move an additional million tons of containerized cargo. With 40% of the nation's white wheat traveling through the Port of Portland, much of it passes through the Port of Lewiston on its journey to the coast. The Lewis Clark Terminal and Cargill, Inc. at the Port have a combined storage of 6.2 million bushels at their port facilities. Potlatch Corporation, another major user, ships huge amounts of pulp, paper and wood products through the Port. There are other commodities moving across the docks as well. Potato products from southern Idaho, bentonite from Wyoming, talc from Montana, grain from the Dakotas, and lumber from Canada are also gaining in the export markets.

AASHTO's *2002 Bottom Line Report* indicates that the "ability to move people and goods quickly, cheaply, and efficiently has enabled the U.S. to sustain the world's largest and most successful economy." Improvements to the states' transportation infrastructure provide important long-term economic benefits. These include a viable, adequately-funded transportation system; increased citizen safety; reduced congestion; higher property values; increased attractiveness to business, residents, and tourists; and lower business costs and higher productivity. Both the short- and long-term benefits underscore the link between transportation infrastructure and economic development.

¹National Cooperative Highway Research Program, Report 436, Project A2-22 FY97, ISSN 0077-5614, "Guidance for Communicating the Economic Impacts of Transportation Investments"

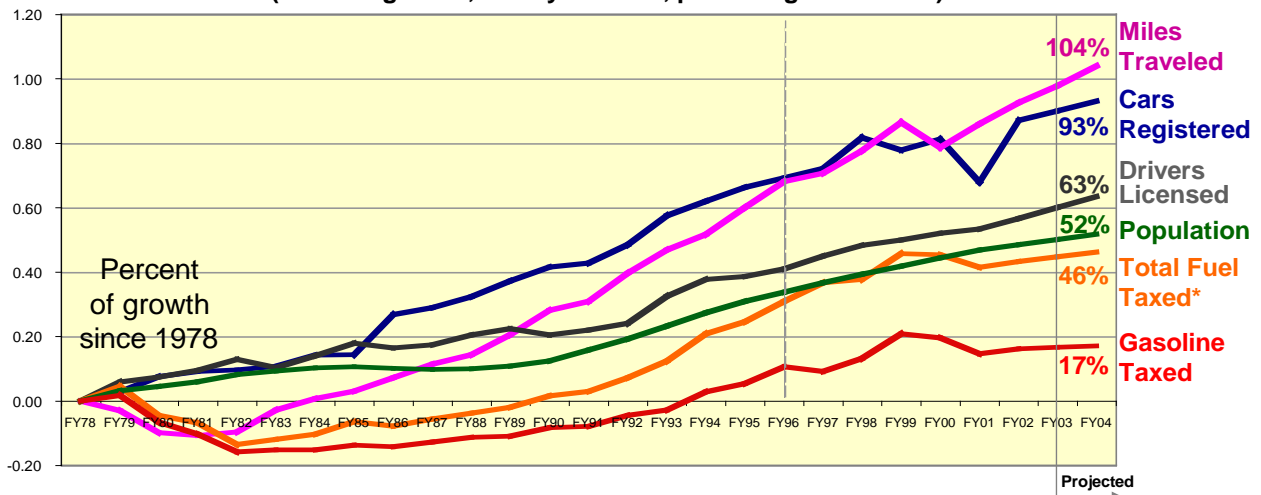
²Transportation Research Circular Number 477, October 1997, ISSN 0097-8515, "Assessing the Economic Impact of Transportation Projects"

INVESTING IN THE TRANSPORTATION INFRASTRUCTURE

The question is: Is there a clear case for increased investment in the transportation system? Before answering, one must look at both sides of the public finance ledger — revenues and costs, as well as the factors that are straining current infrastructure. A good place to start is the graph below, which depicts indicators of transportation trends.

Transportation Trend Indicators

(Indexed growth, base year 1978, percentages rounded)



Actual and Projected Annual Growth

	FY78-04	FY96-04	FY03-04
Annual Vehicle Miles Traveled (AVMT)	104.2%	21.5%	3.3%
Cars Registered	93.0	14.1	1.8
Driver Licenses	63.4	15.9	2.1
Population	51.8	13.5	1.1
Gallons of Total Highway Fuel Taxed*	46.2	11.8	1.0
Gallons of Gasoline Taxed	17.0	5.8	0.3

*Highway fuel includes gallons of gasoline, diesel, and other highway-taxable fuels sold.

This graph shows rapid increases in Vehicle Miles Traveled (VMT) and registered cars. Vehicle miles traveled, the best indicator of highway use, has risen one-hundred-and-four percent from FY78-FY04, twice the growth rate of population and more than twice the growth rate of gallons of highway fuel taxed. Put another way, the indicator that causes wear and tear on the highway system and drives costs, VMT, is running away from the indicator that drives transportation revenues the most, fuel sales in gallons. This divergence has been causing fiscal pressure on Idaho's transportation system for the last 25 years, and, if anything, the disparity has recently increased.

The reasons for this change have to do with newer, more fuel efficient vehicles replacing an aging fleet during the good economic times of the late 1990s. In addition, commercial trucks have gained significantly in fuel economy in the last five years. Fuel tax revenues, which do not vary with the price of fuel, have become stagnant in recent years. Yet because car and light-truck registration fees are relatively low and vary only slightly with age, the newer fleet has not generated increased registration fees to compensate for lower fuel sales.

The Cost Side

At the same time, the purchasing power of transportation budgets has eroded. Construction costs, such as the cost of materials and labor, have risen steadily, often faster than general inflation. Federal requirements to address environmental, socio-economic, and cultural impacts, and the subsequent cost of mitigation has resulted in rapidly increasing project design costs. These requirements not only add directly to the cost of a project, but also indirectly by lengthening the project construction time period. Finally, maintaining traffic flows during construction to accommodate mobility and safety can also increase project cost and time. Traffic management can account for as much as 10-20% of the cost of some projects. To counter this inconvenience to the public, contractors can be required to work more than eight hours per day on a project, but this also increases project costs.

Efficiency Improvements

On the spending side of the public finance ledger, transportation agencies continue to make efforts to improve their internal efficiency and to achieve cost savings through coordination. The activities listed below document efforts to improve efficient use of funds and to create a culture of cooperation among agencies and the communities they serve.

- ✓ In 1993, ITD identified 64 efficiency initiatives for downsizing, re-engineering, privatizing, and eliminating obsolete services. These resulted in a one-time savings of \$4.2 million and on-going savings of \$1.6 million/yr.
- ✓ In 1994, the Local Highway Technical Assistance Council (LHTAC) was formed by the Legislature to assist local jurisdictions. LHTAC and the T² (Transportation Technology) Center are providing specific training, at an affordable level, anywhere in the state.
- ✓ In 1995, ITD conducted an employee-driven efficiency review, which identified over 400 ideas that were analyzed to improve day-to-day business practices.
- ✓ In 1997, the Idaho Transportation Planning Task Force (ITPTF) examined regional planning issues, leading to new programs and policies.
- ✓ A transportation planner was added to each ITD district.
- ✓ In 1999, acting on another ITPTF recommendation, the Local Federal-Aid Incentive Program was created by the Idaho Transportation Board and administered by LHTAC to increase efficient use of federal dollars and encourage joint planning processes.
- ✓ The Local Rural Highway Investment Program was approved in 2002 by the Idaho Transportation Board to become effective October 1, 2003. LHTAC will administer the program which will award grants of up to \$100,000 to local jurisdictions for capital improvement projects.
- ✓ LHTAC and BLM are developing a handbook to facilitate cooperative road maintenance agreements.
- ✓ ITD has identified efficiency as an emphasis area in its 2003 Strategic Plan. There are twenty targeted performance standards associated with the goal "To improve operational processes."

What Happened to the Last Investment in Transportation?

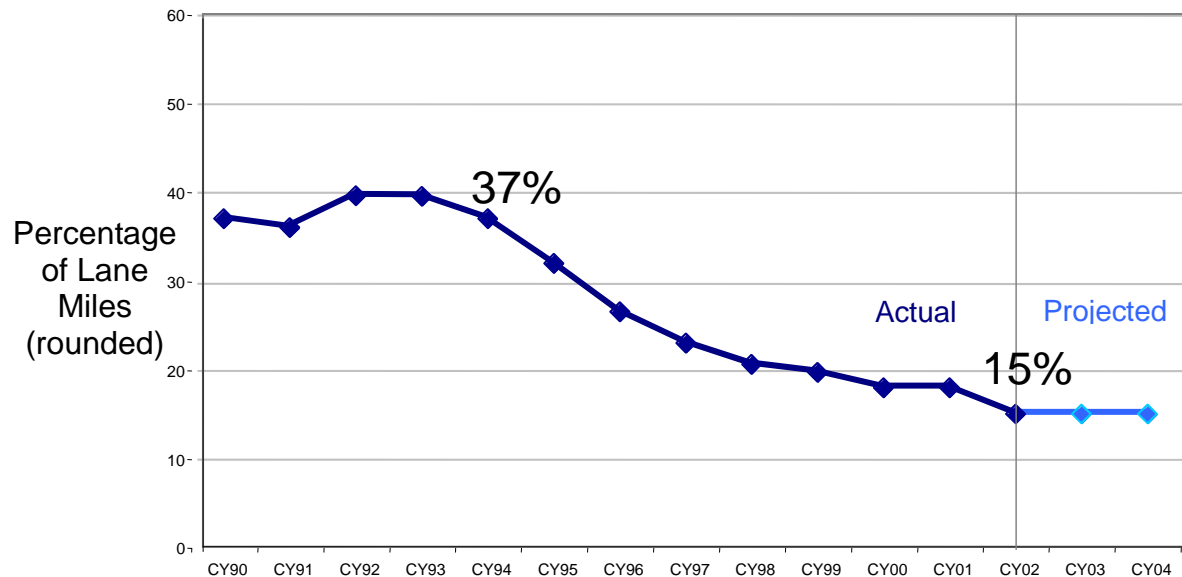
In 1995 the Idaho Legislature formed an interim committee that held hearings around the state on proposed funding increases. The result was a 4-cent fuel tax increase and a vehicle registration increase in 1996.

Those revenues were strategically invested. The graph below shows one significant area of tangible gains. ITD has made maintenance and rehabilitation of existing pavement a top priority, with a goal of getting to no more than 15% deficient pavement by CY04. They have invested a minimum of \$31 million per year toward that goal. This graph demonstrates that goal has already been achieved. State roads have improved from a 37% deficient condition in FY94 to 15% today.

Preservation of existing roads is a priority for local jurisdictions as well, but they bear the added burden of an increase of 2,143 miles of local roads between 1990 and 2000, primarily the result of development.



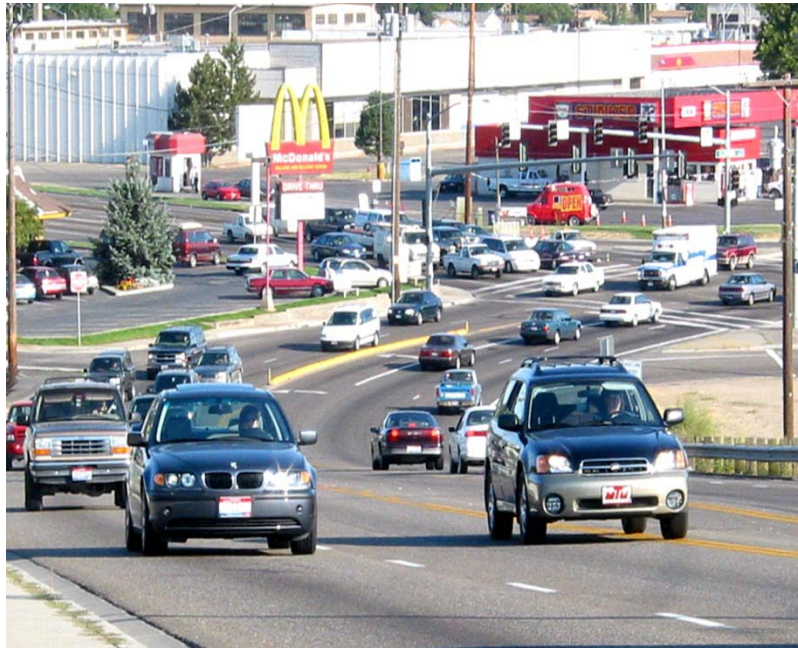
State Highway System Trends in Deficient Pavement



CURRENT CHALLENGES

Congestion

Throughout the state, participants in the workshops acknowledged the increased congestion on Idaho roads. Congestion is the increased time it takes to make a trip compared to making it at a time of slack traffic, such as Sunday morning. In eight areas of the state – Coeur d’Alene, Moscow, Lewiston, Caldwell, Nampa, Boise, Twin Falls, and Pocatello – travel time may be doubled on certain roads during peak time compared to non-peak times. Adding lanes is not the only solution; improved signal coordination, added turn lanes, ride-share programs, public transportation, and intelligent transportation systems can all address urban congestion.



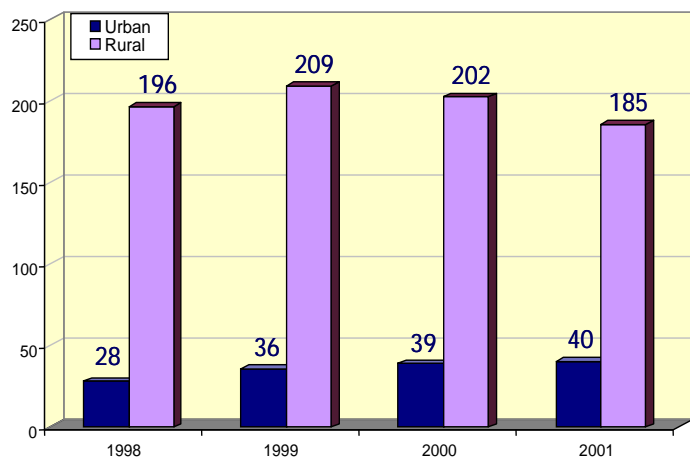
Congestion is also a rural problem, as those who have been caught behind a slow-moving vehicle know. Passing lanes and slow-vehicle turnouts help alleviate the problem. Unfortunately, Idaho’s geography means highways are often along rivers or in mountainous areas, making even minor road-widening projects very expensive or, in some cases, environmentally prohibitive.

Highway Safety

Our diverse geography also creates concerns highway safety, a transportation priority. In Western states, fatality rates tend to be higher than the nation, as travelers hurry to cover vast distances. This chart shows the sharply higher number of fatal collisions on rural highways in Idaho, averaging 162 more fatal collisions per year than urban areas. While only 40% of all crashes in Idaho occur on rural roads, over 82% of the fatal crashes happen in rural Idaho. Some factors may include more hazardous terrain beyond road shoulders, higher vehicle speed, and more remote locations which means longer response times and greater distance to medical facilities. Programs to address safety issues include seat belt usage, rumble strips, and campaigns against impaired driving and aggressive driving.

Fatal Traffic Collisions (Urban and Rural)

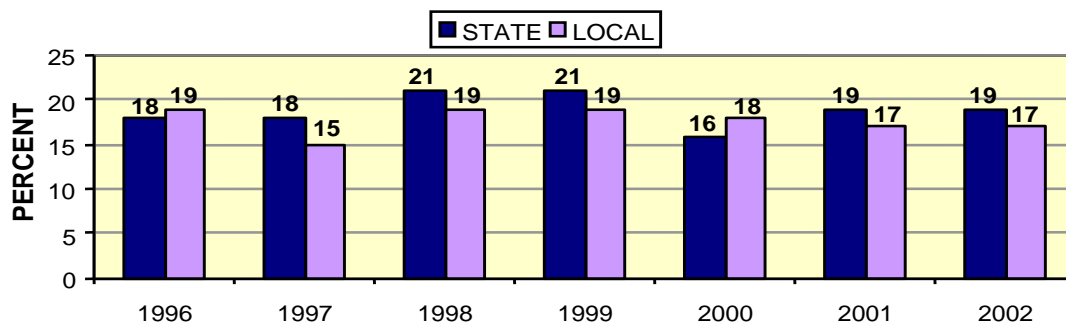
about



Bridges

The 4,000 state and local bridges represent one of Idaho's most important and expensive transportation assets. Bridges are classified as structurally deficient when one of the main parts of the bridge is in poor condition. They become functionally obsolete when the width, carrying capacity, height, or approach no longer meet the usual criteria for that roadway. The graph below shows the percentage of state and local bridges in one or both of the two categories. Currently 316 state bridges (19%) and 420 local bridges (17%), over twenty feet in length, are structurally deficient or functionally obsolete. The graph shows that despite significant continuing investment, the percentages are remaining roughly steady. Idaho is not making headway in this area.

State and Local System Bridges Structurally Deficient / Functionally Obsolete



Moreover, Idaho's bridges are aging. This graph shows the age distribution of Idaho's bridges. At approximately 50 years of age, most bridges require major rehabilitation or replacement. The 1950s through 1970s were a period of active bridge-building in Idaho.

This graph dramatically shows that a critical period bridge replacement and rehabilitation is approaching. Currently, 17% of Idaho's bridges are more than fifty years old.

Year of Construction for Bridges on the State Highway System

for

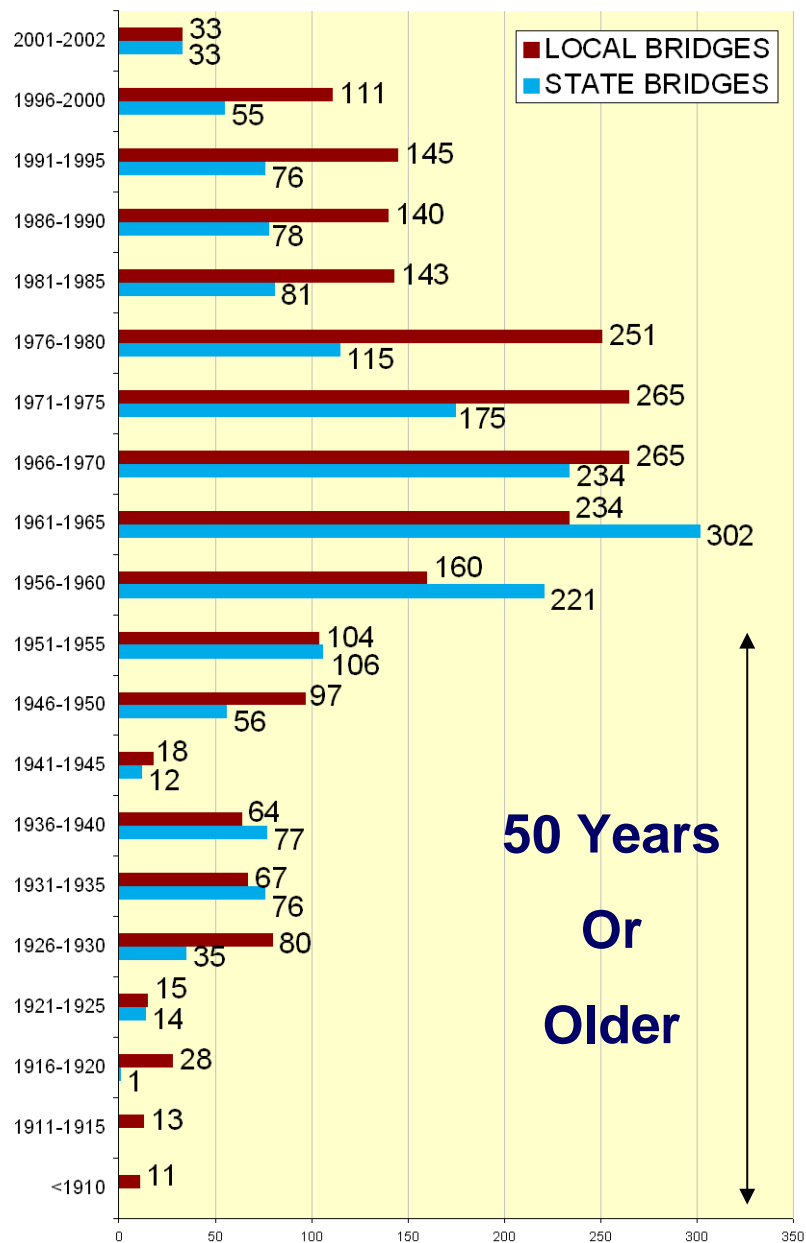
Within a decade, that number will increase to 31%, and within 20 years, 57% of Idaho's bridges will be over 50 years old.

In other words, Idaho has been holding its own for the last decade, but this bridge problem is about to quadruple.

Replacement bridges will be designed for more traffic and heavier vehicles, increasing cost.

Note: Another indicator of future bridge costs is the total surface deck area. Bridge engineers estimate that the construction cost for rehabilitation will be approximately \$50 per square foot, and construction cost for replacement will be approximately \$100 per square foot. Construction costs do not include initial design costs, construction administration costs, widening and lengthening cost of older, functionally obsolete bridges and approaches, or potential right-of-way costs. In general, a factor of 2.5 could be applied to cover these costs, which means rehabilitation could be as much as \$125 per square foot and reconstruction could be as much as \$250 per square foot.

The state and local bridges that are currently 50 or more years old (17% of the total number) have 1.53 million square feet of deck. By applying the basic per-square-foot rehabilitation and reconstruction cost estimates this would be about \$76 million for rehabilitation or \$153 million for replacement construction costs. With the 2.5 factor, the estimates would be \$190 million for rehabilitation and \$383 million for reconstruction. In ten years the square footage increases to 4.00 million and the cost estimate increases to \$200-\$500 million for rehabilitation and \$400 million to \$1 billion for reconstruction. All bridges over 50 years of age do not necessarily need to be replaced; however, the estimated costs are a strong indicator of future needs facing the state of Idaho.



Other Challenges

- Truck Volumes impact Port of Entry inspection programs and highway design needs. Commercial vehicle miles traveled rose from 13% of total VMT in 1990 to a 17.6% share in 2001.
- Rail preservation is important to state and regional economies and provides a competitive multimodal transportation system to move Idaho's products.
- Aviation facility funding needs far out-distance current or forecasted revenues.
- Public transportation is an important part of reducing congestion in urban areas and providing essential services in rural areas. Idaho's rapid growth means new transit systems need to be planned and developed. There is no current dedicated state funding source for public transportation and limited local funding opportunities.
- Transportation security needs have increased markedly since 9/11.

Conclusions

Idaho's transportation agencies have been responsible managers of public funds. They have been good stewards of the state's transportation infrastructure and have invested new monies strategically while experiencing increased federal regulations. They have also paid attention to keeping their own houses in order with continuous efficiency improvements.

A 1995 needs assessment revealed that the cost of improving Idaho's roads and bridges to minimum engineering standards was in the billions of dollars. While progress has been made from 1995 to the present, needs still far out-weigh available revenue. Idaho's transportation system is still experiencing a large gap between needs and revenues. This gap could foreseeably increase due to a leveling off of revenues and, in some cases, possible drastic reductions in revenue within the near future. Transportation jurisdictions can maximize the life-span of facilities with routine system maintenance. If revenue flows are not adequate to perform both preventative maintenance and address the improvement or replacement of aged facilities, then acute system problems can result. For example, selective and timely road surface maintenance can be deferred, but this delay will eventually result in a costly resurfacing project. In areas of rapid population and economic growth, system users are gradually experiencing greater congestion and longer travel times on major roadways. Lack of adequate revenue means project selection and prioritization becomes increasingly difficult. Failing to properly fund basic transportation needs can cause serious consequences to the citizens of Idaho in terms of loss of time, safety, and economic competitiveness.

REVENUES TO IDAHO'S TRANSPORTATION AGENCIES

FEDERAL REVENUES

FEDERAL-AID PROGRAM AUTHORIZATION AND APPROPRIATION FOR HIGHWAYS, TRANSIT AND AERONAUTICS

Reauthorization

Reauthorization is the process by which Congress enacts legislation to authorize national federal-aid funding for surface transportation programs such as highways, public transit and aeronautics. The reauthorization legislation sets overall program funding levels for a multiple-year period (usually three to six years) and specifies when, where and how federal-aid funds may be spent. The reauthorization bills primarily originate in the "authorizing" committees – the Senate Environment and Public Works Committee and the House Committee on Transportation and Infrastructure. In the Senate, however, the Commerce Committee has jurisdiction over safety and the Banking Committee has jurisdiction over mass transit. Legislation concerning the Highway Trust Fund (HTF) and other revenue matters are under the purview of the House Ways and Means and the Senate Finance Committees.

The current surface transportation authorization acts, the "Transportation Equity Act for the 21st Century" (TEA-21) for highways and transit, and the "Wendell H. Ford Aviation Investment and Reform Act for the 21st Century" (AIR-21) for aviation, both expire on September 30, 2003. Congress must reauthorize these surface transportation programs in order to allow expenditure of federal-aid funds by the states in federal fiscal year 2004 (October 2003 through September 2004) and beyond.

Congress has already begun the reauthorization process by holding some hearings on surface transportation, gathering input from transportation organizations, citizens, members of Congress and the executive branch. In 2003 the new Congress will hold additional hearings and begin the process of drafting reauthorization legislation for highways, transit and aviation. Several bills relating to reauthorization will most likely be introduced by the administration, different members of Congress and by the chairmen or ranking members of the authorizing committees. Many of the elements of these early bills will often be included in the final bill passed by Congress and signed by the President.

Although the current reauthorization act, TEA-21, expires on September 30, 2003, a new act may well not be in place by that date. Previous acts have sometimes not been reauthorized by Congress until several months after their expiration dates. In such cases, the Congress has passed a "Continuing Resolution" which temporarily funded transportation programs at the same level as the previous fiscal year.

Appropriation

Appropriation is the annual process in which Congress enacts legislation to appropriate federal-aid funds to the states for that fiscal year. The previously passed reauthorization bills set the upper limit of funds that may be appropriated each fiscal year during the period covered by the reauthorization act. The annual appropriation bill sets the actual amount of federal transportation funds that Congress will allow the states to spend during that year. This amount is often expressed as a percentage (usually about 85 to 90 percent) of the total amount authorized under the reauthorization act. The appropriations bills originate in the Senate Appropriations Committee and in the House Committee on Appropriations.

- Over 50% of ITD's total budget revenue is federal-aid dollars.
- In FY2003, approximately 80% of the highway development program was apportioned federal-aid funds, with another 9% being local match for federal-aid funds, and the remaining 11% being State funded projects.

STATE REVENUES

The largest source of state revenues to the Local Highway Jurisdictions and the Idaho Transportation Department is from the Highway Distribution Account (HDA) and, therefore, is described in more detail in the following sections – including the types of revenues and the formula outlined in Idaho Code for distribution of those revenues.

Revenue to the Highway Distribution Account and Restricted Highway Fund

The following bar chart entitled “Revenue to the Highway Distribution Account (HDA) and the Restricted Highway Fund” shows the total revenue to the State of Idaho for Fiscal Years 1985 through 2002. The Restricted Highway Fund was authorized by the legislature in FY96 to be used exclusively for highway construction and maintenance and then was repealed after FY99*. The segments of the bars show the net revenue to the HDA for each fiscal year in the categories (from the bottom of the bar) of net gasoline tax, vehicle registrations, other fees, net special fuel tax, commercial truck registrations and gross weight-distance tax.

Revenues to the HDA have increased from approximately \$125 million in FY85 to nearly \$300 million in FY02**. During this time period, Gasoline and Special Fuels taxes were increased from 14.5 to 18.0 cents per gallon in 1988; from 18.0 cents to 21.0 cents per gallon in 1991; and from 21.0 cents to 25.0 cents per gallon in 1996. Vehicle registration fees were increased in 1987 and 1996. The Gross Vehicle Weight Distance Tax was found to be unconstitutional by the Idaho Supreme Court in 2000 and has been replaced by a comprehensive Commercial Truck Registration system.

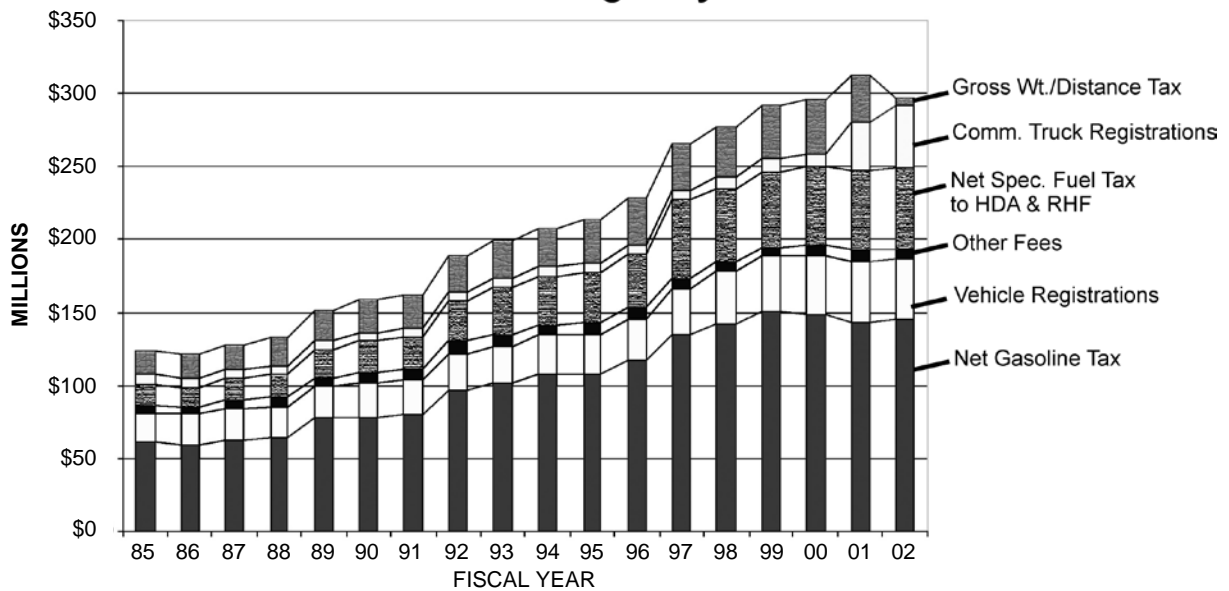
Of the \$297.4 million in net revenues to the HDA in FY02, approximately \$145.3 million (48.9%) was derived from gasoline tax; \$56.2 million (18.9%) from special fuels; \$41.8 million (14.1%) from county vehicle registrations; \$40.8 million (13.7%) from commercial truck registrations; \$7.8 million (2.6%) from other fees; and \$5.5 million (1.8%) from the weight-distance tax.

* The 1996 Legislature increased the fuel tax by 4 cents per gallon to be deposited in the newly created Restricted Highway Fund (RHF). The fuel tax and vehicle registration was increased based on the recommendation of the 1995 Legislative Interim Committee on Transportation Resource Management. In response to flooding in ten northern Idaho counties in January 1996, the legislature set aside the first \$6.0 million of the tax increase into the RHF as the state match for federal emergency funds to repair damage to state and local roads. In 1997, the Legislature also transferred an additional \$6.0 million from the Petroleum Clean Water Trust Fund to the State Highway Account for repair of damage from additional flooding in eighteen counties in southern Idaho.

** In 2000, the Idaho Supreme Court ruled that Idaho’s “weight-distance” fee on commercial trucks was unconstitutional. As part of the settlement of the case with the American Trucking Association, the State agreed to pay \$27 million in refunds, costs and attorneys fees, \$10 million of which was borrowed from, and will be paid back to, the Petroleum Clean Water Trust Fund from the Highway Distribution Account over a five-year period beginning January 1, 2001. ITD also had to implement a new truck registration system which would produce the same revenue as the old tax structure. The increase in revenues to the HDA in FY01 was due to the receipt of prior year revenues from weight-distance fees before they were phased out by the registration system.

In June 2001, the Idaho Supreme Court ruled that the Idaho State Tax Commission could not legally collect fuel tax from distributors for fuel sold to businesses on Indian reservations (Goodman Oil v Idaho State Tax Commission). Prior to the lawsuit, the fuel tax was collected and deposited to the Highway Distribution Account (HDA). Based on historical fuel taxes paid, the estimated prospective impact to the HDA is \$1.8 million annually. The case is currently on appeal to the 9th Circuit Court of Appeals. In addition, claims from the tribes have been filed with the Tax Commission to recover taxes collected on reservation sales since September 1996 when the initial lawsuit was filed. Those claims are estimated at almost \$16 million.

Revenue to the Highway Distribution Account and the Restricted Highway Fund



Highway Distribution Account Sources and Distribution

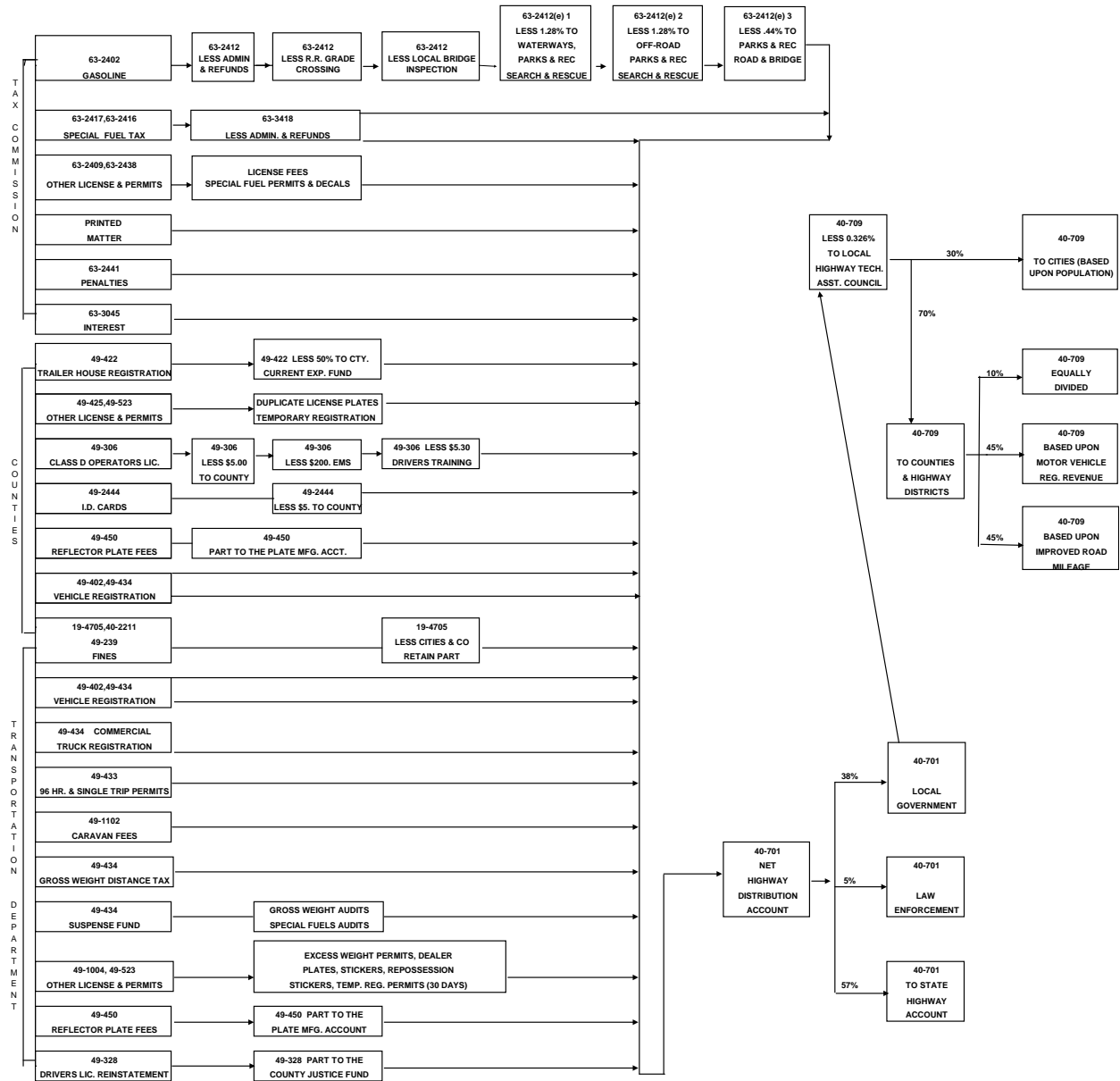
The following flowchart entitled “Idaho Highway Distribution Account Sources and Distribution” shows the various revenue sources for the Highway Distribution Account (HDA) and how the funds accrued from those sources are distributed to the state agencies and Local Highway Jurisdictions. Each box lists a revenue source or distribution point and shows the section of Idaho Code where the source or distribution of funds is authorized by law. The box labeled “Gasoline,” for example, has Section 63-2402, Idaho Code, shown as the statute where the motor fuel tax is authorized.

The boxes on the left of the chart list twenty-two different sources of revenue for the HDA. These sources include fuel taxes, vehicle registrations, driver’s licenses, permits, fines and other revenues. The revenues are collected by the State Tax Commission, counties, and the Idaho Transportation Department as shown on the chart. Prior to these revenues being deposited in the HDA, however, a number of “take downs” are made for other transportation purposes. Deductions are made from the gasoline tax revenues, for example, for Tax Commission administration costs, the state refund account, the railroad grade crossing protection account, the local bridge inspection account, and the Department of Parks and Recreation (waterways improvement, off-road motor vehicles, search and rescue, and roads and bridges). After all the various deductions are made, the remaining revenue is deposited in the HDA.

The net revenues to the HDA are statutorily divided between the State Highway Account (57%), the Idaho State Police (5%), and Local Highway Jurisdictions (38%). The State Highway Account funds are administered by the Idaho Transportation Department for the maintenance, construction and development of highways and bridges in the State Highway System. After a deduction (0.326%) for the Local Highway Technical Assistance Council, Local Highway Jurisdiction funds are split 30% to cities (based on population) and 70% to counties and highway districts. Finally, the revenue to counties and highway districts is distributed as follows: (a) 10% based on equal division among the 44 counties; (b) 45% based on respective motor vehicle revenues among the counties; and (c) 45% based on improved road mileage among the counties. Each county’s revenue is then distributed to all highway districts within the county using the same 10/45/45 formula.

Idaho Highway Distribution Account Sources and Distribution

Effective July 1, 1999
With Idaho Code Annotations



REVENUE SOURCES - USER AND NON-USER

The 1995 Idaho Highway Needs Assessment Update's cost responsibility analyses show that non-user sources should fund 31% of the total highway program and highway users should fund 69%.

The table below shows the proportion of highway user to non-user funding for both state and local revenues in 1995 and 2001. The final two columns provide for a comparison to the funding recommendations from the 1995 Idaho Highway Needs Assessment Update.

Cost Responsibility	1995		2001		1995	2001
	Locals	State	Locals	State	Combined	
Highway User Revenue	\$79,508,400	\$282,231,357	\$122,155,202	\$389,893,100	\$361,739,757	\$512,048,302
Percent of Current Revenues	42.6%	99.97%	48.9%	99.91%	77.1%	80%
Non-User Revenue	\$107,304,146	\$70,900	\$127,587,657	\$364,900	\$107,375,046	\$127,952,557
Percent of Current Revenues	57.4%	0.03%	51.1%	0.09%	22.9%	20%
	\$186,812,546	\$282,302,257	\$249,742,859	\$390,258,000	\$469,114,803	\$640,000,859

NOTE: Some examples of user and non-user revenue sources are shown on the chart on page 21.

REVENUE SOURCES TO IDAHO TRANSPORTATION DEPARTMENT *

The Idaho Transportation Department receives its funds from state revenue and federal aid, which are nearly all user revenues.

SOURCES OF FUNDS TO IDAHO TRANSPORTATION DEPARTMENT SFY03

<u>Source</u>	<u>Percent of Receipts</u>
<i>Federal Funds</i>	
FEDERAL HIGHWAY ADMINISTRATION	47.6%
NAT'L HIGHWAY TRANSP SAFETY ADMINISTRATION	0.6%
FEDERAL TRANSIT ADMINISTRATION	0.4%
FEDERAL AVIATION ADMINISTRATION	<u>0.1%</u>
TOTAL FEDERAL FUNDING	48.7%
<i>State Funds</i>	
HIGHWAY DISTRIBUTION ACCOUNT	45.4%
STATE HIGHWAY ACCOUNT - (Direct Receipts)	<u>5.9%</u>
TOTAL STATE FUNDING	51.3%
TOTAL RECEIPTS	100.0%

* This chart shows the sources of state and federal funds to ITD by percentage of total funds.

Note:

- Percentages shown above reflect forecast values for State FY03
- Funding reported above omits Interagency Receipts and Federal / Local funds (Federal-aid and related Local match) related to local road projects

REVENUE SOURCES TO LOCAL HIGHWAY JURISDICTIONS *

The Local Highway Jurisdictions receive their funds from both user revenue and non-user revenue. The sources of funds to the Local Highway Jurisdictions are listed below and on the following page.

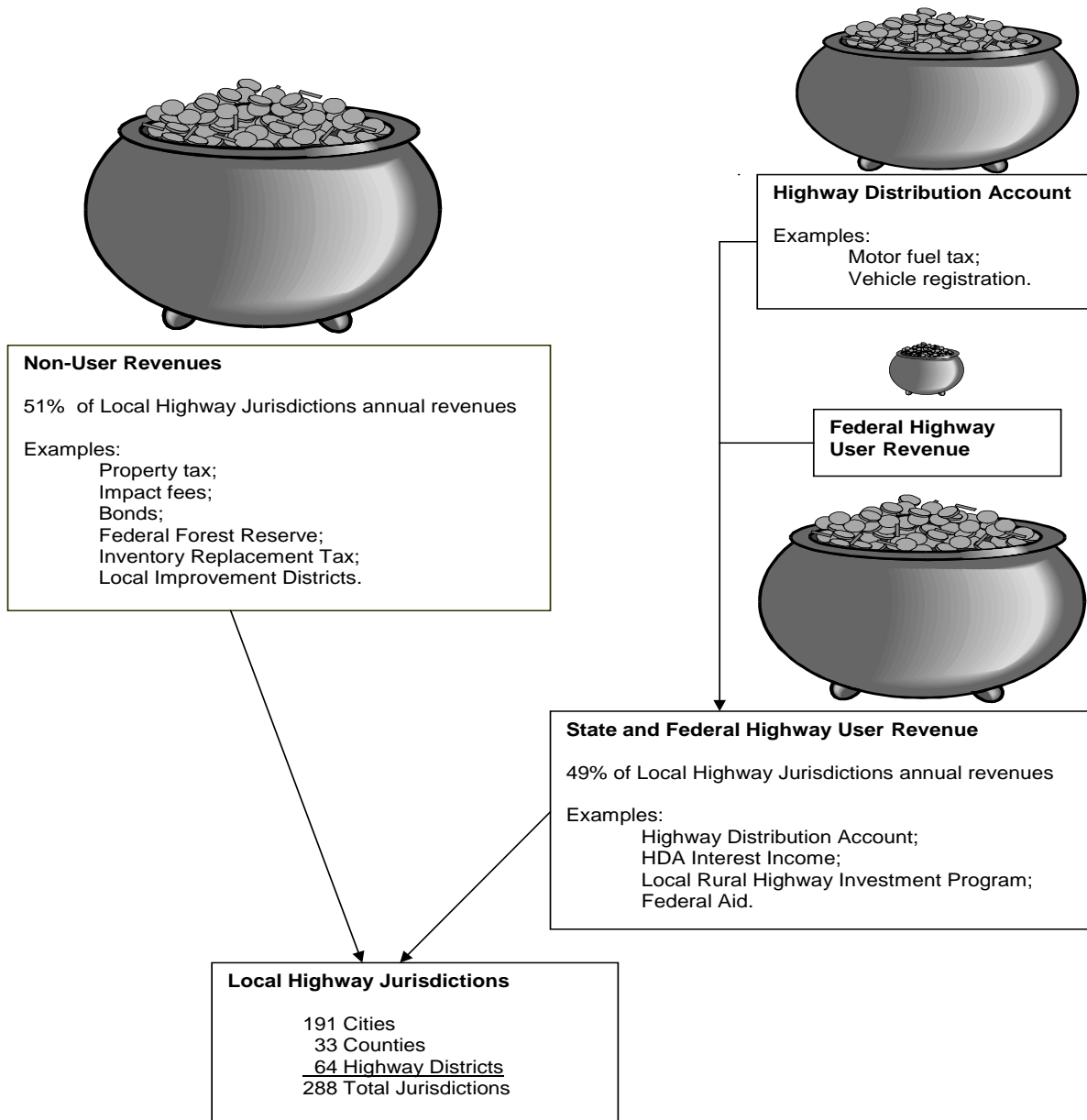
This table shows all local, state and federal funding to Local Highway Jurisdiction accounts as reported in the "Annual Road and Street Financial Reports" filed by the Local Highway Jurisdictions. The "Percent of Receipts" indicates the portion of the total funding received in that category.

SOURCES OF FUNDS TO LOCAL HIGHWAY JURISDICTIONS FFY 2001

<u>Source</u>	<u>Percent of Receipts</u>
Local Funds	
PROPERTY TAX	24.2%
LIABILITY INSURANCE, TORT, OR JUDGMENT	0.0%
SPECIAL LEVY	0.0%
SALE OF PROPERTY OR EQUIPMENT	0.5%
INTEREST INCOME	2.0%
GENERAL FUND TRANSFER	3.6%
PROCEEDS, BOND SALES AND LIDS	0.6%
PROCEEDS, NOTES AND LOANS	0.4%
RECEIPTS FROM OTHER LOCAL JURISDICTIONS	0.0%
RECEIPTS FROM LOCAL MAINTENANCE CONTRACTS	0.0%
LOCAL IMPACT FEES	5.0%
LOCAL OPTION REGISTRATIONS	1.3%
ALL OTHER LOCAL	<u>6.0%</u>
TOTAL LOCAL FUNDING	43.6%
State Funds	
HIGHWAY USERS REVENUE	47.3%
INVENTORY REPLACEMENT TAX	1.2%
SALES TAX SHARING	1.6%
INDUSTRIAL INSURANCE REFUND	0.0%
STATE EXCHANGE FEDERAL AID SECONDARY FUNDS	0.6%
OTHER STATE RECEIPTS OR TRANSFERS	<u>1.6%</u>
TOTAL STATE FUNDING	52.3%
Federal Funds	
FOREST RESERVE APPORTIONMENTS	2.2%
CRITICAL BRIDGE	0.0%
SURFACE TRANSPORTATION PROGRAM (RURAL)	0.1%
SURFACE TRANSPORTATION PROGRAM (URBAN)	0.9%
ALL OTHER FEDERAL FUNDING	<u>0.9%</u>
TOTAL FEDERAL FUNDING	<u>4.1%</u>
TOTAL RECEIPTS	100.0%

* This chart shows the sources of local, state, and federal funds to LHJs by percentage of total funds.

LOCAL HIGHWAY JURISDICTION FUNDING SOURCE – USER AND NON-USER FFY01



Local Highway Jurisdictions (LHJ) receive non-user revenue from local, state, and federal sources. 239 LHJ's report locally generated non-user revenues (150 of 191 cities; 32 of 33 counties; and 57 of 64 highway districts). The Inventory Replacement Tax (approx. \$2 million) resulted from the initial acceptance of the state sales tax in 1962. Local authority for property tax on business inventory was removed, and that funding was replaced with sales tax revenue. Federal Forest Reserve funds fluctuated and declined throughout the 1990s. They were stabilized in 2000 at approximately \$13.5 million by the Rural School & Community Self Determination of 2000 (Craig/Wyden). These funds are only available to 25 counties and 37 highway districts with national forest acreage.

HIGHWAY COST ALLOCATION STUDY - 2002

The 2002 Idaho Highway Cost Allocation Study (HCAS) is an update of the 1994 study. A cost allocation study provides information on the fairness of highway user taxes and fees with respect to different vehicle classes such as automobiles, buses, and various types of trucks. The degree of fairness, or equity, is determined by comparing the highway-related taxes and fees paid by each vehicle class to its fair share of highway-related expenditures (referred to as the "cost responsibility" of that class). Based upon these findings, changes in the highway financing structure can be proposed to increase equity by bringing highway user payments more closely in line with cost responsibilities for each vehicle class.

The scope of the Idaho HCAS is a comprehensive one which includes: state-administered highways; state assistance to local governments and districts for local streets and highways; and user payments and shares of cost responsibilities due to federal programs in Idaho. A cost allocation study is limited, however, to only considerations of the equity of highway-related taxes and fees. Non-user taxes that may be spent on streets and highways (like property taxes used by local governments for road improvements and maintenance) cannot logically be attributed to vehicle classes. Furthermore, the allocations of cost responsibilities for highway expenditures are based upon current or projected highway programs. A cost allocation study does not include any estimate or evaluation of highway needs, nor does it consider whether new sources of revenue are warranted to support an expanded program.

The study covers revenues projected to be received during FY 2001 through FY 2005 levied uniquely on motor vehicles and their use of the highways, regardless of the disposition of those receipts. Thus, Idaho highway user revenues are defined to include all of the fuel taxes, registration fees, and other user revenues distributed to local governments, and to the Idaho State Police for state police and other highway-related programs. Likewise, the study covers all highway-related expenditures programmed for FY 2001 through FY 2005 regardless of the source of funding, and includes motor vehicle administration and state police as well as highway construction, maintenance, and operation.

The primary focus of the study is on the combined state and federal highway program in Idaho because of the increasing interdependency of these funds and the increasing flexibility that Idaho now has in programming federal funds for the various components of its highway programs.

Despite the comprehensive scope of this study, the conclusions are based on a limited-scale HCAS. The estimates of revenues collected from the various classes of vehicles and their cost responsibility for portions of the Idaho highway program are less precise than in the 1994 Idaho HCAS report because this current study is essentially an update of the 1994 study. The scale of effort involved has been about one-quarter of the earlier effort. Many of the old relationships developed in the 1994 study were re-used in this study. Generally, however, the old relationships that were used in this study are those that are judged to have changed relatively little, so that the level of error introduced is likely to be small.

The study produced an equity ratio that states what percent of the costs a class of vehicles imposes on a highway system compared to the taxes and fees that are paid by that class of vehicle. In simple terms, an equity ratio of .94 means a class of vehicle is paying 94% of their share of the costs to construct and maintain the roads. An equity ratio of 1.04 means that a class of vehicle is paying 104% of their share of the costs to construct and maintain the roads.

The final conclusion of the 2002 study is that autos are paying 94% of their share and combination trucks (any truck over 16,000 gross vehicle weight with a trailer in tow) are paying 95% of their share to construct and maintain roads and streets. Pickups are paying 119% of their share and single-unit trucks (a truck on a single frame with no trailer in tow) are paying 120% of their share.

This study gives a basis to evaluate the relative fairness of the Idaho highway user taxing structure. The study shows that, overall, Idaho has a relatively fair system of taxation using fuel taxes and registration fees to pay for the construction and maintenance of the highway systems in Idaho.

ANALYSIS OF OPTIONS

The Idaho Transportation Resource Task Force members participated in several brainstorming sessions to identify ways to:

1. Save money, stretch existing resources, or generate funds from existing resources through **administrative efficiencies**,
2. Create management flexibility and potential savings by shifting the use of money over time with **alternative financing tools**, or
3. **Generate revenue** for any part or all of Idaho's transportation systems.

As the following table shows, nearly forty options were identified—eight financing options, six administrative efficiency options, and 25 revenue options. The brainstorming produced a diverse set of possibilities. Some could be implemented through improved coordination, others with more administrative efficiency. Still others would require an Idaho Transportation Board Policy, and many would require a change to Idaho Code. Many were based on actual programs authorized in other states or piloted in federal legislation. The financial impact ranged from debatable to trivial to major.

Option papers were written by Task Force members for each of the topics. To provide consistency in the information provided in those papers, each covered the following areas:

- ✓ Author's Summary
- ✓ Background
- ✓ Authority
- ✓ Potential Benefits or Advantages
- ✓ Consequences
- ✓ Experience Elsewhere
- ✓ Existing Uses within Idaho
- ✓ Information Sources

After completion of the options papers, copies were distributed to all members for review and each author provided a verbal briefing to the entire Task Force during a regular meeting. In some cases, additional information was suggested and subsequently provided. Any of the completed option papers can be obtained by contacting either the Local Highway Technical Assistance Council or the Idaho Transportation Department as shown on the inside cover of this report. A summary of each option paper can be found in Appendix A.

In a separate process from brainstorming options, six criteria were identified so the Task Force could rank or score each option. These criteria were not ranked or rated. Each criterion contributes to the viability of an option.

1. Revenue-raising ability - *How much revenue can this option raise for transportation agencies?*
2. Administrative efficiency - *Will this option save the transportation agencies time and/or money?*
3. Administrative ease – *How much will it cost or how difficult will this option be to implement for the transportation agencies?*
4. Fairness – *Is there a logical connection to transportation? To what degree are those who pay the same as those who benefit?*
5. Simplicity – *Is it easy for the public to understand?*
6. Public acceptance – *How controversial is this option apt to be?*

Each option was rated on a scale of 0-5 for each of the six options. The Task Force members found it easy to rank the options against the first three criteria, but believed that the last three criteria were probably more appropriate for community leaders and local elected officials to address during a series of regional stakeholder workshops.

A list of the options was developed by category and by the Task Force's ranked score. Those options that ranked in the top were highlighted on that list. Since the effort of ranking took a considerable amount of time, the intent of highlighting the top options was to narrow, but not restrict, the discussion with stakeholders. As the reader can see from the workshop portion of this report in Appendix B, stakeholders were given the opportunity to rank any or all of the options and encouraged to identify new options.

The scoring summary by the Task Force as well as stakeholders is on the following page. Please see Appendix A for a description of each option. The options in bold are those that the task force had initially ranked highest in each category.

(All bolded options were scored at all eight workshops. The number to the right of a row indicates how many workshops also elected to score that particular option.)

**COMBINED TASK FORCE / STAKEHOLDER SCORING OF OPTIONS
LISTED IN ORDER BY AVERAGE SCORE, WITHIN EACH CATEGORY**

Financing Options		Task Force Scoring			Stakeholder Scoring from 8 Workshops *			TOTAL	AVG
		Revenue Raising Ability	Efficiency	Administrative Ease	Fairness	Simplicity	Public Acceptance		
1	Bonding	2.6	4.0	1.9	4.1	3.9	3.1	19.6	3.3
4	Tapered Match	1.2	3.1	3.0	3.8	3.6	4.1	18.8	3.1
3	Garvee Bonds	2.4	3.7	2.2	3.6	3.0	3.2	18.1	3.0
2	Tax Increment Financing	2.8	3.1	2.5	3.0	1.7	1.9	15.0	2.5
5	SI Bank	1.4	2.7	2.1				6.2	1.0
6	Section 129 Loans	1.5	2.4	1.9				5.8	1.0
7	TIFIA	1.0	1.9	1.6				4.5	0.8
8	RRIF Program	1.2	1.8	1.3				4.3	0.7
9 - 20 Reserved									
Administrative Efficiencies									
21	Corridor Mgmt, Telecommunication Access to Right-Of-Way	2.8	3.4	2.8	3.8	3.4	4.3	20.5	3.4
22	Design-Build	1.4	4.0	2.4	4.2	3.6	4.0	19.6	3.3
26	Roadway Corridor Preservation	0.0	5.0	2.4	4.6	3.7	3.6	19.3	3.2
23	Managed Competition, Outsourcing / Privatizing	0.9	3.2	2.3	4.1	3.5	3.9	17.9	3.0
25	Transportation Agency Consolidation				3.6	2.7	2.6	8.9	3.0
24	Warranty Contracting	0.3	3.0	2.6	3.6	3.1	3.9	16.5	2.8
27 - 40 Reserved									
Revenue Options									
41	Fuel Tax	4.9	4.3	4.5	4.3	4.8	3.3	26.1	4.4
43	Vehicle Registration	4.6	4.1	4.5	3.6	4.4	2.8	24.0	4.0
52	Dedicated Sales Tax on Car Rentals	2.3	2.8	3.5	4.6	4.8	4.8	22.8	3.8
47	Title Fee Increase	2.2	3.0	4.8	4.3	4.6	3.6	22.5	3.8
48	Partnering, Public/Private Partnerships	2.8	3.6	3.1	4.4	3.9	4.3	22.1	3.7
42	Index Fuel Tax	4.7	4.7	4.1	3.4	2.9	2.1	21.9	3.7
45	Dedicated Sales Tax on Transportation-Related Sales	4.7	3.7	3.8	3.1	3.3	2.5	21.1	3.5
44	Index All Fees	4.6	3.8	4.1	2.9	2.7	1.6	19.7	3.3
61	Local Option Tax	4.2	2.0	2.2	4.1	3.9	3.0	19.4	3.2
57	Dyed Diesel and Potential Tax Evasion	2.0	1.9	1.8	4.9	5.0	3.7	19.3	3.2
46	Add Dedicated Sales Tax to Fuel & Transp. Services	4.8	3.8	3.6	2.7	2.9	1.4	19.2	3.2
49	Value-Based Vehicle Registration Fees	4.3	3.4	2.6	3.3	3.3	2.1	19.0	3.2
55	Impact Fees	2.1	2.4	2.1	3.9	3.0	3.6	17.1	2.9
59	Toll Facilities	2.3	2.5	2.1	3.9	3.9	1.8	16.5	2.8
65	Local Highway Investment Pool	3.6	4.0	3.6				11.2	1.9
50	Sales of Records, Maps, and Documents	1.5	3.4	4.3				9.2	1.5
53	Employer Tax	3.3	3.0	2.6				8.9	1.5
51	Forest Service Payments	1.8	2.7	3.6				8.1	1.4
64	Property Tax	2.0	1.0	4.8				7.8	1.3
56	Value Pricing Capacity / Level of Service Fee Structure	2.2	2.5	1.9				6.6	1.1
54	Investing Options	1.8	1.7	2.8				6.3	1.1
60	Vehicle Miles Traveled (VMT) Fees	2.4	2.2	1.7				6.3	1.1
58	Lease Out Surplus Lands and Buildings	1.1	2.7	2.3				6.1	1.0
63	Railroad Car Tax	1.4	1.0	1.2				3.6	0.6
62	Diesel Fuels Tax on Railroads								
66 - 80 Reserved									

*** All bolded options were scored at all eight workshops. The number to the right of a row indicates how many workshops also elected to score that particular option.**

Here are a few observations from the facilitator on the option scoring by stakeholders:

Financing Options

- Stakeholders are open to the concepts of bonding and its federal cousin, GARVEE (Grant Anticipation Revenue Vehicle) bonds. While bonding does not generate new revenue, it can create savings under certain conditions by bringing a stream of future revenues to the present. Those conditions exist when project construction costs are rising faster than general inflation, and when the cost of money (interest rates) is historically low. Both conditions appear to be true today. A concern with bonding is committing future funds and limiting the options of future elected officials.
- Tapered Match is an option that gives local jurisdictions more flexibility in the timing of providing their local cost-share. Managed properly, it should offer local flexibility without impairing state operations.
- Tax Increment Financing appears fair and efficient. Some stakeholders had doubts about how often this option would apply for transportation projects. It is an option for local entities only and works best in times of growth.

Administrative Efficiency Options

- Corridor Management rated highest. Concern was expressed by some stakeholders that more aggressive management for generating revenue from telecommunication lines might adversely impact deployment of telecommunications in rural Idaho.
- Design-build was widely accepted, drawing many questions about how it would be administered.
- Two workshops rated corridor preservation high, though the potential savings are very difficult to quantify. It was suggested that direct corridor acquisition would be one way to address concerns over property rights infringements.
- Administrative efficiency options rated highest on public acceptance, because the trade-offs are few in the minds of taxpayers.

Revenue Options

- People still feel strongly that user fees are a positive way to finance infrastructure. Local stakeholders are not averse to raising revenue in traditional ways. The fuel tax and registration fees ranked highest. These options are familiar, and the administrative systems are in place.
- Indexing is a concept that rates well on revenue, efficiency and administrative ease, but stakeholders believe public acceptance will not be great.
- There was curiosity about structuring vehicle registration fees in other ways than the age of the vehicle. Value-based registration fee is plausible, but moves from user-fee concept to progressive taxation (ability to pay).

Stakeholder opinions on revenue options are likely to vary depending on the size of the specific proposal. Many had difficulty rating the concept without a specific end result identified. The following table offers a snapshot view of the amount of revenue that could be raised and how that money would be distributed.

**ESTIMATED REVENUE DERIVED
From Potential Revenue Sources**

Revenue Category	Type	Increased By	Revenue To	Annual Increase
Fuel Tax	Gasoline	1 cent/gallon	Highway Distribution Account (HDA)	\$5.7 million
	Special Fuels	“	“	\$2.3 million
	Aviation Gas	“	Aeronautics Acct.	\$30,000
	Jet Fuel	“	“	\$333,000
	Gasahol	2.5 cent/gallon tax break repeal	HDA	\$2.5 million
Indexing Fuel Tax	Gasoline/ Special Fuel	1% tax increase (on 25.0 cents/gallon)	“	\$1.425 million
Vehicle Registration	Passenger Cars (age-based registration)	10% Registration Fee Increase	“	\$3.7 million
	Commercial Trucks	“	“	\$4.7 million
	Non-Comm. Trucks	“	“	\$500,000
Aircraft Regis.	Aircraft	“	Aeronautics Acct.	\$8,000
Indexing Registrations	Passenger Cars	12.9% > CPI-U (from 1996 to 2001)	HDA	\$4.8 million
	Commercial Trucks	“	“	\$5.6 million
	Non-Comm. Trucks	“	“	\$700,000
	Aircraft	“	Aeronautics Acct.	\$10,000
Sales Tax on Fuel	Gasoline	5.0 cent sales tax on fuel (at \$1.35/gallon)	HDA	\$40.9 million
	Special Fuel	“ (at \$1.30/gallon)	“	\$15.1 million
	Gasohol	“ (at \$1.35/gallon)	“	\$6.7 million
	Jet Fuel	“ (at \$2.10/gallon)	Aeronautics Acct.	\$3.5 million
	Aviation Fuel	“ (at \$2.50/gallon)	“	\$375,000
Dedicated Sales Tax	Sales tax on transportation related products (autos, tires, etc)	5.0 cent sales tax on products (CY2000)	Transfer from General Fund to HDA	\$137.5 million 1 cent = \$27.5 million
Title Fee	Vehicle titles fee increase	\$1.00 fee increase	State Highway Acct. & County Assessors	\$600,000
Value-based Vehicle Registration	Registration fee based on assessed vehicle value	1% of assessed vehicle value	HDA	\$120.0 million
Driver's License	Driver's license fee increase	\$1.00 fee increase	HDA	\$300,000

NOTE: Revenues to the Highway Distribution Account are distributed 57% to the State Highway Account, 38% to Local Highway Jurisdictions and 5% to Idaho State Police.

Transportation Finance Stakeholder Workshop Summary

Eight three-hour workshops were held in November and December 2002 and February 2003. A total of 95 city, county and highway district officials, planners, managers, economic development staff, and industry representatives offered input. The workshops were composed of three sections: (1) a presentation on the findings of the Task Force with several opportunities to ask for input and feedback, (2) an exercise where participants rated financial options by the criteria of fairness, simplicity, and public acceptance, and (3) a summarizing conversation. Several themes were heard:

Needs / Challenges

- ✓ The message in the Transportation Resource Task Force's presentation on transportation needs is generally supported by most Idaho transportation stakeholders.
- ✓ Well defined transportation challenges exist across all modes. Idaho's dependence on highways was clearly recognized, and congestion, road maintenance, and bridge replacement ranked high. Yet there was a call for more balance in transportation funding. Public transit, community airports, and pathways were the alternatives to which participants paid the most attention.
- ✓ An irony of transportation infrastructure is that it can tolerate some deferred maintenance before experiencing sharply higher replacement costs. People experience the problems as time delays and inconvenience, until it becomes an expensive and lengthy problem to fix.
- ✓ When asked on a scale of 1-10 how great the need is for more investment in Idaho's transportation system, the average score was 8.4, a strong acknowledgement.

Transportation System Management

- ✓ Much resentment exists across the state over requirements for federally-funded transportation projects, especially in the area of environmental analysis and mitigation. The reasons for the resentment are not a lack of concern for protecting the environment, but rather that the regulations increase project costs and delay project construction significantly, without perceived gains in environmental protection.
- ✓ Many participants had difficulty separating the state and federal roles. They tended to hold the state responsible for federally-created regulations.
- ✓ This frustration with the time and expense of meeting federal requirements in order to build projects with federal funds skewed the participants' perceptions of transportation agency efficiency. Many participants seemed to appreciate the efforts state and local agencies have made to improve their performance, yet they also believe that a smaller proportion of transportation dollars seemed to get to "on-the-ground" improvements. They perceive less "bang for the buck."
- ✓ When asked to rate from 1-10 whether state and local transportation agencies are becoming more efficient, the average response was 5.8.

Options

- ✓ Participants struggled with the implications of so many financial options. They struggled, in some cases, with rating the various options as concepts without knowing more specifics of a proposal.
- ✓ Both bonding and GARVEE bonds were supported, though public education about the advantages of these financing options would be warranted. Tapered match is another financing option that deserves examination.
- ✓ Design-build, corridor management, and managed competition all received solid support. Participants at two workshops thought the issue of corridor preservation was important enough to

work through property rights challenges. There was no agreement over the value of attempting consolidation among transportation agencies.

- ✓ Among revenue options, title fee increases and voluntary public-private partnerships scored well. Familiar options like fuel taxes, registration fees scored highest. Local option taxes received many favorable comments.

Additional Comments

- ✓ Economic activity and development depend upon an efficient transportation system. This connection must be made more clearly, as it is an important part of the rationale for further investment.
- ✓ Summary discussions among participants made it clear that the acceptance of a transportation finance package can be increased by targeting priority needs with new revenues, and by balancing the new funds between state and local agencies, between transportation modes, and between regions of the state.
- ✓ There was broad consensus to support the process of creating an expanded financial toolkit for transportation in Idaho among participants at the conclusion of each workshop.
- ✓ Participants liked the openness and high participation level of the workshop process. They challenged the Task Force to use what they heard.
- ✓ Many participants expressed concern as to the Legislature's availability to address this issue, given the current budget problems in the state's General Fund. A major education effort was suggested to bring transportation issues the attention they deserve.

Conclusions

The need to improve Idaho's transportation system was acknowledged by workshop participants. A 1995 needs assessment revealed that the cost of improving Idaho's roads and bridges to minimum engineering standards was in the billions of dollars. While progress has been made from 1995 to the present, needs still far out-weigh available revenue. Pavement condition on the State Highway System has improved, but a growing number of state and local bridges are reaching replacement age. Other transportation modes like air, public transportation, and rail add hundreds of millions more in needs. Recent rapid growth in state population has added to the burden on the transportation system since 1995. Even if one acknowledges that documented engineering needs do not necessarily translate into a public willingness to pay, Idaho's transportation infrastructure will ultimately require additional resources.

Idaho's revenues for transportation have leveled off in recent years. The fuel tax, car registration fees, title fees and license fees bring fixed revenues per unit. The revenues they raise have fallen behind the rate of inflation.

Idaho's transportation system is beginning to see an increasing gap between needs and revenues. The problems will not become acute for a few years, but the public will gradually experience greater congestion and longer travel times. Road maintenance can be deferred for a time, but it comes with rapidly escalating resurfacing costs. Because of the time it takes to plan new projects and scale up construction, waiting increases the likelihood of more serious problems later. Not planning for these upcoming needs now, could result in serious consequences to Idaho's infrastructure.

A group of state and local representatives examined the issue of transportation finance for over a year. They looked at ways to increase flexibility in financing and to stretch existing dollars with efficiency measures. They also examined both existing and potential new revenue sources. Nearly 40 options were considered and judged by subject matter experts and by local stakeholders against six criteria. A series of stakeholder workshops acknowledged that problems exist and expressed support for policy makers to study and address this important issue.

Next Steps

To move forward on this important issue requires coordinated action by key policy makers and stakeholders.

We recommend that the Idaho Legislature consider the issue of transportation needs and revenues. Input to this effort should include Legislative leadership, representatives recommended by the Association of Idaho Cities, the Idaho Association of Counties, the Idaho Association of Highway Districts, the Idaho Transportation Department, the Local Highway Technical Assistance Council and other key stakeholder groups including public transit providers, railroad and motor carriers, aviation providers, and airport operators.

The Association of Idaho Cities, Idaho Association of Counties, Idaho Association of Highway Districts, Idaho Transportation Department, and the Local Highway Technical Assistance Council will continue to:

1. Examine the needs assessment methods used to assess transportation needs; especially for Local Highway Jurisdictions;
2. Examine policies to counter the expected trends in pavement condition and other future deficiencies; and
3. Support efforts of the Idaho Legislature to further explore the issue of transportation needs and revenues.

IDAHO TRANSPORTATION RESOURCE TASK FORCE OPTION PAPERS

The papers were divided into topics. Each paper contains an Executive Summary (typically longer than these summaries), and sections on Background, Authority, Potential Benefits or Advantages, Consequences, Experience Elsewhere, Existing Uses within Idaho, and a list of Information Sources. The following topic summaries attempt to develop a common understanding within an audience of diverse backgrounds.

FINANCING OPTIONS

Topic 1: Bonding

Bonding is a method of borrowing money to do projects in advance of when revenue is received. Bonding is well suited for projects that require relatively large up-front capital outlay where there is an established future revenue stream for repayment. The only bonding authority that currently exists for highway construction projects is under Section 40-411, Idaho Code, which authorizes the Idaho Transportation Board to issue bonds in accordance with Section 40-412, Idaho Code, for turnpike projects. In order to utilize bonding as a financing option for any other transportation program, legislative authority would be required.

Topic 2: Tax Increment Financing

Idaho law gives cities and counties the authority to establish urban renewal areas. Urban renewal projects can include construction or repair of streets or off-street parking facilities. Revenues for the projects generally come from bonds that are paid back using increased property tax revenues resulting from the improvements made. Tax increment financing has potential as a source of additional revenue for the local match for highway construction projects in designated areas, when used by a city or county in a partnering project with ITD.

Topic 3: Grant Anticipation Revenue Vehicles (GARVEE Bonds)

GARVEE bond authority allows states to accelerate the construction of federally funded projects. Future federal highway funds are pledged to pay back the bond(s). In Idaho, statutory or constitutional changes would be required to allow ITD to use this bonding authority.

Topic 4: Tapered Match

Tapered Match allows a project's incremental costs to be paid at 100% federal share. Eventually the sponsor must pay the required match, but the timing is decided by the sponsor as the project progresses. This gives the sponsor more time to accumulate the match, while allowing construction or preconstruction activities to advance. Special requirements include pre-approval by the state's Federal Highway Administration (FHWA) Division Administrator, special project criteria that must be met, and additional administrative costs.

Topic 5: State Infrastructure Banks (SIBs)

This federal program allows states to use their federal highway funds to establish a fund-leveraging program or to create a revolving-loan fund for financing highway projects. Idaho chose not to join the program when it was implemented several years ago and current federal law prohibits any new states from participating.

Topic 6: Section 129 Loans

Section 129 of Title 23, United States Code, allows state Departments of Transportation (DOTs) to loan federal funds to local jurisdictions or private entities for projects with a dedicated source of payback revenue. ITD can set an interest rate for payback that is agreeable to the party seeking the loan. ITD would have to obligate its own funds in order to make a Section 129 loan. At this time, and into the foreseeable future, ITD does not anticipate any “extra” federal funds that could be set aside for this purpose.

Topic 7: Transportation Infrastructure Finance and Innovation Act (TIFIA) of 1998.

This act provides for federal credit assistance to large-scale highway, transit, passenger-rail and intermodal projects. A TIFIA loan, line of credit or loan guarantee can be used by public or private transportation sponsors to complete a project’s funding package. A project must be over \$100,000,000 to qualify. This would be a major debt load for Idaho.

Topic 8: Railroad Rehabilitation and Improvement Financing Program (RRIF)

The federal RRIF Program is intended to make funding available through loans and loan guarantees for railroad capital improvements. These loans are to be used to acquire, improve, develop, or rehabilitate rail equipment or facilities, including track, bridges, yards and shops. The loans require a Credit Risk Premium. The applicant railroad or other entity could request ITD to guarantee the Credit Risk Premium. It is possible that ITD could do this, but the Legislature would need to appropriate general funds through the Idaho Rail Preservation Program for this purpose.

Topic 9 – 20 Reserved

ADMINISTRATIVE EFFICIENCIES

Topic 21: Corridor Management and Telecommunications Access to Right-of-Way

Corridor management, for the purposes of this paper, consists of two common types: Telecommunication accommodation and air-space leasing.

Except on the Interstate System, telecommunication providers are permitted by Idaho Code to occupy the road right-of-way. The Federal Telecommunications Act of 1996 also allowed access to the Interstate right-of-way. ITD has negotiated with two telecommunications suppliers since that time for use of Interstate right-of-way. Allowing access to the Interstate right-of-way for telecommunications provides the department the opportunity to either receive lease payments or services in kind.

Air-space leasing is a process where the transportation agency allows use of the air space over existing right-of-way for commercial or other uses. The agency establishes an equitable lease with the party requesting use of the air space.

Topic 22: Design-Build

Design-build is a process that uses the combined expertise of a single team of designers and contractors to deliver a project. Typically in transportation projects, the owner provides the Design-Build team with preliminary plans and cleared right of way. The two advantages to Design-Build are faster delivery of the project and cost savings. With the designer and contractor working as a team, the project can be designed within standards to complement the strengths of the contractor and stages of the project can overlap. Projects not meeting minimal cost criteria must be done as experimental projects. The Deputy Attorney General has determined that Idaho Code would have to be changed to allow Idaho to pursue this option.

Topic 23: Managed Competition

When government agencies look for the best price and quality for delivering a particular service, in-house units are given the opportunity to compete within the market place for a contract. Public-private competition is often referred to as "managed competition." For managed competition to be an effective tool to cut costs and increase efficiencies, an ample supply of private firms must be eager to bid against the public sector for the opportunity to deliver public services.

Topic 24: Warranty Contracting

Warranty contracting makes the contractor responsible for the performance of their product. With a warranty, the contractor assumes both construction and post-construction performance risk. Annual inspection of the end product by the state highway agency replaces the construction QA (Quality Assurance) portion of the typical QA/QC (Quality Control) specification (the contractor provides project QC). Under a warranty program, a contractor has more freedom to select the materials and construction methods than under a traditional methods-based specification. Ultimately, the purpose is to reduce the life-cycle cost of highway projects by increasing the quality of the completed project. The principle disadvantage is that small contractors may be hesitant to bid on warranty contract projects. ITD is currently using warranty contracts in landscaping projects. The practice could be expanded to many other aspects of highway projects.

Topic 25: Transportation Agency Consolidation

This option addresses the subject of consolidation efficiency from organizational and activity perspectives. Organizational consolidation, typically combining 2 or more small organizations into one, does not eliminate the need for continuing scheduled activities. What does occur is the need for more full-time employees to conduct administrative tasks. Smaller organizations can use part-time elected officials to conduct most of their administrative activities.

Consolidation of service-delivery activities already occurs in smaller transportation agencies. These efforts include "piggybacking" on bids for construction equipment, office supplies, etc., and participating in interagency maintenance contracts for similar work such as chip seals and ditch maintenance. Several innovative and significant statewide program changes have occurred since 1996 to ensure the most effective and efficient use of Idaho's transportation funds.

Several types of consolidation are already provided for in Idaho Code. Additional provisions may have to be added to provide for local multimode transportation agencies and for intergovernmental (state & local) single or multiple mode authority.

Topic 26: Roadway Corridor Preservation

Roadway corridor preservation is basically the purchase of land today to provide future stability for private and public sector plans and development activity. Preserving land for a highway corridor avoids home or business relocation and negative impacts to the environment. Local Highway Jurisdictions (LHJs) and the Idaho Transportation Department can preserve roadway corridors through a variety of methods. Both can purchase land, acquire options to purchase, acquire interests less than fee simple, or use public/private joint development. LHJs can also use property exactions, setback ordinances, maps of reservation, development easements, or transferable development rights.

Most of these methods have limited use, primarily due to limited funding and low political acceptability. Political considerations range from infringement on private property rights to use of revenues for future rather than current needs. State highway user revenues have rarely allowed expenditures beyond immediate or near-term needs, and existing federal law does not allow the use of federal funds.

Topic 27 – 40 Reserved

REVENUE OPTIONS

Topic 41: Fuel Tax

Idaho's current state fuel tax is 25 cents/gallon for gasoline and special fuel, 5.5 cents/gallon for aviation fuel, 4.5 cents/gallon for jet fuel and 22.5 cents/gallon for gasohol. A specific example of raising fuel tax revenue by 1.0 cent/gallon and the net increase in revenues in each account is presented. *Example: 1.0 cent/gallon = \$5.7 million for gas, \$2.3 million for special fuel, and \$0.363 million for aviation fuels.* Fuel tax increases must be approved by the Legislature.

Topic 42: Indexing Fuel Tax

Indexing of fuel tax is generally tied to the Consumer Price Index-Urban (CPI-U). The benefit of tying the fuel tax rate to the CPI-U, is to preserve the purchasing power of the fuel tax. The paper addresses what would have happened to the state fuel tax had it been tied to the CPI-U since 1996. Indexing of fuel tax would require an amendment to Idaho Code. *Example: 1% increase in CPI-U = \$1.425 million.* Idaho's fuel tax rates are currently set by the Legislature.

Topic 43: Vehicle Registration

Registration fees are a major source of revenue. An increase in registration fees results in a substantial increase in revenues. The paper gives specific examples of how much revenue could be raised by increasing vehicle registration fees in the categories of passenger cars, non-commercial trucks, commercial trucks, and aircraft. *Example: 10% increase - \$3.7 million from passenger cars and \$4.7 million from commercial trucks.* Registration fee increases must be approved by the Legislature.

Topic 44: Indexing all Fees

Many of the fees charged by the state are designed to recover the administrative cost of providing a particular service to the public. There is no method to offset the negative effect of inflation on administrative costs or on the purchasing power of revenues derived from fees. This option explores the indexing of various fees if they were tied to the Consumer Price Index-Urban (CPI-U). Indexing of fees would require amendment to Idaho Code.

Topic 45: Dedicated Sales Tax – Transportation Related Sales

The 5% state sales tax that is collected on transportation-related products such as automobiles and tires is placed in the General Fund and used for non-transportation-related purposes. Total sales in Tax Code Categories #371 (vehicle manufacturers), #501 (wholesale autos and parts), #551 (retail motor vehicles), and #553 (tires and auto accessories) in CY00 was \$2.750 billion. Rerouting tax distribution would require amendment to Idaho Code.

Topic 46: Add Dedicated Sales Tax to Fuel and Transportation Services

State sales tax is not imposed on motor fuel or on transportation services such as vehicle repair, car washes, parking, vehicle insurance, or car-loan closure fees. The analysis looks at motor fuel sales in FY01 and the revenue that would have been generated if a dedicated 5% sales tax on motor fuels would have been in effect. *Example yield: \$40.9 million from gas; \$15.1 million from special fuel; \$3.875 million from aviation fuels; \$6.7 million from gasohol; and \$14.9 million from services.* Idaho Code would have to be amended.

Topic 47: Title Fee Increase

A fee of \$8.00 is charged to issue an Idaho certificate of title, to furnish a duplicate copy of an Idaho certificate of title, or to certify a copy of any record pertaining to any certificate of title. Of the eight-dollar title issuance fee, three dollars (\$3.00) goes to the County Assessor's Office and the remaining five dollars (\$5.00) to the State Highway Account (SHA). This paper discusses the fees that were collected in FY01 and the revenue implications of charging another \$1.00 for title issuance. *Example: \$1.00 increase = \$0.5 million.* Increasing title fees would require modification of Idaho Code.

Topic 48: Public-Private Partnerships

Public-private partnerships are arrangements between government and private-sector entities for the purpose of providing public infrastructure, community facilities, and related services. Such partnerships are characterized by the sharing of investment, risk, responsibility, and reward between the partners. Partnerships that combine funding benefit the parties by providing needed infrastructure sooner than if improvement were to rely on the resources of one source only.

Topic 49: Value-Based Vehicle Registration Fees

Value-based assessments on motor vehicles generally include personal property taxes on the vehicles and/or vehicle-registration fees. The taxes or fees are based on a percentage of the value of the vehicle (states that use this revenue source differ in determining vehicle value), with some method of determining the depreciated value of the vehicle in subsequent years. This analysis looks at vehicles registered in Idaho in CY01 and explores various revenue scenarios using value-based registration fees. Changing how title fees are calculated would require modification of Idaho Code.

Topic 50: Sales of Records, Maps, and Documents

ITD can charge \$4.00 per copy for drivers' license and vehicle registration records. Costs for copies of other printed publications, plans and specifications, and maps are based on the department's copying and labor costs under Idaho's public records laws. The paper reviews funds collected by category in FY01.

Topic 51: Forest Service Payments to Counties

County and highway districts in counties (33 of the 44 counties have highway districts) with National Forest land have historically received revenues generated from timber sales within the county. In recent years these revenues dropped off sharply; however, in 2000, the Craig/Wyden bill authorized fixed-payment funding for six years. This paper reviews the legalities connected with the distribution and use of these funds.

Topic 52: Dedicated Sales Tax on Car Rentals

A motor vehicle rental tax could be developed in Idaho as a means of replenishing a Corridor-Preservation Fund that would be established to preserve transportation corridors on state and local systems or other transportation related needs. This would require authorizing legislation.

Topic 53: Employer Tax

An employee payroll tax is assessed on employees and collected through the employer. The primary goal here would be a dedicated tax to transportation infrastructure that would/could cover a full multi-modal mix to address growth; congestion; safety; air quality; corridor preservation; planning; and promoting partnerships among state, local, and private entities. A designated geographic area would be subject to the tax. It is estimated that a \$1.00(per month) employee tax in Ada and Canyon counties would generate \$81 million. This would require new Idaho Code.

Topic 54: Investment Options

Idaho Code 67-1210 gives the state treasurer the authority to invest idle moneys, where not otherwise provided by law, for all money, bond debentures, or other securities. The investment options available through the state treasurer are secure and less risky; therefore, return on investment will be less over time than in equities. ITD currently participates in the treasurer's long-term investment pool as well as the idle-pool investments. Legislation would need to be passed to participate in more diverse, riskier investment options.

Topic 55: Impact Fees

Impact fees are not a forced contribution; a developer can voluntarily choose to build or not to build in a county or city and thus forego the assessment. If Idaho statutes required that all public highway agencies impose an impact fee, it would be considered a tax. Impact fees are payments required by local governments from new development for the purpose of providing new or expanded public capital facilities

required to serve that development. Impact fees cannot be used for the maintenance and repair of existing streets or assessed against existing developments. The fees, typically cash payments prior to completion of development, are based on a methodology and calculation derived from the cost of the facility and the nature and size of the development. As a practical matter, impact fees require sustained economic growth of 3% to 5%. Only cities, counties, and single countywide highway districts have ordinance authority.

Topic 56: Value Pricing

Value pricing (also called congestion or peak-hour pricing) entails tolls or fees for road use that vary with the level of congestion on the roadway. The process has been used in various states where extremely high congestion is a problem. In most cases it has been implemented where a toll facility already exists. The idea is to encourage drivers to make trips more productive and do more traveling off peak. Value pricing allows an agency to get more out of its existing facility as a congestion management tool. Opposition to value pricing generally takes the form of disproportionate cost for low-income users.

Value pricing processes require toll authority. Idaho currently has that authority only under the Turnpike Authority of the Idaho Transportation Board.

Topic 57: Dyed Diesel and Potential Tax Evasion

The Omnibus Budget Reconciliation Act of 1993 required that non-federally taxed diesel fuel be dyed in order to differentiate it from taxed fuel. This bill was an ongoing effort by the federal and state governments to reduce fuel-tax evasion. The use of dye-added diesel fuel in most licensed vehicles and in unlicensed vehicles equipped for highway use is prohibited by federal and state law. This analysis looks at closing the revenue gap between the legal and illegal use of diesel fuel. Idaho Code does not allow checks or audits on consumers for compliance. The legislature restricted this activity in response to complaints by consumers that they were being over audited and that the auditing process was too burdensome.

Topic 58: Lease Out Surplus Lands and Buildings

This discussion centers on the possibility of identifying state lands with a high commercial/development value and selling these lands for market value. The state could then relocate operations/facilities to an area with a lower land value and retain the difference between selling and purchase price. Another possibility is to plan extra space when building new facilities. The concept is to build beyond current needs and lease the extra space at market rate, thereby generating revenue. This concept could be expanded to partnerships with private developers to couple state needs with a commercial development building that would house private office/retail space.

Topic 59: Toll Facilities

Toll roads can be built and managed by the public or private sectors or a partnership. Pricing can be by a flat at-the-facility user fee or indirectly through licensing or other vehicle-based fees. Also, congestion or value pricing has received increased attention due to federally funded demonstration projects supported by the 1991 Intermodal Surface Transportation Efficiency Act (ISTEA). In congestion pricing, the road's use may be priced in a manner that reflects the level of traffic congestion on a certain facility or network. New, automated technology via transponders and fixed readers allows an automatic deduction to pay the toll charge from a predetermined account. This process eliminates the need for tollbooths, as well as eliminating the need to stop or slow up the traffic flow. Idaho has a Turnpike Authority established by Idaho Code.

Topic 60: Use-Based Fees

Users could be charged for roadway use based upon their level or frequency of use. This could be quantitatively measured as the user's vehicle miles traveled (VMT). These programs could be very controversial, especially if "movement" is being tracked. New technology could make collection of fees simple but the costs to initially implement the programs could be high, especially if vehicle miles traveled was being recorded. Programs could be implemented at the state level but this subject would need some legality investigation.

Topic 61: Local-Option Tax

Existing local-option sales taxes in Idaho are intended to mitigate the increased cost of city or county* services resulting from resort activity. This option is limited in Idaho Code to cities or counties where this activity is a major portion of their economy (certain other restrictions apply). The paper reviews how local-option taxes are established and distributed.

*The county resort statute was ruled unconstitutional during 2002; however, legislation to correct those provisions is likely to appear during the 2003 legislative session.

Topic 62: Tax on Diesel Fuel Used by Railroads

Idaho does not currently tax the diesel fuel used by railroads. The statute that imposes a tax on “special fuels” contains several limitations that would make it legally prohibitive to tax the diesel fuel used by railroads. Federal law also prohibits the imposition of any tax that discriminates against a rail carrier subject to the jurisdiction of the Surface Transportation Board. Similar taxing efforts have been successfully challenged by the railroads in other states.

Topic 63: Railcar Tax

Could funds be obtained for transportation purposes from a tax on railcars passing through the state? Idaho currently imposes a property tax on railcars as well as a fee to fund IPUC railroad regulatory costs which is based upon intrastate rail operations. The only taxes or fees on railcars in other states that have withstood judicial challenges are similar in nature.

Topic 64: Property Tax

Idaho Code allows Local Highway Jurisdictions to impose property tax for highways (currently 170 do so). The major challenges in collecting adequate revenue from property tax include: Public Land – 188 LHJs are in counties with over 50% public land; Budget limitation of 3%; Economic downturn of agriculture, mining, and forestry.

Topic 65: Local Highway Investment Pool

The Idaho Transportation Board provides federal funding for the Local Federal-aid Incentive Program and the Rural Highway Investment Program. This paper looks at the possibility of using minor statutory changes to increase title fees and use the resulting revenue to both eliminate the need for ITD to fund the Rural Highway Investment Program and concurrently increase funding for the Local Federal-aid Incentive Program.

Topic 66 – 80 Reserved

Internal Efficiency Reports on ITD and the Local Highway Jurisdictions

The Idaho Transportation Department and Local Highway Jurisdictions have gone through extensive efficiency reviews since the 1995 Legislative Council Interim Committee on Transportation Resource Management was convened to study the issues affecting comprehensive management of transportation resources in Idaho. These papers document those efforts, the results, and continuing commitment to ensure the most effective and efficient use of transportation funds for public highways in Idaho. Several innovative and significant program changes have occurred since 1996.

2002 Idaho Transportation Finance Stakeholder Workshops Summary Report

**Conducted by
Idaho Transportation Finance Task Force**

February 2003

Facilitator:

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Bootstrap Solutions
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Transportation Finance Stakeholder Workshop Report

INTRODUCTION:

By the fall of 2002, the work of the intergovernmental, multi-modal Idaho Transportation Resources Task Force had progressed to the point that feedback was needed from a broader set of transportation stakeholders. Eight Transportation Finance Stakeholder Workshops were held on the dates below:

November 12, 2002	Weiser
November 18, 2002	Coeur d'Alene
November 19, 2002	Lewiston
November 26, 2002	Twin Falls
December 3, 2002	Nampa
December 9, 2002	Pocatello
December 10, 2002	Idaho Falls
February 7, 2003	Motor Carriers

The Association of Idaho Cities, Idaho Association of Counties, and Idaho Association of Highway Districts invited members of their organizations to each of the first seven workshops. Additionally, the Idaho Transportation Department invited representatives of regional planning organizations, industry groups, economic development organizations, Idaho's tribes, airport managers, and public transit officials. An eighth workshop was added to gain more input from the motor carriers, as business users of the transportation system. The table below provides a profile of the participants' background affiliation. It is incomplete to the extent that some participants belonged to more than one category, e.g. a highway district official representing a regional transportation organization. Participants tended to represent the interests of their organization rather than the general public within that region.

Transportation Finance Stakeholder Workshop Invitees / Attendees

Type	Total Invited	Attendees								Total Att
		Weiser	Coeur d'Alene	Lewiston	Twin Falls	Nampa	Pocatello	Idaho Falls	Motor Carriers	
City Officials	90	5	7	6	2	3	4	6		33
County Officials	20	5	2	2	0	3	0	3		15
Highway Districts	0	0	3	0	0	0	0	0		3
Public Transit	15	0	0	2	4	2	0	4		12
Aeronautics	5	0	0	2	1	0	0	0		3
Planning Organizations	4	0	0	1	0	0	1	2		4
Economic Development	3	0	0	0	0	1	1	0		2
Industry	23	1	1	1	4	1	0	0	9	17
Others	8	0	0	2	0	2	1	0	1	6
Total	168	11	13	16	11	12	7	15	10	95

OBJECTIVES AND FINDINGS:

The workshop objectives were to:

1. Gauge the interest in changing the transportation financing system;
2. Test perceptions about the efficiency of the transportation system;
3. Acquaint local stakeholders with process and different options considered;
4. Engage stakeholders on the pros and cons and assess viability of options;
5. Test the perception of transportation needs;
6. Get feedback on current transportation spending priorities; and
7. Build awareness of budding effort to improve transportation financing system.

The workshops were composed of three sections: (1) a presentation on the findings of the Task Force with several breaks to obtain feedback and input; (2) an exercise where participants rated options by three criteria; and (3) a summarizing conversation. The results are arranged below according to objective:

OBJECTIVE 1 – Gauge the interest in changing the transportation financing system

There was broad consensus to support the process of creating an expanded financial toolkit for transportation in Idaho among participants at the conclusion of each workshop. Consensus was weakest among those representing motor carriers. In contrast, many participants offered hesitant support conditioned on learning what options were being considered at the beginning of the workshops. This was often accompanied by skepticism about gaining political support.

Participants at seven of eight workshops signaled the lack of funding to construct more projects as a top priority. This applied to all parts of the transportation system. In particular, funding for the local system is constrained by the three-percent cap on property tax collections and by difficulties in making effective use of federal dollars.

OBJECTIVE 2 - Test perceptions about the efficiency of the transportation system

Before looking at ways to improve the transportation finance system, the Task Force needed feedback on how administration of the existing system is perceived. The workshops revealed that much resentment exists across the state over requirements for federally funded transportation project construction, especially in the area of environmental analysis and mitigation. The reason for the resentment is not a lack of concern for protecting the environment, but rather that the regulations increase project costs and delay project construction significantly, without perceived gains in environmental protection.

Many participants had difficulty separating the state and federal roles. They tended to blame the state for enforcing federally-created project planning regulations. In a sense, the state seemed to carry the weight of federal mandates in the eyes of participants. In Twin Falls, Pocatello and Idaho Falls, at least some participants understood this distinction and educated the group.

This frustration with the time and expense of meeting federal requirements in order to build projects with federal funds skewed the participants' perceptions of transportation agency efficiency. Many participants seemed to appreciate the efforts state and local agencies have made to improve their performance. Yet they also were experiencing that a smaller proportion of transportation dollars seemed to get to "on-the-ground" improvements. Put another way, they sense that a smaller percentage of transportation agency budgets is going into construction, while a higher percentage is going into administration, staff, planning,

and environmental requirements. There was a widespread perception that transportation dollars do not stretch as far as they used to, even though agencies are doing their best within their constraints. Workshop attendees perceive they are getting less “bang for the buck.”

There was no clear consensus over which level of government was doing best. Northern Idaho tended to value local agency performance over the state, while eastern Idaho expressed confidence in the State as a transportation partner and in ITD’s capacity to utilize federal funds and manage larger projects.

On a scale of 1-10, do you agree that state and local transportation agencies are becoming more efficient?

Weiser	Coeur d'Alene	Lewiston	Twin Falls	Nampa	Pocatello	Idaho Falls	Motor Carriers	Statewide
6.0	6.9	5.8	7.0	5.7	6.1	5.1	4.0	5.8

NOTE: Average score from each workshop and a statewide average. (Total of 95 participants)
 Refer to the previous chart on the first page of this Workshop Report and the Transportation Finance Stakeholders Workshop Notes for further detail.

Overall, the participants moderately agree, with an average score of 5.8 on a scale of 10, that state and local transportation agencies are becoming more efficient. Twin Falls and Coeur d’Alene agreed more strongly, while Idaho Falls only slightly agreed and the motor carriers did not agree with the statement on average. The mood was likely best summed up by an Idaho Falls participant who said that agencies are making the best effort possible, but are hamstrung by federal regulations that lower the percentage of dollars going into roads and cause costly delays.

OBJECTIVE 3 - Acquaint local stakeholders with process and different options considered

Workshop participants appeared to especially enjoy the second section of the workshop, where options were rated and new options brainstormed. Many appreciated the openness and inclusiveness of the process.

Understanding the implications of so many financial options in such a short time was a daunting task, even for stakeholders experienced in aspects of the transportation system. With more time, a short review of the existing public finance system for transportation would have been useful to establish context.

Participants struggled with rating the various options as concepts without knowing more specifics. The public acceptance of an option can be affected by the specifics of a proposal. For instance: (1) reactions to a one-cent-per-gallon gas-tax increase will be different than a fifteen-cent increase; and (2) a switch from age-based vehicle registration fees to value-based fees could be revenue neutral, or raise considerable new revenue.

OBJECTIVE 4 – Analyzing options

The participants who confirmed attendance in advance received summary descriptions of each option. The options were arranged in three categories:

1. Financing Options (8)
2. Administrative Efficiency Measure (6)
3. Revenue Options (25)

The Task Force had rated each option earlier according to:

- ❑ Revenue-raising Ability – *How much revenue will this raise for transportation agencies?*
- ❑ Efficiency – *Will this save the transportation agencies time and/or money?*
- ❑ Administrative Ease – *How much will it cost or how difficult will it be to implement this option?*

The participants were asked to rate the options in each category that were ranked highest in terms of revenue raising, efficiency, and administrative ease. In addition, participants were encouraged to think of new options and to rate any of the remaining options they chose. Participants rated options on a scale of 0-5 points on these three criteria:

- ❑ **Fairness** – *Is there a logical connection to transportation? To what degree are those who pay the same as those who benefit?*
- ❑ **Simplicity** – *Is this option easy for the public to understand?*
- ❑ **Public Acceptance** – *How controversial is this apt to be? (0= highly controversial, 5 = widely accepted)*

The following table shows the summary scores of each option averaged across all the workshops, according to each of the three criteria. All bolded options were scored at all eight workshops. The number to the right of a row indicates how many workshops also elected to score that particular option.

Idaho Transportation Finance Stakeholder Workshop Scoring Averages
LISTED IN ORDER BY DOCUMENT NUMBER

8 # of Workshops

		Fairness		Simplicity		Public Acceptance		Average
		Score	Avg	Score	Avg	Score	Avg	
Financing Options								
1	Bonding	33	4.1	30.9	3.9	24.7	3.1	3.7
2	Tax Increment Financing	24.3	3.0	13.3	1.7	15.3	1.9	2.2
3	Garvee Bonds	28.6	3.6	24.1	3.0	25.5	3.2	3.3
4	Tapered Match	7.6	3.8	7.2	3.6	8.1	4.1	3.8
5	State Infrastructure Banks (SIB's)		0.0		0.0		0.0	0.0
6	Section 129 Loans		0.0		0.0		0.0	0.0
7	Transportation Infrastructure Finance and Innovation Act (TIFIA)		0.0		0.0		0.0	0.0
8	Railroad Rehabilitation and Improvement Financing Program (RRIF)		0.0		0.0		0.0	0.0
9 - 20	Reserved							
Administrative Efficiency								
21	Corridor Mgmt, Telecommunication Access to ROW	30.4	3.8	26.9	3.4	32.1	4.0	3.7
22	Design-Build	33.7	4.2	28.9	3.6	31.3	3.9	3.9
23	Managed Competition, Outsourcing / Privatizing	32.9	4.1	27.9	3.5	32.6	4.1	3.9
24	Warranty Contracting	28.6	3.6	24.8	3.1	30.8	3.9	3.5
25	Transportation Agency Consolidation	10.9	3.6	8	2.7	7.8	2.6	3.0
26	Roadway Corridor Preservation	9.1	4.6	7.4	3.7	7.2	3.6	4.0
27-40	Reserved							
Revenue Options								
41	Fuel Tax	34.4	4.3	38.1	4.8	26.1	3.3	4.1
42	Indexing Fuel Tax	27.1	3.4	22.8	2.9	16.4	2.1	2.8
43	Vehicle Registration (Age-Based)	29	3.6	35.1	4.4	22.7	2.8	3.6
44	Indexing All Fees	22.8	2.9	21.3	2.7	12.5	1.6	2.4
45	Dedicated Sales Tax on Transportation-Related Sales	24.6	3.1	26.2	3.3	20.1	2.5	3.0
46	Add Dedicated Sales Tax to Fuel & Transp. Services	21.6	2.7	23.4	2.9	10.9	1.4	2.3
47	Title Fee Increase	34.2	4.3	37.1	4.6	28.7	3.6	4.2
48	Public - Private Partnerships	35.5	4.4	31	3.9	34.2	4.3	4.2
49	Value-Based Vehicle Registration Fees	26.7	3.3	26.2	3.3	17	2.1	2.9
50	Sales of Records, Maps, and Documents		0.0		0.0		0.0	0.0
51	Forest Service Payments to Counties		0.0		0.0		0.0	0.0
52	Dedicated Sales Tax on Car Rentals	9.1	4.6	9.5	4.8	9.5	4.8	4.7
53	Employer Tax		0.0		0.0		0.0	0.0
54	Investment Options		0.0		0.0		0.0	0.0
55	Impact Fees	11.6	3.9	8.9	3.0	10.7	3.6	3.5
56	Value Pricing - Congestion or Peak-hour Pricing		0.0		0.0		0.0	0.0
57	Dyed Diesel and Potential Tax Evasion	4.9	4.9	5	5.0	3.7	3.7	4.5
58	Lease Out Surplus Lands and Buildings		0.0		0.0		0.0	0.0
59	Toll Facilities	7.8	3.9	7.8	3.9	3.6	1.8	3.2
60	Use-Based Fees		0.0		0.0		0.0	0.0
61	Local Option Tax	16.5	4.1	15.5	3.9	11.9	3.0	3.7
62	Tax on Diesel Fuel Used by Railroads		0.0		0.0		0.0	0.0
63	Railcar Tax		0.0		0.0		0.0	0.0
64	Property Tax		0.0		0.0		0.0	0.0
65	Local Highway Investment Pool		0.0		0.0		0.0	0.0
	<i>Weight-based Vehicle Registration Fee (New)</i>	4.3	4.3	3.6	3.6	3.2	3.2	3.7
	<i>Driver's License Fee Increase (New)</i>	4.5	4.5	4.9	4.9	4.1	4.1	4.5
66-80	Reserved		0.0		0.0		0.0	0.0

Fairness – Is there a logical connection to transportation? To what degree are those who pay the same as those who benefit? [5 = very fair; 0 = very unfair]

Simplicity – Is it easy for the public to understand? [5 = very easy; 0 = very difficult]

Public Acceptance - How controversial is this apt to be? [5 = widely accepted; 0 = highly controversial or polarizing]

*** All bolded options were scored at all eight workshops. The number to the right of a row indicates how many workshops also elected to score that particular option.**

Several points can be interpreted from this table.

FINANCING OPTIONS

- Tapered match is a financing option that deserves more consideration. This option offers local entities more flexibility in raising their cost share of a project, without harming anyone. It can be implemented administratively.
- Both types of bonds for using state revenue streams and GARVEE bonds were supported, though some public education about the advantages of these financing options would be warranted.
- Tax increment financing was not rated highly by participants, especially in the simplicity and public acceptance categories.

ADMINISTRATIVE EFFICIENCY

- The administrative efficiency options were ranked quite consistent with those of the Task Force. Design-build, corridor management, and managed competition all received solid support.
- The exception was corridor preservation as rated by two workshops. Though controversial, several participants felt this topic was worth addressing in some manner.
- There was no agreement over the value of attempting consolidation among transportation agencies. Several arguments for consolidation were heard in the workshops, but were balanced with comments against consolidation or for increased local control.

REVENUE OPTIONS

- A title-fee increase and voluntary public/private partnerships rated highest.
- Familiar options such as the gas tax and vehicle registrations also scored well. Varying registration fees by value or weight were intriguing options to participants. Registration fees are less likely to create cross-border flight than gas taxes.
- Dedicating sales tax from car rentals would be a highly ranked option if that were new revenue not currently going to the General Fund.
- Local option taxes rated highly, with many side comments in favor of giving local jurisdictions more flexibility to consult their constituents and address local issues responsibly.

The next table shows scores for each option averaged across the three criteria, but displayed for each workshop. Those in bold were initially ranked highest by the Task Force. This highlights differences among groups and perhaps regions of the state. Previous tables indicated only some workshops had elected to score certain options. This table identifies which ones chose to do so. There are also two revenue options suggested by attendees at the Lewiston workshop that they chose to score.

Idaho Transportation Finance Stakeholder Workshop Summary

Financing Options		Weiser 11	CDA 13	Lewiston 16	Twin Falls 11	Nampa 12	Pocatello 7	Idaho Falls 15	Trucking Industry 10	Average
1	Bonding	2.8	4.2	4.3	3.9	3.5	3.2	2.9	4.7	3.7
2	Tax Increment Financing	1.5	1.9	3.0	2.7	1.9	2.8	2.5	1.3	2.2
3	Garvee Bonds	3.1	2.6	4.1	4.0	2.4	3.0	3.2	3.7	3.3
4	Tapered Match	4.0						3.6		3.8
5	State Infrastructure Banks (SIB's)									
6	Section 129 Loans									
7	Transportation Infrastructure Finance and Innovation Act (TIFIA)									
8	Railroad Rehabilitation and Improvement Financing Program (RRIF)									
9	20 Reserved									
Administrative Efficiency										
21	Corridor Mgmt, Telecommunication Access to ROW	3.6	4.0	4.8	4.1	4.5	4.0	2.8	1.9	3.7
22	Design-Build	4.2	4.8	4.1	3.7	4.0	3.5	3.6	3.3	3.9
23	Managed Competition, Outsourcing / Privatizing	3.1	4.4	3.8	3.9	4.6	3.4	3.0	4.8	3.9
24	Warranty Contracting	3.2	4.7	1.7	3.2	4.9	3.4	3.9	3.1	3.5
25	Transportation Agency Consolidation				1.8	2.2			4.9	3.0
26	Roadway Corridor Preservation			4.1	3.8					4.0
27	40 Reserved									
Revenue Options										
41	Fuel Tax	4.2	4.5	4.3	3.6	4.1	4.0	3.4	4.7	4.1
42	Indexing Fuel Tax	3.2	2.6	3.6	1.7	3.6	3.0	2.5	1.9	2.8
43	Vehicle Registration (Age-Based)	3.7	3.8	3.9	4.1	4.0	3.9	3.6	2.0	3.6
44	Indexing All Fees	2.8	2.7	3.4	1.6	2.4	2.4	2.8	0.8	2.4
45	Dedicated Sales Tax on Transportation-Related Sales	3.1	1.8	2.0	3.5	4.1	2.6	2.5	4.1	3.0
46	Add Dedicated Sales Tax to Fuel & Transp. Services	2.6	1.7	3.0	1.8	3.1	3.0	2.5	0.8	2.3
47	Title Fee Increase	3.8	4.4	4.4	4.4	4.2	3.8	4.0	4.4	4.2
48	Public - Private Partnerships	3.7	4.7	4.1	3.9	4.4	3.8	3.9	5.0	4.2
49	Value-Based Vehicle Registration Fees	2.8	2.1	3.1	3.1	4.0	3.3	2.8	2.1	2.9
50	Sales of Records, Maps, and Documents									
51	Forest Service Payments to Counties									
52	Dedicated Sales Tax on Car Rentals				4.7			4.7		4.7
53	Employer Tax									
54	Investment Options									
55	Impact Fees		4.3			2.8	3.3			3.5
56	Value Pricing - Congestion or Peak-hour Pricing									
57	Dyed Diesel and Potential Tax Evasion							4.5		4.5
58	Lease Out Surplus Lands and Buildings									
59	Toll Facilities				3.9		2.5			3.2
60	Use-Based Fees									
61	Local Option Tax		4.1		3.0	4.0		3.5		3.7
62	Tax on Diesel Fuel Used by Railroads									
63	Railcar Tax									
64	Property Tax									
65	Local Highway Investment Pool									
	<i>Weight-based Vehicle Registration Fee (New)</i>			3.7						3.7
	<i>Driver's License Fee Increase (New)</i>			4.5						4.5
66	80 Reserved									

Fairness – Is there a logical connection to transportation? To what degree are those who pay the same as those who benefit? [5 = very fair; 0 = very unfair]

Simplicity – Is it easy for the public to understand? [5 = very easy; 0 = very difficult]

Public Acceptance - How controversial is this apt to be? [5 = widely accepted; 0 = highly controversial or polarizing]

Finally, this last segment lists new options that emerged from the workshops:

New Options Proposed at Workshops

FINANCING

- Local Improvement Districts (LID) and Regional Improvement Districts (RID)
- Use federal funds to lease vehicles for public transit
- Use tapered match idea on public transit projects

ADMINISTRATIVE EFFICIENCY

- Enforce out-of-state vehicle registration, especially in border towns or areas of rapid in-migration
- Value engineering – Let the contractor talk to ITD during construction about ways to shave costs from the project, and in return the contractor gets to keep a portion of the savings
- Can we get survey needs done collaboratively to save costs and traffic interruptions? Seems like there are numerous single purpose surveys done on projects
- Research why contractor costs are rising faster than inflation, and try to address the problems to hold costs down
- Streamline permitting system by state, e.g. 401, wetlands, to make regulations more efficient from the local point of view
- Remove Davis-Bacon requirement
- Seek preservation of sand and gravel deposits near developing areas for purposes of road construction

REVENUE

- Charge a registration fee on non-operating vehicles. This both raises revenue and discourages unsightly stockpiles of junk cars
- Increase registration fees as the number of vehicles registered to a single person, family or address rises
- Tax on power generated and sold out of state
- Assess tolls on out-of-country traffic
- Establish weight-based vehicle registration – pay in proportion to weight as this is a determinant of wear on roads
- Raise income tax and dedicate to transportation
- Raise drivers license fees
- Place fees on auto insurance companies
- Increase registration fees based on the number of tires on the vehicle., e.g. motorcycle pays half what a car pays and 18 wheelers pay the most
- Seek more money from BLM (PILT) and the Forest Service (Craig-Wyden) federal forest reserve for road-building

Task Force members are looking at these suggestions and preparing responses as to their potential and possible addition to the original list of options.

OBJECTIVE 5 - Test the perception of transportation needs

The message in the Transportation Resource Task Force's presentation on transportation needs generally resonated with Idaho transportation stakeholders. They validated the needs as real. Participants endorsed the need for transportation system improvements generally, and were particularly sensitive to the challenges of congestion, road maintenance, bridge replacement, public transit improvements, and air service. Statewide, participants believe that the need for more investment to maintain and improve Idaho's transportation system is very great, with an average score of 8.4 on a scale of 10. Boise had by far the lowest score with 4.8, while Lewiston ranked the need an average 9.9.

On a scale of 1-10, how great is the need for more investment to maintain and improve Idaho's transportation system?

Weiser	Coeur d'Alene	Lewiston	Twin Falls	Nampa	Pocatello	Idaho Falls	Motor Carriers	Statewide
7.9	8.8	9.9	8.5	8.2	8.9	8.5	4.8	8.4

NOTE: Average score from each workshop and a statewide average. (Total of 95 participants)
 Refer to the chart on the first page of this Workshop Report and the Transportation Finance Stakeholders Workshop Notes for further detail.

OBJECTIVE 6 – Get feedback on current transportation spending priorities

Rapid growth in many parts of Idaho during the 1990s revealed itself in the workshops as significant pent-up demand for transportation projects. Participants across the state registered agreement about the problem of congestion in the more urban areas, on Interstate highways, and along popular tourist routes. Capacity is being reached and exceeded more and more frequently. Increased traffic and vehicle weights are blamed for reduced life expectancy of local roads.

Larger communities see needs for arterials and connectors. Small communities lack resources for maintenance, improvement of dirt roads, and overall road improvements. All communities need to add curb, gutter, and sidewalks, and link new developments to older neighborhoods. With growth have often come increased expectations for level of service, pavement conditions, and snow removal. At the state level, participants in North Idaho indicated continued interest in Highway 95 improvements, with Highway 12 a priority as the Lewis & Clark Bicentennial approaches.

The flip side of the funding coin is the increase in federal-aid project requirements to get new projects done. Local officials are frustrated with the higher costs and time delays associated with increased paperwork to meet federal guidelines. The regulations often bring increased mitigation costs as well. Localities are left feeling that while needs are great, they can accomplish less improvements on the ground than they could in the past. This sense of frustration particularly applies to the use of federal funds for local projects.

Transportation challenges are intermodal. While Idaho's dependence on highways was clearly recognized, there was a call for more balance in transportation funding. Public transit, community airports, and pathways were the alternatives to which participants paid the most attention.

Public transportation systems have experienced increased pressure on the cost of operations and equipment replacement. Investment in public transit is perceived by many as an alternative to adding new highway lanes in efforts to ease congestion. It was noted that there is no state or local funding. Rail is seen as a public transportation option in the Treasure Valley and Spokane/Coeur d'Alene corridor.

Rail preservation was recognized as important, but neither needs nor solutions were clearly articulated. Merging lines across Idaho's Panhandle was suggested as a way to dramatically lower the number of road crossings. One need was for better intermodal service between rail and motor freight.

There was some confusion between issues of aviation infrastructure (largely a public responsibility) and commercial air service (largely a private responsibility).

Participants were very responsive to the data on the increasing need for bridge replacement at both state and local levels of ownership. Each workshop identified several problem bridges in their area. Participants agreed that keeping up with bridge replacement will become very difficult in coming years.

Finally, participants saw a need for more and better coordinated planning. They mentioned conflicts between other agencies and transportation agencies over environmental, land use, and historical preservation issues. Confusion between jurisdictions is seen as a problem. Clarity over the project selection process and criteria, improved coordination with communities, and the need for longer-range planning were mentioned.

OBJECTIVE 7 - Build awareness of budding effort to improve transportation financing system

Workshop participants were largely supportive of an effort to improve transportation financing. In summary conversation, participants in most workshops voiced concerns over gaining the attention of the Legislature in 2003, given the more acute budget shortfalls in areas like education. Several individuals recognized that the road system can bear deferred maintenance for several years before repair costs sharply escalate. They wondered if transportation would get the public's attention without a visible crisis. In several workshops, people advocated a public involvement and education effort first, allowing local leaders to influence statewide decision makers. This will be especially important as the ratings of options are used to craft specific proposals. Participants liked the openness of the workshop dialogue and hoped the process could involve others.

Economic activity and development depend upon an efficient transportation system. Participants in most workshops suggested that this connection be made more clearly in the presentation of Idaho's transportation needs. It is believed an important part of the rationale for further investment.

Most participants felt there was a good case to be made that transportation revenues raised in the 1990s had been put to good use. The state can help its perception by being a strong advocate for streamlining federal planning regulations.

Summary discussions among participants made it clear that the acceptance of a transportation finance package can be increased by targeting priority needs with new revenues, and by balancing the new funds between state and local agencies, between transportation modes, and between regions of the state. Rural people need to be convinced that new funds will not flow exclusively to urban areas, and small project funding is protected.

There is no consensus about how costs should be shared between passenger vehicles and large commercial trucks. Trucking interests point to the much higher taxes and fees they pay for vehicles that generate essential economic activity. Others note data that show correlation between vehicle weights and wear on pavement. Conflicting views were expressed over which direction the cross-subsidies flowed between vehicle classes.

There was broad consensus to support the process of creating an expanded financial toolkit for transportation in Idaho among participants at the conclusion of each workshop.

Transportation Finance Stakeholder Workshop Notes

WEISER – November 12, 2002, 11 attendees

Facilitator's Comment: This meeting had eleven attendees who started out quiet but became very engaged in the second half of the workshop. They seemed quick to understand the intricacies of the various options. However, many of the participants commented on project funding processes due to their experience with funding on a local project.

Is the Transportation Trends graph easily understood? Does it communicate well?
Consensus was yes.

What are the most important transportation issues in this region?

- Money
 - Have to do more paperwork, especially in the environmental area, and pay Davis/Bacon wages to use federal money
 - Have to put up local match ahead of project construction
 - Hard to meet ITD timelines
- Sustaining community airports
 - Important to keep state support for airport improvements
- Keeping the rail system in place
 - Trying to revitalize economic uses of railroads
- Improving commuter service in the Treasure Valley
 - Creating a light rail system
- Funding for bike/pedestrian pathways for smaller towns

On a scale of 1-10, do you agree that state and local transportation agencies are becoming more efficient?

Local – 8,7,6,7,5,8,7,8 Local Avg = 7.0 Total Avg = 6.0
State – 4,3,5 State Avg = 4.0

Does this bridge problem make sense in your experience? Can you think of particular problem bridges in this region?

Consensus was yes.

- One response noted the absurdity of some bridges over 50 years old becoming “historical” and hence creating difficulty replacing them.
- Another noted the rigid requirement of ITD for 15 pages of drawings, regardless of bridge size. He felt simple bridges might need less.
- Can locals get access to state bridge designs, some of which might adapt very easily to similar local bridge replacement needs?
- Payette River Bridge on Highway 95 is a problem bridge.

On a scale of 1-10, how great is the need for more investment to maintain and improve Idaho's transportation system?

9,10,9,9,10,4,7,6,7 Total = 71 Average = 7.9

Given what you know and the information just provided, are there convincing reasons not to pursue additional investment?

- No, we need to work on reducing the federal paperwork nightmare.
- No, there are many areas that need funding.
- No.
- Procedures and timelines don't allow agencies to take advantage of money. Why pursue additional funding if the direction limits availability for local jurisdictions?
- Continued economics and population growth may not enhance the ability to economically pay for needed improvements to system.
- Without less red tape at ITD, additional investment will not get far. We need common sense in design requirements.
- Total inefficiencies, streamline funding, design, and review requirements. Get rid of ridiculous stuff such as trying to preserve an extinct weed.
- No, need to cut down on the amount of paperwork required to do projects.

New Options

Administrative Efficiency Option – Enforce out-of-state vehicle registration, especially in border towns or areas of rapid in-migration.

Revenue - Charge a registration fee on non-operating vehicles. This both raises revenue and discourages unsightly stockpiles of junk cars.

Revenue – Increase registration fees as the number of vehicles registered to a single person, family or address rises.

Note: The score on dedicated sales taxes could be increased if only part went to highways.

Summary Conversation

- ❑ The Task Force is challenged to use the input received in these workshops, and not to simply jump to pre-conceived ideas.
- ❑ Raising any increased revenues is distasteful to the public. Demonstrate it is a worthy investment with plans to put it on the ground in tangible projects.
- ❑ Surprise options were the employer tax and mileage-based registrations.
- ❑ This process has substance. It is developing real solutions to the problem.
- ❑ We need to assure folks that small project funds are protected, that the funds will not flow in default to the larger cities.
- ❑ The new LHTAC program should be an improvement in this regard; it should improve administrative efficiency.
- ❑ ITD district offices need more autonomy.
- ❑ You sold me, but I was a believer already.
- ❑ Highway 95 is looking good here, which reduces the perception of need in this area.
- ❑ An obstacle is overcoming the bitterness of new taxes. Sell it on the going needs, and on the success of using the last increase to make headway on needs.
- ❑ Brag up the efficiencies and cost cutting that have been done already.
- ❑ Sell your case to the public, not just to the Legislature. Grassroots support will convince lawmakers.
- ❑ Need better communication continuously between local jurisdictions and ITD (and all state agencies).
- ❑ Take the STIP on the road to talk about it locally. This will forestall misunderstandings.

COEUR D'ALENE – November 18, 2002, 13 attendees

Facilitator's Comment: This meeting had thirteen attendees. Coeur d'Alene is an area struggling with rapid growth issues and the connection to nearby Spokane. It is also the home of some very visible anti-tax voices. The participants did not seem very positive, and maintained some cynicism about the chances for success with the Legislature. They were guarded about taking responsibility for helping sell the need as well. The group wanted to challenge our thinking at first, but warmed up over time. They balked at voting on bonding and struggled with voting for a concept without knowing particulars of the proposal. There was a tendency to stick to highway needs without prompting. They tended to hang the state with federal planning requirements, but understood them as mandates when it was pointed out to them. Good insights about marketing the package, a couple of attendees thoroughly understood the political aspect. A couple of members seemed to skew the ratings with extreme votes based on their personal interests. Some seemed to forget to differentiate the different criteria, instead voting each criteria by how they generally felt about the option, like a popularity contest.

Is the Transportation Trends graph easily understood? Does it communicate well?

Consensus was yes.

What are the most important transportation issues in this region?

- US 95 improvements for reasons of safety and of commerce—reducing the time needed to get goods to market
- Congestion on I-90, US 95, SH-41, etc., results in intersection delays, safety issues, and lost productivity
- Public transportation – increased costs to run the fleet
- Difficulty getting projects approved – time delays, higher % of costs in planning and paperwork, higher standards (wider rights-of-way, bike paths, etc)
- Utility corridors, highway R/N – squeezing a lot into a small space
- Bridging the valley with rail
 - Preserving spur lines
 - Merging BNR and UP corridors to eliminate 71 crossings
 - Accommodating light rail commuter line with crossings
- Escalating costs of projects
- Growth – maintaining existing system and dealing with new projects
- Pavement break-up – lack of longevity

On a scale of 1-10, do you agree that state and local transportation agencies are becoming more efficient?

7,6,7,6,8,7,8,6,6,8,6,8,7 = 90 Total **Average = 6.9**

Note: The average attendee is not aware of state and local efforts over the last five to seven years to improve efficiency. They carry the myth of the worker leaning on a shovel. They may not be aware of such things as the use of magnesium chloride for dust abatement. Agencies need to blow their own horns more on both efficiency efforts and project work. They might also point out safety improvements and lives saved and the economic savings of reduced accidents.

Does this bridge problem make sense in your experience? Can you think of particular problem bridges in this region?

Consensus was yes.

- Lakes Bridge on US-95
- Seltice and Northwest Boulevard
- Greens Ferry
- Beltway bridges on I-90

On a scale of 1-10, how great is the need for more investment to maintain and improve Idaho's transportation system?

8,9,7,8,10,10,10,9,9,7,8,9

Total = 114 Average = 8.8

Given what you know and the information just provided, are there convincing reasons not to pursue additional investment?

- No
- What is the relationship between the user and the entity paying the cost.
- No
- No
- No
- We need to continue to pursue any investment in the future.
- How does transportation compare relative to other revenue/tax needs in the state?
- Competition with other state agency needs.

New Options

Financing – Local Improvement Districts (LID) and Regional Improvement Districts (RID)

Revenue – Tax on power generated and sold out of state

Revenue – Tolls on out-of-country traffic

Administrative – Can highway districts use D-B?

Administrative efficiency – Can we get survey needs done collaboratively to save costs and traffic interruptions? Seems like there are numerous single purpose surveys done on projects.

Note: Bonding will be more acceptable if local jurisdictions can also use it.

Summary Conversation

- ❑ The topics shared are our topics as well. Funding is critical.
- ❑ One person was dubious about the value of the ratings because of the lack of time for debate and because people were voting their individual feelings instead of interpreting the public's reaction based on their experience.
- ❑ It was fun to watch the local dynamics of urban versus rural and of each perspective.
- ❑ We have got to learn how to market ITD. The public believes that too many dollars are going for surveying and planning, and not enough money is getting onto the roads.
- ❑ Bonding was a surprise option. It has potential given low interest rates at the present.
- ❑ We should target the public first for education about transportation needs, then the Legislature.
 - Need to target regional projects for the public to support
 - Include when we will do it
 - How much, where, and when are questions to be answered in a package proposal.
- ❑ The public will need much more education on this subject than this group of stakeholders.
- ❑ The Legislature also needs to be educated. Transportation will compete with other public purposes. Watch out for the Legislature dipping into the revenue sharing account.

LEWISTON – November 19, 2002, 16 attendees

Facilitator's Comment: This meeting had sixteen attendees. There was no representation from highway districts and little representation beyond Lewiston Valley. The session seemed to flow easily. It helped to rate the revenue options first, as the group understood them better and warmed up to the process. This area is working through the complexities of starting a new two-state MPO. The group was good at keeping an intermodal view. They were a creative group that had several insights about other options. Good individual contributions, but perhaps not as politically savvy or oriented to marketing the issue.

Is the Transportation Trends graph easily understood? Does it communicate well?

Consensus was yes.

What are the most important transportation issues in this region?

- US 95 corridor improvement – Idaho needs a good north-south connector
- Funding for arterials
- Bridge improvements
- US 12 East-West corridor
 - Crucial connection for Port of Lewiston
 - Mix of traffic-RVs, trucks, bikes
 - Safety and speed issue
 - Need pullouts, bike lanes
- Commercial aviation
 - Infrastructure (runways)
 - Integrated - connections to highway system
 - Dedicated funding
 - Security improvements are like unfounded mandates
 - State is falling behind in its goals of 50/50 split of nonfederal match
 - Pay more attention to aviation
- Rail preservation – There is not funding mechanism at ITD to help preserve rail lines
- Local highway system maintenance – need more money beyond 3% cap to keep up
- Farm-to-market roads – There is more traffic on these gravel roads, but they remain low priority
- Public transportation
 - Urban dollars vs. rural dollars as new MPO is created
 - Shuffle effect, making new dollars available for rural
 - Dealing with Washington State as well
- MPO establishment
 - Dealing with another state
 - Dealing with regional issues or distance, communication, and the need for bi-state cooperation
- Non-motorized
 - Safety issues
 - Infrastructure
 - Educational component
 - Funding for pedestrian and bikeways
- Connectors (interconnection) – road and street, levy
- Water – US 95 condition, trade

On a scale of 1-10, do you agree that state and local transportation agencies are becoming more efficient?

5,8,5,9,5,8,5,6,2,7,8,8,1,6,4 Local Avg = 5.8

Does this bridge problem make sense in your experience? Can you think of particular problem bridges in this region?

Consensus was yes.

- Lenore Bridge, a county bridge on US-12
- Cherry Lane, off US-12

- Memorial Bridge in Lewiston (state)
- Interstate Bridge (state)
- Spaulding
- Sperry Bridge near Juliaetta
- Southway Bridge – approaches and access
- Dent

On a scale of 1-10, how great is the need for more investment to maintain and improve Idaho's transportation system?

10,10,10,10+,10,9,10,10,10+,10,10+,10,10,10,10,10 Total = 159 *Average = 9.9*

Given what you know and the information just provided, are there convincing reasons not to pursue additional investment?

- No, more federal dollars back to the state.
- No
- No!!
- No! How to get funded in an anti-tax state.
- No
- Keep Idaho pristine by keeping growth down.
- Significant investments have been increased in the last 10 years, but have only maintained needs and are barely keeping up. We need to get caught up.
- No reasons not to pursue.
- Additional investment badly needed in all transportation modes—1) safety, 2) preserving investments already made, 3) economic development, 4) accessibility for people who can't drive
- No realistic way to raise revenues to fund all projects.
- No
- None
- Where does the revenue come from?
- None whatever! However, who will pay and how will they pay?
- No

New Options

Revenue – **Weight-based vehicle registration** – pay in proportion to weight as this is a determinant of wear on roads

Revenue – **Drivers License increase**

Administrative Efficiency – **Value engineering** – Let the contractor talk to ITD during construction about ways to shave costs from the project, and in return the contractor gets to keep a portion of the savings.

Administrative Efficiency – Research why contractor costs are rising faster than inflation, and try to address the problems to hold costs down

Summary Conversation

- ❑ The group liked:
 - That they were asked for their input
 - That public transit and aeronautics were included
 - And that all jurisdictions are working together in the process
- ❑ One felt pessimistic that transportation will be able to get dollars over other purposes, or that airports, port districts, and other modes will get additional funding instead of roads.
- ❑ It is important to keep the intermodal perspective.

- ❑ Liked the creativity of the Vehicle Investment Program that uses revenues from sales of maps to buy public transit vehicles for rural areas.
- ❑ The group has a bigger challenge in educating the public than in educating we stakeholders.
- ❑ The bridge graph is compelling. Can we do something similar with public transit, e.g. show how transportation for dialysis is central to lives of poor seniors?
- ❑ Note how barge and rail traffic take pressure off roads.
- ❑ A good point was the way we demonstrated how we made good use of the last tax increase to make progress against the backlog.
- ❑ Try to sell the positive points of transportation helping spur economic development, and not just the negative points of what will happen if we don't invest in transportation.
- ❑ Need to address the 3 Idahos issue and build cooperation across regions.
- ❑ It will be important to show how any new money will get to improvements on the ground.
- ❑ It will also be important to target the new money to specific projects.
- ❑ The biggest obstacle is getting new taxes in an anti-tax mentality, and overcoming the perception of fat in government.
- ❑ Look at MPOs administering grants directly, saving the 3% if they can prove themselves competent administrators.

TWIN FALLS – November 26, 2002, 11 attendees

Facilitator's Comment: This meeting had eleven attendees. There was good diversity among partners and intermodal representation, and it was an all-male group. This session was dominated by a couple of strong and confident personalities. They appeared to be leading opinions at times, especially in the rating of options. There was little criticism of ITD. This group was very conservative, but understood local responsibility. The group was not afraid to ask questions, e.g. about options not scored. They debated several of the options at length before scoring them.

Is the Transportation Trends graph easily understood? Does it communicate well?

Consensus was generally yes, though the group knew enough to be wondering about the disconnect between VMT and fuel sales. It was noted that trucks have gotten a 20% or more gain in fuel economy in the last five years or so.

What are the most important transportation issues in this region?

- Having enough money for projects
- Improved commercial air service into Twin Falls and Hailey
- Alternatives to manage and stretch highway capacity, e.g. in the Wood River Valley where adding lanes is very costly
- Too many people—congestion
- Corridor preservation
- Problems with trucks versus passenger cars – congestion and routing
- Ramifications of historical sites in raising project costs and extending project timelines
- Environmental assessments (EIS studies) – cost and time delays
- Public transit alternatives – need money and desire local option
- Law enforcement – More coverage on highways helps with traffic flows
- Liability costs for the system

On a scale of 1-10, do you agree that state and local transportation agencies are becoming more efficient?

7.5,7,7,6,6.5,8,7,7,8,6 = 70 Average = 7.0

Does this bridge problem make sense in your experience? Can you think of particular problem bridges in this region?

Consensus was yes. It was noted that local bridges in this region are generally good after several years of concentrating on improvements, and they don't get as much traffic. The irony of older bridges becoming historical and a barrier to replacement was noted, e.g. Owsley Bridge. Also the Downard Bridge replacement was delayed by the snail darter.

The group responded well to the idea of estimating replacement costs by getting to deck surface area data. They estimate replacement of irrigation canal bridges at \$70-80 per square foot, but note that a new Snake River crossing could cost \$250 per square foot for a 1,500 foot long bridge.

- Jackson Bridge – linking Minidoka and Cassia counties
- Hansen Bridge
- New Snake River crossing
- Salmon Dam crossing (local)
- Historical bridge example – Owsley Bridge

On a scale of 1-10, how great is the need for more investment to maintain and improve Idaho's transportation system?

10, 9,10,7,10,9,10,9,8,7,5 Total = 94 Average = 8.5

Given what you know and the information just provided, are there convincing reasons not to pursue additional investment?

- Taxing Idaho citizens even more in a state that's already 14th in the nation in its tax burden.
- Idaho already has one of the highest gasoline taxes in the country.
- No. Our economy is based on tourism and the ability for our customers to reach us safer and quicker than our competitors.
- Economic conditions will dictate actual investment. There are many reasons for transportation improvements, but where will the funding come from?
- Environmental demands actually reduce the efficient use of roads.
- Need to make sure that the dollars are spent wisely before we commit more.

New Options

Revenue – Raise income tax and dedicate to transportation

Revenue – Raise drivers license fees

Note: One person felt the support for corridor preservation would be markedly higher if the land were purchased and the corridor preserved directly, rather than designating the corridor and hampering future use for many years.

Note 2: Another person suggested that a criteria for evaluating revenue options should be to consider the market position of Idaho versus other states. Otherwise, Idaho could price itself into a competitive disadvantage.

Summary Conversation

- ❑ The group thought the method of the workshops was adequate to get feedback. One person noted that he goes to many meetings, and felt this one rewarded his time with both new information and the chance to be heard. All were interested in seeing the scores summarized across the other workshops.
- ❑ The group appreciated that the transportation agencies were looking at ways to do things better, and didn't simply have their hands out.
- ❑ Several suggested that the public needs to be involved in order to find the win-win situation. There was debate about whether the public should be involved before stakeholders. The consensus was to be sure to share with the general public when the work was done and better digested for easy understanding.
- ❑ It is important to sell the concepts to the public in their language, e.g. without acronyms.
- ❑ A surprise option for several was GARVEE bonds; they were not aware this option existed.
- ❑ A surprise for one person was that these workshops were not a canned sales pitch, but were actually soliciting input and refining analysis.
- ❑ More detail on the connection between improved infrastructure and economic development would help convince people.
- ❑ The open house hearing style is good.
- ❑ The group expected that the public would be more negative than them as the public is not as well-informed on transportation issues and needs. There would be considerable resistance to more taxes, but a couple commented that the concept of "user pays" is more accepted. Put investment in relation to users. This will be a "hard sell" otherwise.
- ❑ Show the public that the need is there. There would be a backlash if they don't see the need.
- ❑ NIMBY issues will sometimes be an obstacle.
- ❑ Convincing the Legislature will be the biggest obstacle.

- ❑ The public in this region may not see the problem with traffic as much. Many have learned to avoid Blue Lakes Boulevard, except when needed.
- ❑ The public generally doesn't understand the costs it takes to fix the problem. The backlog may get bigger yet.
- ❑ *The group showed consensus around support for a logical transportation finance package connected to need.*

NAMPA – December 3, 2002, 14 attendees

Facilitator's Comment: This meeting had twelve full-time attendees, and two partial attendees. The regular facilitator was absent from this workshop. The group appeared to gravitate toward a complaining session at first, but were drawn into the scoring of options. A couple remained quite negative.

Is the Transportation Trends graph easily understood? Does it communicate well?
Consensus was generally yes.

What are the most important transportation issues in this region?

- Streamline development process for projects (environmental/federal process); too much money goes for environmental analysis.
- Congestion on all systems
- Capacity of all systems
- Small communities lack resources to do infrastructure improvements and preservation/maintenance (Not enough tax base)
- Maintenance of current system
- Air quality could impact our ability to get funds or do projects
- Overlap of jurisdictions (cities, counties, highway districts). Too many districts stop and end or don't do shared responsibilities. May need consolidation.
- Trying to get the Legislature to understand and be concerned about transportation issues. Need advocates.
- Taxing structure not equitable from a city view (city residents get gouged to pay for many amenities).
- Single veto process by feds or state that can control/veto or escalate cost of project.
- The inability to use local federal-aid to address a problem within five years.
- Criteria to get projects is not clear or consistent
- Money doesn't mean anything, just environmental approval
- Conflicts within agencies (transportation, land use, environmental) makes it hard to identify who has the authority/jurisdiction
- Need a planning process first, rather than the money
- Lack of coordination from one transportation source to another within the state
- Safety (lost time, lives, and productivity)
- 16% of people need transportation other than the vehicle. Do we just service this group, or do we grow the system to encourage greater use?
- No chair at the table for public transportation and no source of funding at either local or state levels
- Need to think in a planning horizon greater than the next 5-10 years
- Need to find a balance between public transit and roadways
- More options in air travel within the state are needed to increase connectivity. Should be able to travel anywhere in the state within a day.
- Rail corridor preservation and the rail infrastructure
- Economic integration- need a source of funding for short term projects

- Interdependence of rural and urban
- Gem County – If we don't encourage economic development in areas like this you will just encourage even more people to come to the urban areas.
- What is the future transportation system and will technology change it?

On a scale of 1-10, do you agree that state and local transportation agencies are becoming more efficient?
 8.5,1,7.5,2.5,7.5,6,8,7,6,5,5,4 = 68 Total Average = 5.7

Does this bridge problem make sense in your experience? Can you think of particular problem bridges in this region?

Consensus was yes.

- Rainbow Bridge
- Cascade Bridge
- Caldwell bridges (6)
- Lardo Bridge
- Nampa/Caldwell Boulevard between 1st & 2nd
- Squaw Creek Bridge
- Emmett – river bridge
- Gem county bridges
- I-84 overpasses
- Cougar Mountain Lodge Bridge

On a scale of 1-10, how great is the need for more investment to maintain and improve Idaho's transportation system?

9,9,10,9,10,9,5,9,9.5,10,10,9 Total = 98.5 Average = 8.2

Given what you know and the information just provided, are there convincing reasons not to pursue additional investment?

- No.
- Would like to see investments to be balanced between various modes of transportation. System has to be balanced with a variety of options.
- No, I do think there needs to be a study on who uses the transportation system versus who pays.
- No
- No
- Current investments may be adequate. Where does the money go?
- No

New Options

Financing – Use federal funds to lease vehicles for public transit.

Summary Conversation

- The group thought the method of the workshops, and especially the voting fostered discussion. It was a good educational effort, with clear statement of desired end goals.
- The group liked that it was a structured facilitation, but not so structured that the decision is pre-determined.
- The participants have different opinions about what's going on.
- Most think that the decision has already been made.
- One person was enlightened about the different options.
- It has taken a long time for something that is obvious.

- ❑ Would like to see yellow sheet at the beginning and the end of the session to gauge changes in perception from the workshop.
- ❑ Speaking to the choir here
- ❑ Who's not here – Legislature, chamber of commerce, big business, small communities
- ❑ Obstacle is the lack of proactive Legislative leaders who see the big picture
- ❑ Another obstacle is the time it takes to make the case.
- ❑ The coalition isn't strong enough – yet.
- ❑ Beware that the Legislature is looking for an opportunity to say no.
- ❑ Economic development is based on good transportation and should be at this same table.
- ❑ Public transit tends to become a fractured discussion or either/or
- ❑ Forget "NIMBY"
- ❑ This will require a major marketing effort.
- ❑ Transportation comes up at community meetings.
- ❑ Support the rural component
- ❑ Let's get it on!

POCATELLO – December 9, 2002, 7 attendees

Facilitator's Comment: This meeting had seven attendees, a couple of which were very quiet unless specifically asked. The group was both positive about the process and skeptical of its chances for success. The group was pretty knowledgeable about the transportation system and the funding options. For instance they understood that most planning requirements were federal, and environmental impact hurdles were never mentioned. Both LHTAC and IAHD were represented by staff.

Is the Transportation Trends graph easily understood? Does it communicate well?

Consensus was generally yes.

What are the most important transportation issues in this region?

- Access to rural Idaho for tourism and getting products to market, e.g. improve SH34
- The Shoshone-Bannock Tribe just formed a tribal Department of Transportation. Sustaining this new organization will be an issue.
- Tribe also has issues of highway safety and road maintenance.
- Decreased life expectancy of local systems growth in VMT and vehicle weights decreases pavement life.
- Reduced funding from Highway Distribution Account, while the city has gotten larger, creating an increased local burden.
- Airports – noncompetitive fares, e.g. into Salt Lake City on Delta. However, boardings are up 3% this year. Marketing issue.
- Continued need to enhance regional public transit planning
- Lack of funding – roads are becoming more deteriorated and not enough money to pay for them.
- Getting people to use alternative transportation.
- Funding may be available, but not on the system that needs it.
- Jurisdiction on tribal roads
- Political decision-making or “earmarking” of funds, so that funding is not based on actual needs, e.g. national scenic by-way funding, SH-89 improved long ahead of schedule.
- Lack of recognition of the road problem (deferred maintenance is not noticeable at first)
- Need for public transit from rural to urban areas for low to moderate income citizens, from on-demand service to scheduled service. (Not a tradition in the West to use public transit.)
- Huge problem getting match for transit.
- Need longer range vision rather than waiting for crisis. (But there are competing demands for public dollars.)
- Limited local options to pay for the system.

On a scale of 1-10, do you agree that state and local transportation agencies are becoming more efficient?

7,6,7,5,7,5.5,5 = 42.5 Total

Average = 6.1

Note: Choices are dictated by the funding system. There are many regulations to address other public goals and we must spend to meet them, reducing the funds available for projects.

Does this bridge problem make sense in your experience? Can you think of particular problem bridges in this region?

Consensus was yes.

- Parkinson Road by Franklin City (local)
- Whitman in Pocatello
- Old West Bridge Street bridge in Blackfoot
- Interstate bridges over local roads limit widening (Barton, Center-Clark)
- Railway overpasses

On a scale of 1-10, how great is the need for more investment to maintain and improve Idaho's transportation system?

9,10,10,8.5,9,9,7 Total = 62.5 Average = 8.9

Given what you know and the information just provided, are there convincing reasons not to pursue additional investment?

- No, we would be foolish not to move forward! It will cost more in the future.
- Possibility of other needs in the community not related to the transportation system.
- No, in the long run effective transportation is essential to development of the economy.
- No

New Options

Financing – Local Improvement District

Administrative efficiency – Remove Davis-Bacon requirement

Revenue – Fees on auto insurance companies

Summary Conversation

- Looking at the different options was the most interesting part of the workshop.
- It seemed warm and fuzzy.
- Hope some good comes out of it. Glad the Task Force cared what the stakeholders think.
- Is the mix of the audience valid? What is fair to me may not be fair to others.
- Public will accept what seems reasonable. Decision makers must make hard decisions.
- Problem is that if people can get from Point A to Point B, they will live with a deteriorating system.
- The options seem geared toward the State, but there is a big need at the local level.
- Infrastructure needs more money.
- No case made for how transportation relates to economic development.
- Make the case that transportation is a worthy place to put additional dollars, vis a vis education, social services, etc.
- Educate the public on the importance of transportation issues like road deterioration, and the need for proactive planning.
- There was a wide variety in the option voting within the group and that likely reflects the wide diversity of views within the community.
- Competing demands must be balanced as a package is crafted, looking at urban-rural, state-local, north-south, etc.
- Targeted – yes, but someone will lose out or some new priority will emerge later, so leave some flexibility.
- The package would do well to acknowledge all modes and to be holistic, e.g. urban public transit needs and rural aviation needs.

IDAHO FALLS – December 10, 2002, 15 attendees

Facilitator's Comment: *This meeting consisted of 14 full-time participants and one part-time participant. The region was well-represented with a number of attendees from Lemhi County, Teton County, and Rexburg, as well as the Idaho Falls area. Public transit had a vocal contingent. The group was relaxed and positive throughout the session. They were quite savvy about both financing and the political process. For instance, this group distinguished between federal regulations and state enforcement. They also saw the need to build a coalition to support the effort.*

Is the Transportation Trends graph easily understood? Does it communicate well?

Consensus was generally yes.

What are the most important transportation issues in this region?

- Lack of money for projects.
- Maintenance of local roads that don't qualify under state programs
- Maintenance of local roads that access public lands
- Moving away from dirt roads on local systems with curb, gutter, sidewalks
- Public expectations – winter maintenance, level of service, condition of pavement
- Need incentives to get people out of cars and into public transit.
- Public transit match for federal funding
- Strings attached to federal dollars (environmental regulations, planning, discouraging to local units, cost, time delays on projects)
- Delays lead to increased costs
- Truck weight limits damage system
- Extended length of studded tires being considered
- Bus service needed – need access to money (non-profits have trouble)
- 3% cap on property tax collections by local units
- Coordination of projects with communities, especially with increased delays
- No passenger rail service; EIRR strapped for dollars. Rail system is in survival mode and struggles on maintenance
- Bike pathways take money away from roads – “free ride” because not paying their own way
- Larger population needs transportation alternatives

On a scale of 1-10, do you agree that state and local transportation agencies are becoming more efficient?

4,5,5,4,4,7,5,5,6,6,5 = 56 Total Average = 5.1

Note: Agencies are making the best efforts possible, but they are hamstrung by federal regulations. This lowers the percentage of dollars that gets to the roads and causes costly time delays.

Does this bridge problem make sense in your experience? Can you think of particular problem bridges in this region?

Consensus was yes.

- US 93 in Salmon
- North of Salmon, US 93 (Carmen bridge)
- Lake Creek (local)
- Railroad bridges (D Street) (can't we use federal money for this?)

On a scale of 1-10, how great is the need for more investment to maintain and improve Idaho's transportation system?

9,10,8,10,10,10,10,10,8,8,5,8,9,6,7` *Total = 128 Average = 8.5*

Given what you know and the information just provided, are there convincing reasons not to pursue additional investment?

- No!!!
- No.
- Key question>> How much do we spend today? Where spent? How spent?
- No.
- No
- Probably more money into local roads.

New Options

Financing – Use tapered match idea on public transit projects

Administrative Efficiency – Streamline permitting system by state, e.g. 401, wetlands, to make regulations more efficient from the local point of view.

Revenue – Increase registration fees based on the number of tires on the vehicle., e.g. motorcycle pays half what a car pays and 18 wheelers pay the most.

Note: Vehicle registration fees are one way to raise revenue that avoids border flight issues.

Summary Conversation

- ❑ There was a suggestion to target some state funds to public transit to lower the local cost share from the current 50%. Idaho is one of the few states that does not fund public transit now.
- ❑ There was an interesting cross section of options presented
- ❑ It is important to keep corridor management supporting the development of telecommunications and not becoming a barrier.
- ❑ The process was a good way to show how we felt.
- ❑ We need to get more transit input. The group was too highway heavy. Others felt transit is not yet an option that solves problems in sparsely populated areas.
- ❑ Transportation system is related to economic development and agri-business.
- ❑ The effort of gathering the opinions of others is worth the time. There are diverse interests here at this workshop
- ❑ It is a difficult challenge to meld the diverse interests and issues.
- ❑ Infrastructure is dependent on the economy.
- ❑ Need more state and local control of environmental planning. The state needs to be more of an advocate for common sense environmental planning.
- ❑ The political challenge is to balance jobs and public needs, and to compete with other public purposes for use of tax dollars.
- ❑ Heavier local involvement can help stretch dollars and become more efficient.
- ❑ Make a transportation package more viable by highlighting use of the money
- ❑ Legislators will be the biggest obstacle to getting a package enacted.
- ❑ Transportation needs a coalition to compete with lobbying interests who buy dinners and spend money. E.g. get support from CTAI, AIC, IAC, PTAC, IAHD and corporate sponsors like Association of General Contractors
- ❑ Challenge is that money doesn't fall far from Ada County. Target recipients across the state to gain support, after taking care of Ada and Canyon counties.
- ❑ There was unanimous agreement to support gaining passage of an expanded financial toolkit for transportation.

MOTOR CARRIERS – February 7, 2003, 10 attendees

Facilitator's Comment: *This meeting, in Boise, consisted almost entirely of members of the Idaho Motor Carrier Advisory Committee. They represented different sectors of the motor carriers. Several staff from the Committee, ITD, and ISP were in attendance as observers and did not participate in the voting process. The group had some familiarity with the aims of the Task Force and the workshops. They inferred the purpose was to raise taxes. Several members seemed intent on advancing their interests in lessening government regulation and the tax burden on the motor freight industry. The voting pattern on options seemed very different from other workshops, with several participants appearing to make statements with their votes. The tone of this workshop was less positive than other workshops. Little empathy was shown for the perspective of transportation system managers.*

Is the Transportation Trends graph easily understood? Does it communicate well?

Consensus was generally yes.

What are the most important transportation issues in this region?

- Congestion, capacity overload, especially in the Treasure Valley
- Need transportation infrastructure to allow for future growth in the economy
- Poor quality of road construction
- Bridges
- Inefficient highway districts leading to poor county roads
- The need to allow Idaho trucks to be more competitive with those in neighboring states
- Increase competitiveness of rail system by improved access to other lines
- Build healthy rail environment
- No highway-to-rail connections in Idaho; have to go to Hermiston, OR or Salt Lake City, i.e. poor rail freight service
- Need to use current infrastructure to the maximum, e.g. allow heavier truck weights
- Bridge abandonment due to unrealistic standard
- Adversarial relationships in road construction between ITD and contractors
- Disparity among user fees from various classes of vehicles, i.e. cross-subsidies of other vehicles by trucks
- Identify high crash areas in the system and work to reduce accidents
- Too many entities in road management, need to streamline
- Need mandatory passing lanes on two lane highways
- Canamex corridor is an issue not yet addressed>> Idaho and nation not yet taking advantage of this opportunity. 105,000 limit is an obstacle to allowing ag products to move competitively.
- Need long range corridor planning.

On a scale of 1-10, do you agree that state and local transportation agencies are becoming more efficient?

4,5,5,5,4,4,0,4,5,4 = 40 Total Average = 4.0

Does this bridge problem make sense in your experience? Can you think of particular problem bridges in this region?

This group questioned the validity of bridge statistics, wondering if replacements were taken into account. They see the bridge issue as being one of width primarily and felt that bridges could last longer than 50 years.

- Jackson Bridge over the Snake River (not even foot traffic allowed)
- Highway 95 south of Sandpoint over the railroad
- The new bridge at Kamiah over the Clearwater is difficult for trucks to corner
- Hansen Bridge in Twin Falls

On a scale of 1-10, how great is the need for more investment to maintain and improve Idaho's transportation system?

7,2,10,4,8,2,8,1,1 *Total = 43 Average = 4.8*

Given what you know and the information just provided, are there convincing reasons not to pursue additional investment?

- Get better use of our dollars
- Waste of money and poor management- state, county, highway district, city
- Costs passed on to traveling businesses instead of car traffic
- As long as there is no immediate responsibility for incompetence

New Options

Administrative Efficiency – Seek resource preservation of sand and gravel deposits near developing areas for purposes of road construction.

Revenue – Seek more money from BLM and the Forest Service in PILT funds for road-building.

Note: Check the gasoline tax rate in Oregon; participants advise it is 24 cents, not 29 cents.

Summary Conversation

- ❑ Some feel agencies need to look harder for efficiency gains and consolidation. Their experience is that their businesses become more efficient during economic downturns by necessity, and they would like to see transportation agencies be streamlined by similar economic pressure.
- ❑ One liked the exploration of different financing options and the bundling of projects around the state to gain efficiency.
- ❑ Hope that new revenue is raised with just a couple of funding options; don't propose all of them and push every fee and tax to the maximum. As a business, it is too hard to understand the cumulative impact of many fees and manage the paperwork.
- ❑ The Task Force has done a good job of getting the facts and of seeking input from all parts of the state. This was eye opening.
- ❑ The group would be more comfortable with a lower and more realistic estimate of highway needs. Don't use the \$8 billion figure because it is discouraging and because it raises credibility questions about the Task Force.
- ❑ Can you scale the need down to an annual figure of necessary investment?
- ❑ Some reported that participants at other workshops felt "led" by the process.
- ❑ The group was not sold on the "case" for paying for more transportation investment. There was not enough discussion about reducing existing expenditures or about how much of transportation budgets "makes it to the road." Separating out the proportions of budgets that go to administration, operating costs, environmental costs, equipment, and construction would help.
- ❑ One thought that the group was inaccurately portraying the fuel efficiency of trucks at 6-8 mpg. This is way too high.
- ❑ The biggest obstacle to passing a transportation package is the credibility of ITD and Local Highway Jurisdictions.
- ❑ A second obstacle is that people's perception of need is based on what they see, and they don't see roads that are falling apart or excessive traffic delays.
- ❑ Support for an expanded financial toolkit for transportation was modest—a vote averaging 2.6 on a scale of 0-5.