

# 7. Funding Strategy





## Financing the Vision

Funding is critical to the successful implementation of bicycle and pedestrian facilities along roadways as well as multi-use trails, including those that comprise the Statewide Trails Vision. Numerous funding sources are available, though the flexibility and availability of funds varies between programs. This chapter includes an overview of the funding programs available for bicycle and pedestrian accommodations, a brief review of the current funding practices in Iowa, a new strategy for funding, and recommendations to enact the new strategy.

## 7.1 Available Funding Programs

### Federal Programs

The Federal Transportation Bill signed into law in December 2015—known as Fixing America’s Surface Transportation (FAST) Act—retained many of the previous federal funding programs for which bicycle and pedestrian projects are eligible. The FAST Act contains five funding programs for which bicycle and pedestrian infrastructure projects are eligible:

- National Highway Performance Program (NHPP)
- Surface Transportation Block Grant Program (STBG)
- Highway Safety Improvement Program (HSIP)
- Congestion Mitigation and Air Quality (CMAQ)
- Surface Transportation Block Grant-Transportation Alternatives Set-Aside (STBG-TA)

Any of these five FAST Act program funds can be legitimately used for bicycle and pedestrian projects, even when such projects are constructed independently of roadway projects.

### Surface Transportation Block Grant-Transportation Alternatives Set-Aside (STBG-TA)

The STBG-TA program replaces the Transportation Alternatives Program (TAP), which itself combined the Transportation Enhancements (TE), Safe Routes to School (SRTS), and Recreational Trails Program (RTP). Projects that were previously eligible under any of these programs, and carried forward as TAP, are now eligible under STBG-TA. However, STBG-TA is more competitive than the programs it replaces because it combines multiple funding categories that were previously separate and has a smaller overall funding allocation. Furthermore, up to half of STBG-TA funding can be diverted to projects outside of this program. Historically, three out of nine Metropolitan Planning Organizations (MPOs) and 12 out of 18 Regional Planning Affiliations (RPAs) transfer (or “flex”) some of their STBG-TA funds to their STBG fund for general street and road projects. Some MPOs and RPAs also fund bicycle and pedestrian accommodations with STBG funding, either through standalone projects or as part of larger roadway projects.

The most recent Federal Fiscal Year included \$8.8 million total for STBG-TA in Iowa. The Iowa DOT allocates the majority of these funds on a population basis to the MPOs and RPAs but retains \$1 million to be allocated on a statewide basis (largely for programs rather than infrastructure). The distribution of funds to MPOs and RPAs for allocation is considered by many to be preferable to a statewide competitive grant process because it guarantees each entity receives funding and allows flexibility in terms of how the funds are spent (including allowing STBG-TA Flex funds to be transferred to STBG pools). However, the available funding is spread so thinly that the available funds allocated to smaller RPAs require balances to be accumulated to fund worthwhile projects.

### State Programs

Iowa has a number of funding programs for which bicycle and pedestrian projects may be eligible. However, the guidelines for each funding program are not as detailed as those for the federal programs. For FY2018, Iowa's appropriated state funding totals approximately \$1.22 billion—more than three times the appropriated level of federal funding received by the state.

The single largest source of transportation funding in Iowa is the Road Use Tax Fund (RUTF), which totals approximately \$1.5 billion. Approximately half of the RUTF is distributed to counties and cities and half goes to Iowa DOT programs. It is distributed by formula and either directly or indirectly contributes to practically every state-funded road project in Iowa. This fund is primarily fed by vehicle registration fees and fuel taxes. Other funding sources include the TIME-21 Fund (which is comprised of trailer, title, and registration fees and is appropriated by the General Assembly), the Rebuild Iowa's Infrastructure Fund (which is primarily comprised of gambling tax revenues), and the Statutory Allocations Fund (which is comprised of trailer, title, and driver license fees).

Approximately \$1.22 billion of these funds is allocated to the Iowa DOT's programs (see list below), while the remainder is divided between the Revitalize Iowa's Sound Economy (RISE) fund, the Transfer of Jurisdiction Fund, and Iowa's 99 counties. The funding is broken down as such:

- Iowa DOT Allocations (FY2018)
  - \$805.70 million—Highway Program
  - \$245.06 million—Highway Operations
  - \$103.61 million—General Services
  - \$41.01 million—Motor Vehicle License Plates and Operations
  - \$16.42 million—Transit Programs
  - \$4.88 million—Air Programs
  - \$1.00 million—State Recreational Trails Program
  - \$2.60 million—Railroad Programs
- Other Allocations (FY2018)
  - \$471.5 million—County Funds
  - \$295.8 million—City Funds
  - \$17.8 million—RISE Fund

Although other funding sources (such as the Highway Program) may be used to fund bicycle and pedestrian facilities as part of larger projects, the State RTP is the only currently active funding source in Iowa DOT's budget dedicated to bicycle and pedestrian infrastructure. The amount of funding available in this program varies from year to year, ranging from \$0 to \$6 million. This competitive program received 57 applications in 2014, 36 applications in 2016, and 31 applications in 2017. As with most competitive grant programs (in Iowa, as well as across the country), there is significantly more demand than available funding.



## 7.2 Funding Strategy

Bicycle and pedestrian infrastructure is usually built and funded in one of two ways:

1. As stand-alone projects (most often multi-use trails), typically funded by dedicated funding programs such as the federal STBG-TA program, Federal Recreational Trails Program, or Iowa's State Recreational Trails Program.
2. As small parts of larger roadway projects (bicycle lanes, paved shoulders, sidewalks, and even sidepaths), funded by flexible sources such as the federal STBG.

While the first approach might receive greater attention, the second is typically more efficient and has the potential to result in a far greater amount of infrastructure provided, due to economies of scale and the greater levels of funding available in flexible funding programs.

### Current Funding Practices

In the past, Iowa DOT has not consistently constructed bicycle and pedestrian accommodations as part of roadway projects. There are two common exceptions where Iowa DOT has incorporated accommodations as part of larger projects—paved shoulders and ADA improvements. Paved shoulders are typically provided to increase motorist safety, yet are widely recognized as features that benefit bicyclists as well. The Iowa DOT has provided paved shoulders on many projects, either specifically to accommodate bicycling or (as is more often the case) primarily to improve motorist safety. However as previously mentioned, paved shoulders are often narrow and include rumble strips, which negate some benefit to bicyclists if their placement results in less than 4 feet of effective paved shoulder width (4 feet of clear width not including rumble strips, if present).

In accordance with U.S. Department of Justice (DOJ) and Federal Highway Administration (FHWA) requirements to provide accessible accommodations for persons with disabilities, Iowa DOT includes costs for certain pedestrian infrastructure elements as part of roadway projects. Specifically, the reconstruction or resurfacing of a street or road triggers the FHWA requirement to provide accessible curb ramps where sidewalks are present. The cost for these accommodations is included in the overall project budget.

In summary, limited transportation funding is being utilized for bicycle and pedestrian infrastructure in Iowa, but changes—including the development of this Plan—are occurring.

## New Strategy

Moving forward, new bikeways, multi-use trails, sidewalks, and other accommodations that expand the bicycle and pedestrian system in Iowa will be funded through a three-pronged strategy:

- 1. Complete Streets**—Providing bicycle and pedestrian accommodations as small but important parts of larger street and road projects and funding these accommodations from the same source as the larger project is the most significant opportunity to improve Iowa’s bicycling and walking systems. Iowa DOT will follow this principle by implementing the Complete Streets Policy (see Chapter 6) that applies to new construction, reconstruction, and 3R (resurfacing, restoration, or rehabilitation) projects on the state highway system. Cities, counties, and regional agencies are strongly encouraged to follow this principle by adopting similar Complete Streets policies. While it is anticipated that this approach will have a relatively minor impact on Iowa DOT’s total project costs, streets and highways will be made more accessible and safer for bicyclists and pedestrians, while also reducing crashes for motorists and decreasing maintenance costs.
- 2. Rural Road Gap Elimination**—For crucial gaps in the state highway system (defined as segments of road that receive a “poor” Bicycle Compatibility Rating (BCR) that will not be eliminated as part of an upcoming reconstruction, 3R, or safety shoulder paving project, further implementation measures should occur. A strategy for their elimination is recommended through the development of a gap elimination analysis that prioritizes gaps based on traffic volume, pavement width, crash history, proximity to cities and metro areas, and other factors. The more effective efforts are to incorporate shoulder paving projects into reconstruction, 3R, and safety projects, the less reliant Iowa DOT will need to be in funding these gap closures independently. The use of Iowa Highway Program funds or consideration of Traffic Safety Improvement Program (TSIP) and HSIP funds are ways of closing these gaps through independent projects. Multiple gaps to be eliminated could be combined into single projects, where possible. Iowa DOT’s existing under 5,000 Population ADA Compliance program can serve as a model for how a bicycle network gap elimination program could function.
- 3. Standalone Projects**—These projects (such as multi-use trails not associated with roadways, retrofitting on-street bikeways separate from street reconstruction, etc.) shall continue to be funded as they are currently. This includes a variety of funding sources, such as city and county funds and private donations. State and federal funds for standalone projects will continue to primarily come from dedicated sources (e.g., STBG-TA, State RTP, etc.). To ensure that these funds generate acceptable returns on investment, steps will be taken to ensure that projects that do the most to improve access and connectivity for walking and biking are prioritized for funding. In addition, the amount of funding dedicated to walking and biking infrastructure projects should be increased over time.



## 7.3 Funding Recommendations

Multiple actions are recommended to enact the new funding strategy and implement bicycle and pedestrian accommodations in a cost-effective and efficient manner. The recommendations are organized into three categories: Complete Streets (funding accommodations as part of larger roadway projects), project prioritization, and allocation of funding.

### Complete Streets

#### Implement the Complete Streets Policy

It is of utmost importance that the Iowa DOT promptly proceed toward implementing the Complete Streets Policy and begin designing, funding, and constructing adequate and context-sensitive bicycle and pedestrian projects as small but important parts of larger street and road projects. Furthermore, the Iowa DOT strongly encourages each city, county, MPO, and RPA in Iowa to adopt similar Complete Streets policies. The Iowa DOT is available to provide guidance on the development, adoption, and implementation of such policies.

#### Leverage the Safety Shoulder Paving Program

The Strategic Highway Safety Plan includes a goal for paving a targeted number of shoulders each year in Iowa as a measure to reduce run-off-road crashes. Funding for this safety improvement program comes from the state's TSIP and HSIP. Eliminating rural road gaps for bicyclists (defined as segments of road that receive a "poor" Bicycle Compatibility Rating) in conjunction with this safety program is a significant opportunity that can improve safety for bicyclists as well as motorists in a very cost-effective manner. This will typically entail an additional 1 to 2 feet of paved shoulder width, which will result in a minimal increase in project cost (if an adequate gravel base exists). Furthermore, rumble strip installation performed through this, and other programs, should allow at least 4 feet of effective clear paved width on shoulders used by bicyclists.

#### Use Same-Source Funding to Build Accommodations as Part of Road Projects

The Iowa DOT should begin funding all bicycle and pedestrian accommodations that are built as incidental parts of road projects from the same funding source as the rest of the road project. This should apply for all new projects and all projects entering the Concept Development phase at the time this Plan is adopted. In addition, opportunities for bicycle and pedestrian improvements should be considered and (if accommodations are warranted and feasible) funded from the same source when the Iowa DOT grant program funds (including RISE, Iowa Clean Air Attainment Program (ICAAP), and TSIP) are used to construct or reconstruct streets and roads.



## Project Prioritization

### Modify Road Project Prioritization Criteria to Include Level of Improvement for Bicycling and Walking

In Iowa, numerous projects are identified based on pavement condition, safety needs, traffic congestion, bridge condition, public requests, etc. The prioritization method often then involves the transportation agency attempting to fund as many of the most important projects from each category based on a constrained budget.

The Iowa DOT, MPOs, and RPAs should review their road project prioritization criteria to consider the project's potential benefits to bicycling and walking. This could include assigning higher priority to projects that provide a level of service increase for bicycling and/or walking, provide safety benefits, provide accommodations to improve connectivity between schools and neighborhoods, and eliminate gaps in the non-motorized transportation system. This is especially important on the regional level and should therefore be considered in the STBG prioritization method of each MPO and RPA. The prioritization of 3R projects should also be judged by whether they improve conditions for bicycling (using the On-Road Bicycle Compatibility Rating method for rural roads).

### Develop Clear and Consistent Criteria to Prioritize Funding for Stand-Alone Bicycle and Pedestrian Projects

For stand-alone projects (multi-use trails, sidewalks, and on-road bikeway retrofits not built as part of a larger roadway project), prioritization criteria should be developed and used to allocate funding to the most important projects. Prioritization criteria should include but not be limited to improving connectivity between schools and neighborhoods, eliminating gaps less than 1 mile in length, improving level of service for bicyclists, improving safety, being part of the Statewide Trails Vision, and providing alternative parallel routes to high-traffic roads.

Once developed, these criteria can be used for statewide competitive grant programs (such as the State RTP). This method will apply to multi-use trail projects and any other stand-alone bicycle and pedestrian projects (such as street retrofit projects solely for the purpose of accommodating bicyclists, end-of-trip facilities, bike share programs, education programs, Safe Routes to School plans and programs, etc.).



## Allocation of Funding

### Increase the Availability of Funding for Stand-Alone Bicycle and Pedestrian Projects

In general, the overall level of funding for stand-alone projects should be increased to better meet the demand, which far exceeds the available funding from sources dedicated specifically for bicycle and pedestrian projects (such as STBG-TA or the State RTP). All federal funding programs (NHPP, STBG, HSIP, CMAQ, and others) may be used for bicycle and pedestrian projects. The use of these flexible sources should be explored, and they should be utilized where appropriate. In addition, ICAAP, which uses federal CMAQ funds, is available for bicycle and pedestrian projects (such as bike share stations and bike racks on buses).

### Maintain or Increase the Funding Level of the State Recreational Trails Program

The State RTP is the primary source used for stand-alone projects. This program in the past has provided \$3 million per year for recreational trails. For FY2014, this funding level was increased to \$6 million (however, \$1 million was allocated to the restoration of historic bridges). It is important that this funding program be maintained as it is currently the only dedicated funding program in Iowa whose funds may be used in any area of the state.

### Natural Resources and Outdoor Recreation Trust Fund (Unfunded Program)

The Natural Resources and Outdoor Recreation Trust Fund was created when voters approved the Iowa's Water and Land Legacy amendment to the state constitution. The amendment included a provision for future sales tax revenue of three-eighths of a cent; this sales tax increase only takes effect once the General Assembly votes to increase the sales tax rate from its pre-2010 rate, which has not yet occurred. When funded under its original formula, this trust fund will generate an estimated \$150 million per year for conservation efforts, 10% of which (approximately \$15 million per year) will be allocated to trail construction and maintenance.

This is a significant level of funding, especially when compared to the historic funding levels for bicycle and pedestrian dedicated funding sources in Iowa.

### Increase Funding Allocated to Bicycle and Pedestrian Programs

In addition to the functions of Iowa DOT's existing bicycle and pedestrian program (discussed in Chapter 3), there are a number of new programs (internal and external to Iowa DOT) and actions recommended by this Plan. Each of the recommended programs or actions will need to be funded; therefore, the overall amount of program funding in Iowa will need to be increased.

Opportunities to increase current funding sources should be sought, but it is also important to explore new sources of funding, especially for programs external to Iowa DOT and those programs for which Iowa DOT is not the sole responsible organization. A funding roundtable—in which stakeholders from various state, regional, and local agencies, advocacy organizations, and non-profits meet to develop program funding strategies—is recommended for the purpose of exploring new funding sources.