

# Model Transportation Funding and Governance Structures

**Purpose:** Identify options for state role in governance and funding of transit agency.

**Function descriptions:**

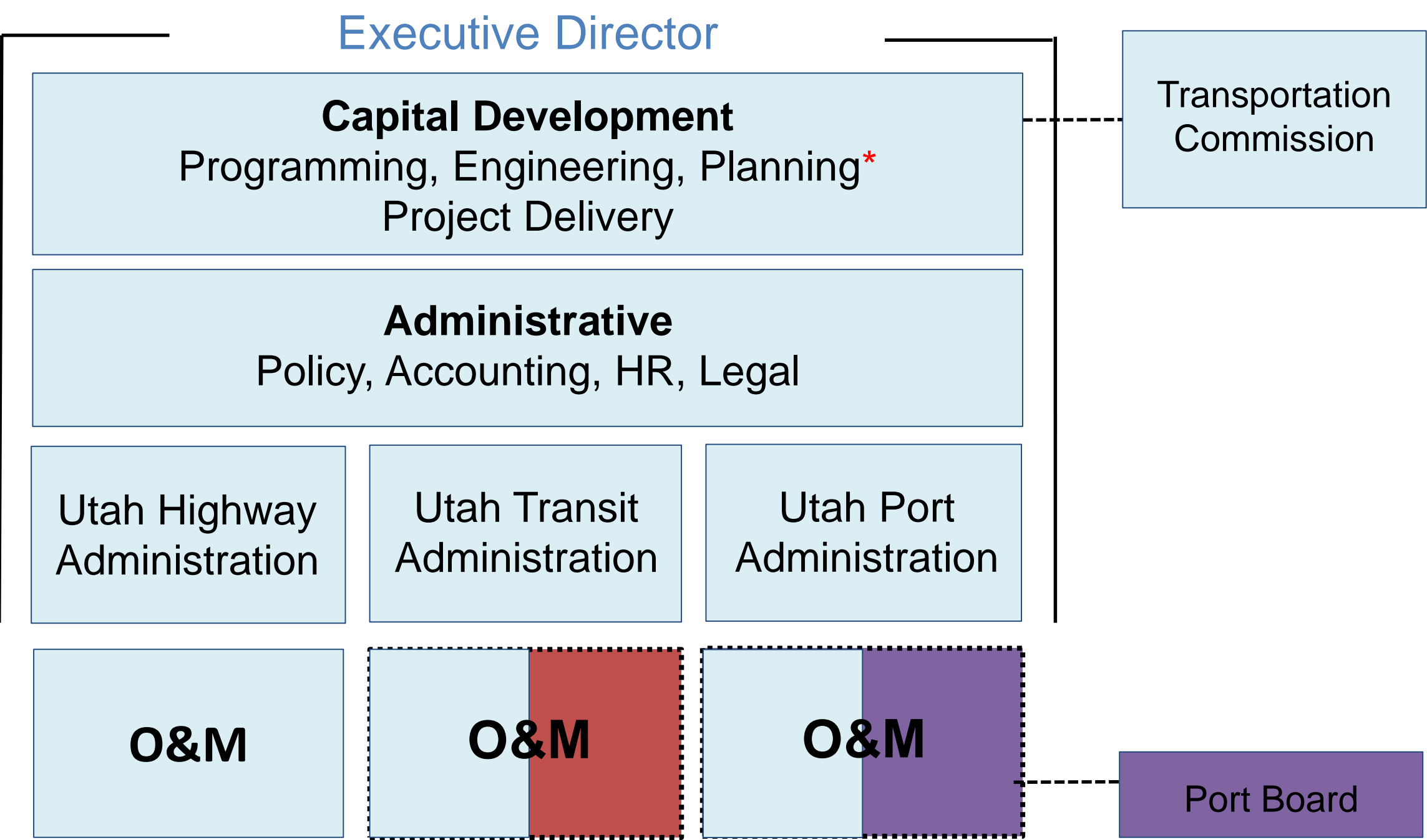
Planning – Identifying long-term and mid-term transportation needs, and development of long range transportation plans in association with planning partners, including MPOs, local government, and related stakeholders, such as the freight industry. Includes vision, policy and corridor-level planning.

Programming – Prioritizing projects and allocating funding to support specific projects and programs that support strategic and policy goals.

Engineering – All elements of project delivery, including completion of environmental reviews, project design and construction.

Operations and Maintenance (O&M) – Day-to-day functions required to keep the transportation system operating smoothly and safely. For highways, includes activities such as traffic management and general roadway maintenance. For transit, includes daily operation of bus and rail systems, and efforts to optimize transit routing services.

**Model A: Fully multimodal UDOT;**  
**State owns transit infrastructure; New transit capital development done by UDOT;**  
**UTA becomes division of UDOT**



**Characteristics and considerations:**

- Planning, programming, prioritization for state-funded capital investments administered within UDOT.
- Administrative services for additional employees to be consolidated within UDOT.
  - May require adjustments to resources, personnel, and areas of expertise (e.g. union liaison, legal counsel, etc.)
- Capital investment is considered across modes and state funds are prioritized by a single entity, the Transportation Commission, making decisions for the system as a whole.
- State would obtain ownership of transit infrastructure in a public transit district currently serving a population of more than 200,000.
- Utah Transit Authority would become a division within UDOT (i.e., Utah Transit Administration)
- The state *may* establish a contractual arrangement with transit providers for O&M of transit systems.
  - O&M contracts can include both public and private service providers, or may include a range of functions through a public-private partnership (P3) arrangement.
- State would need a strategy for assuming \$2B in bond debt.
- State would have to allow for unionized transit employees.
- State would need to use current local option sales taxes to pay for transit debt service and O&M.
- State may impose new 0.25 cent sales tax in the counties within current UTA transit district (money goes into state TIF)

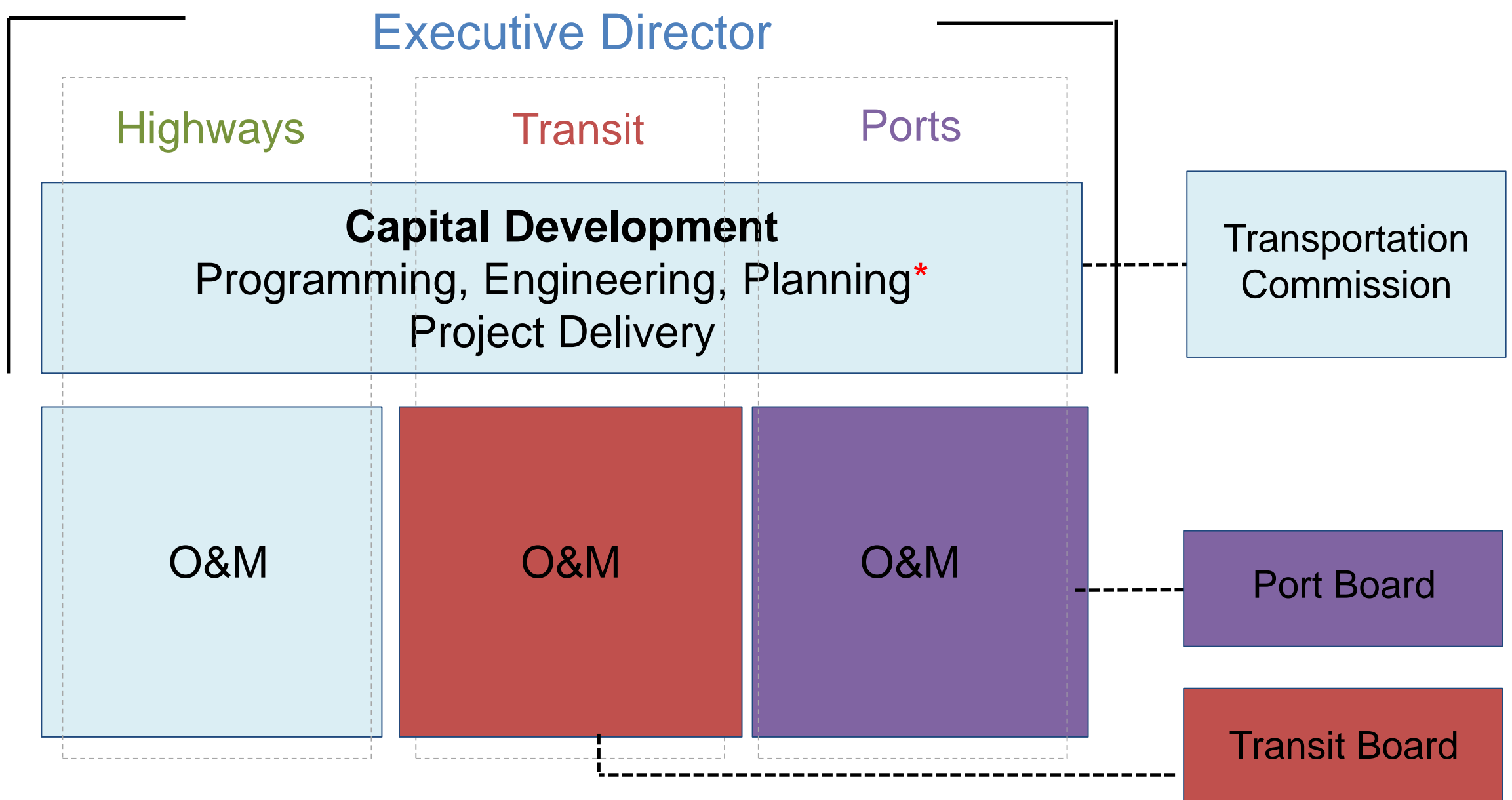
**Expected performance attributes:**

1. Integrated and multimodal decision making:
  - May encourage modal silos.
2. Optimize limited public dollars:
  - Leverages efficiencies within certain functions (e.g. engineering provided under single entity, with most costs charged to a specific project) and improved integration across modes. Other functions would be retained under multiple entities.
  - Projects prioritized across modes within single entity to help optimize investments.
3. Oversight of various modal entities:
  - The state would be responsible for planning, programming, construction and operations/service across modes.
  - Less likely to encourage local/county investment in successful planning and service.
4. Partnering with local entities for shared investment in success:
  - Will require the state to take some portion of current local option funding, which could be a challenge to relationships with local governments.

\*See "Integrated Planning Process Overview"

## Model B: Multimodal UDOT;

State ownership of transit infrastructure; New transit capital development done by UDOT;  
Transit operations by contract with independent transit providers (UTA)



### Characteristics and considerations:

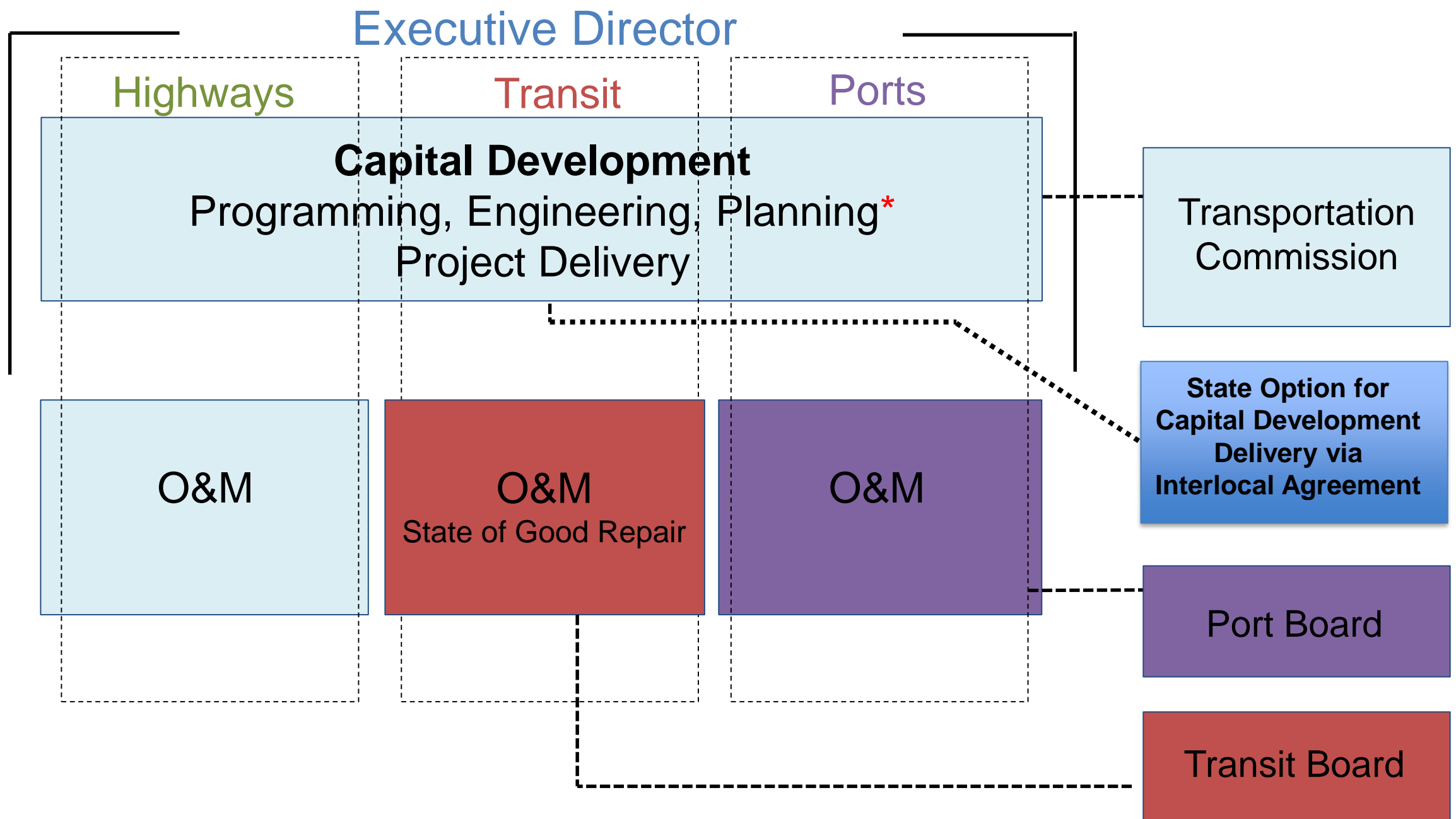
- Planning, programming, engineering and project delivery for state-funded capital investments administered within the UDOT.
- Capital investment is considered across modes and state funds are prioritized by a single entity, the Transportation Commission, making decisions for the system as a whole.
- State would obtain ownership of transit infrastructure in a public transit district serving a population of more than 200,000.
- State would need a strategy for assuming \$2B in bond debt.
- Transit operators would remain independent of the state.
- The state will establish a contractual arrangement with transit providers for O&M of transit systems.
  - O&M contracts can include both public and private service providers, or may include a range of functions through a public-private partnership (P3) arrangement. The exact limits of scope may vary by contract.
- Existing local option sales taxes would still be distributed to UTA per existing interlocal agreements.
  - State would take the portion of existing local option sales taxes needed to make debt service payments.
- Transit providers to develop and update fiscally constrained service plans annually in cooperation with counties/cities.
- Local governments could contract with UTA for new transit capital projects that don't require state funds.
- Federal FTA funds would be appropriated by the Legislature to UDOT, similar to current process used for FTA funds administered by UDOT.
- State may impose new 0.25 cent sales tax in the counties within current UTA transit district (money goes into state TIF)

### Expected performance attributes:

1. Integrated and multimodal decision making:
  - Encourages intermodal perspective throughout all phases of a project, from concept development through construction. O&M oversight based on terms of contractual relationship between state and transit provider.
2. Optimize limited public dollars:
  - Leverages efficiencies within certain functions (e.g. engineering provided under single entity, with most costs charged to a specific project) and improved integration across modes. Other functions would be retained under multiple entities.
  - Projects prioritized across modes within single entity to help optimize investments of state dollars.
3. Oversight of various modal entities:
  - The state would be responsible for planning, programming, and construction across modes. The level of state oversight of O&M based on contractual terms.
4. Partnering with local entities for shared investment in success:
  - Local option funds (imposed and/or authorized) retained at local level.
  - State project prioritization could be structured to incentivize smart land use by local entities and/or P3 partners.
  - Increased engagement by counties/cities through development of service plans.

## Model C: Multimodal UDOT;

UTA retains ownership of current transit infrastructure; New transit capital development funded with state funds done by UDOT, with the option to contract certain capital development services to UTA through interlocal agreement; Current transit operations by UTA, operations on new transit capacity done by the state under contract with UTA or independent transit providers



### Characteristics and considerations:

- Capital investment is considered across modes and state funds are prioritized by a single entity, the Transportation Commission, making decisions for the system as a whole.
- Planning, programming, engineering and project delivery for state-funded capital investments administered within UDOT.
- Transit capital projects may be executed by a transit provider under contract or interlocal agreement with the state.
  - To ensure appropriate oversight, accountability, efficiency, and flexibility, the State will – as a condition for the use of State funds – deliver the project itself, or may enter into an interlocal agreement with a transit provider for all or portions of project delivery. The agreement would ensure ongoing coordination, oversight, reporting, and other conditions the State required.
  - When deciding whether to perform transit capital development functions within UDOT or through interlocal agreement with UTA, the state will consider such factors as whether the development is funded in part with state funds; is located, in part, on the state transportation system; is regionally significant; or requires DOT eminent domain action.
- Transit providers would remain independent of the state.
- Modifications to the UTA Board with Senate advice and consent for local appointments.
- Existing local option sales taxes would still be distributed to UTA per existing interlocal agreements.
- State may impose new 0.25 cent sales tax in the counties within current UTA transit district (money goes into state TIF)














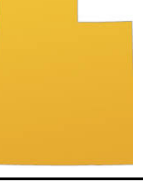

















### Expected performance attributes:

1. Integrated and multimodal decision making:
  - Encourages intermodal perspective throughout all phases of a project, from concept development through construction.
2. Optimize limited public dollars:
  - Leverages efficiencies within certain functions (e.g., engineering functions provided through mechanism that is most effective for the specific project) and improved integration across modes.
  - State funds prioritized across modes by a single entity to help optimize investments.
3. Oversight of various modal entities:
  - The State would ensure appropriate accountability, oversight, and efficiency for all projects using State funds, either by delivering the project itself or by entering into an interlocal agreement for all or a portion of project delivery.
4. Partnering with local entities for shared investment in success:
  - Local option funds (imposed and/or authorized) retained at local level and coordinated with State and regional investments.
  - State-funded project prioritization could be structured to incentivize smart land use by local entities and/or P3 partners.

\*See “Integrated Planning Process Overview”



# Comparison of Governance Models

	Model A	Model B	Model C
Ownership of existing transit infrastructure			UTA 
Ownership of new, state-funded transit infrastructure			
O&M of current transit system		UTA 	UTA 
O&M of new, state-funded transit system		UTA 	UTA 
State of Good Repair on existing infrastructure			UTA 
Delivery of new, state-funded transit capital projects		 UTA  *	 UTA  *
Current local-option sales taxes		 UTA 	UTA 
Possible new, state-imposed, ¼ cent sales tax in 8 counties, or other state authorized funding			
FTA money for state-funded projects			 UTA 

\* State has decision authority

10/05/2017