Benefits, Costs, and Potential Funding

Benefits of Transit

1 Makes Fort Worth a better place to live, work and visit

2 Attracts talent and makes the city more competitive

3 Supports sustainable growth

4 Boosts the city's economy

5 Contributes to active, healthy lifestyles

6 Supports a healthy environment

7 Supports accessibility, affordability, and mobility beyond the automobile

8 Helps people live independent lives

Benefits, Costs, and Potential Funding

Transit Moves | Fort Worth has been developed with a focus on improving transit service – to make transit more attractive and compelling, to better connect people with life's activities, and make Fort Worth a better place to live, work, and play. It is also designed to "catch up" to current demands and grow in line with projected growth.

Goal 1

ENHANCE

Make Transit Attractive and Compelling

Objectives

- Make existing services more convenient: more direct and faster, more reliable, more frequent service for longer hours, and new service types
- Focus new resources on improving service quality in the highest-demand transit markets
- Improve access to transit
- Improve passenger comfort and safety at stops and on-board vehicles
- Adopt technologies that can make travel easier

Goal 2

CONNECT

Connect People to Life's Activities

Objectives

- Connect residents with jobs and educational opportunities
- Connect residents with services and activities that are part of daily life (healthcare, shopping, etc.)
- Increase access to affordable housing
- Improve connections with neighboring transit systems

Goal 3

THRIVE

Grow the Economy and Improve Quality of Life

Objectives

- Expand service to new areas with transit-supportive origins and destinations
- Provide services that strengthen Fort Worth's neighborhood centers
- Provide services that stimulate Transit-Oriented Development (TOD)
- Improve economic opportunities for all residents, particularly disadvantaged residents
- Work to build partnerships with communities, businesses and others to strengthen transit

Goal 4

SUSTAIN

Ensure FInancial and Environmental Sustainability

Objectives

- Develop cost-effective transit services and programs
- Focus transit services where they can be most effective
- Develop services that achieve a high level of public and political support
- Prioritize services where private and public partners provide funding and/or other transit-related assistance
- Provide services that will reduce single-occupancy vehicle miles traveled

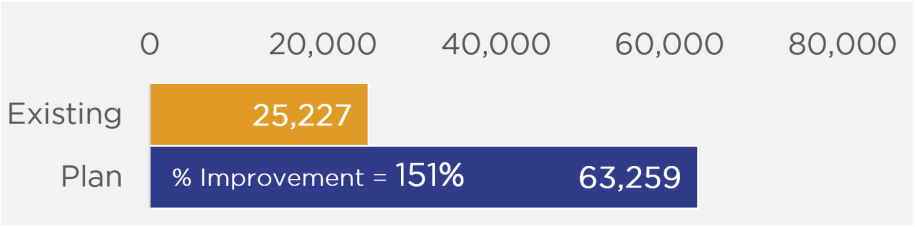
Benefits

Transit Moves | Fort Worth is designed to make transit a better option in many ways, but most importantly in terms of providing higher quality services, providing more frequent service for longer hours on nearly all routes, and expanding service to new areas.

Ridership

Trinity Metro, including TEXRail and TRE Tarrant County services, currently carries approximately 25,200 passengers per day. The planned improvements will increase ridership to 63,300, or by 151%.

Weekday Ridership



Service Quality

Longer Hours of Service

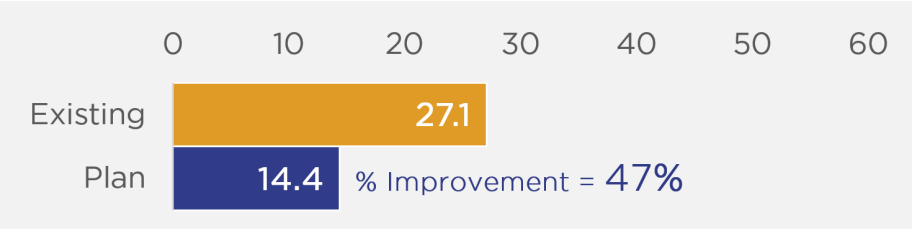
At present, only three Trinity Metro bus routes operate past 11 PM and none operate past midnight. Transit Moves | Fort Worth would increase these numbers to eight and seven, respectively. The average span of service, or number of hours per day each route would operate, wouldincrease from 16 to 21.

Trinity Metro Average Service Span (Hours)

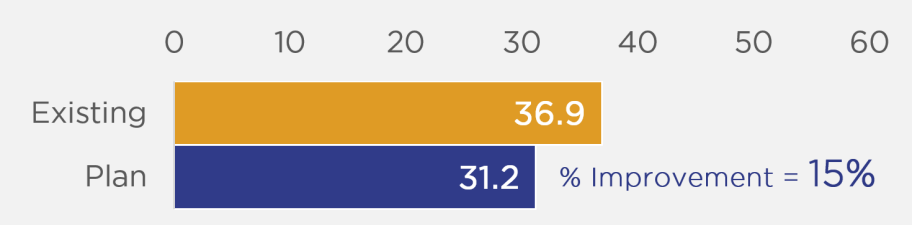
More Frequent Service

Trinity Metro bus routes currently operate – on average – every 27 minutes, and commuter rail operates at an average of every 37 minutes. Transit Moves | Fort Worth would improve weekday bus frequencies to an average of every 14 minutes, and commuter rail frequencies to every 30 minutes.

Local Bus and HCT Average Weekday Service Frequencies (Minutes)



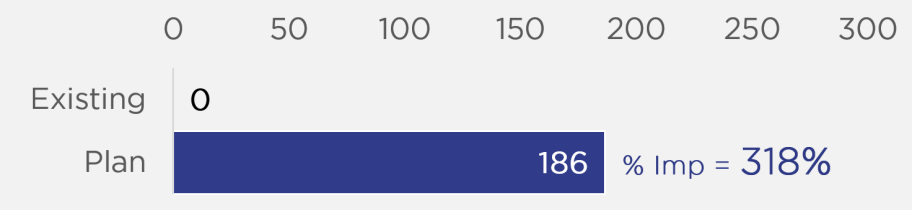
TEXRail and VRE Weekday Average Service Frequencies (Minutes)



High Capacity Transit Service

At present, nearly all Trinity Metro service is regular bus service. The one partial exception is the Spur, which has many Rapid Bus elements, but not all. Transit Moves | Fort Worth would increase the miles of Rapid Bus and BRT service from zero to 186, and 38% of total route miles.

Route Miles of BRT and Rapid Bus Service

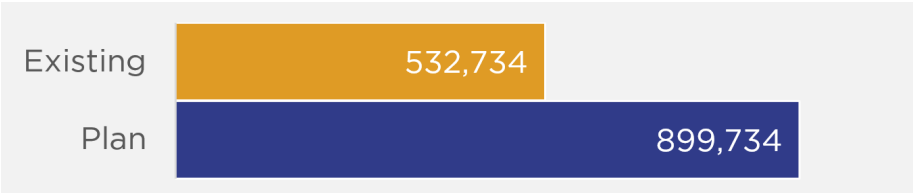


Residents Served

Through 2045, the city's population is projected to grow from 830,000 to 1.4 million. As this growth occurs, Fort Worth will continue to grow outward. Some areas that are not transit-supportive today will become so. However, new outward growth will also create new non-transit supportive areas.

One focus of Transit Moves | Fort Worth is to provide service in areas where it will be used and be cost-effective. In this respect, as the city grows, transit service will be expanded outward to areas where this will be the case, but not to all areas. Today, there is some form of transit within 1/2 mile of 533,000 residents, and this will grow to 900,000 in 2045.

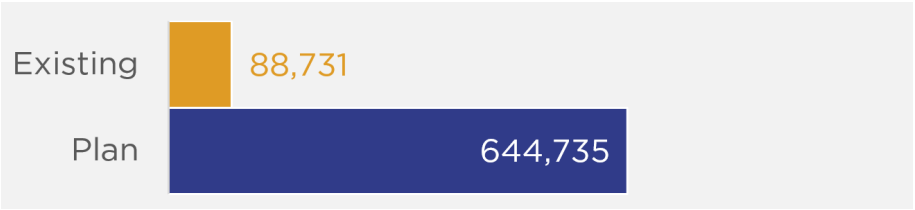
Number of Residents within 1/2 Mile of Any Transit



Residents Served by Frequent Transit

Today, only 88,700 of the city's residents have access to service that operates at least every 15 minutes. Planned improvements would increase the number of residents served by over 330% to 46%. Much of this will be High Capacity Transit. A total of 644,700 of Fort worth's residents will be within 1/2 mile of BRT, Rapid Bus or frequent local bus service.

Number of Residents within 1/2 Mile of Frequent Transit



Amount of Service to Majority Minority Areas

Service improvements to the city's Majority Minority Areas, or MMAs, will be very high. Today, Trinity Metro provides 980 vehicle hours of service to MMAs. With Transit Moves | Fort Worth, this would increase by 147% to over 2,400 vehicle hours.

Amount of Service to Majority Minority Areas
(Weekday Vehicle Hours of Service)

Service to Neighborhood Centers

Transit can help strengthen neighborhood centers. Transit Moves | Fort Worth would increase the total number of weekday bus trips to designated neighborhood centers by 148% from 1,890 to nearly 4,700. The number of bus trips on frequent routes would increase by an even higher percentage – by 436%, from 560 to 3,000 weekday bus trips.

Number of Weekday Bus Trips to Neighborhood Centers

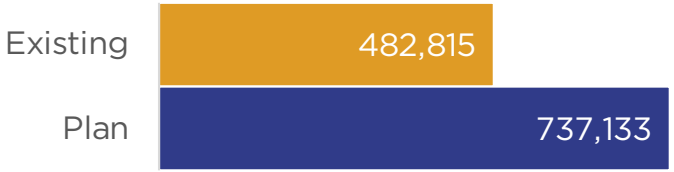
Number of Bus Trips on Routes with Frequent Service to Neighborhood Centers

Jobs Served

Today, service is provided within 1/2 mile of 82% of Fort Worth's jobs. As with service to residents, most of this service operates fairly infrequently. In addition, and as with service to residents, most of the jobs that are not served are in low density areas that are not transit supportive.

Through 2045, the number of jobs in Fort Worth is projected to grow from 590,000 to 933,000. Today, there is some form of transit within 1/2 mile of 483,000 residents, and this will grow to 737,000 in 2045.

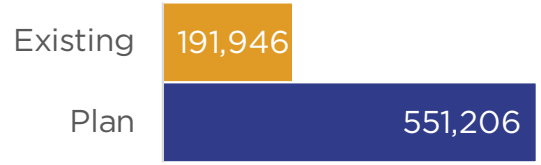
Number of Jobs within 1/2 Mile of Any Transit



Jobs Served By Frequent Transit

At present, while 82% of jobs are within 1/2 mile of some form of transit, only 33% are within 1/2 mile of frequent transit. This would increase to 60%, for an increase of 84%

Number of Jobs within 1/2 Mile of Frequent Transit



Costs

Transit Moves | Fort Worth represents a major investment in Fort Worth's transit services, its people, and its economy. As such, associated costs will be much higher than what Trinity Metro and the City spend today.

Operating Costs

Total operating costs, in $2020 and with the development of BRT in all of the hghest demand corridors, would be approximately $244 million per year. This would be a near tripling of current operating costs ($84 million). While this increase is very high, it represents a combination of reclaiming lost ground over the past decades when the city grew rapidly and Trinity Metro grew slowly and accommodating future growth. With the development of LRT in the highest ridership corridors, operating costs would be up to $257 million per year, or $13 million higher.

Capital Costs

Total capital costs, also in $2020 and with the development of BRT in all of the highest demand corridors, would be approximately $2.8 billion over 25 years. The largest proportion of these costs would be for the development of High Capacity Transit ($2.3 billion), with most of these costs related to the development of BRT ($1.3 billion) and the TEXRail Southwest extension ($650 million).

With the development of light rail in all of the highest ridership corridors, capital costs would be up to $6.1 billion, or $3.3 billion higher. The cost to develop individual lines as light rail would range from $500 million to $1 billion.

OPERATING COSTS (MILLIONS)	PLAN
Transit Services	
High Capacity Transit	$156.2
Improvements to Existing Services	$47.0
New Services	$24.2
Other	$17.1
TOTAL	$244.5

CAPITAL COSTS (MILLIONS)	PLAN
Transit Services	
High Capacity Transit	$2,351.3
Existing Services	$132.0
New Services	$43.5
Other	$17.3
Subtotal	$2,525.4
Infrastructure/Facilities	
Transit Priority	$25.0
Bus Stop Improvements	$25.3
Mobility Hubs	$99.0
Park and Ride Lots	$10.5
Pedestrian Improvements	$83.5
Maintenance Facility	$83.0
Better Information	TBD
Mobility-as-a-Service	TBD
Subtotal	$326.3
TOTAL	$2,870.4

Potential Funding

The funding of major transit expansion projects is always challenging, and this will be the case for Transit Moves | Fort Worth. However, there are many potential approaches.

Federal Funds

There is a large number of federal funding programs that provide funding both formula and discretionary bases. The major programs include:

- **Federal Transit Administration (FTA) formula funding:** The FTA provides funding largely for capital purposes, and in limited cases, for operations. Most funding is through a variety of formula-based programs, and Trinity Metro currently uses all the funding for it is eligible for existing services. As the amount of services that Trinity Metro provides increases, the amount of formula funds that it receives will increase. However, the increases will be small.
- **FTA Discretionary Funding:** In addition to formula funding, the FTA has two major discretionary programs (New Starts/Small Starts and Bus and Bus Facilities), that fund commuter rail, light rail, BRT, and Rapid Bus projects and major bus facilities such as regional mobility hubs and transit emphasis corridors. FTA funds could cover up to 50% of the capital costs for these types of projects. They could likely be used for a higher percentage of the cost to construct a new bus maintenance faculty.
- **Congestion Management Air Quality (CMAQ):** The CMAQ program, which is jointly administered by FHWA and FTA, provides funding for projects that reduce air pollution, including a wide variety of transit purposes. The use of CMAQ funds is determined through NCTCOG's programming processes. In the past, Trinity Metro has used CMAQ funds for TEXRail design and construction, the North Park and Ride Lot, and TRE double tracking

State Funds

The State of Texas does not currently provide any significant funding for transit services in urban areas.

Local Sources

Local funds generate the lion's share of funding for transit systems in Texas, including in Fort Worth.

Local Sales Tax

Trinity Metro is a "membership" organization, in which members voluntary join and in return for service contribute one-half cent of their local sales tax to help fund the service that they receive. At present, only two communities are full members: Fort Worth and Blue Mound. For FY 2019, sales tax revenues from these communities were budgeted at $81.4 million. These sales tax revenues represent the largest source of operating funding and a significant amount of capital funding.

However, Trinity Metro's revenues are much lower than those received by the transit operators in Texas' other large urban areas. This is for two reasons: (1) only two communities are full members and (2) they contribute fewer funds than communities in other areas. These are also the reasons that Trinity Metro service increases have not kept pace with growth.

Furthermore, while Fort Worth's 0.5% transit sales tax rate is lower than those in other major Texas cities, the city currently does not have the ability to increase it. Texas law caps that total amount of local sales taxes to 2% and the city is already at this limit (with the remaining 1.5% used for other purposes).

Transit Sales and Use Tax Rates for Five Largest Texas Transit Systems

Transit Agency	Tax Rate	Member Communities	CY 2015 Revenue
Houston Metro	1%	16	$659.3m
Dallas DART	1%	13	$519.5m
Austin Capital Metro	1%	8	$211.1m
San Antonio VIA	0.5-0.75%	14	$136.0m
Trinity Metro	0.5%	3	$64.9m

Source: Office of the Texas Comptroller of Public Accounts, Fort Worth Transportation Authority.

Other Local Contributions

Fort Worth and other local communities have worked with Trinity Metro to provide additional funding for specific services and programs. Most recently, the city has provided additional funding for Trinity Metro's Network Redesign and new ZIPZONE services. Five other communities are "partner" members of Trinity Metro (Crowley, Grapevine, North Richland Hills, River Oaks, and Forest Hill). These communities pay negotiated contributions toward TEXRail service and other specific services.

These types of arrangements fit within the Service Buy-Up program included in Transit Move #5, and the city could fund additional services using any available sources, including general funds.

Potential New Sources

Throughout the United States, transit is funded in many different ways, both large scale and small scale. These methods of funding range from sales taxes up to 2.0% to a 10% tax on poured drinks in bars. There are many ways to generate funding and most transit-related taxes and fees can enacted at the state, county, and city level. However, many of the sources require state authorization, and this is often the case in Texas. Sources used in other areas include:

- Sales tax increases
- Special assessment district
- Tax increment financing districts
- Fuel taxes
- Property taxes
- Vehicle taxes
- Rental car taxes
- Tolls
- Parking fees and taxes
- Real estate transaction fees
- Rideshare taxes
- Payroll taxes
- Hotel/motel taxes
- Development impact fees
- Taxes on alcoholic drinks
- Issuance of Bonds

Sales Tax Increases

The most common way to major transit expansion programs is through the use of sales taxes. This is because they are the single source that can generate the largest amounts of funding (both capital and operating). However, as described above, Fort Worth already levies the 2% maximum local sales tax that is permitted under state law.

As a result, an increase beyond 2% would require state legislation. Based on the State Legislature's past unwillingness to authorize increases beyond 2%, implementation of this option will be challenging under any circumstances, and especially for a single city. However, there has been interest among many of the state's transit systems and communities in raising the cap. Therefore, there could be the potential to create a broad-based effort that could increase the chances of success.

Special Assessment Districts

Special Assessment Districts are designed to link the benefits of transit improvements to their costs. transit improvements for the costs. Typically, taxes and fees are assessed to residents and businesses within a defined area served by the transit improvement. The taxes are usually based on property value, or sales, special business fees, or other measures of value.

Kansas City's Streetcar was funded using a Special Assessment District

Tax Increment Financing (TIF) Districts

Tax Increment Financing Districts are similar to Special Assessment Districts in that districts are created to encompass areas that will benefit from transit improvements. However, in these districts, rather than increasing taxes, the new property tax revenue generated as a result of increases in property value are used to fund the transit improvements. This approach is often preferred by property owners as tax rates do not increase (although taxes paid do increase due to increased property values). A disadvantage of TIFs compared to Special Assessment Districts is that revenue amounts are much more speculative.

Dallas uses a TIF District to fund Transit-Oriented Development

Fuel Taxes

Fifteen states authorize local option gas taxes, and jurisdictions in four of those (Florida, Hawaii, Illinois, and Virginia) have levied local option gas taxes at least in part for transit. In Florida, every county has levied a local option gas tax. Some counties use the funds entirely for transit, while others use them for a mix of roadway and transit purposes.

In Texas, the state gas tax is 20¢ per gallon, which is the sixth lowest in the country. However, state currently does not permit the use of gas tax revenues for transit, nor does it permit local option sales taxes. Thus, the use of state gas tax revenues would require legislative authority.

Property Taxes

Smaller municipal transit systems often use general funds for transit, and many of these funds come from property taxes. For larger transit systems, the use of property taxes is usually through the development of Special Assessment Districts, as described above. However, it is within the power of local communities to increase and use property taxes for a wide variety of purposes, including transit.

Vehicle Taxes

Different forms of vehicle taxes are occasionally used to fund transit. The most significant example is Minnesota, where the state generates transportation funding through a 6.5% sales tax on motor vehicles. This is in lieu of a general sales tax. The funds are used for both highways and transit, with a minimum of 40% directed to transit. There are also examples of cities and regions enacting vehicle taxes.

Rental Car Taxes

Most areas tax rental cars, and a few use these revenues for transit purposes. Examples include a $2 a day tax in Colorado and Pennsylvania and Allegheny County, Pennsylvania, which is where Pittsburgh is located. In addition, the State of Washington taxes rental cars at 5.9% for general transportation purposes (including transit), plus 0.8% for the financing of high capacity rapid transit.

Rental car taxes tend to be popular as they tax non-residents. A variety of rental car taxes are already imposed in Texas, including at DFW to reduce property taxes in Euless and to fund sports arenas. However, they are not currently used to fund transit.

Parking Fees and Taxes

Some cities use parking fees to directly fund transit, while others tax parking fees to generate revenue for transit services. Examples include San Francisco, which uses 80% of its parking meter revenue for transit, Portland, OR, which uses its parking revenue to fund streetcar service.

In Texas, cities and counties can use parking fees for any purposes but can only levy parking taxes on parking at event venues. This tax can be up to $3 per vehicle.

Rideshare Taxes

Cities and states are beginning to impose taxes on rideshare trips, in part because increases in ridesharing are increasing financial strains on transit systems. In January 2020, Seattle enacted a 57¢ tax on rideshare trips with the funds directed toward affordable housing initiatives and new streetcar service. Massachusetts currently has a 20¢ tax on rideshare trips, which the state's Governor recently proposed raising to $1, with most of the increase for transit.

Some states and cities have implemented taxes on rideshare services to fund transit

Tolls

Toll revenues are occasionally used to fund transit. Northern Virginia dedicates a portion of High Occupancy Toll lane revenues to transit, In the San Francisco Bay area, Golden Gate Bridge tolls cover over one-third of operating cost for the Golden Gate Transit services. In the New York City area, tolls on seven bridges are used for transit.

Real Estate Transaction Fees

In a few states, real estate transaction fees are used to fund transit. Examples include Virginia, which has a deed-recording fee that that ranges from $21 to $54 that is used to support local bond issues for transit projects, and Florida, which charges a real estate documentary tax of 70¢ per $100 of the transaction value, 10% of which is used to match federal New Starts funds.

Payroll Taxes

A few jurisdictions levy payroll taxes for transit. In 2018, the State of Oregon implemented a payroll transit of 0.1% to fund transit. This tax must be paid by all working residents of Oregon, no matter where they work, and by all non-residents who work within Oregon.

Hotel/Motel Taxes

The 2016 Let's Move Nashville campaign would have imposed a tax on hotels and motels that would have started at 1.4% of the room rate and over time increase to 3.75%. Lodging taxes are typically easily accepted by residents because it is largely visitors who pay them.

Development Impact Fees:

San Francisco levies a development impact fee of $5 per square foot of new development to fund transit operating and capital costs.

Alcoholic Drinks in Bars

Allegheny County, PA (Pittsburgh) levies a 10% tax on poured drinks in restaurants and bars.

Summary

As described, transit can be funded in many ways. However, there is no one size fits all solution that works for all areas. Instead, the key to developing new sources is to identify approaches that will receive high levels of political and public support. Many of these approaches would also need state legislative approval, which in Texas is usually particularly challenging. Key considerations in developing a funding plan include:

- FTA funding should be available to fund up to 50% of BRT, Rapid Bus, and Regional Rapid Bus routes and major mobility hubs.
- Special Assessment Districts could generate significant amounts of funding for larger projects such as BRT, in commuter rail station areas, and in broader areas where transit will be improved.
- Tax Increment Financing (TIF) could also provide significant amounts of funding for major projects such as BRT and for the TEXRail extension to Tarleton.
- Other sources are also important but are usually used to fund ongoing costs or as a supplement to sales taxes.
- Funding for bus service expansion and for ongoing operations (for all services) will present the greatest challenges. The most common approach is through a sales tax increase – because sales taxes can generate the very large amounts of funding and have generally been proven to have high levels of public support. However, Fort Worth already levies the 2% maximum that is permitted under state law, and an increase beyond 2% would require state legislation.
- No other sources, by themselves, could provide sufficient funding, and many would also require state legislative approval. As a result, the development of a funding plan will likely require the use of multiple sources that together can provide sufficient funding.