

PUBLIC REVIEW DRAFT

Indy Moves

# Appendix E: Funding Sources

October 2018





## INTRODUCTION

Funding the Indy Moves capital projects will take a coordinated effort of local, state, federal, and private partners and funding sources. While many transportation funding sources are competitive, Indianapolis has historically been quite successful and can continue this trend by aligning projects with the funding sources for which they are best suited. Taking a creative approach to leveraging multiple funding sources and collaborating with partners will allow Indianapolis to build priority projects and implement new programs.



Source: City of Indianapolis

### Funding Example: Indianapolis Cultural Trail

The Indianapolis Cultural Trail: A Legacy of Gene and Melinda Glick is a prime example of public-private partnership leveraging multiple funding sources to bring a vision for a transportation and community asset to life. With a total project cost of \$63 million (including a \$6 million maintenance endowment), private funding totaled \$27.5 million, and public funding (federal grant money) totaled \$35.5 million. Funding was compiled from the following sources: the Central Indiana Community Foundation (CICF), private donors, a federal TIGER grant (\$20.5 million), the City of Indianapolis tax increment financing revenues, and several not-for-profit organizations. No local tax dollars were used.

Aligned with Indy Moves goals to leverage transportation investments as a tool for economic development, the Indiana University Public Policy Institute found that property assessments within approximately one block of the eight mile Indianapolis Cultural Trail have increased 148% since 2008, an increase of \$1 billion in assessed property value.<sup>1</sup> The trail has catalyzed investment with new developments and businesses opening throughout the cultural districts along the trail.

<sup>1</sup> <http://indyculturaltrail.org/impact/>



This appendix provides information on funding sources at the local, private, state, and federal level. The table below lists these funding sources.

Category	Funding Source
Local	<ul style="list-style-type: none"> <li>▪ Local City Funds</li> <li>▪ Income Tax</li> <li>▪ Indianapolis Regional Transportation Improvement Program (IRTIP)</li> <li>▪ Tax Increment Financing</li> <li>▪ Municipal Bonds</li> </ul>
Private	<ul style="list-style-type: none"> <li>▪ Public Benefits Agreements</li> <li>▪ Central Indiana Community Foundation (CICF)</li> </ul>
State	<ul style="list-style-type: none"> <li>▪ Community Crossings Matching Grants</li> <li>▪ Safe Routes to School</li> <li>▪ Recreational Trails Program</li> <li>▪ Highway Safety Improvement Program</li> </ul>
Federal	<ul style="list-style-type: none"> <li>▪ Transportation Infrastructure Finance and Innovation Act (TIFIA)</li> <li>▪ Infrastructure for Rebuilding America (INFRA)</li> <li>▪ Community Development Block Grants</li> <li>▪ BUILD Grants</li> </ul>

## LOCAL FUNDING SOURCES

### Local City Funds

***What is it?***

Local city funds include funding from the city’s annual budget and revenue sources.

***What is it useful for?***

Operations and maintenance; pilot projects; high priority projects.

***Further Information:***

For some projects or programs, the use of general fund dollars may be appropriate, particularly for projects that are operational in nature, lower cost, or a high priority for implementation. City funds can also be used to incorporate elements of priority Capital Plan projects as part of other project construction, such as leveraging planned investments in roadway maintenance.

### Income Tax

***What is it?***

One-quarter percent income tax for transit system expansion.

***What is it useful for?***

Projects that include transit-supportive infrastructure for planned routes and stops.

***Further Information***

Indianapolis City-County Council recently approved a 0.25% income tax increase that will fund expansion and improvements to the county’s transit system. Many of the high priority capital



projects identified in Indy Moves are intended to upgrade streets (some with existing bus service) to more safely, and efficiently accommodate all modes. The city could partner with IndyGo to leverage income tax funds for transit improvements by coordinating and contributing funds for holistic Complete Streets upgrades along the same corridors.

## **Indianapolis Regional Transportation Improvement Program (IRTIP)**

### ***What is it?***

Indy MPO matching grant (80%) for surface transportation involving collector roads alternatives.

### ***What is it useful for?***

Projects on collector roads (or higher in federal functional classification), that address congestion, air quality, safety, or transportation alternatives.

### ***Further Information***

Every four years, the Indianapolis Regional Transportation Improvement Program (IRTIP) selects projects proposed by local governments and transit agencies to receive federal funds. The goal of the IRTIP is to support local agencies in providing a coordinated transportation system by funding projects most aligned with Long Range Transportation goals. Projects in the Indy Moves Capital Plan could qualify IRTIP funds through the Congestion Mitigation Air Quality Program, Highway Safety Improvement Program, and Surface Transportation Program.

## **Tax Increment Financing**

### ***What is it?***

Dedicated proportion of property taxes within a specific area to service debt based on an investment in that area.

### ***What is it useful for?***

Projects that anticipate an increase in property taxes in their immediate surroundings.

### ***Further Information***

By issuing bonds to cover transportation infrastructure investment, local governments can then service their debt through a dedicated portion of property taxes from the investment area. This strategy—called tax increment financing (TIF)—may be a good funding strategy for projects that promise to help increase property taxes in their immediate area. Indianapolis already oversees 25 TIF districts comprising 15,087 parcels, including projects like the Indianapolis Cultural Trail and the Airport EDA.

## **Municipal Bonds**

### ***What is it?***

Loans against future revenue streams, such as sales, property, or special assessment district taxes.

### ***What is it useful for?***

Long lifespan projects with a broad benefit to Indianapolis.



### ***Further Information***

In addition to TIF bonds, Indianapolis could borrow against other future tax revenue streams, such as sales, property, or special assessment district taxes. These tax levies can be proposed to construct specific projects or to contribute to Indianapolis' or Marion County's transportation fund.

## **PRIVATE FUNDING SOURCES**

### **Public Benefits Agreements**

#### ***What is it?***

Negotiated agreements for developers to provide benefits to the public.

#### ***What is it useful for?***

Localized projects in areas experiencing significant private development, e.g., sidewalks adjacent to new apartments.

#### ***Further information***

Many cities, including Indianapolis, negotiate public benefits agreements on a case-by-case basis to specify the standards and conditions that will govern development of a property. As new developments are proposed, the city can negotiate with developers to contribute toward or build multimodal improvements.

### **Central Indiana Community Foundation (CICF)**

#### ***What is it?***

Grant awarding foundation aiming to support equity, the creation of vibrant places, and initiatives to attract visitors and businesses to Central Indiana

#### ***What is it useful for?***

Projects that align with the foundation's goals.

#### ***Further Information***

CICF is a charitable foundation stewarding \$800 million in assets with the mission grant funds to efforts supporting equity, the creation of vibrant places, and initiatives to attract visitors and businesses to Central Indiana. A partner in the development of the Indianapolis Cultural Trail, Indy should continue partnership with CICF to fund improvements or invest in programs improving safety, mobility choices, and access to opportunity for vulnerable populations or in areas of Indy that have seen historic under-investment. Partnership with CICF could also support neighborhood business districts where improved multimodal infrastructure could catalyze local economic development.



## STATE FUNDING SOURCES

### Community Crossings Matching Grants

***What is it?***

INDOT matching grants (50%) for road and bridge projects that catalyze economic development, strengthen transportation networks, and create jobs.

***Why is it important?***

Projects that include a roadway or bridge component for which matching funds exist.

***Further information***

A partnership between Hoosier communities and the Indianapolis Department of Transportation (INDOT), the Community Crossings grant program provides up to a 50% match for projects that catalyze economic development, strengthen transportation networks, and create jobs. The grants are administered and paid for by INDOT and are eligible only for roadway or bridge projects.

### Safe Routes to School

***What is it?***

INDOT matching grants (80%) up to \$250K to improve walking and biking connections to schools.

***Why is it important?***

Lower cost projects that include a walking or biking improvement near schools.

***Further information***

INDOT administers the Safe Routes to School matching grant program, funded within Indiana's Transportation Alternatives set-aside. Projects must be under \$250,000, with at least 20% of their cost matched from other sources, and must demonstrate an ability to improve walking and biking connections to schools.

### Recreational Trails Program

***What is it?***

Indiana Department of Natural Resources (DNR) matching grants (80%) for the construction of multi-use paths and greenways.

***Why is it important?***

Projects that include a multi-use path or greenway.

***Further information***

Administered by the Indiana DNR, the Recreational Trails Program is a matching grant program of Transportation Alternatives set-aside funds. The program supports the construction of multi-use paths and greenways with a 20% local match.



## Highway Safety Improvement Program

### *What is it?*

INDOT funding source for pedestrian or bike projects aimed at reducing traffic fatalities and serious injuries on public roads.

### *Why is it important?*

Projects that include a bike or pedestrian component, including multi-use paths, in or near high crash areas.

### *Further information*

The Highway Safety Improvement Program (HSIP) is a core federal-aid program that aims to reduce traffic fatalities and serious injuries on public roads. HSIP funds can be used for bike lane or sidewalk projects on local roadways, improvements to Class I multi-use paths, or for traffic calming measures. Applications must identify a history of collisions and demonstrate a project's safety improvements. Administered by INDOT every two years, HSIP is a potential funding source for Indy Moves projects that improve roadway conditions in high crash locations.

## FEDERAL FUNDING SOURCES

While federal funding sources typically offer the largest monetary awards of public funding sources, there is considerable uncertainty concerning federal funding programs at the time of writing (Fall 2018). As such, the programs described below may be subject to change.

## Transportation Infrastructure Finance and Innovation Act (TIFIA)

### *What is it?*

Secured loans, loan guarantees, and standby lines of credit for large surface transportation projects.

### *Why is it important?*

Large multimodal projects.

### *Further information*

TIFA is credit assistance program designed to fill market gaps and leverage private investment for large-scale surface transportation projects. Highway, transit, railroad, intermodal freight, port access, and intelligent transportation systems (ITS) are eligible for assistance. TIFIA provides credit assistance in the form of secured loans, loan guarantees, and standby lines of credit. A combined \$600 million of TIFIA funds have been authorized for fiscal years 2019 and 2020.

## Infrastructure for Rebuilding America (INFRA)

### *What is it?*

Dedicated, discretionary funding for projects that address critical issues facing highways and bridges (\$5M+ and \$25M+ categories).

### *Why is it important?*

Projects that include a highway or bridge component in a critical state of repair.



***Further information***

The INFRA grants program provides dedicated, discretionary funding for projects that address critical issues facing highways and bridges throughout the United States. As June 2018 the USDOT proposed nearly \$1.5 billion in INFRA grants awarded to a combination of large (at least \$25 million) and small (at least \$5 million) projects.

## **Community Development Block Grants**

***What is it?***

Housing and Urban Development (HUD) funding source for low and moderate income communities to address a wide range of community development and public infrastructure needs.

***Why is it important?***

Projects in low-income areas.

***Further information***

Funded by the U.S. Department of Housing and Urban Development (HUD), Community Development Block Grants (CDBG) are administered by HUD and The Indianapolis Office of Community and Rural Affairs (OCRA). CDBG is a flexible program that provides communities where residents are at least 51% low- or moderate-income with funding to address a wide range of community development and public infrastructure needs.

## **Better Utilizing Investments to Leverage Development (BUILD) Grants**

***What is it?***

United States Department of Transportation grants for repair and construction of projects that support freight and passenger transportation (formerly TIGER).

***Why is it important?***

Projects that involve passenger transportation or freight corridors.

***Further information***

Offered by the U.S. Department of Transportation (DOT), BUILD grants are available for repair and construction of projects that support freight and passenger transportation. Formerly known as TIGER grants, BUILD applications are open to any public entity and can support multimodal projects.