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APPENDIX C: FUNDING

C.0 Overview

The purpose of this appendix is to define and describe possible funding sources that could be used to support the planning, design and development of bicycle improvements.

Implementing the recommendations of this plan will require a strong level of local support and commitment through a variety of local funding mechanisms. Perhaps most important is the addition of bicycle and greenway recommendations from this Plan into the Town’s Transportation Improvement Program (TIP). These improvements should become a high priority and be supported through the TIP and local bonds.

For the past two decades, a variety of funding has been used throughout North Carolina to support the planning, design and construction of urban and rural bicycle and greenway projects. The largest single source of funding for these projects has come from the Surface Transportation Act, first the Intermodal Surface Transportation Efficiency Act (ISTEA) in the early to mid 1990s; then its successor, Transportation Equity Act for the Twenty-First Century (TEA-21) through the early part of 2002; and now the Safe, Accountable, Flexible and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). The North Carolina Department of Transportation manages and distributes the majority of federal funds that are derived from the Act to support the development of bicycle/trail development.

The majority of federal funding is distributed to states in the form of block grants and is then distributed throughout a given state for specific proj-

ects. State funding programs in North Carolina also support the creation of greenways. North Carolina has developed a broad array of funding sources that address land acquisition, green infrastructure development, and trail facility development.

This appendix is organized by first addressing high priority and state sources of funding, then separate federal and local government funding sources. It is by no means an exhaustive list as there may be many additional funding sources available that should be researched and pursued as well.

C.1 High Priority Funding Options

While there are a number of funding sources provided in the following pages, these sources should be the highest priority in order to achieve successful implementation. It is critical for local government to not delay applying for funding given the competitiveness and changing, finite availabilities of most sources. Details about the following sources are found later in this appendix.

- Local Capital Improvements Program (CIP)
- Local Bond
- Local Fees
- State Transportation Improvement Program (TIP)
- State Powell Bill Funds
- State Safe Routes to School Program
- State Parks and Recreation Trust Fund (PARTF)
- State Health and Wellness Trust Fund (HWTF)
- Private Sources



C.2 State Funding Sources

The most direct source of public-sector funding for the Town of Carrboro will come from state agencies in North Carolina. Generally, these funds are made available to local governments based on grant-in-aid formulas. The single most important key to obtaining state grant funding is for local governments to have adopted plans for greenway, open space, bicycle, pedestrian or trail systems prior to making an application for funding. Unfortunately, there is no direct correlation between any of the programs listed and a constant stream of funding for bicycle projects and all projects are funded on the basis of grant applications. There is no specific set aside amount that is allocated for bicycle development within a given program. Funding is based solely on need and the need has to be expressed and submitted in the form of a grant application. Finally, all of these programs are geared to address needs across the entire state, so all of the programs are competitive and must allocate funding with the needs of the entire state in mind.

The *Powell Bill Program* is an annual state allocation to municipalities for use in street system maintenance and construction activities. There is considerable local control over Powell Bill Funds (it is not a grant application process). In the past, the State allocated a considerable portion of these revenues for construction purposes. However, budgetary constraints since 2001 have led to a shift of new Powell Bill funds to cover maintenance and operations activities. Both the Powell Bill reserves and the 2000 Transportation Bond funds are limited funding sources that will eventually be depleted.

In North Carolina, the *Department of Transportation, Division of Bicycle and Pedestrian Transportation (DBPT)* has been the single largest source of funding for bicycle and greenway projects, including non-construction projects such as brochures, maps, and public safety information for more than a decade. DBPT offers several programs in support of bicycle facility development. The following information is from NCDOT's interactive web site (www.ncdot.org). Contact the NCDOT, Division of Bicycle and Pedestrian Transportation at (919) 807-2804 for more information.

North Carolina programs are listed below. A good starting website with links to many of the state programs is http://www.enr.state.nc.us/html/tax_credits.html.

Funding Opportunities Through NCDOT:

Bicycle and Pedestrian Independent Projects Funded Through the Transportation Improvement Program (TIP):

In North Carolina, the *Department of Transportation, Division of Bicycle and Pedestrian Transportation (DBPT)* manages the Transportation Improvement Program (TIP) selection process for bicycle projects. Projects programmed into the TIP by the DBPT are independent projects – those which are not related to a scheduled highway project. Incidental projects – those related to a scheduled highway project – are handled through other funding sources described in this section.

DBPT has an annual budget of \$6 million. Eighty percent of these funds are from Surface Transporta-

tion Program-Enhancement funds, while the State Highway Trust provides the remaining 20 percent of the funding.

A total of \$5.3 million dollars of TIP funding is available for funding various bicycle-independent projects, including the construction of multi-use trails, the striping of bicycle lanes, and the construction of paved shoulders, among other facilities. Prospective applicants are encouraged to contact the DBPT regarding funding assistance for bicycle projects. For a detailed description of the TIP project selection process, visit: http://www.ncdot.org/transit/bicycle/funding/funding_TIP.html. Another \$500,000 of the division's funding is available for miscellaneous projects.

Incidental Projects – Bicycle accommodations such as bike lanes, widened paved shoulders, and bicycle-safe bridge design are frequently included as incidental features of highway projects. In addition, bicycle-safe drainage grates are a standard feature of all highway construction. Most bicycle safety accommodations built by NCDOT are included as part of scheduled highway improvement projects funded with a combination of National Highway System funds and State Highway Trust Funds.

Governor's Highway Safety Program (GHSP) – The mission of the GHSP is to promote highway safety awareness and reduce the number of traffic crashes in the state of North Carolina through the planning and execution of safety programs. GHSP funding is provided through an annual program, upon approval of specific project requests. Amounts of GHSP funds vary from year to year, according to the spe-

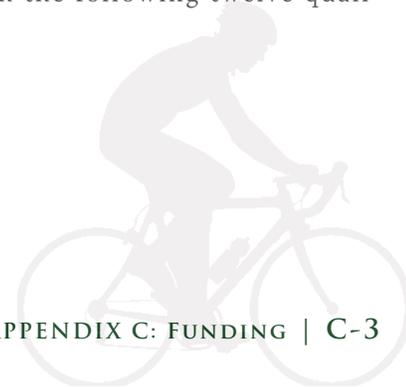
cific amounts requested. Communities may apply for a GHSP grant to be used as seed money to start a program to enhance highway safety. Once a grant is awarded, funding is provided on a reimbursement basis. Evidence of reductions in crashes, injuries, and fatalities is required. For information on applying for GHSP funding, visit: www.ncdot.org/programs/ghsp/.

Funding Available Through North Carolina Metropolitan Planning Organizations (MPOs)

MPOs in North Carolina which are located in air quality nonattainment or maintenance areas have the authority to program Congestion Mitigation Air Quality (CMAQ) funds. CMAQ funding is intended for projects that reduce transportation related emissions. Some NC MPOs have chosen to use the CMAQ funding for bicycle projects. Local governments in air quality nonattainment or maintenance area should contact their MPO for information on CMAQ funding opportunities for bicycle facilities.

Transportation Enhancement Call for Projects, EU, NCDOT

The Enhancement Unit administers a portion of the enhancement funding set-aside through the Call for Projects process. In North Carolina the Enhancement Program is a federally funded cost reimbursement program with a focus upon improving the transportation experience in and through local North Carolina communities either culturally, aesthetically, or environmentally. The program seeks to encourage diverse modes of travel, increase benefits to communities and to encourage citizen involvement. This is accomplished through the following twelve qualifying activities:



1. Bicycle and Pedestrian Facilities
2. Bicycle and Pedestrian Safety
3. Acquisition of Scenic Easements, Scenic or Historic Sites
4. Scenic or Historic Highway Programs (including tourist or welcome centers)
5. Landscaping and other Scenic Beautification
6. Historic Preservation
7. Rehabilitation of Historic Transportation Facilities
8. Preservation of Abandoned Rail Corridors
9. Control of Outdoor Advertising
10. Archaeological Planning and Research
11. Environmental Mitigation
12. Transportation Museums

Funds are allocated based on an equity formula approved by the Board of Transportation. The formula is applied at the county level and aggregated to the regional level. Available fund amount varies. In previous Calls, the funds available ranged from \$10 million to \$22 million.

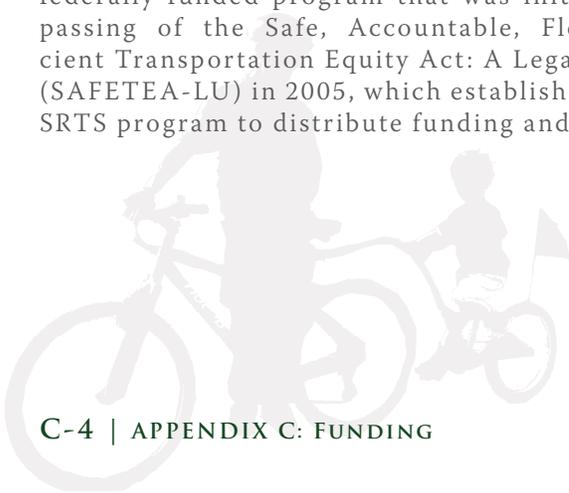
The Call process takes place on even numbered years or as specified by the Secretary of Transportation. For more information, visit: www.ncdot.org/financial/fiscal/Enhancement/

Safe Routes to School Program, managed by NCDOT, DBPT

The NCDOT Safe Routes to School Program is a federally funded program that was initiated by the passing of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) in 2005, which establishes a national SRTS program to distribute funding and institution-

al support to implement SRTS programs in states and communities across the country. SRTS programs facilitate the planning, development, and implementation of projects and activities that will improve safety and reduce traffic, fuel consumption, and air pollution in the vicinity of schools. The Division of Bicycle and Pedestrian Transportation at NCDOT is charged with disseminating SRTS funding.

The state of North Carolina has been allocated \$15 million in Safe Routes to School funding for fiscal years 2005 through 2009 for infrastructure or non-infrastructure projects. All proposed projects must relate to increasing walking or biking to and from an elementary or middle school. An example of a non-infrastructure project is an education or encouragement program to improve rates of walking and biking to school. An example of an infrastructure project is construction of sidewalks around a school. Infrastructure improvements under this program must be made within 2 miles of an elementary or middle school. The state requires the completion of a competitive application to apply for funding. For more information, visit www.ncdot.org/programs/safeRoutes/ or contact DBPT/NCDOT, (919) 807-0774.



State Funding Opportunities Outside of NCDOT:

The North Carolina Conservation Tax Credit (managed by NCDENR)

This program, managed by the North Carolina Department of Environment and Natural Resources, provides an incentive (in the form of an income tax credit) for landowners that donate interests in real property for conservation purposes. Property donations can be fee simple or in the form of conservation easements or bargain sale. The goal of this program is to manage stormwater, protect water supply watersheds, retain working farms and forests, and set-aside greenways for ecological communities, public trails, and wildlife corridors. For more information, visit: www.enr.state.nc.us/conservationtaxcredit/.

Land and Water Conservation Fund (LWCF)

The *Land and Water Conservation Fund* (LWCF) program is a reimbursable, 50/50 matching grants program to states for conservation and recreation purposes, and through the states to local governments to address “close to home” outdoor recreation needs. LWCF grants can be used by communities to build a trail within one park site, if the local government has fee-simple title to the park site. Grants for a maximum of \$250,000 in LWCF assistance are awarded yearly to county governments, incorporated municipalities, public authorities and federally recognized Indian tribes. The local match may be provided with in-kind services or cash. The program’s funding comes primarily from offshore oil and gas drilling receipts, with an authorized expenditure of \$900 million each year. However, Congress generally appropriates only a small fraction of this amount.

The *Land and Water Conservation Fund* (LWCF) has historically been a primary funding source of the US Department of the Interior for outdoor recreation development and land acquisition by local governments and state agencies. In North Carolina, the program is administered by the Department of Environment and Natural Resources. Since 1965, the LWCF program has built a permanent park legacy for present and future generations. In North Carolina alone, the LWCF program has provided more than \$63 million in matching grants to protect land and support more than 800 state and local park projects. More than 37,000 acres have been acquired with LWCF assistance to establish a park legacy in our state. For more information, visit: <http://ils.unc.edu/parkproject/lwcf/home1.html>

NC Adopt-A-Trail Grant Program

This program, operated by the Trails Section of the NC Division of State Parks, offers annual grants to local governments to build, renovate, maintain, sign and map and create brochures for pedestrian trails. Grants are generally capped at about \$5,000 per project and do not require a match. A total of \$108,000 in Adopt-A-Trail money is awarded annually to government agencies. Applications are due during the month of February. For more information, visit : <http://ils.unc.edu/parkproject/trails/grant.html>.

Recreational Trails Program

The *Recreational Trails Program* (RTP) is a grant program funded by Congress with money from the federal gas taxes paid on fuel used by off-highway vehicles. This program’s intent is to meet the trail and trail-related recreational needs identified by the Statewide Comprehensive Outdoor Recreation Plan.



Grant applicants must be able contribute 20% of the project cost with cash or in-kind contributions. The program is managed by the State Trails Program, which is a section of the N.C. Division of Parks and Recreation. The grant application is available and instruction handbook is available through the State Trails Program website at: <http://ils.unc.edu/park-project/trails/home.html>. Applications are due during the month of February. For more information, call (919) 715-8699.

North Carolina Parks and Recreation Trust Fund (PARTF)

The fund was established in 1994 by the North Carolina General Assembly and is administered by the Parks and Recreation Authority. Through this program, several million dollars each year are available to local governments to fund the acquisition, development and renovation of recreational areas. Applicable projects require a 50/50 match from the local government. Grants for a maximum of \$500,000 are awarded yearly to county governments or incorporated municipalities. The fund is fueled by money from the state's portion of the real estate deed transfer tax for property sold in North Carolina.

The trust fund is allocated three ways:

- 65 percent to the state parks through the N.C. Division of Parks and Recreation.
- 30 percent as dollar-for dollar matching grants to local governments for park and recreation purposes.
- 5 percent for the Coastal and Estuarine Water Access Program.

For information on how to apply, visit: www.partf.net/learn.html

Clean Water Management Trust Fund (CWMTF)

This fund was established in 1996 and has become one of the largest sources of money in North Carolina for land and water protection. At the end of each fiscal year, 6.5% of the unreserved credit balance in North Carolina's General Fund, or a minimum of \$30 million, is placed in the CWMTF. The revenue of this fund is allocated as grants to local governments, state agencies and conservation nonprofits to help finance projects that specifically address water pollution problems. CWMTF funds may be used to establish a network of riparian buffers and greenways for environmental, educational, and recreational benefits. The fund has provided funding for land acquisition of numerous greenway projects featuring trails, both paved and unpaved. For a history of awarded grants in North Carolina and more information about this fund and applications, visit: www.cwmtf.net/.

Natural Heritage Trust Fund (NHTF)

This trust fund, managed by the NC Natural Heritage Program, has contributed millions of dollars to support the conservation of North Carolina's most significant natural areas and cultural heritage sites. The NHTF is used to acquire and protect land that has significant habitat value. Some large wetland areas may also qualify, depending on their biological integrity and characteristics. Only certain state agencies are eligible to apply for this fund, including the Department of Environment and Natural Resources, the Wildlife Resources Commission, the Department of Cultural Resources and the Department of Agriculture and Consumer Services. As such, municipalities must work with State level partners to access this fund. Additional information

is available from the NC Natural Heritage Program. For more information and grant application information, visit: www.ncnhtf.org/.

North Carolina Conservation Tax Credit Program

North Carolina has a unique incentive program to assist land-owners to protect the environment and the quality of life. A credit is allowed against individual and corporate income taxes when real property is donated for conservation purposes. Interests in property that promote specific public benefits may be donated to a qualified recipient. Such conservation donations qualify for a substantial tax credit. For more information, visit: www.enr.state.nc.us/conservationtaxcredit/.

Urban and Community Forestry Assistance Program

This program offers small grants that can be used to plant urban trees, establish a community arboretum, or other programs that promote tree canopy in urban areas. The program operates as a cooperative partnership between the NC Division of Forest Resources and the USDA Forest Service, Southern Region. To qualify for this program, a community must pledge to develop a street-tree inventory, a municipal tree ordinance, a tree commission, and an urban forestry-management plan. All of these can be funded through the program. For more information, contact the NC Division of Forest Resources. For more information and a grant application, contact the NC Division of Forest Resources and/or visit: http://www.dfr.state.nc.us/urban/urban_grantprogram.htm.

Ecosystem Enhancement Program

Developed in 2003 as a new mechanism to facilitate improved mitigation projects for NC highways, this program offers funding for restoration projects and for protection projects that serve to enhance water quality and wildlife habitat in NC. Information on the program is available by contacting the Natural Heritage Program in the NC Department of Environment and Natural Resources (NCDENR). For more information, visit: www.nceep.net/pages/partners.html or call 919-715-0476.

Conservation Reserve Enhancement Program (CREP)

This program is a joint effort of the North Carolina Division of Soil and Water Conservation, the NC Clean Water Management Trust Fund, the Ecosystem Enhancement Program (EEP), and the Farm Service Agency - United States Department of Agriculture (USDA) to address water quality problems of the Neuse, Tar-Pamlico and Chowan river basins as well as the Jordan Lake watershed area.

CREP is a voluntary program that seeks to protect land along watercourses that is currently in agricultural production. The objectives of the program include installing 100,000 acres of forested riparian buffers, grassed filter strips and wetlands; reducing the impacts of sediment and nutrients within the targeted area; and providing substantial ecological benefits for many wildlife species that are declining in part as a result of habitat loss. Program funding will combine the Federal Conservation Reserve Program (CRP) funding with State funding from the Clean Water Management Trust Fund, Agriculture Cost Share Program, and North Carolina Wetlands Restoration Program.

The program is managed by the NC Division of Soil and Water Conservation. For more information, visit www.enr.state.nc.us/dswc/pages/crep.html

Agriculture Cost Share Program

Established in 1984, this program assists farmers with the cost of installing best management practices (BMPs) that benefit water quality. The program covers as much as 75 percent of the costs to implement BMPs. The NC Division of Soil and Water Conservation within the NC Department of Environment and Natural Resources administers this program through local Soil and Water Conservation Districts (SWCD). For more information, visit: www.enr.state.nc.us/DSWC/pages/agcostshareprogram.html or call 919-733-2302.

Water Resources Development Grant Program

The NC Division of Water Resources offers cost-sharing grants to local governments on projects related to water resources. Of the seven project application categories available, the category which relates to the establishment of greenways is “Land Acquisition and Facility Development for Water-Based Recreation Projects.” Applicants may apply for funding for a greenway as long as the greenway is in close proximity to a water body. For more information, see: www.ncwater.org/Financial_Assistance or call 919-733-4064.

Small Cities Community Development Block Grants

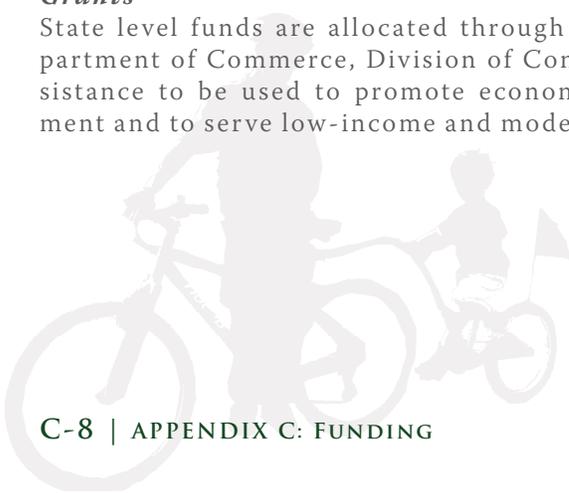
State level funds are allocated through the NC Department of Commerce, Division of Community Assistance to be used to promote economic development and to serve low-income and moderate-income

neighborhoods. Greenways that are part of a community’s economic development plans may qualify for assistance under this program. Recreational areas that serve to improve the quality of life in lower income areas may also qualify. Approximately \$50 million is available statewide to fund a variety of projects. For more information, visit www.hud.gov/offices/cpd/communitydevelopment/programs/stateadmin/ or call 919-733-2853.

North Carolina Health and Wellness Trust Fund

The *NC Health and Wellness Trust Fund* was created by the General Assembly as one of 3 entities to invest North Carolina’s portion of the Tobacco Master Settlement Agreement. HWTF receives one-fourth of the state’s tobacco settlement funds, which are paid in annual installments over a 25-year period.

Fit Together, a partnership of the NC Health and Wellness Trust Fund (HWTF) and Blue Cross and Blue Shield of North Carolina (BCBSNC) announces the establishment of *Fit Community*, a designation and grant program that recognizes and rewards North Carolina communities’ efforts to support physical activity and healthy eating initiatives, as well as tobacco-free school environments. *Fit Community* is one component of the jointly sponsored *Fit Together* initiative, a statewide prevention campaign designed to raise awareness about obesity and to equip individuals, families and communities with the tools they need to address this important issue.



All North Carolina municipalities and counties are eligible to apply for a *Fit Community* designation, which will be awarded to those that have excelled in supporting the following:

- physical activity in the community, schools, and workplaces
- healthy eating in the community, schools, and workplaces
- tobacco use prevention efforts in schools

Designations will be valid for two years, and designated communities may have the opportunity to reapply for subsequent two-year extensions. The benefits of being a *Fit Community* include:

- heightened statewide attention that can help bolster local community development and/or economic investment initiatives (highway signage and a plaque for the Mayor’s or County Commission Chair’s office will be provided)
- reinvigoration of a community’s sense of civic pride (each *Fit Community* will serve as a model for other communities that are trying to achieve similar goals)
- use of the *Fit Community* designation logo for promotional and communication purposes. The application for *Fit Community* designation is available on the Fit Together Web site:

www.FitTogetherNC.org/FitCommunity.aspx.

Fit Community grants are designed to support innovative strategies that help a community meet its goal to becoming a *Fit Community*. Eight to nine, two-year grants of up to \$30,000 annually will be awarded

to applicants that have a demonstrated need, proven capacity, and opportunity for positive change in addressing physical activity and/or healthy eating. For more information, visit: www.healthwellnc.com/

Eat Smart, Move More NC Community Grants

The Eat Smart, Move More (ESMM) NC Community Grants program provides funding to local communities to implement strategies that advance the goals and objectives of the ESMM NC Plan. These goals include increasing physical activity opportunities and increasing the number of citizens who get the recommended amount of physical activity. Administered by the Physical Activity and Nutrition branch of the Division of Public Health, the program awards \$10,000 - 20,000 to local communities each year. Interested applicants must submit a letter of intent in late June and an application in mid-July. For more information, visit: <http://www.eatsmart-movemorenc.com/funding/index.html>.

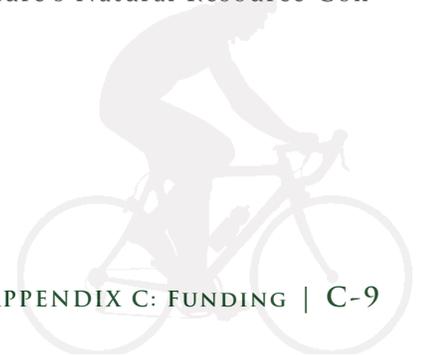
The North Carolina Division of Forest Resources

Urban and Community Forestry Grant can provide funding for a variety of projects that will help toward planning and establishing street trees as well as trees for urban open space. See: http://www.dfr.state.nc.us/urban/urban_ideas.htm

C.3 Funding Allocated by Federal Agencies

Wetlands Reserve Program

This federal funding source is a voluntary program offering technical and financial assistance to landowners who want to restore and protect wetland areas for water quality and wildlife habitat. The US Department of Agriculture’s Natural Resource Con-



servation Service (USDA-NRCS) administers the program and provides direct payments to private landowners who agree to place sensitive wetlands under permanent easements. This program can be used to fund the protection of open space and greenways within riparian corridors. For more information, visit: <http://www.nrcs.usda.gov/PROGRAMS/wrp/>.

The Community Development Block Grant (HUD-CDBG)

The U.S. Department of Housing and Urban Development (HUD) offers financial grants to communities for neighborhood revitalization, economic development, and improvements to community facilities and services, especially in low and moderate income areas. Several communities have used HUD funds to develop greenways, including the Boulding Branch Greenway in High Point, North Carolina. Grants from this program range from \$50,000 to \$200,000 and are either made to municipalities or non-profits. There is no formal application process. For more information, visit: www.hud.gov/offices/cpd/communitydevelopment/programs/.

USDA Rural Business Enterprise Grants

Public and private nonprofit groups in communities with populations under 50,000 are eligible to apply for grant assistance to help their local small business environment. \$1 million is available for North Carolina on an annual basis and may be used for sidewalk and other community facilities. For more information from the local USDA Service Center, visit: <http://www.rurdev.usda.gov/rbs/buspr/beg.htm>

Rivers Trails and Conservation Assistance Program (RTCA)

The Rivers, Trails, and Conservation Assistance Program, also known as the *Rivers & Trails Program* or *RTCA*, is the community assistance arm of the National Park Service. RTCA staff provide technical assistance to community groups and local, State, and federal government agencies so they can conserve rivers, preserve open space, and develop trails and greenways. The RTCA program implements the natural resource conservation and outdoor recreation mission of the National Park Service in communities across America.

Although the program does not provide funding for projects, it does provide valuable on-the-ground technical assistance, from strategic consultation and partnership development to serving as liaison with other government agencies. Communities must apply for assistance. For more information, visit: www.nps.gov/ncrc/programs/rtca/ or call Chris Abbett, Program Leader, at 404-562-3175 ext. 522.

Public Lands Highways Discretionary Fund (PL-HDF)

The Federal Highway Administration administers discretionary funding for projects that will reduce congestion and improve air quality. The FHWA issues a call for projects to disseminate this funding. The FHWA estimates that the PLHD funding for the 2007 call will be \$85 million. In the past, Congress has earmarked a portion of the total available funding for projects. For information on how to apply, visit: <http://www.fhwa.dot.gov/discretionary/>

C.4 Local Funding Sources

Municipalities often plan for the funding of pedestrian facilities or improvements through development of Capital Improvement Programs (CIP). In Raleigh, for example, the greenways system has been developed over many years through a dedicated source of annual funding that has ranged from \$100,000 to \$500,000, administered through the Recreation and Parks Department. CIPs should include all types of capital improvements (water, sewer, buildings, streets, etc.) versus programs for single purposes. This allows municipal decision-makers to balance all capital needs. Typical capital funding mechanisms include the following: capital reserve fund, capital protection ordinances, municipal service district, tax increment financing, taxes, fees, and bonds. Each of these categories are described below.

Capital Reserve Fund

Municipalities have statutory authority to create capital reserve funds for any capital purpose, including pedestrian facilities. The reserve fund must be created through ordinance or resolution that states the purpose of the fund, the duration of the fund, the approximate amount of the fund, and the source of revenue for the fund. Sources of revenue can include general fund allocations, fund balance allocations, grants and donations for the specified use.

Capital Project Ordinances

Municipalities can pass Capital Project Ordinances that are project specific. The ordinance identifies and makes appropriations for the project.

Municipal Service District

Municipalities have statutory authority to establish municipal service districts, to levy a property tax in the district additional to the citywide property tax, and to use the proceeds to provide services in the district. Downtown revitalization projects are one of the eligible uses of service districts.

Tax Increment Financing

Tax increment financing is a tool to use future gains in taxes to finance the current improvements that will create those gains. When a public project, such as the construction of a greenway, is carried out, there is an increase in the value of surrounding real estate. Oftentimes, new investment in the area follows such a project. This increase in value and investment creates more taxable property, which increases tax revenues. These increased revenues can be referred to as the “tax increment.” Tax Increment Financing dedicates that increased revenue to finance debt issued to pay for the project. TIF is designed to channel funding toward improvements in distressed or underdeveloped areas where development would not otherwise occur. TIF creates funding for public projects that may otherwise be unaffordable to localities. The large majority of states have enabling legislation for tax increment financing.

Installment Purchase Financing

As an alternative to debt financing of capital improvements, communities can execute installment/lease purchase contracts for improvements. This type of financing is typically used for relatively small projects that the seller or a financial institution is willing to finance or when up-front funds are unavailable. In a lease purchase contract the com-



munity leases the property or improvement from the seller or financial institution. The lease is paid in installments that include principal, interest, and associated costs. Upon completion of the lease period, the community owns the property or improvement. While lease purchase contracts are similar to a bond, this arrangement allows the community to acquire the property or improvement without issuing debt. These instruments, however, are more costly than issuing debt.

Taxes

Many communities have raised money through self-imposed increases in taxes and bonds. For example, Pinellas County residents in Florida voted to adopt a one-cent sales tax increase, which provided an additional \$5 million for the development of the overwhelmingly popular Pinellas Trail. Sales taxes have also been used in Allegheny County, Pennsylvania, and in Boulder, Colorado to fund open space projects. A gas tax is another method used by some municipalities to fund public improvements. A number of taxes provide direct or indirect funding for the operations of local governments. Some of them are:

Sales Tax

In North Carolina, the state has authorized a sales tax at the state and county levels. Local governments that choose to exercise the local option sales tax (all counties currently do), use the tax revenues to provide funding for a wide variety of projects and activities. Any increase in the sales tax, even if applying to a single county, must gain approval of the state legislature. In 1998, Mecklenburg County was granted authority to institute a one-half cent sales tax increase for mass transit.

Property Tax

Property taxes generally support a significant portion of a municipality's activities. However, the revenues from property taxes can also be used to pay debt service on general obligation bonds issued to finance greenway system acquisitions. Because of limits imposed on tax rates, use of property taxes to fund greenways could limit the municipality's ability to raise funds for other activities. Property taxes can provide a steady stream of financing while broadly distributing the tax burden. In other parts of the country, this mechanism has been popular with voters as long as the increase is restricted to parks and open space. Note, other public agencies compete vigorously for these funds, and taxpayers are generally concerned about high property tax rates.

Excise Taxes

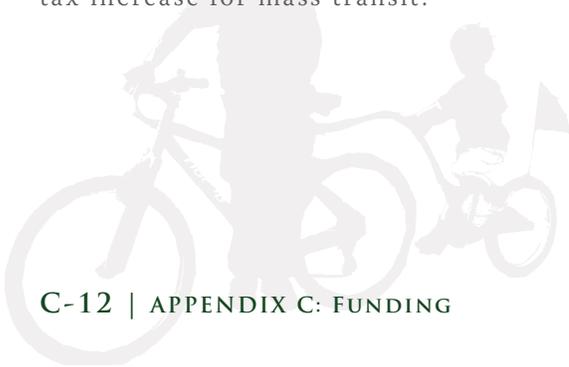
Excise taxes are taxes on specific goods and services. These taxes require special legislation and the use of the funds generated through the tax are limited to specific uses. Examples include lodging, food, and beverage taxes that generate funds for promotion of tourism, and the gas tax that generates revenues for transportation related activities.

Occupancy Tax

The NC General Assembly may grant towns the authority to levy occupancy tax on hotel and motel rooms. The act granting the taxing authority limits the use of the proceeds, usually for tourism-promotion purposes.

Fees

Three fee options that have been used by local governments to assist in funding pedestrian and bicycle facilities are listed here:



Stormwater Utility Fees

Greenway sections may be purchased with stormwater fees, if the property in question is used to mitigate floodwater or filter pollutants.

Stormwater charges are typically based on an estimate of the amount of impervious surface on a user’s property. Impervious surfaces (such as rooftops and paved areas) increase both the amount and rate of stormwater runoff compared to natural conditions. Such surfaces cause runoff that directly or indirectly discharge into public storm drainage facilities and creates a need for stormwater management services. Thus, users with more impervious surface are charged more for stormwater service than users with less impervious surface. The rates, fees, and charges collected for stormwater management services may not exceed the costs incurred to provide these services. The costs that may be recovered through the stormwater rates, fees, and charges includes any costs necessary to assure that all aspects of stormwater quality and quantity are managed in accordance with federal and state laws, regulations, and rules.

Streetscape Utility Fees

Streetscape Utility Fees could help support streetscape maintenance of the area between the curb and the property line through a flat monthly fee per residential dwelling unit. Discounts would be available for senior and disabled citizens. Non-residential customers would be charged a per foot fee based on the length of frontage on streetscape improvements. This amount could be capped for non-residential customers with extremely large amounts of street frontage. The revenues raised

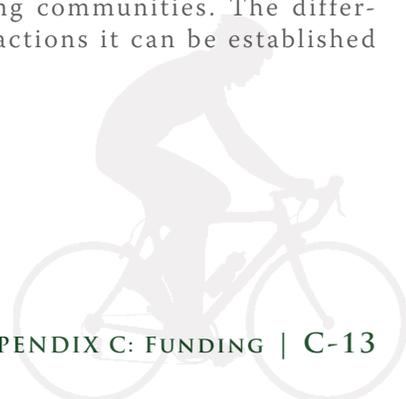
from Streetscape Utility fees would be limited by ordinance to maintenance (or construction and maintenance) activities in support of the streetscape.

Impact Fees

Developers can be required to provide greenway impact fees through local enabling legislation. Impact fees, which are also known as capital contributions, facilities fees, or system development charges, are typically collected from developers or property owners at the time of building permit issuance to pay for capital improvements that provide capacity to serve new growth. The intent of these fees is to avoid burdening existing customers with the costs of providing capacity to serve new growth (“growth pays its own way”). Greenway impact fees are designed to reflect the costs incurred to provide sufficient capacity in the system to meet the additional needs of a growing community. These charges are set in a fee schedule applied uniformly to all new development. Communities that institute impact fees must develop a sound financial model that enables policy makers to justify fee levels for different user groups, and to ensure that revenues generated meet (but do not exceed) the needs of development. Factors used to determine an appropriate impact fee amount can include: lot size, number of occupants, and types of subdivision improvements. If Carrboro is interested in pursuing open space impact fees, it will require enabling legislation to authorize the collection of the fees.

Exactions

Exactions are similar to impact fees in that they provide facilities to growing communities. The difference is that through exactions it can be established



that it is the responsibility of the developer to build the greenway or pedestrian facility that crosses through the property, or adjacent to the property being developed.

In-Lieu-Of Fees

As an alternative to requiring developers to dedicate on-site greenway sections that would serve their development, some communities provide a choice of paying a front-end charge for off-site protection of pieces of the larger system. Payment is generally a condition of development approval and recovers the cost of the off-site land acquisition or the development's proportionate share of the cost of a regional facility serving a larger area. Some communities prefer in-lieu-of fees. This alternative allows community staff to purchase land worthy of protection rather than accept marginal land that meets the quantitative requirements of a developer dedication but falls a bit short of qualitative interests.

Bonds and Loans

Bonds have been a very popular way for communities across the country to finance their pedestrian and greenway projects. A number of bond options are listed below. Contracting with a private consultant to assist with this program may be advisable. Since bonds rely on the support of the voting population, an education and awareness program should be implemented prior to any vote. Billings, Montana used the issuance of a bond in the amount of \$599,000 to provide the matching funds for several of their TEA-21 enhancement dollars. Austin, Texas has also used bond issues to fund a portion of their bicycle and trail system.

Revenue Bonds

Revenue bonds are bonds that are secured by a pledge of the revenues from a certain local government activity. The entity issuing bonds, pledges to generate sufficient revenue annually to cover the program's operating costs, plus meet the annual debt service requirements (principal and interest payment). Revenue bonds are not constrained by the debt ceilings of general obligation bonds, but they are generally more expensive than general obligation bonds.

General Obligation Bonds

Cities, counties, and service districts generally are able to issue general obligation (G.O.) bonds that are secured by the full faith and credit of the entity. In this case, the local government issuing the bonds pledges to raise its property taxes, or use any other sources of revenue, to generate sufficient revenues to make the debt service payments on the bonds. A general obligation pledge is stronger than a revenue pledge, and thus may carry a lower interest rate than a revenue bond. Frequently, when local governments issue G.O. bonds for public enterprise improvements, the public enterprise will make the debt service payments on the G.O. bonds with revenues generated through the public entity's rates and charges. However, if those rate revenues are insufficient to make the debt payment, the local government is obligated to raise taxes or use other sources of revenue to make the payments. G.O. bonds distribute the costs of land acquisition and greenway development and make funds available for immediate purchases and projects. Voter approval is required.

Special Assessment Bonds

Special assessment bonds are secured by a lien on the property that benefits by the improvements funded with the special assessment bond proceeds. Debt service payments on these bonds are funded through annual assessments to the property owners in the assessment area.

State Revolving Fund (SRF) Loans

Initially funded with federal and state money, and continued by funds generated by repayment of earlier loans, *State Revolving Funds (SRFs)* provide low interest loans for local governments to fund water pollution control and water supply related projects including many watershed management activities. These loans typically require a revenue pledge, like a revenue bond, but carry a below market interest rate and limited term for debt repayment (20 years).

C.5 Other Local Options***Facility Maintenance Districts***

Facility Maintenance Districts (FMDs) can be created to pay for the costs of on-going maintenance of public facilities and landscaping within the areas of the Town where improvements have been concentrated and where their benefits most directly benefit business and institutional property owners. An FMD is needed in order to assure a sustainable maintenance program. Fees may be based upon the length of lot frontage along streets where improvements have been installed, or upon other factors such as the size of the parcel. The program supported by the FMD should include regular maintenance of streetscape of off road trail improvements. The municipality can initiate public outreach efforts to merchants,

the Chamber of Commerce, and property owners. In these meetings, Town staff will discuss the proposed apportionment and allocation methodology and will explore implementation strategies.

The municipality can manage maintenance responsibilities either through its own staff or through private contractors.

Partnerships

Another method of funding facilities is to partner with public agencies and private companies and organizations. Partnerships engender a spirit of cooperation, civic pride and community participation. The key to the involvement of private partners is to make a compelling argument for their participation. Very specific routes that make critical connections to place of business would be targeted for private partners' monetary support following a successful master planning effort. Potential partners include major employers which are located along or accessible to pedestrian facilities such as multi-use paths or greenways. Name recognition for corporate partnerships would be accomplished through signage trail heads or interpretive signage along greenway systems. Utilities often make good partners and many trails now share corridors with them. Money raised from providing an easement to utilities can help defray the costs of maintenance. It is important to have a lawyer review the legal agreement and verify ownership of the subsurface, surface or air rights in order to enter into an agreement.



Local Trail Sponsors

A sponsorship program for trail amenities allows smaller donations to be received from both individuals and businesses. Cash donations could be placed into a trust fund to be accessed for certain construction or acquisition projects associated with the greenways and open space system. Some recognition of the donors is appropriate and can be accomplished through the placement of a plaque, the naming of a trail segment, and/or special recognition at an opening ceremony. Types of gifts other than cash could include donations of services, equipment, labor, or reduced costs for supplies.

Volunteer Work

It is expected that many citizens will be excited about the development of a greenway corridor. Individual volunteers from the community can be brought together with groups of volunteers from church groups, civic groups, scout troops and environmental groups to work on greenway development on special community work days. Volunteers can also be used for fund-raising, maintenance, and programming needs.

C.6 Private Foundations and Organizations

Many communities have solicited greenway funding assistance from private foundations and other conservation-minded benefactors. Below are a few examples of private funding opportunities available in North Carolina.

Land for Tomorrow Campaign

Land for Tomorrow is a diverse partnership of businesses, conservationists, farmers, environmental

groups, health professionals and community groups committed to securing support from the public and General Assembly for protecting land, water and historic places. The campaign is asking the North Carolina General Assembly to support issuance of a bond for \$200 million a year for five years to preserve and protect its special land and water resources. *Land for Tomorrow* will enable North Carolina to reach a goal of ensuring that working farms and forests; sanctuaries for wildlife; land bordering streams, parks and greenways; land that helps strengthen communities and promotes job growth; historic downtowns and neighborhoods; and more, will be there to enhance the quality of life for generations to come. For more information, visit <http://www.landfortomorrow.org/>

The Trust for Public Land

Land conservation is central to the mission of the *Trust for Public Land* (TPL). Founded in 1972, the TPL is the only national nonprofit working exclusively to protect land for human enjoyment and well being. TPL helps conserve land for recreation and spiritual nourishment and to improve the health and quality of life of American communities. TPL's legal and real estate specialists work with landowners, government agencies, and community groups to:

- Create urban parks, gardens, greenways, and riverways
- Build livable communities by setting aside open space in the path of growth
- Conserve land for watershed protection, scenic beauty, and close-to home recreation safeguard the character of communities by preserving historic landmarks and landscapes.



The following are TPL's Conservation Services:

- **Conservation Vision:** TPL helps agencies and communities define conservation priorities, identify lands to be protected, and plan networks of conserved land that meet public need.
- **Conservation Finance:** TPL helps agencies and communities identify and raise funds for conservation from federal, state, local, and philanthropic sources.
- **Conservation Transactions:** TPL helps structure, negotiate, and complete land transactions that create parks, playgrounds, and protected natural areas.
- **Research & Education:** TPL acquires and shares knowledge of conservation issues and techniques to improve the practice of conservation and promote its public benefits.

Since 1972, TPL has worked with willing landowners, community groups, and national, state, and local agencies to complete more than 3,000 land conservation projects in 46 states, protecting more than 2 million acres. Since 1994, TPL has helped states and communities craft and pass over 330 ballot measures, generating almost \$25 billion in new conservation-related funding. For more information, visit <http://www.tpl.org/>.

Z. Smith Reynolds Foundation

This Winston-Salem based Foundation has been assisting the environmental projects of local governments and non-profits in North Carolina for many years. The foundation has two grant cycles per year and generally does not fund land acquisition. How-

ever, the foundation may be able to support municipalities in other areas of greenways development. More information is available at www.zsr.org.

North Carolina Community Foundation

The *North Carolina Community Foundation*, established in 1988, is a statewide foundation seeking gifts from individuals, corporations, and other foundations to build endowments and ensure financial security for nonprofit organizations and institutions throughout the state. Based in Raleigh, North Carolina, the foundation also manages a number of community affiliates throughout North Carolina that make grants in the areas of human services, education, health, arts, religion, civic affairs, and the conservation and preservation of historical, cultural, and environmental resources. In addition, the foundation manages various scholarship programs statewide. Web site: <http://nccommunityfoundation.org/>

National Trails Fund

In 1998, the American Hiking Society created the *National Trails Fund*, the only privately supported national grants program providing funding to grassroots organizations working toward establishing, protecting and maintaining foot trails in America. Each year, 73 million people enjoy foot trails, yet many of our favorite trails need major repairs due to a \$200 million in badly needed maintenance. National Trails Fund grants give local organizations the resources they need to secure access, volunteers, tools and materials to protect America's cherished public trails. For 2005, American Hiking distributed over \$40,000 in grants thanks to the generous support of Cascade Designs and L.L.Bean, the pro-

gram's Charter Sponsors. To date, American Hiking has granted more than \$240,000 to 56 different trail projects across the U.S. for land acquisition, constituency building campaigns, and traditional trail work projects. Awards range from \$500 to \$10,000 per project.

What types of projects will American Hiking Society consider? Securing trail lands, including acquisition of trails and trail corridors, and the costs associated with acquiring conservation easements. Building and maintaining trails which will result in visible and substantial ease of access, improved hiker safety, and/or avoidance of environmental damage. Constituency building surrounding specific trail projects - including volunteer recruitment and support. Web site: www.americanhiking.org/alliance/fund.html.

Annual Azalea Celebration

NC Beautiful has promoted environmental education, beautification, and stewardship in North Carolina for 40 years and holds the *Annual Azalea Celebration* to help non-profit organizations enhance their community spaces. Winning applicants receive 100 azalea plants free of charge to beautify school- and churchgrounds, parks, greenways, public rights-of-way, and community and senior centers. In addition, recipients who sustain their projects and keep their azaleas healthy for a 3-year period are eligible to receive cash awards and additional plants through the A.J. Fletcher Award. For more information, visit: <http://www.ncbeautiful.org/programs/annual-azalea-celebration.html>.

