

CHAPTER 9 — FINANCIAL PLAN

Funding is necessary for trail planning, design, right-of-way easement acquisition, construction, operation, maintenance, and management. The Parks and Recreation Division of the Municipality of Anchorage Department of Cultural and Recreational Services will oversee the efforts to accomplish the tasks necessary to implement the trail program.

Those agencies having responsibility for trail development are as follows:

- Trail Planning — MOA, Department of Community Planning and Development - areawide trails planning; MOA Department of Cultural and Recreational Services - park specific trail planning
- Trail Design — MOA Department of Cultural and Recreational Services and Department of Public Works; and Alaska Department of Transportation and Public Facilities
- Trail Right-of-Way and Easement Acquisition — MOA Department of Cultural and Recreational Services, Department of Public Works, and Property and Facilities Management; and State of Alaska Department of Transportation and Public Facilities
- Trail Construction — MOA Department of Cultural and Recreational Services and Department of Public Works; and State of Alaska Department of Transportation and Public Facilities

I. METHODS OF ACQUISITION

Most of the methods described here are traditionally used to purchase parcels for parks. These methods are not usually examined to acquire a desired trail corridor. However limited their use might be for trail rights-of-way, they do represent alternatives that deserve discussion and consideration. Condemnation is at least potentially a method of acquisition, but is not discussed here as it lacks feasibility.

A. LAND DONATIONS

Some private property owners may desire to donate all or part of their land for a trail right-of-way. The Municipality could assist in determining the value of such a right-of-way and work with the property owner in establishing that value as a charitable donation. Such donations generally have favorable tax advantages. The Municipality would take the necessary legal action to formally dedicate the trail right-of-way.

B. LIFE ESTATES

Under this mechanism the land, or trail right-of-way, is purchased at its current fair market value. Present property owners are given the right to continue to use or inhabit the site until they decide to move. At that time the Municipality assumes full control. This procedure would provide long range protection for an important trail corridor.

C. FEE SIMPLE PURCHASE

The Municipal Capital Improvement Program can allocate money for acquisition. State grants or sale of general obligation funds are used for this type of purchase. In this process, the Municipality would identify the land appropriate to its trail needs and subsequently inform the owner of the Municipality's interest in the land. If the owner is willing to sell, then the property is appraised at fair market value and purchased.

D. RIGHT OF FIRST PURCHASES

Under this procedure, the Municipality would develop agreements with those property owners who so desire to have the right or opportunity to purchase a particular parcel when it comes up for sale. Such a right would protect the owner's current use of the land and would serve to provide the Municipality the opportunity to acquire an important trail right-of-way when the owner contemplates selling.

E. PERPETUAL EASEMENTS

The Municipality could purchase a perpetual trail easement. This would be a less than fee simple title in that it could be used only for the trail purposes specified in the deed. It, therefore, would cost less than full market value. The purpose of a perpetual easement would be to allow the Municipality to purchase the “right” to use a particular piece of land for a trail corridor. The terms of the arrangement, including liability responsibilities, would be set forth in a contract between the municipality and the landowner.

F. SUBDIVISION REVIEW PROCEDURES

In the subdivision approval process, trail access, from or through the subdivision to the areawide trail system, should be provided. It would be the responsibility of the developer to install it, subject to approval by the Platting Board.

The creation of a mandatory park-land dedication ordinance is one way the Municipality could reserve land for parks, greenbelts, and trails. Such an ordinance would require mandatory dedication of land for park and trail purposes, or fees-in-lieu thereof, at the time that new subdivision plats come before the Municipality for approval.

II. SOURCES OF FUNDS

The financing of trail acquisition, construction, and maintenance is possible through a variety of local, state and federal sources. These sources provide varying levels of funding, and are often intended for purposes other than trail development. The amounts of revenue available are also somewhat limited.

Trail funding can be broken into two activity areas, including 1.) the development of the trail system and 2.) the management of the trail system. Funding expectations must address both of these areas.

A. FUNDING FOR TRAIL SYSTEM DEVELOPMENT

A comprehensive package of funding for trail development needs to be provided. This package should generate \$3,000,000 — \$4,000,000 per year for trail projects in order to provide for the orderly development of the trail system. The package would include the following sources:

1. Approved Transportation Projects

State and local transportation projects that follow along adopted Trails Plan routes should include project funding to implement the recommended trails.

However, there are several different types of federally funded roadway projects developed by the Municipality and the Department of Transportation & Public Facilities through the Anchorage Metropolitan Area Transportation Study (AMATS) process. Some projects are intended to only extend the pavement life of established roadways, while others are developed to correct a demonstrated traffic safety problem.

Portions of sidewalks or trails may be improved or constructed as part of these types of projects if right-of-way is available and there are no utility conflicts. However, it is not always possible to provide separated trails as part of pavement rehabilitation, interstate maintenance or highway safety improvement projects.

2. Intermodal Surface Transportation Efficiency Act (ISTEA)

ISTEA is a federal transportation act approved in 1991 that is the current authorization for federal funding of transportation projects until 1997. It gives States the opportunity to replace the emphasis on highway construction with an emphasis on an intermodal transportation system. This provides Anchorage an opportunity to develop transportation systems with broad cultural, social, environmental, and energy-saving benefits. In particular this provides an opportunity to develop facilities that build the community’s trails.

The ISTEA program requires a documented program of public involvement and the consideration of transportation options. This must form the basis for the development of Anchorage's Transportation Improvement Program (TIP). This then feeds into the Statewide Transportation Improvement Program (STIP). Projects must have a matching contribution from the state or the originating body, which varies by the type of project.

In order to meet ISTEA criteria, the trail should be located in a suburban or urban environment; provide a reasonably direct connection for bicyclists or pedestrians to schools, employment centers, or transit transfer stations; and serve as an alternative means to the automobile.

The program has several components that offer opportunities for the development of trails. These include the National Highway System (NHS), the Surface Transportation Program (STP), Congestion Management and Air Quality (CMAQ) fund, Federal Lands Highway Funds, Scenic Byways Program Funds and National Recreational Trails Fund (Symms Act) funding.

a. National Highway System Funds (Section 1006)

The purpose of the National Highway System is to provide an interconnected system of principal arterial routes that will serve major population centers, international border crossings, ports, airports, public transportation facilities, and other major travel destinations; meet national defense requirements; and serve interstate and inter-regional travel.

The National Highway System in Anchorage includes the Glenn and Seward Highways, Muldoon and Tudor Roads, Minnesota Drive, International Airport Road west of Minnesota Drive, and Boniface Parkway north of the Glenn Highway. National Highway System funds can be used to implement trails adjacent to the NHS routes as part of on-going roadway projects. This would be an excellent source of funds for projects along these routes.

b. Surface Transportation Program (STP) Funds (Section 1007)

The Surface Transportation Program funds transportation improvements on the non-National Highway System. These funds may be used for bicycle or pedestrian construction projects, acquiring abandoned railroad corridors, or for education and safety programs. Facilities must be principally transportation related. The federal share is 88.5%. A total of \$23.9 billion is available nationally until 1997. The STP funds currently provide about 50% of the funding for the Alaska state transportation program.

A minimum of ten percent of the STP funds must be allocated to Transportation Enhancements. Enhancements, as defined by the Federal Highway Administration (FHWA), include:

- acquisition of scenic easements and scenic or historical sites,
- archaeological planning and research,
- control and removal of outdoor advertising,
- historic preservation,
- landscaping and other scenic beautification,
- mitigation of water pollution due to highway runoff,
- preservation of abandoned railroad corridors (including the conversion and use thereof for pedestrian or bicycle trails),
- provision of facilities for pedestrians and bicycles,

- rehabilitation and operation of historic transportation buildings, structures or facilities (including historic railroad facilities and canals),
- scenic or historic highway programs

The provision of facilities for pedestrians and bicycles, as one of the ten eligible enhancement activities, can support bicycle, pedestrian, and ski modes of travel. The purpose of the project must be for transportation. Examples of projects include bicycle lockers, bicycle or ski racks on public transit vehicles, bike lanes, trails, or routes, and pedestrian over- and underpasses.

While 10% of the funds must be spent on enhancements, more of the STP funds can be spent on activities or projects that would be considered within that category. For example, if the municipality felt that trails were of sufficient importance, more of the STP program funds going to the Municipality could be used for trail projects. None of the monies may be spent on maintenance activities, however. The ISTEA enhancement monies are an average of \$900,000 per year.

C. Congestion Mitigation and Air Quality Improvement (CMAQ) Program Funds (Section 1008)

These funds are essentially the same as the STP funding, except that the project must be in an air quality non-attainment area according to the 1990 Clean Air Act. The federal share is 80% with a 20% state match. A total of \$6 billion is available nationwide until 1997. These funds must be spent on projects that are primarily transportation related and that would reduce congestion and improve air quality. These funds are generally used on transit related projects, but could be used on trail development if the projects met the intent of the funding.

D. Federal Lands Highway Funds (Section 1032)

This program provides funding for pedestrian or bicycle facilities in conjunction with roads, highways and parkways located on Federal land management agency lands, such as the National Park Service, U.S. Forest Service, and Bureau of Land Management at the discretion of the Alaska Department of Transportation and Public Facilities. Projects must be principally transportation oriented. The Federal share is 100 percent. The Federal Lands Highway Funds come out of the ISTEA funds allocated for Alaska, and do not represent a separate funding source for trail improvements.

E. Scenic Byways Program Funds (Section 1047)

These funds are for bicycle or pedestrian facilities along scenic highways. The Federal share is 80 percent. The national appropriation is \$10 million annually. Alaska has only one state-designated scenic byway, the Seward Highway. Alaska applied for, and received, grants for a project at McHugh Creek and at Bird Point.

F. National Recreational Trails Fund (Section 1302)

The National Recreational Trails Fund, also known as the Symms Act, was enacted to provide a source of funds for trail projects with the monies generated from the collection of taxes on gasoline related to recreation use. The fund allows for percent of the funds must go for motorized use, 30% for non-motorized use, and 40% for a combination of shared use. None is available in 1994.

3. Federal Transit Act

Projects such as shelters, parking, and lockers that provide access for bicycles to mass transportation facilities, or to install racks or other equipment for transporting bicycles on mass transportation vehicles are eligible for Federal Transit Administration funding (USC 5309, 5307, 5310).

4. Highway Safety Program

The Highway Safety Planning Agency in the State Department of Public Safety administers the “Section 402” highway safety program. The highway safety program is a non-capital safety project grant program for certain approved safety activities. Bicycle and pedestrian education and safety programs are eligible to use Section 402 funds.

5. State Legislative Grants

State legislative grants, funded from state revenues, are the primary source of funding for the Municipal Capital Improvement Program (CIP). The CIP can identify trail development projects. The state should apply the same matching procedures to trail improvements that it does to other state grants. Currently the state provides 70% of the project costs when the local area provides the 30% matching funding.

6. Land and Water Conservation Fund

The Land and Water Conservation Fund (LWCF) was established in 1965 to increase outdoor recreation opportunities in the United States. LWCF provides funds for (1) the acquisition of federal parks, wildlife refuges, and recreation areas, and (2) matching grants for state recreation planning and state and local development and acquisition projects. Recreational trails are eligible for LWCF funding. The Alaska Division of Parks and Outdoor Recreation, through the U.S. Department of the Interior, administers the LWCF. Applicants for funding are usually required to match at least 50% of the project costs.

7. General Obligation Bonds

This source of funding is subject to municipal-wide voter approval. The election ballot would clearly state the purpose of the funding request, such as trail development. The voters would have to authorize additional bonds in subsequent years.

8. Community Development Block Grants

Community Development Block Grant (CDBG) funds are available on an annual basis for a variety of projects. The fund is a 100% grant administered by the Department of Housing and Urban Development (HUD). Projects requesting CDBG funding are examined on a case-by-case basis. In order to qualify, projects have to benefit low or moderate income neighborhoods and they have to be on HUD’s eligibility list (trail projects are eligible). The Municipal Capital Improvement Program is examined to determine which projects might qualify. In addition, affected neighborhoods are also consulted.

B. FUNDING FOR TRAIL SYSTEM MAINTENANCE

Funding is necessary for maintenance and operation of the trail system. Funding needs include normal surface maintenance (snow-plowing, surface cleaning and sweeping, minor repair and brush removal) and trail amenity maintenance (signs, pull-outs, benches, etc.).

1. Parks and Recreation Operating Budgets

The Alaska Bicycle and Pedestrian Plan prepared by the state Department of Transportation and Public Facilities in 1995 states that with a few exceptions, federal funds may not be used to maintain or operate the state transportation system. “It falls upon the state to fully fund maintenance and operation of the facilities under its jurisdiction. ... DOT&PF has adopted the policy of requiring local governments or organizations to agree to maintain new facilities before they are constructed. Declining State revenues make it difficult for DOT&PF to take on new maintenance responsibilities.”

Thus, funding for maintenance of trails in the Anchorage Bowl falls to the budget of the Parks and Recreation Division in the Department of Cultural and Recreational Services, in the Chugiak-Eagle River area to the Chugiak-Eagle River Parks Board budget, and in the Girdwood Valley to the Girdwood Board of Supervisors budget. Additional monies must be budgeted to these agencies to maintain trails.

2. Federal Transit Authority Funding for Transportation Trail Maintenance Equipment

Since many of the adopted trails serve as access to the transit routes, it is important to ensure that the trails are maintained throughout the year. Federal Transportation Act (FTA) funding can provide monies to purchase trail maintenance equipment with a 20% local match. The 1994 season will see a total of \$132,000 used in this manner to purchase trail maintenance equipment.

3. Private Sources

Private sources can be instrumental in the development and maintenance of trail systems. The Anchorage Nordic Skiing Association has been instrumental in the development and maintenance of trails that serve not only the interests of their club, but the larger recreational and transportation needs of the entire community. This method of development becomes of increasing importance as monies for trail development and maintenance become more limited. Private fund raising should be encouraged for all trail uses.

4. Mil Levy

Voters could be offered the chance to vote on a 1 mil property tax levy to go for street and walkway maintenance. Residents agree on the need for better street maintenance, and many people would support better trail maintenance, particularly during the winter.

C. CURRENTLY UNFUNDED SOURCES OF FUNDING

While the following sources are currently unfunded, they remain as possible sources of funding should these programs be funded in the future. The enabling legislation remains in place.

1. Trails and Footpaths Grant Program

The State Division of Parks and Outdoor Recreation administers the Trails and Footpaths Grant Program. However, this program has not been funded since the 1979-80 fiscal year. The enabling legislation is still on the books. Should the legislature fund this program, it could provide a direct grant for right-of-way acquisition, development and maintenance of trails and footpaths.

2. Local Service Roads and Trails (LSR&T) Funds

The purpose of the LSR&T program is to provide state assistance in the development of roads and trails on routes that are not eligible for federal-aid matching funds. The fund is a 100% grant administered by the Department of Transportation and Public Facilities, State of Alaska. Local governments may use the funds to develop trails but not to acquire right-of-way.

3. Outdoor Recreational, Open Space and Historic Properties Development Fund Grant Program

The State Department of Natural Resources administers this program and pays up to 5% of the local share to acquire, develop and/or preserve recreation sites and facilities, historic sites, buildings and monuments. However, the State has not funded this program for 15 years. This source of money must be used to provide the 50% matching funds with the Land and Water Conservation Funds.

D. POTENTIAL NEW SOURCES OF FUNDING FOR TRAIL DEVELOPMENT OR MAINTENANCE**1. Transportation Project Gas Tax**

The Municipality of Anchorage could establish a local gas tax to pay for the costs of design, construction, operation, and maintenance of the transportation system, including the trail system. The tax funds would be used to provide system management funding. This effort would need to raise about \$600,000 per year. Under the current gasoline consumption rate, that would require an increase of about 0.6 cents per gallon for trail development.

If \$600,000 were raised, \$300,000 of the gas tax could be used as a match to state legislative grants. This could generate an additional \$700,000 per year. Of the gas tax money \$300,000 could be used as a match to the Land and Water Conservation Funds. This could generate another \$300,000. The total would add up to \$1,600,000 a year for trails.

The Assembly may ear-mark funds such as these for a special use if the Assembly is the originator of the proposal.

2. Trail Improvement District

It is possible for portions of the community to decide to assess themselves for trail development and maintenance, in the same manner as a road improvement district or a street lighting district.

3. Other

Other revenue source could be developed to provide funding for trails, especially operation and maintenance. These methods might include a mill levy increase on local property taxes, user fees, a personal property tax, sales tax or surcharge on bicycles, cross-country skis, or related equipment. All of these methods would require administration, voter, and assembly approval.

