



**R | S | G** INC.  
RESOURCE SYSTEMS GROUP, INC.

Briefing Paper:

**OVERVIEW OF  
INTERGOVERNMENTAL  
ARRANGEMENTS FOR  
TRANSPORTATION FINANCE**

Prepared for:

**Chittenden County Metropolitan  
Planning Organization**

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## **1.0 PURPOSE AND BACKGROUND**

### **1.1 PURPOSE**

The purpose of this briefing paper is to provide an overview of potential new opportunities for intergovernmental arrangements within Chittenden County and Vermont and discuss such arrangements may facilitate use of alternative funding for transportation needs. It is one of a series of four papers that explore dimensions of innovative transportation finance for Chittenden County and Vermont as a whole.

### **1.2 BACKGROUND**

Municipal boundaries are not walls or barricades, and transportation and land use changes occur on geographic scales that transcend most municipal boundaries. Many of the decisions of a municipal government affect not only its residents but the residents of other jurisdictions. Similarly, the residents of a municipality are affected by economic decisions in other jurisdictions as well as their own. Highways link work, home, schools and shopping to neighborhoods in nearby municipalities. Bridges cross a river or stream on a boundary line, tying together the citizens of two municipalities. Land use power is concentrated at the lowest level of government, but regional transportation systems are expected to address transportation problems precipitated by these decisions.

Reinforcing these economic and functional reasons for pursuing intergovernmental cooperation is the often-precarious fiscal situation of municipalities. While local governments are at the end of a chain of intergovernmental financial relationships, they are first in line in terms of impact on the lives of their citizens. The growing fiscal and operational pressures facing local governments has caused a renewed look at intergovernmental cooperation as a tool for delivering local government services and achieving “more with less.” Thus, as the federal-state partnership in transportation finance enters a period of transition, localities are increasingly funding transportation projects through regional and multi-jurisdictional tax revenues and ballot measures. From 1995 to 1999, state transportation user taxes increased 18 percent, while local funding for transportation through property taxes increased 22 percent, through local general funds 28.6 percent, and through local sales and other taxes 57.7 percent. Since 2000 this trend has accelerated, with successful regional and local transportation ballot measures in 33 states authorizing more than \$70 billion in new taxes for transportation project funding.

## **2.0 OPTIONS AND OPPORTUNITIES**

Across the nation, intergovernmental cooperation typically involves both horizontal and vertical relationships in governmental structure. It may also involve nonprofit organizations and the private



sector. Effective relationships encompass a variety of mechanisms such as contracts, compacts, agreements, and memoranda of understanding.

There are a variety of intergovernmental arrangements possible. In 2002, there were about 35,000 “special districts,” of which 91% perform a single function. Most of these provide fire protection, water supply, or housing and community development functions. This is not dissimilar from the nature of many such districts found in Vermont.

While it is not possible to describe all of the different intergovernmental arrangements that exist across the country within the limited length of this paper, they may be broadly categorized as those created under variations of municipal-level Joint Powers Arrangements, state-enabled regional authorities and inter-regional/inter-state organizations. In addition, there exist informal arrangements – traditional “handshake deals” too numerous to describe in this paper – between municipalities around the nation.

## 2.1 JOINT POWERS ARRANGEMENTS

In various states, **Joint Powers laws** generally allow for one government agency to purchase from contracts competitively solicited by another government agency. Typically, a public or municipal agency may participate in, conduct or administer a cooperative procurement agreement with one or more other governmental units (which may be a city, county, town, school district, or other political subdivision of the state) to increase efficiency or reduce administrative expenses as well as to allow for the purchase of supplies, materials, equipment or services by qualified agencies without duplicating the competitive bidding requirements necessary for a governmental agency purchase. These agreements are known as Joint Powers Agreements, Membership Agreements, Participation Agreements and sometimes Intergovernmental or Interlocal Agreements.

There are many such agreements throughout the country, with California having the most. Usually, JPAs are used where an activity naturally transcends the boundaries of existing public authorities and/or where public entities can achieve economies of scale or market power by combining their commercial efforts. Some notable examples of major JPA efforts include the following:

- **TransBay JPA** - The TransBay Joint Powers Authority (TJPA) in San Francisco was created under state law in 2001 to design, build, operate and maintain the new Transbay Transit Center and associated facilities in downtown San Francisco, including the extension of the Caltrain commuter rail 1.3 miles into the new Transit Center, and accommodations for future California High-Speed Rail. The TJPA consists of a historic collaboration of Bay Area government and transportation agencies committed to replacing the current Transbay Terminal in San Francisco with the new Transbay Transit Center to improve the transportation needs for the entire Bay Area region and the State. The TJPA Board of Directors is comprised of representatives from the City and County of San Francisco, including the SF Municipal Railway (MUNI), the Office of the Mayor and the Board of Supervisors; the Alameda-Contra Costa Transit District (AC Transit); and the Peninsula



Corridor Joint Powers Board-Caltrain, composed of the City and County of San Francisco, the San Mateo County Transit District, and the Santa Clara Valley Transportation Authority. As part of this historic collaboration, member agencies have granted to the TJPA most of their jointly held powers, including the authority to buy and sell property, enter into contracts, and accept and expend grants of cash and property. TJPA management functions include contract oversight, policy direction, financing, investment supervision, and coordinating and collaborating with key government and operating agencies.

- **University Parkway Corridor** - An example of an inter-local agreement forged to both ensure mutual understanding of local priorities and expedite construction of a transportation facility is the University Parkway Corridor in Florida. During 1982 and 1983, Sarasota and Manatee counties entered into Interlocal Agreements “assigning . . . maintenance responsibilities . . . and providing for restrictions to direct access to University Parkway by adjoining land uses...” and providing for an overall plan for the construction of improvements to University Parkway. These Agreements were the beginning of an evolving process for guiding the development of the University Parkway corridor. In 1991, the counties adopted another Interlocal Agreement regarding the reconstruction of University Parkway as a six-lane facility from U.S. 301 to I-75. The Agreement established specific guidelines for access management requiring both counties to “maintain the function of University Parkway as a controlled access facility through enforcement of the access limitations . . . and through their respective Comprehensive Plans, Land Development Regulations or Codes, and other appropriate regulations...” The counties simultaneously worked on the construction of University Parkway as a six-lane facility, with a joint corridor study to guide its development. They completed construction in early 1993.

## 2.2 STATE-ENABLED REGIONAL AUTHORITIES

Across the nation, there are a variety of regional authorities that have been established by state legislatures to serve a particular purpose. Multimodal transportation authorities often fall within this category. The distinction between these entities and the JPA-based arrangements described above is that these authorities have often been deliberately created by law to provide a specific public service and/or manage major capital investment initiatives. Many of these districts also have varying degrees of authority to collect revenues, participate in land use planning and exercise eminent domain. Some notable examples include:

- **Metropolitan Council of the Twin Cities** - The Minnesota Legislature established the Metropolitan Council in 1967 to coordinate planning and development within the Twin Cities (Minneapolis-St. Paul) metropolitan area and to address issues that could not be adequately addressed with existing governmental arrangements. At that time, Minnesota’s Governor stated, “This Council was created to do a job which has proved too big for any single community.” Additional legislation since 1967 has strengthened the Council’s planning



and policy roles, and merged the functions of three agencies (the Metropolitan Transit Commission, the Regional Transit Board and the Metropolitan Waste Control Commission) into one — the Metropolitan Council.

The Council's core mission includes the efficient operation of transit, wastewater collection and treatment, and housing assistance programs for households with low incomes. The Council carries out its responsibilities through organizational divisions focusing on transportation, the environment and community development, supported by administrative and service units. In 1982, the Minnesota Legislature authorized the Metropolitan Council to levy a regional property tax to establish a revolving loan fund for advance acquisition of metropolitan highway rights-of-way threatened by imminent development. The funds are used by the Council to make loans to counties, towns and cities to purchase property within rights-of-way of mapped state trunk highways. The loans, interest free, are repaid to the Council before highway construction begins. Since July 1983, more than 60 loans totaling \$37 million dollars have been made to metropolitan communities to purchase land meeting the appropriate state and regional criteria.

- **Triangle Transit Authority (TTA)** - In the Research Triangle region of North Carolina, the Triangle Transit Authority (TTA) provides a variety of services, including a regional bus line with connector shuttles, vanpool service, and rideshare matching service. TTA was created by the three Counties of Durham, Orange, and Wake pursuant to the Regional Public Transportation Authority Act, passed by the North Carolina state legislature in 1989. This law allows any area of the state to create an authority if specified criteria are met. The authority may be formed upon approval by resolution of the boards of commissioners of the participating counties.

The legislation stipulates that the authority shall have a “special tax board,” to be composed of two representatives from each of the counties organizing the authority. Under the state enabling law and upon approval of the participating counties' elected officials, the TTA has authority to levy an annual vehicle registration tax of \$5.00 per vehicle. The TTA may also make recommendations to the state legislature concerning additional revenues, including, but not limited to: annual vehicle registration fees, ad valorem taxes, local land transfer taxes, driver's license fees, sales taxes on automobile parts and accessories, and motor fuels taxes. Any additional revenue sources for an authority must be approved by the state. At this time, the TTA is planning a regional rail system that will link the three main communities in the Triangle area --Raleigh, Durham, and Chapel Hill – financed primarily by revenues from the regional vehicle registration tax.



### 2.3 INTER-REGIONAL AND INTER-STATE ARRANGEMENTS

As our economy becomes increasingly global, demand for inter-state and regional transportation capacity and speed has grown. In several cases, this demand has precipitated the creation of corridor-oriented and multi-state region transportation planning and implementation bodies that transcend traditional political boundaries. These entities range from relatively loosely organized coalitions of member states to more formalized organizations with staff and funding vehicles. Frequently, trade considerations (e.g., NAFTA) are significant in whether and how they are created. Some notable examples of such arrangements are as follow:

- **I-95 Corridor Coalition** - The I-95 Corridor Coalition is an alliance of transportation agencies, toll authorities, and related organizations, including law enforcement, from Maine to Florida (including Vermont), with affiliate members in Canada. In 1993, the Coalition was formally established to enhance transportation mobility, safety, and efficiency in the region. It provides a forum for key decision and policy makers to address transportation management and operations issues of common interest. This volunteer, consensus-driven organization enables its myriad state, local and regional member agencies to work together to improve transportation system performance far more than they could working individually. Under the last two Federal-aid highway program authorization acts, the Intermodal Surface Transportation Efficiency Act (ISTEA) in 1991 and the Transportation Equity Act for the 21st Century (TEA-21) in 1998, the Coalition received federal funds to support its continuing efforts. During the 1990's, the focus of the Coalition's program evolved from studying and testing intelligent transportation systems (ITS) technologies to a broader perspective that embraced integrated deployments and coordinated operations. The Coalition's perspective evolved from a concentration on highways to one that encompasses all modes of travel and focuses on the efficient transfer of people and goods between modes. Through its membership and advocacy for the organization's priorities issues, the Coalition has been selected as a finalist for FHWA's "Corridors of the Future" initiative, through which it and its member states can receive funding to implement capacity and congestion improvement programs that transcend state boundaries and emphasize corridor-level mobility.
- **Delta Regional Authority** – Authorized by Congress in 2000, the Delta Regional Authority (DRA) works to improve life for the residents of 240 counties and parishes in parts of eight states in the greater Mississippi River delta area. Modeled broadly on the governance structure of the Appalachian Regional Commission, the DRA fosters partnerships throughout the region as it attempts to improve the Delta economy. DRA funds can be used to leverage other federal and state programs. Under federal law, at least 75 percent of DRA funds must be invested in economically distressed counties and parishes. Fifty percent of funds are earmarked for transportation and basic infrastructure improvements. In 2005, the DRA board voted to make transportation one of the authority's three major policy development areas along with health care and information technology. Shortly after that



retreat, the authority contracted with a consortium of firms and crafted the Delta Development Highway System Plan. Under SAFETEA-LU, the state DOTs and MPOs in the DRA region can receive up to \$40 million for transportation improvements based on the policies and priorities established in the planning study.

### 3.0 VERMONT'S EXPERIENCE

In Vermont, Chapter 121 of Title 24 of the Vermont Statutes Annotated authorizes **“inter-local contracts”** to perform any governmental service, activity, or undertaking that each municipality entering into the contract is authorized by law to perform, provided that the contract is recommended by a joint survey committee, approved by the attorney general, and authorized by a majority of the voters in each participating municipality. According to the Vermont League of Cities and Towns (VLCT), in 2006 over 50 Vermont municipalities had intermunicipal agreements dealing with joint use of road equipment.

Vermont law also authorizes a type of joint powers agreement called a **“Union Municipal District.”** These districts are created upon approval of the attorney general and the voters of two or more member cities, towns, or villages. The districts promote more efficient and economical operation of any local government service, such as solid waste management, highways, or parks and recreation. The districts are governed by a joint municipal survey committee consisting of three representatives designated by the legislative branch of each participating city, town, or village. Also, if there is a local planning commission, one of the three representatives shall be a commission member. If the municipality is served by a regional planning commission, one member shall be an ex officio representative. The districts may issue bonds upon voter approval and accept funds, grants, and services from any public or private source. Cities, towns, and villages which are party to the district contract may appropriate funds for the district and levy taxes and issue special purpose bonds for payment of the appropriation. The Chittenden Solid Waste District is an example of a Union Municipal District.

With regard to intermunicipal transportation services, Vermont law authorizes two types of regional transit agencies: Regional transit authorities and Regional transit districts.



- Two or more cities, towns, or villages may form a **regional transit authority**, after voter approval, to provide transit service directly or by contract. A board of commissioners consisting of two appointees from each member government governs each authority. The authority may fix fares and assess participating governments on the basis of weekly miles of service. The authority may accept gifts, grants, or loans and may issue bonds with voter approval. The Chittenden County Transportation Authority (CCTA) was established by a special act that outlined provisions that are similar to the general law authorizing regional transit authorities. CCTA's enabling legislation provides a structure similar to that of a separate municipality, including eminent domain and full taxing authority.
- A **regional transit district** is formed by an agreement between two or more cities, towns, or villages after approval of the State Transportation Board and the voters. A board consisting of one or more representatives of each participating city, town, or village governs each district. The districts may fix fares, rates, and charges, and request contributions from participating governments.

