

To: Councilmembers

From: Steve Volan, Member, District VI

Date: June 16, 2023

Re: Proposal for a "Greater Downtown Circulator" Bus

The legislation before you requests that the mayor's administration appropriate funds originally from taxes set aside for the sake of the city's Community Revitalization Enhancement District to create a new Bloomington Transit (BT) bus route: a fare-free trolley-style electric bus line circulating around the greater downtown. This resolution is not an ordinance, let alone an appropriation ordinance. No funds will be disbursed. Instead, it is a vehicle [sic] for the Council to express its interest in a "Greater Downtown Circulator" bus route. It should be seen as an opportunity for Council to discuss what such a service might look like, and how it would be funded.

The basic idea: a downtown trolley

Unlike typical public transit routes, while it would provide many other benefits, a "Greater Downtown Circulator" would inherently be about parking.

Through a trolley-style service, the city can maximize its downtown parking infrastructure while staying true to its Comprehensive Plan, which calls for reducing our reliance on fossil fuels and emphasizing forms of transportation other than cars. A trolley serving the most visited area of the city — an area so in demand that all the city's garages and parking meters can be found there — can connect those garages and lots with each other, reducing short car trips by drivers visiting more than one downtown destination, and reducing congestion from drivers looking for the most convenient street parking which is always in high demand. In so doing, a trolley would also maximize the efficiency and utility of further-flung garages and lots, and reduce or eliminate the future demand for new publicly-funded parking infrastructure.

Downtown

Bloomington's downtown has grown. From the Trades District anchoring its north end to the Kroger Seminary Square anchoring its south end is a 20-minute walk. The same is true from either point to IU's Sample Gates at downtown's east end.

Car parking is in very high demand in some parts of downtown. Cruising for parking is a frequent occurrence; many key parking areas (Courthouse Square, University Village) are in very high demand six days a week, especially evenings, while meter prices have not increased since meters were reinstalled throughout downtown in 2013. Yet in other downtown areas, there is almost no parking demand. If the spaces in these areas could be put to better use, they would reduce the perception for a "need" to build expensive structured parking closer to key destinations.

The idea

A "Greater Downtown Circulator" would connect the far ends of downtown with all its parking facilities — Fourth, Walnut, Morton, and IU's Poplars — as well as many points of interest in between, including City Hall, the Courthouse, the Convention Center, the Transit Center, performance venues, hotels, churches, and dozens of restaurants and bars.

Many proposals BT considered a single, roughly T-shaped route on which two buses would run simultaneously. The initial proposal presented here for the sake of discussion is for two separate routes that would cross each other at the Courthouse Square. A north-south route would run on College and Walnut Streets between 1st and 10th. This route could be extended to the Trades District and Hopewell parking garages. An east-west route would run on Kirkwood and Seventh Streets between Rogers and Indiana. It could be extended to the hotel entrance of the Indiana Memorial Union.

While a pair of routes is the current proposal, a single route with two buses is equally practical. One factor the Council must decide is which method of service is more optimal.

One-time capital costs: \$4.1 to \$4.5 million

Regardless of the number of routes, to provide 20-minute service, three buses will have to be purchased. These will be electric and may be new or used, but will be ADA-compliant battery-electric vehicles; two will be in use and one in reserve. These will cost roughly \$1.1 million each according to BT.

In addition, as many as 16 new shelters will be built for the new service. These can cost as little as \$25,000 each. Zac Huneck of BT says that figure "is a rough estimate for amenities and simple construction. Some...will likely require more intensive engineering and design work. Based upon recent procurements, these costs can easily push a single bus stop \$75k+ in the current climate." BT estimates \$800,000 to \$1.2 million for such shelters.

Another factor the Council must decide, based partially on what route is chosen, is how many new shelters should be erected. It's my hope that through judicious choices, the overall figure for capital costs can be kept below \$4 million.

Annual operating costs: \$416,000 to \$998,000

To provide 20-minute service on each of these routes just during regular business hours would cost \$416,000 annually. Bloomington's downtown, however, is more active and in demand in the evenings and on weekends than during the workday. Extending service to 8pm and providing service on Saturdays would cost about \$750,000 a year. Adding "night-owl" service from 8 pm to 3 am would bring the annual operating cost to just under \$1 million. (Adding Sunday service for the east-west route to serve churchgoers would add another \$26,000 annually.)

Demand is returning to the pre-pandemic norm, although the average transaction consistently increasing shows that fewer people are parking on the street for longer periods. This underscores the need for both increasing rates where demand is

	2017	2018	2019	2020	2021	2022
Revenue (millions)	\$2.24	\$2.26	\$2.52	\$1.34	\$1.99	\$2.19
Transactions (millions)	1.95	1.85	1.78	0.95	1.22	1.30
Average Transaction	\$1.15	\$1.22	\$1.42	\$1.41	\$1.63	\$1.68

Continued funding after the first year: "parking increment financing"

Because the circulator would, among many other features, connect every public parking venue downtown, the service should be seen as an outgrowth, and a direct benefit, of the city's parking system. The prime option for continued funding of the circulator after its first year would be revenue from adjusted parking meter rates. The incremental revenue from adjusted rates should be devoted to a shuttle that would make parking more efficient and accessible -- in other words, what could be called "parking increment financing".

Meter rates have yet to be adjusted from their original \$1/hour, despite inflation. The Consumer Price Index has increased 29% since August 2013; the city is charging the equivalent of 78¢/hour compared to when the meters were first installed. A modest across-the-board increase of 25¢/hour would restore the incentive to parkers to consider the cost of the most convenient parking spaces to the 2013 level. With the typical annual revenue for parking being about \$2.2 million, a 50¢/hour increase would provide at least \$1 million annually to fund a shuttle.

Revenue in the first 12 months of metering, from August 2013 to August 2014, was \$2.23 million. For the past six calendar years, unaudited estimates of revenue (which do not include a small amount of revenue from surface lots where meters are now used) were:

Initial funding

Since the downtown Community Redevelopment Economic District (CREED), pronounced "creed") was established in 2003, the CREED fund grew to \$10 million, but was tapped almost not at all. This money should have been used to serve the downtown business environment that generated those set-aside tax dollars. With the administration's recently taking \$3.1 million for the new class-A office space to be built in the Trades District, there is enough money collected from the CREED to fund the three buses, the 16 new shelters, and one year of maximum operating service without any other subsidy.

It would take about a year for BT to stand up such service. If the administration were to agree to launch such a service, the earliest practical launch date would be January 2025. New funding would have to be identified after January 2026.

greatest, and decreasing rates where it's least. Adjusting rates both up and down for the 2023-2024 academic year, depending on demand in that block, would allow the city to gauge much more precisely what the potential is for parking increment financing in a properly demand-managed meter system.)

Other sources of continued funding

Partnership with IU: IU has a natural interest in this service as it abuts downtown and owns several destinations on any proposed route like the Sample Gates and the Poplars Garage. In 2008 upon hearing of the idea of a downtown circulator, an IU official expressed interest in the shuttle service, saying that it would have incentive to build an extension on Woodlawn from 7th Street to the athletic complex in order to move people where they want to go before and after games: downtown. IU would also benefit from a shuttle that could be extended all the way to Showalter Fountain on nights when major events are occurring at the IU Auditorium. It would be reasonable to discuss their participation in contributing funding to this service.

The Food & Beverage Tax: Another entity with an interest in co-funding a circulator would be the Convention and Visitors Bureau. Money from the Food and Beverage Tax could be devoted to this route to save the extraordinary cost of building dedicated parking for an expanded convention center. It also would be an excellent way for convention-goers and hotel guests to visit many of the city's downtown attractions.

State and federal sources: Finally, the sheer number of opportunities for funding from local sources implies that funding could be leveraged from state and federal sources. If federal transit dollars for capital costs can leverage 3 or 4 buses for every one that the city buys, we stretch these CRED dollars a long way; if federal funding comes because we have committed local funding, we might be able to enlarge the route or increase the frequency of service.

Authority for use of CRED revenue

The city website notes that CRED funds can be used "for economic development purposes within the District. By using these incremental revenues, the City undertakes projects such as the creation of new infrastructure and beautification of the area." The criteria for use of such monies on such a project is contemplated in IC 36-7-13-12.1 (see page 4). The bus will greatly enhance any new convention-center commerce and thus allow the city and county to "retain or expand a significant business enterprise within the area" (a-1-C). The deterioration of the Justice Center and the now all-but-raised old hospital district both qualify as "deterioration of improvements or character of occupancy, age, obsolescence, or substandard buildings" (a-2-H). And to address such "obstacles", the city may expend for machinery (b-8), equipment (b-9), facilities (b-11), and, crucially, operating expenses (b-13), allowing these dollars to fund the first year of service. This will also buy the city time to explore other revenues besides those from increased meter rates, through state grants or the Federal Transit Administration.

While IC 36-9-12-5 limits the spending of dollars from the Parking Meter Fund directly to parking meter operations, which a shuttle doesn't directly qualify for, IC 36-9-12-7

holds that such money can be used for other purposes: "At the end of a calendar year...the municipal legislative body may, by ordinance, transfer any balance in the special fund to the general fund." Such dollars can be used in this manner; it simply requires that Council expressly approve such expenditure with an extra vote.

Parking Commission

This proposal was taken to the May meeting of the Parking Commission, where a resolution regarding it was considered. The vote on it was 4-1-3.

Conclusion, and questions for Council

The Council is not just being asked to decide whether or not the Greater Downtown Circulator is a good idea, but, if so, what its parameters should be. The administration ultimately has to originate the appropriation ordinance that would create and fund it to the Council. The more specific the Council is in proposing such an idea, the better.

If Council believes that the time has come for a shuttle, questions to address include:

- Should a shuttle service be a single route or broken into two routes?
- How frequently should a shuttle run to be of practical value?
- How far out from the Courthouse should a shuttle run to be of practical value?
- How much revenue should come from parking increment financing?
- How much revenue should come from other sources?

Appendices

Three appendices are attached. Appendix 1 enumerates selected destinations on the proposed trolley routes. Appendix 2 shows the relevant state statute governing use of CRED funds. Appendix 3 shows cost data and a model for the two routes from Bloomington Transit.