



# Research Report

## Sidewalk Funding Mechanisms

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### Executive Summary

Denver needs additional funding for sidewalk repair. A number of cities have created innovative programs to help improve this critical part of municipal infrastructure. Those options include point-of-sale financing, the creation of new taxes or fees, the creation of sidewalk improvement districts, shared cost programs, and mobility fees.

### Statement of Problem

Denver needs additional funding to complete and repair its sidewalk network.

### Background

According to a January 2019 report from Denver Moves, it would cost anywhere from [\\$800 million to \\$1.4 billion](#) (page 23) to complete Denver's sidewalk network. A commitment of \$40 million per year by the city would take 27.5 years to complete the network.

Currently, individuals are responsible for the maintenance and repair of their sidewalks.

Denver does offer limited sidewalk financing through its Elevate Denver Bond Program. Voters approved the bond measure in 2017. Elevate Denver's stated purpose is to ["enhanc\[e\] safety, mobility and quality of life across the city."](#) The city has earmarked \$30,700,000 for citywide sidewalk construction, in addition to other targeted pedestrian projects. Denver's 2018 budget allotted \$4 million to identify sidewalks in need of repair and offer financial assistance for those repairs. The 2019 budget allotted \$3.8 million for safety improvements, including sidewalk repairs.

Denver has also created [sidewalk repair regions](#) as part of its [Neighborhood Sidewalk Repair Program](#) and offers financial assistance to qualified homeowners.

## **Sidewalk Funding Options from Other Cities**

### Point-of-Sale Sidewalk Financing

One way cities have attempted to help finance sidewalk improvements is requiring sidewalk repair and enhancements to occur when a plot of land or property is sold. This funding mechanism is used in Piedmont, California. The pertinent part of [their municipal code](#) states:

#### SEC. 18.26 CONDITIONS APPLYING TO CONSTRUCTION OR REPAIR

The following conditions applying to the requirements of construction and/or repair of sidewalks and driveways within the City as more specifically set forth in other Sections of this Article V of Chapter 18 of the City Code:

...

c. In conjunction with the sale of the real property.

...

#### SEC. 18.27 WHEN CONSTRUCTION REQUIRED

New sidewalks and/or driveways must be constructed if required by the superintendent of streets in the situations set forth in subparagraphs a, b, c, d, and/or e of Section 18.26 of this Code, at the expense of the property owner. (Ord. No. 397 N.S., 3/80)

At one point in time, this financing option was utilized by [Grand Rapids, Michigan](#) and [Pasadena, California](#), as well. Both have recently removed these provisions due to pressure from real estate groups and possible 4<sup>th</sup> Amendment concerns. The city of Seattle Department of Transportation recommended a point-of-sale program in their 2018 [“Sidewalk Condition Assessment Report”](#) (page 12).

This idea has potential in Denver due to the city’s growth and the amount of home purchases in the city. From 2013-2017, 239,431 homes have been sold in Denver.

### Tax or Fee

Cities have also looked to fund sidewalk through the creation of, or increase in, taxes or fees. Los Angeles examined a [half-cent sales tax](#) to go toward fixing the city’s sidewalks. The program was needed to generate \$4.5 billion for sidewalk repair. The plan was ultimately abandoned due to a fear that the tax could interfere with other tax measures on the ballot that year.

Bay City, Michigan approved a [1% administrative fee](#) to their property taxes. The program is expected to generate [\\$300,000 in its first year](#) to help the city eventually earn \$6.5 million to fix sidewalks.

Englewood, Colorado created a [“concrete utility”](#) fee in 1997. This is a voluntary fee that homeowners can [opt-out](#) of. Approximately 95% of homeowners do so. The current fee is approximately 12 cents per square foot of sidewalk which equates to an approximate annual charge of \$40.00 for a typical, 50-foot wide lot. The Englewood Director of Public Works recently presented an overview of the program to the Englewood City Council on

January 22, 2019. That overview is available [here](#). Englewood passed this fee [through city council, and not through a citizen vote](#).

Denver has shown a willingness to [approve tax increases through ballot measures](#). Since 2008, [only one tax increase](#) was voted down, and that tax increase was subsequently [approved in the 2018](#) elections.

### Creation of Sidewalk Improvement Districts (SIDs)

Colorado authorizes municipalities to create special improvement districts under Colo. Rev. Stat. §31-25-501, et seq. Sidewalk improvement is an authorized use of these districts. These districts would require voter approval under TABOR.

Ithaca, New York has used SIDs to fund sidewalk repair and construction since June 2014. [Minnesota's Sidewalk Repair Funding Guide](#) describes the policy as such:

The policy divides the city into five Sidewalk Improvement Districts, and every property owner in the city contributes an annual fee to the district they are in. The new policy moves away from burdening adjacent property owners with the entire cost of sidewalk installation and maintenance and spreads the cost of sidewalk repairs across all property owners in each district.

Properties are assessed an annual amount that is based on their classification type. One- and two-family homes are classified as “low foot traffic lots” and pay an annual maintenance fee of \$70. All other lots pay a base annual maintenance fee of \$140 plus additional fees based on a frontage fee and the square footage of all buildings on the lot. The building footprint fee is \$0.015 per square foot of building footprint, plus a frontage fee of \$30 for every 50 feet of linear lot frontage on the street.

Ithaca created a [fact sheet](#) explaining the program in greater detail. The full program is listed in [Art. V, §C-73](#) of the Ithaca charter.

Denver has created [sidewalk repair regions](#) as part of its [Neighborhood Sidewalk Repair Program](#). These regions could be repurposed as districts for the sake of a SID program.

### Shared Cost Programs

Cities also help to reduce sidewalk repair costs by offering to share repair costs with citizens. [Boulder, Colorado](#) also offers a cost-sharing program. Under their program, various zones in the city are prioritized to be fixed. If a property owner lives in the prioritized area, the sidewalk will be repaired and the owner will be responsible for half the repair costs. Single-family residential property owners will not be assessed more than \$450 for the repairs, no matter the final cost. The city also offers a program where repairs can be paid for in monthly installments, over the course of two years (with interest).

[Flint, Michigan](#) offers a 50/50 split with citizens. [Richardson, Texas](#) also offers a funding match for sidewalk repairs, but instead of a blanket match program, it only offers matching

funds for “vertical separations (trip hazards) exceeding one inch or surface spalling exceeding 40% of a panel’s surface.”

### Mobility Fees

Mobility fees are used to support funding for roadways, but also “transit-supportive” items such as bus shelters, sidewalks, and bike paths. Mobility fees are commonly used in the state of [Florida](#), but are also implemented in cities such as [Portland, Oregon](#) and [San Francisco, California](#). Portland’s Transportation System Development Charge (TSDC) program has generated over \$129 million from 1997-2017. Portland summarizes their system as:

Whenever a new building is constructed in Portland, including a home, store, office, etc., the developer pays Transportation System Development Charges, or TSDCs. These are one-time fees paid by developers when they build something new. The fee covers part of the cost of building transportation facilities to serve development—things like roads, sidewalks and other facilities that get people to where they need to go. TSDCs also apply to redevelopment of existing buildings when that redevelopment will generate an increase in trips to and from the site.

The developer fees are then used to pay for projects on the TSDC project list. Portland assesses the fees based on “how many person trips a new development will create during the evening commute hour.” Portland also created two “overlay zones” where additional fees are assessed but can only be used for projects in that zone.

Similar to point-of-sale programs, Denver’s growth and development would provide ample opportunities for a program like this to be used.

### Conclusion

Denver’s sidewalks present a billion-dollar problem that the city needs to solve. Denver is not alone in its need to finance sidewalk repairs. Other cities have created unique solutions to their sidewalk repair needs that Denver could use as well.