

ITEM 12-B.7.a

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“No Time For Gridlock In Richmond” (3/11/08)

“Gov. Kaine says he has a new transportation plan” (3/20/08)

“Toll-Lane Revenue Proposal Gets a Rewrite in Richmond” (3/24/08)

“User Pays” (3/24/08)



The Authority
for Transportation in Northern Virginia

PRESS RELEASE

For Immediate Release

March 6, 2008

AUTHORITY UNANIMOUSLY PASSES RESOLUTION CALLING ON THE GENERAL ASSEMBLY TO FIX TRANSPORTATION FUNDING ISSUE NOW; CRITICAL REGIONAL TRANSPORTATION INFRASTRUCTURE AT STAKE

NORTHERN VIRGINIA – Today, Northern Virginia Transportation Authority members met in emergency session to address the transportation funding crisis arising from last week's Supreme Court decision (nullifying the taxing authority granted by the General Assembly in last year's landmark Transportation Funding and Reform Act of 2007) and state actions cutting vital transportation funds (VDOT cuts of \$1.1 billion; DRPT \$70 million; and General Assembly diversion of \$180 million) which slashed money for critical road and transit projects.

Authority members unanimously approved a resolution urging the General Assembly to take "expeditious action to provide funding for the Northern Virginia Transportation Authority" and allow the region to move forward on the list of transportation projects that the Authority had planned to fund with the revenue stream previously granted by the General Assembly.

"Northern Virginia residents and commuters are facing a catastrophe. They have lost \$300 million annually -- and bonding capacity for \$1.7 billion in new transportation funding over the next six years; VDOT announced a \$1.1 billion cut to our primary, urban and secondary roads program; the Department of Rail and Public Transportation announced that they will cut at least \$70 million for public transportation; and the General Assembly eliminated \$180 million in one-time transportation funding. Everyone across the region will feel the pain of the eradication of these vital transportation funds, unless the General Assembly acts NOW," said Chris Zimmerman, Authority chairman.

Projects Likely to Be Impacted Due to Loss of Regional and State Revenue -- March 6, 2008

Major NVTa-Funded Regional Projects Likely to be Adversely Impacted:

- Improvements to the Fairfax County Parkway, the Prince William County Parkway, and Battlefield Parkway
- Route 1 highway and transit improvement in Prince William County and Fairfax County
- Route 7 Improvements in Fairfax County and the City of Falls Church
- Route 28 Improvements in Loudoun County, Prince William County, and Manassas
- Improvements to the King Street, West Falls Church, Huntington, Rosslyn and Vienna Metrorail Stations
- Transit buses and facilities to allow for expanded service in various parts of Northern Virginia
- The Crystal City - Potomac Yards Transitway and Columbia Pike Streetcar Projects
- Route 123 improvements in the City of Fairfax
- Improvements to Manassas Drive in the City of Manassas Park
- Improvements to address impacts of the Base Realignment and Closure Commission (BRAC) actions
- \$50 million annually in dedicated funding for the Washington Metropolitan Area Transit Authority (Metro) capital improvements
 - Railcar Purchases
 - Platform Improvements
 - Unfunded Metro Matters Needs
- \$25 million annually in dedicated funding for Virginia Railway Express
 - Locomotive purchase to replace aging fleet
 - Insurance Trust Fund payment, needed to restore fund to level required by state
 - Additional service on both Fredericksburg and Manassas Lines
 - Capital project matches for federal funding

Local Projects Likely to be Adversely Impacted:¹

- City of Alexandria
 - Eisenhower Avenue Widening
 - Intersection improvements at King Street and Beauregard Street
 - DASH Bus Replacement
- Arlington County:
 - Glebe Road Bridge over Arlington Boulevard Upgrade
 - Wilson Boulevard Reconstruction between N. Oakland and Randolph Streets
 - Lee Highway and Harrison Street Intersection Improvements
 - Ballston-MU Metrorail Station West Entrance
 - Pentagon City-Hayes Street Multimodal Improvements
 - Old Dominion Drive Multimodal Improvements

- City of Fairfax

¹ While VDOT has not yet indicated which specific projects will be impacted by the reductions in state formula allocations, this list represents the localities' best estimate of the projects likely to be affected, as well as those projects impacted by the loss of the 40% NVTa money.

- Route 50 Corridor Multimodal Improvements
- Fairfax County:
 - Telegraph Road Widening between Beulah Road and Hayfield Road (BRAC-related)
 - Rolling Road Widening between DeLong and Fullerton Road (BRAC-related)
 - Pohick Road Widening between Richmond Highway and I-95
 - Lorton Road Realignment and Widening between Route 123 and Silverbrook Road
 - Franconia Road/South Van Dorn Street Interchange
 - Springfield and Engineering Proving Ground Park-and-Ride Lots
- City of Falls Church
 - Future City Center Street Improvements
 - Bus Shelters
 - Municipal Parking Garage
 - Broad Street Streetscape Improvements
 - Various Pedestrian and Bicycle System Improvements
- Town of Herndon
 - East Eldon Street Improvements
- Town of Leesburg
 - Sycolin Road Overpass
- Loudoun County
 - Route 50 Widening Project
 - Widening of the Route 15 Bypass
 - Atlantic and Pacific Boulevard Improvements
- City of Manassas
 - Traffic Signal Upgrades
 - Sudley Road Improvements
 - Liberia Avenue Improvements
- City of Manassas Park
 - Manassas Drive and Euclid Avenue Intersection Improvements
- Prince William County
 - University Boulevard construction from Sudley Manor Drive to Hornbaker Road
 - University Boulevard and Route 234 Bypass Intersection Improvements
 - Minnieville Road from Spriggs Road to Route 234
 - Dale Boulevard and Benita Fitzgerald Drive Intersection Improvements
 - Route 15 Park-and-Ride Lot (Haymarket)
 - Balls Ford Road from Rt. 234 to Rt. 234 Bypass
- Town of Purcellville
 - Main Street & Maple Avenue Intersection Improvements
 - The Southern Collector Road
- Potomac Rappahannock Transportation Commission
 - Considering ways to close a \$700,000 FY 2009 budget gap, due to lower state transit assistance levels.

The meeting minutes and Action Summary of today's meeting can be found at:
www.thenovaauthority.org

NVTA

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Local

Ruling threatens \$50 million in Metro funding from NVTA

Taryn Luntz, The Examiner

2008-03-07 08:00:00.0

Current rank: # 31 of 9,937

WASHINGTON -

Last week's Virginia Supreme Court ruling striking down new transportation taxes is jeopardizing cash-strapped Metro, which was relying on \$50 million from the new money.

The transit agency was depending on the money from the Northern Virginia Transportation Authority to help fund a much-needed new batch of railcars and other capital improvements.

"One-third of Metro's fleet are the original railcars," Chris Zimmerman, chairman of both Metro and the NVTA, said at a Thursday NVTA meeting. "They're more than three decades old, and they are beginning to become problems. We need to be ordering the next railcars, and this funding was potentially the source by which we would do that."

The failing brakes on some of Metro's original 1000-series railcars were a cause of Metro's declining on-time rail performance last year, the agency said.

Metro has been working on designs for its 7000-series railcars, which would replace the 1000-series cars in about five years. But railcar manufacturers expect to see proof of the agency's ability to pay before they agree to a contract, Zimmerman said.

"If you don't have sustainable, reliable funding, they're not as interested in your business and they're going to go elsewhere," he said.

D.C., Maryland and Northern Virginia each recently agreed to contribute \$50 million a year to Metro's capital program, with the Virginia share coming from NVTA.

The agreement was meant to accompany federal legislation that would authorize \$1.5 billion in federal funding for Metro over the next 10 years if those funds were matched by the local jurisdictions. Congress is still considering the legislation.

"Up until last week, we were able to say to the federal government that Maryland, the District and Virginia have all put up their money, and now there's a big hole in that," Zimmerman said.

He said the money from the NVTA, which the Virginia Supreme Court ruled unconstitutional, was the only viable means of funding Virginia's share.

Virginia lawmakers have signaled they will schedule a special session of the General Assembly to try to restore the NVTA funding.

"If they don't act, we're stuck," Zimmerman said. "It's unfortunately terribly simple."

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Tuesday, March 11, 2008 |

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Loss of NVTA funding hits VRE's plans for new engines

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By [LILLIAN KAFKA](#)

Published: March 10, 2008

New locomotives that would reduce delays on Virginia Railway Express are in limbo now that \$25 million in funding from the Northern Virginia Transportation Authority is halted.

Next year VRE would have introduced new engines that could pull longer trains and provide reliable services, said Mark Roeber, spokesman for the commuter train provider for Northern Virginia.

However, money that was going to help pay for those new locomotives is no more—on Feb. 29 the Virginia Supreme Court made a decision that voids revenues that would have been sent to VRE.

Legislators said they are going to work on a fix, but for the mean time, the NVTA can't collect taxes and fees that would have infused up to \$500 million a year in transportation dollars for the region's roads and transit. The court ruled unconstitutional NVTA's collection of taxes since members of the authority were not elected directly to the body.

Four areas of spending, including new cars and engines at VRE, are in limbo, but "we're not closing any avenues," Roeber said.

He said \$17 million would expand the commuter rail service's capacity by buying new engines that would allow VRE to extend trains by two to four cars per run. New engines would reduce delays because they are also more reliable, Roeber said.

"The oldest element we have in our fleet is the locomotives," he said. "We're running into more and more problems with them. Even as we fix them and maintain them the burden of heavier loads is hard on the older locomotives."

With the purchase of new engines, Roeber said member counties and cities pledged to buy new cars, too. No engines means no new cars.

Lavonya Douglas rides VRE to work in Washington, D.C., and said she'd like to see the new engines receive funding.

"They're not always crowded, but they can definitely be late," said Douglas, a Woodbridge resident. "Anything to get people to work on time would be great."

The addition to the fleet would allow VRE to add additional runs-proposals include another early run from Fredericksburg and a new late evening run down the Manassas line.

In addition to the nighttime Manassas run, Roeber said there was a "bus bridge" plan to bring Fredericksburg riders from the Backlick station down Interstate 95 to stations on the southern end of the Fredericksburg line.

Looking into the future, rider David Wallmark of Burke said he'd like to see new service so he can avoid driving on highways during weekends, too.

He uses the Manassas line and hasn't had many complaints about VRE service in the last couple of years.

"The only change I would like to see on both lines is ... another midday run and one more in and out run on Saturdays and Sundays," Wallmark said.

Roeber said another investment that the \$25 million from NVTA would have aided was matching federal grant money.

About \$6.5 million would have been used to garner federal support in adding a third rail line to areas where there only exists two. The additional track would alleviate bottlenecks on a line that carries Amtrak, VRE and CSX freight trains.

Other improvements that the money could have paid for include design work on the VRE extension to Haymarket and Gainesville.

The remainder of the NVTA money—about \$1.5 million—would have been deposited into VRE's insurance trust fund.

Legislators in Richmond have scheduled one more day to finalize their biennial budget and their next task is to find out how to recover the \$500 million lost in last month's Supreme Court decision.

Donald Hadley of Woodbridge has been riding VRE for six years and wouldn't work in D.C. if he had to drive every day, he said.

The trains he rides are usually crowded, he said. Taxing hotel stays, one of NVTA's revenue streams, is a good way to shift the burden away from homeowners, he said.

"They need to do something or we'll all be driving," he said.

Staff writer Lillian Kafka can be reached at 703-878-8065 or lkafka@potomacnews.com.

washingtonpost.com

No Time For Gridlock In Richmond

Sunday, March 9, 2008; B08

When the new year started, Northern Virginians who were tired of being stuck in traffic, or being left standing on the Metrorail platform watching overstuffed trains pull away, at least had some hope that help was coming. With the General Assembly's Transportation Funding and Reform Act of 2007, it seemed that state legislators were finally giving this region tools to make up for years of chronic underinvestment in our transportation infrastructure.

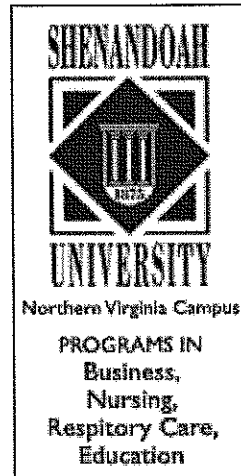
A combined package of state, local and regional funding would have amounted to \$500 million to \$600 million annually -- not everything needed but a solid start at addressing the backlog identified at more than \$17 billion necessary to meet growing needs over the next 25 years.

Though additional state funding was meager, new regional and local revenue options were provided. We would have to tax ourselves, but at least all of the revenue would stay in Northern Virginia, supporting projects that would make a difference to commuters across the region. In addition, a portion of the regional revenue would be returned to the localities to support their individual transportation needs; another \$50 million annually was earmarked for Metro and \$25 million for Virginia Railway Express.

The Northern Virginia Transportation Authority (NVT), a regional body with elected representatives from all nine Northern Virginia localities, acted quickly to implement the legislation. The NVT approved the measures required by the new law, retained bond counsel, established accountability systems and began the work necessary to implement projects.

In just six months, with assistance from every local government in the region and state officials, the NVT laid the groundwork for a comprehensive program of transportation improvements. This included an initial bond package to support \$102 million in "ready to go" projects, and the first step toward a six-year capital plan with another \$400 million in much-needed transportation funds. The authority was poised to begin issuing bonds and implementing projects this year that would offer immediate relief for drivers, transit riders, bicyclists and pedestrians. From the Prince William Parkway to the Potomac Yards Transitway to improved access at VRE and Metro stations -- every component of our transportation network would have received funding to grow and better serve commuters and residents.

Then the Virginia Supreme Court threw out the centerpiece of last year's legislation: \$300 million in



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annual funding from seven new taxes and fees. To make matters worse, Virginia officials also announced a \$1.1 billion reduction in VDOT's statewide primary, urban and secondary roads program and another \$97 million reduction in funding for public transit. In addition, both the Senate and House of Delegates have removed \$180 million in one-time general funds for transportation that were included in last year's state budget. These are devastating blows.

Now, Northern Virginia, the economic engine of the state, is facing a crisis. Immediate legislative action is needed to replace the lost funding stream.

Local officials from Northern Virginia -- elected and appointed, Democrat and Republican -- have been working in close cooperation to plan and implement a comprehensive program of transportation improvements. They have demonstrated the ability to work together and the political will to act decisively. We need the General Assembly to do the same. Without action in Richmond, we can't get it moving.

The 2007 legislation was by no means ideal. It represented an enormous compromise in which all the players accepted elements that they did not like in order to overcome a political stalemate that threatens the quality of life and economic vitality of our region.

Our deficient transportation system exacts a cost in lost productivity for businesses, damages our environment and robs us of time with our children. If it is allowed to persist, it may force business location decisions that could end the prosperity we have come to take for granted. Infrastructure improvements take time to put in place. If we don't get started soon, the continued degradation of mobility in the region may reach a point where we can't turn it around fast enough.

The governor and the General Assembly must act, and act swiftly. Until they do, Northern Virginia is stuck in neutral.

-- Christopher Zimmerman -- Martin Nohe

The writers are chairman and vice chairman of the Northern Virginia Transportation Authority. Christopher Zimmerman, a Democrat, represents Arlington; Martin Nohe, a Republican, represents Prince William County.

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Mar 20, 7:44 AM EDT

Gov. Kaine says he has new transportation plan

NORFOLK, Va. (AP) -- Governor Timothy Kaine didn't offer details, but said he will introduce another transportation plan during a special General Assembly session this spring.

Kaine said at a town hall meeting at Virginia Wesleyan College Wednesday that he has been discussing a new transportation package with General Assembly leaders.

He said those talks began after the Virginia Supreme Court in February struck down the plan for regional authorities to impose taxes on Hampton Roads and northern Virginia citizens.

Kaine did not details his new plan Wednesday, but said he wants "to make sure the regions have the money they need and that statewide maintenance needs are addressed."

The governor said he plans more discussions with assembly leaders in about 10 days.

Information from: The Virginian-Pilot, <http://www.pilotonline.com>

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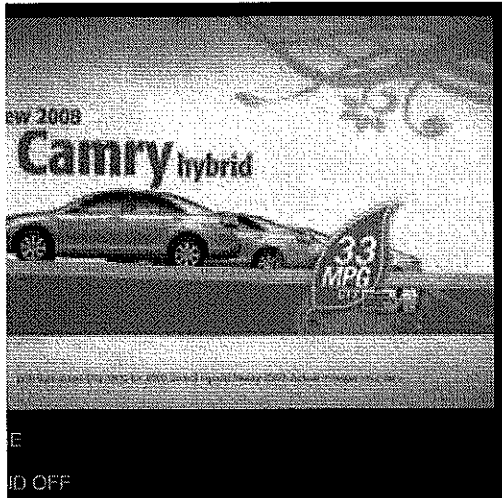
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Toll-Lane Revenue Proposal Gets a Rewrite in Richmond

State Plan Diverts Funding From Regional Projects

By Eric M. Weiss
 Washington Post Staff Writer
 Sunday, March 23, 2008; C07

Washington area leaders agreed to turn the carpool lanes on Interstates 95 and 395 into express toll lanes in part to raise \$195 million for transit, a plan that included buying 184 clean-fuel buses that would speed commuters into the District or to the Pentagon.

But that was before the proposal got to Richmond. The state's transit agency reworked the plan, put together by the Virginia Department of Transportation and a consultant. It wants to use toll revenue to extend Virginia Railway Express train platforms in Fredericksburg and to pay \$1.3 million for storage for six Fredericksburg-bound train cars that would be bought with \$12.6 million in toll money.

And all those new buses? The number has been reduced to 76.

"It's a bait-and-switch," said Alexandria Mayor William D. Euille (D).

Under a proposal approved last year by the National Capital Region Transportation Planning Board, two I-95/395 carpool lanes would be converted into three high-occupancy toll (HOT) lanes.

The 184 buses would have reduced the time between buses at stops in Alexandria and Arlington and Fairfax counties to a maximum of 22 minutes. Buses and carpools of three or more would not pay tolls on HOT lanes.

After reviewing the proposal, the state Department of Rail and Public Transportation recommended that

some of the money be spent differently -- and farther south. In addition to \$40 million for VRE, the state would spend \$76.6 million on park-and-ride lots and other facilities south of the converted HOT lanes, expected to open in two years.

And because the state's plan would eliminate many fare-collecting buses in favor of capital spending projects such as buying railcars, it would bring in about \$92 million less in revenue than the original plan, officials said.

"This is classic," said Fairfax resident Bob Perotti, who attended a recent public hearing on transportation. "Have you noticed that Richmond has the best roads in the state and Northern Virginia has the worst traffic?"

Northern Virginia leaders say the state's proposed changes are the latest example of the region being used as a piggy bank for the Commonwealth.

"This is diverting resources needed here to another part of the state," said Gerald E. Connolly (D), chairman of the Fairfax County Board of Supervisors. "These are our resources."

State transit officials defended their proposal, which they say is backed by scientific research, consultation with transit providers and public input showing that a combination of VRE capital improvements and additional park-and-ride facilities and bus transit would be the most efficient use of transit money.

"We emphasize the options that worked," said Corey W. Hill, chief of transit and congestion management for the rail and transportation department. He said that the number of buses was cut because "the problem is that earlier they didn't do a demand analysis. Would anybody be riding in them?"

He said that the proposed number, 184, was a place holder and that focusing on the number of buses is the wrong way to look at solving a regional issue.

"We already have a lot of bus service today," Hill said. "In the northern portion of the corridor, there are 90 buses an hour in the peak hour of the commute."

The revised plan includes five rapid-transit bus stations along the corridor and bus service with the frequency of rail service, he said.

"We are proposing a higher quality bus service than what you have out there today," Hill said.

Northern Virginia officials say they don't want an incremental increase in bus service but a radical change that would turn the proposed HOT lanes into a partial busway that would move people cheaply and quickly.

"That a few people are scratching their heads is a good way to describe it," said Ronald F. Kirby, transportation director for the Metropolitan Washington Council of Governments. "It appears as if the money has drifted south, as we say."

The battle over the transit dollars comes as the General Assembly struggles to find a way to pay for Northern Virginia transportation improvements after the state Supreme Court ruled that a regional tax authority created to raise money is unconstitutional.

Although the HOT lane plan was originally designed as a 56-mile project from the Pentagon to Massaponax, only the northern half, where HOV lanes run from Dumfries to the Pentagon, is fully funded and included in the regional plan.

The proposed southern half of the project, which would entail building two lanes from where Stafford and Prince William counties meet to Massaponax, is in the environmental study stage and is not included in the region's plan. A spokeswoman for the private consortium partnering with VDOT on the project said the company and state remain committed to building the southern phase.

Local leaders said they thought the \$195 million in toll revenue was to be used in traffic-choked Northern Virginia.

But state transit officials said they viewed their task as easing congestion along the entire I-95 corridor, including improving VRE service. Underlying their plan is the assumption that the southern phase, through Fredericksburg to Massaponax, will be built.

Another point of contention is what is seen as a diversion of HOT lane resources to VRE. Six VRE rail cars can carry up to 1,500 passengers, or roughly the equivalent of 30 buses carrying 50 passengers each, according to VRE.

"People don't use VRE not because there are not enough rail cars, but because it is either too expensive or too inconvenient," said Corey A. Stewart (R-At Large), chairman of the Prince William Board of County Supervisors. He said he uses the HOV lanes at least twice a week to commute into the District.

Virginia's transportation chief said the final decision on how to spend the toll money will not just be up to the rail and transportation department. Any changes will have to be approved by the National Capital Region Transportation Planning Board and the Commonwealth Transportation Board.

"This is a recommendation of transit providers in the corridor," said state Transportation Secretary Pierce R. Homer. "The point is to take cars off the road. It doesn't matter if they're taken off in Fredericksburg, Massaponax, Gunston or Alexandria. It's a trip that's not made, and that's the point."

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Bacon's Rebellion

James A. Bacon



User Pays

Virginia's transportation system needs more money. But *how* we raise the money is just as important as *how much*. Only a user-pays system can break the political gridlock.

With the collapse of the funding formula embedded in last year's transportation funding package, the infamous HB 3202, the General Assembly has undergone a legislative meltdown of sub-prime proportions. The Old Dominion may enjoy the reputation as the Best State for Business and one of the three Best Run States in America, but you wouldn't know it from the spasmodic, floundering efforts to fashion a system for funding Virginia's transportation needs in the 21st century.

Responding to a public backlash, the General Assembly repealed outright one revenue-enhancement measure that it enacted last year: the notorious Abuser Fees. Meanwhile, the Supreme Court has struck down the creation of unelected and unaccountable regional transportation authorities with the power to tax, and an economic downturn has cut into the General Fund surplus that legislators had expected to devote to transportation. About all that's left from last year's financing package is a provision to borrow a sum that will pay for a tiny fraction of the state's anticipated needs.

While the legislative edifice fashioned by Republican lawmakers has buckled under its own weight, credit the GOP leadership at least with trying to do something different. If you placed their Democratic colleagues under an MRI scanner and told them to focus their thoughts on transportation solutions, you wouldn't see a single neuron light up. The Dems offer the same-old, same-old: Increase the gas tax to build more stuff.

Despite a surge in energy prices that is precipitating a

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global economic realignment, Donkey Clan senators evidently see no reason to re-evaluate the tax-and-build transportation policy that arose in Virginia during decades of cheap energy. When it comes to traffic congestion, they appear to be of the opinion that there's nothing wrong with Virginia's transportation system that jacking up taxes and giving politicians more money to play with won't cure. As far as climate change and energy conservation is concerned... Quick, call the doctor -- brain functions are flat-lining.

If there's one thing everyone agrees upon, it's the necessity of doing *something*. There is a cost to doing nothing: It's called traffic congestion. A growing population and growing economy require investment in transportation infrastructure. If we fail to build new roads, bridges and rails, we will pay indirectly through strangled economic opportunities.

Delay is deadly also. With inflation in the construction sector outpacing that of the general economy, the expense of doing anything only gets worse the longer we wait.

The breakdown in governance is not over the question *if* Virginia needs to raise more money, but *how* to raise it. While most elected officials are content to do things the same way as always -- just more of it -- Virginia can no longer afford Business As Usual. Over and above the obvious waste of building roads to places only politicians and developers want to build them, a decade of rising energy prices have altered the economics of transportation so that the old energy-intensive patterns of travel no longer make sense.

If the slogan of the old Byrd Machine was "pay as you go," the mantra for the 21st century should be "user pays." The unifying principle is very simple: There needs to be a direct connection between the demands citizens place upon the transportation system and what they pay. If, despite the abundant financing options available, money can't be found for a desired improvement, that's a pretty good sign that the project is economically unjustified and should not be built.

A user-pays system, as I will outline in some detail, would meet several key criteria. It would be:

Fair. There would be a logical and transparent nexus between those who pay for transportation improvements and those who use them, or benefit from them. When adding a lane of Interstate in

Capital).

Virginia Technology Alliance: Newsletter production

Accenture: writing

Piedmont Environmental Council: The PEC provided financial support for the Road to Ruin project, which ended Dec. 31, 2007.

AgilQuest: Contract publication of electronic newsletter; writing.

Commonwealth Biotechnologies: contract publication of newsletter.

CEO Intelligence Services. I am a principal in CEO Intelligence Services, a company that conducts marketplace and political research. ([View website.](#))

Richmond or Hampton Roads, there is no justification for asking people who walk or bicycle to work in Arlington to help them pay for it. The people who drive on that Interstate should pay for it. There is no justification to ask people who ride the bus, telecommute, carpool, or don't work at all to subsidize those who drive 20,000 miles, 25,000 miles or more per year in long-distance commutes. There is no justification for taxing the general public to fund transportation improvements that enrich politically connected speculators whose property gains value from those investments.

Demand-side responsive. Any system for funding transportation improvements should *reduce* demand for automobile travel, not subsidize it, by giving people incentives to change their behavior: to walk, to bicycle, to telecommute, to carpool, to buy a home closer to where they work, or to adopt a one-car lifestyle. By encouraging people to drive less, a user-pays system would reduce the demand for new transportation infrastructure, which in turn, would reduce pressure for more spending.

Long-term and sustainable. Building transportation infrastructure is expensive, and so are delays. The Commonwealth needs sources of revenue that are sustainable over the long term, not subject to fluctuations of the business cycle or the whims of political expediency.

Secure from budgetary raids. Many members of the public do not trust politicians, bureaucrats and lobbyists to spend transportation dollars wisely. Citizens fear that the political class will raid transportation funds to pay for other needs or will use them to pay for politically inspired projects that disproportionately benefit rent-seekers – the plugged-in developers, property owners and other special interests who know how to work the system. A carefully constructed user-pays system would ensure citizens and taxpayers that the people benefiting from the expenditure of big-dollar projects are the ones paying for them.

Transparent. It is interesting to hear Republican legislators tie themselves into knots to avoid a user-pays system. It wouldn't be "fair" to impose added taxes by increasing the gas tax or charging tolls, they say: Such levies would hurt people who can ill afford to absorb the extra costs. And what is the "fair" Republican solution? Divvy up the costs between so many different sources -- abuser fees, lodging taxes, real estate transfer taxes, car registrations, General Fund revenues, car insurance premiums,

whatever -- that people have the illusion of getting something for nothing. People would pay just as much -- they just wouldn't know it.

Sleights of hand will not do. Raising taxes through opaque mechanisms does no one any favors. By obscuring the cost of automobiles as a mode of transportation, the GOP approach prolongs economically self-defeating behavior, preventing people from making the tough lifestyle decisions that rising gasoline prices and other costs will force them to make eventually. Misplaced sympathy only delays the inevitable day of reckoning.

Fortunately, there are numerous sources of funds to pay for new roads, highways, bridges, bus stations, rail lines and other improvements. The trick is to structure transportation financing in such a way as to gain buy-in from the public. A user-pays system built around the following propositions meets the criteria of being just, transparent and less subject to manipulation by favor seekers.

Dedicate the gas tax to maintenance. At present, the gas tax of 17.5 cents per gallon of gasoline goes largely to maintenance, with an ever-shrinking share being applied to construction. In 15 years, Sen. Majority Leader Richard Saslaw said recently, a 17.5-cent-per-gallon gasoline tax will be totally consumed by maintenance costs. (Given the rate of inflation in the construction sector, that forecast may be conservative.)

Lawmakers should strike a bargain with taxpayers: The state will set the gasoline tax at whatever rate it takes to fully fund road and highway maintenance, and no more. If maintenance costs are less than 17.5 cents per gallon, as they would be for at least a few years, the General Assembly will cut the tax. (A tax cut! Whoopee!) If maintenance costs rise, the legislature will raise the tax. An annual re-setting of the gasoline tax will pressure lawmakers and the Virginia Department of Transportation to develop cost-efficient approaches to maintenance, such as implementation of asset-management systems that invest more in maintenance up front to yield greater savings down the road. An annual re-setting also would make clear to the public that there are costs associated with building new lane-miles of highway and accepting new subdivision streets into the system.

Most importantly, taxpayers would see a direct connection between how much they drive and how much they pay in gasoline taxes. It would be difficult for anyone to argue that they should be exempt from

paying their fair share of what it costs to maintain the roads they drive on every day.

Prepare for the day when the gas tax doesn't work anymore. A recent General Assembly study committee concluded:

Based on current gas prices, current consumer demand, and Congress' recently enacted CAFE standards, the current methods of transportation funding in the Commonwealth will not keep pace with new energy technologies being used for motor vehicles (e.g., hybrid vehicles; increased use of alternative fuel) and the Commonwealth will see a decrease in motor vehicle fuels tax revenues.

The logical replacement of the gasoline tax is a levy based upon Vehicle Miles Traveled, which taxes vehicles on the basis of how many miles they travel, possibly adjusted for the weight (heavier cars cause more wear and tear on roads) and how much they pollute. Several states are studying a VMT tax, trying to figure out how to administer it efficiently and fairly, and how to resolve potential privacy issues associated with monitoring where and how far cars drive. Virginia needs to begin working through these thorny issues *now*, not when a financial crisis is upon us.

Use tolls to build new facilities. Private investors have tens of billions of dollars they are willing to commit to transportation infrastructure projects. Such investment is ideal for bridges and limited-access highways where tolls can be collected to repay the construction bonds. The Commonwealth should continue its policy of encouraging private entities to submit proposals for toll-based projects.

Politically, citizens are accepting of toll-funded projects that create transportation options that didn't exist before. (They bitterly resent tolls on facilities that used to be free or in instances like the Dulles Toll Road where the bonds have been paid off and the tolls reinstated.) The logic is simple: If you don't want to pay the toll, you can take the route you used to take before the toll road was built. You are no worse off. Furthermore, while no one likes paying tolls, most people accept the logic that it's not reasonable to ask someone else to pay for a project built for your benefit but you are unwilling to pay for yourself.

Charge Impact fees on residential and commercial development. Here's the premise: Growth should pay for itself. Municipal governments

should collect impact fees not only from developers whose land is being rezoned, but from by-right development and commercial development, all of which generates traffic and strains the capacity of secondary roads.

The tricky part is devising a methodology for determining how to set the impact fees. A two-tier structure like that proposed in the Watkins bill (one uniform fee for Northern Virginia localities, a lower fee for the Rest of Virginia) ignores the fact that traffic conditions vary from location to location, as do construction costs and the expense of acquiring right of way. Another complication is the task of calculating appropriate contributions from impact fees to cover the capital cost of building schools and public safety buildings. The General Assembly has agreed to study impact fees in depth in the year ahead. It is crucial to address the methodology for setting the fees.

While details remain to ironed out, the idea is a winner from a political perspective. Impact fees don't get recycled through Richmond where rent seekers and politicians can get their hands on them. They go directly to the municipalities impacted by growth, and the funds are used to improve the roads and highways directly affected, at the point of impact. Moreover, most citizens accept the impact fees because they know they're getting something tangible -- roads and school buildings they might otherwise have to wait for years to see -- for their money.

CDAs and TIFs. In some instances, impact fees may not cover the cost of more ambitious transportation improvements. Another option is to set up Community Development Authorities to issue bonds and pay back the bonds through Tax Increment Financing, a surcharge on the normal tax rate. CDAs are voluntary. Property owners don't agree to create them unless the increase in property value made possible by the transportation improvement yields more than the cost of higher taxes -- in other words, unless property owners have more to gain than lose in the transaction.

Sometimes CDAs are structured so that the debt obligation is passed onto homeowners. History has shown that homeowners rarely complain. No one is compelled to buy a house in a CDA district. No one is forced to purchase a dwelling unless they believe the trade-offs (better infrastructure for a temporary tax surcharge) are worthwhile.

Congestion tolls. Politically, congestion tolls are the hardest sell of any of the proposals outlined here. In effect, lawmakers would be asking citizens to pay for

access to roads they once enjoyed for free. Few citizens are impressed by the economist's logic that congestion tolls are the most efficient way to allocate scarce highway capacity. Nor are they likely to be mollified that congestion tolls priced to maximize free-flow traffic conditions through the corridor (or within the tolling district) actually *increase* the carrying capacity of existing roads because free-flowing lanes move more cars than congested lanes.

One way to persuade citizens that they aren't getting ripped off may be to enact legislation allowing for the creation of "congestion corridor authorities" or "congestion district authorities." The legislation would require that revenues raised from congestion tolls would be reinvested to increase transportation capacity -- new lanes of road, ramp meters, traffic light synchronization, incident response management, park 'n' ride lots, bus stations, whatever -- *within the same district*.

Economic development and public safety. On occasion, it may be justified to spend General Funds on transportation improvements: when public safety (hurricane evacuation) or economic development (SW Virginia coalfields) is at stake. In these rare instances, transportation projects should compete with other priorities such as education, health care, corrections, etc.

Constitutional amendment. To build citizen trust, lawmakers need to give ironclad assurances that funds raised for highway maintenance or congestion-corridor improvements will not be diverted for politicians' other pet projects. Unfortunately, the General Assembly's track record is not encouraging. As part of any larger transportation-financing reform, the General Assembly needs to set the machinery in motion to enact a constitutional amendment to protect transportation dollars.

Building a transportation system for the 21st century does not end with figuring out how to pay for it. Indeed, devising a workable financing system is only the first step. The General Assembly must enact other reforms to ensure that dollars are spent as efficiently as possible and that projects are prioritized on a non-political basis. Furthermore, it is essential to tie transportation planning with land use planning and to assign responsibility for both planning and spending to the appropriate levels of government.

But a rational financing scheme for transportation funding can help drive other reforms forward. Once

people accept the idea that roads aren't something that "someone else" pays for, they will begin thinking very differently about what kind of transportation system they can afford.

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