Transportation Funding Options Report

Funding Options Working Group
Charlottesville-Albemarle Metropolitan Planning Organization

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An effective multi-modal transportation system offers a wide range of choices for local and regional travel.
Executive Summary

Background
Growing budget constraints have forced many regions throughout the country to explore and implement alternative sources of transportation funding. In our region, discussions have focused on creating new sources of funding, and the creation of Public-Private Partnerships (PPP) and/or Community Development Districts (CDD). These talks have recently turned to the creation of a transportation district. Several policymakers, business leaders, and developers have been discussing this option in more detail. At the request of the 5-Cs (Citizens’ Committee on City-County Cooperation), the MPO convened a small working group of interested stakeholders to explore alternative sources of funding. Convening in November 2004, this group began by reviewing the background of transportation projects in the region, including budget shortfall realities and work to date of the MPO. The group then focused on project priorities, transportation district or similar structures, and potential funding mechanisms.

The Funding Options Group met with the Culpeper District Commonwealth Transportation Board member who stressed the funding crisis, but also pointed out that the state wants to leverage its dwindling transportation resources and will find ways to help fund projects that have substantial private or local funding components. In light of these circumstances, the community should consider committing significant local resources to transportation investments.

Presented with the MPO-defined priority projects, the Working Group refined the list and identified nine priority projects to include on its short-list of projects. These nine projects total an estimated $126,728,700 and are proposed to be funded in various phases. With the recent allocation of federal funds for the Meadow Creek Parkway Interchange, the funding required for the remaining 8 projects is just under $100 million. This report addresses transportation funding needs and explores alternative revenue sources for projects in the Charlottesville-Albemarle metropolitan area.

Transportation Funding Issues
Recently, it has become clear that the Six-Year Program (SYP), which allocates funds for transportation projects proposed for construction, development or study in the next six fiscal years, had become a wish list of projects that bore little resemblance to the Commonwealth's ability to fund the projects. For instance, the program included $250 million worth of contracts that VDOT didn't have the cash to pay for. VDOT was directed to develop a revised Six-Year Program based on reality, resulting in construction program reduction of $2.8 billion (representing almost one-third reduction) translating to 166 dropped projects. VDOT also began using a new cost estimating system to bring realistic expectations to what Virginia can afford. With these new initiatives, providing adequate transportation funding is even more of a challenge.

The MPO is in the Culpeper District, which was faced with cuts of $125 million from FY04 to FY05. This district-wide cut included $15 million in cuts for the smaller MPO area leaving $74 million available for the FY05 Transportation Improvement Program (TIP).
Looking at long-term projections, funding estimated for the entire 20-year regional UnJAM plan was just over $240 million. These dollars have been allocated to multi-modal projects including roadway (both new construction and improvements), transit, Park and Ride, bike and pedestrian.

**Completed Regional Transportation Projects**

There have been numerous news stories claiming that no transportation projects in the region are being advanced. While no new major roads have been built, the region has used its allocated funding for many projects including several new road projects that have proved very effective in creating better road networks. For larger projects, such as the Meadow Creek Parkway (estimated at over $27 million) funding has to be accrued over many years and is not available as one lump sum.

Recent projects have been in line with the MPO’s goal of developing more connected, smaller-scaled network roads that will remove local traffic from major corridors to allow better through travel. This goal has been validated by technical analysis that included forecasting future traffic numbers and patterns. This strategy is being detailed in the Places29 and 29 North Corridor project, which is evaluating several alternative multimodal road networks. The network concept could deliver immediate benefits as each segment is built. Portions of key network roads are already being implemented by developers as their projects are built.

**Local Transportation Funding Options**

There are several mechanisms under existing statutory authority available for creating alternative sources of financing for transportation projects in the metropolitan region. For each project, appropriate mechanisms will vary as shown on the Priority Project Funding Potential Chart. Most of the options use a particular revenue source or tax – committed to be collected for a specified time period – to support bonds for project construction – with the bonds to be paid back over time from the committed revenue. Options include transportation and service districts, Community Development Authorities (CDA), Public-Private Partnerships (PPA) that can be formed under the Public-Private Transportation Act (PPTA), Right-of-Way Donation, and General Obligation Bond Financing. Options for bondable streams of revenue include gas taxes, sales taxes, personal property taxes, and enhanced and area-specific value-added revenues.

**Recommendations**

Several policy options and potential sources of funding have been identified. Transportation funding has long been primarily a state and federal obligation, currently financed largely through gas taxes. This statewide obligation should continue, rather than devolve to the localities and regions. However, if the state is unwilling or unable to act, our region should move forward with implementing several of the recommended solutions. The recommendations assume 1) that new funds will be used only for the priority projects presented in this report, and 2) that, on some projects, significant contributions or proffers may be available from property owners willing to participate in the projects, and that new funds should be added to multiply the effectiveness of those contributions, rather than replace them.

General principle concepts as well as policy and funding options are recommended. Concepts include the continuation of federal and state funding – primarily generated through gas taxes – as
the primary source of transportation project funding. However, looking to the possible decline of gasoline use over the long term, the state needs to look at other sources of revenue, including creative solutions. The state should also allow localities more flexibility to use existing and future project funding for local priorities as well as consider mechanisms that can be implemented state-wide to assist localities in generating additional funding. If localities are expected to generate additional revenue for transportation projects, those funds should have a state match that is guaranteed and bondable – so that projects can be implemented faster to get ahead of rising construction and right-of-way costs.

**Recommended Policy Options** include the creation of a Transportation District (as allowed under Virginia Code 15.2), revenue sharing where both the City and County would allocate the maximum funds in annual budgets for revenue-sharing projects, Public-Private Partnerships, maximization of proffers, Community Development Authorities, special legislation as it becomes available for project funding, and other local funding efforts that would create bondable streams of revenue (explained in detail on page 37).

**Recommended Funding Options** would increase local funding for transportation projects, with the general assumption that most of these options are based on a 20-year bond issue to provide the noted bondable income streams and assumes a sunset (increased income stream ends last date of the 20th year) unless further action is taken. Potential sources include an incremental sales tax, area-specific value-added revenue, an incremental gas tax, and a blend of the proposed options. While not recommended, another alternative is to do nothing new to raise funds, and rely on current funding sources - and the constraints those present. This would mean a much longer time frame within which priority projects might be constructed (especially since inflation in project costs can sometimes exceed the pace at which funding is accrued for individual projects).

These recommendations include policy changes and actions which can be taken now – under current Virginia statutes. They also include actions – potential tax increases – which would require both approval by the General Assembly, and by local voter referenda. We can work together as a community, along with our state delegation, to build the entire priority project list in a short period of time – if local policymakers, businesses, and community groups take some of these first steps.

*UnJAM 2025 community workshops developed community consensus on general transportation priorities.*
Project Funding Summary – for priority projects requiring additional funds

These projects have been identified by the MPO in the long-range UnJAM 2025 Plan and the FY05 Transportation Improvement Plan as priority projects.
This listing does not take the place of any official document.

<table>
<thead>
<tr>
<th>Project</th>
<th>Estimated Cost</th>
<th>Remaining Cost</th>
<th>Project Funding Summary</th>
<th>Potential $$</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hillsdale Drive Connector</td>
<td>$26,029,700</td>
<td>$23,986,700</td>
<td>Donated Right of Way and Construction, Community Development Authority, PPTA Revenue-sharing (between City and VDOT)</td>
<td>$10-15,000,000</td>
<td>With Right of Way donated by property owners, the project cost is reduced by more than half. A CDA could be formed allowing the property owners to contribute to construction and other costs. A PPTA could also be formed.</td>
</tr>
<tr>
<td>Transit Improvements</td>
<td>$25,000,000</td>
<td>$25,000,000</td>
<td>Donated Right of Way Community Development Authority, PPTA Revenue-sharing</td>
<td></td>
<td>For example Bus Rapid Transit or Trolley network or other feasible options, including those recommendations coming out of 29N Corridor Study or in the West Main and Emmet Street Corridors</td>
</tr>
<tr>
<td>Bicycle and Pedestrian Projects</td>
<td>$6,000,000</td>
<td>$6,000,000</td>
<td>Donated Right-of-Way, Construction</td>
<td>$2,000,000</td>
<td>UnJAM includes an unprecedented $6 million for these projects, which provide key missing links and connections between existing facilities and destinations</td>
</tr>
</tbody>
</table>

Southern Parkway (Avon Street to 5th Street Connector in County) $6,200,000 $6,200,000 Revenue-sharing PPTA $2,000,000
<table>
<thead>
<tr>
<th>Description</th>
<th>Cost 1</th>
<th>Cost 2</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Connector (study &amp; construction) (Connection between 29N &amp; 250E)</td>
<td>$9,000,000</td>
<td>$9,000,000</td>
<td>(Connection between 29N &amp; 250E—possibly Rio Rd. to Darden Towe Park or Pen Park to Rivanna River) Would be built only after an Environmental Impact Study to look at all alternatives and to include broad public participation</td>
</tr>
<tr>
<td>Park and Ride lots</td>
<td>$500,000</td>
<td>$500,000</td>
<td>Donated Right of Way Service District</td>
</tr>
<tr>
<td>29 North Corridor Improvements</td>
<td>$30,000,000</td>
<td>$30,000,000</td>
<td>Donated Right of Way Community Development Authority, PPTA Tax incremental financing</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$28,000,000</td>
</tr>
<tr>
<td>Improvements for 29 are a top priority for the area and the state. Primary funding for these improvements to 29 should be from federal sources, but efforts to build improvements, especially completing the parallel road network, with local or PPTA dollars should be considered.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southern Area Study Recommendations (Area B)</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>Donated Right-of-Way PPTA</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Fontaine Avenue—including crossing over railroad track and creek) — as studied by PACC (UVA, City, and County)</td>
</tr>
<tr>
<td>Meadowcreek Parkway</td>
<td></td>
<td></td>
<td>Parkway is fully funded (accruing final funds in SYP) and scheduled for construction start 2008</td>
</tr>
<tr>
<td>Meadowcreek Interchange w//250</td>
<td></td>
<td></td>
<td>Interchange is fully funded and proceeding into design and environmental review</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$104,729,700</td>
<td>$102,686,700</td>
<td></td>
</tr>
</tbody>
</table>

Notes: Cost figures (provided by VDOT) are taken from UnJAM 2025 except Meadow Creek Parkway, which were taken from the TIP and the Southern Parkway project, which has increased in cost from $2.6 million to $6.2 million per County of Albemarle sources. Hillsdale Drive Connector updated cost figures received from VDOT.
TIP: Transportation Improvement Program (MPO’s federally required short-term project allocations)
PE: Preliminary Engineering
RW: Right-of-Way (includes utilities)
CN: Construction
NS, MC (Bridge over): Norfolk Southern Railroad, Meadow Creek
MPO Priority Transportation Projects

Note - The priority list also includes transit projects, bicycle and pedestrian projects, and Park and Ride lot projects.
Recommendations

Several policy options and potential sources of funding have been identified, as summarized in the following recommendations. Transportation funding has long been primarily a state and federal obligation, currently financed largely through gas taxes. This statewide obligation should continue, rather than devolve to the localities and regions. However, if the state is unwilling or unable to act, our region should move forward with implementing several of the recommended solutions. These recommendations include policy changes and actions which can be taken now – under current Virginia statutes. They also include actions – potential tax increases – which would require both approval by the General Assembly, and by local voter referenda. We can work together as a community, along with our state delegation, to build the entire priority project list in a short period of time – if local policymakers, businesses, and community groups take some of these first steps.

These recommendations assume that:

1) New funds will be used only for the priority projects presented in this report.
2) On some projects, significant contributions or proffers may be available from property owners willing to participate in the projects, and new funds should multiply the effectiveness of those contributions, rather than replace them.
3) Options for additional revenue assume a sunset (increased income stream ends the 10th or 20th year unless further action is taken).

Assurances should be made by the state that localities which raise additional revenue should not be penalized for doing so and should continue to receive the same (or greater) level of funding for transportation projects.

Concept Recommendations – General Principles

1. Federal and state funding – currently generated primarily through gas taxes – should continue to be the major source of transportation project funding. The state should consider a significant increase in gas taxes, e.g., as a percentage of the price of gas, that are collected statewide. These new funds should be allocated to priority transportation projects with more equitable formulas, intended to return the full amount raised in any given region for identified priority projects in that region. Localities/regions should be assured they will receive funding for their identified priority projects that have gone through the federally and state-defined public processes (e.g., MPO’s UnJAM and Transportation Improvement Program).

2. Due to the possible decline of gasoline use over the long term, the state needs to look at other sources of revenue, including creative solutions such as those listed in the Alternative Transportation Revenue Sources section.

3. Standing authority should be granted by the state that would allow localities to raise/enhance taxes through local referenda. This should be granted state-wide for any region or locality to take advantage of, rather than in the typical county-by-county statutory authority.
4. The state should allow localities more flexibility to use existing and future project funding for local priorities. For instance, the state recently allowed highway project funding to be used for transit operations (as has long been permitted by most states). This flexibility should be extended to other funding sources such as revenue sharing.

5. The state should consider mechanisms that can be implemented state-wide to assist localities in generating additional funding. These should allow localities to generate transportation revenues as they see fit without requiring local referenda or specific additional state legislation. For instance, an amendment to Title 15.2 could permit counties, like cities, to issue transportation district bonds without referenda.

6. State funds should be available to match all local funds. If localities are expected to generate additional revenue for transportation projects, those funds should have a state match that is guaranteed and bondable (through a defined formula) – so that projects can be implemented faster to get ahead of rising construction and right of way acquisition costs.

Recommended Actions

All of the following options are currently available to the region per existing Virginia statutes and should be taken advantage of:

1. **Revenue Sharing** *(State program available to match localities’ contributions to transportation projects)* – The City and County should allocate the maximum funds in annual budgets for revenue-sharing projects. Under current State allotments, $1 million allocated by each locality would generate $4 million in total funding when matched by the State (e.g., City -$1 million + County -$1 million + State -$2 million match). This revenue source is available to all Virginia Cities and Counties and has increased from $500,000 to $1 million. (The full amount may not be available in every year, because this is a competitive application process.) The Southern Connector is an example of a project that could be implemented using this funding if state funding continues to remain available.

2. **Public-Private Partnerships** – The region should seek PPTA opportunities where appropriate and take advantage of this available funding source. Hillsdale Drive Extended is an example of a project for which PPTA funding might be utilized.

3. **Proffers** – The City and County should maximize effectiveness of proffers with new development and re-development proposals, and coordinate proffered improvements with other funding sources. Community Development Authorities should be considered as proffers where appropriate.

4. **Community Development Authorities** – Community Development Authorities should be created in applicable project areas to implement specified public transportation projects.

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1 As explained in the alternative transportation revenue sources section.
5. **Value-added revenue** – Area-specific value-added revenue could include allocating any future increase in property and sales taxes collected for certain districts at the consent of those property owners. In this event, businesses only (not residents) would be taxed, and only on the increase in value of property or increased revenue due to the transportation improvements. For example, using mechanisms such as a PPTA or CDA\(^2\), the additional tax revenues generated as a result of the Hillsdale Drive Extended project could conceivably produce up to $28 million (per the 29H250 economic analysis).

6. **Other local funding efforts** – Other local funding efforts should focus on creating bondable streams of revenue so that needed projects can be built sooner rather than later. This is especially important due to project construction inflation factors and increasing right-of-way costs. This could be achieved through increased allocations of general funds from the City and County (e.g., increases resulting from rising real estate property tax revenue and increased sales tax revenue from new retail development) to transportation projects.

7. **Transportation District** – This report supports the creation of a Transportation District (as allowed under Virginia Code 15.2) using the existing structure of the MPO Policy Board with policymaker representation from the City and County as well as VDOT Culpeper District representation. The geographic boundaries of the Transportation District should be the City and County boundaries. Such a District could be funded using mechanisms such as those set forth in the next section on Recommended Funding Options, or with a contract whereby the City and County agree to fund the transportation district out of their general revenues.

8. **Special Legislation** – The localities should seek legislative authority to develop additional revenue streams for a Transportation District from among the options explained below.

### Funding Options Requiring Legislative Approval

The following two options could provide revenue to service bonds issued by a City/County Transportation District, but would each require legislative approval. Of the two, the Working Group recommends that the City and County seek legislative authority for a local sales tax of ½ cent dedicated to transportation. The imposition of a sales tax or gas tax should be contingent on being approved by the voters in local referenda, and would cease (e.g., after 10 or 20 years unless further action is taken, i.e., a sunset provision).

1. **Sales tax** – Institute an incremental local sales tax, e.g., ½ cent, which would generate approximately $10 million a year. The incremental sales tax revenue could support either a bonding or ‘pay-as-you-go’ scenario as follows:

   a. revenue could support debt service of $110 to $120 million assuming a 20-year bond issued at 5%. The bond proceeds could be used to fund the recommended Transportation District and build the entire priority list. This would require legislation and a referendum.

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\(^2\) See explanation in the alternative transportation revenue sources section.
b. The incremental sales tax could also be used by the Transportation District to fund projects as revenues are realized, creating a pay-as-you-go scenario. Using the ½ cent sales tax, $10 million would be generated per year. This option would not require a bond issue thereby saving in interest expense. Given the time required to implement projects the funds would be available to meet construction schedules. A 10 year sunset is assumed to deliver the listed priority projects (i.e., the authority to collect the additional tax would lapse automatically after 10 years, unless renewed by referendum).

c. These two options could be a blend of bondable projects and pay-as-you-go.

2. **Gas tax** – Institute an incremental local gas tax to generate bondable revenue. Assuming a 20-year bond issue at 5%: 4 cents would generate sufficient revenue to support approximately $24 million in transportation bonds; 8 cents, $48 million; 12 cents, $72 million. This option may not be feasible in the current political and economic climate. It would also not raise the necessary funds to construct the entire priority project list identified by the MPO.

All options presented are expected to be combined as appropriate, utilizing a variety of funding mechanisms.

While not recommended, another alternative is to do nothing new to raise funds, and rely on current funding sources - and the constraints those present. This would mean a much longer time frame within which priority projects could be constructed (especially since inflation in project costs can sometimes exceed the pace at which funding is accrued for individual projects).

Delivering on the desired transportation priorities will require new multi-modal roadway designs and more compact, mixed-use development patterns.
Background

Thomas Jefferson Planning District Commission

The Thomas Jefferson Planning District Commission (TJPDC) works with localities, residents, businesses, and agencies to develop sustainable solutions for regional issues. Through regional cooperation, it seeks effective and efficient answers that will contribute to the well-being of the region and preserve its natural and historic resources. TJPDC jurisdictions include the City of Charlottesville, and the Counties of Albemarle, Fluvanna, Greene, Louisa, and Nelson.

With growing population throughout the Thomas Jefferson Planning District, and decreasing transportation funding, it is becoming more clear that smarter choices are needed to link land use decisions with transportation investments. The TJDPC strategy focuses on a balanced transportation system integrating all travel modes and complementing environmental, economic, and community development goals.

The TJPDC’s mission is to better link planning for transportation, land use, economy, and environment. In addition to the Commission, TJPDC is staff to the Charlottesville-Albemarle Metropolitan Planning Organization (MPO), the region’s Local Workforce Investment Board (Piedmont Workforce Network), Disability Services Board, Thomas Jefferson HOME Consortium, Thomas Jefferson Venture, Rivanna Roundtable, Sustainability Council, houses the RideShare program and collaborates on countless other joint projects.

Charlottesville-Albemarle Metropolitan Planning Organization

The Charlottesville-Albemarle Metropolitan Planning Organization (MPO) is the forum for cooperative transportation decision-making among Charlottesville, Albemarle, state, and federal officials. The MPO’s study area is the City of Charlottesville and the portions of Albemarle that are urban or expected to be urban within the next twenty years. The MPO considers long-range regional projects and combines public input, technical data, and agency collaboration to develop forward-thinking solutions and is responsible for carrying out continuing, cooperative, and comprehensive transportation planning and programming process. The MPO coordinates the planning activities of the various transportation-related agencies that create the Long Range Plan and Transportation Improvement Program.

The Charlottesville-Albemarle Metropolitan Planning Organization was established in 1982 and is federally mandated based on exceeding the population threshold of 50,000 for the urban area. The main purpose of MPOs is to facilitate the continuing, comprehensive, and cooperative (3-C) transportation planning process for the study area. It is the decision-making body responsible for ensuring that the federal planning process is carried out. The Charlottesville-Albemarle MPO Policy Board consists of representatives from the City of Charlottesville, County of Albemarle, and Virginia Department of Transportation as well as non-voting members from Charlottesville Transit Service (CTS), JAUNT, University of Virginia, CHART Citizens Advisory Committee, Virginia Department of Rail and Public Transportation, Federal Highway Administration, Federal Transit Administration, and Federal Aviation Administration.

In order for transportation projects to be eligible for federal funding, long-range transportation plans are required of each MPO by the Federal Highway Administration, The Federal Transit
Administration, and the state Departments of Transportation as a way to assist localities to actively plan transportation networks that will support future growth. Plans must consider the impacts of land use and other elements of the transportation network, as well as the environmental impacts of proposed projects. Additionally, long-range plans have to be realistic and include only those projects for which projected funding is available.

The MPO approved the UnJAM 2025 Plan last year. In an effort to develop effective regional solutions, this long-range plan combines the urban area transportation plan with that of the rural areas for the Thomas Jefferson Planning District. It focuses on a practical set of improvements that maximizes the effectiveness of existing transportation investments while seeking to integrate transportation and land use.

**Transportation Funding Options Working Group**

Due to severe statewide budget constraints and the need to expedite implementation of regional transportation projects, the MPO convened a small working group of interested stakeholders to explore alternative sources of funding. This group was tasked with researching and analyzing all feasible options and submitting a recommendation to the MPO on potential funding mechanisms and priority projects to include on the funding list. The priority projects on the short list were developed from regional transportation projects in UnJAM 2025 and those prioritized in the FY05 Transportation Improvement Program and the FY06 Six-Year Improvement Program Pre-Allocation Statement.

Appointed by the MPO, this wide-ranging stakeholder group includes representatives from Charlottesville and Albemarle (policy maker, Planning Commissioner, neighborhood representative, and staff), University of Virginia, Chamber of Commerce, 5-Cs (Citizens’ Committee on City-County Cooperation), Charlottesville-Area Association of Realtors, League of Women Voters, Piedmont Environmental Council, Southern Environmental Law Center, and at-large business representatives. The group began its work in November 2004 by reviewing and discussing the background of transportation projects in the region, including budget shortfall realities and process and work to date of the MPO.
The Funding Options Group met with the Culpeper District Commonwealth Transportation Board member who stressed the funding crisis, but also pointed out that the state wants to leverage its dwindling transportation resources and will find ways to fund projects that have substantial private or local funding components. In light of these circumstances, the community must be prepared to consider for the first time committing significant local resources to transportation.

Transportation funding appears to be part of a continuing trend by the state to delegate responsibilities to localities. The localities are without revenue sources to meet those responsibilities. Our community must find a way to meet this challenge, working together creatively. Under current funding arrangements, our area has not received a fair proportion of local gas and sales taxes collected by the state in our area. If local projects are funded out of local taxes, we will be assured at least that all of the money from local taxes will be spent on local projects.

Presented with the MPO-defined priority projects, the Funding Options Working Group refined the list and identified nine priority projects to include on its short-list of projects. These nine projects totaled an estimated $160,749,700 and are proposed to be funded in various phases. With the recent success in allocation of full funding for the Meadowcreek Parkway Interchange, the remaining costs required for the eight priority projects is just under $100 million. This report addresses transportation funding needs and explores alternative revenue sources for projects in the Charlottesville-Albemarle metropolitan area.
Virginia Transportation

Facts & Figures

The Commonwealth’s multi-modal transportation system builds and maintain roads, bridges, and tunnels and operates airports, seaports, and rail and public transportation. The state, through the Virginia Department of Transportation (VDOT), maintains 57,082 road-miles (i.e. point A to point B) of roads in the following categories: Interstate, Primary, and Secondary. The Secondary road system includes 47,582 miles of local connector or county roads. Arlington and Henrico are the only counties that maintain their own county roads. In addition, a separate system includes 13,869 miles of urban streets, maintained by cities and towns with the help of state funds. In addition to roads, the transportation network comprises 12,603 bridges, four underwater crossings, two mountain tunnels, three toll roads, one toll bridge, four ferry services, 41 rest areas and 10 welcome centers, and 107 commuter parking lots. There are also 68 airports in the state, as well as a state port system operated by the Virginia Port Authority in the Hampton Roads and Front Royal areas and a locally operated port in Richmond. Public Transportation is provided through 40 public transit systems, one commuter rail system, and one interstate rail operator.

Transportation is a major investment of government, with $3.0 billion in expenditures by the state for highways, public transportation, aviation, and ports in FY03. In addition, local governments make a significant investment in transportation. In FY02, they spent $162.6 million for highways, streets, bridges, and sidewalks. Approximately 90 percent of state transportation funding goes towards highway construction and highway maintenance. Of the total state spending, approximately 23 percent was from federal funds ($708.7 million), less than 10 percent from the Virginia Transportation Act of 2000 and the Priority Transportation Fund, about three percent from other sources (such as local tolls), and the remaining funding from the state Transportation Trust Fund and the Highway, Maintenance, and Operating Fund. State expenditures also include funding for mass transit, airports, seaports, payments to localities for maintaining their own roads, and administration. Federal funding can only be used for highway construction, mass transit projects, and other special projects.

- Virginia has the third largest state-maintained highway miles system in the country, just behind North Carolina and Texas.
- State transportation revenues are expected to grow at 2.6 percent or less for the next five years.
- 87 percent of the federal contribution is from federal motor fuels tax.
- Approximately 36 percent of state transportation revenues are from state motor fuels tax.
- Virginia’s gasoline tax rate is 41st in the country at 17.5 cents per gallon.
- About 80 percent of Virginians drive alone to work, compared to the national average of 85 percent.
Transportation Funding Background

Statewide transportation funding issues

When Governor Warner took office it became painfully clear that the Six-Year Program (SYP) allocates funds for transportation projects proposed for construction, development, or study in the next six fiscal years) had become little more than a wish list of projects that bore little resemblance to the Commonwealth's ability to fund the projects listed. For instance, the program included $250 million worth of contracts that VDOT didn't have the cash to pay for. VDOT was directed to develop a revised Six-Year Program based on reality, resulting in construction program reduction of $2.8 billion (representing almost one-third reduction) translating to 166 dropped projects. VDOT also began using a new cost estimating system to bring realistic expectations to what Virginia can afford. With these new initiatives, the outlook for adequate statewide transportation funding is more dismal than ever.

The Charlottesville-Albemarle area is experiencing a crisis in transportation funding that will have a severe impact on our quality of life if it is not addressed soon. One substantial reason for this is several decades of sprawling suburban development patterns, with most new housing spreading into outlying areas. As development spreads out further, it is necessary to drive longer distances to reach desired destinations. In addition, though individual developments have built internal roads, there has not been a coordinated strategy to link these private investments into a connected grid network (like downtown) leaving our limited major arterials as the only way to get around and thus increasing our congestion. The lack of a connected grid of streets and compact, walkable development also makes it difficult to expand an efficient regional transit system.

Traditionally, the state has funded almost all local transportation projects, principally from gas tax and sales tax revenues and federal allocations. A combination of construction and maintenance inflation and stagnant revenues has drastically reduced state funding for new and even ongoing construction projects. Costs for projects have increased almost 100% in the last two to three years, according to Bill Cutler, a preliminary engineering manager for VDOT. This year, only about 29% of the state transportation budget will go toward construction, with 46% spent on maintenance and the rest on debt service and administration. If present trends continue, in 2015 there could be almost no funds available for new project construction (note that this year’s onetime increase could extend this date to 2020).

The General Assembly has already recognized these transportation funding challenges. In the fall of 2004, the Senate Finance Committee retreated to discuss potential action to diminish the shortfalls. At the end of the 2005 General Assembly session, it passed legislation which allocated new funding streams for transportation projects providing a one-time $848 million infusion of transportation funding. Following this allocation, the Commonwealth Transportation Board just adopted a new Six-Year Program that increases the transportation budget to $7 billion and adds 103 projects statewide. For the first time, funding was allocated specifically for rail project construction, and to assist in development of public-private transportation projects (a $50 million fund, which will probably be allocated as seven year, no interest loans). Funding was also increased to $40 million for Revenue Sharing (which matches local contributions up to $1
million) and $40 million for Local Assistance (which helps localities who choose to manage their own construction projects). Though limited and highly competitive, some portion of these new funds could be available to assist with our local priority projects.

**Transportation Planning Process and Adopted Plans**

The Charlottesville-Albemarle Metropolitan Planning Organization (MPO) is the decision-making body for federally funded projects of regional significance within the MPO study area. The MPO is responsible for completing the long-range plan as well as the Transportation Improvement Program (TIP). The long-range plan has to be fiscally constrained and lists projects to take place over the next twenty years. The TIP lists nearer-term projects, spanning over six years and pulls faster-track projects from the long-range plan. Projects included in the TIP are forwarded to the state for inclusion in the state’s STIP (federally required) and Six-Year Program. The long-range plan (UnJAM 2025) and the FY05 TIP were adopted by the MPO in 2004.

**Available Regional Project Funding**

The MPO is in VDOT’s Culpeper District. This district was faced with transportation budget cuts of $125 million from FY04 to FY05. This resulted in a reduction of funding for the MPO of $15 million, leaving $74 million available for the FY05 TIP over the six-year period. It has been estimated that the Culpeper District will receive a 16% increase in funds under the new program just adopted by the CTB (analysis of this recent action is being conducted to see if any of the projects on the MPO priority list have received additional funds).

Looking at long-term projections, funding estimated for the entire 20-year UnJAM plan was just over $240 million. These dollars have been allocated to multi-modal projects including roadway (both new construction and improvements), transit, Park and Ride, and bike and pedestrian.

**Recent History of Transportation Funding Alternatives**

Severe budget constraints have forced many regions throughout the country to explore and implement additional sources of transportation funding. In our region, various conversations have focused on creating alternative funding with more serious talks occurring over the past year with ideas such as the creation of Public-Private Partnerships (PPP) and/or Community Development Districts (CDD). These talks have recently turned to the creation of a transportation district. Several developers, business leaders, and policymakers have been discussing this option in more detail. At the request of the 5-Cs, the MPO created this working group to agree on a list of and prioritize projects needing accelerated funding. The group began focusing on prioritizing projects and then spent several months discussing how these projects may get funded.
Existing Transportation Systems

Roadways
The region’s road network consists of primary roadways, which can be overburdened with traffic due to the lack of parallel and connector roads. The planning district contains only one interstate roadway, Interstate Route 64. It is an east-west road that connects the region to the north-south interstates 95 to the east and 81 to the west. Key primary roads include Route 29, Route 250, Route 33, and Route 15. Route 29 is a north-south route that links the region to cities in central North Carolina to the south and Washington D.C. to the north and has been designated a highway of national significance. Charlottesville and urban areas of Albemarle County function as the hub of commercial and economic development for the planning district. Residents from both the urban and outlying rural areas commute to Charlottesville for work and shopping. Residents of eastern Louisa and Fluvanna tend to be oriented toward Richmond, while those in southern Nelson may work and shop in Lynchburg.

Charlottesville. The City of Charlottesville has a well-connected roadway network that includes the primary thoroughfares of the Route 29/250 Bypass, Route 250 Business (Ivy Road and University Avenue), and Route 29 Business (Emmett Street). The Route 29/250 Bypass used to present an alternative to the traffic of downtown Charlottesville. Now, it is one of Charlottesville’s most congested corridors, consistently operating over the designed road capacity. Increased development along Route 29 north and Route 250 east contributes to the growing traffic pressure. Congestion spreads over a period of several hours, developing bottlenecks during peak times. Route 250 Business enters Charlottesville as Ivy Road, becomes University Avenue as it passes the University of Virginia, and continues on through downtown as West Main Street. Traffic issues heighten during morning and evening peak hours, especially when the University is in session. Route 29 Business continues south of the 250 Bypass to the University of Virginia. It is a four-lane road that provides access to a commercial and employment hot spot, Barracks Road Shopping Center, which attracts 1200 employees to the stores within the center. It also carries traffic to and from the downtown and the University to areas located on Route 29 North. Congestion related to major University sporting events, such as football and basketball games, is a recurring problem. The intersection of Ivy Road and Emmett Street (Route 29 Business) is a highly congested intersection that operates at a poor level of service. The three roadways provide primary access to the major commercial areas and business centers in Charlottesville. Since City residents, as well as residents from the surrounding counties commute into Charlottesville for work and services, these roads carry a significant amount of commuter traffic.

Albemarle County. Albemarle contains 115 miles of state primary roads and 771 miles of secondary roads. Interstate Route 64 traverses east-west across the center of the county for 31 miles, providing a link to the larger, national interstate system. To a limited degree, especially during rush hour, I-64 functions as a local road and key element in the commuter network. Residents and visitors use the interstate to access urban centers, as well as to connect with other primary roads. Other primary roads include Route 250, Route 29, and Route 20, Route 22, and Route 53. Route 250 is an east-west route that roughly parallels Interstate Route 64 and connects Pantops, Charlottesville, Ivy, and Crozet to the Shenandoah National Forest. This road is
beginning to feel the stress of the increasing commuter traffic from Fluvanna County. Route 29 acts as the principal north-south passage through the County. It is the major commuter and truck freight route through central Virginia, connecting Danville, Lynchburg, and Charlottesville. Containing anywhere from four to eight lanes with numerous signalized intersections, Route 29 in northern Albemarle continues to experience increased traffic and significant problems. Congestion is anticipated to grow due to the combination of residential, industrial, employment, and shopping centers along the corridor. Route 29 south of Charlottesville is a moderate, four-lane highway that leads into the more rural areas of the County. Another primary highway in Albemarle County is Route 20, a rural highway that runs north-south and travels between Charlottesville and the small Town of Scottsville. A scenic road that passes by the oldest farms in Virginia, Route 20 carries a moderate amount of tourist traffic. Route 53 in Albemarle County has similar issues. Increasing commuter traffic from Fluvanna and tourist traffic due to the historic homes of Thomas Jefferson and James Monroe is generating concern. The eastern leg of Route 250 is beginning to feel the stress of the increasing traffic from Fluvanna. Moreover, rapid development at Pantops, including Martha Jefferson Hospital, two shopping centers, a large retirement community, and increased residential development are all contributing to severe congestion. Beyond the main arterials, Albemarle County contains a number of secondary, rural roads, many of which are unpaved.

Transit

_Charlottesville Transit Service._ Public transportation in the Charlottesville and the urban areas of Albemarle County is provided by Charlottesville Transit Service (CTS). CTS operates six days a week with ten daily, fixed routes, one demand response, and six night service routes throughout the urban area. Creating the hub of the public transportation network, bus routes circle around the downtown pedestrian mall before breaking off in the designated direction. Service extends south to Interstate 64, as far up Route 29 North to Wal-Mart, and east to Pantops. A transfer from one bus to another is used to complete a trip that is not a round trip. Transfer information for each route is included under the route timetables. Buses are wheelchair accessible and CTS offers paratransit programs, in conjunction with JAUNT, for riders with disabilities who are unable to use regular route buses. CTS buses are also equipped with bike racks.

_University (of Virginia) Transit Service._ UTS offers transportation and charter services to students, employees, and visitors to the University of Virginia. It operates twenty fixed routes throughout the calendar year, with a focus on the academic year. UTS has three types of service: full, holiday, and commuter. Transfers can be made between CTS and UTS buses.

_JAUNT._ JAUNT, Inc. is a regional transportation system providing fixed-route and demand-response service to the citizens of Charlottesville, Albemarle, Fluvanna, Louisa, and Nelson Counties. The eighty-vehicle fleet carries the general public, agency clients, the elderly and people with disabilities throughout Central Virginia. Mobile Data Computers have been installed in all of JAUNT's vehicles and new, sophisticated scheduling software handles all 1,200 scheduled trips per day. Reservationists can quickly find the most effective vehicle for each trip, dispatchers know exactly where each vehicle is, and operators access their trip information directly from their on-board computer. Fixed route services primarily connect outlying
transportation systems to the urban area, but routes to less populated centers are available as well. Weekday transit routes operate on most primary roads: Route 29 North and South, Route 20 South, Route 250 East and West, and Interstate Route 64. In Charlottesville, JAUNT provides demand response service to people with disabilities and this service is also available on weekends in Charlottesville and Albemarle.

Walking and Biking

Over sixteen percent of Charlottesville residents walk to work, with between 30 and 48% walking to work in the compact neighborhoods around downtown and UVA. Just two percent walk to work in Albemarle County.

Charlottesville. As the primary urban area of the planning district, Charlottesville has by far the majority of existing bicycle and pedestrian infrastructure, usage, and future demand for use. The City also has a number of plans in place or under development.

Albemarle County. Bike lanes currently exist on roads such as Hydraulic Road, and Rio Road, with off-road facilities on 5th Street/Old Lynchburg Road and Fontaine Avenue. Trails are located at Walnut Creek, Mint Springs, and Darden-Towe parks, at Ragged Mountain and Ivy Creek natural areas, as well as Observatory Hill near the University. The urban area of Albemarle County has the majority of the locality’s pedestrian facilities, which include sidewalks along Route 29, Rio Road, Hydraulic Road, Georgetown Road, Commonwealth Road, and Whitewood Road as well as some along neighborhood streets and trails. Asphalt facilities, separate from, but adjacent to roadways, exist along Georgetown Road, Fontaine Avenue, Avon Street, 5th Street Extended, and Old Lynchburg Road. A considerable number of road bikers make daily use of the County’s rural loop roads. The cross-country bike Route 76 also travels through Albemarle County and brings bike riders from other states to the area.

Ridesharing

The RideShare program for Planning District 10 has been in existence since 1980 and is an adopted congestion management strategy. The program helps reduce traffic congestion in the region by promoting alternatives to the single occupant vehicle. Services includes car and vanpool matching, referrals to transit providers, inventory, marketing, and development of Park and Ride lots, operating the Guaranteed Ride Home Program, and promotion of bicycle and pedestrian transportation. This program is expanding and recently implemented a SchoolPool program, to assist schools with traffic congestion near drop-off points. RideShare is an active participant of the Commuter Information Team (CIT) which includes RideShare, Charlottesville Transit Service (CTS), JAUNT, University Transit Service (UTS), and Greene County Transit.

Many RideShare commuters (26%) do not own a car, or share one car between two wage earners. While a significant portion of RideShare commuters (37%) are within the urbanized area, the majority are from the rural portions of the region. In Albemarle, 12% of workers carpool to work; in Charlottesville, 10% carpool. Of the work sites listed as RideShare destinations, 75% are located in the City of Charlottesville or Albemarle County.
MPO Transportation Goals and Priorities

*Previously approved document of MPO Policy Board*

This section ((the following seven pages with a border) is an MPO Policy document that has been incorporated as a reference. While not a work product of the Funding Group, it served as the starting point for development of the priority project funding recommendations

The Charlottesville-Albemarle Metropolitan Planning Organization has long-standing transportation goals and priorities, which are defined in the United Jefferson Area Mobility Plan (UnJAM 2025), the regional long-range transportation plan. The MPO approved its portion of UnJAM 2025 on May 10, 2004. The Plan recognizes the severe budget constraints, and therefore focuses on a practical set of improvements that maximizes the effectiveness of existing transportation investments. It builds on the recent Eastern Planning Initiative study, which compared the effect of continued dispersed development in our region versus a strategy of infill and compact growth around existing town centers. The more compact, village-scaled development patterns had far less impact on fields, forest, farmland, air, and water quality, while potentially saving $500 million in transportation project costs.

The MPO’s goal is to create a balanced, multi-modal transportation network, by 1) Improving connections throughout the region; 2) Improving mobility within neighborhoods, towns, and counties; and 3) Making transportation choices which help foster livable communities. Several major factors are required to achieve these goals:

- **Completion of a well-connected network of roadways parallel to major highways**; with better connections within and between neighborhoods,
- **Re-engineered intersection and corridor design**, along with added lanes and capacity improvements, to improve operational efficiency and safety,
- **Fast, frequent, dependable transit service** with seamless connections throughout the region,
- **A terrain-modified grid of smaller streets** serving more compact development forms in the suburban and rural developments,
- **Well-executed design details** for pedestrian-friendly streets, bike lanes and trails, transit stops, safer intersections and pedestrian crossings.

All of these elements will also help complete the transit “customer delivery system” needed for efficient, cost-effective transit operations. By building new critical facilities and re-engineering existing roadways, the Plan will improve system operations and safety.

The MPO recognizes the priority role US Route 29 plays as a regional and state thoroughfare. It is the major north-south automobile and truck route, and its capacity for through travel should be enhanced through a coordinated strategy of operational improvements where needed: additional lanes; grade-separated or other intersection improvements; improvements to signal timing and synchronization; removal of any unnecessary signals; more defined through and local service lanes; access management and improved connections; and completion of a parallel road network to serve surrounding neighborhoods and businesses.
A better-connected network of neighborhood streets will help relieve traffic growth along heavily used corridors, and reduce congestion at major choke points and intersections. These streets will also provide for many safety improvements to the overall transportation network, allowing people to access nearby destinations on smaller-scaled, walkable, bikeable, and transit-friendly roadways.

Some roadways require minimal and/or spot improvements, widening, realignments, widened shoulders, and expanded lanes. These projects will improve safety and capacity. While a major focus of the Plan is expedited project implementation, several new roadways and improvement projects are proposed to provide better multi-modal connections and through movements.

In order to provide residents and businesses with safe, efficient, and truly usable transportation choices, the MPO Plan includes significant and unprecedented funding levels for bike, pedestrian, transit, and traffic calming projects. However, none of these new projects have yet received project funding due to limited availability.

Transit investments will play a larger role in reducing congestion and providing better travel choices to the 25 to 30% of residents who do not drive. Substantial increases in both operational support and capital improvements for priority transit are needed. A Transit Corridor Analysis would investigate various transit technologies and specific priority transit routes and stations, including the West Main-Emmet-29 North Corridor and potential ‘Transit Targets’ such as shopping centers and proposed mixed use development on Rt. 29N. JAUNT will utilize new technology to provide greatly enhanced service to rural counties. Travel Demand Management (TDM) strategies like RideShare, Guaranteed Ride Home, SchoolPool, and other commuter information provide viable transportation choices. In another first, the UnJAM 2025 Plan allocates funding to construct new Park and Ride Lots or repair/pave existing lots.

The regional dynamics of interconnected roads, coordinated transit systems such as JAUNT, CTS, UTS, Greene County Transit, and Park and Ride lots, varied commuting patterns, and regional destinations for shopping and recreation point to the need for a coordinated, multi-modal regional transportation plan. This Plan must be effectively implemented if the region is to continue to flourish and grow in keeping with the quality of life we currently enjoy. Since the majority of local roadway construction is actually private investment – by developers building new subdivision streets – significant progress can be made by better planning and project coordination. By encouraging more interconnections between new developments – coupled with lower-speed, safer roadway design – a major portion of the roadway network can be completed with private funds. With careful planning, public funding could be maximized by “connecting the dots” between developments.

UnJAM recommends other public-private options for building the multi-modal system on a faster track, including a Public-Private Transportation Authority (PPTA) or Community Development District, with the ability to gather funding from a variety of sources to build the projects in cooperation with VDOT. Currently, the area receives only a small fraction of the funding that is generated locally through gas tax revenue. Localities should be given the option to generate additional funding, to be used locally to expedite project delivery.
MPO policy requires that the following regional mobility goals be followed when allocating project funds:

**Improved, Expanded Roadway Network**
- More complete network of parallel and connector roads
- Re-engineer existing roads for increased capacity, safety, and enhanced business environment
- Develop new roadway designs for balanced, multi-modal performance

**Efficient Transit System Integrated With Other Modes**
- Develop Enhanced Bus, Bus Rapid Transit (BRT), or Streetcars for fast, frequent, dependable service on major corridors
- Commuter Express service to outlying areas
- Improve Regional Rail service
- System improvements for downtown and neighborhoods
- Technology implementation to maximize efficiency and convenience

**Pedestrian Friendly Streets and Highways**
- Complete and connect sidewalk system
- Safe, usable crosswalks with pedestrian refuges
- Better lighting, signage, landscaping and signals

**Complete Bicycle Network and Amenities**
- On-road bike lanes on urban streets
- Off-road multi-purpose trails along major corridors
- Protected parking at all destinations

**Improved Integration & Support for Ridesharing and Travel Demand Management**
- Designated travel lanes for car/vanpoolers and transit
- Enhance employer-based incentives
- Improve and increase park and ride lots
- Improve coordination of TDM strategies with work, education and special events

**Safe & Efficient Freight Movement**
- Separate freight movements from passenger travel where possible
- Support on-time delivery needs of business and industry

**Policy and Regulatory Changes**
- Amend codes and standards for more flexible roadway and development designs
- Adjust funding formulas to deliver a truly multi-modal system
- Expand modeling and forecasting to coordinate transportation and land use planning
Transportation Projects

The MPO recognizes the following projects to be of regional significance and is committed to endorsing federal funding for them in the TIP if requested, with the exception of those elements about which concerns have been stated.

Continuation of Funding for Existing TIP Projects

Existing Transit Projects:

- **CTS, JAUNT and RideShare** capital projects and operating expenses. The MPO encourages VDOT to use road funds to increase transit coverage, hours of operation, and frequency in order to maximize the use of existing corridors before constructing new facilities.

- **CTS**: The MPO continues to support flexing urban road funds for transit operations.

- **Downtown Transit Transfer Center**: The MPO continues to support funding for the development of a downtown transit transfer center.

- **Full Funding for Transit**: The MPO urges the CTB to fully fund the state’s existing formula share of transit operating costs, relieving the burden localities now face making up the amount for which the Commonwealth is responsible.

Existing Road Projects:

- **Route 29 Corridor Study Phases II-III** (Charlottesville-North Carolina State Line), with the caveat that improvements to Route 29 South be consistent with Albemarle County’s recommendations for this study and the Route 29 Corridor Study Phase I (Charlottesville-Warrenton) to employ access management strategies rather than creating a limited access freeway. See also comments on “Trans Dominion Express” for the MPO’s support of considering rail service for this corridor.

- **Route 29N Corridor Study from 250 Bypass to Greene County Line**: The best solution to traffic congestion in this corridor will be accomplished by improvements within the corridor and completion of a parallel road network, rather than the construction of the Route 29 Bypass. VDOT’s traffic studies have consistently shown that the best solution to traffic congestion in this corridor is the construction of grade-separated interchanges at key locations combined with other improvements in the corridor to improve for safety and improve pedestrian and bicycle traffic.

The MPO, along with VDOT, City, and County staff recently completed the 29H250 study looking at the 29N Corridor just north of the 250 Bypass to Hydraulic Road including the surrounding roadway networks. With improved intersection design that is better connected to local development, transit performance and bicycle/pedestrian mode splits could be improved to increase capacity for this critical corridor at a fraction of the cost of the environmentally damaging Route 29 Bypass.
This project focuses on multi-modal improvements to the northern area of the County and will include improvements to the corridor and its parallel roadways. It will consider the regional significance of the corridor and work to develop solutions to increase its capacity for regional traffic. Transit, land use development, and ITS will be major components of the study.

- **Route 53 Bridge Replacement** over Buck Island Creek
- **Jefferson Park Avenue Bridge Replacement**: The condition of the bridge makes it imperative to move the bridge improvements forward without further delay.

**Expanded Funding for Existing TIP Projects**

The MPO considers the following projects to be the highest priority projects:

- **Hillsdale Drive Connector**: The MPO considers this to be the highest priority project and is one that meets all the goals stated on page 1 of this document. Both City and County have approved an alignment for this roadway and the design process is out for bid. The MPO would like to see this project expedited as it is a vital link of the network parallel to Route 29. Safety improvements are currently underway for existing Hillsdale Drive and will work to create a safer and multi-modal roadway through the re-striping of the road to allow for bike lanes, median crosswalks, and lighting. The extension of the roadway to Hydraulic Road will follow the new VDOT guidelines of having bicycle and pedestrian facilities installed during initial construction. It is also expected that the Hillsdale Extension will provide for a more direct and efficient bus route.

- **Meadow Creek Parkway Phase 1**: Additional Right of Way funding for purchase of land to replace McIntire Park land taken by the road. Additional Construction funding for joint use stormwater detention/ recreational pond.

- **Meadow Creek Parkway Interchange**: The location and design study is out for bid. Right-of-Way and Construction funding is needed to implement this important roadway element. This project is essential to the Parkway project and should be constructed simultaneously. Otherwise, the Parkway dramatically reduces the level of service on US 250 with wait times nearly doubling at the intersection. Because of its important role for US 250, the Interchange should be considered eligible for federal funding.

- **Expansions of Regional Transit Service coverage**, frequency, and hours of operation, as proposed in the CTS Transit Development Plan.

- **Widening Route 20 North**, including bicycle lanes, transit pull offs, and sidewalks, between Route 250 East and Fontana Drive, the access to Towe Park.

Other projects the MPO would like to see expanded funding for are:
- **Limited Improvements to Route 250 West from Emmet Street to the Route 29/250 Bypass:** This section of roadway was studied in the jointly funded Ivy Road Design Study conducted by the City, County and University of Virginia. Recommendations included roadway widening, a landscaped median and bicycle, and pedestrian improvements. The MPO asks VDOT to work with the City, County, and University this year to revisit this project in conjunction with the University of Virginia’s master plan currently underway in order to ensure the corridor is designed to handle all future modes of transportation.

- **Improve Route 250 West from the Route 29/250 Bypass to Yancey Mills (I-64/250 interchange):** The MPO supports Albemarle County’s request that roadway improvements maintain the present two-lane configuration of the corridor with any short term or spot improvements being as non-intrusive and consistent as possible with the special character of this scenic by-way.

- **Funding for New Projects Walking and Biking:** While most proposed roadway projects include bicycle and pedestrian improvements, there are also many stand-alone projects included in direct response to the new VDOT policy. The $6 million allocated to Bicycle and Pedestrian Projects in UnJAM will fund all currently identified improvements for the entire study area (see complete project list in appendix), although many of these should be accelerated to occur sooner in the Six-Year Program. $1 million has also been allocated in UnJAM ($50,000 per year) for Traffic Calming, to improve walkability and pedestrian and driver safety in existing neighborhoods (see full project list in Appendix)

- **Southern Parkway connecting Route 742 (Avon Street) to Route 631 (Old Lynchburg Road):** This is a key link of a project recommended in the MPO Southern Charlottesville Transportation Study that would greatly benefit mobility for southern urban County residents and alleviate traffic congestion on southern City streets by providing an east-west path south of the city. The study identified a multi-modal parkway extending from Route 20 (Scottsville Road) to Route 631. The County’s fire and rescue division has repeatedly requested this connection to address safety and accessibility concerns.

- **Eastern Connector Study:** VDOT’s modeling has projected 250 East as severely congested in as early as 2015. This study will look at potential alignments connecting the 250 East area with 29 North to relieve some of this congestion. The study will consider all feasible alignments that offer cost-effective transportation benefits while minimizing impacts to neighborhoods and the environment.

- **Area B Study Recommendations:** This recent study looked at potential improvements that will integrate land use and transportation for the Jefferson Park Avenue/Fontaine area, including University of Virginia and County properties adjacent to the City boundary. The long-range plan has allocated some funding for PE in the event high priority projects result from this study.

- **Avon Street Bridge:** This bridge is in dire need of repair.
- Implementation of Route 29 Pedestrian Study recommendations, as requested by localities based upon the report completed by VDOT planning division for the MPO.

- Park and Ride Lots: The transit and ridesharing agencies in the MPO area have engaged in creative and productive methods to provide park and ride spaces throughout the region in existing public and private lots. However, there are some strategic locations for which demand warrants development of a formal park and ride lot. In the absence of a specific funding program for park and ride lots, VDOT has been unable to develop the funds to construct these lots. Park and ride lots combined with existing and proposed expanded transit and ridesharing services would provide significant benefits to both County and City residents by providing single-occupant-vehicle alternatives for outlying commuters and reducing their household transportation expenses; reducing traffic and parking congestion on City and urban County streets; and reducing traffic on key corridors. The UnJAM Plan allocates $500,000 over 20 years to construct new lots and maintain existing lots.

Additional Recommendations

- Revised neighborhood street standards: For new streets and existing downtowns, revise the current subdivision street standards to foster traditional, inter-connected networks of neighborhood-scaled streets. These new standards would maximize the effectiveness of subdivisions and utilize private investment to create a more effective network. The MPO acknowledges the work of the new committee and the review process leading to the near term adoption of new standards to address these issues. The MPO forwarded comments on the draft document and urges those issues addressed to be considered and included in the final standards.

- Trans Dominion Express rail service from Bristol, VA, to Washington, DC, which will result in a significant addition to travel options for residents and visitors to and from Charlottesville. The MPO supports Albemarle County’s proposal that passenger and freight rail service be seriously considered as a means to address the issues and recommendations identified in Phases 1 and 2 of the Route 29 Corridor Study.
Completed Regional Transportation Projects

There have been numerous news stories claiming that no transportation projects in the region are being advanced. This is incorrect. While no new major roads have been built, the region has used its allocated funding for many projects including several new road projects that have proved very effective in creating better road networks. For larger projects, such as the Meadow Creek Parkway (with all portions estimated at over $52 million) funding has to be accrued over many years and is not available as one lump sum.

Recent projects have been in line with the MPO’s goal of developing more connected, smallerscaled network roads that will remove local traffic from major corridors to allow better through travel. This goal has been validated by technical analysis that included forecasting future traffic numbers and patterns.

The list below may not be all-inclusive, but is representative of the new projects that have been implemented over the past couple of decades.

Improvements

- Additional 4 lanes on 29N to Rivanna
- New bridge over Rivanna on 29N
- Widening of Hydraulic Road
- Widening of Fifth Street between downtown and south of I-64
- Widening of Greenbrier
- Widening of Avon Street Extended
- Widening of Fontaine Avenue
- Widening of Rio Road East
- Straightening of Rio Road
- Widening of Route 250 East (Pantops)
- Widening of Route 20 near Darden Towe Park
- Improvements at Ivy Road near Bellaire
- Widening of Airport Road and new gateway roundabout (under construction)
- Improvements to Route 53 near Monticello
- Improvements to Route 20 near Monticello
- Intersection improvements at various locations
- Two bridge repairs (Park Street and Locust Avenue)
- Signal synchronization on 29N
- Improvements on Route 250 Bypass between I-64 and Fontaine Avenue

New Roads

- Berkmar Drive
- 9th/10th Street Connector
- Mill Creek Drive between Avon Street and Route 20
- Significant networks of local subdivision roads have been built by private developers, but in general are not connected due to individual project approvals and topographical issues.
Funding Options Working Group Priority Projects

The Funding Options Working Group started with the preceding priority project list already defined by the MPO, which is based on technical merit and feasibility. VDOT traffic modeling for our area indicates that many of our roads already operate at volume/capacity ratios in excess of 1/1, a situation that will rapidly deteriorate over time without improvements to our transportation system. The projects included in the priority list are necessary to increase travel efficiency by enhancing the network of existing roadways and by providing a broader range of transportation choices to increase travel efficiency. The result will be a safer multi-modal network moving people and goods, based on the integration of transportation and land use.

See the Priority Project Information Sheet on the following pages.
### Charlottesville-Albemarle MPO Transportation Priority Projects

Project Information Sheet

Projects have been identified by the MPO in the long-range UnJAM 2025 Plan and the FY05 Transportation Improvement Plan as priority projects. This listing does not take the place of any official document.

<table>
<thead>
<tr>
<th>Project</th>
<th>Estimated Cost</th>
<th>Remaining Cost</th>
<th>Cost Breakdown</th>
<th>Estimated Timeline</th>
<th>Current Status</th>
<th>TIP Status</th>
<th>Notes</th>
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RW $17,659,700  
CN $7,177,000 | PE 2008  
RW CN 2010 | Alignment proposal C approved by City, County, and CTB. Design study to begin in Fall 2005. | Future allocations through 2010 total $5,286,000 (Additional $2,043,000 listed as previous allocations) | Nearly ¾ of the total project is RW expenses which are donated by property owners. |
| Rivermont Parkway | $56,020,000 | $7,666,000 | PE  
RW  
CN | See sub-projects | See sub-projects | See sub-projects | Funds allocated for all projects w/ CN expected 2008. |
| I-64 (City) | $11,655,000 | $3,810,000 | PE $3,243,000  
RW $1,012,000  
CN $7,400,000 | PE Underway  
RW CN 2006  
CN 2008 | PE underway; RW acquisition expected FY2006; CN expected FY2008 | All information based on TIP | |
| I-64 (County) bridges | $19,366,000 | $3,856,000 | PE $1,405,000  
RW $4,974,000  
CN $12,987,000 | PE Complete  
RW Complete  
CN 2008 | PE; CN expected FY2008 | All information based on TIP | Includes bridges over NC/MC. |
| I-64 (skew) | $25,000,000 | $25,000,000 | PE $1,250,000  
RW N/A  
CN $11,000,000 | PE 2005-2007  
RW 2006-2008  
CN 2008 | PE expected FY2005 | | FULL FUNDING FOR THIS PROJECT RECEIVED; COURSE OF COMMITMENT WORKED |
<p>| Movements | $25,000,000 | $25,000,000 | N/A | N/A | See sub-projects | See sub-projects | Would include Capital, Safety and Operational improvements beyond current work. |
| Alternative Transit Operations | $400,000/year | $200,000/year | N/A | N/A | See sub-projects | See sub-projects | Would include Capital, Safety and Operational improvements beyond current work. |
| Corridor Improvements | $21,000,000 | $21,000,000 | N/A | N/A | Current studies underway including BRT, streetcar feasibility, 29N Corridor | Not in TIP | UnJAM provides $6.5 m (estimate) in contributions to capital improvements. |</p>
<table>
<thead>
<tr>
<th>Project Description</th>
<th>Cost 2007</th>
<th>Cost 2008</th>
<th>Funding Sources</th>
<th>Project Status</th>
<th>Funding Status</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pedestrian Pathway (to 5th Street, County)</td>
<td>$6,000,000</td>
<td>$6,000,000</td>
<td>N/A</td>
<td>N/A</td>
<td>Not in TIP</td>
<td>UnJAM provides nearly $6,000,000 towards the projects</td>
</tr>
<tr>
<td>Le Lots</td>
<td>$6,200,000</td>
<td>$6,200,000</td>
<td>PE $300,000</td>
<td>RW $570,000 CN $5,330,000</td>
<td>On the County’s Six-Year Secondary Road Priority List as Priority #9.</td>
<td>In TIP; No dedicated funding</td>
</tr>
<tr>
<td>Hydraulic/250 Improvements</td>
<td>$500,000</td>
<td>$500,000</td>
<td>N/A</td>
<td>N/A</td>
<td>No dedicated funding; TJPDC increases awareness of the 22 lots in PD10; Responsible for leading development efforts</td>
<td>In TIP as informational item; No dedicated funding</td>
</tr>
<tr>
<td>Potpourri</td>
<td>$30,000,000</td>
<td>$30,000,000</td>
<td>N/A</td>
<td>Phase 2 Study complete; 29N Corridor Study in progress and continues Phase 2</td>
<td>Not in TIP</td>
<td>Funds included in UnJAM funding of new and maintenance of existing Ride lots in area</td>
</tr>
<tr>
<td>Connector (partial) between 29N and Sunset Ave.</td>
<td>$9,000,000</td>
<td>$9,000,000</td>
<td>N/A</td>
<td>Begin 2010 End 2012</td>
<td>In TIP; No dedicated funding</td>
<td>Estimated cost does not include full cost of project; Reflection amount allocated to project UnJAM 2025</td>
</tr>
<tr>
<td>Area B Study Stations</td>
<td>$2,000,000</td>
<td>$2,000,000</td>
<td>N/A</td>
<td>Begin 2007 End 2008</td>
<td>The PACC recently adopted the Study’s recommendations. The County will work to incorporate as part of its Land Use Plan.</td>
<td>Estimated cost does not include full cost of project; Reflection amount allocated to project UnJAM 2025 crossing over railroad track.</td>
</tr>
<tr>
<td></td>
<td>$160,749,700</td>
<td>$110,352,700</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Figures (provided by VDOT) are taken from UnJAM 2025 except Meadow Creek Parkway, which were taken from the TIP and the Southern Parkway project, which has increased in cost from $1 million to $6.2 million per County of Albemarle sources. Hillsdale Drive Connector updated cost figures received from VDOT. Transportation Improvement Program (MPO’s federally required short-term project allocations)
Accelerated Priority Projects

Two projects from the priority project listing were selected for fast-track implementation by the working group based on widespread community support and feasibility. These are the Meadowcreek Parkway Interchange and Hillsdale Drive Extended. *(Note that, though there was full consensus on the overall priority list, these two projects were selected by majority vote).*

Meadow Creek Parkway Interchange

During this group’s work, $27 million in funding was allocated for this project through federal earmark funds identified by Senator John Warner. This reduces the overall priority project funding needs significantly. The Interchange’s design and environmental impact analysis is estimated to take 2 ½ years. Construction on the Interchange and the Meadow Creek Parkway is expected to begin in 2008. To avoid the inflation factor leading to increased project costs, these projects should continue to be expedited. The following paragraphs are included for background information.

The Meadowcreek Parkway will run along the edge of McIntire Park, providing a critical regional route while improving access from the High School (top) to downtown, and from neighborhoods to the park.

The Meadow Creek Parkway Interchange has strong support from the City of Charlottesville, County of Albemarle, the Metropolitan Planning Organization (MPO), our Commonwealth Transportation Board member, and area business leaders. The Parkway project itself has been in the planning process for over 30 years and is designed, environmentally approved, largely funded, and “ready to go”. However, as designed, it would end in an at-grade intersection with

*The Meadowcreek Parkway will run along the edge of McIntire Park, providing a critical regional route while improving access from the High School (top) to downtown, and from neighborhoods to the park.*
the US 250 Bypass and McIntire Road-- the gateway to downtown Charlottesville. The additional traffic there would lead to an immediate failure of an already congested intersection at Rt. 250, one of Charlottesville’s busiest primary roadways. The approved 17-lane signalized intersection would have a Level of Service (LOS) of F on all approaches and an average delay of 221 seconds, which is unacceptable for this new facility. Adding an extra 3 turning lanes “improves” the Level Of Service to C on 5 approaches, D on 3, and F on the remaining 6 approaches – and reduces average delay to 126 seconds (still over a two-minute wait at a new intersection).

The proposed grade-separated Interchange is in the MPO’s adopted UnJAM 2025 Plan, the adopted Transportation Improvement Plan (TIP) and the Commonwealth Transportation Board (CTB) Six-Year Program – but only funded for preliminary engineering. The Meadowcreek Parkway is a critical link in an updated approach to solve regional transportation needs with a network of new roadways and re-engineered intersections. The Interchange would improve LOS to B and reduce the average delay to less than 5 seconds – and would improve multi-modal access across Rt. 250, connecting downtown neighborhoods with the City’s largest park and its high school. Design and construction of the Interchange is estimated to cost $25 million. This investment is considered by many to be critical to the ongoing revitalization of Charlottesville’s downtown business community and for implementing proposed regional traffic improvement projects.

Preliminary conceptual designs for the Meadowcreek Parkway Interchange at US 250 identified several potential solutions, all of which provide better access and mobility – while greatly improving conditions on US 250. The potential designs at right above – with roundabouts at the off-ramps – would be an effective demonstration project for innovative design concepts. The location and design study for this interchange is funded and under way.
Hillsdale Drive Extended

The Hillsdale Drive Extended project, which would extend Hillsdale Drive from its present termini at Greenbrier Drive to Hydraulic Road (or conceptually through to Angus), is a vital link of the network parallel to Route 29. Safety improvements are currently underway for existing Hillsdale Drive and will work to create a safer and multi-modal roadway. The extension of the roadway will follow the new VDOT guidelines of having bicycle and pedestrian facilities during initial construction. It is also expected that Hillsdale Drive will provide for a more direct and efficient bus route.

Existing Hillsdale Drive carried approximately 5,800 vehicles per day in 2003 when traffic counts were performed. By design year 2025 the projected traffic volumes will be approximately 11,000, indicating a significant reliever of traffic on 29 North.

Both the Charlottesville City Council and Albemarle Board of Supervisors recently approved the alignment proposed in the location study. The approved alignment will require the acquisition of additional right of way and the relocation of utilities as well as easements for construction grading and utility relocations. Exact requirements will be identified during the final design process, which is expected to begin in 2005.

This project has support from the City of Charlottesville, County of Albemarle, community and business leaders and is the MPO’s highest priority project. This roadway can significantly increase mobility through that area providing safer and more direct routes to businesses, shopping, entertainment, and other opportunities.

A large majority of the project cost is right-of-way costs. It is expected that property owners will donate a large portion of the right-of-way.

*The selected Hillsdale Drive Extended alignment will connect surrounding neighborhoods to several shopping and activity centers, while providing a low-speed, multi-modal local roadway.*
Local Transportation Funding Options

There are several mechanisms under existing statutory authority available for creating alternative sources of financing for transportation projects in the metropolitan region. For each project, appropriate mechanisms will vary as shown on the Priority Project Funding Potential Chart. Most of the following options use a particular revenue source or tax – committed to be collected for a specified time period – to support bonds for project construction – with the bonds to be paid back over time from the committed revenue.

The Bond rating process is very complex, with many demographic and financial factors being considered. Of particular interest is an understanding of the difference between direct and underlying debt. Direct debt is defined by Moody’s Investor Services as follows: “The local governments gross debt less sinking fund accumulations, short-term operating debt, and bonds and other debt deemed by Moody’s analysts to be fully self-supporting from enterprise revenues. Direct Net Debt typically include the non-self supporting portion of the local governments general obligation bonds, sales and special tax bonds, general fund lease obligations, bond anticipation notes, and capital leases.”

The above definition refers to term “self supporting debt”, or debt that generally does not require annual appropriations from the locality such as water and sewer revenue bonds. A few of the options discussed below are self supporting, meaning that they will be considered in the overall review of the locality’s financial position but will not have a direct impact on the debt ratio calculations for the locality. Typically, Service Districts and Community Development Authorities are self-supporting debt.

Transportation & Service Districts

The City has the ability to create a district and levy taxes in that district to pay for capital improvements, such as roads. These districts do not have the ability to issue debt directly but any debt that is issued by the City and secured by the District tax collection would typically be considered self-supporting debt and not included in the direct debt calculation used for bond rating purposes. In addition, the bonds would be secured by the levies on property within the District only, so they would most likely have an underlying rating below the “AAA” level, causing the interest rate on District bonds to be higher than comparable general obligation bonds of the City. A levy on the property owners within a district can be supplemented or replaced with future dedicated revenue sources such as additional gas tax, a source that could exist with new legislation.

Virginia state law (Titles 15.2 and 33.1 of the Code of Virginia) essentially provides the option to create two different types of transportation districts. Albemarle and Charlottesville can create a transportation district under Title 15.2 by ordinance. This district could fund road construction using funds the City or County appropriate to it, from bonds issued by the district, or from bonds issued by either locality to meet its obligation under a contract with the district. Albemarle County cannot directly appropriate funds to the City of Charlottesville to fund transportation improvements in the City because counties lack the express or necessarily implied authority to appropriate funds to cities for this purpose.
Albemarle and Charlottesville can create a transportation district under Title 33.1 only upon petition of a majority of industrial and commercial landowners in the proposed district. This district would not have the power to issue bonds but could fund road construction through the imposition of a special improvements tax upon industrially and commercially zoned land within the district. The maximum rate of the tax would be $.25 per $100 of assessed value. An additional motor vehicle fuel sales tax would be available to fund construction in either type of transportation district only if the tax is approved by the General Assembly.

Albemarle and Charlottesville can also create a service district by ordinance. A service district can fund road construction from a tax on property within the district, money appropriated to it by the localities, or by payments for services the district renders under a contract with the localities. A joint transportation district pursuant to Title 15.2 or a joint service district created by the County and City could be viable vehicles to assist in funding a Meadow Creek Parkway interchange project in the City, or for a range of other priority projects.

*(See table comparing transportation districts and service districts on next page).*
<table>
<thead>
<tr>
<th>Procedure for Creation of District</th>
<th>Transportation District – Title 15.2</th>
<th>Transportation District – Title 33.1</th>
<th>Service District</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinance passed by both localities fixes the boundaries.</td>
<td>Ordinance passed by both localities fixes the boundaries.</td>
<td>Ordinances passed by both localities fix its boundaries and create a plan for the district.</td>
<td>§ 15.2-2400, -2402</td>
</tr>
<tr>
<td>§ 15.2-4504</td>
<td>Resolution upon petition of 51% of commercial and industrial landowners within district. § 33.1-448(A)</td>
<td>§ 15.2-4504</td>
<td></td>
</tr>
<tr>
<td>Dissolution of District</td>
<td>Individual localities can withdraw from district by ordinance.</td>
<td>Only upon petition of the district commission and 51% of landowners within the district. § 33.1-462</td>
<td>The ordinance creating the district can define its duration.</td>
</tr>
<tr>
<td>§ 15.2-4530</td>
<td>§ 15.2-4530</td>
<td>§ 15.2-4530</td>
<td></td>
</tr>
<tr>
<td>Managing Authority</td>
<td>Commission: number of members from each locality is set out in ordinance; the Chair of the CTB is a member. One BOS member and one City Councilor may be appointed. §§ 15.2-4506, -4507</td>
<td>Commission: consists of two members of the BOS and City Council and the Chair of the CTB.</td>
<td>Optional: localities can manage directly or create a development board or other body. The CTB is not a member on the board.</td>
</tr>
<tr>
<td></td>
<td>§ 15.2-4515(A)(4)</td>
<td>§ 33.1-449</td>
<td>§ 15.2-2403(9)</td>
</tr>
<tr>
<td>Power to Contract with Localities to Finance District</td>
<td>Yes</td>
<td>Yes; may contract with the CTB also. § 33.1-452(4), -454</td>
<td>Yes.</td>
</tr>
<tr>
<td>§ 15.2-4519(A)(1)</td>
<td>§ 15.2-4519(A)(1)</td>
<td>Yes. § 15.2-4503(4), (12)</td>
<td></td>
</tr>
<tr>
<td>Power of District to Issue Bonds</td>
<td>Yes. Yes, for County subject to approval by referendum No. Yes, for City with no referendum required</td>
<td>No. Yes: rate to be determined by the locality</td>
<td></td>
</tr>
<tr>
<td></td>
<td>§ 15.2-4518(11)</td>
<td>§ 15.2-4518(11)</td>
<td>§ 15.2-2403(6)</td>
</tr>
<tr>
<td>Power of Locality to Impose an Additional Property Tax to Finance the District</td>
<td>No. Yes: the commission can request and the locality may impose a special improvements tax. Max rate of $.25 per $100. §§ 33.1-452(8), -453</td>
<td>Yes. Localities may advance funds (that must be reimbursed) or provide matching funds. § 33.1-456, -457</td>
<td>Yes.</td>
</tr>
<tr>
<td></td>
<td>§§ 15.2-4521(A), 15.2-4524</td>
<td>Localities may advance funds (that must be reimbursed) or provide matching funds. § 33.1-456, -457</td>
<td>§ 15.2-2403(7)</td>
</tr>
<tr>
<td>Power of Locality to Appropriate Funds to the District</td>
<td>Yes. The CTB can exercise its powers for the district. § 33.1-460</td>
<td>Yes. Localities would have to exercise this power</td>
<td>No.</td>
</tr>
<tr>
<td></td>
<td>§ 15.2-4518(11)</td>
<td>§ 15.2-4518(11)</td>
<td>§ 15.2-2403(7)</td>
</tr>
<tr>
<td>Power of District to Accept Loans/Grants from VA or the US</td>
<td>Yes. Yes. Yes.</td>
<td>Yes. No. Localities would have to exercise this power</td>
<td>§ 15.2-2403(7)</td>
</tr>
<tr>
<td></td>
<td>§ 15.2-4518(5)</td>
<td>§ 15.2-4518(5)</td>
<td>§ 15.2-2403(7)</td>
</tr>
<tr>
<td>Fuel Tax</td>
<td>Requires General Assembly approval. No precedent for fuel sales tax in service districts.</td>
<td>No precedent for fuel sales tax in service districts.</td>
<td>No precedent for fuel sales tax in service districts.</td>
</tr>
</tbody>
</table>
Community Development Authorities

One alternative source for financing certain transportation improvements is through the creation of a Community Development Authority (CDA). The general purpose of the CDA is to finance public infrastructure through the established district. CDAs are generally created for smaller parcels and funds generated through this mechanism are required to be used for continuous improvements. In the region, both Albemarle Place and Hollymead Town Center have proffered to Albemarle County to enter a CDA.

Cities, counties, or towns may consider petitions from a majority of landowners in an area to establish a CDA, which is a specialized public body with the power to construct, operate, and maintain public infrastructure improvements (such as roads and parking facilities) in a district. The CDA has the power to issue tax-exempt revenue bonds to provide the capital to finance these improvements. The bonds may be repaid through special taxes or assessments the CDA may request to the locality to levy on landowners within the district.

CDAs can offer several significant benefits that make them attractive financing options for certain public improvements. A primary advantage of CDAs is that they can aid localities and developers by allowing infrastructure and development to occur more quickly than if the infrastructure was financed using public funds.

The 29H250 Phase 2 Study identified several opportunities to use Community Development Authorities or Public-Private Partnerships to fund priority projects.
The creation of CDAs also pose several risks which should be carefully considered before this financing option is employed. For one thing, should the initial sale or repayment of bonds for a particular project fail to meet expectations a locality can be under significant pressure to bail-out a faltering CDA. In addition, a CDA can impose a burden on state or local governments to improve infrastructure outside the district to accommodate increased traffic the new development generates. CDAs can also spur sprawl by allowing developments to proceed which would not otherwise have been permitted and by providing infrastructure that opens previously inaccessible areas to development. CDAs have also been criticized because they allow creation of a special taxing district without a public vote on the issue.

*(Per the City’s Bonding advisor)* The City may receive a petition from taxpayers within a defined area, requesting the creation of a Community Development Authority. Once created, the Authority could issue bonds for public improvements such as roads and then request that the City levy and collect supplemental assessments or taxes on behalf of the CDA. The debt issued by the CDA would not be considered direct debt of the City as the City is typically prohibited from providing financial support to the CDA. (Note: If the City wants to have the right to assist the CDA financially, it must be stated at the time of the creation of the CDA, not after). CDA’s typically fund additional public infrastructure caused by or in proximity to a new development and are initially created by a minimum number of property owners prior to development. The ability to create a CDA to finance road improvements in an area that is already developed may be difficult. CDA’s, since they are self supporting, generally do not negatively impact the credit rating of the host locality, but are included in the locality’s overlapping debt calculation and disclosure. Debt issued by CDA’s does count against the City’s $10,000,000 bank qualification limit, resulting in higher interest rates on City debt issued in the same year as the CDA debt is issued, assuming the size of the City debt issued in that year would be less than $10,000,000.

In one example, the Loudoun County Board of Supervisors authorized the Dulles Town Center Community Development Authority (CDA) to issue bonds to finance the public infrastructure of the Dulles Town Center Regional Mall. The CDA ordinance requires certain conditions to be met and information provided to the Board of Supervisors before the bonds are sold.

Other examples of Community Development Authorities in Virginia:
- Heritage Hunt CDA – Prince William County, VA
- Bell Creek CDA – Hanover County, VA
- Richmond Renaissance-Broad Street CDA – City of Richmond, VA
- Short Pump Town Center – Henrico County, VA
- Virginia Beach Development Authority – City of Virginia Beach, VA

**Public-Private Partnerships**

The Public-Private Transportation Act (PPTA) of 1995 allows private entities to enter into agreements to construct, improve, maintain and operate transportation facilities. "Public-private partnerships" (PPP) refer to contractual agreements formed between a public agency and private entity that allow for greater private sector participation in the delivery of transportation projects. PPPs are growing in interest and generating resources for transportation infrastructure, particularly in areas exhibiting significant growth. Funding, via these partnerships, takes many
forms including special taxing districts, land or cash donations, impact fees and other arrangements.

The PPTA has been used to procure road construction in Virginia over the last 10 years. With the exception of projects that are supported by the collection of tolls, the PPTA process typically does not introduce any new revenues or funding sources to a road project, but simply allows for the streamlining of procurement and construction of the improvements. Typical funding sources such as Federal and State monies are used on these projects but any combination of the other funding mechanisms discussed here can be used as additional funding for PPTA projects. The state, recognizing the need to give localities tools to accelerate projects, recently passed legislation dedicating new funding sources for PPTA projects. Localities will be allowed to compete for this new $40 million pot of funds. Guidelines for this new revenue source are still being drafted and are expected to be available in the fall of 2005.

Traditionally, private sector participation has been limited to separate planning, design or construction contracts on a fee for service basis – based on the public agency’s specifications. Expanding the private sector role allows the public agencies to tap private sector technical, management and financial resources in new ways to achieve certain public agency objectives such as greater cost and schedule certainty, supplementing in-house staff, innovative technology applications, specialized expertise or access to private capital. The private partner can expand its business opportunities in return for assuming the new or expanded responsibilities and risks.

Some of the primary reasons for public agencies to enter into public-private partnerships include:

- Accelerating the implementation of high priority projects by packaging and procuring services in new ways;
- Turning to the private sector to provide specialized management capacity for large and complex programs;
- Enabling the delivery of new technology developed by private entities;
- Drawing on private sector expertise in accessing and organizing the widest range of private sector financial resources;
- Encouraging private entrepreneurial development, ownership, and operation of highways and/or related assets; and,
- Allowing for the reduction in the size of the public agency and the substitution of private sector resources and personnel

PPPs provide benefits by allocating the responsibilities to the party – either public or private – that is best positioned to control the activity that will produce the desired result. With PPPs, this is accomplished by specifying the roles, risks and rewards contractually, so as to provide incentives for maximum performance and the flexibility necessary to achieve the desired results. The primary benefits of using PPPs to deliver transportation projects include:

- Expedited completion compared to conventional project delivery methods;
- Project cost savings;
- Improved quality and system performance from the use of innovative materials and management techniques;
- Substitution of private resources and personnel for constrained public resources; and,
- Access to new sources of private capital

Local Transportation Funding Options
Although public-private partnerships can be an innovative tool to speed and improve building projects, there are numerous risks and shortcomings of this approach including:

- Despite its stated goal, the PPTA has not yet attracted significant private equity capital to fund projects.
- Most projects built so far have been paid for with taxpayer dollars and tolls.
- Costs and risks borne by taxpayers are often understated or unclear.
- The PPTA can advance projects that are not high priorities for the public; projects the state and localities have previously agreed upon may languish with insufficient funding.
- PPP projects often sidestep and can undercut the normal transportation planning process, potentially limiting consideration of all alternatives.
- The PPTA does not provide for public input. Often dependent on future revenues from their projects, PPP developers may insist on contractual non-compete clauses that limit improvements to other transportation facilities.
- PPP projects built to date have tended to contribute to sprawl. Project proponents have a vested interest in promoting rapid growth and greater driving to increase facility use and toll collections.

Examples of PPTA projects in Virginia

**Completed Project:** Pocahontas Parkway (Route 895), Richmond area

**Active Projects:** Route 28 (six interchanges), Northern Virginia; Route 288, Richmond; Coalfields Expressway, Bristol; Jamestown 2007, Hampton Roads; Route 58, Salem

**Proposed Projects:** Capital Beltway (I-495) HOT Lanes Proposal, Dulles Rail, Northern Virginia; I-81 widening; I-95 HOT Lanes Proposals; Powhite Parkway Western Extension; Third Hampton Roads Crossing

**Right-of-Way Donation**

Right-of-way costs can be a substantial portion of total project costs. With increasing real estate values, these costs will continue to skyrocket. Therefore, right-of-way donation can be a significant factor. Oftentimes, property owners along right-of-way lines will significantly benefit from the proposed new roadway or improvements.

**General Obligation Bond Financing**

Bonds are a form of long-term borrowing used by most local governments to finance public facilities. Bond financing makes it possible to build public facilities with capacities based on future population estimates and to spread the cost over the useful life of the facilities. Because bonds constitute a future obligation of the locality, Virginia law requires that voters in a locality approve bonds through a referendum. If the majority of voters vote YES, then the governing board will be authorized to sell bonds in the future to generate the funds for human services, libraries, parks and park facilities and transportation projects as needed. If the majority votes NO, the locality cannot issue general obligation bonds to finance these projects.

Borrowing always entails interest costs. Since the interest earned by holders of municipal bonds is exempt from federal taxes, interest rates for these bonds generally are lower than the rate charged for private loans. Proceeds of the sale of bonds authorized for a specific purpose may
Local Transportation Funding Options

not, by law, be used to finance projects for any purpose other than the purpose specified in the referendum question. In other words, the proceeds of the sale of parks bonds may not be used to finance other projects, such as libraries or storm drainage projects.

Usually bond packages are planned to fund specific projects. This means that all previous bond authorizations were planned for or are obligated to specific projects. These projects often take several years to complete, thus leaving outstanding or unissued bonds. Bonds are sold only as the money is needed. Prudent financial management dictates bonds should not be sold until the actual cash is required.

Bond packages typically funded by sales or gas taxes, in combination with competitive federal funding, are often used to build new transit systems like this Bus Rapid Transit project.

**Arguments used by proponents of bond funding:**
- Bonding spreads the cost of major projects over future years and ensures that both current and future citizens share in the payment.
- If these bond questions are not approved, the county will not be able to construct the proposed improvements to human services, libraries, parks and transportation from current general tax dollars without substantial cuts to current programs or increased revenues.
- Prudent use of long-term debt can be accomplished without having any adverse impact on the county.

**Arguments used by opponents:**
- Issuing general obligation bonds results in a long-term future obligation for the locality. Pay-as-you-go financing would not create long-term debt.
- Costs of facilities should be carried by those directly using or benefiting from a facility, not by all taxpayers.
- These facilities could be fully or partially paid for out of the current revenues by cutting or eliminating other programs.

*(per the City’s bond advisor)* The City can issue general obligation bonds to fund road construction. These bonds would have the lowest interest rates of any of the funding alternatives, but would obviously impact the City’s outstanding direct debt ratios, which are part of the analysis completed by the rating agencies. As noted in (b) above, the additional general
obligation bonds will also impact the ability of the City to obtain “bank qualified” status for bond issues, a status which allows the City to borrow at the lowest possible interest rates.

**Potential Revenues**

It is important to create bondable streams of revenue in relation to increasing projects costs due to inflation and other opportunity costs. These cost increases are outstripping bond interest rates.

**Gas Taxes**

Based on information received from the City of Charlottesville and County of Albemarle, the following are yearly combined estimates of gas tax revenues for the MPO study area. These are rough estimates only, since the actual gas taxes are collected on wholesale accounts in Richmond based on destination of shipments. Accurate data on local gas sales is not currently available from the state.

<table>
<thead>
<tr>
<th>Revenue Amount</th>
<th>Bondable Amount</th>
<th>Revenue Type</th>
<th>Incremental Tax Amount</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>$430,387</td>
<td>5,186,000</td>
<td>Gas .01</td>
<td>Assuming 50% of retail sales are gas tax sales for City; Assuming $1.51/gallon for County and $1.52/gallon for City</td>
<td></td>
</tr>
<tr>
<td>$860,775</td>
<td>10,458,000</td>
<td>Gas .02</td>
<td>Same as above</td>
<td></td>
</tr>
<tr>
<td>$501,711</td>
<td>6,096,000</td>
<td>Gas .01</td>
<td>Assuming 75% of retail sales are gas tax sales for City; Assuming $1.51/gallon for County and $1.52/gallon for City</td>
<td></td>
</tr>
<tr>
<td>$1,003,422</td>
<td>12,192,000</td>
<td>Gas .02</td>
<td>Same as above</td>
<td></td>
</tr>
<tr>
<td>Assumes 5% interest rate over 20 yrs</td>
<td>Amounts will be higher under current and future gas prices</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Sales Taxes**

Many jurisdictions across the country have used a local sales tax to fund transportation projects; for the most part, these initiatives have focused on transit projects. Currently, the annual 1 cent sales tax produces approx. $20 million ($8 million in City, $12 million in County). An increase of 1 cent in the sales tax, used for bond service, would generate $110 to $120 million for transportation project funding. This approach would require approval from the General Assembly.

**29H250 Project- Example redevelopment district**

The following analysis is from the 29H250 project, and shows the potential for a variety of funding sources to be applied to fund a district or Community Development Service Authority in a redevelopment area. In the near term, ZHA (the economic consultant) projected new
development on those parcels that are clearly under-utilized and/or those parcels where a building has been demolished for the improvements and there is sufficient land available for re-development. In the case of Options A and C, ZHA assumed that suburban densities will prevail over the next seven years. In the case of Option B, where a Main Street environment is envisioned, ZHA assumed higher density redevelopment on Hydraulic Road.

### 7 Year Projected Impact of Transportation Improvement

#### 29H250 Study Area

<table>
<thead>
<tr>
<th></th>
<th>A-1</th>
<th>A-2</th>
<th>B-1/2</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building (Sq. Ft.)</td>
<td>27.77%</td>
<td>26.99%</td>
<td>45.78%</td>
<td>24.16%</td>
</tr>
<tr>
<td>Property Value (000's)</td>
<td>40.54%</td>
<td>39.44%</td>
<td>66.95%</td>
<td>34.66%</td>
</tr>
<tr>
<td>Employment</td>
<td>22.73%</td>
<td>21.12%</td>
<td>26.47%</td>
<td>14.41%</td>
</tr>
<tr>
<td>Est. City Tax Revenue from Property, Sales, and Meal Taxes</td>
<td>48.61%</td>
<td>45.76%</td>
<td>67.25%</td>
<td>40.42%</td>
</tr>
</tbody>
</table>

Source: ZHA
impact summary/sum 7

Over a seven year time period, Option B provides the greatest positive impact on existing properties’ development potential.

In terms of tax revenues, the implications of all the 29H250 area Options are provided in the table below.
### Net New Tax Revenues
#### Seven Years After Transportation Improvements

<table>
<thead>
<tr>
<th>Area</th>
<th>A-1</th>
<th>A-2</th>
<th>B-1/2</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Triangle Area</td>
<td>$480,400</td>
<td>$468,500</td>
<td>$853,700</td>
<td>$376,100</td>
</tr>
<tr>
<td>Kmart Area</td>
<td>$220,800</td>
<td>$194,500</td>
<td>$635,000</td>
<td>$69,000</td>
</tr>
<tr>
<td>Best Buy Area</td>
<td>$216,900</td>
<td>$216,400</td>
<td>$216,900</td>
<td>$222,400</td>
</tr>
<tr>
<td>Holiday Inn Area</td>
<td>$27,300</td>
<td>-$29,400</td>
<td>$26,400</td>
<td>$40,000</td>
</tr>
<tr>
<td>250 Interchange Area</td>
<td>$97,300</td>
<td>$97,300</td>
<td>-$31,600</td>
<td>$97,400</td>
</tr>
<tr>
<td>Hillsdale</td>
<td>$554,400</td>
<td>$554,400</td>
<td>$554,400</td>
<td>$554,400</td>
</tr>
<tr>
<td>Barracks Road Area</td>
<td>$32,845</td>
<td>$32,845</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net New Revenue</td>
<td>$1,629,945</td>
<td>$1,534,545</td>
<td>$2,254,800</td>
<td>$1,359,300</td>
</tr>
</tbody>
</table>

Source: ZHA, Inc.

Fiscal impacts for the 29H250 project area range from $1.4 to $2.25 million per year depending upon the transportation Option selected (note that option B is the selected option). At an interest rate of 5 percent over 20 years this stream of new tax revenue could generate $17 to $28 million in capital.

The 29H250 Phase 2 Study produced a variety of alternatives to re-engineer existing roadways like Hydraulic (above, between Kmart and Krogers, along with economic analysis of their feasibility.)
Working Group Members

The following individuals contributed countless hours to this project:

Leigh Middleditch McGuire Woods LLP, Chair of the Funding Working Group
Nancy Button League of Women Voters
Wayne Cilimberg County of Albemarle - Planning
Jon Fink City of Charlottesville Planning Commission
Chad Freckmann North Downtown Resident Assoc.
Kendra Hamilton City of Charlottesville Council
Chris Lee Piedmont Virginia Companies
Sue Lewis Chamber of Commerce
Ann Mallek County of Albemarle Neighborhood Representative
Gary O'Connell City of Charlottesville
Dave Phillips Charlottesville Area Association of Realtors
Trip Pollard Southern Environmental Law Center
Dennis Rooker County of Albemarle
Tim Rose UVA Foundation
Colette Sheehy UVA-Office of Management and Budget
Kay Slaughter Southern Environmental Law Center
Rodney Thomas County of Albemarle Planning Commission
Jim Tolbert City of Charlottesville- Neighborhood Development Services
Jeff Werner Piedmont Environmental Council
Richard Wiggans County of Albemarle - Dept. of Finance

Staff
Harrison Rue Executive Director, TJPDC & MPO
Rhonda Edmunds Transportation Program Manager, TJPDC & MPO

Note:
These recommendations represent a general consensus of a very diverse group on most key issues and solutions. Some of the individual members may not agree with every recommendation and the individuals on the Working Group do not necessarily represent the formal opinion of the groups they represent.
Appendix

Alternative Transportation Revenue Sources

The following is a comprehensive list of possible alternative revenue sources for transportation funding. Though all may not be specifically applicable to the Charlottesville-Albemarle MPO, or currently available to use in the Commonwealth, some of these methods could be considered for longer-term solutions.

Vehicle-Related Revenue Sources

Vehicle-related revenue sources are fee-based and may be viable methods of funding transportation facilities. The fees should be assessed for stability, adequacy, predictability, responsiveness to inflation and road usage, flexibility, appropriateness of dedication for transportation, point of taxation and number of taxpayers, compliance and administrative costs, potential for tax evasion, equity by income class, relationship to economic efficiency, ease of implementation and political acceptability. The following is a list of the vehicle-related revenue sources and a brief summary of each.

- Tolling of Transportation Facilities
- Value Pricing (High Occupancy Toll and Vehicle Lanes)
- Vehicle Miles Traveled (VMT) Fees
- Weight Distance Fees
- New Vehicle and Parts Sales Tax
- Vehicle Property Fees
- Alternative Fuel Taxes
- Enhanced Vehicle Registration Fees
- Vehicle Use Fees
- Emission Fees
- Carbon or Btu Tax or Ad Valorem Tax on Fuels

Tolling of Transportation Facilities

Widely used in the United States and around the globe, tolling was used primarily on new facilities for which debt was issued for construction. Tolling is now being applied both to new transportation facilities and existing highway facilities for the purpose of leveraging financing for new improvements to that facility as well as construction of new facilities. Tolls can vary by the time of day and by vehicle type, although this method of toll management is seldom used today. While toll rates can be set at any level, toll collection technology could minimize many inconveniences caused by tollbooths. Toll fees are primarily responsive to usage and would not be responsive to inflation unless action is taken by the tolling authority to periodically adjust toll rates. Toll pricing has the advantage of being equitable among vehicle classes and can encourage efficient use of roads rather than road expansion. Until 1991, tolling was restricted on federal highways, but can now be used on federal highways, with the exception of interstates, although several existing interstate segments have toll facilities, such as I-75 in Florida from Ft. Lauderdale to Naples, I-95 in New Hampshire, and the Chesapeake Bay Bridge-Tunnel on U.S. Highway 13.
Value Pricing (High Occupancy Toll and Vehicle Lanes) Creation of High Occupancy Toll (HOT) lanes as a part of new construction and retrofitting existing freeways with High Occupancy Vehicle (HOV) lanes with HOT lanes could be used as a new revenue source. HOT lanes have the effect of both congestion management and generation of additional revenues. The tolling of HOV lanes introduces value pricing concepts and allows the traveling public to make the choice of congestion-free commuting. Revenues from HOT lanes can be collected with today’s electronic toll collection technology, license plate recognition systems or conventional toll collection procedures. This revenue-producing method encourages efficient use of our road systems, with traffic reductions and increased vehicle speed in congested areas during peak periods, and increases in traffic during non-peak periods. The rates would be easy to adjust. The cost of compliance will include not only the cost of activities of paying the fees and the costs associated with recording and collecting the fees but also on-vehicle and roadside equipment costs necessary to determine the fees. Additionally, this revenue source would be volatile since changes in congestion would impact the revenue stream and could also affect the level of fees. However, value pricing is becoming popular internationally and has been implemented in parts of France, Norway, Singapore and Canada, as well as the United States.

Vehicle Miles of Travel (VMT) Fees A viable means of transportation revenue is to assess a fee for annual miles traveled. The technology exists today to accurately measure travel as is currently done in the trucking industry using hub-odometers. In the future other meters can be developed to accurately measure VMT. This fee would provide a stable rate of growth and could be responsive to inflation if it is indexed. The cost of administration and compliance would be more expensive than motor fuel taxation, however. Underreporting of mileage may also occur if vehicle owners are required to report their mileage. Alternative to metering vehicles include annual readings of the odometer during the vehicle registration period, smart-card use, and implementation of mandatory transponders. Issues to be resolved using this method of revenue collection are trucking industry opposition, costs to implement monitoring systems and fees proportionate to vehicle type and actual transportation system use. Costs associated with compliance and fee administration would be higher for VMT fees than for similar costs associated with motor fuel taxes due to the change in the point of taxation from motor fuel suppliers to vehicle owners and the increase in enforcement costs relating to vehicle miles of travel.

Weight Distance Fees Use of the weight-distance fees is a revenue source and is a variation of the VMT fee. Mainly relegated to the multi-axle trucking industry, expansion to all vehicles could be a new source of transportation revenue. Similar to VMT Fees, vehicles would be assigned a category with a corresponding cost per mile driven and paid as a user fee. Factors weighted on contribution to congestion, deterioration caused to facilities and involvement in highway accidents (resulting in increased congestion) would determine the actual cost per mile charged each vehicle category. A fee based on these factors would be an equitable revenue stream.

New Vehicle and Parts Sales Taxes Some states levy a sales tax on vehicle sales at the time of vehicle registration. The proceeds from these taxes, which are responsive to inflation, could be deducted for transportation
purposes. The fee could have substantial cyclical fluctuations, however. The sales tax revenues on new vehicles are directly related to the economy while the sales tax revenues on parts would be inversely related to the economy. The cost of compliance would be minimal. States currently collecting these fees, as general sales tax, but not using it solely for transportation, may redirect this revenue source to transportation, which would require revision to existing legislation and may need to secure a revenue source to replace funds formerly used for general revenue purposes. Attachment A provides a comparison of the characteristics of new vehicle sales taxes and several other types of transportation-related fees. A sales tax on vehicle parts with the proceeds to be used for transportation purposes could also generate additional transportation revenues.

**Vehicle Property Fees**
Vehicle property fees, similar to real property taxes, are personal property taxes based on mileage rates that are applied to the value of the motor vehicles, based on a depreciating scale (i.e. NAPA Blue book Values). The fees could be collected annually at the time of vehicle registration. Although this tax would be relatively easy to apply, it does not properly reflect transportation system usage since this is a value-based tax. This type of fee may be difficult to implement, especially if registration fees and license fees are currently collected. Vehicle property fees are currently collected in Kansas.

**Alternative Fuel Taxes**
Alternative Fuel Vehicle (AFV) use is growing at an average annual growth rate of 23%. Growth has been encouraged through the Alternative Motor Fuels Act of 1988, the Clean Air Act Amendments in 1990, and the Energy Policy Act of 1992. As use of petroleum based fuels decline and is offset to a degree by consumption of alternate fuel sources, the current philosophy of subsidies and reduced tax rates for alternative fuels should be addressed. Restructuring the taxation of alternative fuels may offset a significant portion of the eventual decline in petroleum based motor fuel tax collections. Existing inefficiencies in mileage and additional costs of AFVs may be lessened as technology is focused on alternative fuels as a viable energy source. The tax structure for liquid alternative fuels (methanol, ethanol, and liquid petroleum gases) would be similar to the current taxation on petroleum-based fuels and would be relatively easy to implement since these are delivered to consumers in a similar manner to petroleum based fuel. The tax structure for other alternative fuels such as natural gas and electricity would require a new tax structure.

**Enhanced Vehicle Registration Fees**
Vehicle registration fees generally are based on vehicle price, weight, or a flat fee. The fee may be reviewed for its responsiveness to inflation, equity among income classes and adequacy, resulting in an enhanced vehicle registration fee. If the fee is based on current price, then it is responsive to inflation and is not regressive. If a flat fee is applied, it is recommended that the fee be indexed to inflation to eliminate erosion of its value. Vehicle registration fees are levied at the time that a vehicle is purchased and, typically, annually with a clarification on the vehicle tag. Fees paid at these times are easy to implement and enforce, and are not easily evaded.

**Vehicle Use Fees**
Currently, vehicle use fees are levied by the federal government on trucks with gross vehicle weights or gross combination weights exceeding 55,000 lbs. These fees have been applied to other vehicles in the past. Vehicle use taxes were applied to automobiles for seven or fewer passengers between January 1, 1919 and June 30, 1926 and to all vehicles between February 1, 1942 and June 30, 1946. The federal government could expand this fee to again include light vehicles. It would be a stable revenue source and can be indexed for inflation. These fees may be based on weight, value or other variables. Vehicle use fees differ from VMT fees and Weight-Distance fees because the latter fees factor in distance in the calculation to determine the fee. Since the vehicle use fee does not take into consideration the distance traveled, the fees are easier to implement and enforce and not easily evaded.

**Emission Fees**

An annual emission fee on vehicles can be based on a vehicle’s emission characteristics or a combined vehicle’s emissions characteristics and miles of travel. However, this would not be a stable revenue source due to the continued tightening of emission standards on vehicles.

**Carbon or Btu Tax or Ad Valorem Tax on Fuels**

These taxes would be based on carbon or energy content or the value of the fuels used and would be applied to all uses of the fuels, including transportation and heating. The Clinton Administration proposed this type of taxation in 1993, but none of the proceeds from the collections were going to be deposited into the transportation trust fund accounts. This type of tax does not reflect cost responsibility and diversions from transportation could be a potential problem.
Non-Vehicle Related Revenue Sources

A number of transportation financing options that are not vehicle related are also available to supplement, but not replace, vehicle-related fees. Non-vehicle related revenue sources may also be viable methods of funding transportation facilities. The following is a list of the non-vehicle related revenue sources and a brief summary of each.

- Leasing of Air Space and Right-of-Way
- Public-Private Partnerships
- Private Transportation Facilities
- Privatization of Interstate Rest Areas
- Road Branding

Leasing of Air Space and Right-of-Way
This is a new area under consideration across the country for items such as fiber-optic cables, cell-phone towers, and possibly even use of air space over the existing right-of-way for buildings or other facilities. The potential source of revenue in these areas could be significant but they can vary considerably from roadway to roadway. The major advantage is adding revenues to the transportation program by using existing transportation assets. A disadvantage includes developing a new program that would raise major issues associated with setting fair rules for competition, soliciting and evaluating proposals, and managing and administering the various programs that may be developed.

Private Transportation Facilities
Private venture may propose to build, operate and manage transportation facilities or operate and manage leased transportation facilities built with public funds. There are many variations of private transportation facility ownership and operations and include BOOT (Build-Own-Operate-Transfer), BOT (Build-Operate-Transfer), and BTO (Build-Transfer-Operate) types of projects. Non-profit and private corporations have been established that develop and implement toll roads and bridges and have been given specific tools, including the ability to issue tax-exempt revenue bonds. These corporations perform the same functions as expressway and bridge authorities. This type of arrangement should be considered a source of capital assets and not an additional source of cash for highway fund use. These facilities may address capacity issues and allow transportation agencies to direct traditional funding sources to other transportation needs.

Privatization of Interstate Rest Areas
Leasing rest stop areas could bring additional revenues for transportation. Currently there are Federal laws and state laws that prohibit leasing Interstate rest areas. It might be extremely difficult to pass legislation, especially federal legislation, to allow leasing of concessions at rest areas due to opposition of existing service station and restaurant owners located at existing interchanges. It would require legislative action by Congress and security might be a problem.

Road Branding
Road branding would allow segments of roadway to be named for individuals or businesses that are willing to pay a fee for the privilege, much like stadium naming rights. Proceeds from the fee could be dedicated for transportation purposes. The fee would require legislative action
Examples of localities using bond referenda for transportation projects:

**Fairfax County** has been successful in getting bond referenda passed for transportation projects. The County has adopted a prudent financial management policy designed to protect its Triple-A rating. It calls for the county’s net long-term debt to not exceed 3 percent of the total market value of taxable real and personal property in the county. It also provides that annual debt service (the cost of principal and interest payments) be kept below 10 percent of annual combined general fund spending, and that bond sales shall not exceed an average of $200 million per year or $1.0 billion over five years.

For Fiscal Year 2003, the county’s net long-term debt as of June 30, 2003, was 1.48 percent of the market value of all taxable real and personal property. Debt service costs in Fiscal Year 2003 were 8.7 percent of the combined general fund disbursements. The Fiscal Year 2005-2009 Capital Improvement Program adopted by the Board of Supervisors on April 26, 2004, anticipates issuance of an average of $200 million of bonds per year. This policy is expected to keep debt service at approximately 9 percent of general fund disbursements which will maintain a balance between operating expenses and long-term capital needs.

As long as debt service remains a constant or near constant percentage of general fund disbursements, the county’s debt for acquisition and construction of public facilities would not cause any increase in the property tax rate. If the county was to eliminate or reduce the amount of bonds sold annually and continue to pay off outstanding debts, this ratio would decrease and possibly allow a decrease in tax rates, but it could also necessitate stopping all or most capital construction. If capital construction continued on a pay-as-you-go basis out of current tax revenues, expenditures would be limited to a much shorter time frame, which could necessitate tax rate increases or a significant reduction in other county services.

**Prince William County** has been successful in getting transportation projects funded through general obligation bonds. The County has effectively sold these projects as community projects to all stakeholders.

In Prince William County, there are three primary sources of funding for road projects identified in the comprehensive plan. Funding may come from developers, state funding, and bonds. The largest source of funding comes from the State’s Commonwealth Transportation Board (CTB) Six Year Plan. The two types of six year plans are the Six Year Secondary Road Plan and the Six Year Primary Road Plan.

The Six Year State Secondary Plan provides improvements to all roads with route numbers of 600 and above. In November-December of each year VDOT and the BOCS hold a joint public hearing about these road improvement projects. After receiving Public input, the BOCS adopts a resolution establishing the top priorities in road improvement projects for the next six years. The county receives about nine million dollars each year for secondary road improvements.

The Six Year Primary Road Plan provides road improvements to roads with route numbers of 600 or less, including interstates. Unlike the secondary plan, the six year primary plan requires Prince William County to compete with the rest of Northern Virginia for funding.
Selected County roads and road improvements are funded by the sale of general obligation bonds that are approved by voters on a referendum during a general election. Roads are selected based on citizen input, the comprehensive plan and strategic plan goals for transportation.

These roads are typically chosen based on traffic needs, safety or commuter convenience. Road bond projects are undertaken throughout the community to insure all areas benefit from road improvements. This provides fairness and equity for all commuters.

Bond funding allows a road project to be undertaken much more quickly than waiting for state funding. For instance, VDOT planned to undertake the Cardinal Drive project at a later year than when the County wanted it done. The BOCS and the citizens of Prince William County felt the road improvements were needed right away. Voters approved the bond funding during the November 1994 general election. The project was completed in 2001 (at least three years ahead of the VDOT schedule).

In the past decade the Prince William BOCS has passed over 120 million dollars in bonds to improve the transportation of the County. Successful road bond projects include: *Prince William Parkway, Ashton Avenue, Liberia Avenue, Sudley Road, Cardinal Drive, Ridgefield Road and Old Bridge Road improvements.*