



Northern Virginia Transportation Commission

# NVTC

*Thinking Outside the Car Since 1964*



# **THE CASE FOR INCREASED FUNDING OF PUBLIC TRANSPORTATION IN NORTHERN VIRGINIA**

A PRESENTATION BY THE NORTHERN VIRGINIA  
TRANSPORTATION COMMISSION

December 7, 2005



# OVERVIEW OF IMPORTANT POINTS



This presentation covers the following points, with details to follow:

- Transit is well used and popular with customers but requires more investment to maximize its potential and prevent it from becoming a victim of its own success.
- While effective public transit requires more public investment, the economic return clearly justifies the use of public funds.
- Despite very positive investment returns, unfunded transit needs for buses, railcars and parking are significant and growing.



# OVERVIEW OF IMPORTANT POINTS



- Transit systems depend on each of their several funding partners to cover a fair share, including:
  - Transit riders.
  - Local governments.
  - Federal government.
  - State government.
- The first two partners are shouldering a staggering and growing burden while the last two need to do more.



# OVERVIEW OF IMPORTANT POINTS

- There is an acute need for a new, sustainable, dedicated source of funding for Metro.
- Transit is very popular in recent polls and Northern Virginia residents are willing to pay substantially more to improve public transit.
- Each level of government as well as the private sector and the public needs to act now to create new transit funding sources. This will preserve the benefits of past investments and optimize transit's future contributions to economic and life style improvements in Northern Virginia.



# NORTHERN VIRGINIA'S TRANSIT SYSTEMS



- The Metrorail and Metrobus systems provided almost 350 million passenger trips in FY 2005, or about 90 trips per person living in the Metro Transit Zone in the District of Columbia, suburban Maryland and Northern Virginia.
- Each weekday, 1.2 million passengers travel on the Metro system, including 40% of rush hour trips to the urban core (second only to New York City).
- In Northern Virginia, almost 110 million trips were taken on Metrorail and Metrobus in FY 2005, or almost 70 trips per capita.

Jurisdiction	Population	Transit System	FY 2005 Annual Transit System Ridership	Rides Per Capita
W M A T A Compact Metro Area	3,897,803	Metrorail	195,186,100	50.08
		Metrobus	153,392,300	39.35
		Subtotal	348,578,400	89.43
NVTC Jurisdictions	1,597,623	Metrorail	89,624,272	56.09
		Metrobus	19,314,871	12.09
		Subtotal	108,939,143	68.18



# NORTHERN VIRGINIA'S TRANSIT SYSTEMS



- In addition, six local bus systems operating within NVTC's district added 18 million passenger trips, or over 10 trips per capita.
- In PRTC's bus service territory, another 2 million trips were taken in FY 2005, or 5 per capita.
- In the NVTC and PRTC districts, VRE added 3.7 million trips, or about 2 trips per capita.
- Combined, 128.9 million transit passenger trips were taken in FY 2005 in the NVTC and PRTC districts, or 61 trips per person from the 2.1 million population in those two districts.

Jurisdiction	Population	Transit System	FY 2005 Annual Transit System Ridership	Rides Per Capita
Subtotal NVTC	1,597,623		123,107,419	77.09
PRTC Bus Service Territory	394,042	Omni Ride	1,392,432	3.53
		Omni Link	694,366	1.76
		Subtotal	2,086,798	5.29
NVTC & PRTC	2,126,904	VRE	3,745,382	1.76
Grand Total NVTC & PRTC	2,126,904		128,939,599	60.62



# NORTHERN VIRGINIA'S TRANSIT SYSTEMS



- The average person living in NVTC's district made more than three round trips by transit in every month.
- More transit trips were taken in the denser parts of the region with better transit service and more compact origins and destinations.
- Statewide about 24 transit trips are taken annually per capita. The NVTC and PRTC districts have almost three times that amount.



# TRANSIT IS WELL USED IN NORTHERN VIRGINIA



**Northern Virginia Average Weekday and Annual Public Transit Passenger Trips,  
FY 2004 - 2005**

<b>System</b>	<b>Average Weekday Passenger Trips, FY 2004</b>	<b>Average Weekday Passenger Trips, FY 2005</b>	<b>Annual Passenger Trips, FY 2004</b>	<b>Annual Passenger Trips, FY 2005</b>
<a href="#"><u>Metrorail Virginia</u></a>	294,258	299,345	87,817,948	89,624,272
<a href="#"><u>Metrobus Virginia</u></a>	65,381	65,638	19,190,908	19,314,871
<a href="#"><u>Fairfax Connector</u></a>	28,590	29,775	7,990,825	8,474,143
<a href="#"><u>VRE</u></a>	14,529	15,086	3,645,434	3,745,382
<a href="#"><u>DASH</u></a>	10,864	11,288	3,131,284	3,323,021
<a href="#"><u>PRTC Omni Ride</u></a>	5,185	5,460	1,251,316	1,392,432
<a href="#"><u>PRTC Omni Link</u></a>	2,450	2,616	604,586	694,366
<a href="#"><u>CUE</u></a>	3,438	3,739	985,500	1,068,492
<a href="#"><u>ART</u></a>	2,640	2,992	674,806	788,854
<a href="#"><u>Loudoun County Transit</u></a>	1,642	2,189	392,901	513,766
<b>Total</b>	<b>428,977</b>	<b>438,128</b>	<b>125,685,507</b>	<b>128,939,599</b>

Note: Ridership on WMATA reimbursable services such as GEORGE, REX, PikeRide, and TAGS is included in the Metrobus Virginia ridership figure.

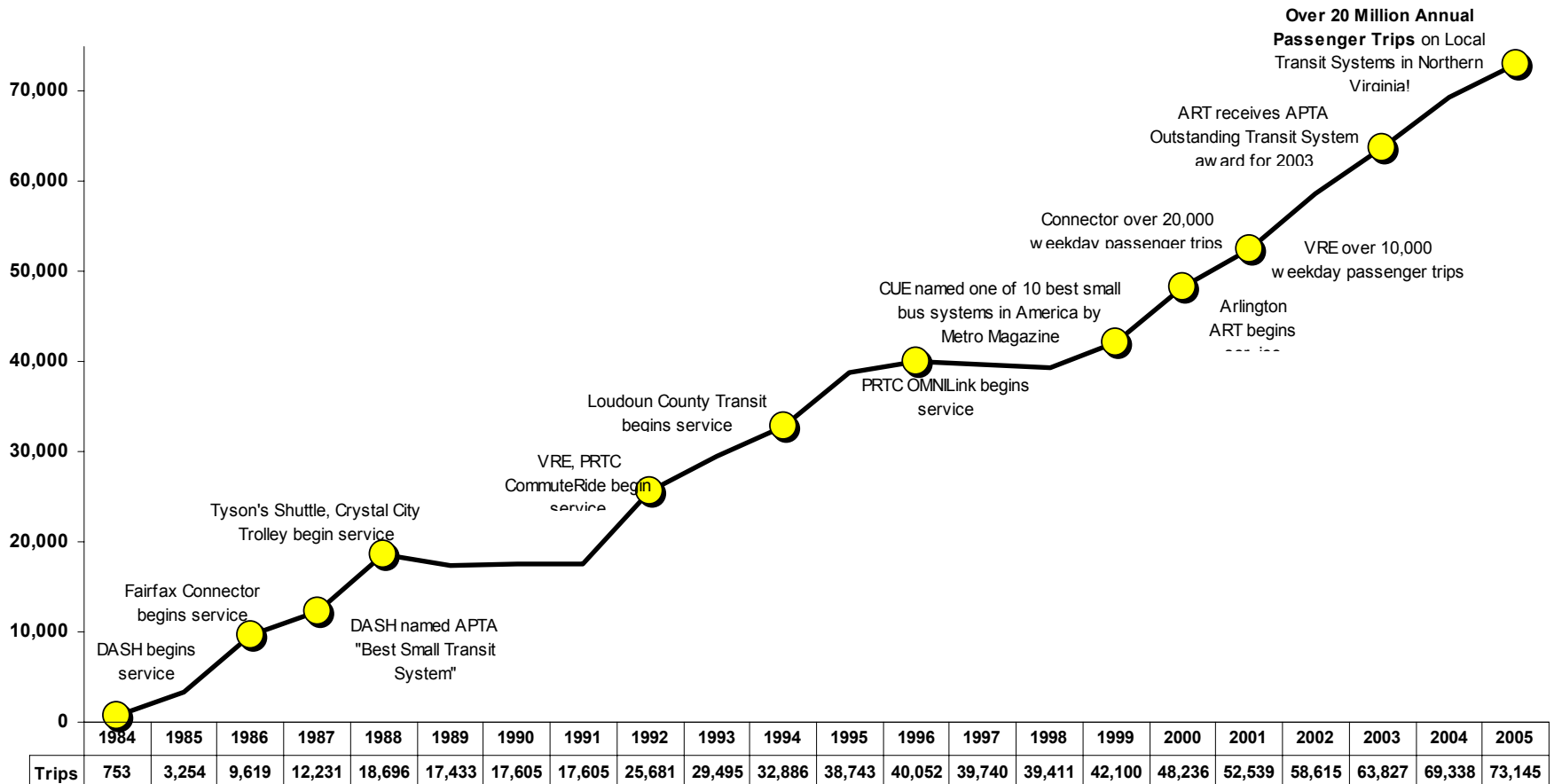
Source: NVTC.



# GROWTH OF LOCAL TRANSIT SYSTEMS



Average Weekday Passenger Trips on Northern Virginia Transit Systems\*, FY 1984-2005



\* Northern Virginia Transit Systems for 2004 include DASH, Fairfax Connector, CUE, VRE, PRTC OmniRide and OmniLink, Loudoun County Transit, and Arlington Transit (ART). Previous years may include data from RIBS, Tyson's Shuttle, Crystal City Shuttle, and Loudoun County Commuter Service. WMATA MetroRail and MetroBus data not included. CUE began service in FY 81.



# **NORTHERN VIRGINIA'S TRANSIT** **RIDERSHIP RELATIVE TO** **THE ENTIRE COMMONWEALTH**



- The Virginia Department of Rail and Public Transportation reports that statewide ridership has grown substantially in the past three years (5.5% from FY 2002 through FY 2004). Northern Virginia's transit ridership grew by 7.2% over that period. Northern Virginia's share remains at about 75 percent of the statewide total.
- Northern Virginia's transit systems (including NVTC and PRTC) are also very productive, carrying 75% of the statewide ridership with 66% of the 1615 transit vehicles, 57% of the 71 million revenue miles operated and 35% of the 6.5 million vehicle hours.

## STATEWIDE AND NORTHERN VIRGINIA TRANSIT RIDERSHIP

Year	Statewide (millions)	Northern Virginia (millions)	NoVa Share (%)	Rest of State (millions)	Rest of State (%)
FY 2002	159.0	117.3	73.8	41.7	26.2
FY 2003	161.0	121.6	75.5	39.4	24.5
FY 2004	167.8	125.7	74.9	42.1	25.1

Source: Virginia DRPT and NVTC. FY 2005 statewide ridership will be available in April, 2006.



## **TRANSIT SYSTEMS ARE** **GETTING CHOKED WITH RIDERS**



- Without more railcars, VRE will have “unmanageable” congestion by 2007-08.
- Metro’s Orange Line in Virginia is already at capacity. By 2008, it could be unmanageably crowded (120+ people per car with 50+ standing).
- Incidents on Metrorail have illustrated that the region can’t get along without the equivalent capacity of 15 rush-hour freeway lanes provided by Metro.

# METRORAIL REACHING CAPACITY



# What would you do without METRO?



These people found out the hard way.



# PUBLIC TRANSIT INVESTMENTS PAY HEARTY DIVIDENDS



- While effective transit requires more public investment, the economic return clearly justifies the use of public funds.
- In FY 2005, total transit spending on the operating and capital cost of public transit systems was \$508 million in Northern Virginia. This is \$242 per person or \$3.94 per trip. Of this amount, fares covered over a third.
- But consider:
  - congestion savings of \$5.33 per transit trip;
  - air quality improvement valued at \$3.68 per trip;
  - fuel savings of \$1.05 per trip;
  - induced economic activity of \$6.98 per trip.
- The net returns of transit investments were about \$17.05 per trip in FY 2005.
- Net returns for the overall population were \$1,047 per person. By spending \$242 per person, we earned \$1,289 per person in benefits.

**NORTHERN VIRGINIA ANNUAL TRANSIT BENEFITS  
COMPARED TO EXPENDITURES  
--FY 2005--**

	Per Person	Per Transit Trip	Total (millions)
Transit Expenditures	\$242	\$3.94	\$508.0
Population	-	-	1.5
Transit Trips	62	-	2.1
Congestion Savings <sup>1</sup>	\$328	\$5.33	\$689
Air Quality Improvement <sup>2</sup>	\$226	\$3.68	\$474
Fuel Savings <sup>3</sup>	\$65	\$1.05	\$135
Economic Activity <sup>4</sup>	\$429	\$6.98	\$900
Net Benefits of Transit	\$1,047	\$17.05	\$2,198

Notes:

1 Texas Transportation Institute estimates \$667 per person congestion costs with transit lowering amount by a third from \$995.

2 Transit saved 8,322 tons in FY 2005 using APTA's per rider factor of 76 pounds per rider per year @ \$57,000 per ton using MWCOG's average cost for reductions using transit TERMS.

3 Transit saved 60 million gallons in FY 2005 using APTA's per rider factor of 273 gallons per rider per year @ assumed \$2.25 per gallon.

4 APTA's factor is \$6 in activity per \$1 of transit investment. Only the approximate capital portion of the \$508 million transit expenditure is considered "investment" (\$150 million).

Source: NVTC estimates.



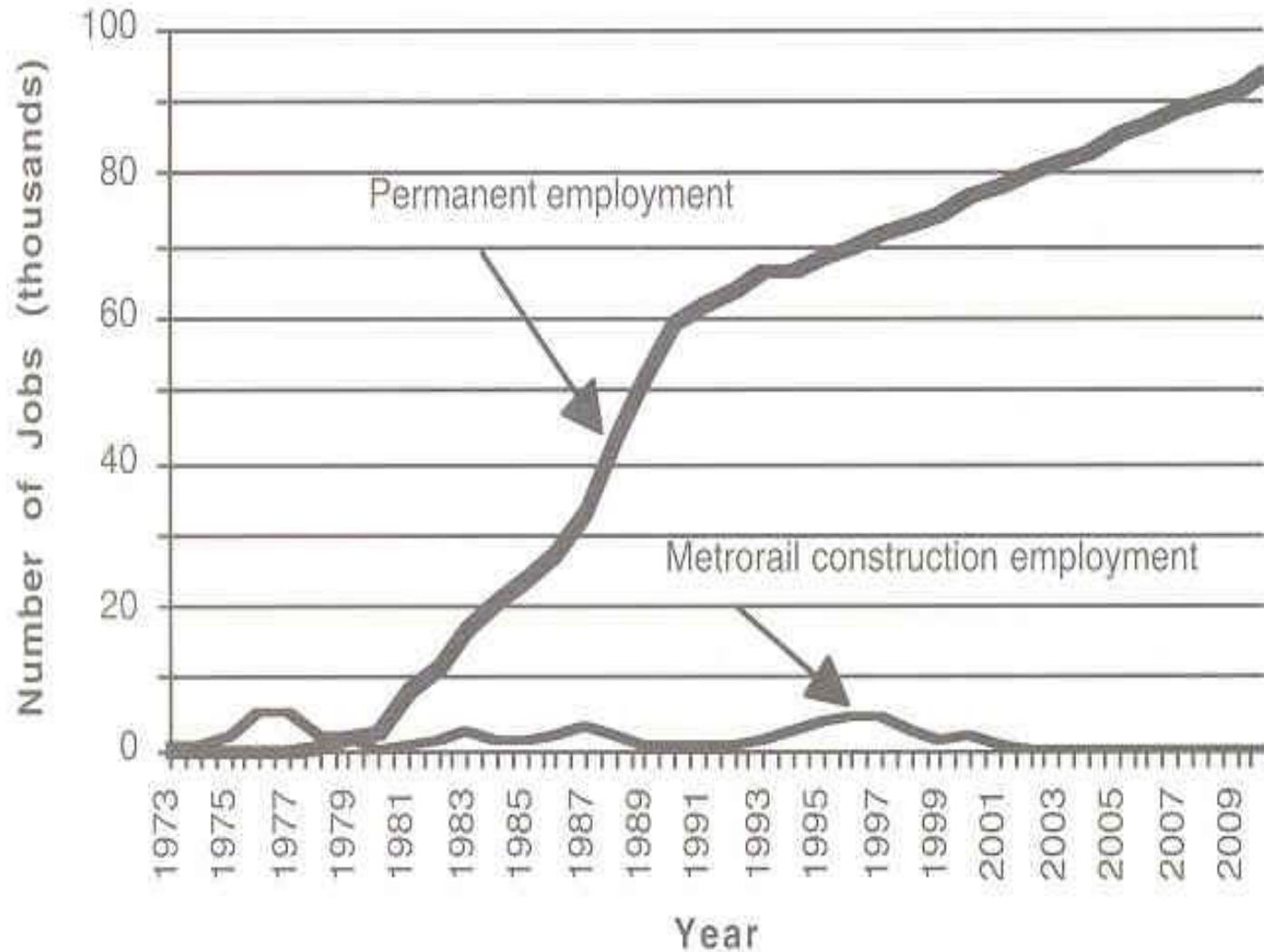
# PUBLIC TRANSIT INVESTMENTS PAY HEARTY DIVIDENDS



- NVTC has sponsored two detailed consulting studies of the returns earned by the Commonwealth of Virginia on its investments in Metrorail from 1985 through 2010.
- KPMG Peat Marwick determined that through increased tax collections resulting from induced economic activity (jobs, new construction, hotels, other businesses), Virginia is forecast to earn a stunning 19.2% each year.
- Metrorail will create 90,000 permanent professional jobs yielding \$1.2 billion of state tax revenues in excess of investments.
- The vital message:

Public transit boosts Northern Virginia's economy, which generates state taxes to benefit the entire commonwealth.

# Metrorail Generated Jobs





# **STATE TAX YIELDS FROM JOBS** **IN NORTHERN VIRGINIA**



- Jobs in NVTC and PRTC jurisdictions total about a million in the 2000 U.S. Census, or almost a third of the statewide total. A more recent proxy is the number of persons filing income tax returns for the 2002 tax year, which totals 1.1 million in NVTC and 0.3 million in PRTC compared to the statewide total of 4.5 million.
- As of FY 2004, sales taxes paid totaled \$1.1 billion in NVTC's jurisdictions and \$1.4 billion including PRTC jurisdictions, compared to \$3.9 billion statewide.
- Income taxes paid in NVTC's jurisdictions in 2002 totaled \$2.4 billion, or \$2.9 billion including PRTC, compared to \$6.4 billion statewide.
- Combined, state sales and income taxes paid per job per year was about \$3,400 in NVTC's jurisdictions and \$2,500 in PRTC, compared to \$2,300 statewide. NVTC's per job tax total is almost 50 percent greater than the average state job. NVTC's and PRTC's per job tax total is 65 percent greater than the average for all other areas in the commonwealth.

# STATE TAX YIELDS FROM JOBS IN NORTHERN VIRGINIA



Jurisdictions	Jobs* (2002)		Sales Taxes (FY 2004)		Income Taxes (2002)	
	#	%	\$Millions	%	\$Millions	%
Alexandria	77,190	2.3	99,390	2.6	200,221	3.1
Arlington	134,937	3.4	131,310	3.4	317,818	4.9
Fairfax (City)	16,110	0.4	46,798	1.2	27,537	0.4
Fairfax	663,048	14.6	633,732	16.3	1,579,801	24.5
Falls Church	9,455	0.2	15,220	0.4	20,749	0.3
Loudoun	138,351	2.9	180,400	4.6	297,572	4.6
<b>Total NVTC</b>	<b>1,054,123</b>	<b>23.8</b>	<b>1,106,848</b>	<b>28.4</b>	<b>2,443,698</b>	<b>38.0</b>
Prince William	189,836	4.2	179,010	4.6	288,234	4.5
Stafford	60,058	1.3	35,255	0.9	90,115	1.4
Fredericksburg	12,549	0.3	51,220	1.3	17,758	0.3
Manassas	22,934	0.5	28,999	0.7	31,858	0.5
Manassas Park	6,885	0.2	7,379	0.2	8,052	0.1
<b>Total PRTC</b>	<b>292,262</b>	<b>6.4</b>	<b>301,863</b>	<b>7.8</b>	<b>436,018</b>	<b>6.8</b>
<b>NVTC and PRTC</b>	<b>1,346,385</b>	<b>30.2</b>	<b>1,408,711</b>	<b>36.2</b>	<b>2,879,716</b>	<b>44.7</b>
<b>Total State</b>	<b>4,479,098</b>	<b>100.0</b>	<b>3,895,553</b>	<b>100.0</b>	<b>6,437,587</b>	<b>100.0</b>

\*As a proxy, persons filing income tax returns for 2002.

Note: Percentages are all compared to the state totals.

# STATE TAX YIELDS FROM JOBS IN NORTHERN VIRGINIA



Jurisdictions	Total Sales and Income Taxes Per Worker	
	\$	% of State
Alexandria	3,249	140.1
Arlington	3,328	144.3
Fairfax (City)	4,614	200.0
Fairfax	3,338	144.7
Falls Church	3,804	164.9
Loudoun	3,455	150.0
Total NVTC	3,368	146.0
Prince William	2,461	106.7
Stafford	2,087	90.5
Fredericksburg	5,497	238.3
Manassas	2,654	115.0
Manassas Park	2,241	97.2
Total PRTC	2,525	109.4
NVTC and PRTC	3,185	138.1
Total State	2,307	100.0

\*As a proxy, persons filing income tax returns for 2002.

Note: Percentages are all compared to the state totals.



# NORTHERN VIRGINIA'S LEVEL OF EFFORT



<u>Category</u>	<u>NVTC's Six Jurisdictions % of State</u>
Population	20.5%
Sales Tax Collected	28.4%
Recordation Tax	41.3%
Income Tax	38.0%
Fair Market Value Real Estate	38.0%
Real Estate Levies	41.9%
Tangible Personal Property Levies	34.9%

Source: Virginia Department of Taxation Website  
Various calendar years 2000-2004.



# IF NORTHERN VIRGINIA WERE A STATE



- Northern Virginia comprises:
  - 27% of Virginia's population.
  - 21% of vehicle miles traveled.
  - 70% of transit ridership.
  - 38% of personal income taxes.
  - 49% of state recordation taxes.
  - 9% of statewide roadway lane miles.
- By 2030, Northern Virginia is projected to increase its population by 42% (versus statewide growth of 31%). Jobs in Northern Virginia will grow by 53%. Housing will not keep pace. That means more traveling back and forth to reach work and much greater traffic congestion.
- If Northern Virginia were a state, it would rank first in personal income per capita and the rest of Virginia would rank 39<sup>th</sup>, versus the current ranking of 10.



# IF NORTHERN VIRGINIA WERE A STATE



	<u>RANK BY</u> <u>PERSONAL INCOME</u>	<u>RANK BY</u> <u>PERSONAL INCOME PER CAPITA</u>
Virginia with NoVa	12	10
Virginia without NoVa	21	39
NoVa as a State	31	1



# **UNFUNDED TRANSIT NEEDS ARE SIGNIFICANT AND GROWING IN NORTHERN VIRGINIA**



- VTRANS 2025, an ambitious multi-modal statewide transportation needs assessment, determined that average annual expenditures for transit statewide would have to total \$1.7 billion just to maintain transit's market share.
- Half of that amount (\$834 million annually) is currently unfunded.
- In Northern Virginia, the projected transit needs are at least \$1 billion annually and as much as \$1.5 billion.

**NORTHERN VIRGINIA AND STATEWIDE CURRENT AND  
PROJECTED PUBLIC TRANSIT NEEDS  
(AVERAGE ANNUAL FOR FY 2005-2010)**

-\$millions-

<b>Transit Needs</b>	<b>Northern Virginia</b>	<b>Statewide</b>
<b>Capital</b>		
Current <sub>1</sub>	\$152	\$217
Projected <sub>2</sub>	\$459-\$911	\$747
<b>Operating</b>		
Current <sub>1</sub>	\$347	\$470
Projected <sub>2</sub>	\$633	\$925
<b>Total</b>		
Current <sub>1</sub>	\$499	\$687
Projected <sub>2</sub>	\$1,092-\$1,544	\$1,672

Sources:

1. CTB Six-Year Transportation Program (FY 2005-2010) and DRPT Spreadsheets.
2. Rail, Public Transportation and TDM Six-Year Plan and Program, Cambridge Systematics, Inc for DRPT (March, 2004)--Scenario 2 (also MWCOC's Time to Act) for \$911 million NOVA capital needs estimate).



# **SHARES OF THE NORTHERN VIRGINIA AND STATEWIDE TRANSIT FUNDING BURDEN**



- What is local effort to fund transit? Here it is defined as funding provided by local taxpayers via:
  - payments to local and regional agencies (e.g. local property tax, NVTC 2% gas tax);
  - user fees (e.g. transit fares and tolls);
  - bond proceeds with debt service supported by such payments (e.g. telecommunication and recordation fees).
- This excludes taxes for transportation paid directly by local residents to state and federal governments (e.g. 17.5-cents per gallon state gas tax, half-cent state sales tax, 18.4-cents per gallon federal gas tax).



# **SHARES OF THE NORTHERN VIRGINIA AND STATEWIDE TRANSIT FUNDING BURDEN**



- For FY 2005, local sources covered 56% of total transit costs statewide but 63% in Northern Virginia. Statewide the state paid 19% while it paid 20% in Northern Virginia. Statewide the federal government added 25% but only 17% in Northern Virginia.
- Compared to all of the other transit systems in Virginia (approximately 40), local sources in Northern Virginia covered 27 percentage points more and federal sources added 29 percentage points less.
- It should be noted that the \$322 million of spending on transit in Northern Virginia from local sources excludes as much as \$50 million not counted in standard NVTC/DRPT data. The additional funds are from proffers, special taxation districts and tolls.

# VIRGINIA TRANSIT FUNDING SHARES

Jurisdiction	Statewide	Northern VA	Rest of State
Local:	57%	65%	36%
General Funds + Gas Tax:	27%	26.5%	21%
Fares:	30%	39%	6%
State:	19%	20%	18%
Federal:	24%	15%	46%
Total:	100%= <b>\$694 million</b>	100%= <b>\$482 million</b>	100%= <b>\$192 million</b>

Source: DRPT and NVTC. Northern Virginia includes NVTC, PRTC and VRE.



# **TOTAL TRANSIT SPENDING IN NORTHERN VIRGINIA IS INCREASING**



- For FY 2005, spending on transit operations and capital improvements totaled \$508 million, up from \$450 million in FY 2004.
- Statewide transit spending at about 50 separate systems (including eight in Northern Virginia) is also increasing (reaching \$808 million in FY 2006), but Northern Virginia's transit spending is growing faster.
- From FY 2003 through FY 2006, statewide transit expenditures grew by 43% while Northern Virginia's spending on transit grew by 51%. Comparing Northern Virginia to the other transit systems in Virginia, Northern Virginia's transit spending grew twice as fast (51% versus 23%).
- Consequently, Northern Virginia's transit expenditures have grown to 75% of the statewide total in FY 2006. Northern Virginia receives only about 70% of the commonwealth's transit formula assistance.

## TOTAL SPENDING ON PUBLIC TRANSIT

--\$millions--

	FY 2003	FY 2004	FY2005	FY2006	% CHANGE
<b>Statewide</b>	564	620	700	808	43%
<b>Northern Virginia</b>	400	450	508	606	51%
<b>Rest of State</b>	164	170	192	202	23%

Source: DRPT. Northern Virginia includes NVTC, PRTC and VRE.



# PUBLIC TRANSIT DEPENDS ON EACH FUNDING PARTNER PAYING ITS FAIR SHARE



- How the transit funding partners measure up in their comparative levels of effort to support Northern Virginia transit systems:
  - Riders pay their fair share, with significant fare increases continuing in the last few years.
  - Transit systems are very efficient with among the highest farebox cost recovery ratios in the nation and low costs per passenger-mile. WMATA especially is heavily audited and acting quickly to respond to peer suggestions for improvement.



# **PUBLIC TRANSIT DEPENDS ON EACH FUNDING PARTNER PAYING ITS FAIR SHARE**



--Local governments and hence local taxpayers in Northern Virginia pay more than their fair shares and have a much higher per capita burden than anywhere else in the commonwealth. Local sources include general funds (property tax), gas tax, tolls, bonds, special tax districts and proffers/transportation management plans.

--The federal government needs to do more and a pending bill would provide \$1.5 billion over the next decade for WMATA.

--The Commonwealth of Virginia should do much more since it fails to meet its own statutory targets. Thus, it jeopardizes its own economic well being by penalizing its most productive region.



# **NORTHERN VIRGINIA TAXPAYERS BEAR A MUCH HEAVIER BURDEN THAN ANY OTHER URBAN AREA IN VIRGINIA**



- The most recent estimate for FY 2001 by the Virginia Department of Rail and Public Transportation showed per capita transit funding using standard local sources of \$126 per person in Northern Virginia.
- This was more than four times greater than any other urban area of Virginia.
- NVTC's estimates for FY 2005 confirm that this discrepancy still exists and has grown considerably.
- For NVTC's five jurisdictions contributing to WMATA, the per capita local effort--including fares, gas tax and general funds--is over \$208 for FY 2005. Including Loudoun County, PRTC and the entire Northern Virginia Transportation District, the amount is \$161.
- The next largest transportation district in terms of per capita local transit effort is Richmond at \$20. Hampton Roads is \$16. Thus, Northern Virginia has a local effort at least eight times as great as any other transportation district. NVTC's five WMATA jurisdictions have a local effort 10 times greater.

**PER CAPITA LOCAL FUNDING OF PUBLIC  
TRANSIT IN VIRGINIA  
--FY 2005--**

Jurisdiction	Population	Local Funding Sources (\$millions)	\$Per Capita
Alexandria	128,206	44.6	347.88
Arlington	186,117	77.4	415.87
Fairfax (city)	22,062	4.1	185.84
Fairfax County	1,003,781	152.3	151.82
Falls Church	10,781	2.7	250.44
Subtotal NVTC (including 1/2 VRE)	1,350,323	281.1	208.17
Northern Virginia District	1,975,199	318.7	161.37
Bristol District	360,761	2.1	5.70
Culpeper District	347,523	4.1	11.74
Fredericksburg District	429,840	1.4	3.28
Hampton Roads District	1,762,212	28.5	16.19
Lynchburg District	379,743	2.3	6.15
Richmond	1,173,005	23.7	20.18
Salem District	737,815	5.7	7.77
Staunton District	490,717	2.3	4.65

Note: U.S. Census 2004 estimated. Local funding includes operating revenue (fares), gas tax revenue and local general funds. Per capita gas tax for NVTC (excluding Loudoun) equals \$15.18.



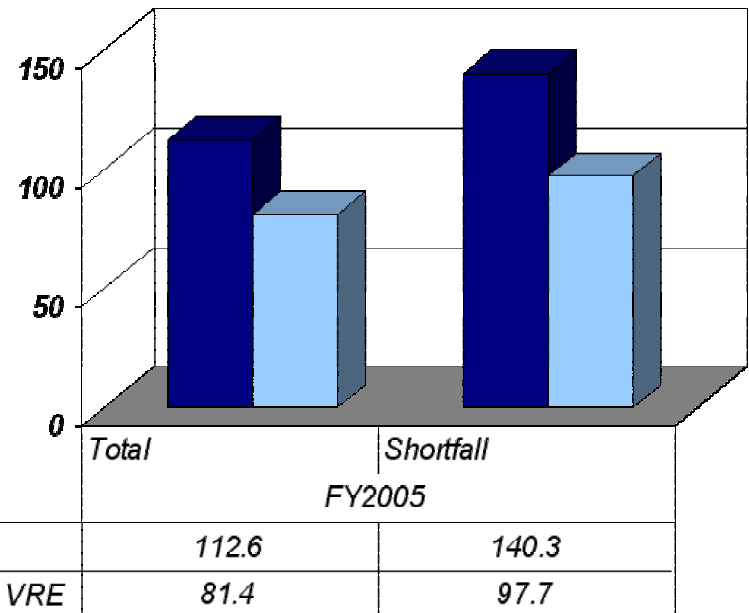
# COMMONWEALTH OF VIRGINIA'S ROLE IN TRANSIT FUNDING



- While state aid for public transit is an important component of the Northern Virginia total (about 20%) Virginia should do much more to meet its obligations.
- Metrorail cost about \$10 billion to build. It would cost \$24 billion in current dollars. It provides equivalent capacity to 1,400 freeway lane miles.
- Of the \$10 billion, state governments in Maryland paid 9% and Virginia paid 3%. Northern Virginia's local governments paid 4%, Maryland's local governments paid nothing. The federal government paid almost 70%.

# COMMONWEALTH OF VIRGINIA'S ROLE IN TRANSIT FUNDING

- Virginia fails to meet its own statutory targets for its formula assistance (95% of transit costs not covered by fares or federal aid) and by doing so jeopardizes its own economic well being by penalizing its most productive region.
- For FY 2005, if the commonwealth had provided sufficient formula funding to meet its 95% target, NVTC and VRE would have received an extra \$98 million (versus the \$81 million actually received). Statewide an extra \$140 million was needed to meet the 95% target over and above the \$113 million in formula funding actually provided.



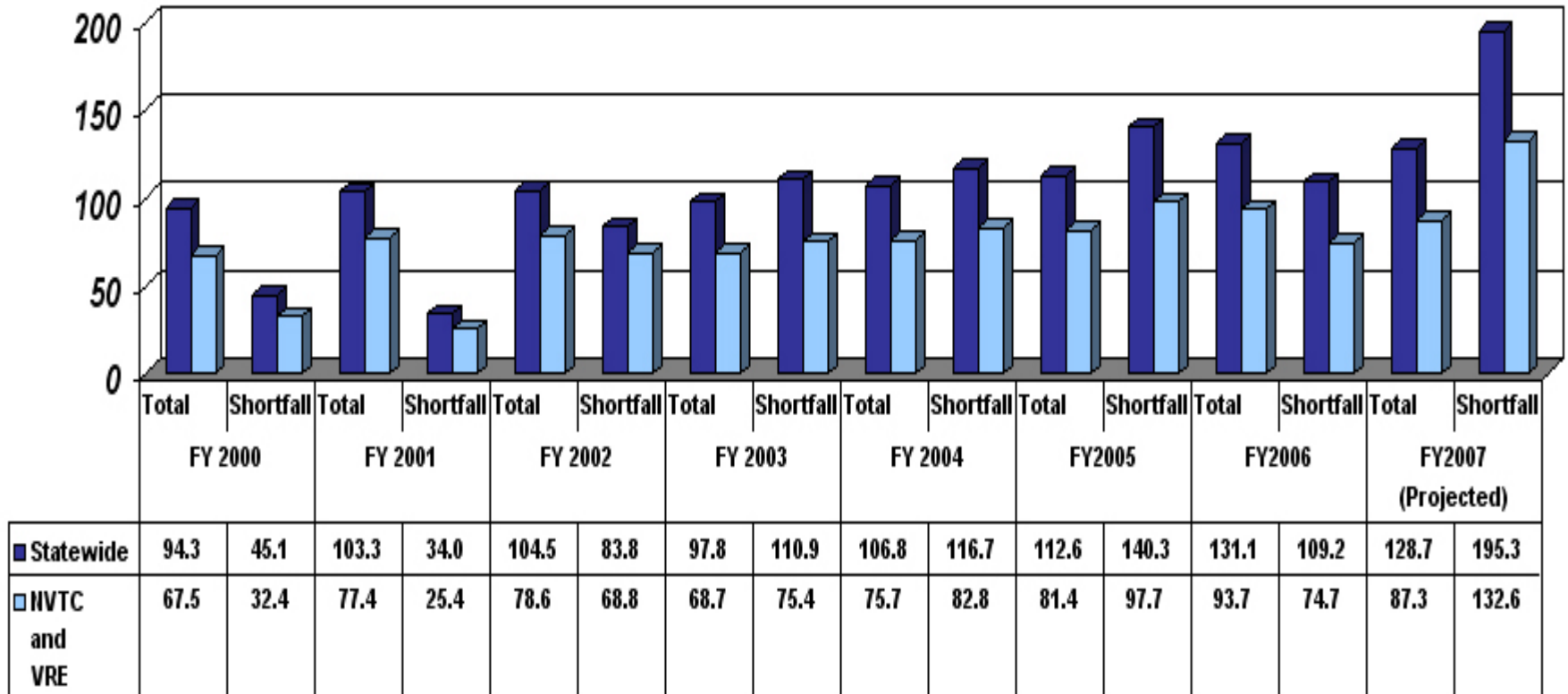


# COMMONWEALTH OF VIRGINIA'S ROLE IN TRANSIT FUNDING



- These shortfalls are growing substantially (except for a short-term “fix” in FY 2006 that will be undone in FY 2007 without General Assembly action). For example, the statewide shortfall grew 313% between FY 2001 and 2005.
- By FY 2003, the shortfall exceeded the amount of aid provided.
- For FY 2007, almost \$200 million more would be needed to meet the state statutory target of 95 percent of non-federal transit subsidies. The capital matching share is projected to be only 25% versus 63% in FY 2006 and 38% in FY 2005.
- The future continues to be bleak without new state funding, with forecast transit capital matching ratios only climbing slightly from FY 2007 to reach 42% by FY 2011.

# STATE TRANSIT FORMULA FUNDING AMOUNTS AND SHORTFALLS --\$millions--



Notes: Northern Virginia is NVTC and VRE. Excludes PRTC.

Source: DRPT and NVTC.



# **THE COMMONWEALTH'S FUNDING OF TRANSIT IS FALLING FURTHER BEHIND LOCAL SOURCES**



- State formula assistance for NVTC and VRE has grown to \$81 million in FY 2005 from \$77 million in FY 2001, or 5.2%. Including other state transit assistance going directly to NVTC's jurisdictions the growth is 31.5%.
- At the same time, local sources grew by \$102 million, or 52%, consisting of fare revenues (51% growth), gas taxes (19% growth) and local general funds (66% growth).
- Thus, total local transit assistance grew 10 times as fast as state formula assistance.
- In FY 2006, state aid to NVTC and VRE jumped dramatically to over \$150 million due to one-time allocations (e.g. \$40 million for WMATA railcars and \$20 million for VRE railcars). Even so, total local sources of funding for transit held steady at almost \$300 million, the same level as FY 2005. The extra state assistance did not relieve the local burden and in FY 2007 state aid is forecast to plummet to FY 2003 levels.

# GROWTH OF LOCAL TRANSIT FUNDING FOR NVTC AND VRE VERSUS STATE FORMULA ASSISTANCE

**--\$millions and percent--**

TYPE OF FUNDING	FY 2001	FY 2002	FY 2003	FY 2004	FY2005	Percent Change FY 2005-2001
State Formula to NVTC	77	79	69	76	81	5.2%
Local General Fund	56	72	80	78	93	66%
Gas Tax	21	19	21	22	25	19%
Fares	120	132	137	159	181	51%
Subtotal Local	197	223	238	259	299	52%



# **NVTA PUBLIC OPINION SURVEY** **(APRIL-MAY 2005)**

**-1,263 adult respondents-**



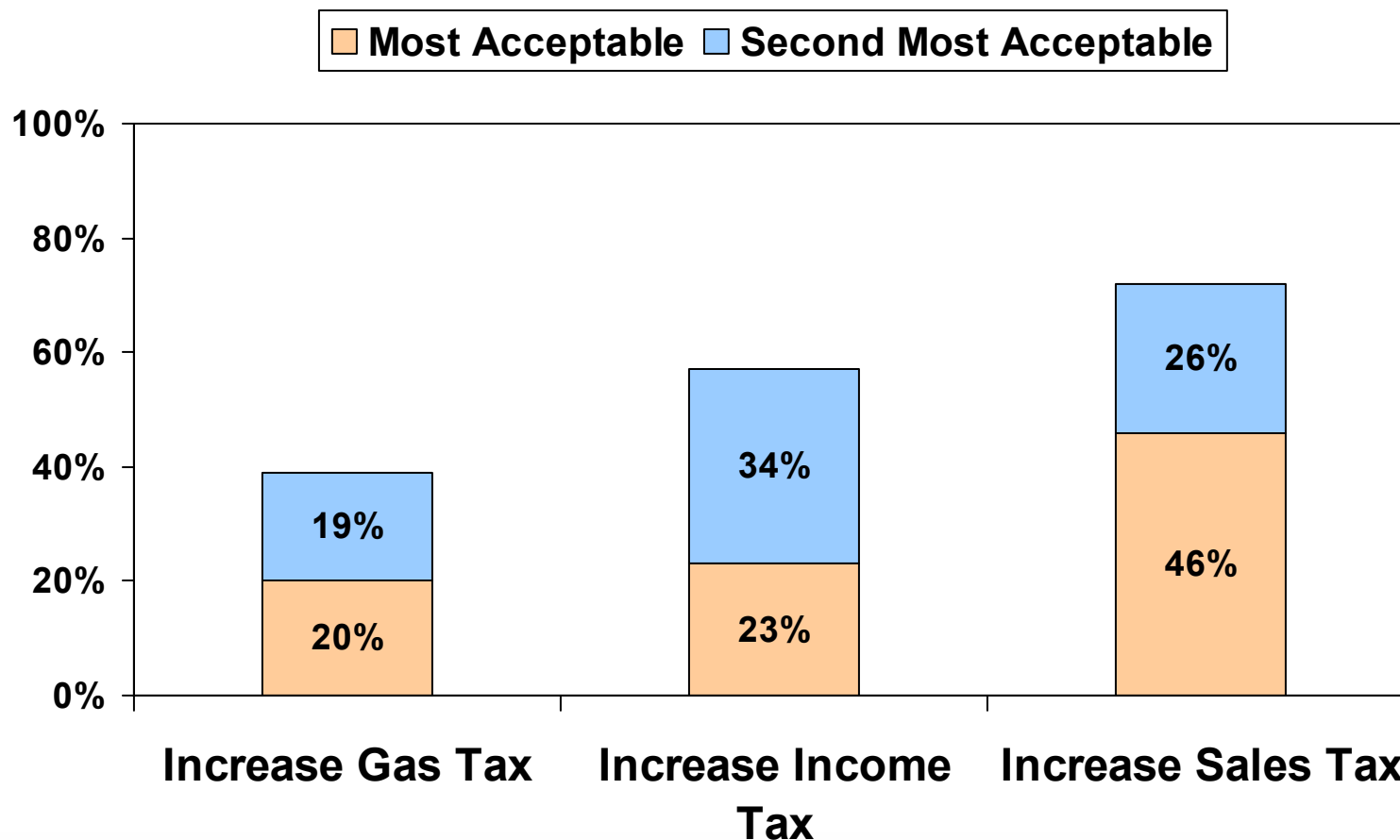
- Respondents often selected specific transit improvements as their first or second choice in corridors in which they actually travel (e.g. Dulles rail, Metrorail to Centreville along I-66).
- Transit improvements in general were ranked first or second by 74%, much higher than roads (61%).
- The mean willingness to pay for transit was \$2.06 per day versus \$1.46 for highways. Over a fifth would pay \$3 or more per day (well over a thousand dollars a year) to expand transit and reduce crowding. Another 38% would pay \$1 to \$3 each day.
- A dollar a day is roughly equivalent to a gas tax of 61-cents per gallon at 12,000 miles per year and 20 miles per gallon.
- This reported willingness to pay even \$1 per day is a very significant finding.

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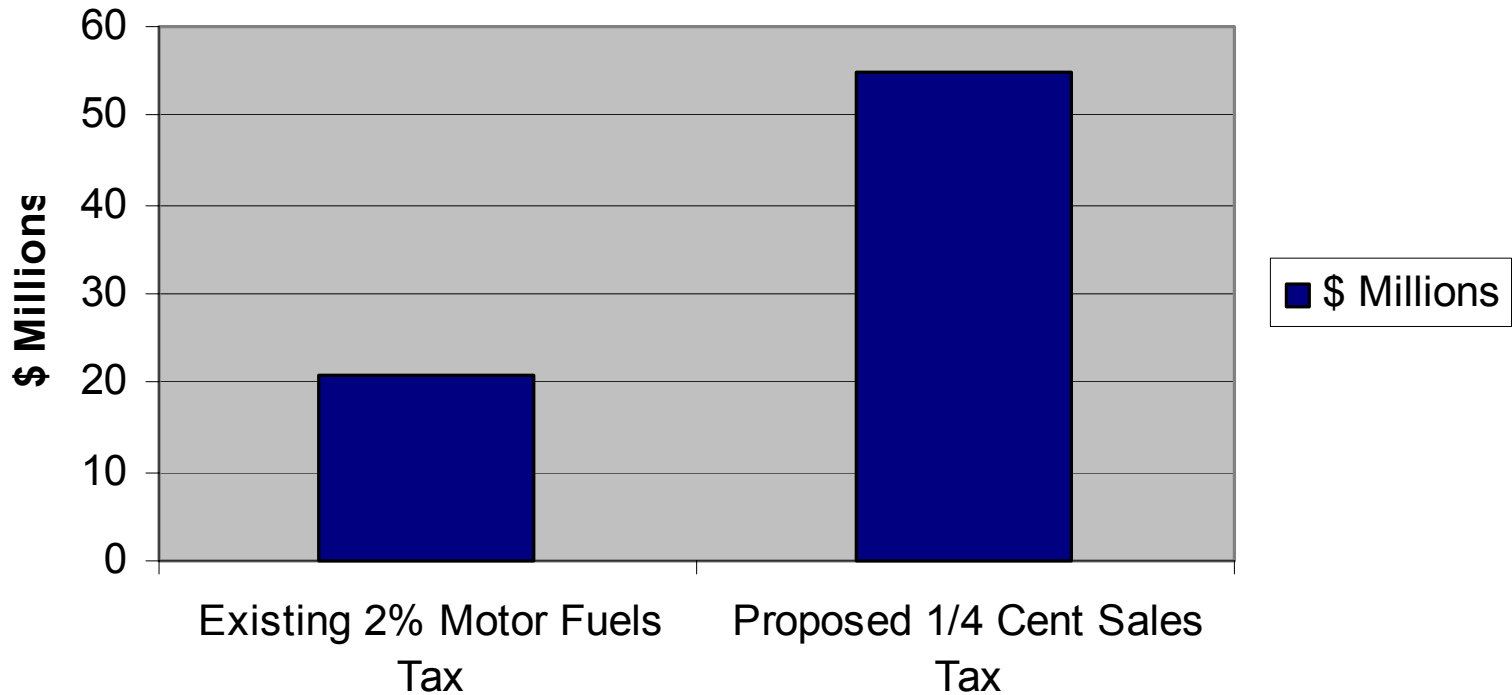
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Options to raise \$175 million annually:



**COMPARATIVE FY 2005 ANNUAL YIELD OF  
DEDICATED REVENUE SOURCES IN FIVE NVTC  
JURISDICTIONS SUPPORTING WMATA**





# CONCLUSIONS

- Increase state aid to transit significantly using stable, reliable and permanent dedicated sources to meet current needs and provide for growth.
- Ensure that Northern Virginia receives its fair share of the new resources.
- Specifically, as a first step meet the state statutory goal of 95% of eligible net transit expenses with at least \$200 million annually of new permanent funding.