



**THE NOVEMBER, 2002 TRANSPORTATION FUNDING
REFERENDUM IN NORTHERN VIRGINIA:
ISSUES AND RECOMMENDATIONS RELATING TO
PUBLIC TRANSIT FUNDING IN NORTHERN VIRGINIA**

Draft for Discussion

September 7, 2004

What is the Problem?



- **Transportation congestion is getting much worse in Northern Virginia as growth of vehicle miles traveled (49 percent since 1990) far exceeds lane miles (9 percent).**
- **Air quality and sprawl remain serious concerns.**
- **Available funding falls short of needs.**
- **WMATA lacks a dedicated source of funding.**
- **VTRANS 2025, the commonwealth's ongoing multimodal plan, estimates unfunded public transit needs for Northern Virginia alone as at least a third of a billion dollars annually to barely maintain current services with ridership growing only as fast as population.**
- **To attack congestion and meet clean air needs using public transit we need \$1.2 billion in new annual funding.**

What the Commission Asked:



- **What contributed to the defeat of the November, 2002 referendum in Northern Virginia (half cent sales tax to generate \$2.75 billion over 20 years for bonded projects plus \$2.25 billion for pay-as-you-go projects) which was defeated 55 to 45 percent in Planning District 8?**
- **What lessons are available from referendum experiences elsewhere?**
- **What steps would lead to a successful future public transit funding referendum in Northern Virginia?**
- **Where do we go from here?**

The Draft Staff Report:

- Is available at

http://www.thinkoutsidethecar.org/pdfs/REF_DFT_COMP_9-7-04.pdf



The Draft Staff Report:

- **Describes the Northern Virginia transportation Authority and referendum legislation**
- **Shows the referendum results using GIS maps**
- **Lists 35 reasons for its defeat, organized into groups:**
 - Tactics
 - Distrust of governments and elected officials
 - Other priorities are important
 - Not a local responsibility
 - Issues with taxes
 - More smart growth

The Draft Staff Report:

- **Reports survey and focus group feedback**
- **Gives results and lessons from referendums elsewhere**
- **Analyzes several possible features of a future successful referendum:**
 - Smart growth**
 - Transit-only**
 - Smaller region**
 - Base revenues for each affirmative jurisdiction**
 - Tax relief**
 - Timing**
 - Creating the project list**
 - Grass roots involvement**
 - Managing the campaign**

The Draft Staff Report:

- After other funding alternatives are tried, provides 21 draft recommendations for crafting a successful future referendum, with tasks for NVTAs, General Assembly, local governments and the CTB over a two-year period leading to a vote in November, 2006.
- Concludes with several appendices including an extensive bibliography and precinct-specific GIS maps of referendum results by jurisdiction.



Findings:

- **Referendums for regional tax increases are much harder to pass than local bond referendums. Many attempts may be needed before succeeding. A referendum is a last resort.**
- **Therefore, General Assembly action to enact needed taxes or earmark new revenues from existing taxes, is greatly preferred. Even requiring concurring action by local governments for a new revenue source is much easier than a referendum.**
- **If a referendum is necessary, the earliest feasible date is November, 2006.**

Findings:

- **Given the apparent level of dissatisfaction among voters with sprawl, if a referendum is labeled pro-sprawl it has little chance of success.**
- **A referendum within NVTTC's district for transit funding only would be likely to pass.**
- **Projects on the referendum list have stalled except for toll financed highway/HOV and local general fund-bonded transit.**

The Ballot Question:

Question

“Shall an additional sales and use tax of one-half of one percent be imposed in Arlington County, Fairfax County, Loudoun County, Prince William County, the City of Alexandria, the City of Fairfax, the City of Falls Church, the City of Manassas, and the City of Manassas Park, with the revenues to be used solely for regional transportation projects and programs as specified in Chapter 853 of the Acts of Assembly of 2002?”

Result

A favorable vote on the question in *Northern Virginia* (the counties of Arlington, Fairfax, Loudoun, and Prince William, and the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park) would authorize the Northern Virginia Transportation Authority to issue debt in a principal amount not exceeding \$2,800,000,000 for specified transportation projects, and to pay the interest and principal of such debt with the additional revenues generated by an increase of one-half of one percent in the sales and use tax in that region.

The Project List:



1. Dulles Corridor Transit (local share)\$350 Million
2. I-66 Improvements & Rail Extension(I-495-Route 15)...\$300 Million
3. I-95/395 Improvements and Transit Improvements.....\$250 Million
4. Route 1 Transit Improvements (Arlington/Alexandria)..\$75 Million
5. Route 1 Transit Improvements (Fairfax/Prince William)\$150 Million
6. Route 28 Improvements (Loudoun/Fairfax).....\$50 Million
7. Route 28 Improvements (Prince William).....\$50 Million
8. 1-495 Improvements & Transit Improvements.....\$200 Million
9. Fairfax County Parkway.....\$125 Million
10. Gallows Road/Route 29 Improvements.....\$25 Million
11. Tri-County/Loudoun Parkway.....\$100 Million
12. VRE New Railcar Purchase.....\$100 Million
13. Eisenhower Valley Highway & Transit Improvements...\$25 Million

The Project List:



14. **Route 234 Bypass/Route 659 Relocated.....\$50 Million**
15. **Metrorail IRP.....\$250 Million**
16. **Secondary System Improvements (includes unpaved roads)\$150 Million**
17. **Urban System Improvements.....\$100 Million**
18. **Route 7 Improvements (Fairfax/Falls Church).....\$80 Million**
19. **Route 7 Improvements (Loudoun).....\$100 Million**
20. **Regional Transit Capital.....\$75 Million**
21. **Alexandria Transit Capital and Facilities.....\$25 Million**
22. **Route 50/Columbia Pike Improvements.....\$25 Million**
23. **Columbia Pike/Route 7 Transit Improvements.....\$75 Million**
24. **Rail Safety Improvements (Manassas Grade Separations).....\$20 Million**
25. **Transit Operational Costs.....(Up to 15% of excess \$ each year)**

Northern Virginia Transportation Authority:

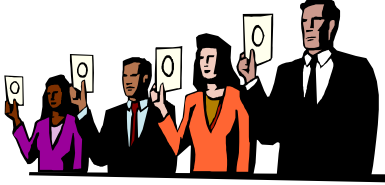
- Created by 2001 and 2002 General Assembly
- Referendum funds were to flow to NVTA
- In preparing the long range transportation plan and adopting policies and priorities, NVTA shall be guided by performance-based criteria (i.e. travel time, delays, connectivity, safety, air quality, moving people, cost-effectiveness.)
- Now updating TCC's 2020 plan to 2030 with 40 percent of budget for public involvement.

Referendum Act:

- **Lists \$2.8 billion of specific projects eligible for bonding (about 40 percent for transit).**
- **Anticipates \$140 million annually by FY 2005 and \$5 billion by 2023 including interest and five percent assumed annual revenue growth.**
- **Can pay for defined projects up to 35 years and beyond (lengthy sunset).**
- **Up to 15 percent of excess funds each year for transit operating costs.**

Referendum Act:

- **Each local government must maintain its own transportation funding effort at FY 2002 level (local maintenance of effort).**
- **The new sales tax revenue will not be used to calculate or reduce the share of federal, state or local revenues otherwise available to the region (hold harmless).**
- **NVTA must report annually on allocation and expenditure of funds and on the use of funds to relieve traffic congestion and improve air quality (accountability).**

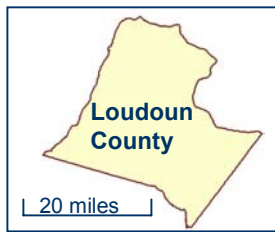


Referendum Results:

- Lost 55 to 45% region wide.
- Persuading 24,235 persons (out of 485,822 votes cast) to vote “yes” instead of “no” would have passed the referendum.
- Converting half of the “no” votes to “yes” votes in the only three jurisdictions that favored the referendum would have passed it.
- Areas close to Metrorail generally had much higher levels of support.

Figure 2**Official Results****Vote Totals-Regional Bond Issue-Northern Virginia (More Information)**

<u>Locality</u>	<u>Yes</u>	<u>No</u>	<u>Votes Cast</u>	<u>Precincts Reporting</u>
<u>Arlington County</u>	28,842 50.7%	28,027 48.3%	56,869	48 of 48 100.00%
<u>Fairfax County</u>	122,259 45.6%	146,146 54.4%	268,405	220 of 220 100.00%
<u>Loudoun County</u>	18,386 36.3%	32,268 63.7%	50,654	54 of 54 100.00%
<u>Prince William County</u>	23,378 40.5%	34,374 59.5%	57,752	62 of 62 100.00%
<u>Alexandria City</u>	17,211 50.7%	16,761 49.3%	33,972	26 of 26 100.00%
<u>Fairfax City</u>	2,757 44.3%	3,470 55.7%	6,227	8 of 8 100.00%
<u>Falls Church City</u>	2,427 56.5%	1,866 43.5%	4,293	7 of 7 100.00%
<u>Manassas Park City</u>	542 41.9%	753 58.1%	1,295	2 of 2 100.00%
<u>Manassas City</u>	2,875 45.2%	3,480 54.8%	6,355	7 of 7 100.00%
District Totals:	218,677 45.01%	267,145 54.99%	485,822	434 of 434



Sales Tax Referendum

Northern Virginia
November 5, 2002

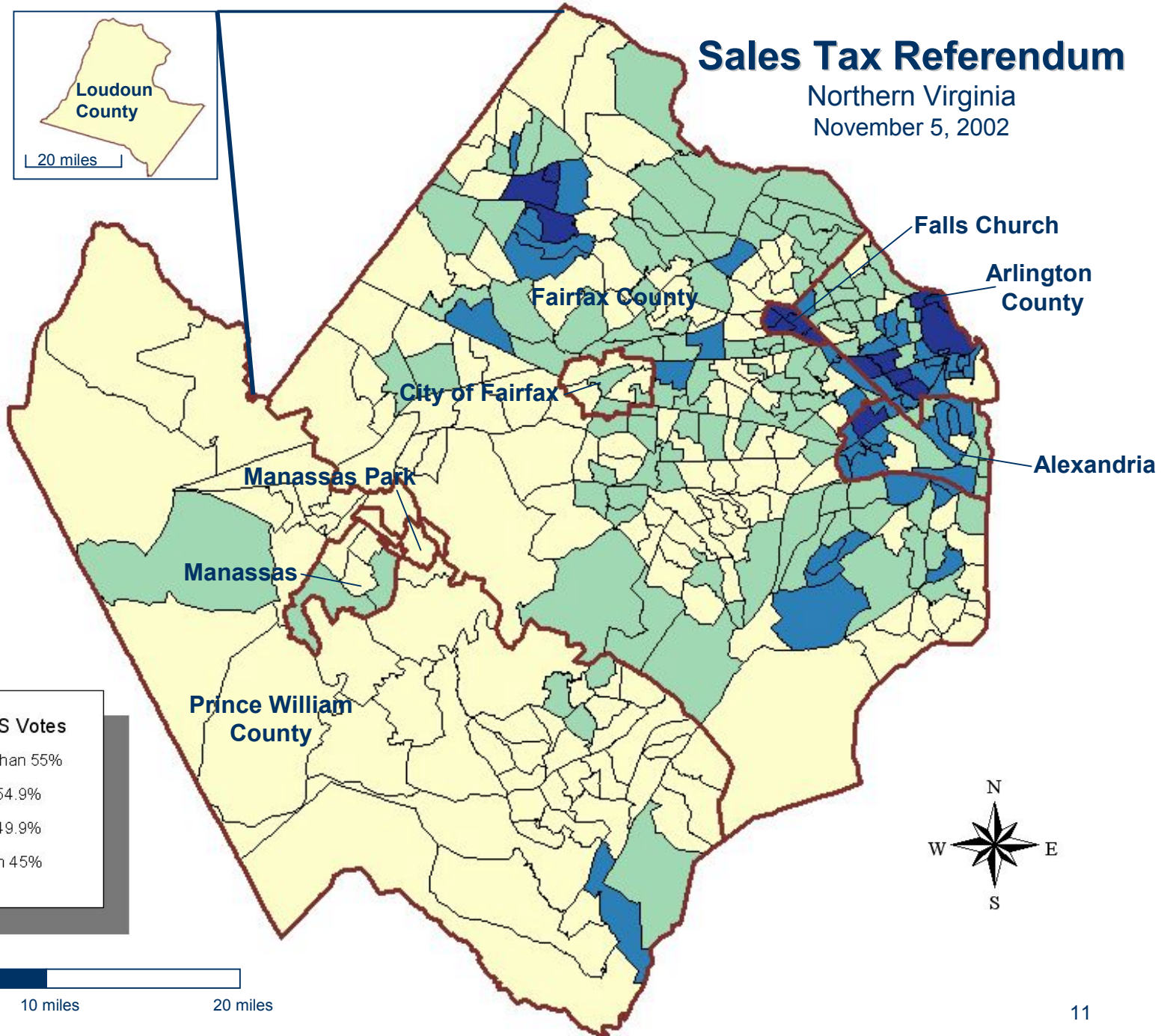
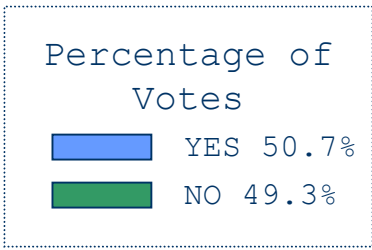
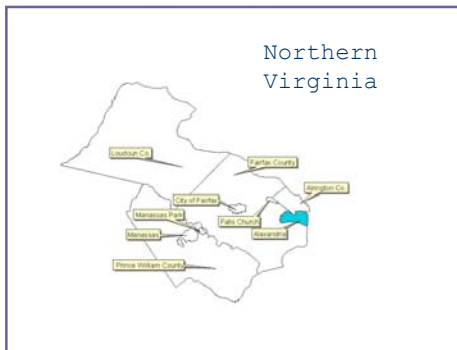
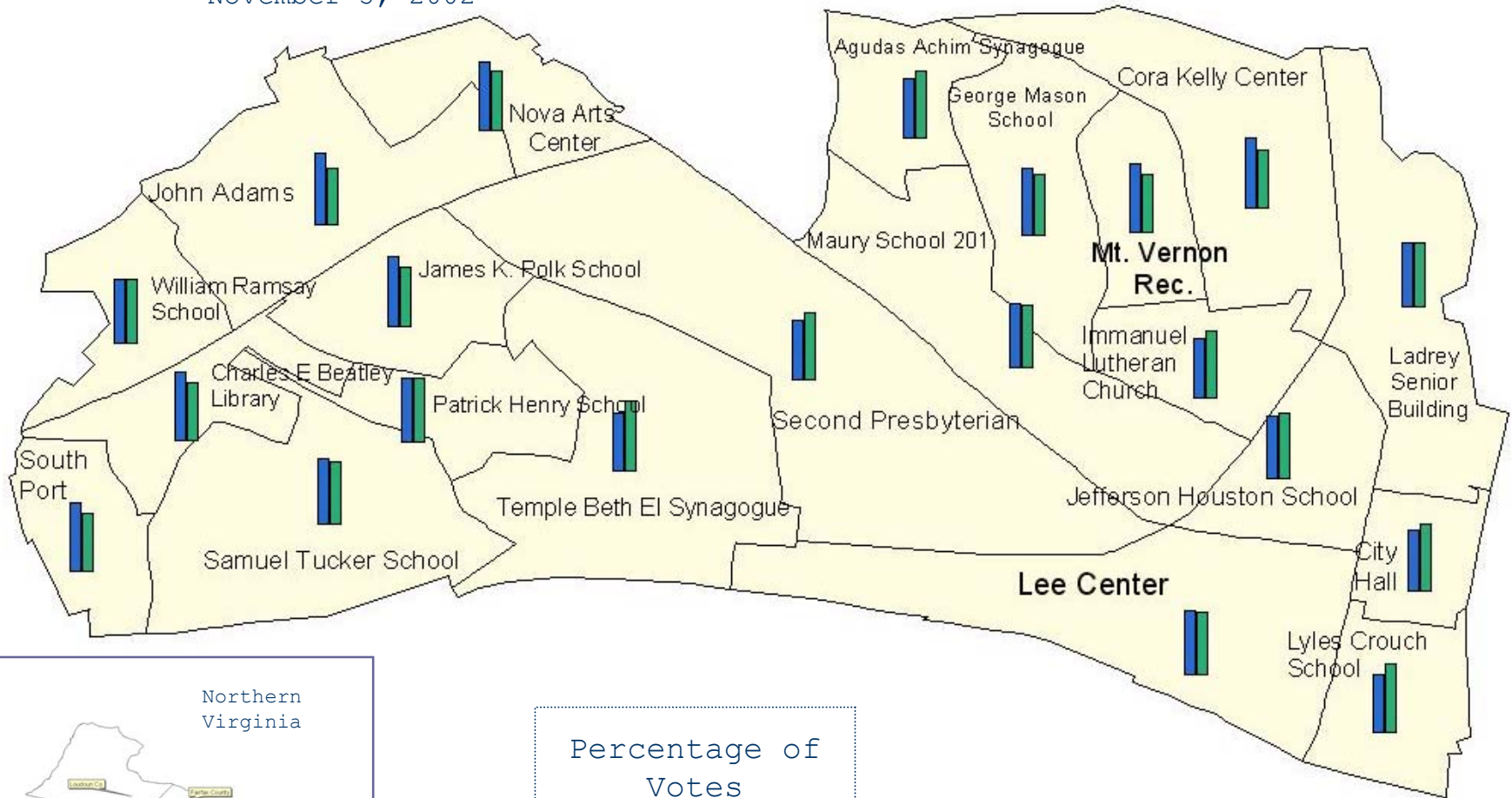


Figure 3

Sales Tax Referendum

Alexandria

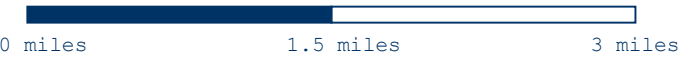
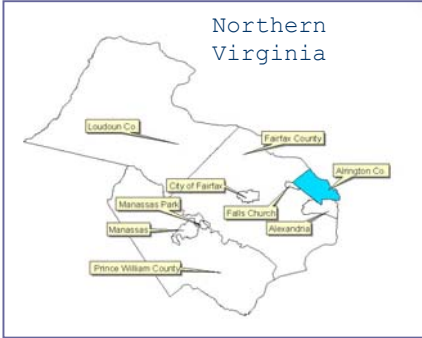
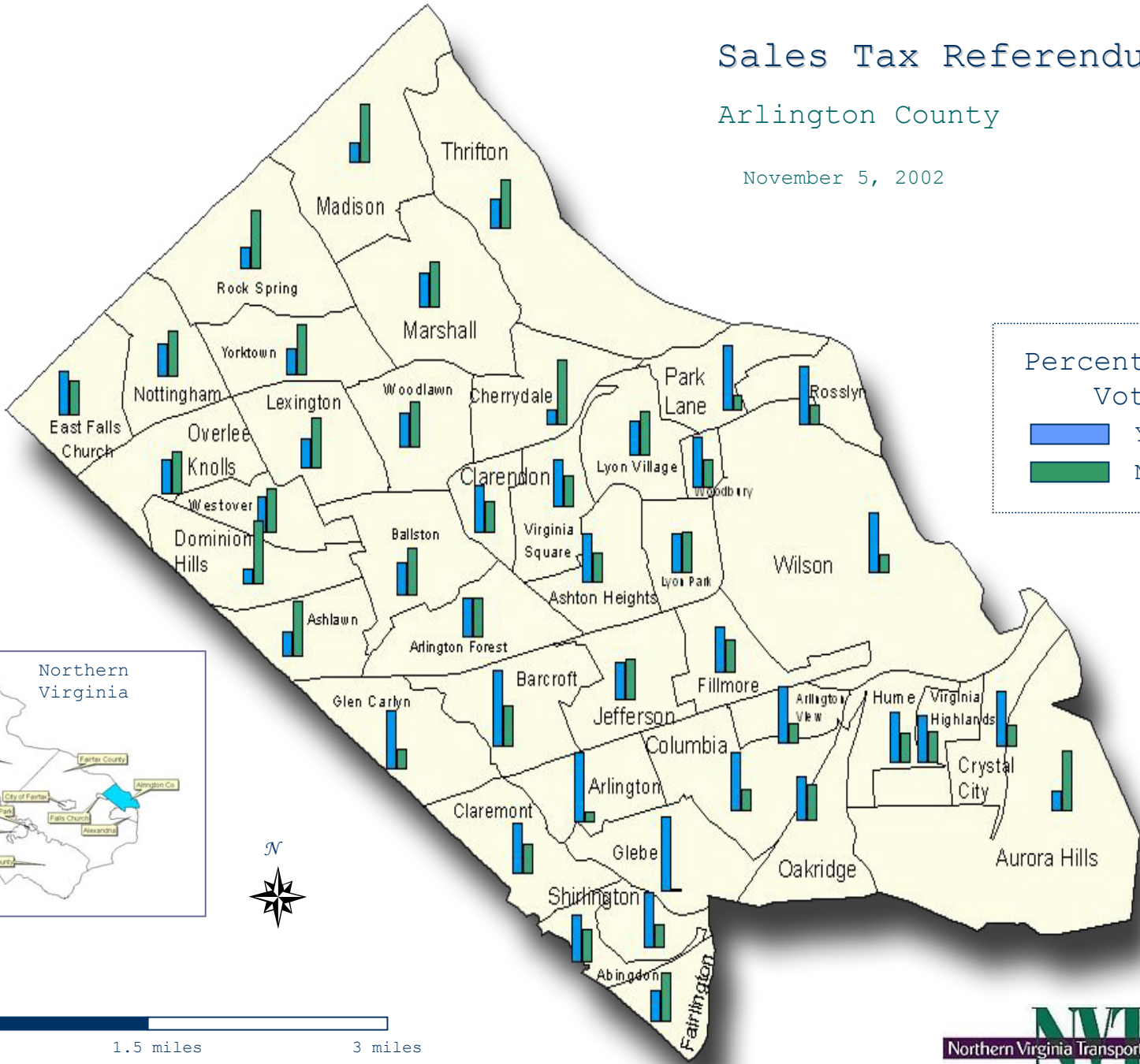
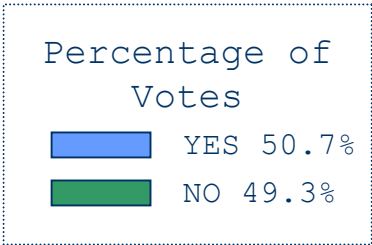
November 5, 2002



Sales Tax Referendum

Arlington County

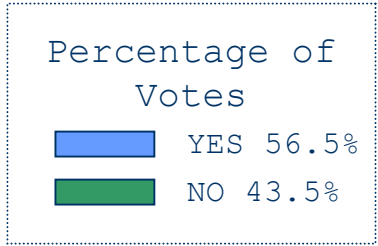
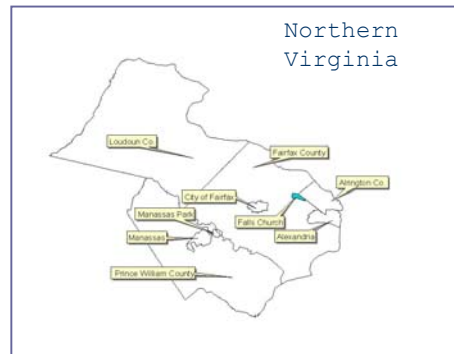
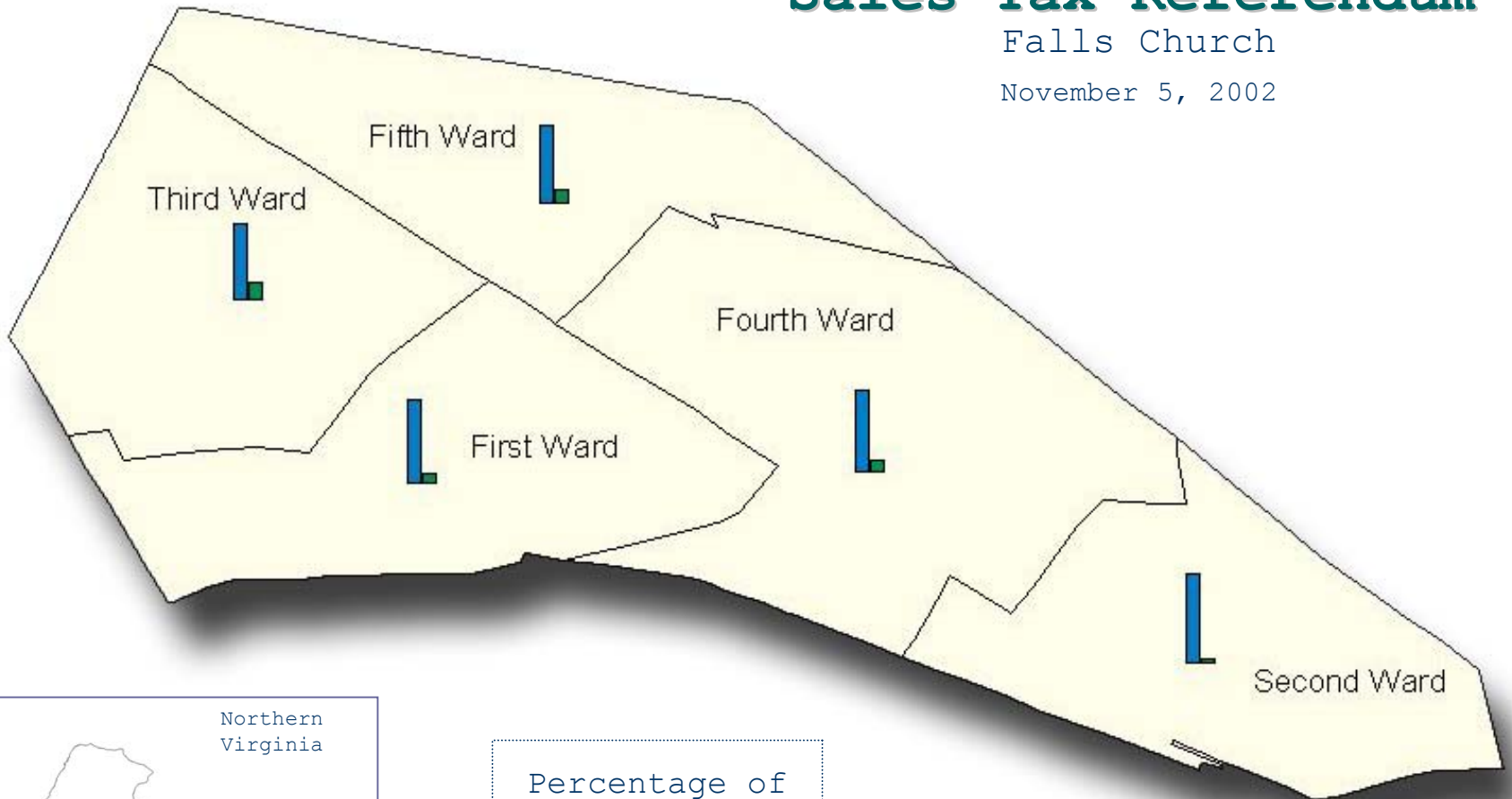
November 5, 2002



Sales Tax Referendum

Falls Church

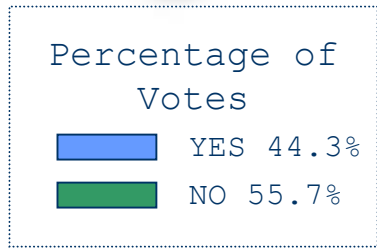
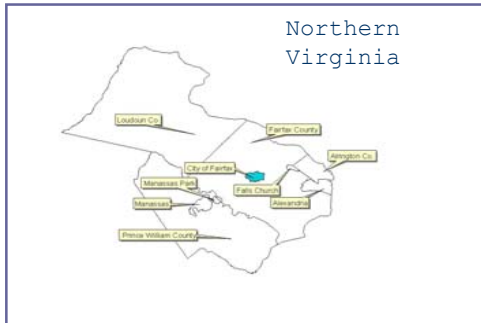
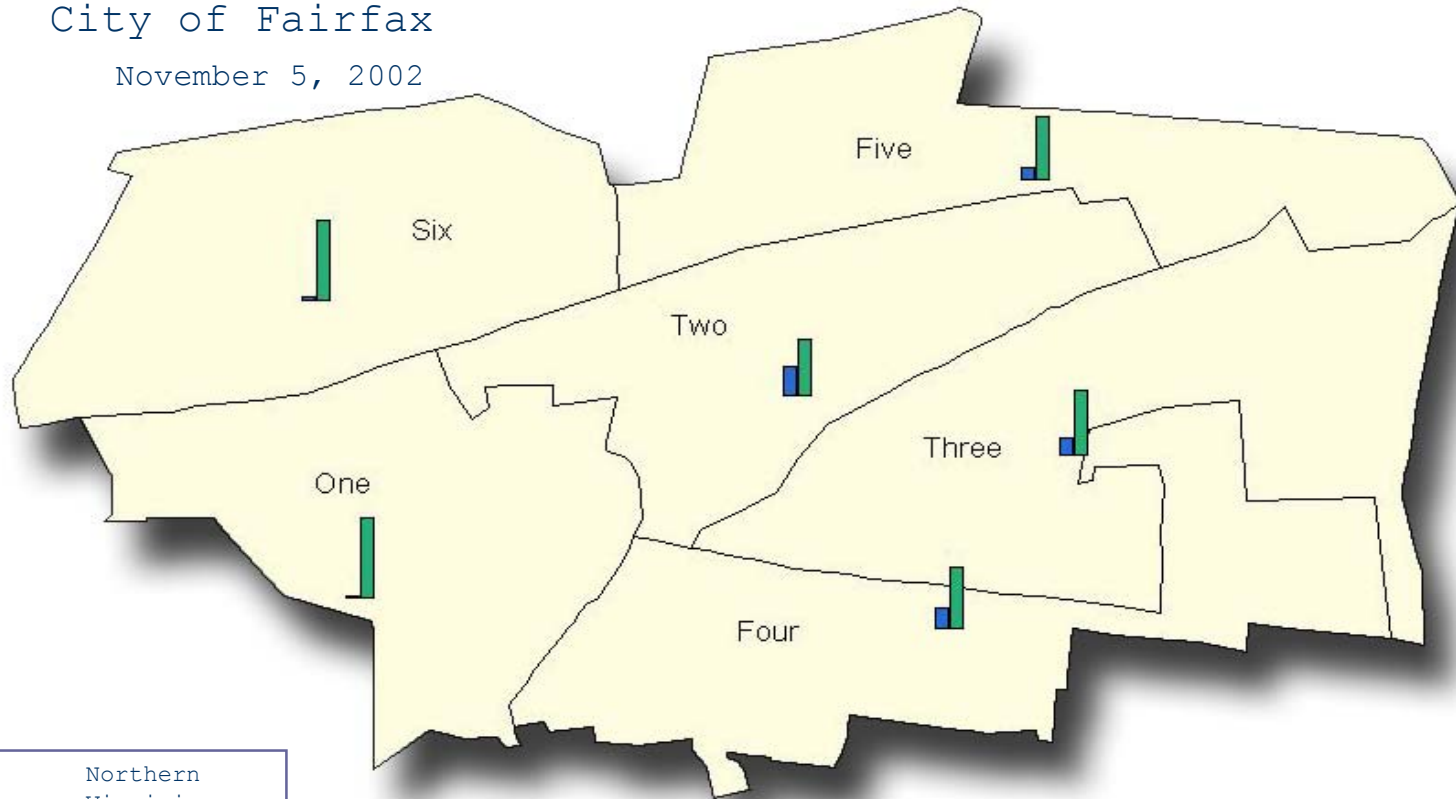
November 5, 2002



Sales Tax Referendum

City of Fairfax

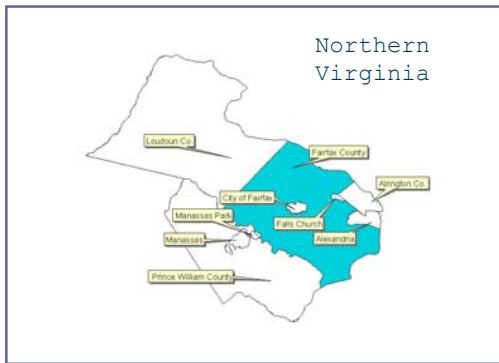
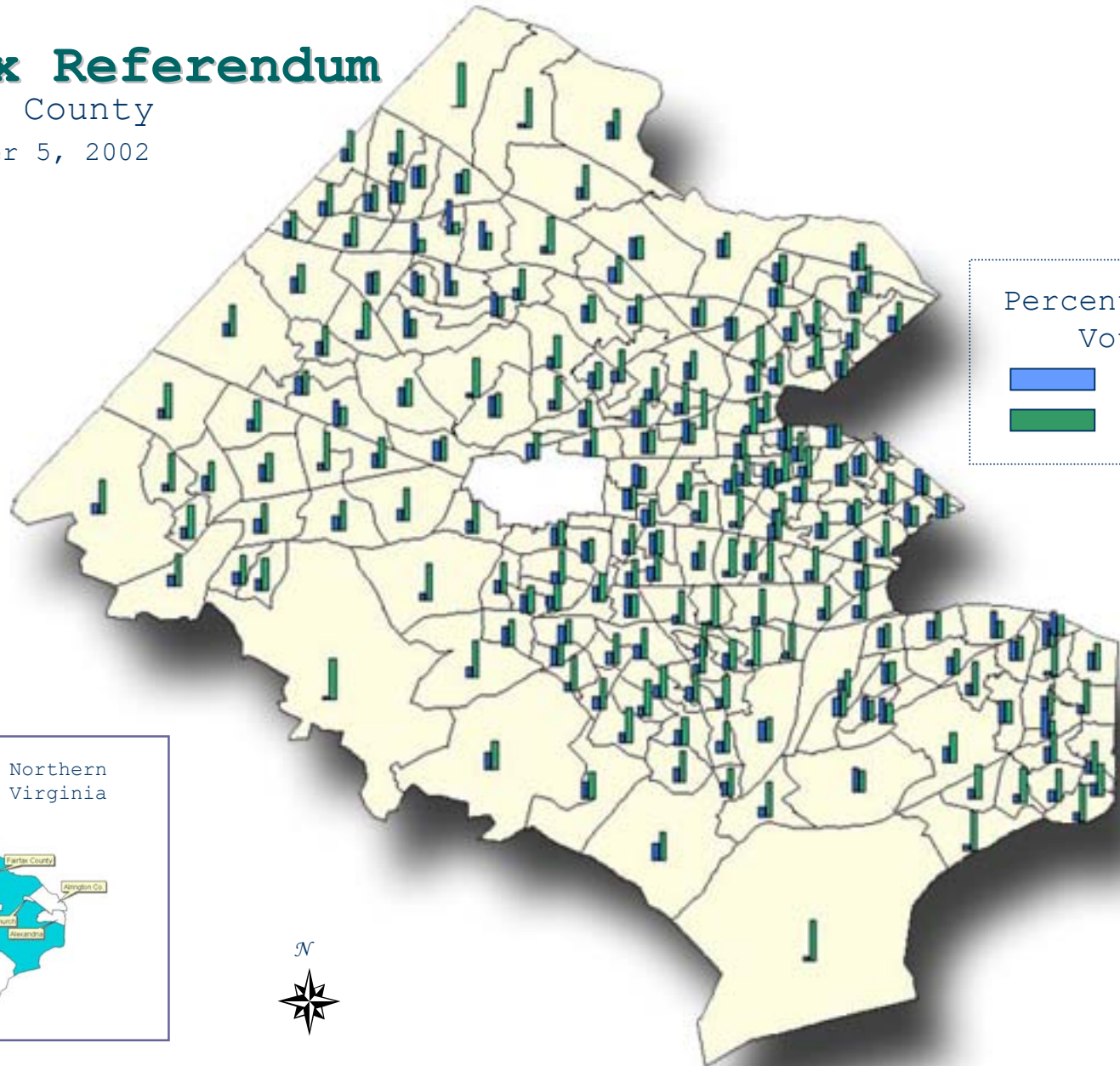
November 5, 2002



Sales Tax Referendum

Fairfax County

November 5, 2002



Sales Tax Referendum

Fairfax County Supervisory Districts

November 5, 2002

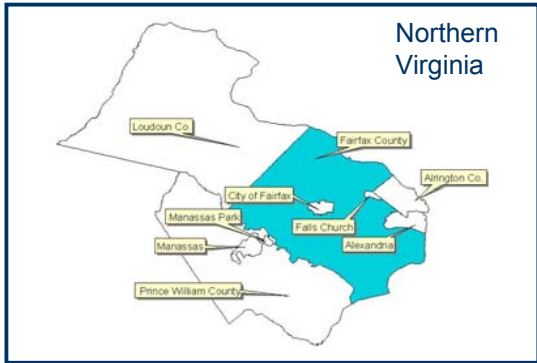
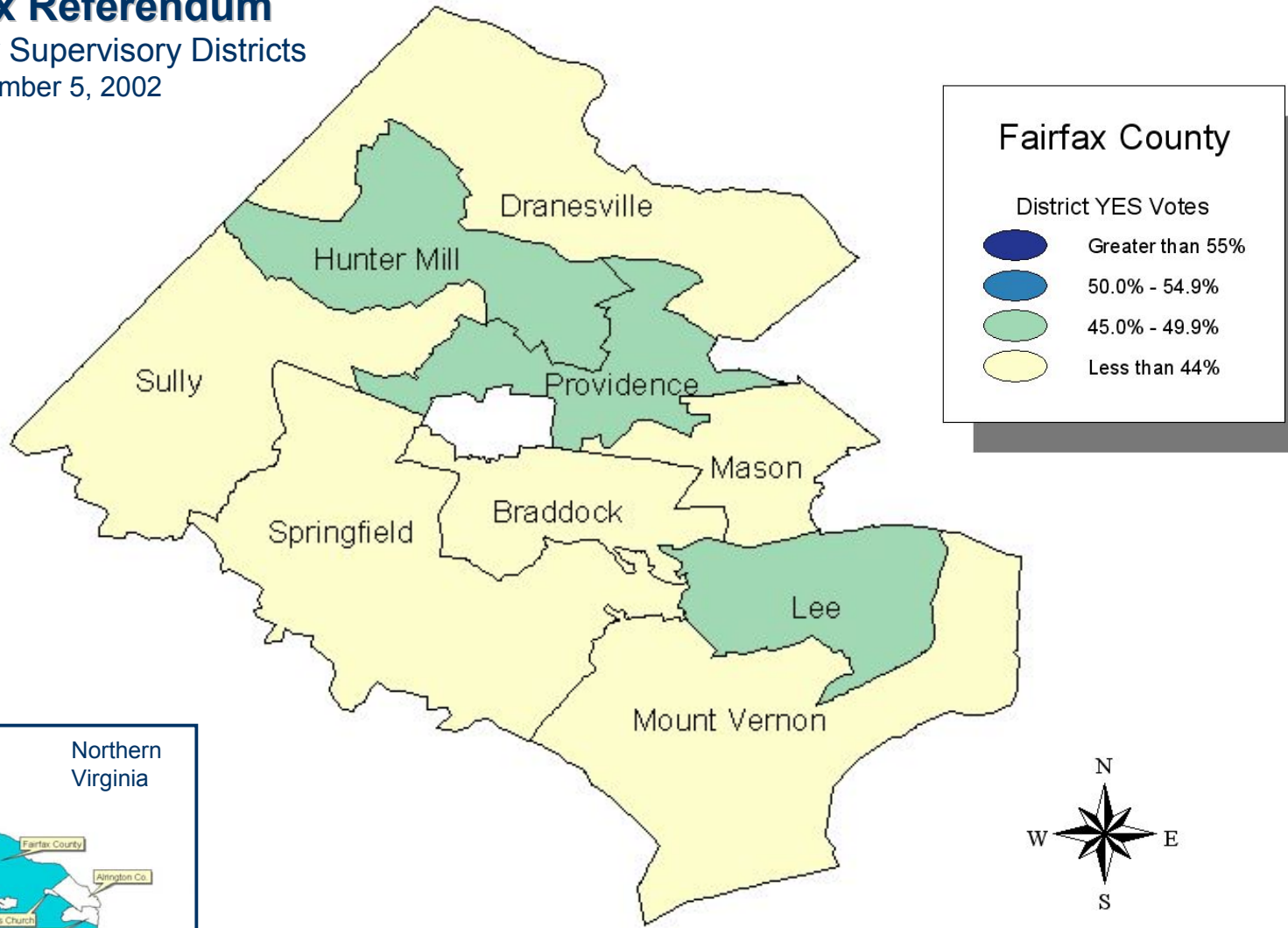


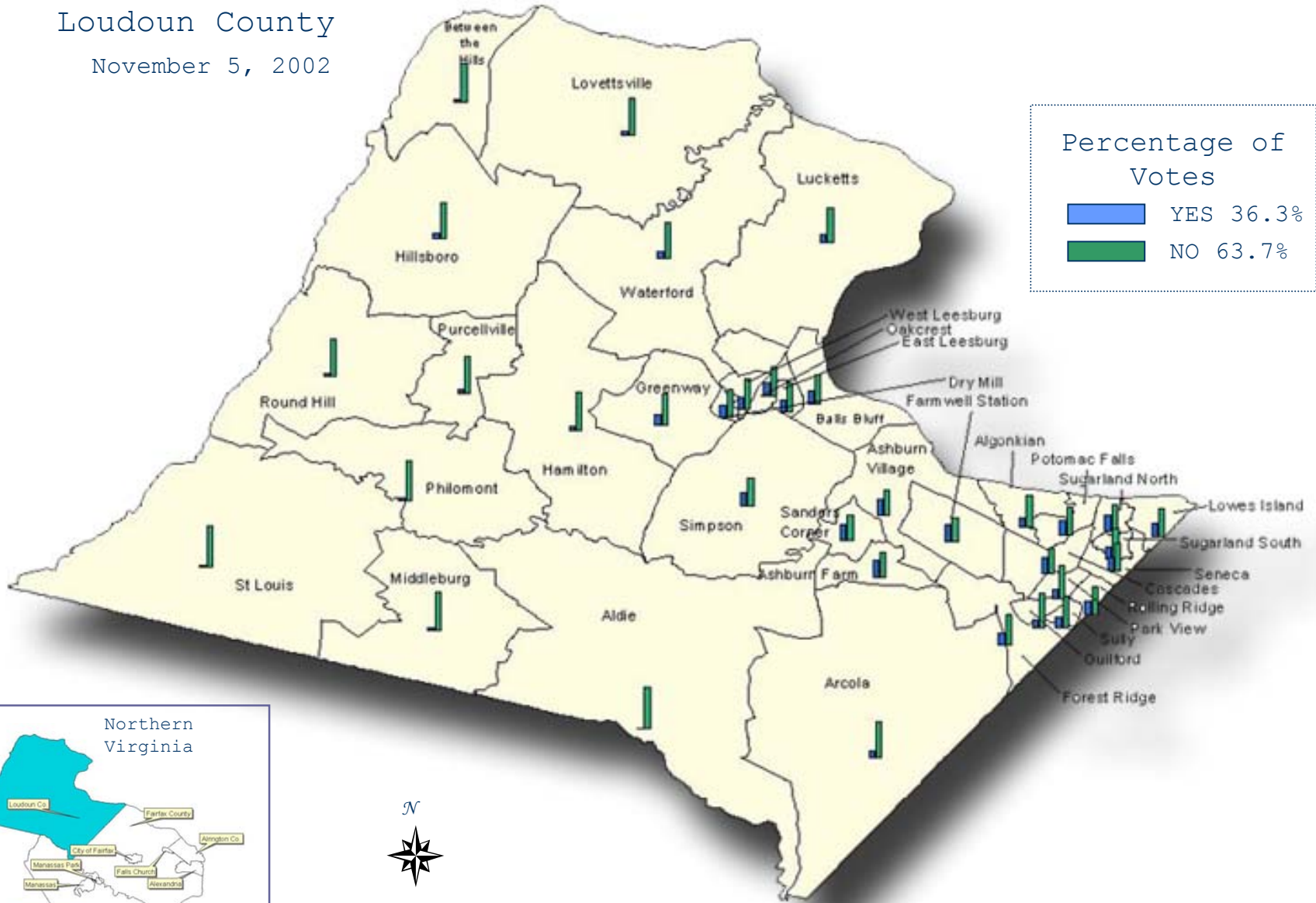
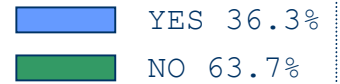
Figure 4

Sales Tax Referendum

Loudoun County

November 5, 2002

Percentage of
Votes



35 Reasons For Defeat:

Tactics

- 1) General Assembly should have acted to levy the tax. Since the public has less understanding of the complexities and resents being asked, its first impulse is to say “no”.**
- 2) Most referendums fail the first time. Nine of 11 from 1987-1997 that ultimately passed had failed at least once.**
- 3) Too broad a geographic region. It did much better inside the beltway.**

35 Reasons For Defeat:

- 4) Poor timing of the election (more or less voter turnout if paired with another election cycle).**
- 5) Lack of skill in selling the referendum to the public (needed clear message).**
- 6) Not enough time to educate the public about transportation needs and delay in starting the campaign.**

35 Reasons For Defeat:

- 7) “Distorted” facts unanswered. For example, was the tax a half-cent or an 11 percent increase? Would a new western bypass be funded by NVT A?**
- 8) Distrust of a new, unknown entity (NVT A) that would set priorities for the funds not earmarked for specific projects. While the referendum failed, local bond issues for roads and transit continue to pass (e.g. Prince William County in November, 2002), suggesting more voter trust of their own local governments.**

35 Reasons For Defeat:

Distrust of Governments

- 9) Distrust of new NVTAs.**
- 10) Fear of diverting funds geographically (e.g. to Fairfax County) or modally (e.g. to highways).**
- 11) Distrust of VDOT.**
- 12) Fear of diversion of existing funds to the rest of the commonwealth.**

35 Reasons for Defeat:

- 12) Concern that local jurisdictions would disrupt regional priorities.**
- 13) Concern about the “trust us” approach for the \$2.2 billion of revenues not dedicated to listed projects.**
- 14) Lack of respect for endorsements of most elected officials and many interest groups while being tempted by promises of some elected officials that state funds were readily available.**
- 15) Need for a short sunset on any new tax.**

35 Reasons for Defeat:

Other Priorities Are Important

- 16) **Education, public safety, etc. all deserve attention. Transportation shouldn't be singled out.**
- 17) **A combined transportation/education referendum with local flexibility is needed.**

35 Reasons for Defeat:

It Shouldn't Be a Local Responsibility

- 18) **Northern Virginia already pays more than its fair share (e.g. four times as much in local funding for transit as any other area in the commonwealth).**
- 19) **This is a state responsibility. Either raise statewide revenues or change the formulas to benefit Northern Virginia.**
- 20) **Regional traffic congestion is caused also by Maryland and D.C. commuters. They need to be part of the solution along with the federal government.**
- 21) **State Transportation Trust Fund money has been diverted in the past. Pay it back before raising taxes for transportation.**

35 Reasons for Defeat:

Issues with Taxes

- 22) **No new taxes are needed since government is too big and fast growing. Existing revenues could be reallocated.**
- 23) **Bonding hurts future generations. Virginia has a traditional fiscally conservative pay-as-you-go approach.**
- 24) **The proposed tax increase is too large and not affordable.**
- 25) **The proposed sales tax is regressive and lower income persons don't benefit proportionally. Use a different tax (e.g. gasoline) or fees (e.g. tolls).**

35 Reasons for Defeat:

We Need More Smart Growth

- 26) **Lacks specific emphasis on smart growth so that spending will only create more sprawl.**
- 27) **Too many highway and HOV projects.**
- 28) **A half-cent sales tax is a drop in the bucket for the region's total needs. Don't settle for a half loaf since congestion will get worse anyway.**
- 29) **Traffic congestion can't ever be cured so don't raise taxes but do apply tolls and fees.**
- 30) **Large developers will benefit most and contributed too heavily to push the referendum.**

35 Reasons For Defeat:

- 31) The needs are not urgent. Wait and see what happens.**
- 32) Failure to show specifically what positive results will come from building the projects using objective performance measures.**
- 33) NIMBY reactions to one or more projects on the list.**
- 34) Projects costs overestimated and other revenues underestimated generates too large a discretionary fund for NVTAs and others.**
- 35) No net improvement in air quality.**

2003 Virginia Voter Survey:

- **Smart growth agenda is popular in Northern Virginia according to Virginia League of Conservation Voters:**
 - Building more roads won't solve congestion and the real solution to congestion is stopping sprawl, better planning and managed growth(74%);
 - Support adequate public facilities ordinances (76%);
 - Support impact fees on new development (83%);
 - Want state support to help local governments adopt smart growth (82%);
 - Most important issue is sprawl/traffic/environment (68%);
 - Quality of life will deteriorate over next five years with current growth and land use policies (65%).

2003 House of Delegates District 53 Survey:

- **Give more authority to local governments to tie growth to adequacy of transportation and schools (81%);**
- **Growth/development too fast (71%);**
- **If taxes had to be raised to meet school, transportation and health care needs, use:**
 - Sales tax (39%)
 - Income tax (21%)
 - Gas tax of 20-30 cents per gallon (17%)
- **Projects Favored:**
 - Rail to Tysons (88%)
 - Rail to Dulles (87%)
 - Rail to Centreville (85%)

Prince William County Citizen Satisfaction Surveys:

- Annual polls since 1993.
- 90% + satisfaction with overall county services.
- Sharply declining satisfaction with:
 - Growth (48.7% as of 2004)
 - Planning/land use (49.8%)
 - Getting around the county (45.7%)

Braddock District Workshops:

- 2003 community dialogue on transportation and land use.
- Several recommendations for funding:
 - Annual status reports
 - Firewalls to prevent diversion
 - Air quality as criterion.
- Recommendations for legislation:
 - Developers to “front end” supporting infrastructure
 - “Up plan” incentives around Metrorail and “down plan” elsewhere
 - Prevent raids on TTF
- Recommendations for land use:
 - Spider web transit system
 - Neighborhood shuttles and bike trails
 - Protect watersheds and purchase land contiguous to parks
 - Let local governments control referendum trust funds while NVTa prioritizes projects.

Lessons From Other Referendums:

- **Several published sources review successes and failures around the United States for the past several years.**
- **APTA's Center for Transportation Excellence conducts periodic workshops (next in April, 2005) and lists lessons, including:**
 - Go to voters more than once if necessary**
 - External factors (e.g. economy) are often influential**
 - Grass roots support with professional management works best**
 - List specific projects**
 - Focus on immediate gains**
 - Keep the issues simple**
 - Find local champions**
 - Achieve regional balance**
 - Show accountability**
 - Demonstrate adequate funding**

Lessons From Other Referendums:

- **The Surface Transportation Policy Project recommends:**
 - Broad public involvement in developing the initial ballot measure;**
 - Specific projects with earmarked funding;**
 - Favor gas taxes (indexed for inflation);**
 - Include coordinated land use planning and growth management with incentives;**
 - Prefer regional administration versus state;**
 - Match those who benefit with those who pay.**

Smart Growth Features:

- **Identify target reductions in overall VMT and per capita VMT;**
- **Link revenues with achieving land use targets at state and local levels;**
- **Use effective models (such as Arlington) to link street redesign with transit investment;**
- **Measure success in achieving targets for VMT reduction; transit, pedestrian, bicycle and carpool mode share increase; reduced air pollution; and reduced land consumption;**
- **Develop and apply statewide model of potential sprawl in each county and test alternative land use/transportation scenarios;**

Smart Growth Features:

- **Don't rely on flawed existing plans for project selection (e.g. TPB's CLRP, NVRTA's 2020 Plan);**
- **CTB should pass through more federal funds for local allocation;**
- **Avoid "poison pills" such as an outer beltway;**
- **Fix Virginia's PPTA to include more public input and curbs on sprawl;**
- **Bring the smart growth community to the table early to plan the referendum.**

Draft NVTC Staff Recommendations for Discussion:

- **First try other funding alternatives.**
- **Then 21 recommendations listed by category:**
 - Gather information and plan**
 - Build public trust in NVT**
 - Develop a consensus project list and revenue source**
 - Test additional referendum features with the public**
 - Conduct NVT campaign**
 - Pursue General Assembly strategy**
 - Encourage CTB actions**
 - Undertake local government actions**

Gather Information and Plan:

1) DRPT/VDOT should provide funding (\$10 to \$20,000) for MWCOG to update consultant research on the yields of various regional taxes in Northern Virginia. Alternatively, the new Blue Ribbon Panel on Metro Funding should arrange for these estimates for the entire region.

2) NVRTA should commission public opinion research regarding new sources of regional funding for transportation, and priorities for transportation projects and policies. Several bare bones surveys could be accomplished at \$6,000 each for 300 five-minute telephone interviews with cross tabs.

Gather Information and Plan:

3) After exhausting other funding alternatives, NVT A should consider strategies and timetables for obtaining approval from the General Assembly for a referendum to be held in November, 2006, and work in cooperation with the Blue Ribbon Panel on Metro Funding. Decide whether NVT A can be successful in overcoming voter concerns or whether more direct involvement of local governments is needed.

4) The initial prototypes of the referendum could consist of two principal alternatives for discussion:

A.Large Region/Multimodal Project List

B.Small Region/Transit Only

Presumably results of public discussion of projects and revenue sources plus polling would help to identify the better choice.

Build Public Trust in NVTA:

5) While NVTA was created primarily to boost regional transportation solutions and overcome what some called local parochialism that stalled implementation of major new projects, much of the public apparently distrusts regional institutions. NVTA should begin publishing an annual transportation performance report card using objective measures and should publicize its own policies for setting priorities based on performance criteria.

6) NVTA should clarify for the public that VDOT will not be making the project selection and will only be involved in design/construction/project management if NVTA selects them using published criteria in competition with the private sector.

Develop a Consensus Project List and Revenue

Source:

7) NVTa should use the ongoing update of its regional transportation plan to 2030 and VTRANS 2025 to educate and involve the public extensively in determining a prioritized project list for the referendum with the input of all interested parties. This public involvement process should determine the type of project list most likely to succeed with voters (i.e. transit versus highways, specific versus general descriptions, one fixed list or multiple voter options). For example, if many voters fear that public funds spent on new highways is wasteful, NVTa could pledge to develop funding agreements for any such projects that maximize tolls, fees and value capture and utilize selection criteria such as air quality improvement and sprawl avoidance.

Develop a Consensus Project List and Revenue

Source:

- 8) In developing the project list with the general public and all interested groups, NVT A should calculate and publicize the specific benefits of alternatives (air quality, mobility, economic, reduced VMT, enhanced transit mode share, pedestrian/bicycle access) so the final recommended list can be evaluated objectively and paired with appropriate revenue sources. Present value analysis of bonding versus pay as you go financing should also be provided.
- 9) All proposals should include substantial smart growth components, including at a minimum such features as transit-oriented development, congestion pricing and tax-increment/value capture financing, as well as assistance for maintenance and operations and local streets. Calculated benefits should include reduction of sprawl and air pollution. Just as federal authorizing legislation now combines transportation and air quality (ISTEA and TEA-21), the referendum could include funding for green spaces together with transportation projects.

Test Additional Referendum Features

With the Public:

- 10) NVTA should consider a referendum that would provide base revenues for individual jurisdictions adopting the referendum (say a quarter cent of a half-cent regional sales tax.)**
- 11) NVTA should consider some tax relief in the referendum (shifting to a new regional sales tax and away from local property tax) using value capture to make up the difference (say allowing an eighth cent of the sales tax to replace property taxes after the first five years as smart growth benefits appear).**
- 12) NVTA should consider corridor combinations of projects in the referendum to emphasize connections and reduced sprawl in order to minimize NIMBY reactions.**
- 13) Agreements for funding signed by local governments (as WMATA now does) using the new revenues could be mandated. These corridor trusts for funding may reduce public fear of diverted revenues away from the list and the region. Further, local governments could be designated to receive the funds and hold them in trust until billed by NVTA for the projects. NVTA might even consider an independent financial review board for further oversight.**

Conduct NVTA Campaign:

- 14) When NVTA has determined the project list and revenue source for the referendum, it should activate a well-financed campaign, presumably headed by its own executive director, to win public support for General Assembly authorization of the referendum and eventual passage by the public of the referendum question. Transit riders would be a valuable ally in this effort.**
- 15) The referendum campaign should look for public “hot buttons” such as possible links to elderly/disabled transportation, security, neighborhood connections and reduced sprawl. The issues have to be simplified and conveyed in images (e.g. cars off the road, share a lap on crowded railcars).**

Pursue General Assembly Strategy:

- 16) **Consult with General Assembly leaders and the Governor about the need for a regional referendum versus statewide or regional tax increases (or earmarking growth of revenue from existing sources) enacted directly by the General Assembly. A two percent gas tax increase in Northern Virginia would be roughly equivalent to a quarter-cent regional sales tax. If it is determined a regional referendum is needed, NVTa should seek initial 2005 General Assembly authorization for the November, 2006 referendum and return in January, 2006 for authorization of the project list, tax type, tax amount and ballot language.**
- 17) **If the General Assembly fails to act in 2005, local governments should consider local advisory referendums prior to the 2006 session.**
- 18) **Also, NVTa should urge the General Assembly to adopt legislation to make the existing TTF a true trust fund to assuage fears of diversion of state funds away from transportation and this region.**
- 19) **NVTa should encourage the General Assembly to enact legislation that will support smart growth (e.g. adequate public facilities ordinances), and provide incentives for environmentally friendly transportation choices (e.g. employer tax credits for transit commuter benefits).**

Encourage CTB actions:

20) The Commonwealth Transportation Board should adopt an explicit policy to support General Assembly action to guarantee that state funds will not be diverted from Northern Virginia if the region increases its level of funding. In implementing the Multimodal Investment Network concepts in VTRANS 2025, CTB should consider the results of the investments on sprawl, air quality and other performance measures such as those to be used by NVT A in evaluating its project list. CTB should also agree to use discretionary funding wherever possible to provide allocations to local governments seeking to fund public transit and local street improvements for enhanced connections to combat sprawl.

Undertake Local Government Actions:

- 21) NVTAs and local governments should adopt resolutions pledging to adhere to the published project lists and to use the new funds to the maximum possible extent to promote improved multimodal connections and reduce sprawl. The referendum legislation could require, as a last resort if polling indicates the need, that future project lists be approved by local governments as well as NVTAs, or even be subjected to another voter referendum (say in 20 to 35 years).**

Suggested Next Steps:

- **Discuss the report at the November 4, 2004 joint NVTC meeting with PRTC.**
- **Share the report with other agencies and interest groups for comment (NVTA, Coalition for Smarter Growth, AAA, Greater Washington Board of Trade, etc.)**
- **Offer assistance to the new Blue Ribbon Panel on Metro Matters.**
- **Use the report to develop NVTC's 2005 legislative agenda.**