

Northern Virginia Transportation Commission: 2018 Legislative and Policy Agenda



Northern Virginia's economic growth and global competitiveness are directly tied to the region's transit network. Transit links businesses to employees, customers, suppliers and investors and residents to jobs, school, shopping and entertainment. With nearly 60 percent of jobs within a quarter-mile of a rail station or bus stop, Northern Virginia is among the nation's most transit-accessible areas. For the past five decades, the Northern Virginia Transportation Commission (NVTC) has promoted an efficient, high-quality and innovative transit network to fuel the economy and sustain the region's quality of life.

High-quality transit not only brings economic benefits to Northern Virginia but to the entire Commonwealth. The high-capacity service offered by the Washington Metropolitan Area Transit Authority's (WMATA) Metrorail and the Virginia Railway Express (VRE) provides more than \$600 million per year to the Commonwealth of Virginia in sales and income tax revenues¹. This reflects a more than 250 percent return on investment to the Commonwealth for its support of these transit systems.

\$600 M
in revenues to Virginia

35.5M
Hours of
congestion saved

Each work day, 550,000 Northern Virginians commute via transit, saving the region 35.5 million hours of congestion-related traffic delays annually. VRE riders, nearly 19,000 daily, take the equivalent of two lanes of traffic – one each on I-66 and I-95 – off the highways during rush hour. With six bus systems extending from Loudoun County to the City of Alexandria and commuter- and fixed-rail systems, Northern Virginia continues to explore ways to better connect businesses, residents and visitors.

NVTC supports legislation and policies that will:

- ✓ Maintain and expand opportunities for dedicated, sustainable funding for transit capital and operations;
- ✓ Ensure a level playing field for investment in transit state of good repair and expansion when compared to other surface transportation modes;
- ✓ Promote and strengthen regional cooperation and accountability;
- ✓ Maximize use of existing assets to enhance transit performance and safety; and
- ✓ Foster innovation and technological integration to improve transit operations and expand service.

Transit Systems that Serve NVTC's Communities



¹ NVTC, The Value of Metrorail and the Virginia Railway Express to the Commonwealth of Virginia, September 2017

Maintain and Expand Opportunities for Dedicated, Sustainable Transit Funding

NVTC's top legislative and policy priority is identifying stable, secure and dedicated sources of funding for regional transit systems including WMATA, VRE, and local and commuter bus service. Maintaining and expanding stable, secure and dedicated revenue sources for operations and capital is essential to system safety and the region's ability to reduce traffic congestion. This includes a focus on the following items:

1. Identify and Secure Dedicated Funding for WMATA

WMATA's transit service is the backbone of the Washington, DC region's transportation network. Metrorail and Metrobus provide more than 131 million trips in and from Virginia each year. Businesses locate near Metrorail stations in Virginia; 500,000 jobs in Northern Virginia are within a quarter mile of a Metrorail station or bus stop. New development is active along Metrorail's Silver Line with more than \$18 billion in investment along that corridor.

WMATA's Metrorail represents a \$40 billion asset that generates returns on regional, state and national investment through mobility, traffic congestion relief, improved air quality, and economic development. Now, 40+ years after its first trains went into operation, WMATA's customers are experiencing the effects of an aging system, representing years of deferred maintenance. In April 2017, WMATA's general manager, Paul Wiedefeld, identified a systemwide total of \$25 billion in unfunded capital needs, projecting that WMATA "needs \$15.5 billion over the next 10 years to remain safe and reliable."

In its movement of people and role in our economy, failure to invest in WMATA threatens not only the economic vitality of Northern Virginia but the Commonwealth as a whole.

WMATA is a regional system, supported through a partnership between Virginia, Maryland, the District of Columbia and the federal government. All parties play a role in ensuring WMATA's success. Further, WMATA is one of the only major transit systems in the United States that does not have a dedicated funding source.

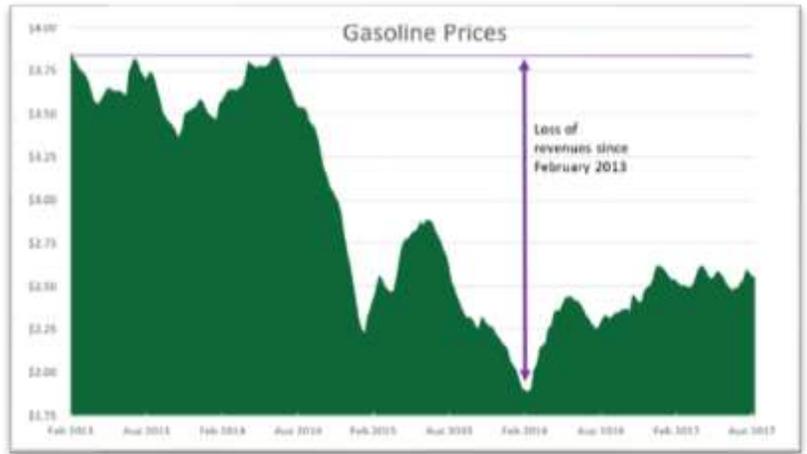
WMATA has one of the highest cost recovery rates in the country. Still, WMATA's general manager has outlined an action plan to control operational costs so that annual increases in jurisdictional contributions are limited to no more than 3 percent per year. This aggressive approach to containing costs while investing in key state of good repair improvements is a positive step toward returning WMATA to a world class transit system.

As the health of the WMATA system is critical to the economic, social and transportation vitality of Northern Virginia, NVTC supports the following legislative and policy actions related to WMATA funding:

- Identify dedicated and sustainable state and regional revenue sources that will allow WMATA to address state of good repair and help accommodate growth in the region;
- Ensure the Commonwealth continues its commitment to support its local jurisdictions' share of WMATA capital and operating costs using funds that provide the most flexibility for financing;
- Continue the Commonwealth's match any federal funding for WMATA, through PRIIA or similar authorization;
- Maintain the current capital allocation formula to ensure Virginia's financial commitments to WMATA are consistent with Virginia's ridership, stations and other factors;
- Empower the WMATA General Manager and Board of Directors to implement operational cost containment and reforms necessary to ensure the efficiency and reliability of the system;
- Develop and expand opportunities for the use of innovative state financing to support WMATA.

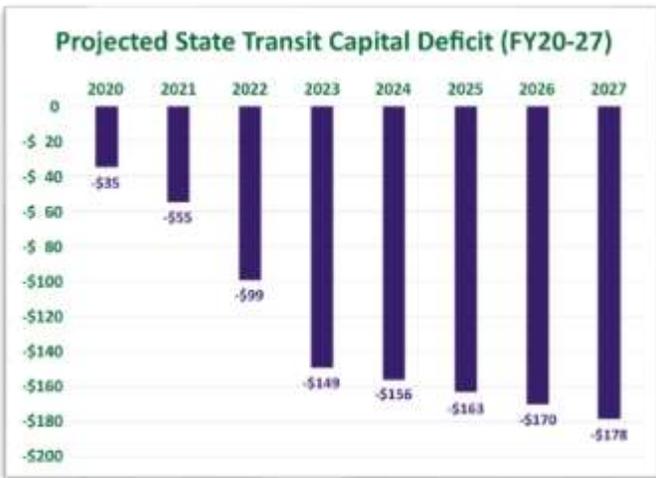
2. Establish Floor on Regional Gas Tax to Match State Gas Tax Floor

NVTC supports enacting the same floor on the 2.1 percent regional gas tax that is currently provided for the statewide gas tax. Such protection is critical for Northern Virginia and Hampton Roads because the reduction in gas prices has directly affected the revenues available for local governments to fund their transportation commitments, including subsidies for WMATA and VRE. The monthly revenues collected via the regional gas tax – the only dedicated source of funding for WMATA in Northern Virginia – are down as much as 40 percent since 2013. During fiscal 2017 alone, NVTC jurisdictions lost \$17 million because the regional gas tax lacks the same protective floor as the statewide tax.



3. Identify Funds to Address Statewide Transit Capital Shortfall

NVTC supports a statewide solution to the pending transit capital shortfall. An urgent and immediate threat to transit systems across the state will hit starting in fiscal year 2019 when the Commonwealth Transportation Board (CTB) allocates the last revenues received from the 2007 Transportation Capital Project Revenue Bonds. These bond proceeds have been a key element in Virginia’s funding for transit capital, representing 40 percent of the available revenue for transit capital investments across the state. The Transit Capital Projects Revenue Advisory Board’s recent report to the General Assembly indicates that the loss of these bond proceeds would lead to an unfunded need of more than \$130 million annually in transit capital funding.



A loss of funding will be disastrous for Northern Virginia transit providers. The reliability and service performance of our transit systems will be greatly affected, as the state match for vehicle replacement will be drop from 68 percent to less than 30 percent. A reduction in state funds will force transit to compete with local core services. Further, the loss of these funds will eliminate the Commonwealth’s ability to match federal funding for WMATA under the Passenger Rail Investment and Improvement Act of 2008 (PRIIA). PRIIA funding expires in federal fiscal 2019 and will result in the loss of \$300 million per year in federal and state/local capital funding for WMATA state of good repair projects.

The transit shortfall affects the entire Commonwealth; it is not just a Northern Virginia issue. More than 41 transit agencies across the state rely on these funds to maintain safe and reliable transit operations. In areas with limited local resources, a loss of more than 20 percent in state transit capital funding will be devastating. Finding a long-term, sustainable funding solution for the Commonwealth’s transportation needs is imperative if we are to avoid the collapse of Virginia’s transit capital program and, with it, transit operations.

4. Secure Dedicated Funding for VRE

As VRE executes its 2040 System Plan, it has developed an accompanying Financial Plan that identifies capital and operating needs of \$45 million annually, on average, to sustain the railroad’s current service levels. This clear and compelling need was verified by the CTB’s VRE Long Range Service Plan & Financial Analysis Review, completed in late 2016. Without additional resources to cover operating costs, service levels must be cut, leading to a “death spiral” that will force the cessation of VRE service by 2033. NVTC supports VRE’s efforts to seek this funding from the General Assembly to ensure that the commuter railroad remains a safe, reliable and viable option to residents.

Support Opportunities to Reform and Enhance WMATA

Since its inception in 1964, NVTC has served as the venue for Northern Virginia's engagement with WMATA, responsible for administering funds and appointing Northern Virginia representatives to the WMATA Board. Virginia is unique in the WMATA Compact region in that its local governments – the cities of Alexandria, Falls Church, and Fairfax and the counties of Arlington and Fairfax – are the Compact funding partners, with Loudoun County becoming a funding partner as the Silver Line Phase 2 becomes operational in 2020. As such, NVTC – through its appointees to the WMATA Board – directly represents the Northern Virginia jurisdictions that fund WMATA.

NVTC strongly supports continued NVTC representation on the WMATA Board. It recognizes the benefit of a board that both represents the funding jurisdictions and includes elected and non-elected officials with a range of professional backgrounds. NVTC supports full voting authority for all members and a streamlining of the WMATA Board committee structure to reduce bureaucracy. NVTC supports the continued review by WMATA of its Board policies regarding conflicts of interests and fiduciary interests so that it can maintain its principled approach to decision making. It also supports elimination of the jurisdictional veto, as it impedes regional cooperation.

NVTC supports financial and operating improvements that ensure that the capital and operation funding needs of the system are sustainable. In labor negotiations, NVTC supports actions that provide the WMATA General Manager and Board with greater authority to make operational decisions and tools, such as competitive contracting of targeted functions, to improve the system's cost effectiveness without jeopardizing safety. Further, NVTC supports actions that allow WMATA to maintain funding discipline for labor costs through collective bargaining or subsequent arbitration.



Ensure a Level Playing Field for Transit

NVTC supports the Commonwealth's SMART SCALE program and the Northern Virginia Transportation Authority's HB599 processes, where both transit and highway projects can compete for expansion funding on a level playing field for much-needed resources. As the General Assembly looks to address the future allocation of state transit capital funds, NVTC supports the use of these types of performance-based competitions when prioritizing transit expansion projects but cautions against the use of these processes for state of good repair efforts.

Transit state of good repair needs, which can be compared to highway repairs and repaving, should not be treated differently or create a larger administrative burden than is required by the highway program. Transit state of good repair needs, estimated by the Virginia Department of Rail and Public Transportation to be between 80 and 90 percent of the state transit capital funding program, are needed to replace aging buses and facilities, perform vehicle overhauls, and repair facilities and systems. For Virginia Department of Transportation (VDOT) programs, these types of projects are primarily funded through an allocation model to district offices where requests are prioritized based upon need. NVTC supports a level playing field for transit state of good repair funding that provides predictability and reflects agency priorities while not requiring additional administrative burdens.

Foster Innovation and Technology to Improve Transit Operations and Service

NVTC will continue to support innovative technological opportunities for transportation including:

- Leveraging toll revenues to support investments in multimodal transportation improvements;
- Funding and deploying Transportation Demand Management (TDM) and Intelligent Transportation Systems (ITS);
- Acquiring a regional electronic fare payment system that decreases costs and allows riders to move seamlessly from VRE to Metro to local bus systems;
- Expanding telecommuting, ridesharing and transit ridership during peak and off-peak times through innovative incentives.

Facilitating efficient surface transportation, including public transportation, has long been recognized as a federal responsibility and is critical to U.S. global economic competitiveness. According to the American Public Transportation Association, 87 percent of the 35 million public transportation trips taken each day directly impacts the U.S. economy because Americans ride public transit to work or spend money at retail businesses and entertainment venues. In Northern Virginia, federal funding for public transportation supports capital investments in WMATA and VRE, as do allocations made by the Commonwealth and local jurisdictions. Also, the tax benefits provided to large employers – most notably the federal government – play a key role in supporting commuters who utilize transit, which benefits all the transit providers in our region.

Reauthorize Dedicated Federal Funding for WMATA

NVTC strongly supports continued dedicated federal funding for WMATA to support critical safety and state of good repair projects to match or exceed the current 10-year commitment under PRIIA. WMATA is critical to the federal government. More than half of Metrorail stations serve federal facilities and approximately 40 percent of morning peak-period customers in Virginia are federal employees. Further, WMATA enables special events in the Washington metropolitan region, such as festivals, sporting events, and inaugurations. Metrorail also allows for the evacuation of more than 120,000 people per hour during an emergency.

In 2008, Congress authorized a total of \$1.5 billion over 10 years to WMATA under PRIIA, leveraged by an equal match of funds from Virginia, Maryland and the District of Columbia. These funds have been critical in supporting the major maintenance and capital rehabilitation activities that were necessary to restore the safety and reliability of the aging transit system.

WMATA is critical to moving our federal workforce. More than half of Metrorail stations serve federal offices and approximately 40 percent of Virginia’s Metro commuters are federal employees.

As a forum for the Northern Virginia funding jurisdictions of WMATA, NVTC is invested in its future. As such, NVTC has taken several actions demonstrating its commitment to WMATA reform. In June 2017, NVTC issued a resolution supporting financial and operating improvements that ensure that the capital and operation funding needs of the system are sustainable. In September 2017, NVTC issued a resolution identifying a series of governance and operational reforms aimed at addressing concerns of board membership, reducing bureaucracy, addressing conflicts of interests, strengthening labor negotiations and maximizing regional cooperation.



Continue Commitment to Commuter Tax Benefits

Nearly 90 percent of VRE passengers and 65 percent of Metro’s Virginia riders rely on the commuter tax benefit, a tax relief program that was restored in 2015 and serves employees of federal agencies and private sector companies across the country. NVTC supports continuation of transit commuter benefits, providing key incentives for commuters to use transit and vanpools, that are on par with the tax incentive provided for parking. This tax benefit makes transit service more attractive to commuters who currently drive alone. Further, NVTC encourages programs that support the use of carpools, vanpools, rideshare, bike share, and transportation demand management (TDM) as effective tools to eliminate traffic congestion.

Ensure Labor Arbitration Commitments Reflect Budget Realities

To aid in controlling costs at WMATA, NVTC supports passage of federal legislation that would strengthen the requirement that transit labor arbitration awards be consistent with the financial conditions of the negotiating transit agency. Currently, the National Capital Area Interest Arbitration Standards Act (Wolf Act) permits but does not mandate arbitration awards based upon financial condition. Strengthening this language would allow management to keep labor costs in alignment with the financial condition of the transit agency and its funding jurisdictions.

Fully Fund Federal Surface Transportation Programs

The Fixing America's Surface Transportation (FAST) Act of 2015 provides \$61.1 billion over five fiscal years for programs administered by the Federal Transit Administration (FTA). The law, which authorized \$11.8 billion for public transit programs in fiscal 2016, increases the total authorization to \$12.6 billion in fiscal 2020, which is 17.7 percent over the fiscal 2015 level. It continues funding programs that are used by systems in Northern Virginia, including Urbanized Area Formula Grants, grants for the Enhanced Mobility of Seniors & Individuals with Disabilities, Bus and Bus Facilities Grants Program, discretionary grant programs, and State of Good Repair Formula Grants. It also authorizes the Capital Investment Grants program, which supports new major transit expansion activities. The legislation continues the Transportation Infrastructure Finance and Innovation Act (TIFIA) and the Railroad Rehabilitation and Improvement Financing programs, as well as the multimodal Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Program (CMAQ).

Federal transit programs support more than 40 percent of capital funding to U.S. transit agencies.

In Northern Virginia, FTA's formula programs support WMATA, VRE and PRTC. Its competitive capital programs have funded new Metrorail stations, bus maintenance facilities and the Silver Line Phase I extension and are promising resources for new bus rapid transit lines and rail capacity expansions.

In anticipation of the next authorization and during annual appropriations activity, NVTC supports Congressional actions that:

- Identify new and enhanced revenues to increase the level of federal investment in the nation's transportation infrastructure;
- Ensure that funding structures support all modes of public transportation and the use of innovative funding techniques;
- Allow transit labor arbitration awards to reflect the financial conditions of the transit agency;
- Affirm that all interstate highway toll revenues can be used for transit capital and operations;
- Appropriate annual funding for the FTA's Capital Investment Grants program (New Starts, Small Starts, and Core Capacity) consistent with the authorized levels of the FAST Act;
- Provide annual funding for the Transportation Improvements Generating Economic Recovery (TIGER) discretionary grant and the Federal Highway Administration's Infrastructure for Rebuilding America (InFRA) grant programs;
- Simplify the distribution of federal flex funding through programs like STP and CMAQ to provide greater authority to local government and regional agencies to determine how the funding is spent; and
- Streamline environmental reviews when multiple federal agencies are involved so that the environmental impacts of a project can be efficiently identified and addressed.

Enable In-State Collection of Online Retail Sales Tax

NVTC supports passage of legislation, such as the Marketplace Fairness Act of 2015, to allow the Commonwealth of Virginia to collect sales tax on purchases made through online retailers. If Marketplace Fairness is enacted, Virginia Code (HB2313) includes a provision to ensure that the Commonwealth spends a portion of the collected funds on transit projects.