Coalition for Smarter Growth
DC • MD • VA

June 22, 2017

Chairman Marty Williams
Virginia Transit Capital Revenue Advisory Board
Virginia Department of Rail & Public Transportation
600 East Main St., Suite 2102
Richmond, VA 23219

Dear Chairman Williams and members of the RAB:

Thank you for the opportunity to share our recommendations in response to the draft report of the Revenue Advisory Board. What follows is an extended version of the testimony we provided at your meeting on Friday, June 16.

The Coalition for Smarter Growth (CSG) has been working for smart growth, transit, and transit-oriented development for 20 years in the DC region, while also assisting partner groups in many parts of Virginia and working on land use and transportation policy at the state level. In addition to my role as Executive Director of CSG, I serve on the Board of the Partnership for Smarter Growth in Richmond, on the Board of the Virginia Conservation Network and as co-chair of their Land Use and Transportation Workgroup, and advise groups from Hampton Roads to the Shenandoah Valley.

We thank you and the staff for the hard work on the transit revenue crisis and don't want you to miss the opportunity to make an even stronger case for the benefits of transit and the need for significant additional funding.

Benefits of transit:

The following are important points to include:

1. 86% of new office development in the pipeline in the DC region is within ¼ mile of a Metro station[1]
2. 92% of office leases over 20,000 square feet are within ½ mile of a Metro station
3. Office buildings not near Metro are experiencing very high vacancy rates and in one example, two buildings in Chantilly have lost nearly 2/3 of their value
4. Marriott Corporation is moving from an office park to a Metro station, Nestle is leaving California to move its headquarters to Rosslyn Metro, Hilton has moved near to Tysons Metro
5. DC has gained 120,000 new residents in 12 years (averaging 1000 per month) thanks in part to its extensive transit and demand for housing near Metro has pushed up prices in Arlington, Alexandria, Fairfax and Falls Church.
6. Billions of dollars of property have been built near Metro generating significant property tax

[1] Citations available upon request

revenue for localities (see recent Council of Governments report and 2011 WMATA study)

7. The recent Northern Virginia Transportation Commission study conservatively estimates that Metro is responsible for generating economic activity worth $600 million per year in income and sales taxes to the state of Virginia. This is conservative in our view because the congestion without Metro would likely drive even more companies and businesses away, reduce the number of national and international firms willing to locate in Northern Virginia, and reduce local property tax revenues causing Northern Virginia jurisdictions to seek more state support for education and other needs.

   Note that the "1000 transit supported jobs number" included in the report is not convincing and the KPMG study missed opportunities to assess the value of transit in reducing per person congestion costs, lost wages and reduced economic activity, and the associated multiplier effect.

But transit isn't just important for Northern Virginia:

1. The most dynamic regions of the country are investing heavily in transit and attracting companies and the next generation workforce – a workforce that seeks places with strong walkable urban environments, good transit and nearby outdoor recreation
2. 65% of Virginia's population and 65% of our gross state product are located in the "urban crescent" from Hampton Roads to Richmond to Fredericksburg to Northern Virginia, and most of the projected population growth is in this corridor as well. This economic engine cannot function without providing alternatives to driving in traffic and without transit to help support more efficient pattern of land use.
3. Our population is aging and the elderly and disabled who cannot drive need a means to travel to stores, doctor appointments, jobs and volunteer positions.
4. Transportation is the second highest household cost after housing, and the average cost of a car is beyond the reach of many in our workforce. Without effective and reliable transit they cannot get to work and contribute to our economy or work their way up the economic ladder.

Transit helps to shape land use, supporting more compact and efficient patterns of development which reduce overall infrastructure costs for the state and localities. As part of the Urban Development Areas implementation, VDOT commissioned a Transportation Efficient Development study which should be cited in this report. In shaping more efficient patterns of development, transit also helps shift mode share from driving trips to transit, walking and bicycling trips, providing both local and regional scale benefits.

Level of Transit Funding:

Given transit's critical role and the percentage of our population and economy in the urban crescent and other major localities like Charlottesville and Roanoke, transit should be receiving a significantly larger share of our combined state transportation spending. My very quick look at powerpoint presentations to the RAB and CTB over the past year indicates that transit may only be receiving about 14% of the combined state funds and the northern Virginia regional funds. In an urbanizing state with strong population growth and for all of the reason cited above, Virginia should be investing a far larger percentage.

The $130 million per year in capital funds proposed in the draft report is far too low given the state's growing population, growing urban population and the economic and competitive advantages transit offers. For comparison, in the current six-year plan, Route 58 crossing the rural southern part of the Commonwealth will be receiving an average of $100 million per year during a four year stretch, serving a far smaller population than would be served by $130 million transit capital investment. A single interchange in an urban area can now reach $100 million in cost.

The proposed level of capital funding is so low that 80% would have to be allocated to state of good repair and just 20% to expansion. It appears that on the road side of the ledger new construction receives a much higher percentage of the combined HMOF and TTF road capital funds.

During the discussion on Friday, former Delegate Rust expressed a concern that showing in Figure 9 that a .25 cent statewide sales tax would generate $338.1 million, when the RAB is recommending $130 million in additional revenue, would raise eyebrows. However, given the needs and benefits of additional transit investment, we believe the .25 sales tax increment and $338.1 million figures should remain in the report.

The transit needs assessment should also account for the most recent WMATA capital funding need as certified by the Council of Governments and localities in Northern Virginia -- $15.5 billion over 10 years. That figure presumes continuation of PRIIA with $50 million from Virginia and continuation of current capital funding streams with growth at 3 percent per year, leaving a $6.2 billion funding gap.

State of Good Repair and Prioritization:

A prioritization scheme for state of good repair that is different from and in addition to Federal Transit Administration requirements, and is unduly complicated seems unnecessary. Simply put, buses, rail vehicles, tracks, and switches must be in a state of good repair and have regular replacement cycles. We should provide adequate funding for this measurable need and make it happen without layering on a complicated prioritization scheme.

Prioritization for capital expansion projects is appropriate, but to be clear, the Smart Scale standards still place too much emphasis on congestion reduction and too little on land use and environmental issues and the benefits that would come from transit in these areas. We have long argued that a focus on congestion reduction risks wasting taxpayer dollars because of the very real problem of induced travel – that road expansion leads to consumption of the new road supply in as little as five years. In turn, transit either serves a completely different market, or where trips are shifted from roads to transit the new road capacity can be filled up with other drivers.

To be effective, SmartScale needs to capture that transit shapes land use and results in fewer auto trips, lower vehicle miles traveled, and more walking and bicycling in addition to transit trips. SmartScale must also account for the public good of transit in serving a large segment of the population who do not own cars or cannot drive, and seek to be contributing to our society and economy.

Summary of Recommendations:

1. Make a stronger case for the benefits of transit, citing the data shared above including information about the “urban crescent” and data from the NVTC, COG, and WMATA reports, and VDOT’s Transportation Efficient Development report.
2. Include a section with charts to illustrate in one easily accessible location transit’s share of the state transportation funding pie. It is far too difficult to find this comparative data which would illustrate the relatively small share of state capital revenues being allocated to transit.
3. Include Metro’s updated needs assessment in the total needs number.
4. Recommend at least $200 million in transit capital funding and ideally higher, and keep the .25 cent sales tax increment option in Figure 9. The needs are significant. We need transit expansion for all of the reasons cited above and transit receives far too small a share of state transportation

capital.

5. A prioritization scheme for state of good repair that is different from and in addition to Federal Transit Administration requirements, and is unduly complicated seems unnecessary.
6. Ensure that SmartScale standards are updated to reflect the unique role and benefits of transit in shaping land use, shifting mode share, serving the public, and enhancing economic competitiveness in the new economy.

As you have acknowledged, Virginia faces a transit funding crisis – a "cliff." We've been approaching this cliff for some time, due to a failure to acknowledge the need for transit in a rapidly urbanizing state, in a dynamic economy where walkable urban places are in demand, and where we have an aging population and a large share of the workforce who lack a car or bear too high a cost of car ownership. If the RAB, Department of Rail and Public Transit and local transit agencies do not make the strongest case possible in this report for transit's benefits and needs, then we will have missed a critical opportunity.

Thank you,

Stewart Schwartz
Executive Director