



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

WHERE DO WE GO FROM HERE?

DRAFT
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ABSTRACT

On November 5, 2002, Northern Virginia voters rejected by a 55% to 45% margin a transportation referendum that provided for a half-cent sales tax increase that would have generated \$2.75 billion over 20 years through bonding, and another \$2.25 billion for pay-as-you-go projects and administrative costs. At least 40 percent would have been used by the new Northern Virginia Transportation Authority (NVTA) to support public transit, including 50 new bi-level railcars for VRE (\$100 million), \$250 million for the Washington Metropolitan Area Transit Authority (WMATA) and \$75 million for other regional transit capital projects. NVTC supported the referendum for that reason (see Appendix D for NVTC's endorsement).

Northern Virginia faces transportation funding problems of stunning proportions. Growth of vehicle miles traveled (49 percent since 1990) far exceeds growth of lane miles (9 percent). Traffic congestion is rampant; air quality and sprawl are of growing concern. Funding falls far short of needs and WMATA requires a dedicated source of funding. The ongoing state multimodal planning process, VTrans 2025, has found unfunded needs in Northern Virginia alone of at least a third of a billion dollars annually to barely maintain current services. To attack congestion and meet clean air needs using public transit would require \$1.2 billion annually in new funding.

To help answer the important question of where to region should go for future funding of public transportation, NVTC commissioners have asked staff to identify factors that would contribute to a successful future public transit funding referendum in Northern Virginia. To do so, staff examined the results of the unsuccessful November, 2002 referendum in Northern Virginia as well as the results of referendums elsewhere.

Thirty-five reasons are offered for failure of the referendum, organized into categories for tactics, distrust of officials, competing priorities, non-local responsibility, issues with taxes and a need for more smart growth. For each reason, a response is given that might serve to mitigate the concern if another referendum were to be held.

Several public opinion surveys have been located that shed light on the referendum's outcome and prospects for future success. Lessons from a Braddock District dialogue on transportation and land use are also reviewed, as are findings from the successes and failures of transportation referendums around the county for the past few years. The current status of the projects on the referendum list is also examined.

Based on this review, a more detailed discussion is provided of several factors that seem to be most critical for the success of a referendum. These include: smart growth features; whether a transit-only referendum would win in the original region or in a more transit-friendly region; whether some of the new tax revenue could be reserved for local governments supporting the referendum even if the overall region failed to approve it; whether some tax relief in the form of lower real estate taxes could be buttressed with value capture tools; appropriate timing; and grass roots involvement at every stage of the campaign.

Following this material a set of 21 recommendations is given. NVTC commissioners began discussion of this report at their September 2, 2004 meeting. Additional views expressed at that meeting have now been incorporated. The recommendations build on the earlier analysis but for each, several alternatives are available that can be refined based on the review of commissioners, agency staff and opinion leaders. The recommendations and the report itself remain in draft form and are intended for further discussion by NVTC, other regional agencies and a new Blue Ribbon Panel on Metro Funding.

While another referendum is probably not anyone's first choice as a means to obtain adequate funding for public transit in Northern Virginia, the lessons from November, 2002 should not be forgotten and should be useful in shaping a strategy for the 2005 Virginia General Assembly session and beyond.

This draft document is available on-line at
www.thinkoutsidethecar.org/pdfs/REF_DFT_COMP_8-10-04.pdf. A
summary Power Point version is available at
http://www.thinkoutsidethecar.org/pdfs/REF_DFT_Presentation.pdf.

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While they are all sincerely thanked for their dedication and insight, none should be held responsible for the opinions, analysis, and recommendations contained herein. Until the product is further reviewed and approved for public distribution by the commission it should be regarded as a draft working document.

Richard K. Taube
NVTC Executive Director

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INTRODUCTION

On November 5, 2002, voters in four Northern Virginia counties and five cities, all part of Virginia Planning District 8, defeated a transportation referendum that would have raised the sales tax by a half cent to generate up to \$5.0 billion over 20 years for specific highway and transit projects. **(See Figure 1)** Only 45 percent of the 485,822 votes cast favored the ballot question. Since Northern Virginia's unfunded transportation needs were estimated at \$15 billion at the time, and have grown since then, the failure of the referendum was a harsh blow to those who endorsed the referendum as a means to improve mobility, stimulate the economy, clean the air and increase the quality of life of Northern Virginia's residents.

An ongoing shortage of funds to meet critical needs of the Washington Metropolitan Area Transit Authority, including a looming November, 2004 deadline to exercise an option for new rail cars needed to relieve overcrowding, has drawn the careful attention of members of the Northern Virginia Transportation Commission. They have requested from staff a series of analyses of potential yields from various regional revenue sources that are in use elsewhere in the U.S. and that could be dedicated to meet WMATA's shortfall if implemented here. Commissioners also requested an analysis of the outcome of the November, 2002 referendum and ideas for successful referendums from experiences elsewhere.

To fill that request, NVTC staff has prepared this draft document. It reviews the legislation creating the new Northern Virginia Transportation Authority (NVTA) and establishing the November, 2002 referendum. It goes on to show the detailed results of the referendum in a series of GIS maps and accompanying tables.

There were many reasons given by various groups and individuals for the failure of the referendum. There were a few scientific opinion polls conducted that give some insight into the reasons, but not every person will agree with every reason offered. Nonetheless, the approach taken here is to compile all of the reasons. It is assumed for purposes of this analysis that each of the reasons is valid and for each a response is given that might serve to overcome that concern if another referendum were to be held.

Figure 1

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.

Next, lessons from other referendums are given. Then, based on the reasons, lessons and responses, staff has presented alternative referendum choices with its own recommendations. These are offered for discussion by the commission.

Finally, several appendices are attached, including a bibliography and basic reference documents such as the legislation authorizing the November, 2002 referendum and detailed maps of election results for each jurisdiction by precinct.

Given varied opinions and strongly held views, it is difficult to arrive at a set of consensus findings, but NVTC staff offered the following as its principal conclusions and used them to craft its draft recommendations:

- 1) Referendums are very difficult to pass under the best of circumstances. Many attempts are usually needed.
- 2) The earliest feasible date for another referendum in Northern Virginia is November, 2006 and should be pursued only as a last resort if the General Assembly cannot act on its own.
- 3) Despite hard feelings carrying over from November, 2002, smart growth advocates should be at the table to help devise a new referendum package since their opposition was an important factor in the defeat of the referendum and what they say they are seeking is generally consistent with many of the positions already adopted by NVTA and NVTC.
- 4) Projects on the November, 2002 list have generally stalled without new funding, with only feasibility studies or planning underway for most. Exceptions occur where local bond funds are being substituted or where the private sector is getting involved through toll-financed proposals.
- 5) A transit-only referendum confined to the five NVTC jurisdictions that pay for WMATA would seem to have a strong chance of passing if managed effectively.

Another referendum is not the preferred alternative for additional public transit funding in Northern Virginia, but this study of the November, 2002 referendum should be useful in crafting a strategy for the upcoming 2005 Virginia General Assembly session. It should also be of interest to the new Blue Ribbon Panel on Metro Funding.

Throughout this report, the emphasis is on "Where do we go from here?"

LEGISLATION

Two pieces of legislation defined the scope of the November, 2002 referendum, proposed tax, bond issues, project list and administration. First, the Northern Virginia Transportation Authority was established for priority setting and administration; next the remainder of the details were included in the bond/referendum bill.

Legislation Creating Northern Virginia Regional Transportation Authority (NVTA)

Although the 2001 General Assembly initially created NVTA, in the 2002 General Assembly, SB 576, which became Chapter 846 of the Acts of Assembly, redefined NVTA. The authority officially came into being on July 1, 2002. The act was codified in section 15.2-4829 et seq. of the Virginia Code. Key features of the act include:

- The authority shall prepare a transportation plan for Planning District 8.
- It may construct and operate the facilities and services specified in the approved plan by itself or via contracts.
- It consists of the four counties and five cities in Planning District 8.
- The board will have 14 voting members, including the chief elected official (or designee) from each of the nine jurisdictions, two state delegates, one state senator, and two citizens appointed by the governor of which one shall be a member of the Commonwealth Transportation Board.
- Two non-voting board members are the director of the Virginia Department of Rail and Public Transportation and the Commonwealth Transportation Commissioner (or their designees).
- A CEO and staff may be employed.
- Decisions require a quorum (including a majority of jurisdictions) plus two-thirds of the votes and two-thirds of the jurisdictions by population; however, no vote will fail by the two-thirds population rule if the facility is not in the jurisdiction whose negative vote would otherwise cause the motion to fail.

- Administrative expenses are to be allocated among the member jurisdictions by population.
- In preparing the long-range transportation plan and adopting policies and priorities, the authority shall be guided by performance-based criteria (i.e., travel time, delays, connectivity, safety, air quality, moving people, cost-effectiveness).
- The authority may issue bonds.
- Other related duties (see Sec. 15-2-4840).

Funds from the referendum sales tax were to flow to NVTA to cover its expenses and fund the projects listed in the bill authorizing the referendum. While the referendum failed, NVTA continues to fulfill its statutory responsibilities.

For more details see NVTA's website at www.novaregion.org/novatrans/.

Northern Virginia Regional Transportation Program Bond Act of 2002 (SB 668)

The key provisions are summarized:

- Lists specific projects eligible for bonding.
- Authorizes up to \$2.8 billion of bonds restricted to paying for the defined projects and program with terms of up to 35 years.
- Authorizes specific bond amounts for each project.
- Authorizes NVRTA to supply funds from other sources (e.g. federal, local, private).
- Authorizes NVRTA to contract with any agency or person for construction, operation and maintenance of any project or part thereof.
- Authorizes bond funds for secondary road projects to be allocated based on relative population of those jurisdictions receiving secondary allocations from the commonwealth.
- Authorizes bond funds for urban systems projects to be allocated based on relative population of those jurisdictions receiving urban system allocations from the commonwealth.
- Up to 15 percent of excess funds each year (after debt service and all other administrative costs) should be allocated for transit operational costs, but each recipient must maintain its own local funding effort at a level as great as FY 2002.
- Authorizes the limited use of bond anticipation notes.
- Lists the ballot question for November 5, 2002 referendum in four Northern Virginia counties and five cities pertaining to increasing the state sales tax one-half cent to reach five cents in total in that region (excluding food).
- When the projects are completed and the bonds are repaid, the increased tax will no longer be collected.
- The new sales tax revenue will not be used to calculate or reduce the share of federal, state or local revenues or funds otherwise available to the region.

- No city or county in the region can reduce its appropriations for transportation or for Metrorail capital improvements below the amount of FY 2002.
- Only if a majority voting in the entire region supports the ballot question shall the increased tax go into effect beginning July 1, 2003. A majority is not needed in any individual locality.
- NVRTA must report annually on the allocation and expenditure of all of the moneys in its Special Fund Account, and on the use of the funds to relieve traffic congestion and improve air quality.

SB 668 Revenue Projections

Based on the legislative language in SB668, the following are projected revenues:

- Increase regional sales tax by one-half cent.
- \$140 million annually by FY 2005.
- \$5.03 billion by 2023 (including interest and assumed five percent annual revenue growth).
- Allocated to:
 - Bond projects: \$2.8 billion
 - Pay-as-you-go projects: \$1.4 billion
 - Bond interest: \$135 million
 - Ending balance: \$700 million
 - Total: \$5.03 billion by 2023

REFERENDUM RESULTS

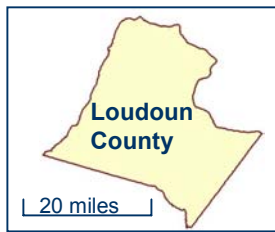
Out of 485,822 votes cast in 434 precincts, 218,607 favored the referendum (45.01 percent) and 267,145 (54.99 percent) were opposed. **(See Figures 2 and 3.)** Persuading 24,235 persons who voted “no” to switch and vote “yes” would have allowed the referendum to pass. There were 28,027 no votes in Arlington alone. There were another 16,761 no votes in Alexandria and 1,866 in Falls Church, totaling 46,654. Thus, converting roughly half of the no votes in those jurisdictions to yes would have also changed the outcome.

Reviewing the set of maps and tables for each jurisdiction showing results by precinct **(See Appendix C)**, it is evident that despite widespread endorsements by the elected officials representing those districts, voters in a great majority of precincts voted against the ballot question. Only in Arlington (50.7 percent yes), Alexandria (50.7 percent) and Falls Church (56.5 percent), did the referendum carry. Margins of defeat rose substantially toward the western and southern boundaries of the region (e.g. Loudoun County 36.3 percent yes; Prince William County 40.5 percent yes and Fairfax County 45.5 percent yes). There was not a single precinct in Loudoun County that cast as much as 40 percent of its vote for the referendum. Only three magisterial districts in Fairfax County provided at least 45 percent in favor and none as much as half **(See Figure 4)**, although there were several precincts in that county that supported the referendum.

The most evident explanation is that many areas with direct access to the highest quality transit systems voted for the referendum. Even in Fairfax County, which opposed the referendum, pockets of support are visible near Metrorail and in Reston (with high quality bus service equivalent to BRT). It may be true that those who perceive the greatest benefits from transit will vote for a tax increase, while those who would have access primarily to road improvements will not. If so, more transit projects and a transit-only referendum might be a winning strategy. This hypothesis would of course, need to be tested with opinion surveys and focus groups. Further discussion of this concept is provided below.

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

<u>Locality</u>	<u>Yes</u>	<u>No</u>	<u>Votes</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

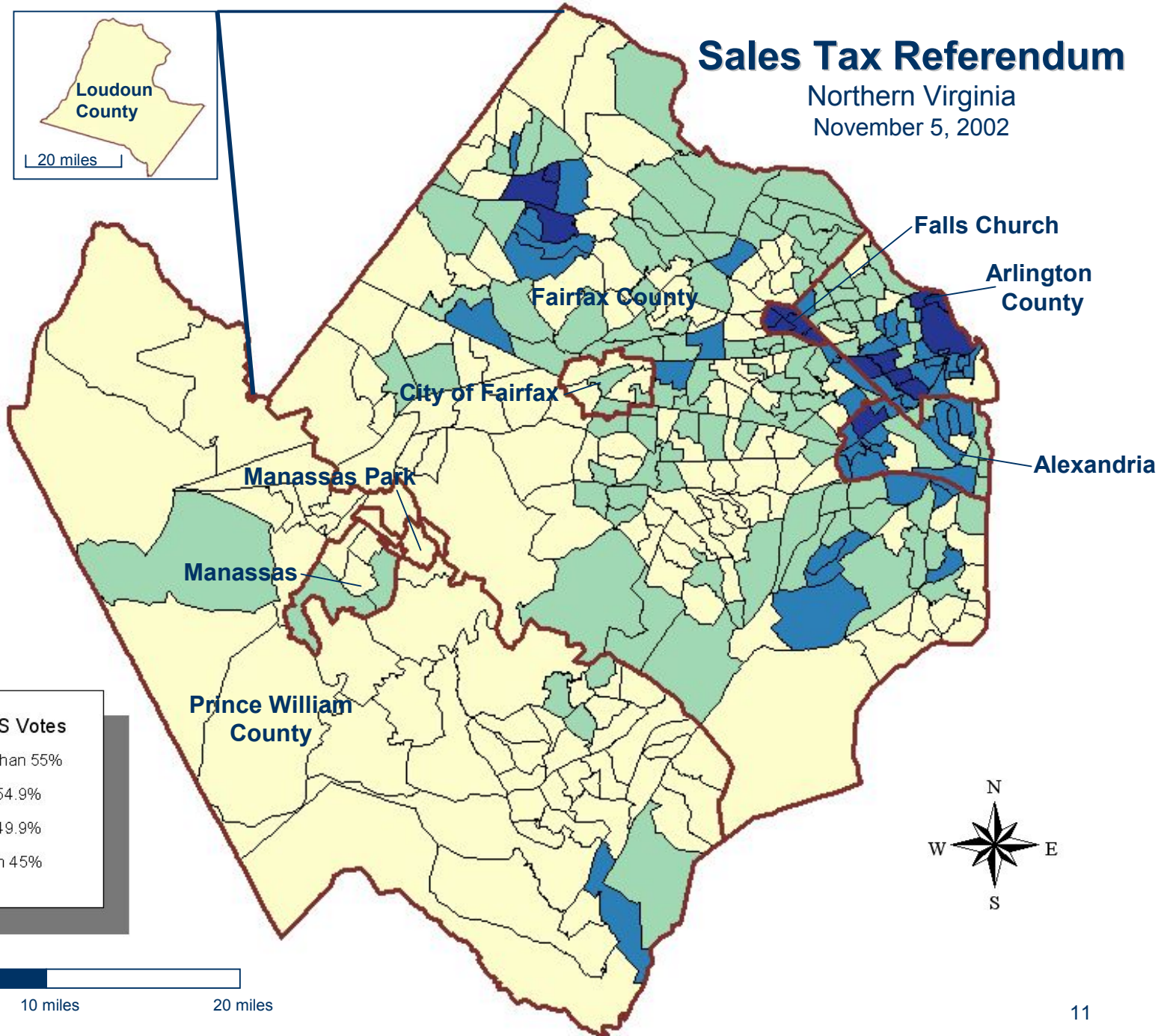


Figure 3

Sales Tax Referendum

Fairfax County Supervisory Districts

November 5, 2002

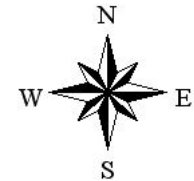
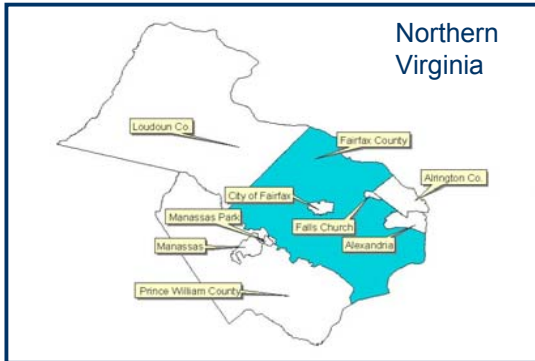
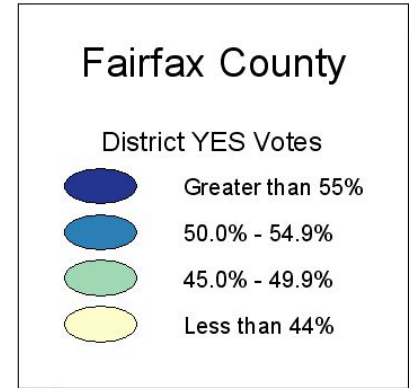
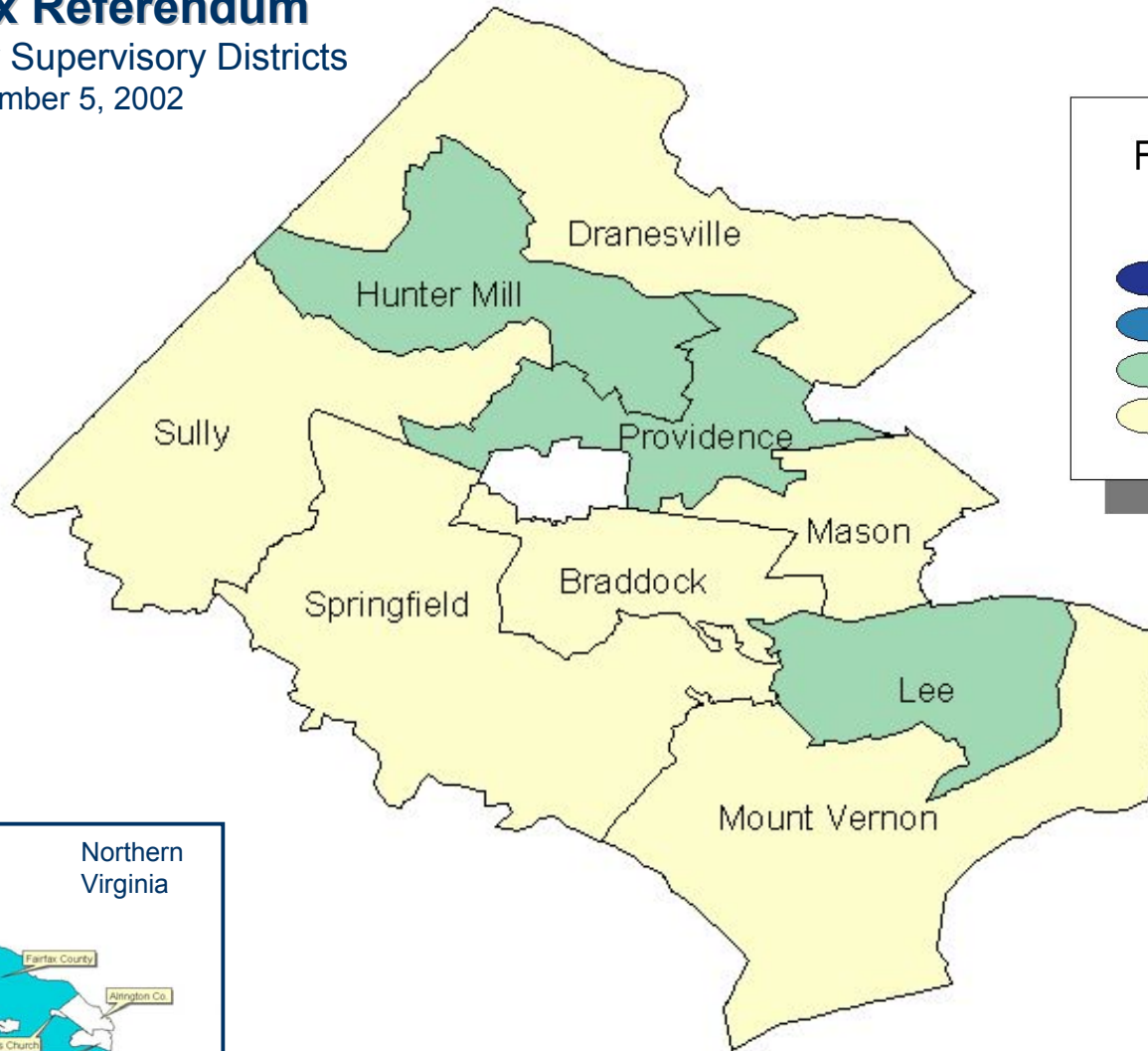


Figure 4

POSSIBLE REASONS FOR THE REFERENDUM'S DEFEAT WITH RESPONSES

Reasons for defeat have been compiled from several sources. For example, Appendix D contains a chronological listing of the *Washington Post's* complete coverage. The reasons are grouped by category but not ranked in order of suspected importance. Without commenting on the validity of each reason, responses are given that, if the reason were important, might serve to overcome that objection in the future if another referendum were held. In subsequent sections, some of those reasons are analyzed in more detail and used to compile a set of draft recommendations.

The 35 reasons are grouped into categories labeled:

- Tactics;
- Distrust of officials;
- Competing priorities;
- Non-local responsibility;
- Issues with taxes;
- Smart Growth.

Perhaps the three common themes connecting the various explanations would be distrust, no new taxes and need for smart growth.¹ Of these, the very strong role played by advocates of smart growth in opposing the referendum was arguably the greatest surprise to supporters of the referendum. It had been widely assumed that a balanced list of highway, transit and HOV projects that did not include controversial highway projects such as western bypass or techway, would attract a typical coalition of environmentalists and others who would come to the polls to support significant transit improvements leading to cleaner air, even through they may not favor some or all of the highway projects. That did not turn out to be the case.

Modifications to the referendum package that might be sufficient to win the support of smart growth advocates are described below and included in the staff recommendations.

¹ "Resounding No Sends a Message to Leaders," by Michael Shear and Lisa Rein *Washington Post* (November 7, 2002) at A1.

Tactics

#_1_REASON:

A referendum is a flawed mechanism for obtaining a tax increase since it should be the responsibility of elected officials (General Assembly) to do their jobs and make the decision. Since the public has less understanding of the complexities and they resent being asked by those they elected to make those choices, their first impulse is to say "no."

RESPONSE:

Clearly those favoring increased revenues to support transportation should work with the General Assembly to obtain such funds. In fact, NVTC is continuing to seek an increase in its two percent motor fuel tax to fund WMATA, but has not yet convinced the entire General Assembly (the Senate approved an increase at the 2004 session).

Probably the referendum was the best that proponents of the tax increase could get in 2002 from a General Assembly that was not prepared to approve the tax increase on its own nor defer to local governments to decide.

Perhaps an advisory referendum in Planning District 8 could be used to provide direction to the General Assembly, such as:

Should the General Assembly consider whether or not to enact at its next session an increase in the sales tax in Planning District 8 to support transportation and having considered the matter, vote it up or down.

If local consensus was reached on a specific proposal it could be substituted for the more general language above.

Some members of the General Assembly have stated their belief that another referendum will not be approved for Northern Virginia for many years. In the meantime, Governor Warner and several groups of legislators are reported to be preparing plans for identifying additional transportation funding sources to be considered by the 2005 General Assembly.

2 REASON:

Most such referendums fail the first time. A margin of loss of 10 percent is modest, since a swing of only five percent would change the outcome. Advocates should try again.

RESPONSE:

Of 11 regional transportation referendums in the U.S. that passed between 1987 and 1997, nine failed on their first attempt. The needs are well documented and urgent. NVTA could initiate an effort to obtain legislation in the January, 2005 General Assembly session calling for another referendum.

3 REASON:

Too broad a geographic region was included in the referendum (it passed in some jurisdictions inside the Beltway).

RESPONSE:

The referendum could be split by sub-regions, perhaps divided by NVTC and PRTC jurisdictions. Or, only the five jurisdictions supporting WMATA might be included (most likely with a transit-only referendum).

Incentives could be provided for subsections of the larger region to get out the vote in favor of adopting the referendum. For example, part of each referendum (transit, highway) could include a base level of new revenue to be returned to each jurisdiction based on point-of-collection for use in paying for the projects listed and/or the ongoing capital bills (for WMATA and local transit and for local shares of various highway programs). This base level of point-of-collection revenue would go into effect in each jurisdiction separately based on the vote in each jurisdiction. For example, suppose Fairfax County voters approved the regional transit referendum with a half-cent sales tax increase of which one-quarter cent is designated for base transit capital needs, while every other jurisdiction in the region voted against the referendum and the overall referendum failed. In that case, Fairfax County would still be empowered to levy the quarter-cent increase for its own transit capital bills.

4 REASON:

Timing of the election: A larger turnout would occur in a presidential election year, or state/local candidates could campaign on the issue during their elections to galvanize voters.

RESPONSE:

There is no solid evidence that any particular election is better. Since the needs are immediate, a year may be sufficient time to involve and educate the public for the first available election after the next General Assembly session. Two years might even be better. If donations from the public are solicited to support a pro-referendum campaign, local and state elected officials may be reluctant to schedule the referendum to correspond with their own elections (also since it may galvanize their opponents). All state delegates are elected in November, 2005 and again in 2007 along with the state senators. The next governor will be elected in November, 2005. Fairfax, Loudoun, and Prince William County boards are elected again in November, 2007. The General Assembly also could choose to designate a date that does not coincide with any other election.

5 REASON:

Lack of skill in selling the referendum package to the public. Poorly conceived and executed campaigns failed to build a compelling case for taxes to be raised. A decision to delay responding to critics until September backfired when sniper attacks distracted the electorate in the weeks before the election.

RESPONSE:

The public could be involved from the beginning in choosing the projects to be included in the next referendum. Sponsors could look for additional “hot buttons” for projects that more voters will want to support. Possible ideas include:

- **Link to new major league baseball if a Northern Virginia site is selected or under active consideration.**
- **Link to security improvements that will aid emergency response or regional evacuation efforts.**
- **Emphasize connections between the regional mainline transit system (Metrorail, VRE, express buses) and neighborhood feeder and subscription buses to provide transit benefits in less-dense outlying jurisdictions.**
- **Stress improvements in mobility for elderly and disabled persons.**

Of course, one person’s positive hot button may alarm another highly motivated person, so care is needed in identifying these issues and creating the images to evoke the desired positive response.

NVTA could begin now to use its website interactively to solicit public responses and obtain and use email lists of constituents for “no-cost” surveying.

6 REASON:

There was not enough time to educate the public about the highway and transit needs, which was exacerbated by delaying the major campaign until the fall of 2002.

RESPONSE:

A coordinated campaign led by NVTA that builds on lessons learned in the November, 2002 referendum can begin by November, 2004 with a referendum set for November, 2005, at the earliest and preferably 2006.

7 REASON:

Some have argued that opponents were allowed to distort the facts without an immediate counter-attack. They called it “an 11 percent” tax increase (half cent compared to 4.5 cents), while proponents spoke of only 25-cents per family per day. Some opponents claimed unallocated funds would go to a new techway and that even allocated funds would be diverted to other projects.

RESPONSE:

According to the Northern Virginia Transportation Alliance website, the region’s funding shortfall still is \$15 billion and growing. Richmond and Washington still have no magic bullets (or dollars). General Assembly passage of a half-cent statewide sales tax and 2.5 cents per gallon gas tax increase in 1986 did not “incite street rioting or looting.” Any new Techway would most likely be toll financed. The law did not permit diversion of allocated funds.

Undeniably the claims and counterclaims confused some voters. To overcome such confusion, a longer, thorough public information campaign is needed, preferably including a grass roots effort to involve the public in selecting the initial projects and shaping the referendum to include appropriate smart growth elements.

Distrust of Governments and Elected Officials

8 REASON:

Distrust of a new, unknown entity (NVTA) 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.

RESPONSE:

NVTA could assume a higher public profile and devise and publish strict guidelines for holding public funds in trust and directing future revenues to specific projects. NVTA's authorizing legislations calls for it to establish performance-based criteria for planning, policies and projects. With public input NVTA should clarify these and actively communicate to the public how they are being used to benefit the region. Learning from VDOT's mistakes, NVTA should establish rules and procedures for preventing cost overruns with whatever public or private entities they choose to construct the facilities. NVTA should also adopt and publicize procedures to prevent significant diversion of project revenues. New oversight procedures should be instituted and public advisory groups established. NVTA needs to develop a favorable public image for fiscal prudence before the next referendum.

9 REASON:

Fear of diverting funds geographically (e.g. to Fairfax County) or modally (e.g. to highways).

RESPONSE:

Again, more effort to acquaint the public with new NVTAs oversight and voting procedures could mitigate this concern, together with segregating new tax revenues into separate project or corridor trust funds.

10 REASON:

Distrust VDOT (wasteful, overspending on Woodrow Wilson Bridge and Springfield Interchange).

RESPONSE:

The public did not fully understand that all of the referendum funds would be retained by NVTA in this region. VDOT could, at NVTA's option, be chosen to manage design and construction. But so could other public or private entities. VDOT itself is showing signs of restoring professionalism with efforts to project costs accurately and involve the public more actively in planning. The Virginia Secretary of Transportation is leading an effective multi-modal planning effort and has developed the concept of "multi-modal investment networks."

11 REASON:

Money may be diverted to the rest of the state via reduced Northern Virginia allocations.

RESPONSE:

The General Assembly could include even stronger language in its legislation authorizing the new referendum compelling the commonwealth not to divert funds that otherwise would be allocated to Northern Virginia if the region increases its own level of effort. The Commonwealth Transportation Board could do the same. More time to alert the public to such “iron-clad” language would also be helpful.

#_12_REASON:

Money raised for regional projects could be vetoed by individual jurisdictions (e.g. 1-66 through Arlington).

RESPONSE:

At the same time residents of one jurisdiction might object to failure to spend funds on a designated regional project, they would also want protection from a regional entity forcing an unwanted regional project on their own jurisdiction. To mitigate this concern, solid regional consensus is needed on the projects listed in the referendum along with the mandate for NVTA to return unspent funds to the jurisdictions (or develop a revised project list subject to a new referendum with projects listed in the referendum).

To facilitate public consensus on the projects, NVTA's Northern Virginia Transportation Plan update, with its extensive public involvement process, should be used. The plan update should be complete before the referendum date and if the public has been involved in the development of the plan it should be more likely to "take ownership" of the projects selected by NVTA from that plan to be included in the referendum.

#_13_REASON:

Lack of specificity about how and where the new money would be spent, leading to cynicism about a “trust us” approach and a fear that the funds would be allocated unwisely.

RESPONSE:

\$2.8 billion of \$5.0 billion was specified into at least general corridors although the timing of expenditures was left open. Referendum materials could show more precise schedules for each project and clearly indicate whether and when anticipated funding would complete the project and what the anticipated benefits are for each project (or perhaps each corridor group).

14 REASON:

Lack of respect for the endorsements of most local and state elected officials and many interest groups (e.g. AAA). Despite sincere efforts to lead on the part of these officials, often at considerable risk (e.g. Governor Warner, Delegate Jack Rollison), voters were too distrustful to be led.

RESPONSE:

Voters were in the midst of a recession, a meltdown of VDOT performance, a reaction to state budget consequences of car tax relief, double-digit local property tax assessment increases, and were confused by contradictory claims about the costs and benefits of the referendum projects by customary allies (environmentalists versus transit advocates). They were also tempted by promises from a few legislators to obtain the needed funds from Richmond through reallocating existing revenues. Optimistically, there is unlikely to be a confluence of such unfavorable factors in a future referendum. For example it is more widely known today that there is not sufficient state funding available to meet Northern Virginia's needs even if the rest of the commonwealth generously were to accede to the wishes of our delegation's 25 percent voting block and send all of the state's transportation funds here.

15 REASON:

Any new tax needs a short sunset.

RESPONSE:

The referendum allowed bonds with up to 35-year terms and called for elimination of the tax only when all the bonds were repaid. Voters are more likely to support taxes to complete specific projects versus an open-ended and continuing commitment. However, to leverage new tax revenues to support major projects, bonding is necessary, making a short sunset impractical. A minimum 35-year sunset (longer if more bonds are issued later) seems to be too long to provide any real satisfaction to sunset advocates. Accordingly, rigorous oversight of the use the finds should be enacted in lieu of any sunset provision.

Another alternative (as a last resort) is to require a subsequent project list to go to referendum (i.e. for a second 20-year period) or, as a less onerous alternative, to be approved by each jurisdiction's elected board.

Other Priorities Are Important

16 REASON:

Belief that other priorities are more important (e.g. education, public safety).

RESPONSE:

Certainly many types of government services are valued, but the quality of life and a healthy economy does require mobility and air quality. The 2004 General Assembly did direct new funds to education. It is time to act on transportation needs while continuing to pursue funding opportunities for other government services.

17 REASON:

Need to combine more spending for education with transportation funding to lure more supporters. This would provide more incentive for inside the Beltway voters to support the package since they have less desire for more roads.

RESPONSE:

Disparities in the state education funding allocation formulas result in differential impacts within the Northern Virginia region (e.g. it is argued that raising more local education funding could penalize certain jurisdictions that now receive healthy allocations from the state). Further, the General Assembly (after a bruising fight) has now acted to improve state education funding. Accordingly, local funding of education should probably be treated separately from public transit in any future referendums unless polling results suggest otherwise.

It Shouldn't Be a Local Responsibility

18 REASON:

Northern Virginia jurisdictions already pay \$126 per capita in local funds for transit versus no more than \$30 anywhere else in the commonwealth. No more local funding is justified.

RESPONSE:

Although Northern Virginia suffers the greatest under-funding of the commonwealth's transit program obligations (\$100 million as of FY 2005), transit services create economic and mobility value in Northern Virginia so that greater levels of investment are justified by the rate of return.

19 REASON:

Such funding is a state responsibility. Raise more funds statewide and/or change the state funding formulas to favor Northern Virginia.

RESPONSE:

Transit funding must continue to be a partnership that reflects the distribution of benefits. Certainly the state is not living up to its statutory commitments to transit and Northern Virginia should receive a greater amount (NVTC is being shortchanged by \$100 million in FY 2005 because the commonwealth lacks funding), but such changes have not been accomplished. But even if the state did meet its full existing obligation and formulas could be tilted to favor Northern Virginia, more funding would be needed. As long as total transit funding needs remain unmet, raising more local funding is necessary and should not inhibit the state from doing more.

20 REASON:

Similarly, Northern Virginia alone can't solve the entire Washington D.C. region's transportation problems (D.C., Maryland and especially the federal government need to do more).

RESPONSE:

Congress has been unable to agree on a reauthorization of TEA-21, which is likely to be extended at least until the next session. Since the state of Maryland is responsible for highway and transit funding, local governments there have little incentive to seek a new local tax. In D.C., federal payments pose a tempting target of opportunity, as do regional payroll taxes. Virginia has a long history of the commonwealth not meeting its transit and highway funding obligations, but faces rigid Dillon Rule constraints of being unable to raise revenues locally using the most effective taxes without General Assembly approval.

Each year for several years Representative Moran has introduced a bill in Congress to establish a regional transportation authority including the Virginia and Maryland suburbs and the District of Columbia. The authority would direct construction of major regional transportation projects with the ability to issue debt. The bills have received modest support in the region and Congress.

The new Blue Ribbon Panel on Metro Funding has been charged with identifying dedicated sources of funding for WMATA with a report due by December, 2005. Such a report may include a regionwide funding source or propose separate sub-regional solutions.

21 REASON:

Money was previously taken from the state transportation trust fund. Pay it back before taxing us more.

RESPONSE:

Transportation Trust Fund money has been restored. Bills have been introduced at the last several General Assembly sessions to create a true trust fund for state transportation revenues and greatly restrict the opportunities to divert those revenues for other uses. Passage of such a bill might help the chances for the next referendum.

Issues With Taxes

22 REASON:

“No new taxes” advocates who believe governments are too big or at least should reallocate existing funds. Opponents argued Virginia’s state budget has been among the fastest growing in the U.S. in recent years.

RESPONSE:

Very few persons want to pay higher taxes. A compelling case must be made that additional spending is absolutely necessary and that no other acceptable sources of funding are available. Virginia’s Joint Legislative Audit and Review Commission documented state spending growing at only two percent annually for the past two decades when adjusted for inflation. Cutting the car tax led to the greatest pressure to increase state revenue sources, since the state needed to divert its own revenues to reimburse local governments for their lost car tax revenues. Virginia’s taxes per capita are 41st out of 50. Even some persons who believe taxes should not be increased are willing to support dedicating some revenue growth from existing taxes to transit or increasing user fees (e.g. tolls and perhaps even motor fuel taxes especially if dedicated to specific projects).

23 REASON:

Bonding hurts future generations. Should “pay-as-you-go.”

RESPONSE:

Given inflation and rapid development, in many cases it is cheaper to act now to build major projects, especially those requiring right-of-way acquisition. Without sufficient resources for pay-as-you-go, leveraging existing funds is a reasonable way to proceed. Future generations will derive corresponding benefits as the debt is retired (e.g. ridership on the new Dulles Corridor Metrorail will be much higher in 50 years as projected development continues). Persons being taxed now should not be asked to wait until enough funds are accumulated for major projects, especially since it takes at least a decade for most projects to proceed from feasibility study through alternatives analysis, preliminary engineering, EIS, final engineering and construction.

To encourage support of a future referendum using bonds, explicit comparisons could be prepared of the present value of investment yields from pay-as-you-go versus borrowing to complete the project list.

Bonds are not a substitute for sufficient revenue sources, however. They can leverage available funding but do not by themselves solve a chronic lack of funding.

24 REASON:

The proposed tax increase (11 percent) was not affordable.

RESPONSE:

The increase (which excluded food and prescription drugs) would cost the average family less than 25 cents per day. There was considerable debate about the actual cost per family, which seemed to shift the focus away from the benefits. Translating spending on the projects into performance measures that people perceive as important benefits to them (e.g. cars off the road) would help retain the positive focus.

The referendum bill did not allow local governments to cut back any spending in response to the proposed new revenues. Some consideration could be given in the future to a small reduction in an unpopular tax in exchange for a larger increase in a less onerous tax (e.g. allow local general fund contributions to be reduced somewhat if the sales tax increase would pass). If paired with value capture provisions that segregate some of the increased value created by the project through fees imposed on developers or by increased assessments on contiguous property owners, the total revenues might be just as great as the original referendum proposal yet might prove to be more popular with voters.

25 REASON:

The sales tax increase is regressive and the poor don't gain enough from the proposed projects. A different tax would be preferable (e.g. gas tax).

RESPONSE:

Different taxes (e.g. sales, gas, income) have different pros and cons. With a tax applied over a relatively small geopolitical region, a primary consideration is to avoid creating market distortions as people try to avoid the tax. This can be mitigated by making the tax increase modest (so it doesn't pay to try to avoid it by purchasing outside the region) and by ensuring that taxes in surrounding regions are not much lower. Northern Virginia's sales, gas and income tax rates are not higher than neighboring Maryland and D.C.

Some argue that a sales tax is easier for voters to approve because a modest increase in the rate (say a half cent) yields as much as a much larger increase in the gas tax rate (say 9 cents per gallon). Yield estimates for Northern Virginia need to be updated from 1997, but very rough annual estimates are:

- **1% income tax = \$500 million**
- **1% gas tax = \$15 million**
- **1% property tax (about 1 cent/\$1.00) = \$250 million**
- **1% sales tax = \$140 million**

Here is an example of an argument that the sales tax was the wrong tax for the referendum: ¹ A sales tax may well be the worst for economic efficiency, revenue potential, practical feasibility, and distribution effects when compared to other potential revenue sources including property taxes, gas taxes and higher transit fares. Yet, a sales tax may be the most practical politically. Nonetheless, congestion charges of 10 to 30 cents per mile on peak hour freeways should be part of any revenue package and would yield about \$70 million annually (comprehensive pricing of all arterials ultimately could yield \$ 700 million annually).

¹ Resources for the Future, "Is Northern Virginia Voting on the Right Transportation Tax?," Peter Nelson et al. Issue Brief 02-35 (October 2002)

We Need More Smart Growth

26 REASON:

Lacks specific emphasis on Smart Growth (encouraging mixed use development, flexible zoning, density around transit stations, etc.) Without these measures, new spending will only generate more sprawl, whether the spending is for more highways or new rail lines.

RESPONSE:

Smart growth groups should be invited to propose criteria for selecting projects and to suggest language for the referendum that would promote the use of new revenues to discourage sprawl and promote bicycle, pedestrian and transit access. Among the many strategies in NVTA's ATLAS study that seem to be easily understood and supported by many are mixed use transit-oriented development; incentives favoring bicycle, pedestrian and transit-friendly access; tax-increment financing and congestion pricing. An effort by NVTA and Northern Virginia localities to obtain legislation (S 580) in the 2004 General Assembly allowing zoning flexibility and transfer of development rights (e.g. to encourage density at transit stations) was not successful but should be continued.

27 REASON:

Too many highway and HOV projects were included (or too few). While supporters argued that almost 60 percent of the bonds were for transit and HOV, some opponents disputed this and argued that HOV is not transit since off-peak use is primarily single occupant vehicles and that several projects did not specify actual amounts for transit (e.g. I95/395 Improvements and Transit Improvements for \$250 million). Thus, at most 41 percent would go for transit, and this share may be reduced in the future. Others pointed out that only five percent of trips are by transit so 40 percent is too generous.

RESPONSE:

NVTA adopted a policy that at least 50 percent of referendum funds would go for transit and HOV. Two separate ballot questions may be needed. One would list specific transit projects and associated tax increases. The other would list regional highway projects and associated tax increases. Each would have associated smart growth components. Each package also must be geographically balanced.

28 REASON:

The region's transportation needs are so enormous that the half-cent sales tax is only a drop in the bucket and won't cure congestion. Don't settle for half a loaf. The new tax would raise only about a third of the \$15 billion needed over 20 years (at \$140 million annually) to keep congestion from getting worse.

RESPONSE:

It is true that virtually no matter how much new revenue is collected, more could be used productively. A balance is needed that will complete the most critical new projects that have the greatest positive impact on mobility and air quality.

29 REASON:

Traffic congestion can't be cured at any price. Use other means to mitigate it (e.g. tolls) rather than raising taxes for new projects that will only fill up as soon as they are opened.

RESPONSE:

Traffic congestion will always be with us, and non-capital intensive measures are needed (tolls, other access fees, spot improvements) to moderate peak demand and improve supply. However, for optimum efficiency given scarce resources, objective multimodal corridor studies will show that some major capital investments are needed where significant returns on that investment can be demonstrated. Smart growth policies should also be implemented, but many of these seem to offer their greatest yield over the long term, whereas some new projects promise a faster pay off.

The Transportation Planning Board of the National Capital Region is conducting a regional mobility and accessibility study in which smart growth scenarios are modeled. Initial reports are that reductions in VMT do not appear to be that dramatic, so the issue of whether smart growth initiatives alone can eliminate congestion will continue to be debated.

30 REASON:

Concern that large developers would benefit fueled by reports of their donations to pro-referendum groups. Smart growth groups were accused of opposing the referendum to defeat developers and attract more members and funding to their anti-sprawl cause. The media picked up on the smart growth arguments of the opponents and may have focused on the alleged faults of the referendum without sufficient rebuttal by proponents.

RESPONSE:

Well-to-do persons with a vested interest in the outcome donated to oppose as well as support the referendum. Developer and other contributions to a public campaign to educate voters could be limited in size, perhaps with larger donors able only to match grass roots contributions. Smart growth components are needed in the referendum. If the public has a meaningful role in developing the referendum language and project list (through NVTA) then the issue of special-interest contributions should be of less concern.

31 REASON:

Doing nothing doesn't cost us anything (i.e. needs aren't urgent). Let's wait and see what happens in the future. Since November, 2002 regional air quality has improved. The economy rebounded. Housing values soared giving local governments more property tax revenues. Even the commonwealth is now running a budget surplus.

RESPONSE:

The defeat of the referendum was certainly interpreted by some as a definitive statement by the voters that transportation investments were not of importance to them.

NVTA could publish an annual progress report or report card listing lack of progress using measures of transportation performance. This could educate the public about the deteriorating traffic conditions that follow inevitably from vehicle miles traveled growing more rapidly than population and transportation capacity. It would document the consequences of inaction. Some may be reluctant to publish such a report since good grades could mute enthusiasm for new funding sources while bad grades may be used to cast blame on incumbent elected officials.

Prince William County's Citizen Satisfaction Survey does measure attitudes annually and documents growing dissatisfaction with growth and more difficulty in commuting in the county and the region. This survey is described in detail below.

NVTA'S update of the region's transportation plan to 2030 will show the differences that recommended investments would make in congestion, using maps bathed in red to represent congestion. Such updates are rare (although NVTA's predecessor, TCC had hoped to perform updates every three years).

32 REASON:

Congestion is too entrenched to solve by “throwing money at the problem.” Failure to demonstrate what positive results would come from the greatly increased spending gave voters no proof that the new tax would produce meaningful improvements.

RESPONSE:

For each project or corridor grouping NVT A should list anticipated benefits as well as the costs of failing to act (measured in rising construction costs, persistent congestion, and deteriorating air quality). The Texas Transportation Institute and Surface Transportation Policy Project show that congestion is a tax costing over three billion dollars a year in the Washington D.C. region, of which \$1.2 billion dollars a year is mitigated by the benefits of our transit systems. The referendum would have cost taxpayers \$140 million a year in Northern Virginia. The congestion “tax” would have been reduced by considerably more than \$140 million, thereby constituting a wise and productive investment.

33 REASON:

To vote “yes” one must favor most of the projects. To vote “no” one must oppose only one project. Not in my backyard (NIMBY) syndrome runs rampant in Northern Virginia. Often the travel time benefits of a new highway accrue to those who live further out while the air quality, cut through traffic, and congestion relief benefits received by those who live near the project are less evident and don’t outweigh the hardship of construction disruption and greater traffic volumes.

RESPONSE:

Maybe the project list was too specific. While a less specific list may unnerve those who distrust NVTa to spend on appropriate priority projects, referring more generally to corridors and transit/highway allocations may reduce NIMBY reactions and give heart to those who believe they can favorably influence the future priorities set by NVTa. Since the most spirited and well-financed opposition may have come from the Piedmont Environmental Council, perhaps fewer Loudoun County projects or even a direct prohibition against a Techway or Western Bypass, together with a greater emphasis on smart growth, could neutralize that group’s opposition.

34 REASON:

The project costs have been overestimated in an effort to raise more new money than is actually needed for those projects, allowing more spending on projects not listed in the referendum (e.g. Techway/Western By-pass). Similarly, other sources of revenue (e.g. growing funds in the state TTF) have been discounted.

RESPONSE:

Typically project costs have been underestimated by VDOT and other project planners. Since the referendum, several of the project “costs to complete” estimates have, in fact, been marked up by VDOT. While state revenues and local property tax assessments have shown recent increases, these are not earmarked for transportation. In fact, VDOT is predicting it will have only \$24 million per year statewide for construction over the next several years and by 2018 will not have enough funds to match federal grants.

35 REASON:

With highway projects included, air quality would not improve.

RESPONSE:

Overall the package would improve air quality since clearing up bottlenecks and reducing idling traffic is helpful. Generally, however, focusing on projects that improve the mobility of people rather than only the flow of vehicles will have the greatest air quality benefits. The benefits of the proposed list of projects must be calculated and publicized. If necessary to achieve net air quality gains, fewer highway projects could be included, or the highway projects that are included could be focused on improving connections in multimodal corridors and effectively maintaining the existing system (versus expansion).

SURVEY RESULTS

A few surveys are available that provide further insight into the reasons the referendum failed and how chances for future success may be improved.

2003 Virginia Voter Survey

A poll conducted in early January, 2003 by Mason-Dixon Polling and Research for several groups including the Virginia League of Conservation Voters and published on January 28, 2003 is described on the Piedmont Environmental Council website

(www.pecva.org/landuse/2003vapoll/2003vapoll.asp).

The poll asked by telephone 1,200 statewide Virginia registered voters about their attitudes toward development and growth.

Three hundred of those were in Northern Virginia to provide a six percent margin of error (plus or minus) at a 95 percent confidence level. Seventy-four percent in Northern Virginia agreed that “building more roads will not solve the traffic congestion problem,” and that “the real solution to our traffic problems is to stop runaway sprawl and better plan and manage growth.” Other results of the poll in Northern Virginia included 76 percent support for adequate public facilities ordinances, 83 percent for impact fees on new development and 82 percent for state support to help local governments adopt smart growth. These concepts were explained before respondents registered their opinions.

When asked about the most important issue facing your county today, 68 percent in Northern Virginia picked growth management (sprawl/traffic/environment). The next highest category in this region was education, with 16 percent. High taxes and government spending were cited by 5 percent of the respondents. Sixty-five percent said that quality of life will deteriorate in Northern Virginia if current growth and use policies continue over the next five years. Eighty-two percent support tax incentives for employees to use vanpools and transit.

House of Delegates District 53 Survey

A self-selected constituent survey was conducted after the defeat of the referendum by Delegate James M. Scott (53rd). He reported in a February 20, 2003 letter to constituents that:

- 81 percent of persons choosing to respond favored the General Assembly giving local governments more authority to tie growth to adequacy of transportation facilities and schools.
- 71 percent believed that growth and development were occurring too fast.
- 41 percent stated they would not oppose an increase in taxes, 30 percent said their taxes were too high and 29 percent said taxes were about right.
- 39 percent favored a sales tax with a food and drugs exemption if taxes “had to be raised to meet school, transportation and health care needs,” while 21 percent favored an income tax, 17 percent a gas tax increase of 20-30 cents per gallon, 8 percent an increase in the tobacco tax to the national average (50 cents) and 15 percent favored cutting the state budget more instead of a tax increase.
- In a question about which projects were favored, since the November, 2002 referendum “failed at least in part because of opposition to some of the projects:”
 - 88 percent favored rail to Tysons Corner.
 - 87 percent favored rail to Dulles.
 - 85 percent favored extending Metrorail to Centreville.
 - 88 percent favored traffic signal optimization.
 - 55 percent favored I-66/I-495 intersection improvements.
 - 32 percent favored HOV on the Beltway in existing right-of-way.

- 37 percent favored widening Route 7 in Loudoun County.
- Given huge state budget shortfalls, the following methods were favored for funding “the projects you support:”
 - Tolls: 48 percent.
 - Gas tax increase of 20-30 cents: 25 percent.
 - Income tax increase: 8 percent.
 - Half-cent sales tax: 9 percent
 - Cut other programs: 9 percent.

Prince William County Citizen Satisfaction Surveys

Each year the county engages the Center for Survey Research in Charlottesville to perform a countywide survey. Examining the results of these surveys for the past three years shows that citizens in that county are showing growing dissatisfaction with land use planning, growth and ease of commuting. In contrast to a generally very high level of satisfaction with overall county services (above 90 percent), those three categories now receive less than 50 percent favorable ratings.

The 2002 version of the survey was performed in April and May, 2002 with 1,066 residents contacted by telephone (see www.co.prince_william.va.us/docLibrary/PDF/00628.pdf). In that year satisfaction with the county's rate of growth decreased to 53.4 percent from 59.8 percent. In 2002 47.7 percent were somewhat or very dissatisfied with planning and land use. A third reported their commute travel time increasing. Only three items ranked below 60 percent in overall satisfaction: ease of getting around the county, growth and planning and land use.

The 2003 survey contacted 1,484 residents between May and June (www.co.prince_william.va.us/docLibrary/PDF/001185.pdf). Satisfaction with growth dropped again to 49.5 percent. Coordination of development with roads dropped to 42.8 percent (from 62 percent in 2000). Ease of getting around the county dropped to 52.5 percent (from 57.6 percent in 2002). Ease of travel in Northern Virginia dropped to 33.1 percent (from 37.3 percent in 2001). Public transit in the county increased to 54.6 percent and in Northern Virginia to 79.2 percent.

The 2004 Prince William County Citizen Satisfaction Survey is available at www.pwcgov.org/default.aspx?topic=04002400110002629. It surveyed 1,414 randomly selected individuals living in the county in April and May, 2004. Satisfaction with overall county services remained high at 90.2 percent, virtually unchanged from 1993 and 2003. Satisfaction with planning and land use dropped again to 49.8 percent, compared to 53.2 percent in 2003 and 53.9 percent in 1993. Satisfaction with growth in the county continued its downward trend to 48.7 percent versus 49.5 percent in 2003 and 59.8 percent in 2001 (the first year this question appeared). Satisfaction with getting around the county dropped again to 45.7 percent compared to 52.5 percent in 2003 and 62.8 percent in 2000.

Again, planning/land use, growth and getting around were the three lowest

ranked items of all. Getting around had the second highest visibility score (a measure of importance). Commuting times lengthened for 41.6 percent of the respondents (the mean is 40 minutes).

BRADDOCK DISTRICT FORUM

Supervisor Sharon Bulova of Fairfax County's Braddock District convened a series of citizen workshops during 2003 and issued a report on findings in September, 2003.

(See www.fairfaxcounty.gov/gov/bos/bd/commdialogintro.htm.)

This community dialogue featured agency experts in transportation and finance, elected officials and interested citizens engaging in informal discussions. Regarding feedback on the referendum, participants agreed that money is needed for roads and transit, and were reassured that the funds would stay in Northern Virginia. It seemed to be the only near-term solution to make progress since the commonwealth was not exercising leadership and accountability.

On the negative side participants echoed many of the reasons for opposing the referendum that were provided above, including: roads won't make congestion go away, too much sprawl, VDOT can't be trusted, state transportation money has been diverted and referendum money may be also, should use gas taxes, don't like NVT, not enough money to complete projects and too few transit projects.

Three sub-groups provided specific recommendations. Among the funding ideas were:

- 1) Develop an annual transportation report including status and progress;
- 2) Maximize non-tax revenue sources including proffers, tax districts and tolls;
- 3) Use more local general funds and bonds;
- 4) Extend city excise taxing powers (cigarettes, restaurants);
- 5) Provide a fire wall to prevent state diversion of locally raised funds;
- 6) Use air quality as a factor in funding projects;
- 7) Apply any new taxes in this order:
 - a) Sales

- b) Gas
- c) Car Property
- d) Trucks

The legislative sub group recommended:

- 1) Greater local taxing and spending authority and responsibility with cross-jurisdictional cooperation;
- 2) Increase gas tax;
- 3) Control land use;
- 4) Require developers to fund “at the front end” necessary supporting infrastructure;
- 5) Strengthen the proffer system;
- 6) “Down plan” parts of the region and “up plan” densities around Metrorail;
- 7) Greater effort to educate the public;
- 8) Higher fines for HOV violations;
- 9) Prevent raids on the state transportation trust fund;
- 10) Merge all transit providers;
- 11) Encourage connections, telecommuting and HOT lanes.

Finally, the land use sub-group recommended:

- 1) Create a spider web transit system including dedicated beltway and other bus lanes;
- 2) Increase neighborhood shuttles and bike trails;
- 3) Legitimize the slug system;

- 4) Build a by-pass for I-95 north-south traffic;
- 5) Use ITS for coordinated traffic controls and buses;
- 6) Continue high-quality maintenance;
- 7) Protect watersheds and purchase land contiguous to parks;
- 8) Let the local governments control the referendum trust funds and allow NVTa to prioritize the solutions;
- 9) Educate citizens.

LESSONS FROM OTHER REFERENDUMS

As can be seen below, several different sources tally the number of transportation referendums and their results somewhat differently. According to one source, in November, 2002 there were 33 transportation measures on ballots throughout the U.S. Twenty-two of those called for higher local sales or property taxes. Half of the 22 failed. Two proposed higher gas taxes. Both failed. Five called for bond issues without tax increases. All five passed. Four of the seven initiatives limited to transit failed.¹

Of the 11 regional transportation referendums that passed in the U.S. between 1987 and 1997, nine failed on the first attempt. Three failed on the first two attempts. One had to survive a court challenge. A study by Cambridge Systematics for MWCOC found that successful campaigns extended over many years and involved grass roots voter education efforts.²

Funding Strategies for Public Transportation

A successful referendum in the mid-1980's in Washoe County, Nevada (Reno) provided a new one-quarter cent sales tax to support the local transit system. One factor accounting for its success (70 percent "yes") was earmarking some of the revenue for transit for elderly and disabled persons.³ Also, a proactive public outreach program featured transit representatives speaking to service clubs, businesses and others. Following the recommendation of a Blue Ribbon Committee, another referendum in 1994 was put to the voters but received only a 35 percent favorable vote; it asked for another quarter cent (with three-quarters for highways and one-quarter for transit). A reason for failure was believed to be a failure to tie the tax increase to solving specific problems ("congestion" was cited as the target of the tax).⁴

In 1980 Dallas and Ft. Worth put forward a referendum for a one-cent sales tax for transit, including new commuter rail. The referendum failed. In Ft. Worth, a Blue Ribbon Committee of business leaders was then

¹ Innovation Briefs. "The November Transportation Referenda: A Post Mortem," Vol. 14, No. 1 (Jan/Feb. 2003).

² NVTAlliance website (www.nvta.org/refer02.html).

³ TCRP Report #31, Funding Strategies for Public Transportation, Vol.2 Case Book, Price Waterhouse LLP (1998) at 36.

⁴ Ibid. at 37.

formed which raised money to hire a political strategist. Telephone calls were made to transit-dependent precincts. Property tax relief was used to rally support and the City Council would retain control of the funds. The referendum in 1983 to initiate a quarter-cent sales tax to rise to a half-cent after five years passed with 55 percent of the vote. The heavy turnout in the transit-dependent precincts out-weighted the “no new tax” voters.⁵

In 1971 local jurisdictions within the service territory of the Metropolitan Atlanta Rapid Transit Authority (Atlanta, Georgia) approved a one-cent sales tax. Several restrictions made the tax more attractive to voters, including a requirement that in 2032 the tax will drop to a half-cent.⁶

Characteristics of State Funding for Public Transit

The American Public Transportation Association publishes a weekly journal (Passenger Transport at www.apta.com/passenger_transport/thisweek/). This journal provides thorough reporting on transit referendums. Many of these articles are used to compile the annual Characteristics of State Funding for Public Transit published by the Transit Cooperative Research Program.⁷

According to this source, in 2002, 45 percent of the 28 U.S. transportation referendums that included transit were passed at about the same rate (44 percent) as those 14 with only transit (43 percent). Sixteen featured sales tax increases, with 38 percent passing. Seven included local bond issues and 60 percent passed. Examples include Charleston County, South Carolina that approved a half-cent tax (65 percent for roads, 18 percent for transit, 17 percent for parks). Miami-Dade County, Florida voters approved a half-cent sales tax yielding \$150 million annually dedicated to transit, including operation of new subway lines and improved bus service. Similar measures lost twice in the past 15 years but it is believed that this passed due to dozens of public meetings, creation of an independent citizen’s oversight board and dedicating the funding to transit. In Stark County, Ohio, a quarter-cent sales tax was renewed. It was originally passed in 1997 after three tries. Endorsements from elected officials and business leaders helped.⁸

Displaying a “bottom-up” approach, Washoe County, Nevada (Reno) approved an advisory referendum calling on the state legislature to levy a

⁵ Ibid. pp. 39-40

⁶ Ibid. pp. 43-5.

⁷ TCRP Project J-6/Task 46 Characteristics of State Funding for Public Transportation (July, 2003) at http://gulliver.trb.org/news/blurb_detail.asp?id=1640 which includes descriptions of 28 ballot initiatives for 2002 of which 12 passed. The 2004 report describing 2003 referendums has just been released.

⁸ Ibid. at 4-1 through 4-8.

one-eighth cent sales tax increase for public transit and roads. The \$820 million proceeds over 30 years would be used to fund the approved regional transportation plan.⁹

During 2003, 25 local referendums nationwide included transit of which seven were transit-only. Sixty-five percent of all initiatives passed and all seven transit-only initiatives passed. Eleven new sales tax increases were put to voters and 55 percent passed, together with both measures that called for renewing existing sales taxes. Seventy-five percent of bond referendums passed.¹⁰

An example of a successful effort in 2003 is Kansas City, Missouri, which approved 69 to 30 percent a three-eighths cent sales tax to help the local bus system overcome a budget crisis. The same voters rejected a companion proposal to increase the sales tax by a half-cent for 12 years for light rail. In Tucson, voters rejected a 0.3 cents sales tax for a proposed light rail system.¹¹

Reasons given for defeat of such measures nationwide included tough economic times (especially in locations with above average proportions of senior citizens such as Orlando and Tucson).¹²

Center for Transportation Excellence

Still another source also examined the results of transportation referendums nationwide. The Center for Transportation Excellence provides commentary on transportation referendum results sorted chronologically. (See www.cfte.org/success/elections.asp). Resources include an interactive map.

CFTE has been established by APTA to serve as a resource for transit systems and localities to refute critics and achieve success in referendums. Staff is available to provide advice and relevant materials. A speaker's bureau is also available. APTA and CFTE have sponsored two conferences focusing on lessons learned from referendums. One was in San Jose, California in 2001 and the latest was in Phoenix in December, 2003. CD's of the proceedings, including PowerPoint presentations from speakers, are available from CFTE for both of these conferences. A third conference is planned for April, 2005 in Charlotte, North Carolina.

⁹ Ibid.

¹⁰ 2003 TRB Report at 4-1.

¹¹ Ibid. at 4-1 through 4-10.

¹² Ibid.

Using a different 2002 data set, CFTE reported 47 percent of transit-only measures passing and 50 percent of combined transit and highways passing. Only 36 percent of sales tax measures passed.

Examples of upcoming referendums include:

- Maricopa County, Arizona (Phoenix): Seeking to extend the half-cent sales tax for a \$16 billion regional transportation plan (November, 2004).
- Bay Area, California: Almost \$1 billion bond issue for BART earthquake safety. The property tax would increase by \$7 per \$100,000. The first try lost in 2002 by 2.2 percent (November, 2004).
- California: \$10 billion of bonds for LA to SF high-speed rail (November, 2006).
- Sacramento County, CA: Extend half-cent sales tax beyond 2009 for \$4.7 billion of road and transit improvements (November, 2004).
- San Mateo County, CA: Half-cent sales tax for \$1.5 billion over 25 years with 30 percent for transit. Being opposed by pro transit groups (November, 2004).
- Marin County, CA: Half-cent sales tax increase to generate \$330 million over 20 years for local bus service expansion, road maintenance and widening Highway 101 (November, 2004).
- Ventura County, CA: Half-cent sales tax increase for roads and transit generating \$50 million per year (November, 2004).
- San Diego, CA: Half-cent sales tax extension from 2008 through 2048 for \$14 billion in transit and highway improvements (November, 2004).
- Charleston SC: After the State Supreme Court overturned a previous referendum, it is back on the ballot seeking a half-cent sales tax for transit, green space and roads (November, 2004).

These should be monitored for additional lessons as their respective

campaigns progress.

CFTE provides a list of 10 lessons learned:

1. Most urban areas go to the voters more than once before a dedicated revenue source for transit is established.
2. Many elections seeking transit funding are more influenced by other variables such as economy and government interest, than support for public transit.
3. Transit revenue sources have been established as stand alone issues as well as with highway propositions.
4. All local elections identified were “take it or leave it” propositions, not allowing voters separate issues or projects within issues.
5. The most successful election campaigns had grassroots election support as well as professional management.
6. Despite overwhelming endorsements and campaign financing, many tax initiatives fail due to grassroots opposition.
7. Voters are more likely to approve tax increases if specific projects are linked with the funding request.
8. Successful transit elections are more often focused on the short-term and immediate time frames.
9. Even with token opposition, transit elections usually are close elections due to the relatively small direct constituencies benefiting from the tax.
10. Eventually, every urban area that has attempted to pass dedicated transit revenues has succeeded on the second or third attempt.

CFTE also lists eleven keys to success for local transit elections:

1. Timing

Make sure timing is appropriate to have a local election.

2. Specific Plan

Have a specific plan in place and be prepared to handle the upcoming election.

3. Simple Issue

Make sure the issue is a simple issue, not too complicated to comprehend.

4. Champion(s)

Identify a champion or someone local in charge of the campaign voters can connect with.

5. Clear Benefits

Make sure there are clear benefits to the voters. "What's in it for them?" Clearly answer this question.

6. Public Involvement

It's essential that there is a public involvement plan that is strategic and inclusive.

7. Listen to Community

Keep your eyes and ears open throughout the election process. Be prepared to answer the concerns of the community quickly.

8. Regional Balance

Your plan should include a regional balance of transportation options.

9. Governance/Accountability

Your plan should be responsible and show accountability. No "blank check" proposals.

10. Creative Solutions

Be creative in deciding the proposal you plan to put before voters. Ensure that you have considered all options.

11. Adequate Funding

Make sure your proposal will provide adequate funding for your project or your proposal.

Measuring Up

The Surface Transportation Policy Project published an analysis in 2002 of why referendums pass or fail (see www.transact.org/library/reports_html/measuring_up/report.htm). The authors tallied 41 transportation referendums in 2002 with \$117 billion in new funding over the next 20 years. Only four attempted to increase statewide user fees. They believe the trend to referendums and away from legislatively approved user fees for transportation is particularly due to the need to pay for public transit, which is difficult to finance with traditional user fees.

The report recommends:

- 1) Broader public involvement in the initial development of the ballot measures;
- 2) Identifying specific projects and dedicated, locked-in funding categories;
- 3) More use of gasoline taxes (including indexing) and support of public transit;
- 4) More emphasis on coordinated land use planning and growth management (including incentives), using processes defined in TEA-21 and elsewhere;
- 5) Clear provisions for oversight and accountability;
- 6) Identifying funding for maintenance and operations;
- 7) Administered by the appropriate level of government (e.g. regional rather than state);
- 8) Match those who benefit with those who pay in order to achieve social equity.

Five referendums were evaluated in detail, including these three:

- 1) Alameda County, California: 81.5 percent approved a sales tax increase in November, 2000 by dedicating a third to public transit and additional portions to pedestrians and bicycle safety, land use incentives, local street repair as well as new transit and highway projects.

- 2) State of Missouri: A referendum to increase state sales and gas taxes failed in August, 2002 by a 3 to 1 margin. Only 13 percent was set aside for transit and didn't specify specific projects.
- 3) Northern Virginia: The report is critical of the November, 2002 referendum for failing to lock in all of the revenues on specific projects, no provisions for performance measures or coordinated land use planning and adverse effects on air quality.

STATUS OF THE REFERENDUM PROJECTS

As shown in **Figures 5 and 6**, the list of projects authorized by the General Assembly provided for about \$2.8 billion of expenditures on transit, HOV, and highways. What has happened to the projects on that list since the referendum? Are some of the critics correct that other funding sources are readily available to take up the slack?

Fairfax County is going to its voters in November, 2004 to seek \$165 million in bonding authority for transportation, including \$110 million for WMATA's capital needs. In effect the County Board has agreed to use local property tax revenues to repay its own bonds over time, given a lack of other sources. The county is also seeking an advance commitment of \$50 million in federal RSTP and CMAQ funds for projects in its four-year transportation program.

In Arlington County, having approved a \$10 million November 2002, transportation bond referendum (including \$1.6 million for pedestrian systems, \$3.5 million for transit and \$0.5 million for trails and bikeways) and another \$12.5 million bond for WMATA, the county again plans to go voters in November, 2004 with an \$18 million transportation bond referendum (including \$1.3 million for trails and bikeways and \$1 million for neighborhood traffic calming) along with another \$12.5 for WMATA.

Are some other critics correct that the projects aren't needed so that there are no significant adverse consequences from failure to fund them?

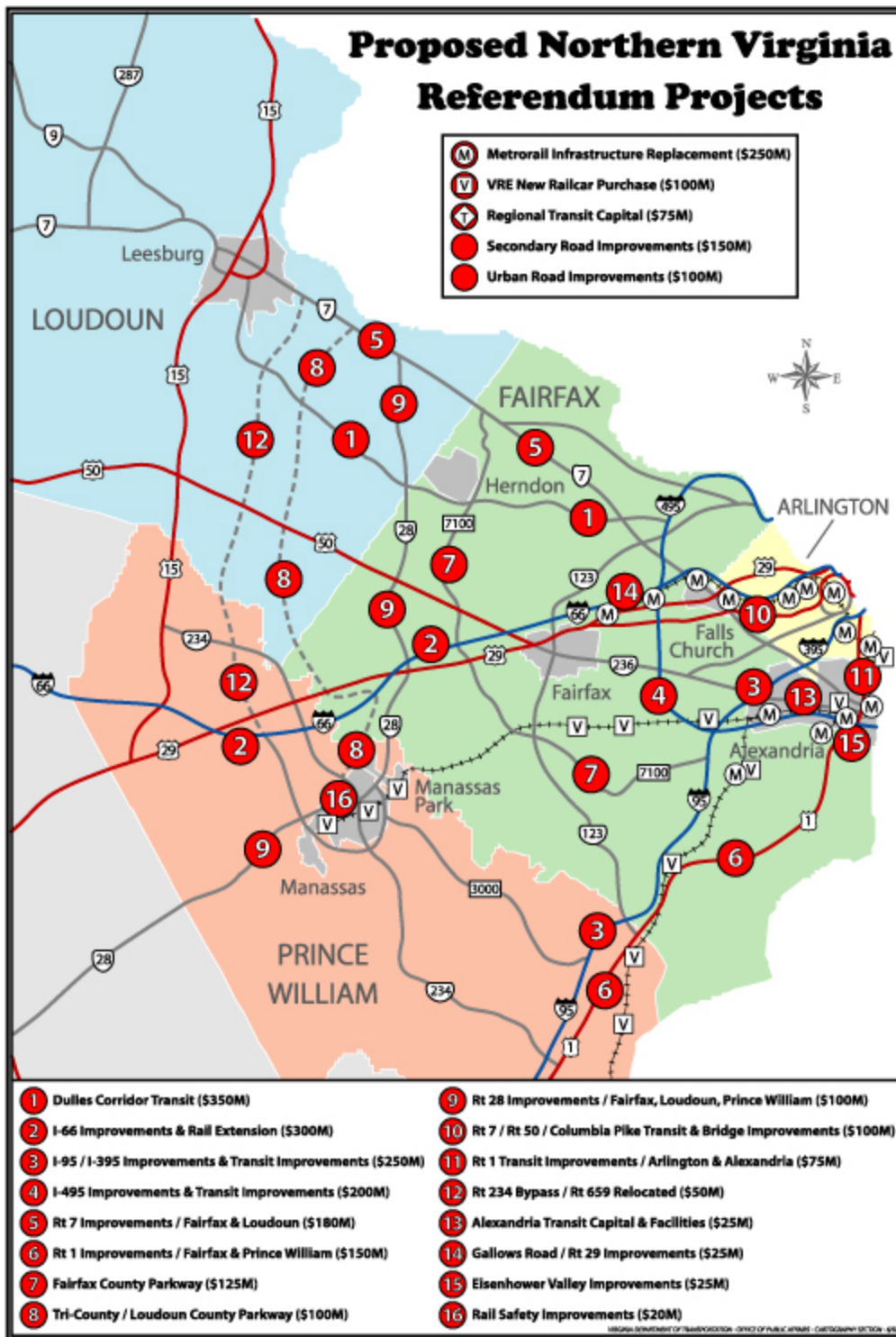
In consultation with local, DRPT and VDOT staff, the following figure lists the original projects and proposed referendum bond funding, together with current information on each project. In general, many projects have suffered reduced state funding in the FY 2005-10 Virginia Transportation Improvement Program and have not progressed as intended at the time of the referendum. Given increasing traffic congestion and crowded transit, it is hard to argue that conditions have not deteriorated in the mean time.

For major highway and HOV projects (e.g. Beltway and I-95) public-private proposals are offering the possibility of progress using toll finance (High Occupancy Toll lanes with charges varying with congestion). For transit projects, local general funds financing bond issues have allowed some limited progress.

Figure 5: Proposed Referendum Projects and Current Status
Projects

	<u>Proposed Bond Amount (\$millions)</u>	<u>Current Status</u>
1 Dulles Corridor Transit (local share)	\$350	Split into phases. Phase 1 preliminary engineering. www.dullestransit.com . State and local shares available but not federal.
2 I-66 Improvements and Rail Extension (I-495-Route 15)	\$300	Multimodal transportation and environmental study . Rail extension project on hold at least through FY 2006. I-66 widening now has \$37.1 million for 3.8 miles near Manassas. www.virginiadot.org/projects/studynova-rt66.asp
3 I-95/395 Improvements and Transit Improvements	\$250	Public private proposal including HOT lanes.
4 Route 1 Transit Improvements (Arlington/Alexandria)	\$75	Crystal City/Potomac Yard corridor alternatives analysis completed in March, 2003. Brt was advanced to EIS. www.route1transit.com
5 Route 1 Transit Improvements (Fairfax/Prince William)	\$150	www.virginia.org/projects/studynova-rt1.asp . Location study favors six lanes plus transit approved by CTB 4/15/04. First phase of new transit improvements began September, 2004.
6 Route 28 Improvements (Loudoun/Fairfax)	\$50	www.28freeway.com . Underway with public-private partnership. Transit services (not capital) funded.
7 Route 28 Improvements (Prince William)	\$50	Not funded.
8 I-495 Improvements and Transit Improvements	\$200	Capital beltway environmental study. http://project1.parsons.com/capital/beltway . New public/private proposal including HOT lanes.
9 Fairfax County Parkway	\$125	Design funds for Fair Lakes interchange; private funding for Engineering Proving Grounds portion; no other construction funds.
10 Gallows Road/Route 29 Improvements	\$25	Part of November, 2004 Fairfax County bond referendum. Not enough to finish.
11 Tri-County/Loudoun Parkway	\$100	www.virginiadot.org/project/tcp.asp . Draft EIS underway.
12 VRE New Railcar Purchase	\$100	Ridership growing 10-20% annually. Leasing cars at added expense. Seeking federal funding. Governor proposed \$3m annually but not adopted.
13 Eisenhower Valley Highway and Transit Improvements	\$25	Alexandria intended to widen and add Mill Road extension and a new Metrorail entrance. All deferred.
14 Route 234 Bypass/Route 659 Relocated	\$50	Not funded.
15 Metrorail IRP	\$250	Metro Matters campaign to fill \$1.5 billion shortfall. Need railcar option by November, 2004. Local funding agreements needed.
16 Secondary System Improvements (includes unpaved roads)	\$150	Stringfellow Road in Fairfax Co. to be funded by local bond issue. Others (Pohick, Guinea) unfunded.
17 Urban System Improvements	\$100	CTB reduced allocations. Alexandria deferred traffic calming.
18 Route 7 Improvements (Fairfax/Falls Church)	\$80	
19 Route 7 Improvements (Loudoun)	\$100	FY 05-10 state plan lists \$2.5m cost for PE with \$0.5m programmed.
20 Regional Transit Capital	\$75	VRE Burke Center parking part of November, 2004 Fairfax County bond referendum. Currently in prelim engineering. DASH expansion deferred. No park-and-ride lots and regional bus purchase cancelled.
21 Alexandria Transit Capital and Facilities	\$25	With FY 2005 reduction of urban system allocation, considering building bus parking without roof at maintenance facility to save \$6 to \$7 million.
22 Route 50/Columbia Pike Improvements	\$25	Only Route 50 Washington Boulevard bridge repairs funded.
23 Columbia Pike/Route 7 Transit Improvements	\$75	Pike Transit Initiative for alternatives analysis underway. Earliest construction begins in six years. No funding.
24 Rail Safety Improvements (Manassas Grade Separations)	\$20	
25 Transit Operational Costs		

[Up to 15% of excess \$ each year.]



STRUCTURING A NEW REFERENDUM

By reviewing the material above, several themes emerge. Again, a new referendum is probably a last resort, but lessons from the November, 2002 experience can be helpful in structuring alternative funding proposals for the 2005 General Assembly and beyond.

Smart Growth Features

Among voter objections to the tax was the sentiment that money alone will not solve traffic problems—land use planning and growth management need to be part of the solution. Apparently many in the “no” camp felt that the benefits to transit would be cancelled by the emphasis on road building in the outer jurisdictions that would only exacerbate sprawl and congestion.

One voter interviewed by the Washington Post stated, “Every time you turn around, they’re knocking down trees and putting up more housing...and you’re sitting in traffic watching it be developed.”¹

The coalition NoSprawlTax.org suggested that the solution lies in smart growth.

There is no one agreed upon definition of smart growth. Smart growth is a catch phrase that attempts to get at the interrelationships between transportation, housing, the environment, economic development, and fiscally responsible investment. The term means different things to different people; however, most can agree on some underlying principles that drive the use of the term in public discourse. Smart growth:

- Directs development and public infrastructure investment toward existing communities in order to reduce the public infrastructure and community service costs associated with growth and to preserve open space, farmland, natural beauty, and critical environmental areas;
- Encourages mixed-use communities where housing, offices, schools, shopping, and community facilities are nearby and where the transportation infrastructure is such that one can get around on foot, bike, by transit or in a car;
- Offers a range of housing choices for all preferences and income levels;

¹ “Resounding No Sends a Message to Leaders,” *Washington Post* (November 7, 2002) at A1.

- Provides multi-modal connections between major activity centers as well as within neighborhoods.

As stated, since smart growth advocates became unexpected and staunch opponents of the referendum, their concerns should be heard and their suggestions incorporated in any future referendum. But not everyone understands or agrees with the smart growth platform. Indeed, it can generate some hostility.

For example, one publication cites polls showing a disconnect between what people say they want and what smart growth advocates say they should want. People are not willing to embrace a vision of smart growth that would deny them the opportunity to enjoy a suburban lifestyle.

The Smart Growth movement is a somewhat uneasy coalition of two groups. The new urbanists who harbor a visceral dislike of the suburbs and its auto oriented culture and want to channel growth into existing cities; and, in large part, upper middle class environmentalists who, already secure in their mostly suburban habitat, want to see the remaining urban open spaces preserved in a natural state and remain off limits to further development.²

There is a carry over of intense antagonism felt by some elected officials for what they view as a cynical decision by environmental leaders to sacrifice the region's best opportunity for transit funding in order to beat developers and boost support for their own organizations and political agendas. This has been characterized as "intellectual dishonesty" and makes it difficult for some of those officials to welcome Smart Growth leaders to the table to plot strategy for another attempt. Some would argue such advocates would be expected to again sabotage the greater good for their own narrow objectives.

Others have derided Smart Growth advocates for preaching the benefits of density but not supporting local officials "in the trenches" when those officials seek to promote mixed use developments at major transit stations (e.g. Vienna) and are met with hostility from neighboring residents.

Another difficulty with incorporating the entire Smart Growth platform into NVTAs policies is that it may provide a different allocation of resources compared to the current implicit methods of allocation based roughly on population. Creating winners and losers among jurisdictions is a very difficult proposition for a regional body depending largely on consensus decision-making.

² Innovation Briefs, "Smart Growth: a Report Card," Vol. 14, No 1 (Jan/Feb 2003)

Notwithstanding such sharp differences in perspective, there may be some smart growth strategies that would appeal to a wide audience.

Using the methodology included in NVTA's Alternative Transportation and Land Use Activity Strategies (ATLAS) study, the following strategies performed the best in meeting the NOVA 2020 Plan Criteria and Local Needs Evaluation:³

- Priority Funding Areas
- Regional Compact
- Location Efficient Development
- Bonus/Incentive Zoning
- Tax Increment Financing
- Jobs-Housing Balance
- Transit-Oriented Development
- Suburban-Scale Transit
- Congestion Pricing
- Distance-Based Fees
- Split-Rate Tax
- Regional Land Use Plan

Among those, congestion pricing, transit-oriented development and tax-increment financing are enjoying increased awareness and support among transportation professionals and elected officials. It might be possible to craft specific smart growth proposals to include in a new referendum that would add to the attractiveness of the overall package.

The No Sprawl Tax.org website called for "An approach that increases transportation choices and links land use to transportation in a way that reduces the amount that people have to drive... ." The agenda listed on the site calls for the state to meet maintenance needs first, focus investments on contiguous development, examine long term trends, focus development at rail stations, change state funding formulas to provide equality for transit, adopt tax credits for employees using transit, shift

³ Memorandum from the Honorable David Snyder to TCC Executive Committee (April 6, 2001)

highway project funds to transit, fund pedestrian and bicycle needs, fund public land protection and support voluntary land protection. Many of those positions are identical to those in NVTC'S legislative agenda.

Smart Growth America provides another list of 10 principles of smart growth that includes such items as: mix land uses, preserve open space, direct development to existing communities and provide a variety of transportation choices.

The Coalition for Smarter Growth (www.smartergrowth.net) has provided a "Blueprint for a Better Region." Among its precepts are:

- Center communities around mass transit rather than construction of new highways to solve congestion.
- Construct livable communities next to mass transit stations.
- Encourage balanced growth (not no growth) in the right places.
- Develop sustainable growth plans tailored to each community.

Based on informal staff contacts, here are 10 ideas for actions that would improve the chances of success of a referendum from the point of view of smart growth advocates:

- 1) Identify target reductions in overall VMT and per capita VMT while increasing mode shares for transit;
- 2) Link revenues to achieving land use targets at state and local levels;
- 3) Use effective models such as Arlington's Columbia Pike Form-Based Code to link street redesign and transit investment;
- 4) Measure success in achieving targets such as VMT reduction; transit, pedestrian, bicycle, carpool mode share increases; reduced air pollution; and reduced land consumption;
- 5) Develop a statewide model of potential sprawl in each county and test alternative land use and transportation

scenarios. Presumably strategies such as urban and town revitalization, mixed-use, walkable communities and transit-oriented development will test well;

- 6) Existing plans (TPB's CLRP, NVTA's 2020 Plan, Virginia's VTRANS 2025) are so flawed that they should not be used to select projects;
- 7) CTB should pass through more federal funds for local allocation as well as devoting more funds to transit, local streets, pedestrian and bike facilities.
- 8) Avoid outer beltways that are "poison pills" to the smart growth community (as well as avoiding poison pills for any significant block of voters);
- 9) Fix Virginia's flawed Public-Private Transportation Act by including more public input, more adherence to NEPA, stronger financial estimates and more curbs on projects that promote sprawl.
- 10) Bring the smart growth community to the table to discuss any referendum before it is set in stone.

Incorporating elements of these smart growth agendas into NVTA's own decision-making criteria for project selection would presumably help win the support (or at least neutrality) of smart growth advocates. If the focus remains on moving people and not cars, there should be some common ground. Indeed, NVTA has adopted some principles to guide its project selection that are part of its 2020 plan; these could provide a jumping off point for further dialogue.

Consider Transit-Only Referendum

In the inner jurisdictions such as Arlington, there exists a strong base of support for public transit. An attitude survey of 500 Arlington County residents (over the age of 18) who own cars completed in May and June of 2004 by Shugoll Research found that 16 percent will always choose to drive and 22 percent will usually choose to drive. This leaves 33 percent who will occasionally use public transit or alternative forms of transportation and 29 percent that prefer to use public or alternative transportation, constituting a healthy pro-transit majority.¹

The November, 2002 referendum enjoyed its strongest support from voters closest to Metrorail. WMATA's "Metro Matters" campaign has enlisted elected officials and business leaders to support funding for \$1.5 billion in unmet capital needs. The public values WMATA and is aware of its deteriorating infrastructure and need for more rail cars to combat overcrowding. VRE is also very well known and highly regarded in outlying jurisdictions that do not pay for WMATA.

Thus, a limited referendum providing a half-cent sales tax only for transit (including local buses and VRE) may increase the odds of success region-wide, and certainly if it were confined to the five NVTC jurisdictions currently subsidizing WMATA.

¹ See www.commuterpage.com/ACCS/ACCSreport04.htm

Smaller Region

Generally, with some exceptions, precincts in Alexandria, Arlington, and Falls Church that were closest to Metrorail voted for the referendum. Precincts far from the core voted most heavily against it. No precinct in Loudoun, one in Prince William and 23 out of 220 in Fairfax counties voted in favor, although in three magisterial districts in Fairfax County the margin of defeat was modest (again, those with direct access to Metrorail). Consequently, limiting the referendum to those jurisdictions within the Northern Virginia Transportation District and focusing on Fairfax County's transit needs may increase the odds for success.

On the other hand, results from Prince William County's Citizen Satisfaction surveys show clearly increasing dissatisfaction with rapid growth and increasing satisfaction with public transit. Smart growth components and active outreach may generate sufficient interest among voters in these outlying counties to support a new referendum.

Base Revenues For Each Affirmative Jurisdiction

While voters in Alexandria, Arlington and Falls Church approved the referendum, since it was defeated in the entire region, the tax was not assessed anywhere in the region. If, however, a portion of the tax (and associated projects) had been designated specifically for each jurisdiction that favored the tax, voters in those three jurisdictions could have been rewarded with a new source of funding.

It might work like this:

- The project list has some “regional” projects that will only be built by NVTA if the entire region approves the referendum with the entire tax (say a half-cent sales tax);
- If the regional tax passes, a portion (say a quarter-cent of a half-cent regional sales tax) will be available to each jurisdiction for local projects of regional significance (say Metrorail capital billings). If a jurisdiction’s voters approve the referendum but the overall region rejects it, the quarter-cent tax would be levied only in the favorable jurisdiction with all proceeds available to that jurisdiction.

This would allow those jurisdictions favoring the tax to obtain a dedicated source for Metrorail. It is unlikely that a quarter-cent sales tax differential would cause much diversion to nearby jurisdictions if the neighbors did not approve the new transit tax.

Tax Relief

Tax increases are never popular, but the referendum could be structured to provide some form of tax relief by substituting a form of taxation that is less painful (e.g. sales) for one that is more visible and detested (e.g. property).

It might work like this:

- If the regional sales tax increase is approved, jurisdictions would have the limited ability to reduce somewhat their local contributions for transportation. The November 5, 2002 referendum bill required jurisdictions to maintain their local levels of effort.
- To accomplish the local reduction of property tax based general fund contributions, while not reducing the net yield from combined sources, value capture provisions could be added. Local governments would be empowered to enter into agreements with developers to obtain in advance a reasonable portion of the discounted present value of the future stream of benefits from the project. This payment could then replace some of their general fund contributions to transportation.
- Another option is to allow local governments to segregate the future increase in local property taxes accruing from the project and use this income stream to offset current property tax-funded contributions. Tax anticipation notes could monetize the future income stream to provide an immediate source of funds.

Timing

Several options are available for scheduling the new referendum including:

- Spring versus fall.
- November, 2005 or later
- Paired with General Assembly elections or not.

Constraints include the need to obtain General Assembly approval in advance and the need to allow sufficient time to involve the public. Another factor is the very difficult battle during the 2004 General Assembly session over taxes with the ultimate result that the statewide sales tax was increased by a half-cent effective September 1, 2004 but none of the proceeds will go to transportation.

Given these imponderables, the following strategy is proposed for discussion:

- Prior to the 2005 General Assembly, NVTA devises and adopts a legislative strategy and involves the public.
- At the 2005 General Assembly, after all other options are exhausted, NVTA seeks approval to conduct a referendum in November, 2006. This avoids the Gubernatorial and House of Delegates elections in November, 2006 and allows another year to develop the precise project list with public input. Also, if the General Assembly does not provide authorization, NVTA can try again in January, 2006 and still meet the schedule. It also provides separation from the September, 2004 sales tax increase since a new tax, if approved, would go into effect no sooner than 2007. At the 2005 session, NVTC would renew its efforts to win approval effective July 1, 2005 of an increase in its gas tax dedicated to WMATA. Finally, NVTA would urge the General Assembly to adopt restrictions on diversion of state funds in the TTF to create a true transit fund.
- During calendar 2005 NVTA would lead an active campaign to involve the public in shaping the project list, regional boundaries and form of tax increase. If the General Assembly had not acted to authorize a new referendum, local governments could consider local advisory

referendums prior to the 2006 General Assembly session.

- At the January, 2006 General Assembly, approval of the precise ballot question, project list and bond authorization would occur, if no other alternatives were available for increased transit funding.

Creating The Project List

As stated, projects could be transit and/or highway only, or could be subdivided by jurisdiction so that some could go forward if any jurisdiction approved the referendum individually. It could emphasize primarily short-term fixes, long-term remedies or some combination. It could offer several options or one fixed list. Whatever list is ultimately proposed by NVTA and authorized by the General Assembly, it should be the product of extensive public input. Benefits of each project should be determined and publicized. Coincidentally, NVTA is conducting an update of its regional transportation plan to 2030 and the outcome of this effort (to be completed by mid-2005) can be helpful in reaching consensus on needed regional projects.

Similarly, VTRANS 2025, Virginia's multi-modal plan is undergoing public review now. It has identified enormous unfunded statewide needs for all modes during 2005-2030, such as \$30.7 billion for rail/public transit and \$69.5 billion for highways. A "Northern Virginia Connections" multimodal investment network is identified that includes several of the projects from the referendum list (park-and-ride lots, shuttles, VRE rolling stock, WMATA's CIP, Metrorail to Dulles, safety/capacity improvements on Route 28 /234, freight and ITS improvements).

To help overcome NIMBY reactions, corridor groupings could be utilized. To blunt fears of diverted resources, corridor trusts could be established with unspent funds reverting to individual jurisdictions rather than being reallocated to new projects. The concept of corridor trusts picks up on the multi-modal concepts in VTrans 2025 (the ongoing state transportation plan). It also mimics the WMATA and Dulles Corridor models in which agreements are signed with local governments and other sponsors to "guarantee" funding of the entire project.

If necessary, funds could flow directly to local governments based on point of collection to be held in trust until NVTA bills for specific projects. NVTA would still be responsible for completing the projects on the referendum list and setting regional priorities. NVTA might even consider establishing an independent financial review board to generate more public confidence.

The completion of VTRANS 2025, while helpful in establishing consensus on worthwhile investments and documenting the shortage of state funding, may have the perverse impact of encouraging those who believe state funding must be increased, not local and regional funding. Accordingly, close consultation is needed with General Assembly leadership and the Governor about the likelihood of state funding increases for transportation and the most advantageous sequence of efforts (state before local or vice versa).

Grass Roots Involvement

In November, 2002 NVTA was a fledgling and little known entity. It was to be entrusted with large sums of money at a time when VDOT was in the news for alleged mismanagement. Many of the projects on the referendum list were actively opposed by environmentalists/smart growth advocates and even projects not on the list (Techway/Western By-pass) initiated fear and confusion among some voters.

To avoid the distrust and confusion more time for a carefully managed campaign is needed. But of the utmost importance is the need for public involvement from the beginning. Among the techniques:

- NVTA uses its website and obtains email lists to provide interactive opportunities.
- NVTA uses this feedback as it develops specifics and establishes several public subcommittees.
- NVTA uses its ongoing 2030 transportation plan update process to help identify projects (two-fifths of this \$900,000 project budget is devoted to public outreach), including innovative provision of CD's to citizen groups before the plan update is initiated.
- NVTA encourages an active dialogue among all spectrums to identify difficulties and try to resolve them before the referendum project list is made final.

One very useful model is that of Envision Utah (www.envisionutah.org). A four-year carefully orchestrated process led to a successful referendum on light-rail in the Wasatch area of Utah matched with ongoing land use decisions. Among the techniques used to generate support for an effective balance of land use and transportation measures were:

- Ask people to visualize what they have lost as a result of uncontrolled growth (e.g. a favorite playground or an uncongested road);
- Find substitutes for words that evoke negative connotations among same members of the public, such as “quality growth” for “smart growth”, “dispersed development” for “sprawl” and “global, regional and community” for “federal, state and local governments;”

- Density was described as an outcome, not a goal, and resulted from efforts to improve quality of life and save tax dollars;
- Pictures were painted of visions in the form of clear maps and other visual aids;
- Boundaries were tied to natural processes such as air, water and commuting sheds rather than political jurisdictions.

Managing The Campaign

NVTA would need to take charge and educate the public about its mission and the need for a successful referendum. Unfortunately, NVTA has no current source of funding, no staff, and no budget for public opinion polling and media buys. Using borrowed staff from agencies with other missions to manage a referendum campaign may not be successful. (An exception may be if the referendum is restricted to a smaller region and applies to transit only. In that case NVTC may be the appropriate agency to lead).

Accordingly, NVTA may need first to establish a budget for either an executive director or at least a “campaign manager,” using contributions from local governments. Supporters from outside interest groups may also wish to assist in fund-raising, polling, lobbying, and advertising.

Survey help may be obtained for little or no cost from local universities with enough advance notice. Or, questions could be added to recurring surveys for a few thousand dollars. An estimated \$6,000 would fund 300 telephone interviews of five minutes each, including survey development and cross tabs.

Focus groups and constituent meetings presumably could be absorbed within existing agency and elected officials budgets.

But once the referendum legislation is passed, significant funding for paid multi-media advertising is very likely to be needed. Also, close coordination with editorial boards and opinion leaders is needed. The Virginia Road and Transportation Builders Association and the Virginia Aggregates Association intend to raise \$800,000 to \$1 million for a statewide education effort about “the short and long-term negative consequences of continual inattention to transportation.” The grass roots campaign will include town hall meetings to focus on the importance of transportation in the everyday lives of voters.

During the 2002 referendum campaign, at least one influential media representative, Marc Fisher for the *Washington Post*, took a strong position against it. Mr. Fisher concluded in an October 19, 2002 column that the deciding factor was: “more than half of the money that is pouring into the Yes campaign comes from real estate and construction businesses... and all the various other interests that profit from sprawl...” He went on to quote Stewart Schwartz of the Coalition for Smarter Growth who said “what we see in this plan is an open-ended, permanent stream of income for outer county highway building to fuel the next generation of development.”

Polls early in 2002 in the region were reported to show 62 percent of voters in favor of the referendum. As shown in Appendix C, even absentee ballots showed strong support (e.g. 52.9 percent yes in Fairfax County, 54.8 percent in Arlington, 53.5 percent in Alexandria, 50.8 percent in the city of Fairfax, 57.9 percent in Falls Church, and 51.4 percent in Manassas). In the other jurisdictions, absentee ballots also showed much greater support than the votes registered on November 2nd. This phenomenon suggests that support fell off drastically during the last two weeks of the campaign, perhaps when voters began to consider the issue seriously for the first time. A new campaign must prepare for an effective last minute media blitz as well as an early and ongoing effort to educate voters.

After the November, 2002 vote “opponents of the referendum declared a new day in Virginia politics.” Chris Miller, President of the Piedmont Environmental Council, declared, “We took on 20 to 1 odds in funding and the entire political establishment, and we won.” (*Washington Post*, November 6, 2002 at B-1).

Feelings ran high and reconciliation will require careful attention and sufficient time.

DRAFT STAFF RECOMMENDATIONS

While each of the complex issues reviewed in the previous sections suggests several alternatives for consideration, the following list is provided for discussion:

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. NVTA 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.
3. After exhausting other funding alternatives, NVTA 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 NVTA 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.
8. In developing the project list with the general public and all interested groups, NVTA 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 urging state legislative action.
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 NVTA 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 even 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).

CONCLUSION

Together with the draft recommendations listed above, a core group of leaders is needed that are dedicated to a successful referendum effort. The following 10 suggestions should guide such a group:

- Be more persistent than your opponents are obstinate.
- Funding and building an effective transportation network is more like a relay race than a sprint.
- Identify simple but important themes that evoke feelings.
- Translate performance into images (e.g. cars off the road).
- Mobilize satisfied customers.
- Invite everyone into the tent (e.g. blue ribbon commission with supporters and opponents).
- Keep power over policy proportionate to financial or political leverage.
- Avoid open-ended commitments (e.g. settle funding shares in advance).
- Use polls and focus groups and respond quickly.
- Manage expectations (keep them low)