Adopted December 2, 2014

INTRODUCTION/OVERVIEW
RECOMMENDED STRATEGIES FOR 114TH CONGRESS

December 1, 2014

The Congressional gridlock this year has resulted in federal budget uncertainty and the passage of a number of short-term fixes to fund federal government programs. Because Congress did not approve any of the 12 appropriations bills for FY 2015, a Continuing Resolution (CR) was adopted to avoid a government shutdown, such as the one that occurred last year. The CR, passed in September, provides funding for government programs and services at the current annually capped rate of $1.012 trillion until December 11, 2014. This rate of funding will remain in place for the length of the CR, or until Congress approves annual appropriations legislation for FY 2015. Lawmakers have returned after the November midterm elections for a “lame duck” session, in which they will need to either pass another CR or a more permanent spending solution. It is uncertain which process lawmakers will utilize during the lame duck to fund the federal government, but passing a CR instead of an omnibus appropriations bill would allow Republicans to make more significant changes to the budget in January 2015, when they take control of Congress.

Congress also was unable to adopt any long-term transportation legislation this year. Though the House Transportation and Infrastructure Committee held a number of hearings on transportation reauthorization issues, it never produced a long-term bill. The Senate Environment and Public Works Committee passed a six-year authorization bill that included a number of policy modifications, but that bill was not considered by the full Senate. Ultimately, neither chamber was able to come to agreement about how to replenish the Highway Trust Fund (HTF) and avoid insolvency, and how to continue payments to states for ongoing transportation projects. As a result, in August, with only a few weeks of solvency left in the HTF to continue funding for federal transportation programs, Congress enacted yet another short-term solution. The Highway and Transportation Funding Act raises approximately $11 billion to fund the HTF until May 2015 through General Fund transfers, but this short-term patch side-steps longer-term solutions.

This lack of action on the FY 2015 federal budget and a long-term transportation funding solution has left state and local governments, as well as the business community, with little ability to plan their budgets with any certainty. Since Congress has not yet acted on a long-term solution for transportation, this issue is expected to be prominent when the new Congress convenes in January, but final action will probably not take place until right before the authorization expires in May, ensuring another battle on this issue before next summer

Sequestration and Appropriations

The Office of Management and Budget (OMB) has sole authority to determine whether new sequestration cuts are required each year. In February 2014, OMB concluded that no sequestration cuts were needed in FY 2014, as the budget deal reached in December 2013 kept agency spending below sequestration cap levels.

While the appropriations future in the lame duck session is uncertain, the House's defense appropriations proposal is $11 million under the sequestration cap (the Senate's bill does not fall under the cap). In all, discretionary spending for non-defense agencies is $4.6 billion under the cap for FY 2015 in the House appropriations bills, and $3.7 billion under the cap in the Senate bills, but these numbers could change depending on whether Congress passes separate appropriations bills or opts to combine the bills into an omnibus appropriations bill.

In the out-years, however, sequestration left unchanged will continue to pinch, though less abruptly than originally projected. The Congressional Budget Office (CBO) estimates that the cap on discretionary budget authority for defense will grow from $521 billion in FY 2015 to $523 billion in FY 2016 and then to $590 billion in FY 2021. The cap on non-defense funding will be $492 billion in FY 2015 and FY 2016, rising to an estimated $555 billion in FY 2021. According to CBO, spending cuts for defense programs will be proportionately larger than those for non-defense programs, which is an area of particular concern for Fairfax County; any further proposed reductions would need to be monitored carefully.

BRAC

At present, it appears that a new authorized round of base closures (BRAC) is unlikely in 2015 for a number of reasons. First, the 2005 BRAC round was significantly more expensive than originally predicted. In addition, costs associated with cleaning up closed bases were much higher than originally estimated by the Pentagon. Finally, many proposed personnel reductions that were expected to shrink costs were ultimately not carried out. As a result of these factors, indications are that the 2005 BRAC round will not begin to show returns on investment until 2018.

However, it should be noted that the Pentagon can still move forward on closing some facilities without an official BRAC process. Department of Defense (DOD) officials have released a report that documents the cuts to military forces, modernization, and readiness that will be required if defense budgets are held at sequester-levels in the years beyond FY 2015, which would result in continued force-level cuts across the military services. Even if Congress continues to resist BRAC, the DOD will still have to find other ways to trim installation expenditures, particularly beyond 2015, potentially leaving communities like Fairfax County vulnerable to the ripple effect of budget cuts, and leaving little flexibility to prepare for the outcome.

Fairfax County should continue to focus on the County's role in the National Capital Region and its connection to the functioning of the federal government, while continuing to closely monitor federal funding cuts that could affect the County and local economy.

Cybersecurity

The federal consolidation of government programs and offices may actually present some long range economic development opportunities for Fairfax County, by leveraging the County's location in the National Capital Region, well-educated workforce, and strong business climate to attract additional federal facilities, consolidations of personnel, and increased government contracting opportunities. One such example of potential new economic growth is in cybersecurity jobs.

Federal cybersecurity initiatives include increased funding for the training of cybersecurity experts and enhanced federal government cybersecurity focus, as well as the development in early 2014 of a Cybersecurity Framework by the National Institute of Standards. This Cybersecurity Framework has driven increased focus on cybersecurity initiatives throughout the federal government, and has resulted in a series of workshops with private industry.

The Obama Administration's FY 2015 budget proposed $1.3 billion for Department of Homeland Security (DHS) cybersecurity programs, and both the House and Senate DHS FY 2015 appropriations bills provided increased funding for cybersecurity over FY 2014 levels. In addition, both bills provided funding for a Federal Network Security program to improve the government's information security systems, signaling the heightened priority this area has achieved in both Congress and the White House. This increased focus on cybersecurity training and development of federal information systems initiatives will provide opportunities for Fairfax County to benefit from job growth in the cybersecurity sector.

Government agencies and defense/aerospace firms remain magnets for cybersecurity professionals, and Northern Virginia is an ideal location for these workers. According to a recent report from Burning Glass Technologies (a company that uses artificial intelligence to match jobs and job seekers), the demand for cybersecurity professionals in the past five years has grown more than 3.5 times faster than the demand for other IT jobs and about 12 times faster than the demand for all other jobs. Nearly half (44 percent) of cybersecurity professionals say the Washington, D.C., metropolitan area (Virginia, Maryland, and the District of Columbia combined) is the center of innovation in cybersecurity.

Fairfax County has had great success in recruiting and retaining some major technology firms, with more than 300 cyber-related tech firms with operations in the County, according to the Economic Development Authority. However, since many of these cybersecurity companies depend heavily on government contracts, the importance of long-term federal funding of cyber initiatives is paramount. Moreover, inter-state battles for these types of companies have begun. For example, Maryland, now home to the U.S. Cyber Command at Fort Meade, is offering more than $3 million in tax incentives for cybersecurity start-ups that locate operations in the state. In order to remain competitive in this arena, Fairfax County will need to advocate for continued federal support of this industry, as well as promote the attributes that continue to attract businesses in this field and others – a well-educated workforce, proximity to federal agencies, and a fair and competitive tax structure.

SUMMARY PAGE
RECOMMENDED STRATEGIES FOR 114TH CONGRESS

- Oppose deficit reduction actions that shift costs, impose unfunded mandates, or pre-empt local programs and taxing authority.
- Support a proactive approach to repositioning the County in anticipation of possible long-term reductions in federal funding.

- Provide needed funding for transportation projects essential for BRAC mitigation; ongoing priority BRAC projects; and, other transportation improvements and unfunded project costs.
- Continue support for programs providing needed funding for transportation projects essential for BRAC mitigation.
- Continue Mark Center parking cap.
- Support other mitigation and transportation demand management efforts.
- Seek legislative language requiring: traffic impact analyses of recommendations in future BRAC proposals; greater coordination between military installations and host communities on Transportation Demand Management (TDM); and greater coordination with host community for relocations to existing facilities.

- Continue consultation with localities regarding Moving Ahead for Progress in the 21st Century (MAP-21) regulations and pursue a longer-term funding solution for surface transportation programs.
- Continue support for Dulles Rail Phase 2.
- Expand the federal government's funding partnership with Fairfax County for the County's activity centers to ensure continuation of the region's economic vitality.
- Continue to provide dedicated funding for the Washington Metropolitan Area Transit Authority (WMATA) and consider additional appropriations to support Metro 2025.
- Support legislation creating permanent parity between the level of transportation benefits provided for transit and for parking.
- Support the continuation of the Transportation Investment Generating Economic Recovery (TIGER) program. *(New)*

- Support relocation of the FBI headquarters to the Springfield GSA site in Fairfax County.
- Support passage of the Marketplace Fairness Act.
- Support the tax-exempt status of municipal bonds as comprehensive tax reform is considered in 2015. *(New)*
- Maintain the level of funding and structure of the Community Development Block Grant (CDBG) program. *(New)*
- Support federal funding to mitigate the costs of educating federally connected children living in Fairfax County. *(New)*

RECOMMENDED STRATEGIES FOR 114TH CONGRESS

December 1, 2014

OVERALL FEDERAL FUNDING AND SEQUESTRATION

Fairfax County recognizes the challenges posed by a difficult national fiscal climate, and the need to reassess, and perhaps redirect, the allocation of federal resources. However, the County also maintains that federal assistance to state and local governments can help mitigate the effects of state and local budget cuts, and that those federal investments in state and local infrastructure projects help produce private sector jobs and improve our competitiveness. As Congress works to adopt the federal budget, it is essential to avoid significant reductions to high-priority programs affecting the lives of Fairfax County residents. In general, the County opposes federal funding initiatives that shift costs to localities, impose unfunded mandates, or pre-empt local programs and taxing authority.

The County supports a proactive approach to repositioning itself in anticipation of possible long-term reductions in federal funding, leveraging the County's location in the National Capital Region, well-educated workforce and strong business climate to attract additional federal facilities, consolidations of personnel, and increased government contracting opportunities (including expansion of cybersecurity contracting and other agency consolidations).

BRAC/DEFENSE-RELATED LEGISLATION

- ***Provide needed funding for transportation projects essential for BRAC mitigation***: The Fort Belvoir Base Realignment and Closure (BRAC) plan relocated 12,000 personnel to Fairfax County and created the immediate need for infrastructure improvements in the surrounding area. Additionally, the arrival of approximately 6,400 employees to the Mark Center site in Alexandria has affected Fairfax County both in the short-term due to construction impacts on transit and traffic, and in the long-term due to increased traffic through the County to the facility.

  Federal commitments made in response to the BRAC relocations have significantly improved the current situation. The Army has capped the number of personnel at Fort Belvoir North Area (FBNA) at 8,500 until additional transportation infrastructure is provided to serve that location. The I-95 HOV Ramp to Fort Belvoir North Area (FBNA), which is a Defense Access Roads (DAR) funded project, is under construction and is expected to be completed by the end of 2014. Additionally, DOD contributed funding to construct Jeff Todd Way (the US Route 1 to Telegraph Road connector that replaces Woodlawn Road and Beulah Street, which were closed following the events of September 11, 2001), which was recently opened to traffic. Funding through the American Recovery and Reinvestment Act of 2009 was secured for the completion of the Fairfax County Parkway. Finally, DOD awarded $180 million in funding to widen US Route 1 through the Fort Belvoir Main Post, and construction is underway. This project will provide relief for patients of the new Fort Belvoir Community Hospital and for commuters on US Route 1, which include many DOD personnel. With these commitments, solutions to some of the greatest transportation challenges facing the County are moving forward. The efforts of the County's Congressional delegation were particularly helpful in securing these essential funds.

- ***Provide funding for the ongoing priority BRAC projects:*** Essential projects remain to mitigate the impacts of BRAC 2005. The County has made efforts to find various sources of funding to improve mobility near Fort Belvoir, including applying for Northern Virginia regional funds for various projects, such as widening US Route 1 from Mount Vernon Memorial Highway to Napper Road and widening Pohick Road from US Route 1 to I-95. However, we must continue to work with our federal partners to address the needs around the area, and, as such, the County is requesting funding for the following priority projects that will be the focus of the County's ongoing efforts for BRAC mitigation. The list has been updated from previous years in response to ongoing activity:

US-1 Belvoir Widening Funding Surplus (*note*: the US Route 1 project for which DOD provided funding is expected to come in under budget. Additional funds may be available through DOD to defense communities. Fairfax County would require these funds for additional US Route 1 improvements to support Fort Belvoir and the Hospital activities)	$ 47 million
Short & Mid-Term Route 236/Beauregard St. Intersection Improvements	$ 5 million
Short & Mid-Term Route 236/Local St. Intersection Improvements	$ 3 million
Short & Mid-Term Route 236/I-395 Interchange Improvements	$ 3 million
I-95 HOV Ramp to FBNA Phase II *(total cost - $40 million)*	$ 10 million

- ***Provide funding for other transportation improvements and unfunded project costs:*** In addition to the priority projects noted above, transportation improvements and total unfunded project costs to address its impacts, above and beyond what is incorporated in existing plans, include, but are not limited to, the following (the list has been updated from previous years in response to ongoing activity):

Fairfax County Parkway/Neuman Street Interchange	$ 50 million
Improvements to Fairfax County Parkway between I-95 and Kingman Road	$ 55 million
Transit Center and Ridesharing Facility(s)	$ 45 million
Implementation of expanded bus service and circulator service	$ 75 million
Improvements to Beulah, Telegraph, Backlick, Loisdale, Rolling and Newington Roads	$ 50 million
Interchange at US Route 1 and Fairfax County Parkway	$ 55 million
I-395/Route 236 (Duke Street/Little River Turnpike) Interchange	$ 20 million
Local Transit and Bus Rapid Transit Services	$ 10 million
I-95/I-395 (Shirley Highway) Transit Service	$ 10 million

- ***Continue support for programs providing needed funding for transportation projects essential for BRAC mitigation:*** While federal assistance has been essential to the County, there are still significant unfunded transportation needs associated with this BRAC decision. Fairfax County has also provided local funds for transportation projects and services around Fort Belvoir. Fairfax County requests continued assistance to fund programs that may help address these needs, such as the Defense Access Road (DAR) Program. The 2011 National Defense Authorization Act (NDAA) contained a provision on the DAR program which modified the criteria for the program allowing federal funding of projects "outside the fence" under DAR when mitigation is needed due to BRAC. This allows for improved planning for BRAC effects and more flexibility for off-base improvements, including multi-modal solutions, elimination of the "doubling of traffic" requirement, and provision of an additional funding source. The County appreciates these efforts and requests that funding be included in the DAR program to provide for some of these needed projects.

- ***Seek legislative language requiring traffic impact analyses of recommendations in future BRAC proposals:*** The BRAC Commission is authorized by Congress periodically to review and determine which DOD bases and military installations should be closed and/or realigned. The County requests that, if Congress authorizes another BRAC round, the Commission or other appropriate body should be required to analyze the transportation impacts of a recommendation, both on the facility and to the surrounding community, before final recommendations are made.

- ***Continue Mark Center parking cap:*** Northern Virginia's Congressional Delegation included a parking cap of 2,000 spaces at the Mark Center (BRAC 133) in FY 2013 funding legislation and FY 2013 Department of Defense Appropriations bill language. The FY 2013 Military Construction/Veterans Affairs Appropriations bill extended this parking cap. The County supports the parking cap language included in previous appropriations bills and requests that it be included in future legislation.

- ***Support other mitigation and transportation demand management efforts:*** Notwithstanding funding, the DOD has the authority to mitigate the effects and extent of BRAC occupancy through agency initiatives. Fairfax County supports these efforts, such as mandating that employees stationed at the facility telecommute or arrive at work before or after peak rush hour, assigning parking to carpool users, and other options.

- ***Seek legislative language requiring greater coordination between military installations and host communities for Transportation Demand Management (TDM):*** With the BRAC 2005 relocations, many DOD personnel were transferred from sites with robust transit services to sites without those services. Several individual agencies offered shuttle service to their employees but, in some cases, the shuttles were not coordinated with other tenant agencies on the installation or with services provided by Fairfax County in cooperation with Garrison Command. To eliminate duplication of services, the County supports legislation that would assign planning of transit services to Garrison Command and would require individual tenant agencies to coordinate requests for transit support and services through the installation. The County further supports DOD funding of a full-time, permanent Transportation Management Coordinator as part of the Garrison staff.

- ***Seek legislative language requiring coordination with host community for relocations to leased space:*** In addition to Fort Belvoir, other BRAC deployments have occurred in the County, including the co-location of four commands collectively known as the Defense Health Headquarters (DHHQ) to an existing building adjacent to an area of the County historically designated for relatively low-intensity activities. Since this BRAC action did not require new construction or environmental analysis, there was limited coordination with Fairfax County prior to the move. The County supports legislation or regulations that would require coordination with host communities for all relocations (including to leased spaces) so that proactive planning can occur, both for moves of large groups, or for the aggregation of personnel through multiple minor moves.

TRANSPORTATION-RELATED LEGISLATION

Surface Transportation Reauthorization

- ***Continue consultation with localities regarding Moving Ahead for Progress in the 21st Century (MAP-21) regulations and the next Surface Transportation Reauthorization:*** The U.S. Department of Transportation (USDOT) is currently implementing MAP-21. The USDOT, in consultation with states, Metropolitan Planning Organizations (MPOs), and other stakeholders, is developing rules to establish performance measures and standards for numerous programs. It is essential that this continues to be done in coordination with local governments and regional entities.

- Congress is expected to begin considering the next transportation reauthorization bill. Last year's strategy included supporting transportation funding programs, which may benefit Fairfax County. Fairfax County will continue to work closely with our delegation in 2015 as they work on their MAP-21 reauthorization bill, looking for opportunities such as innovative funding approaches.

- The County supports language, included through the efforts of the County's Congressional delegation, which gives priority to highway transportation funding for evacuation routes surrounding military facilities. Such language benefits the area around Fort Belvoir, as well as other smaller facilities in the County. Staff will continue working with the delegation and the Federal Highway Administration to ensure that Fort Belvoir and the surrounding area are able to take advantage of this benefit.

Rail to Dulles Phase 2

- ***Continued support of Phase 2 of the Rail to Dulles Metrorail:*** July 26, 2014, was the opening of the Phase 1 of the Silver Line, the largest expansion of Metrorail service in 20 years, connecting the nation's capital to Tysons and Reston in Fairfax County. The project includes five new stations, a 2,300-car commuter parking garage, the purchase of 64 rail cars, and expanded capacity at the West Falls Church rail yard. USDOT provided $900 million in Federal Transit Administration (FTA) Capital Investment Grant (New Starts) Funding and $75 million in other DOT funds toward the $3.14 billion total project cost of the first phase of the Silver Line extension. The remaining cost has been covered by state and local funding sources.

- On May 1, 2014, Transportation Secretary Anthony Foxx announced the closing of a $1.28 billion Transportation Infrastructure Financial Innovation Act (TIFIA) loan to the Metropolitan Washington Airports Authority (MWAA) for construction of Phase 2 of the Metrorail Silver Line extension. This project will extend from the Wiehle Reston East Station, where Phase 1 work ended, and includes construction of 11.4 miles of track from Wiehle Avenue to Route 772 in eastern Loudoun County and six new stations: Reston Town Center, Herndon, Innovation Center, Washington Dulles International Airport, Route 606, and Route 772. Fairfax County thanks the federal government for its support of the project through the TIFIA Loan program and supports additional federal and state funding for Phase 2.

- In addition to the new Metrorail extension, other projects are needed within the area to support the new system. Priority projects include those incorporated within the multimodal access management plans recommended by the Tysons Metrorail Station Access Management Study (TMSAMS) and the Reston Metrorail Access Group (RMAG), along with funds for reexamining sound walls requirements at various locations along the corridor.

Transit-Oriented Development

- ***Expand the federal government's funding partnership with Fairfax County for transit-oriented development to ensure continuation of the region's economic vitality:*** Fairfax County is considering options for funding the infrastructure to support transit-oriented development throughout the County, in particular the Transit-Oriented Development (TOD) planning opportunities authorized in MAP-21. Priority projects within one such area (Tysons) include the extension of the Route 7 widening from Route 123 to I-495; Route 7 improvements from the Dulles Toll Road to Reston Avenue; design work for other Tysons-wide transportation improvements; and neighborhood improvements outside of Tysons. Additional infrastructure funding is also needed to support TOD in Springfield, Seven Corners, Reston, Richmond Highway, and other areas of the County.

WMATA Funding

- ***Continue to provide dedicated funding for the Washington Metropolitan Area Transit Authority (WMATA):*** WMATA is the only major transit provider in the country without a permanent, dedicated revenue source for a significant part of its revenue base. Congress passed legislation that authorizes $1.5 billion for WMATA over ten years, if the region adopts a dedicated funding source(s) and provides an additional $1.5 billion to match the federal funds. All three signatory jurisdictions have passed the compact amendments required to receive the federal funding, and the non-federal matches are in place. This authorization must continue to be accompanied by annual federal appropriations.

- ***Metro 2025:*** The region is projected to continue to grow over the coming decades, placing more pressure on a Metro system already nearing capacity. To address this need, Metro developed a strategic plan that will guide decisions over the next 10 years and ensure that the system continues to support the region's competitiveness in the future. Metro proposes a number of initiatives called Metro 2025, including: enhancement of rush-hour capacity by upgrading to the use of all eight-car trains, resulting in the ability to move an additional 35,000 customers per hour; expansion of high-volume rail stations to ease congestion; and, completion of the bus Priority Corridor Network that includes a variety of improvements allowing buses to bypass traffic congestion. Additional resources are critical to ensuring the success of this effort, as WMATA prepares to purchase the train cars necessary for increased capacity needs. Further, improvements to the system's core capacity are needed before any future extensions can be considered. Continued federal support of Metro 2025 will help keep Metro and the Washington Metropolitan region moving forward. *(New)*

<u>Parity for Transit Benefits</u>

- ***Support legislation creating permanent parity between the level of transportation benefits provided for transit and for parking:*** Permanent parity between the level of tax-free transit benefits and parking benefits employers can provide to employees is important in making transit service more attractive to commuters who currently drive alone. Due to the large percentage of government employees currently residing in or commuting to Fairfax County, reductions in transit benefits to 2009 levels creates a significantly negative impact on County residents, as well as local and regional transit systems. Further, since the majority of County transit riders have vehicles available, a reduction in these benefits may result in more commuters driving, thereby worsening the already substantial congestion on Northern Virginia's roads.

<u>TIGER</u>

- ***Support the continuation of the TIGER program, with additional funding:*** On September 12, 2014, USDOT Secretary Anthony Foxx announced that the USDOT would provide $600 million for 72 transportation projects in 46 states and the District of Columbia from its TIGER (Transportation Investment Generating Economic Recovery) 2014 program. USDOT received 797 eligible applications totaling approximately $9 billion for needed transportation projects. The fate of the TIGER program has been constantly in question since its creation. Despite opposition from many lawmakers in both the House and Senate, the program has continued to receive funds through annual appropriations. With Congress' short-term measure to continue FY 2015 appropriations, the funding for the TIGER program is still unknown. Fairfax County supports the continuation of the TIGER program, with the additional funding that is crucial to address the needs throughout the Country. *(New)*

Please Note: Additional transportation projects are included in the attachment to this document.

OTHER FEDERAL PRIORITIES/LEGISLATION

Relocation of Federal Bureau of Investigation (FBI) Headquarters to Springfield GSA Site
Continue to support relocation of the FBI headquarters to the Springfield GSA site in Fairfax County.

In July 2014, three locations were chosen by the GSA to be considered for the new FBI headquarters, including the Springfield GSA site (the other two sites are in Maryland). The GSA, in cooperation with the FBI, will prepare an Environmental Impact Statement (EIS) to analyze the potential impacts resulting from the acquisition of a consolidated FBI Headquarters (HQ) at a new permanent location and the exchange of the J. Edgar Hoover (JEH) Building parcel. A developer's request for proposal is then expected by summer of 2015 and an award proposal is expected to be made by spring of 2016.

The County must continue to actively engage the GSA to consider the Springfield GSA site, and work closely with the County's Congressional delegation. The Governor, the state legislature, and the federal Congressional delegation have expressed their full support of this site. County staff will also work with key community leaders to develop expressions of support for submission to the GSA, as well as continuing to work with federal agencies in support of the site selection.

The Marketplace Fairness Act

The Marketplace Fairness Act allows states to collect sales and use taxes on sales made over the internet by those retailers without a physical presence in the state. Under current Virginia law, these tax payments are supposed to be calculated and remitted to the state Department of Taxation by consumers, but compliance with this requirement is very limited. In addition to correcting an imbalance between brick-and-mortar sales and online sales, Marketplace Fairness would also play a key role in transportation funding at the state level. In 2013, the General Assembly passed HB 2313, a major infusion of funding into Virginia's transportation system; that law allocates the additional sales tax revenue that would be available with passage of Marketplace Fairness to transportation (including mass transit), public education, and localities. Conversely, if Marketplace Fairness is not adopted by January 1, 2015, HB 2313 provides that the state gas tax will increase from 3.5 percent to 5.1 percent.

In July, a bipartisan group of Senators introduced S. 2609, the Marketplace and Internet Tax Fairness Act (MITFA), which addresses this issue at the federal level. That legislation would combine the Marketplace Fairness Act (S. 743), which passed the Senate last year by a strong bipartisan majority, with a ten-year extension of the Internet Tax Freedom Act (ITFA). The Marketplace and Internet Tax Fairness Act would give state and local governments the ability to require out-of-state merchants to collect sales taxes, with consideration given to mitigating compliance burdens on smaller online businesses. However, in the House, Judiciary Committee Chairman Bob Goodlatte (R-VA) has indicated strong opposition to the Senate legislation, and no similar legislation has passed the House. Chairman Goodlatte's recent public comments indicate he does not expect House action on this issue.

Tax - Exempt Status of Municipal Bonds

Proposals to change the tax-exempt status of municipal bonds have continued to surface in the ongoing debate about comprehensive tax reform by the House Ways and Means Committee and the Senate Finance Committee, in addition to discussions to offset the federal deficit. In February 2014, the Chairman of the House Ways and Means Committee, Dave Camp (R-MI), introduced a draft Tax Reform plan, the *Tax Reform Act of 2014*, which included a provision to impose a 10 percent surtax on the interest income from otherwise tax-exempt municipal bonds. While Chairman Camp is retiring at the end of this year, this issue remains a concern for municipal governments because of the impact it would have on the financing of capital projects. Fairfax County should continue to advocate for the Congressional delegation to support the tax-exempt status of municipal bonds as comprehensive tax reform is considered by Congress in 2015. *(New)*

Community Development Block Grant Program (CDBG)

The Department of Housing and Urban Development (HUD) has recently been looking for ways to improve CDBG by holding listening sessions titled "Moving CDBG Forward." HUD plans to release recommendations based on these recently-concluded sessions. The President's FY 2015 budget reiterates many of the reforms recommended by HUD in recent years, including a proposal to reduce the number of small entitlement grantees. In his budget, the President proposed a funding level of roughly \$2.8 billion for CDBG, which represents about a \$200 million cut from the FY 2014 level. Fairfax County will continue to advocate against cuts and consolidations of this important program. *(New)*

Federal Funding for Costs of Educating Federally Connected Students

Fairfax County is a critical partner to the federal government in many ways, as home to hundreds of thousands of federal employees, contractors, and facilities. A key element of this partnership is the County's strong public school system, which serves many federally connected families, and provides the well-educated workforce and strong business climate that is so vital to the functioning of the federal government. Of course, serving 19,784 federally connected children places a significant cost on Fairfax County Public Schools (FCPS) (data from 2012-2013 school year). The federal government attempts to compensate localities for these costs through the Impact Aid program, which is designed to assist local school districts that have lost property tax revenue due to the presence of tax-exempt federal property, or that have experienced increased expenditures due to the enrollment of federally connected children. However, this program has been underfunded in recent years, and does not adequately compensate localities for the actual cost of providing a quality K-12 education. In FY 2015, FCPS expects to receive approximately \$3.2 million in Impact Aid, which covers only 10.6 percent of the costs incurred by FCPS to educate such children (if this program were fully funded, FCPS would receive an additional \$19 million in FY 2015). Fairfax County supports full and appropriate funding for this essential program.

Additionally, significant numbers of federally connected, school-aged children have been placed in Fairfax County through the federal Office of Refugee Resettlement (ORR) – 1,177 unaccompanied minors between January 1 and September 30, 2014. Though the County celebrates its diversity, and recognizes that a diverse student population benefits all children in the school system, these placements (and the corresponding financial impacts on FCPS) are often unanticipated, and frequently occur after the adoption of local budgets. FCPS incurs a cost of more than $13,000 per pupil for each student in the school system, with a significant increase for children with higher needs, including special education students (a category encompassing students with intellectual or physical disabilities as well as those with mental/behavioral health issues; costs are approximately 100 percent more than general education), those learning English as a second language (costs are approximately 30 percent more than general education), and those living in economically disadvantaged households (costs are approximately 10 percent more than general education). Fairfax County supports federal reimbursement for these federally connected children. *(New)*

FAIRFAX COUNTY
OTHER 2015 KEY TRANSPORTATION PROJECTS

Fairfax County understands that funding opportunities are not in the traditional project-specific format used in the past. However, should any federal transportation funds or other opportunities become available, the County supports the following key transportation priorities:

I-66/Route 28 Interchange:
Currently, the interchange does not fully accommodate all directional movements. In some instances, left-turn signals are required to travel on and off the interstate, which creates extensive congestion. Removing the signalized movements and providing more direct access would greatly improve vehicle flow and significantly reduce traffic congestion on I-66, Route 28, and Route 29, three of the region's major highways. This crucial project affects commuters and travelers, not only in Fairfax County, but in Prince William and Loudoun Counties as well. Extensive congestion on both Route 28 and I-66 also creates a disincentive for development in western Fairfax County. VDOT is currently designing alternatives for improvements.

Rolling Road between Fairfax County Parkway and Old Keene Mill Road:
This project will widen this section of Rolling Road from two to four lanes. This portion, the only portion of Rolling Road north of the Fort Belvoir North Area (FBNA) that is not four lanes, experiences constant congestion, making it extremely difficult for those living on the road to access their residences. Additionally, Rolling Road is a main route to access the FBNA from the north. As portions of Rolling Road are currently without sidewalks, the improvements will help provide the missing links for pedestrian access. It also includes wide curb lanes for bike access, which is needed, because Rolling Road connects to the Gerry Connolly Cross County Trail, the primary multiuse north/south trail in the County.

Richmond Highway Public Transportation Initiative:
The Richmond Highway (US Route 1) Corridor is one of the most heavily transit dependent areas of Fairfax County. It is also one of the most congested and economically disadvantaged. Currently, pedestrians and transit passengers have significant difficulty crossing the six lanes and numerous turn lanes on Richmond Highway. The US Route 1 Corridor Bus Study found that transit service would be better utilized if transit facilities are upgraded. This project includes design, land acquisition, and construction of a transit center and pedestrian improvements to provide access to transit facilities, and will help increase transit ridership, reduce traffic congestion, and promote economic revitalization in the area. Additionally, the County is currently working with the Commonwealth on a Multimodal Alternatives Analysis focused on a 15-mile portion of US Route 1 that extends from the I-95/I-495 Beltway, through Fairfax County, to Route 123 at Woodbridge in Prince William County. The purpose of the study is to clearly define the key transportation issues and consider a range of multimodal transportation solutions to address the needs. This study is expected to be completed in December 2014.

Route 7 Widening Reston Avenue to Dulles Toll Road:
This project will widen Route 7 from four to six lanes, significantly improving extensive congestion along this and nearby roadways. Route 7 is a major thoroughfare into Tysons, one of the largest employment centers in the nation, and is continually subject to overcrowding. Though Fairfax County is working to transform Tysons into a more pedestrian and transit accessible area, vehicle access is still

critical and widening Route 7 is essential to ensuring employees can reach their place of work. This project includes multi-use trails on both sides of the roadway, which currently has no place for pedestrians to walk. This will allow for greater access for pedestrians and those on bicycles. The project also includes intersection improvements, further improving the safety of the roadway.

Soapstone Connector:
Fairfax County completed a Feasibility Study for the Soapstone Drive Connector/Overpass over the Dulles Toll Road, which would provide connectivity and accessibility to the new Wiehle-Reston East Metrorail Station by connecting major east-west roads (Sunset Hills Road and Sunrise Valley Drive) located north and south of the Toll Road. Fairfax County has selected a consultant to design the project and additional funding is critical to design and construct the project once the study is complete.