

COUNTY STAFF PRESENTATION TO THE BOARD OF SUPERVISORS



**Budget Workshop
TRANSPORTATION CHALLENGES
March 8, 2008**

FY09 Transportation Budget Challenges & Issues

Primary Issues Driving FCDOT FY09 Budget Proposal

- ❑ ***Revenue downturn for County General Fund***
- ❑ ***Anticipated significant influx of recurring, rather than prior one-time, transportation revenues as a result of HB 3202***
- ❑ ***Desire to maintain and/or improve upon the pace of implementation of transportation projects, programs, and services in Fairfax County despite continuing decline in the Commonwealth's commitment of personnel and resources to project implementation, maintenance, and traffic management statewide***

Revenue downturn for County General Fund.....

and need to reduce transfers below FY07 & FY08 levels

Note: FY09 General Fund Contribution Maintained Above Pre-HB3202 (FY06) Level

County General Fund Expenditures

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u> <u>(CEX Proposed</u> <u>Budget Est.)</u>
Fairfax Connector	\$24,654,867	\$28,828,050	\$31,805,581	\$30,893,825
Virginia Railway Express	\$3,416,775	\$3,935,735	\$4,700,508	\$5,687,663
WMATA	\$17,396,541	\$18,386,475	\$17,937,707	\$15,705,446
FCDOT Office Budget	\$6,615,029	\$7,600,716	\$12,356,588	\$0
Debt Service	\$34,072,243	\$36,407,320	\$33,493,349	\$37,510,049*
Totals	\$86,155,455	\$95,158,296	\$100,293,733	\$89,796,983

* Includes FY09 Projected
Debt Service for 2007
Transportation
Referendum

FY09 Transportation Budget Challenges & Issues

Primary Issues Driving FCDOT FY09 Budget Proposal

- ❑ *Revenue downturn for County General Fund*
- ❑ *Anticipated significant influx of recurring, rather than prior one-time, transportation revenues as a result of HB 3202*
- ❑ *Desire to maintain and/or improve upon the pace of implementation of transportation projects, programs, and services in Fairfax County despite continuing decline in the Commonwealth's commitment of personnel and resources to project implementation, maintenance, and traffic management statewide*

NVTA Implementation & Funding Status

Anticipated significant influx of recurring, rather than prior one-time, transportation revenues as a result of HB 3202.....

Prior to February 29, 2008, Virginia Supreme Court Decision

- General Assembly approved HB 3202 on April 4, 2007.
- Three aspects of HB 3202, all affecting Fairfax County:
 1. “Statewide Funds” -- Increased statewide funds to flow through State Six Year Programs and using established funding formulas; supported in large part through abuser fees (which are being dropped by the General Assembly), bonding, and one-time transfers from state funds
 2. “NVTA Regional Funds” -- Authorized the Northern Virginia Transportation Authority (NVTA) to collect 7 taxes and fees. Expected to produce more than \$300 million annually for transportation in NOVA. Overall, funds to be distributed to projects and services benefiting the localities proportionally, based on where the funds were raised.
 3. “Local Option Funds” -- NOVA local governments authorized to impose commercial / industrial property tax increase, local registration fee, and impact fees to be used for transportation purposes.

Required Allocation of *NVTA Regional Funds*

Prior to February 29, 2008, Virginia Supreme Court Decision

- 40% to localities in which funds are raised
 - Priorities:
 - 50% on urban and secondary roads, except Alexandria, Arlington and Falls Church.
 - Remainder for urban and secondary road projects, projects in long range plan (TransAction 2030) or transit.

- Alexandria, Arlington and Falls Church can use all of their revenues for urban and secondary road projects, projects in the long range plan or transit.

- 60% to NVTA
 - Priorities:
 - Debt service on any bonds issued.
 - \$50 M per year for Metro capital expenses.
 - \$25 M per year for VRE capital and operating expenses.

NVTA Regional Funds – Projected Revenues Generated by 7 Authorized NVTA Taxes & Fees

(Estimates in Millions; Updated 11/07)
Prior to February 29, 2008, Virginia Supreme Court Decision

Proposed Fees	Rate	Fairfax County	Regional TOTAL
		FY 2008 (assuming full year)	FY 2008 (assuming full year)
Deed of Conveyance (Grantor's Tax)	40 cents/\$100 value	\$53.9	\$110.4
Motor Vehicle Rental Tax	2.0%	\$1.3	\$7.5
Transient Occupancy Tax	2.0%	\$13.3	\$28.1
Safety Inspection Fee (based on DMV data)	\$10	\$8.5	\$18.3
Regional Registration Fee (based on DMV data)	\$10	\$8.5	\$18.3
Initial Vehicle Registration Fee (based on State Estimate, distributed by ratio of total vehicle registrations)	1.0%	\$30.2	\$62.7
Sales Tax on Auto Repairs (based on vehicle registrations and taxable sales on motor vehicle dealers)	5.0%	\$13.8	\$32.5
TOTAL NVTA REGIONAL TAXES & FEES		\$129.4	\$277.8

NVTA Implementation & Funding Status

Prior to February 29, 2008, Virginia Supreme Court Decision

July 12, 2007

- NVTA adopted all 7 taxes and fees, authorizing nearly \$300 million annually for transportation in Northern Virginia (including bond debt service).
- NVTA approved \$102 million list of projects to be funded through an initial transportation bond for immediate, short-term transportation project needs.

September 10, 2007

- Fairfax County Board adopted code amendment to establish a higher commercial and industrial (C&I) property tax for transportation purposes.
- Rate to be set in April 2008 with approval of County Budget and to become effective July 1, 2008. HB 3202 allows rate of up to \$0.25 per \$100 of assessed value.

NVTA Implementation & Funding Status

Prior to February 29, 2008, Virginia Supreme Court Decision

October 15, 2007

- Board adopted list of projects and services to be funding with NVTA funds (7 taxes & fees) & commercial and industrial (C&I) property tax for transportation.
- Staff used NVTA criteria, but focused on completing funding for partially funded projects.
- Assumed total revenue from all NOVA (NVTA & C&I) sources of funding to be \$315.4 million available to Fairfax County from FY 2008 to FY 2010 (2.5 years).
- Future revenues estimated to be approximately \$140 - \$150 million per year.

January 10, 2008

- NVTA approved initial Six-Year Program (SYP) spanning FY 2008 – FY 2010 for the 60% funding that was to be allocated by NVTA.

February 29, 2008, Virginia Supreme Court Decision

Fairfax County Local Option Funds – Projected Revenues

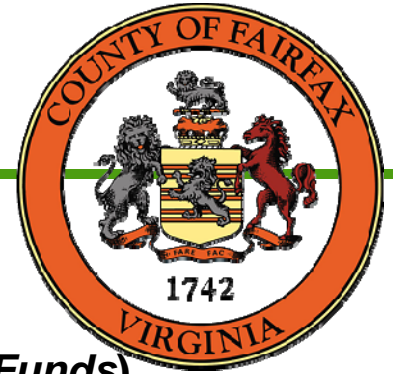
Generated by Proposed Commercial and industrial (C&I) Property Tax Increase for Transportation
 (Estimates in Millions; Updated 2/08 except where noted)

	Rate	Projected Revenue
Amount Assumed in 10/15/07 Board Action on Proposed Project List	\$0.08 per \$100 of assessed value	\$35.2 M (10/07 estimate at \$4.4 M/cent)
Current (02/08) Estimate	\$0.01 per \$100 of assessed value	\$4.7 M/cent
Assumed in CEX FY09 Advertised Budget (02/08)	\$0.12 per \$100 of assessed value	\$56.4 M
Maximum Allowed Under HB3202 (02/08)	\$0.25 per \$100 of assessed value	\$117.5 M

Projects in Fairfax County

Approved by Board of Supervisors October 15, 2007

Prior to February 29, 2008, Virginia Supreme Court Decision



Funded by Initial NVTVA Transportation Bond Offering (NVTVA Regional Funds)

Fairfax County Projects

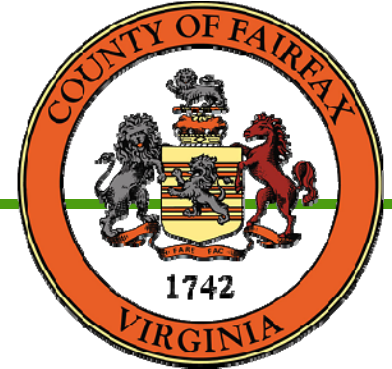
- Richmond Highway Public Transportation Initiative (Part of the Board's Four-Year Transportation Plan)
- Fairfax County Parkway/Fair Lakes Parkway and Monument Drive Interchange (Part of the Board's Four-Year Transportation Plan)
- Escalator Canopy at Huntington Metrorail Station
- Upgrade of platform at West Falls Church and Vienna Metrorail Stations

Regional Projects Benefiting Fairfax County

- Upgrade of station signage at 20 Virginia Metrorail Stations
- VRE Locomotives

Projects in Fairfax County

Approved by Board of Supervisors October 15, 2007
Prior to February 29, 2008, Virginia Supreme Court Decision



Funded by All NVTVA & Board Imposed C&I Tax Increase Sources of Taxes & Fees

- Transit Improvements
 - High Priority Connector Routes (107, 401, 950); Operating and Capital
 - Transit Development Plan Service Improvements; Operating and Capital
 - West Ox Expansion
 - I-66/Vaden Drive (Vienna) Ramp
 - Columbia Pike Transitway; Capital
 - Springfield and EPG Park-and-Ride Lots
- Significant Roadway Widening and Interchanges
 - Route 7 (Reston to Tysons)
 - Route 29 (Centreville to Fairfax City)
 - Lorton Road (Route 123 to Silverbrook Road)
 - Franconia Road/South Van Dorn Street Interchange
 - Braddock Road (Route 123 to Roanoke Drive)
 - Dropped Secondary Road Projects

Projects in Fairfax County

Approved by Board of Supervisors October 15, 2007
Prior to February 29, 2008, Virginia Supreme Court Decision



Funded by All NVTAs & Board Imposed C&I Tax Increase Sources of Taxes & Fees

- BRAC
 - Fairfax County Parkway/Newman Street Interchange
 - Additional Lanes on Old Mill Connector Road
 - Springfield Connectivity Study Recommendations

- On-going Funding
 - Planning and Design for Future Projects
 - Braddock Road/Route 123 Interchange
 - Pedestrian Task Force Recommendations
 - Bicycle Improvements
 - Bus Stop Inventory and Safety Improvements
 - Spot Roadway Improvements

- Budget Changes at FY 2008 Third Quarter and FY 2009 Budget

FY09 Transportation Budget Challenges & Issues

Primary Issues Driving FCDOT FY09 Budget Proposal

- ❑ *Revenue downturn for County General Fund*
- ❑ *Anticipated significant influx of recurring, rather than prior one-time, transportation revenues as a result of HB 3202*
- ❑ *Desire to maintain and/or improve upon the pace of implementation of transportation projects, programs, and services in Fairfax County despite continuing decline in the Commonwealth's commitment of personnel and resources to project implementation, maintenance, and traffic management statewide*

Implementation Considerations

Desire to maintain and/or improve upon the pace of implementation of transportation projects, programs, and services in Fairfax County despite continuing decline in the Commonwealth's commitment of personnel and resources to project implementation, maintenance, and traffic management statewide.....

- The significant magnitude and recurring nature of the potential HB3202 Regional and Local Option revenues prompted a staff review of how projects, programs, and services are currently delivered within Fairfax County.
- This review resulted in recommendations for organizational, staffing, and process changes, the first steps of which are reflected in the FY09 CEX Advertised Budget.

Implementation Issues and Concerns

- High public and political expectations to quickly and cost effectively implement the projects, programs, and services funded by HB3202 as well as other on-going transportation projects and activities.
- Increased complexity in funding and regulatory requirements in transportation project and program implementation and resulting desire to streamline and simplify processes, streamline decision-making, and better define accountability for that project delivery.
- Growing demand for and increased number and complexity of small-scale projects, e.g., pedestrian, bus stop, and bicycle projects, which require a disproportionate amount of time and effort in comparison to the project size and cost.

Implementation Issues and Concerns

- Repeated General Assembly legislative and VDOT/DRPT administrative efforts to push the devolution of transportation responsibilities, particularly for secondary roads, from the state to localities.
- Increasing frustrations by Board members and the general public regarding the regulation of traffic and parking operations within a more highly congested and urbanized region.
- WMATA project development staff positions and program have been eliminated.

Implementation Issues and Concerns

- State workforce levels have not kept pace with increases in transportation project, program, and services workload; in fact, state transportation workforce levels are continuing to be reduced.
- The addition of significant new state legislative requirements and increased complexity of requirements (e.g., unfunded mandates such as the Chapter 527 traffic study, access management, street acceptance, urban development area, and new environmental requirements) without an off-setting increase in staff resources.
- NVTA has decided to limit the size, scope, and cost of the NVTA organization/staff resources by relying on existing transportation organizations (i.e., local jurisdictions, WMATA, VRE, VDOT, DRPT) and contractors in the region to implement the NVTA program.

Implementation Issues and Concerns

- Board long-term guidance to not increase the ratio of County staff to County population.
- Higher salary rate per hour for embedded contract/consultant personnel positions vs. County staff positions (approximately 2 – 2.5 times the cost when salary, overhead including benefits, and profit/markup are included).
- Difficulty recruiting and high turnover of limited term engineer, planner, and technician positions.

Implementation Issues and Concerns

- DPWES and FCDOT transportation capital project implementation staff are already fully deployed with workload resulting from the approved 2007 Fairfax County \$110 Million Transportation Bond Referendum and other pre-existing projects and initiatives included in the Board's Four-Year Transportation Program.

Funding Considerations

Estimates of Additional Funds Recurring Annually for Transportation in Fairfax County Attributable to HB3202*:

<i>Local Option Funds:</i>	\$56.4 M**
<i>NVTA Regional Funds:</i>	<u>\$ 0 - \$87 M***</u>
Total	\$56 M – \$143 M

- * Does not include additional funds coming to Fairfax County thru State Six-Year Program funding increases statewide in HB3202.
- ** Assumes C&I Increase at \$0.12/\$100 of assessed value and no use of impact fee or decal fee local funding options.
- *** Amount depends on outcome of General Assembly action to address Virginia Supreme Court February 29, 2008, ruling. “Off-the-top” items (Metrorail, VRE, and bond debt service) deducted from amount shown. Amount prior to these deductions was \$129 M.

Transportation Program Implementation Recommendations in CEX's FY09 Advertised Budget

In light of these implementation issues & concerns & the large amount of funding projected to be available on a recurring basis for transportation annually, a number of staff recommendations on how to implement transportation projects, programs, & services within Fairfax County are reflected in the CEX's FY09 Advertised Budget:

- Procure General Engineering Consultant(s) (GEC) for program management to minimize the amount of staff required to be hired by the County. County staff specialists in a variety of areas (such as design, land acquisition, utility relocation, construction management, inspection, procurement, and financial management) will still be required to oversee the GEC contract(s).

Transportation Program Implementation Recommendations (continued)

- Continue the “traditional” project delivery method (currently performed in DPWES) to maintain County expertise and the ability to deliver core services over time, reduce risk to the County in using a GEC, reduce project delivery cost, and provide flexibility in the delivery of projects and the ability to match project delivery methods with project needs.
- Continue current practice within the traditional project delivery method of utilizing on-call consultant and individual larger project consultant contracts for the majority of projects.

Transportation Program Implementation Recommendations (continued)

- Transition FCDOT to a full-service transportation agency over an estimated 2 – 5 year time period, beginning in FY09:
 - Retain and/or expand existing FCDOT functions.
 - funding oversight and programming
 - project prioritization, planning, and scoping
 - site analysis and traffic review
 - long-range transportation planning
 - transit service implementation and management
 - transportation demand management, marketing, and outreach
 - residential parking and traffic operations programs
 - transportation facility management
 - coordination/liaison with other local, regional, and state agencies on all transportation programs, projects, and services

Transportation Program Implementation Recommendations (continued)

- Transition FCDOT to a full-service transportation agency over an estimated 2 – 5 year time period, beginning in FY09 (continued):
 - Establish within FCDOT the full complement of transportation project implementation services previously available in the former “Office of Road Program Management” to oversee all aspects of transportation project implementation.
 - Expand within FCDOT procurement, administration, and financial-management functions and add capital project management, design, environmental documentation, land acquisition, and construction management functions (currently performed within DPWES for transportation projects).
 - Staff to be a mix of existing FCDOT staff resources, transferred positions from DPWES Office of Capital Facilities, and new staff.

Transportation Program Implementation Recommendations (continued)

- Transition FCDOT to a full-service transportation agency over an estimated 2 – 5 year time period, beginning in FY09 (continued):
 - Co-locate DPWES personnel involved in transportation project implementation with FCDOT personnel in rented facility in close proximity to Government Center complex. Location in a rented facility addresses long-term space limitations for existing and proposed FCDOT personnel and frees up much-needed space for other agencies in the Government Center and Herrity buildings.
 - Current FCDOT space allocation on the 10th floor of the Herrity Building does not provide sufficient workspaces for all *currently authorized* FCDOT staff, much less for additional staff. Over the past 5 years, the agency has, at considerable cost, substantially reconfigured its work space, converted conference rooms and other “common” areas into work spaces, doubled up employees in work spaces, and rented storage space for equipment and outreach materials in order to increase the number of available work spaces. FCDOT has only been able to provide seating for new hires as a result of turnover/vacancies within the agency.

Transportation Program Implementation Recommendations (continued)

- Recommended staffing levels and proposed organizational, staffing, and process changes assume the following:
 - Up to \$143 million available annually on an on-going basis for projects in Fairfax County from *NVTA Regional and Local Option Funds*; proposed staffing levels can be adjusted somewhat downward depending on the outcome of the General Assembly's action on the *NVTA Regional* taxes and fees. This funding level represents:
 - Almost triple the annual dollar value of projects delivered during the “heyday” of the County's Road Program (1985 – 1995) when approximately \$50 million was expended annually for projects.
 - More than 5 times the annual project workload associated with the 2007 Transportation Bond Referendum (assumed to be \$110 million over 4 years).
 - Project workload for FY09 and FY10 as identified in the 10-15-07 Board-approved list (Board Action Item A-9)
 - Continuation of pre-existing workload associated with the 2007 Transportation Bond Referendum and other on-going transportation projects, programs, and services funded from other sources (grants, etc.)
 - Majority of design, land acquisition, and construction management services and all construction to be contracted out.

Transportation Program Implementation Recommendations (continued)

- Phased-in Addition of up to 41 Merit Positions:
 - Total includes up to 28 in FY09 and up to 13 additional in FY10.
 - Provides much needed flexibility, when viable candidates are available, for conversion of 4 embedded consultant engineer positions to merit positions to reduce salary costs.
 - Adds 21 other engineers, planners, & technicians to oversee GEC and other consultant contracts & manage implementation of roadway, transit, bus stop, & pedestrian improvements.
 - Includes 4 transit planners to oversee Fairfax CONNECTOR expansion.
 - Provides 6 specialist positions, including 1 communications specialist, 2 management analysts, 1 network analyst, & 2 right-of-way agents.
 - Adds 6 administrative & accounting personnel to support increases in financial oversight, procurement, accounting, & human resources workload (no administrative & accounting positions are included among positions proposed to be transferred from DPWES). This number includes conversion of 1 existing limited term position to stem frequent turnover and provide program continuity in critical financial oversight area.

Transportation Program Implementation Recommendations (continued)

Transportation Capital Program Implementation Personnel Comparison

Year	FY91	FY08	FY09 (Planned Phase I)	FY10 + (Phase II)
Annual Estimated Avg. Transportation Capital Program Expenditures	\$50 M	\$20 M	\$150 M (Assumes Ramp-up to \$100M – HB3202, Incl. New Connector Bus Service, + \$50M Trans. Bond Prgm. & Other On-going Workload)	\$150 M (Assumes Ramp-up to \$150M – HB3202, Including New Connector Bus Service, + \$50M Trans. Bond Prgm. & Other On-going Workload)
Office of Road Program Mngmt./ DPWES	48 Merit	0	0	0
Planning and Design Division / DPWES	0	18 Merit + 1 Limited Term (L/T) + 3 Embedded Consultant (E/C)	18 Merit	0
Department (or Office) of Transportation	13 Merit + 4 L/T	7 Merit + 1 L/T	35 Merit (Includes 28 New Merit)	75 Merit (Includes 41 New Merit)
Land Acquisition and Construction Mngmt. for Transportation Projects Only / DPWES	10 Estimated	9 Merit + 1 Embedded Consultant	9 Merit + 1 Embedded Consultant	0
Total	75 Total 71 Merit + 4 L/T	30 Total 26 Merit + 3 E/C + 2 L/T	63 Total 62 Merit + 1 E/C	75 Total 75 Merit

Transportation Program Implementation Recommendations (continued)

- The amount of *NVTA Regional Funding* that will ultimately be available for implementation of transportation projects, programs, and services in Fairfax County will depend on whether and how the General Assembly acts to address the Virginia Supreme Court's February 29, 2008, ruling on HB 3202.
- A timetable for the General Assembly's consideration of the issue has not been established as the 2008 Session moves toward adjournment.
- In light of this uncertainty, staff requests that maximum flexibility be retained within the FY 09 Budget for funding, staffing, and space needs for the transportation program in order to maintain the high level of momentum that has been built to date for expedited and cost effective implementation of the Board-approved projects. Staff is continuing "full speed ahead" until it is clear that financial resources will not be available for the full program.

Questions

