TRANSPORTATION FUTURES

REGIONAL DECISION MAKING EXAMPLES

The Task Force has stated clearly that a regional approach must be part of a solution to the central Puget Sound region's transportation funding needs. This paper summarizes how five metropolitan regions similar to the central Puget Sound region collect and allocate revenue. The examples represent a variety of approaches, but all have one thing in common: regional revenues dedicated to implementing the regional plan.

Following the summaries are some observations about common characteristics and differences. These, along with comments made by the Task Force at previous meetings, provide the basis for draft principles for a regional approach that could be incorporated into Task Force recommendations. Staff will review these approaches and draft principles at the November 18 Task Force Meeting.

Northern Virginia Transportation Authority (Arlington, Fairfax, Loudin, and Prince William counties, VA)

The NVTA was formed by the Virginia General Assembly as a regional transportation planning body in 2002, with revenue authority granted in 2013. All taxes and fees were imposed and by the General Assembly.

The action established a regional sales tax, occupancy tax, and a regional Grantor's Tax (real estate excise tax). All of the taxes and fees collected under the statute by the Commonwealth are sent to the Northern Virginia Transportation Authority. Once received by the Authority, those dollars are divided into one of two categories:

- *70% Regional Revenue* Funds to be spent on projects in the adopted regional long range transportation plan.
- *30% Local Distribution Funds* to local, member jurisdictions for expenditure on road construction, other capital improvements that reduce congestion, capital improvements contained in the region's long-range plan, or for public transportation purposes.

In the first 6 months of 2015, this yielded approximately $250 million in revenue – approximately $75 million of this was distributed to local jurisdictions.

In addition, each city and county is required to adopt a Commercial and Industrial (C&I) Property Tax for transportation (rate of $0.125 per $100 valuation) or deposit an equivalent amount into a separate fund for transportation improvements. If a city or county fails to deposit the full amount of C&I tax or equivalent into a separate fund for transportation, the Authority reduces its disbursement of 30% funding by the difference. This is to ensure that each city and county maintains its average expenditures for transportation, or it loses its share of the 30% Local Distribution revenue.

TransLink (Vancouver, British Columbia)

TransLink was created in 1999 by the British Columbia Provincial Government as Metro Vancouver's regional transportation authority to plan and manage the transportation system as a strategic whole. It is responsible for planning, financing and managing all public transit and major regional roads and bridges.

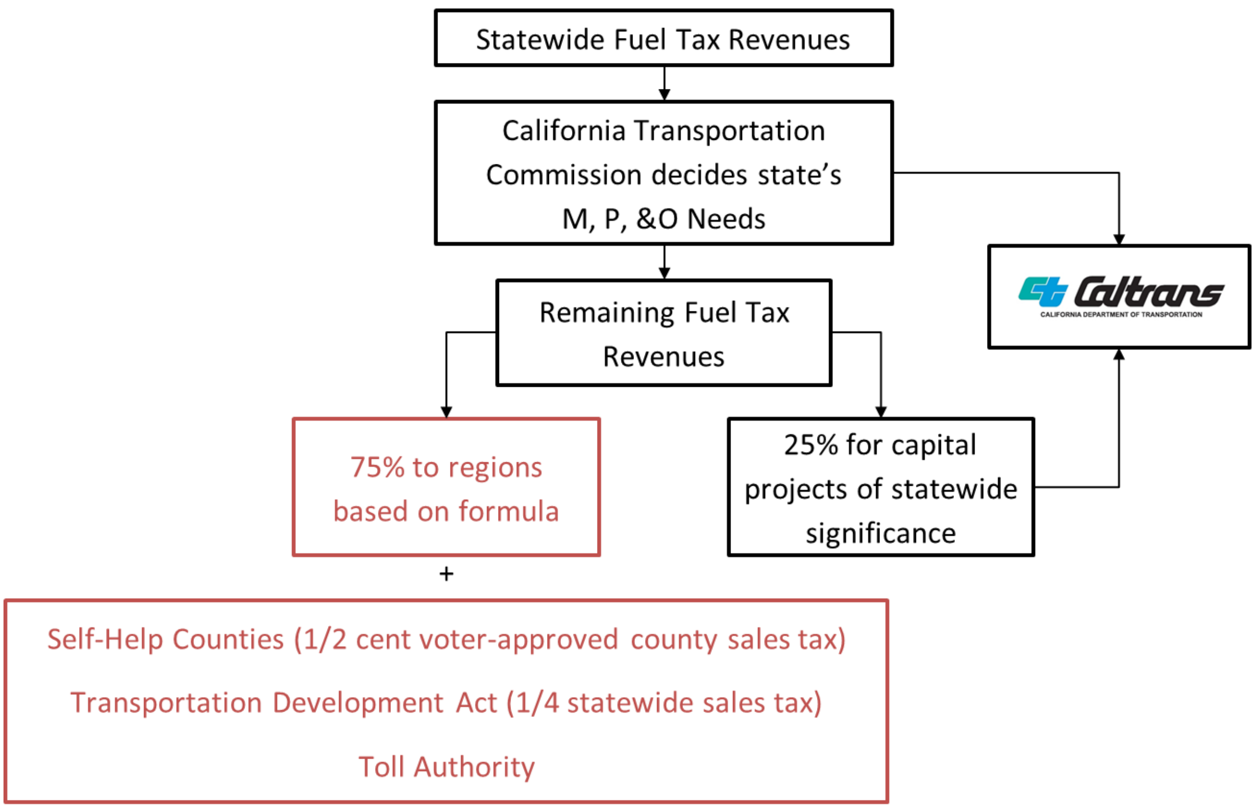
Regional funding sources are specifically outlined in the South Coast British Columbia Transportation Authority Act. The Province and member municipalities collect regional fuel taxes, property taxes, parking taxes, a levy on power use, bridge tolls, and emissions testing fees, which are then distributed to TransLink. Revenues are also directly collected at the farebox through transit operations. TransLink has authority for, but does not use, a vehicle levy, and an area benefitting tax (local improvement district). These sources generated approximately $1.4 billion CDN in 2012.

In addition to its transit operations, TransLink has responsibility for what is called the Major Road Network (MRN), over 2,300 lane kilometers of major arterial roads that connect the cities of its service region. Roads that are part of the MRN provide access across municipal boundaries to regional activity centers and carry a high volume of traffic and vehicles that are going longer distances.

TransLink provides funding to municipalities to operate, maintain and rehabilitate these roads. The total amount varies from year to year, but in 2013 TransLink allocated $44 million CDN to municipalities. The specific amount each municipality receives is linked to the number of lane kilometers of MRN it has. TransLink also funds upgrade projects for the major roads, and shares the cost of these with municipalities and other regional partners.

California

The State of California collects revenues from state and federal gas taxes for transportation projects into the Transportation Improvement Fund. Twenty-five percent of the Transportation Improvement Fund is allocated to Caltrans for projects of statewide significance, and 75 percent of the fund directly to metropolitan planning organizations (MPOs) and regional transportation planning agencies (RTPAs) in less urbanized areas. Through this distribution, MPOs in California have more regional control over federal and state gas tax revenues than do MPOs in Washington. Counties also have additional sales tax revenue and other authority that voters can enact to provide more revenues for transportation needs directly to counties.



Metropolitan Transportation Commission (SF Bay Area, CA)

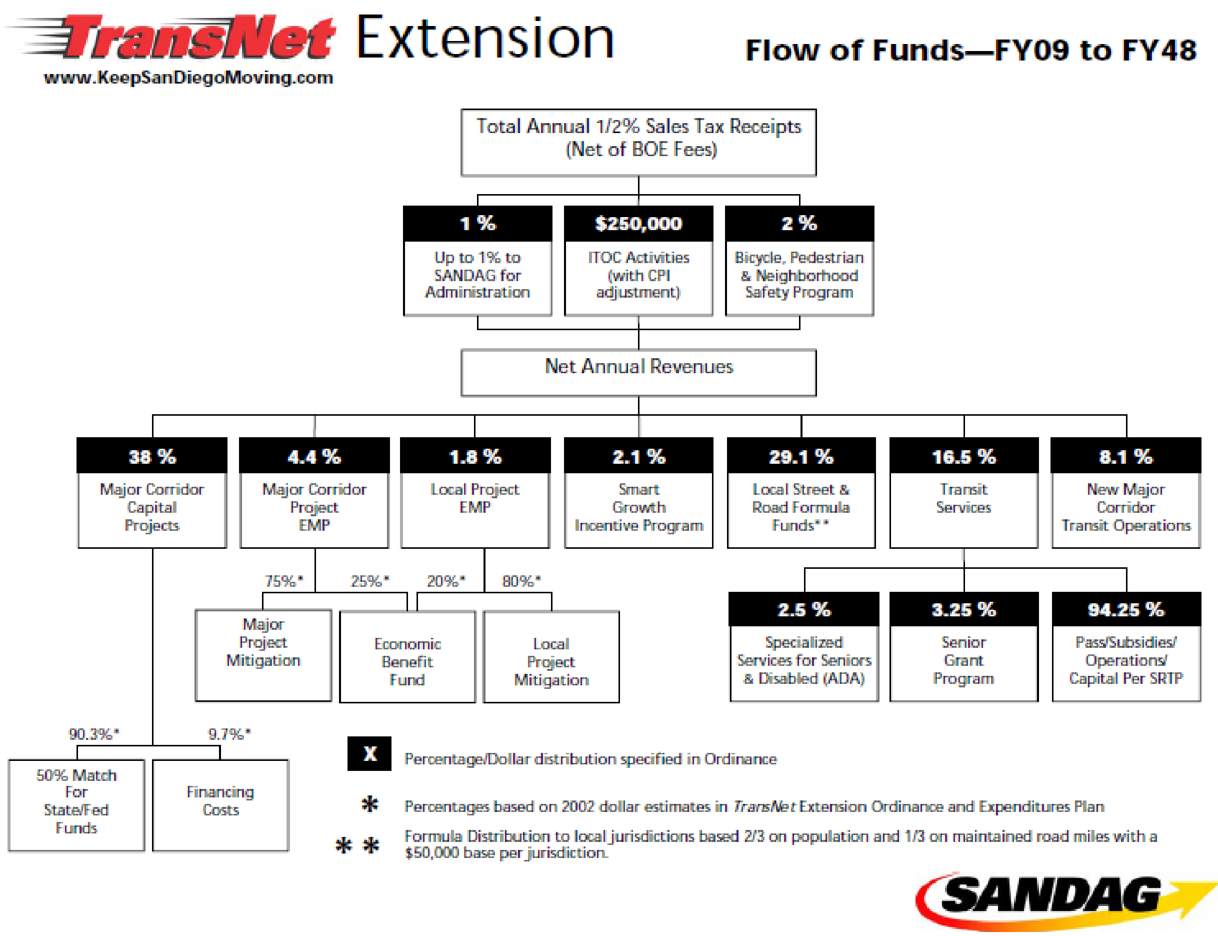
As described above, 75 percent of the state and federal gas taxes collected into the state Transportation Improvement Fund are allocated to the state's MPOs and RTPAs, of which MTC receives its share. MTC also oversees state sales taxes for public transit in the region, and a portion of the transit program funded by state fuel taxes. MTC also has legislative authority for, but has not yet pursued, additional gas tax authority and management of a regional HOT lane network. State legislation passed in 1997 gives MTC and other regional transportation planning agencies increased decision-making authority over the selection of state highway projects constructed by Caltrans, and allocation of transit expansion funds. Counties have the authority to raise additional revenues through voter approved sales taxes ("self-help" counties).

In the San Francisco Bay Area, the state Legislature transferred the responsibility of administering the base $1 toll from the Bay Area's seven state-owned toll bridges to MTC through a new entity, the Bay Area Toll Authority (BATA). Administration of all toll revenue from the region's state-owned toll bridges was granted to MTC in 2005. MTC has authority and the responsibility to maintain and operate the bridges and to program the revenue generated through bridge tolls.

San Diego Association of Governments (San Diego, CA)

In addition to its state of California Transportation Improvement Fund allocation, and regional control over project selection for state-funded highway projects, San Diego County has enacted a ½ cent countywide sales tax authorized by the state. As the single county for its region, SANDAG uses these funds to implement *TransNet,* a 40-year $14 billion program of specific projects & services across modes through the year 2048. This specificity of the project list is cited as critical for approval by the voters. The *TransNet* program, administered by SANDAG, also funds local roads, bike and pedestrian paths, smart growth projects, habitat preservation, as well as new rapid bus lines and rail service expansion. SANDAG has toll authority for maintenance and operation of two state routes (SR 125 & SR 11).

An independent oversight an accountability committee produces annual report, as well as a performance audit every three years.



Maricopa Association of Governments (Phoenix, AZ)

The Arizona State Legislature enabled Maricopa County to enact up to a ½ cent sales tax to supplement federal and state resources to fund transportation improvements in the fastest growing area of the state. Originally approved by voters in 1985 to fund freeway construction, Proposition 400, enacted in 2004, extended the program to create a $17 billion program of projects funded by 3 primary sources:

1. 20 year extension of sales tax [highway (56%); arterials (10%); transit (34%) – firewall between uses]
2. Authority over regional "share" of state fuel tax
3. Federal funds

This pool of funds provides the primary source of funding for the regional transportation plan. A specific list of projects in the plan was selected by the Maricopa Association of Governments, and presented to the region's voters for approval. This specificity is cited as critical for approval by the voters. Accountability is ensured through 5-year performance audits.

Observations on Regional Approaches and Draft Principles

These examples show several characteristics, including:

- State authorization or mandates to act regionally.
- Regionally dedicated taxes or fees.
- Cooperation with the state to dedicate federal or state revenues to regions based on need.
- Regional or local control of how to spend funds, in some cases with voter approval.
- Some sub-allocation of funds to local jurisdictions or agencies.
- Some flexibility in the uses of funds. However, some approaches are based on programs of specific project lists approved by voters, or strict proportions of funding to particular modes.

These characteristics, along with previous input from the Task Force, suggest some principles for a regional funding solution that could be incorporated into the Task Force's recommendations.

- Any new regional structure should have clear lines of accountability.
- New regionally raised and controlled funds should be available for a full range of transportation facilities and operations.
- Regions should be provided with flexibility in structuring regional taxing districts, defining district boundaries and rates, and uses of regional funding.
- Regions should be guaranteed a reasonable return on existing state transportation taxes prior to establishing new regional districts. Any funds raised within regions should not replace any existing or new state funds.
- Any new revenue options for the region should complement and support existing and new state, local and regional transit funding authority, be capable of gaining broad public support and enable bonding.
- Any new financing structures should maximize the return on public investment in the transportation system through sound financial practices.