

## APPENDIX E

### POTENTIAL FUNDING MECHANISMS

**Table 1: Federal, State and Local Funding Programs for Northern Virginia Transportation Projects**

<i>Program</i>	<i>Applicability</i>	<i>Additional Information</i>
<b>Federal Transportation Financing Programs</b>		
Regional Surface Transportation (RSTP) Funds	<p>The federal Surface Transportation Program, which authorized about \$6.47 billion in federal funds in 2008, allocates resources based on lane miles and vehicle miles traveled on federal highways. The Regional Surface Transportation Program (RSTP) allocates funds based on population for urbanized areas with more than 200,000 people. It also provides flexibility to shift funds from highway to transit expenses. Examples of projects to which RSTP funds can be applied include:</p> <ul style="list-style-type: none"> <li>• Road widening;</li> <li>• Repaving;</li> <li>• Transit capital; and</li> <li>• Research.</li> </ul> <p>A Loudoun County budget request noted that about \$32 million in funds are available for Northern Virginia (including both Loudoun and Fairfax Counties) in 2008.</p>	<p><a href="http://www.fhwa.dot.gov/safetealu/factsheets/stp.htm">http://www.fhwa.dot.gov/safetealu/factsheets/stp.htm</a></p> <p><a href="http://www.fhwa.dot.gov/legregs/directives/notices/n4510674.htm">http://www.fhwa.dot.gov/legregs/directives/notices/n4510674.htm</a></p>
Congestion Management and Air Quality (CMAQ) Funds	<p>CMAQ monies are federal funds provided for air quality improvements and congestion mitigation. Funds are limited to federal non-attainment areas. CMAQ funds can be applied to traffic flow improvements, including public-private partnerships. According to a Loudoun County budget request, there were approximately \$30 million in CMAQ funds available to Northern Virginia in 2008.</p>	<p><a href="http://www.fhwa.dot.gov/environment/cmaq/index.htm">http://www.fhwa.dot.gov/environment/cmaq/index.htm</a></p> <p><a href="http://www.fhwa.dot.gov/environment/cmaqpgs/06guide.htm#intro">http://www.fhwa.dot.gov/environment/cmaqpgs/06guide.htm#intro</a></p>
Safety Programs	<p>The Safe, Accountable, Flexible and Efficient Transportation Equity Act: A Legacy for Users (P.L. 109-59) establishes DOT's Highway Safety Improvement Program as a core program. SAFETEA-LU provides flexibility to allow states to target funds to their most critical needs. States are required to create State Strategic Highway Safety Plans (SHSPs) to identify and analyze highway safety problems, which will enable them to allocate up to 10% of their Highway Safety Improvement Program (HSIP) funds for behavioral and other safety programs (after addressing rail grade and infrastructure safety issues identified in the SHSP). SAFETEA-LU expires in September, 2009.</p>	<p><a href="http://www.fhwa.dot.gov/safetealu/summary.htm">http://www.fhwa.dot.gov/safetealu/summary.htm</a></p>
Earmarking	<p>Earmarks consist of line items written into federal, state or local legislation designating funding for specific projects. These allocations circumvent the standard competitive assignment of funds normally required for projects. While there are earmarks for improvements to the Route 50/Route 15 interchange at Gilbert's Corner, the federal Office of Management and Budget does not list any federal earmarks within the immediate project area.</p>	<p><a href="http://earmarks.omb.gov/">http://earmarks.omb.gov/</a></p>

<i>Program</i>	<i>Applicability</i>	<i>Additional Information</i>
<b>State Transportation Financing Programs</b>		
Transportation Funding and Reform Act of 2007	The Transportation Funding and Reform Act of 2007 (HB 3202) allows counties to raise commercial property taxes as much as \$0.25. For FY 2009, the Fairfax County Board of Supervisors approved a tax rate increase of \$0.11, and is expected to generate approximately \$52 million transportation projects. Funds are collected in Fairfax County's Fund 124: County and Regional Transportation Projects. Funds can be spent on roadway, pedestrian and transit projects. Loudoun has not yet approved commercial or industrial property taxes but may consider doing so in 2009.	<a href="https://leg1.state.va.us/cgi-bin/legp504.exe?071+ful+CHAP0896">https://leg1.state.va.us/cgi-bin/legp504.exe?071+ful+CHAP0896</a>  <a href="http://www.fairfaxcounty.gov/dmb/adopted/FY2009/PDF/Volume2/sr_124.pdf">http://www.fairfaxcounty.gov/dmb/adopted/FY2009/PDF/Volume2/sr_124.pdf</a>
Transportation Partnership Opportunity Fund (TPOF)	The legal framework for the TPOF begins with Chapter 845 of the 2005 Acts of Assembly. The TPOF is to be used by the Governor of Virginia through the Design-Build provisions of the Virginia Code (§33.1-12(2)(b)) pursuant to the Public Private Partnership Act of 1995 (Virginia Code § 56-556 et seq.). The Governor can also use TPOF monies for transportation aspects of economic development projects. Grants can be up to \$5 million, while loans up to \$30 million can be obtained interest free, but require repayment within 7 years. While TPOF monies are generally flexible, they are limited to use when the capacity of existing funding mechanisms has been exceeded.	<a href="http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+33.1-221.1C8">http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+33.1-221.1C8</a>  <a href="http://www.virginiadot.org/projects/resources/tpofImplementationGuidelines10-2005.pdf">http://www.virginiadot.org/projects/resources/tpofImplementationGuidelines10-2005.pdf</a>
Northern Virginia Transportation District Fund	This state program is a subset of the Transportation Trust Fund, with funds from recordation taxes and right-of-way fees collected by Northern Virginia jurisdictions including both Loudoun and Fairfax Counties. Authorized under Virginia Code §58.1-815.1, the Northern Virginia District Fund is a nonreverting fund that can be used to pay for costs of the Northern Virginia District Program. Relevant roadways to this effort include parallel roads on Route 28 in Loudoun County.	<a href="https://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+58.1-815.1">https://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+58.1-815.1</a>  <a href="https://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+33.1-221.1C3">https://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+33.1-221.1C3</a>
Revenue Sharing	The Virginia Department of Transportation Revenue-Sharing Program is authorized under Virginia Code §33.1-2305. The program allows for Virginia Department of Transportation funds to match locality funds for improvement, construction or reconstruction on any functional class of roadway. A locality can request funds for projects in other localities. The program is currently funded at a level of \$50 million; each locality may request up to \$1 million.	<a href="http://www.virginiadot.org/business/resources/local_assistance/Revenue_Sharing_Guide_2008.pdf">http://www.virginiadot.org/business/resources/local_assistance/Revenue_Sharing_Guide_2008.pdf</a>
VDOT Primary and Secondary Roadways <sup>1</sup>	VDOT Funds both primary and secondary roadways. Primary roads are designated by route numbers 1 – 599; secondary roads are designated by route numbers 600 and up. Funds for primary roads are allocated through a formula based 70% on vehicle miles traveled (VMT), 25 % on lane miles, and 5% on primary need. Project selections for secondary road projects, while funded by VDOT, are the responsibility of county boards and supervisors. No local match is required. The formula for allocating secondary road funding is 80% population, 20% land area. For urban roadways – those within the boundaries of cities and towns – a 2% match is required. Only a small percentage of secondary roads qualify for federal funding. See Table 3 below for details on VDOT's funding by roadway classification over the last three years.	<a href="http://www.virginiadot.org/projects/report-s-budget.asp">http://www.virginiadot.org/projects/report-s-budget.asp</a>

<sup>1</sup> The urban roadway system receives approximately 30% of state funding; these monies are allocated to cities and towns based on population.

<i>Program</i>	<i>Applicability</i>	<i>Additional Information</i>
<b>State Transportation Financing Programs (Cont'd.)</b>		
Non-Profit Corporations (IRS Rule 63-20)  <i>Note: not necessarily a funding source, but a strategy for raising funds for capital projects.</i>	<p>This rule permits nonprofit corporations to raise tax exempt bonds and enter into agreements with contractors for infrastructure provision. The corporation must develop a facility that serves a public purpose, and be expressly authorized by the state. The completed facility is then leased back to the state, with the lease payments covering the debt service. At the end of the lease/debt service repayment, the facility becomes the property of the state. VDOT used this financing strategy for construction of the Pocahontas Parkway.</p> <p>The use of 63-20 corporations provides added flexibility with respect to project delivery methods and project timing. But a report by the state of Washington suggests that these entities incur higher financing costs than debt issued directly by a government agency.</p>	<p><a href="http://www.wa.gov/tre/BondDebt/bnd_63-20cof.pdf">http://www.wa.gov/tre/BondDebt/bnd_63-20cof.pdf</a></p> <p><a href="http://www.fhwa.dot.gov/innovativeFinance/ifq62.htm">http://www.fhwa.dot.gov/innovativeFinance/ifq62.htm</a></p>

<i>Program</i>	<i>Applicability</i>	<i>Additional Information</i>
<b>Local Transportation Financing Programs</b>		
County General Obligation Bonds	General obligation bonds provide up-front capital financed through a revenue stream backed by local government tax revenues (primarily property tax). In 2004, Fairfax County issued about \$165 million in transportation bonds. Another \$110 million in bonds for transportation was approved by voters in 2007.	<p><a href="http://www.fairfaxcounty.gov/dmb/bonds.html">http://www.fairfaxcounty.gov/dmb/bonds.html</a></p> <p><a href="http://www.fairfaxcounty.gov/dmb/adopted/FY2009/pdf/Volume1/00140.pdf">http://www.fairfaxcounty.gov/dmb/adopted/FY2009/pdf/Volume1/00140.pdf</a></p>
County 2% Gas Tax	In Fairfax County, this 2% tax is <i>dedicated</i> to WMATA. In Loudoun, the 2% is used for bicycle, pedestrian and paratransit projects. Loudoun County will be using this fund to support the future Dulles Rail Project.	<a href="http://www.mdot.state.md.us/Planning/Transit%20Funding%20Study/Fairfax%20County%20Presentation.pdf">http://www.mdot.state.md.us/Planning/Transit%20Funding%20Study/Fairfax%20County%20Presentation.pdf</a>
Proffers	Proffers are a form of conditional zoning authorized under the Virginia Code (§15.2-2298 – 2303). Proffer rates are negotiated by localities and can include cash amounts, dedicated land, or capital improvements; Fairfax and Loudoun Counties are principle users of proffers to support transportation projects.	<p><a href="http://www.loudoun.gov/Portals/0/docs/Budget/DraftFY09/Proffer.pdf">http://www.loudoun.gov/Portals/0/docs/Budget/DraftFY09/Proffer.pdf</a></p> <p><a href="http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+15.2-2298">http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+15.2-2298</a></p>
Metropolitan Washington Airports Authority (MWAA) Capital Improvement Program	MWAA, which operates the Dulles International and Reagan National Airports as well as the Dulles Toll Road, provides about \$227 million for the Dulles Corridor Capital Improvement Program in its 2008 Budget. Of this, approximately \$4.6 million has been set aside for the study and design of widening on Route 606. Another \$20 million is reserved for associated capital improvements.	<a href="http://www.mwaa.com/ /File/ /2008_Budget.pdf">http://www.mwaa.com/ /File/ /2008_Budget.pdf</a>
Impact Fees	Impact fees, authorized under Virginia Code §15.2-2317 – §15.2 -2327, allow jurisdictions to generate revenue for transportation projects necessitated by new development. Impact fees can be applied to all types of new development, not just that allowed through rezoning. But their use is restricted to Fairfax County. Impact fees, which are set by localities, cannot be assessed if the developer has made proffers for off-site road improvements.	<a href="http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+15.2-2319">http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+15.2-2319</a>

<i>Program</i>	<i>Applicability</i>	<i>Additional Information</i>
<b>Local Transportation Financing Programs (Cont'd.)</b>		
Community Development Authorities	<p>Community Development Authorities (CDAs) are private entities authorized by the Board of Supervisors for the purpose of providing public infrastructure. CDAs can be formed through a petition endorsed by the majority of property owners, or those owning a majority of assessed value, within the proposed CDA boundaries. This entity can issue tax-exempt bonds for a wide range of infrastructure improvements, including roads (Virginia Code §51.2-5158).</p> <p>Bonds issued by CDAs are repaid through tax assessments, which are limited at \$0.25/\$100 assessed value. Special assessments can also be levied based on the use and benefit to a property from proposed improvements. Fairfax also has CDAs that repay debt through tax increment financing (TIF), as is being done in Springfield, authorized under Virginia Code §58.1 – 3245.2.</p>	<p><a href="http://leg1.state.va.us/000/cod/15.2-5158.HTM">http://leg1.state.va.us/000/cod/15.2-5158.HTM</a></p> <p><a href="http://www.fcrevit.org/resources/springfield/RevitPolicyCommittee_TIF_Presentation.pdf">http://www.fcrevit.org/resources/springfield/RevitPolicyCommittee_TIF_Presentation.pdf</a></p> <p><a href="http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+58.1-3245.2">http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+58.1-3245.2</a></p>
Contributed Roadway Improvement Fund	The Contributed Roadway Improvement Fund was created to specifically account for developer and private contributions received for roadway improvements throughout Fairfax County. Receipts from the fund are earmarked to the specific areas of the County from which they were received. For 2008, Fund 301 has about \$4.35 million.	<a href="http://www.fairfaxcounty.gov/dmb/lobs/2008/301.pdf">http://www.fairfaxcounty.gov/dmb/lobs/2008/301.pdf</a>
Tax Districts	<p>The Virginia Code (§15.2-4600) authorizes Fairfax and Loudoun Counties to create a special tax district to support bonds for improvements to the Route 28 corridor. These bonds are supported through an additional property tax assessment (at a statutorily limited rate of \$0.20 per \$100 assessed value) on commercial and industrial properties; a landowner petition is required.</p> <p>Similarly, a tax district has been established to help fund the Dulles Metrorail project. The tax rate for the Dulles Metrorail District is \$0.40 per \$100 assessed value. But the Dulles District includes commercial rental property, as well as other forms of commercial and industrial uses (Virginia Code §33.1 – 435).</p>	<p><a href="http://www.28freeway.com/index.html">http://www.28freeway.com/index.html</a></p> <p><a href="http://www.fairfaxcounty.gov/dmb/advertised/FY2009/pdf/Volume2/Trust_700.pdf">http://www.fairfaxcounty.gov/dmb/advertised/FY2009/pdf/Volume2/Trust_700.pdf</a></p> <p><a href="http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+33.1-435">http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+33.1-435</a></p>

**Table 2: CMAQ and STP Funding for Virginia**

	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>CMAQ</b>	\$36,913,782	\$38,789,778	\$39,463,841
<b>STP</b>	\$159,058,264	\$167,708,395	\$169,393,883
<b>(Northern Virginia Sub Allocation)</b>	(\$27,251,846)	(\$32,143,728)	(\$31,485,251)

Source: U.S. Department of Transportation.

**Table 3: VDOT Construction Funding by Road Classification**

	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Interstate</b>	\$349,570,102	\$403,192,172	\$340,443,175
<b>Primary</b>	\$378,704,033	\$326,825,543	\$294,417,485
<b>Secondary</b>	\$206,097,091	\$185,447,506	\$200,389,344
<b>Urban</b>	\$190,435,790	\$216,328,688	\$212,408,644

Source: Virginia Department of Transportation.