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Two Possible Alternatives to the Original Independent Transit Authority (ITA) Proposal

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Richard Parsons

Vice Chair

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Something on Which We All Agree: Traffic Congestion is a Real Problem

Our Regional Transportation Networks are:

- Heavily Congested
- Expensive
- Unsafe & Falling Apart
- Not Aligned with Today's Travel Patterns

For most County voters, congestion is THE #1 ISSUE



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We're Number-One, 8 Years in a Row... in Wasting People's Time!

- DC region is among America's most congested every year
- 55% of Maryland's major urban highways are congested
- Ave. Commuter Loses 80 hours/year to congestion delays
- Traffic delays cost each MD household \$2,500/year
- Major drag on our economy – costing us \$\$\$ billions every year

Things only get worse if we continue on the same path...

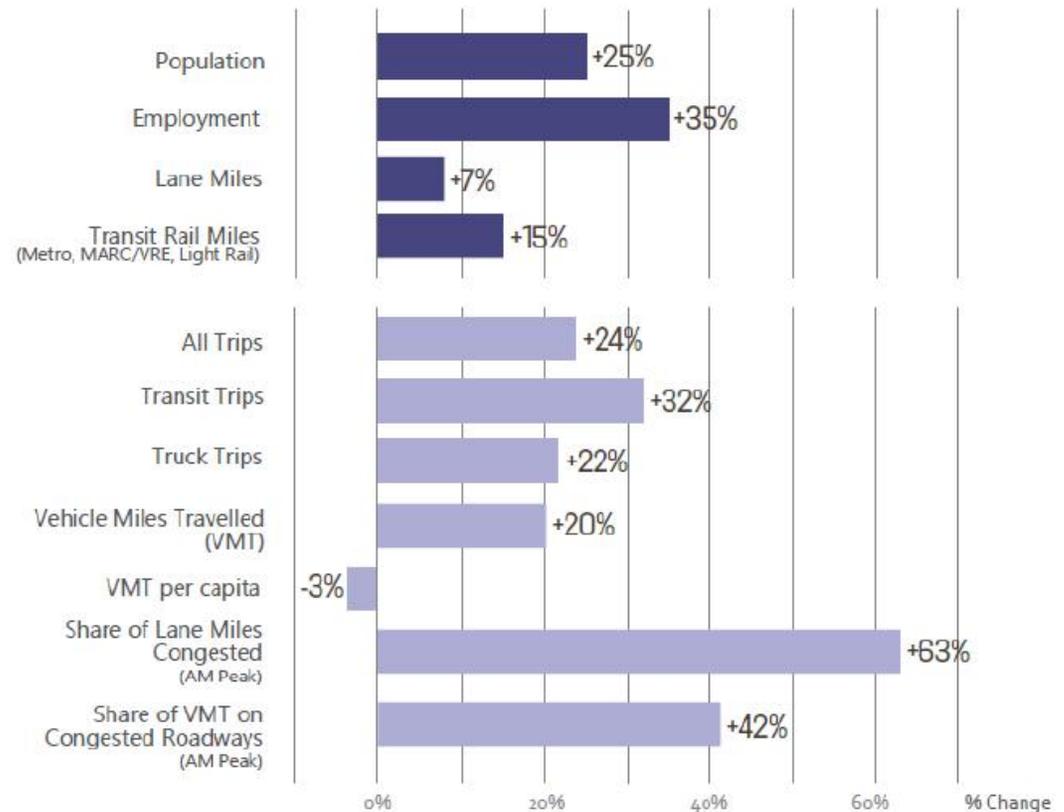


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Current “Constrained Long-Range Plan” Falls “Way” Short

Our Future Under the 2014 CLRP

- **Current plans for 2040 FAIL to address a projected 63% INCREASE in congestion – above current levels...**
- *This is NOT sustainable*
- *Key Question: Since current plan is inadequate, what ELSE should we be doing?*





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New Transit and Road Capacity is Needed Under ANY future Growth Scenario

- Economic growth in Montgomery County and the region cannot be supported with our current networks
- Traditional funding sources likely to remain constrained
- Hence the need to think outside the box – as the County Executive’s ITA proposal does



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But is this ITA the Best Option, or the Only One?

Current ITA Proposal has several drawbacks:

- Many of which we heard about at both public hearings on the ITA proposal
- Need to take public input seriously and respond



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Current ITA Proposal – Several Major Concerns Raised

1. Overall lack of public/civic/business/labor support for ITA (as proposed)

- Property tax impacts are potentially huge – Ignores voter mandate & circumvents Charter limit
- Limited accountability to elected officials/voters
- Open-ended nature & costs, unclear deliverables
- County workforce impacts, labor concerns
- Complex structure, duplicating existing county functions (Ride-On), difficult to explain



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Current ITA Proposal

2. **Lack of community consensus that the full BRT system is desirable, effective and/or a high enough priority to justify this level of investment**
 - Other needs are more pressing (i.e. Purple Line, CCT)
 - Substantive case has not been made for entire BRT system
 - County has no formal mechanism in place (as VA does) to assure voters this is the best use of scarce capital funds



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Current ITA Proposal

3. Lack of legislative support/Political Viability

- Many hurdles to pass – ITA proposal lacks robust civic, business, or labor support – and faces intense opposition from some quarters
- No obvious champions, a dubious path to enactment in Annapolis



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Current ITA Proposal

- 4. Inherent tension between how it's sold to bond houses (independent from County control) and how it's sold to public (under County control, accountable to voters)**
 - Not sure this tension can be overcome within this structure – or the level of complexity required



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Current ITA Proposal

5. Imposes uniform costs on whole county; benefits concentrated among property owners in a few corridors:

- ITA proposal can be amended to address this, and perhaps do a two-tiered property tax assessment
- Current proposal has only one tax district



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Current ITA Proposal

6. Not focused on County's top-priority projects, doesn't address regional travel patterns:

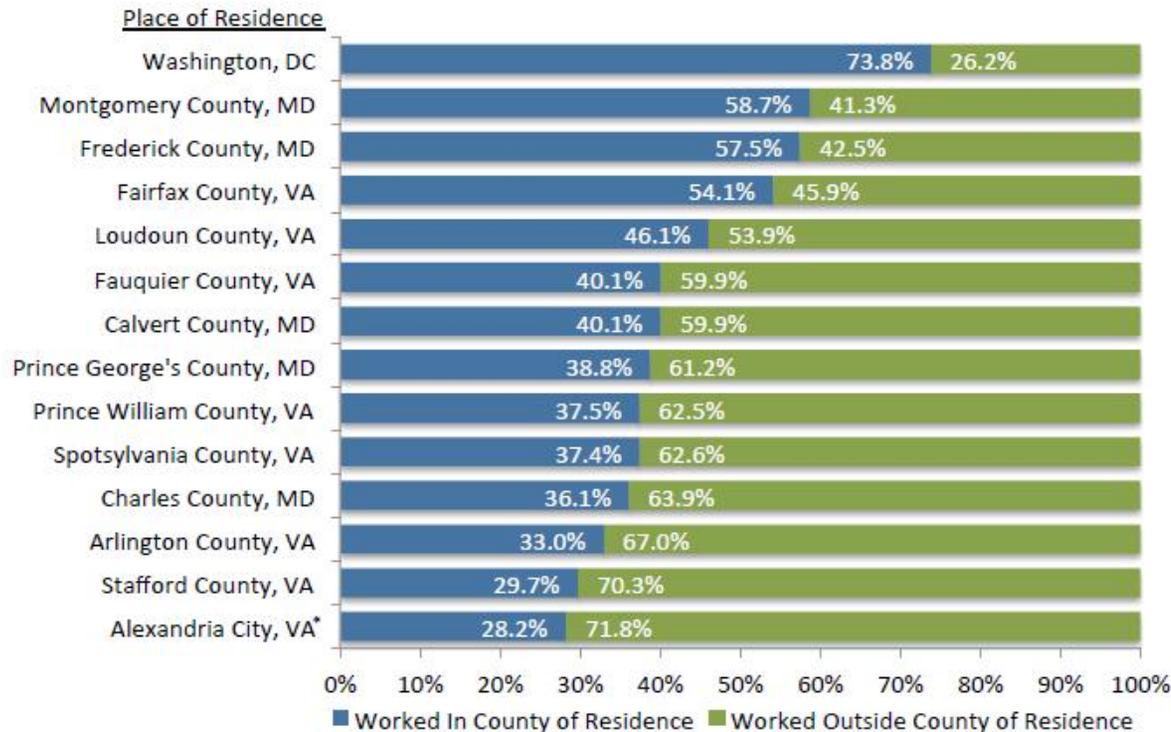
- Purple Line and CCT are practically shovel-ready and need funding – both are top priorities but no linkage
- Local BRT only serves local trips, but dominant travel patterns are suburb-to-suburb & multi-jurisdictional
- Montgomery imports 200K workers each day from other jurisdictions



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Regional Travel Patterns – Need for Regional Networks is a Higher Priority

Figure 1: Place of Residence by Location of Workplace, Washington MSA



Source: 2010 American Community Survey 1-year estimates

* Alexandria City is treated as a county by the US Census Bureau



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New money for local projects is Needed and ITA is one way to provide that...

What we haven't discussed:

- Is the ITA concept the best way to go?
- Is there a better alternative?



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What are the Alternatives?

Two main alternatives (& variations on each):

1. Limit the scope of an ITA to fund priorities that enjoy stronger consensus & support (starting with the CCT)
2. Expand the scope to create a “Regional Transit Authority” to fund multi-jurisdictional projects with more impact (could include Purple Line)



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Alternative 1:

Limit the ITA to BRT projects that have been identified as top-priorities by the County Council, AND have gone through a Final Environmental Impact Statement (EIS) [or similar process] to assure cost-effectiveness.

- Practical Effect: Initially limits ITA to fund the CCT, then other approved, shovel-ready projects
- Assures voters that it is not open-ended, that there is a process to ensure responsible use of public funds



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Alternative 1:

Advantages of this Approach:

- Aligns with County's top transit priorities – CCT is a higher priority than rest of BRT. More defined benefits, immediate economic ROI, proven project with solid political support (in the County and Annapolis).
- Focus on CCT can: (a) unlock economic/revenue growth of 50K jobs tied to CCT through staging; (b) lead with “Gold” BRT/set standard for region to build support; (c) labor concerns: no immediate need to move Ride-on.



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Alternative 1:

Advantages of this Approach (cont.):

- Eliminates public concerns over:
 - (a) efficacy of an untested/unproven Countywide BRT system;
 - (b) high cost (CCT is dramatically lower);
 - (c) open-ended funding commitment for deliverables not clearly defined; Not tied to County's top transit priority



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Alternative 1a:

Potential Modifications of this Approach:

- Special tax district could only include I-270 corridor, to respond to public concerns about equity
- Or a two-tiered tax district, with a lower rate countywide and a higher rate in the 270 corridor



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Alternative 1b:

Another Potential Modification of this Approach:

- Include County's share of Purple Line
- Purple Line has been through just as exhaustive a review process as CCT; both enjoy broad public, civic, business, and labor support; both are top priorities
- But - does not solve the problem of Prince George's County's unmet funding obligation for Purple Line



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Alternative 2: Sen. Miller’s “RTA” Proposal (SB 830 from MD 2013 Legislative Session)

Expand ITA concept to include key regional facilities and connections – form a “Regional Transit Authority” (RTA) – like many others in place in other metro areas.



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Alternative 2: Sen. Miller’s “RTA” Proposal (SB 830 from MD 2013 Legislative Session)

- Practical Effect: Expands ability to fund, build and operate key projects, can extend beyond one County’s borders (Purple Line, CCT/I-270, etc.); create a rapid-transit system that matches our complex, suburb-to-suburb travel patterns
- Uses several different revenue sources – not just local property tax – more revenue, easier to sell politically, more far-reaching long-term impact



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Alternative 2: “RTA”

How it Works:

- Establishes regional “Transit Benefit Districts” – Original bill allowed no more than two (Washington Metro, and Baltimore Metro regions).
- Could expand to three, organized around key corridors and/or projects
 - 270 Corridor/CCT (Montgomery/Frederick)
 - Purple Line/WMATA (Prince George’s/Montgomery)
 - Baltimore Region
- Role: Finance, construct, operate, repair, maintain transit facility or service
- Governance: Appointed by Administration - Representation based on proportion of the Transit Benefit District each subdivision comprises



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Alternative 2: “RTA”

How it Works:

- More specifically, a Transit Benefit District may:
 - Acquire, hold and dispose of property
 - Sue and be sued in its own name
 - Make contracts & agreements
 - Employ consultants, agents and employees
 - Apply for and receive grants from federal agencies, other sources
 - Condemn property (Title 12)
 - Fix and collect rentals, rates, fees, fares, other charges for use of facilities
 - Adopt regulations
 - Issue Bonds (may not constitute debt of the state or subdivision)
- MDOT may not exercise jurisdiction over the transit facility or service



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Alternative 2: “RTA”

Range of Revenue Sources: (listed in SB 830)

- Property tax assessment on properties subject to state property tax (assessment identifies specific project the tax benefits)
- 3% State Sales Tax at wholesale level on motor fuels
- Authorizes counties to impose local Motor Fuels Tax surcharge of up to 5 cents/gallon
- State Revenues increase \$380 million annually; Local Revenues increase \$200 million annually (by 2018)



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Other Potential Revenue Sources

2013 “MD Commission on RTAs” identified these options:

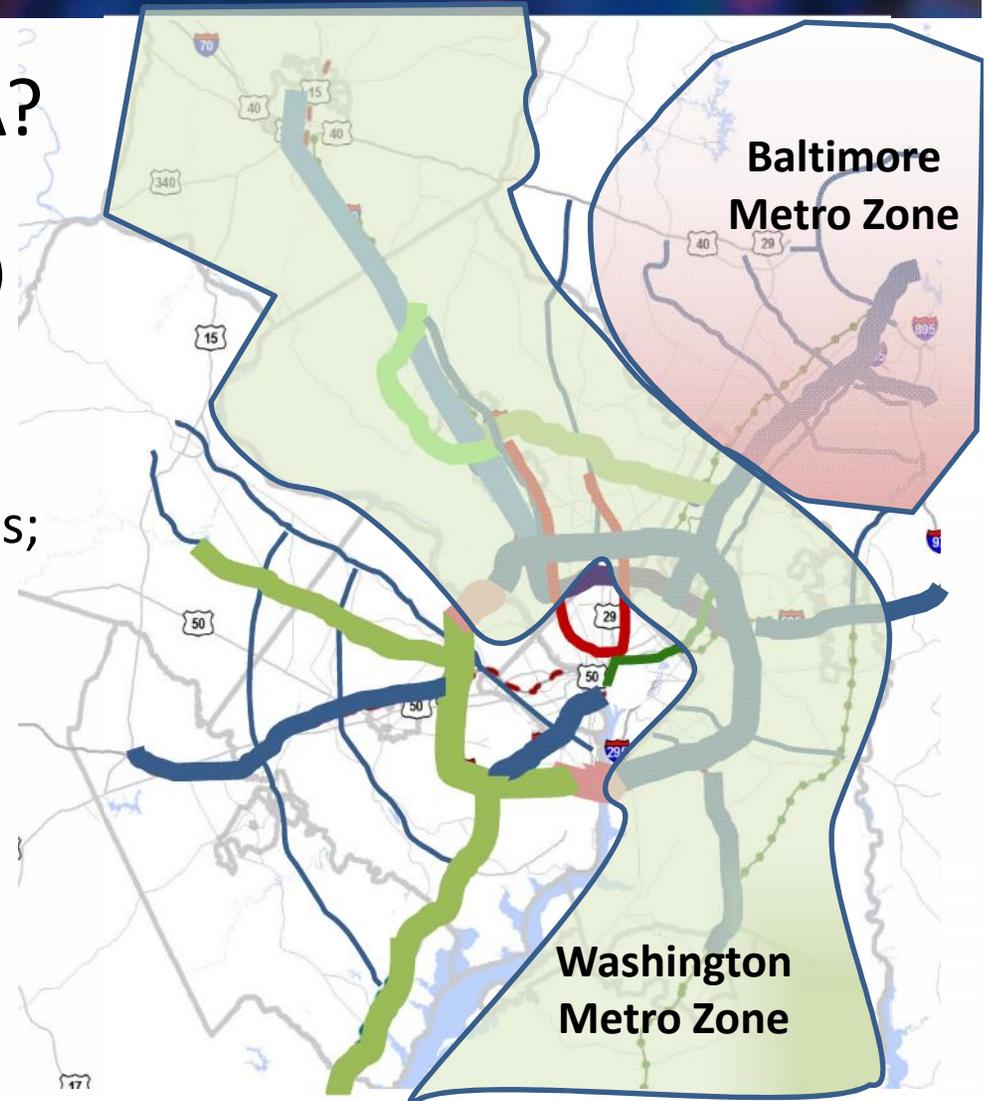
- Newly enabled voluntary local-option vehicle registration fee
- Expansion of local-option income tax increment specifically dedicated to transportation
- An expansion of local jurisdictions’ real estate transfer tax authority
- Application of value capture techniques at the project level in instances where market conditions and project dynamics allow



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Thinking Bigger: Why RTA?

- Adds \$580 million/year in new transportation \$\$ (state and local)
- Purple Line – start construction next year
- CCT – ready for construction in 2018 (not 2020) – 50,000 new jobs; demonstrate BRT “done right”
- Metro – new dedicated revenue source for Metro improvements
- Add regional connections to BRT system – using Express Toll Lanes (ETLs) on 270/ALB for funding
- **MUCH GREATER IMPACT ON CONGESTION THAN ANY LOCAL BRT SYSTEM CAN DELIVER**

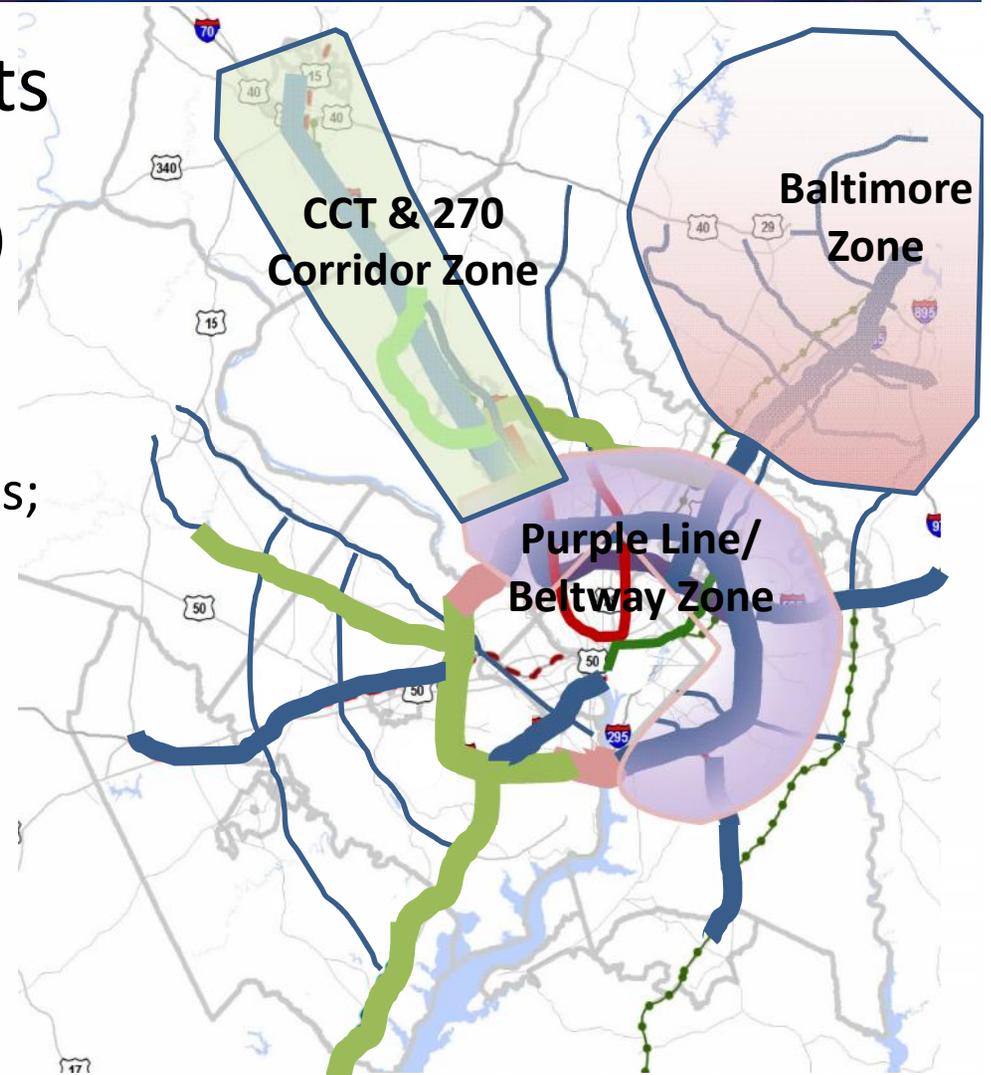




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Thinking Bigger: 3-Districts

- Adds \$580 million/year in new transportation \$\$ (state and local)
- Purple Line – start construction next year
- CCT – ready for construction in 2018 (not 2020) – 50,000 new jobs; demonstrate BRT “done right”
- Metro – new dedicated revenue source for Metro improvements
- Add regional connections to BRT system – using Express Toll Lanes (ETLs) on 270/ALB for funding
- **MUCH GREATER IMPACT ON CONGESTION THAN ANY LOCAL BRT SYSTEM CAN DELIVER**





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Advantages of Alternative 2 “RTA”

- Easier sell to voters – More support for taxes tied to specific projects than circumventing the Charter limits on property tax
- Politically viable – MD Senate President Mike Miller introduced this in 2013, interested in reintroducing, has broad support
- Clarity/Transparency – Specific projects identified & tied to revenue; Proportional representation for accountability; regional nature provides clear separation for bond ratings
- Motor fuels/sales tax, other sources, less harmful economically than property tax hike – Broader base to draw from



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Conclusion: Alternatives Address many Problems with the Original ITA Plan

- Political viability – Either option is more likely to garner public, civic, business support than original ITA – better chance of passage
- RTA structure is more commonly used – works well in other regions
- More focused on projects seen as top priorities
- Specific project focus improves accountability, clearer value proposition for taxpayers
- New taxes assessed only in areas served by projects
- Labor/workforce issues – no immediate need to move Ride-on
- Alt. 2 can fund higher-priority/regional projects – not just local BRT – much bigger impact on congestion



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Conclusion: Alternative 2 Offers Best Value Proposition

- **If you're going to raise people's taxes, MAKE IT WORTH IT.**
Alternative 2 offers most "Bang for the Buck":
 - Enough new funding for: CCT, Montgomery AND Prince George's local funding share for the Purple Line, Metro's capital improvement needs, and the other BRT corridors now under study (355, 29, Viers Mill Rd.)
 - Ability to fund major projects that have more impact on congestion, expand BRT to region, and generate additional revenues (through ETLs)
 - Frees up funds in TTF, restores local HUR funding from state
 - Provides voters with a better value proposition: A better performing regional transit system that is well worth the cost