



County of Fairfax, Virginia

Fairfax County Commercial and Industrial (C&I) Property Tax for Transportation

Board Transportation Committee
January 20, 2015

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Fairfax County Commercial and Industrial (C&I) Tax for Transportation

- In April 2007, the Virginia General Assembly authorized Northern Virginia localities the authority to implement a supplemental tax on commercial and industrial property for transportation purposes.
- The Fairfax County Board of Supervisors approved an ordinance establishing the commercial and industrial property tax for transportation in September 2007.
- Collection of this revenue source began in 2008 (FY 2009).
- The C&I tax is currently a \$0.125 assessment per \$100 of assessed value of commercial and industrial real estate within the County.



Transportation Funding Challenges

- The County's C&I revenue is just one source of many revenue sources that are needed to fund transportation improvements.
 - Rare to find large projects funded by only one source.
 - Often, a combination of local, regional, state, and federal sources are needed.
- Funding sources and requirements change periodically.
 - Funding may need to be shifted from projects that cannot be built in the near future to projects that are shovel-ready.
 - While some sources of revenue are eliminated, new sources may arise, such as HB 2313 (2013).
- C&I revenues are flexible. C&I funding can be used to start or complete a project, and remains flexible enough to shift from one project to another.



There are three general ways the County uses C&I revenue to advance projects.

- To date, the County's Board of Supervisors have approved project allocations for anticipated C&I revenues through FY 2020.
- Approximately \$650 million has been approved by the Board and allocated to transportation projects countywide.
- In general, C&I revenues help advance transportation projects in these significant ways:
 - Primary funding source
 - Supplemental funding source
 - Strategic reserves





Primary Funding Source

- C&I revenues are used as the sole or primary funding source for a variety of transportation projects.
- Without C&I revenues, it is unlikely these projects would ever be advanced without some other new funding source.
 - Fairfax Connector expanded bus service and fleet purchases, and facility expansions and associated maintenance.
 - Pedestrian and bicycle improvement projects that provide common sense connections for pedestrians and bicyclists, including connections to Metrorail stations and transit facilities, improvements in major activity centers and missing links.
 - Debt service on \$50 million in Economic Development Authority (EDA) revenue bonds for transportation projects.
 - EDA bonds supports projects like: Lorton Road widening, Jones Branch Connector, Springfield Park and Ride parking garage, and Route 29 widening.



Examples of C&I Funding as a Primary Source

- Fairfax Connector Expansion Service
 - C&I contribution: ~ \$225 million through FY20
 - Some service includes: Expansion of high priority/ridership routes (i.e. 171 (Richmond Highway), 401/402 (Springfield/Tysons), 950 (Dulles Corridor)), and Centreville-Chantilly service, and Tysons Circulator.
- Pedestrian and Bicycle Projects
 - Project cost: > \$220 million
 - C&I contribution: > \$100 million
 - More than 130 projects Countywide
 - (i.e. Lees Corner Road Walkway, Hunter Village Drive Walkway, Van Dorn Street Bike and Pedestrian Improvement, Hollow Road Walkways, Compton Road Walkway, Little River Turnpike Corridor Improvements, Chesterbrook and Kirby Roads Improvements)
- Debt Service on EDA revenue bonds and TIFIA loan
 - C&I contribution to EDA debt service:
~ \$11.6 million through FY20
 - C&I contribution to TIFIA: \$13.5 million/year starting in FY 2024.





Supplemental Funding Source

- C&I revenues are also used as the last remaining funding piece for large projects with multiple funding sources.
- As a supplemental funding source, C&I revenues complete the funding for long awaited projects and ensure that other projects aren't delayed due to lack of funding.
- At times, C&I revenues are used in this way to respond to unexpected situations such as the reduction or elimination of previously allocated funding or an increase in a project's cost estimate. C&I funding helps to keep project implementation moving forward.



Examples of C&I Funding as a Supplemental Source

- Stringfellow Road widening (4 to 6 lanes) •
 - Fair Lakes Parkway to US 50
 - Project cost: ~\$61 million
 - C&I contribution: - \$6 million
 - Open to traffic December 15, 2014
- Jones Branch Connector extension
 - Project cost: ~\$56 million
 - C&I contribution: ~\$18 million
 - Design completion scheduled for Fall 2016.
- Route 29 widening (Legato Road to Shirley Gate Road)
 - Project cost: ~ \$14 million
 - C&I contribution: ~ \$5 million
 - Construction begins in Spring 2015
- West Ox Bus Garage Phase II Construction
 - Project cost: ~\$20 million
 - C&I contribution: ~\$2 million
 - Construction Summer 2015
- Lorton Road widening (Route 123 to Silverbrook)
 - Project cost: - \$58 million
 - C&I contribution: ~ \$40 million
 - Under construction
- Rolling Road widening (Old Keene Mill to Franconia Springfield Pkwy)
 - Project Cost: - \$35 million
 - C&I contribution: - \$2 million
 - In preliminary engineering

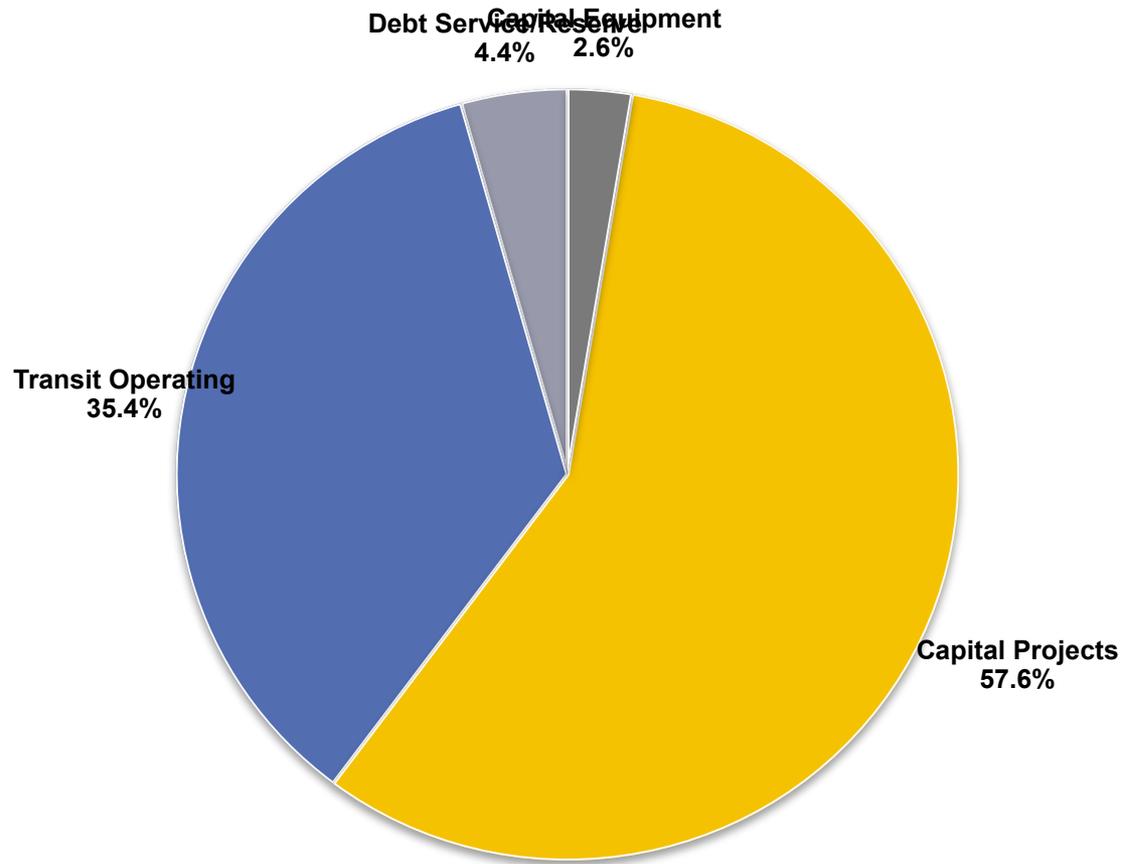


Strategic Reserves

- Some C&I revenues are held in reserve to take advantage of the following opportunities:
 - Advanced purchase of land for a future project at below market values
 - i.e. Annandale (McWhorter Place), Springfield parking garage, Telegraph Road
 - Initiating planning studies and preliminary engineering work for future projects
 - i.e. Herndon Metrorail Station Access Management study, Tysons Corner / Dulles Toll Road ramp connections
 - Taking advantage of grant opportunities that require matching funds
 - i.e. the Commonwealth's Revenue Sharing program, and Council of Governments (COG) Transportation Alternatives Program (TAP)
- C&I revenues allow the County to implement more transportation projects than it would otherwise be able to do under existing funding sources.



Distribution of FY09-FY20 Approved C&I Allocations





Selected Completed Projects

Transit Capital

- Fairfax Connector bus purchase (16) for expansion service, complete
- Wiehle – Reston East Metrorail parking garage, complete
- West Ox Bus Garage Expansion Design, construction scheduled for Summer/Fall 2015.

Roadway Capital

- Jeff Todd Way (Mount Vernon Hwy/Route 1 to Telegraph Road), open to traffic
- Telegraph Road Widening (Beulah to Leaf), open to traffic
- Stringfellow Road Widening (Fair Lakes Pkwy to US 50), open to traffic
- Nearly 15 countywide Spot Roadway intersection improvement projects
 - Danbury Forest @ Wakefield Chapel
 - Gambrill Road @ Pohick Road
 - Westmoreland @ Haycock
 - North Kings Highway Median
 - Arlington Boulevard @ Graham Road
 - Fox Mill Road @ Monroe Street

Pedestrian and Bicycle Projects

- More than 50 countywide Pedestrian and Bicycle improvement projects including:
 - Lewinsville Road Improvements
 - Powatan Street Walkway
 - Mount Vernon Highway Walkway
 - Dead Run Drive Sidewalk
 - School Street Sidewalk
 - Wiehle Avenue Trail
 - Intersection improvements along Leesburg Pike and Old Dominion Drive
 - Little River Turnpike and Backlick Road
 - Intersection improvements along Braddock Road
 - Burke Center Parkway Walkway

Studies

- Herndon Metrorail Station Access Management
- Tysons Corner / Dulles Toll Road ramp connections



Current/Ongoing Projects

Transit Capital

- Springfield parking garage
 - Currently under design
 - \$10 million in C&I allocation
- Huntington Bus Facility improvements
 - Construction scheduled Summer 2015
 - \$5.2 million in C&I allocation
- Herndon and Innovation Center Metrorail Stations parking garages
 - Currently under design
 - \$7.5 million in C&I allocation
- Lorton VRE Park & Ride parking expansion
 - Design scheduled to begin in Summer 2015
 - \$2.1 million in C&I allocation
- Stringfellow Road Park & Ride
 - Construction scheduled Spring 2015
 - \$1.1 million in C&I allocation
- Dulles Rail Phase II Capital
 - Debt service on ~ \$180 million TIFIA loan.

Transit Operating

- Fairfax Connector expansion service ongoing
 - ~\$225 million in approved allocations through FY20 for:
 - Routes 151/152 – Mount Vernon,
 - Route 171 - Richmond Highway,
 - Routes 401/402 - Springfield/Tysons,
 - Route 950 - Dulles Corridor,
 - Routes 493/494/495 – I-495 Express Lanes Routes,
 - Routes 422/423/424 – Tysons Circulator,
 - and Centreville-Chantilly expansion service out of West Ox.



Current/Ongoing Projects Continued

Roadway Capital

- Lorton Road widening (Route 123 to Silverbrook Road)
 - Currently under construction
 - \$40 million in C&I allocation
- Jones Branch Connector extension
 - Design scheduled to be complete Fall 2016
 - ~\$18 million in C&I allocation
- Route 29 Widening (Legato Road to Shirley Gate Road)
 - Construction begins Spring 2015
 - ~\$5 million in C&I allocation

Pedestrian and Bicycle Projects

More than 80 countywide Pedestrian and Bicycle improvement projects in early stages of preliminary engineering or design including:

- Mount Vernon Memorial Highway (Potomac Heritage National Scenic Trail) - Complete missing segments of the trail from Route 1 to Grist Mill Park. Includes bridge over Dogue Creek.
 - \$6.5 million in C&I allocation
- Herndon Metrorail Station Access Management Study (HMSAMS), and Reston Metrorail Access Group projects (RMAG)
 - Construction of intersection pedestrian improvements, new sidewalks, new trails and new on-road bicycle facilities around the Herndon and Innovation Center Metrorail Stations.
 - ~\$12 million in C&I allocation (HMSAMS)
 - ~\$15 million in C&I allocation
- Backlick Road Walkway – Provides two segments of walkway along Backlick Road.
 - \$3.1 million in C&I allocation
- Edsall Road Walkway - Provides two segments of walkway along Edsall Road.
 - \$4.7 million in C&I allocation
- Cinder Bed Road Bikeway - Provide approximately three miles of bikeway, from Fairfax County Parkway to the Franconia-Springfield Metrorail station.
 - \$4 million in C&I allocation.
- Arlington Boulevard Walkway - Construct walkway on the south side from 8301 Arlington Boulevard to Gallows Road.
 - \$700,000 in C&I allocation.



Questions?



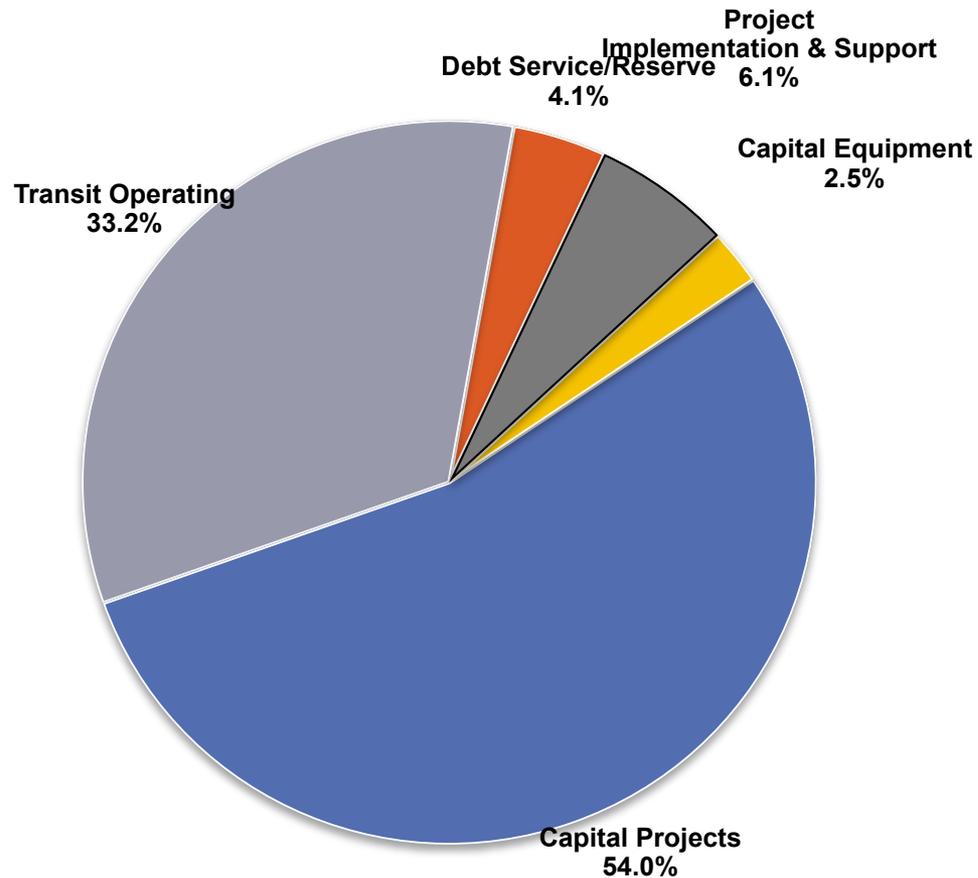




County of Fairfax, Virginia



Distribution of FY09-FY20 Approved C&I Allocations





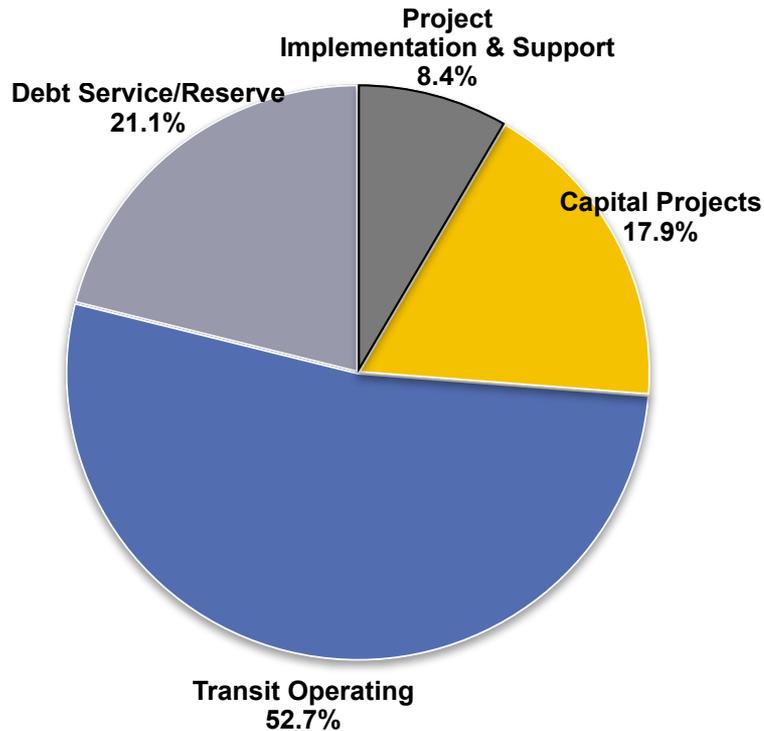
Examples of C&I Funding as a Primary Source

- Fairfax Connector Expansion Service
 - C&I contribution: ~ \$225 million through FY20
 - Some service includes: Tysons Circulator; expansion of high priority/ridership routes (i.e. 171 (Richmond Highway), 401/402 (Springfield/Tysons), 950 (Dulles Corridor)), and West County mid-day service
- Pedestrian and Bicycle Projects
 - Project cost: > \$220 million
 - C&I contribution: > \$100 million
 - More than 130 projects Countywide
- Debt Service on \$50 million EDA revenue bonds
 - C&I contribution: -\$11.6 million through FY20





Long Term Outlook FY21-FY30



- \$635 million in estimated C&I revenues to be allocated.
 - Assumes 2.5% growth in assessed value.
- Increased contribution to debt service due to TIFIA.
- Increased contribution to transit due to increases in costs outpacing growth in revenues.



C&I Statement FY09 – FY14

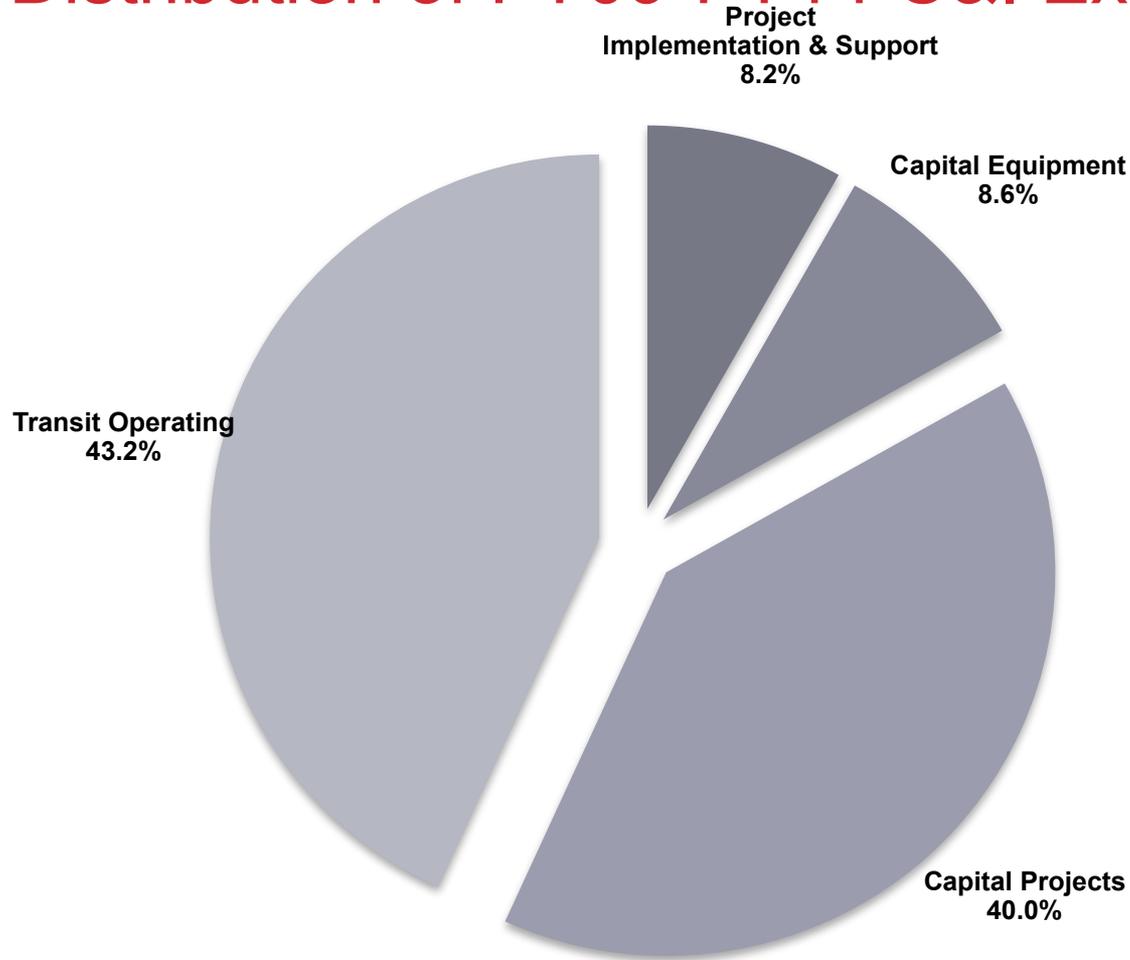
Revenues	Actuals						
	FY09	FY10	FY11	FY12	FY13	FY14	FY09-FY14
Beginning Balance		\$46,775,99	\$60,348,67	\$57,311,01	\$66,371,42	\$79,117,10	
C&I Tax	\$52,567,74	\$50,874,42	\$40,620,77	\$41,852,10	\$45,598,59	\$51,623,60	\$
Miscellaneous	\$0	\$0	\$6,681,688	\$267,090	\$8,416,922	\$229,167	\$
MWAA	\$0	\$0	\$0	\$328,775	\$507,081	\$1,138,042	\$
EDA Bonds	\$0	\$0	\$0	\$0	\$0	\$0	\$
Total	\$52,567,7	\$97,650,4	\$107,651,	\$99,758,9	\$120,894,	\$132,107,	\$300,706,00

Expenditures							
Project Implementation & Support	\$1,433,308	\$2,276,646	\$2,808,073	\$2,880,006	\$3,218,679	\$3,282,394	\$15,899,106
Capital Equipment	\$639,223	\$7,556,285	\$4,882,131	\$3,679,888	\$0	\$0	\$
Capital Projects	\$3,719,220	\$11,961,60	\$31,782,29	\$7,368,189	\$11,856,24	\$11,038,52	\$
Transit Operating	\$0	\$15,507,21	\$10,867,61	\$19,459,47	\$26,701,98	\$11,442,43	\$
Debt Service/Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$
Total	\$5,791,75	\$37,301,7	\$50,340,1	\$33,387,5	\$41,776,9	\$25,763,3	\$194,361,44

Balance **\$46,775,9** **\$60,348,6** **\$57,311,0** **\$66,371,4** **\$79,117,1** **\$106,344,** **\$**

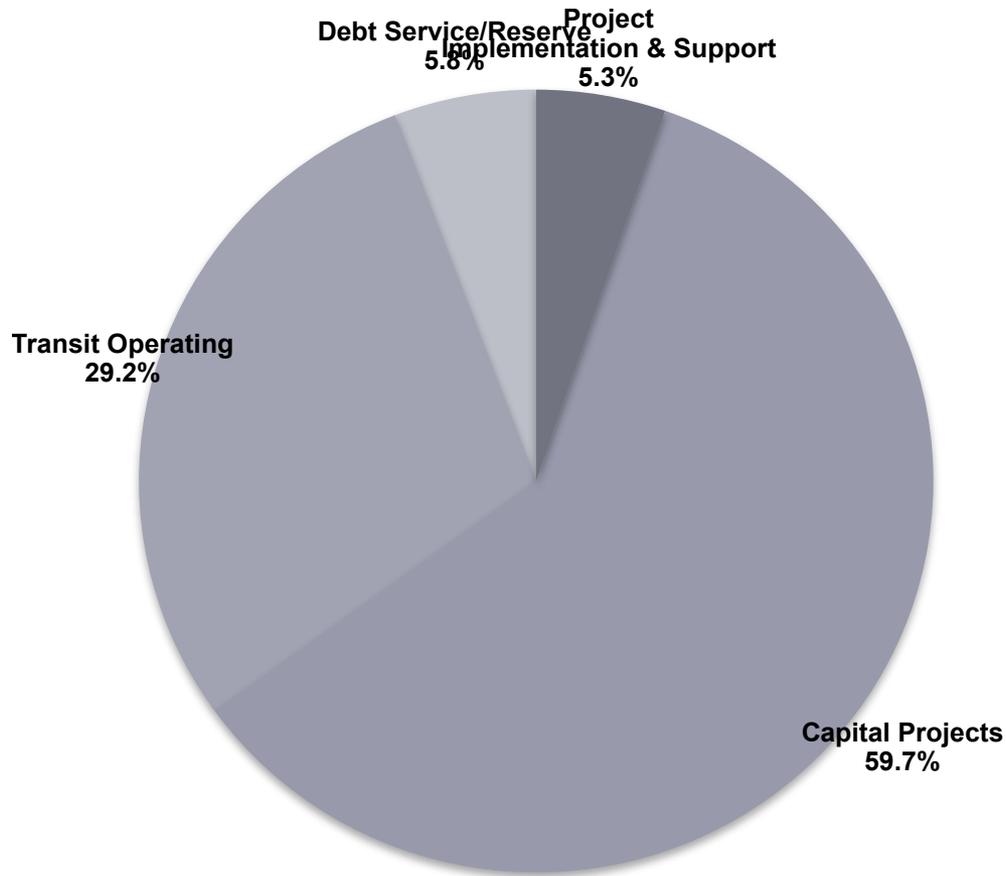


Distribution of FY09-FY14 C&I Expenditures





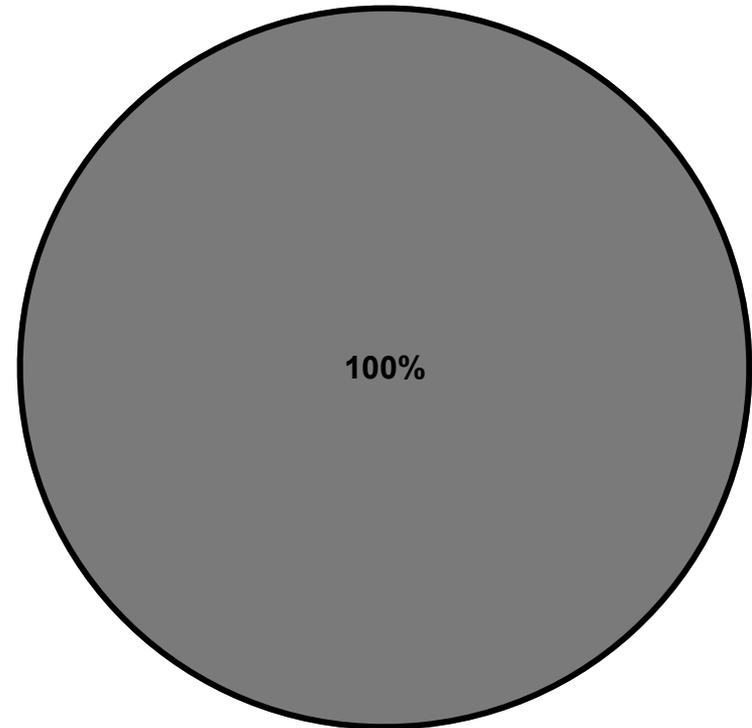
Planned Allocation of FY15-FY20 C&I Revenues





There are four general ways the County uses C&I revenue to advance projects.

- To date, the County's Board of Supervisors have approved project allocations for anticipated C&I revenues through FY 2020.
- **Approximately \$480 million has been allocated to transportation projects countywide.**
- In general, C&I revenues help advance transportation projects in four different ways:
 - Primary funding source
 - Supplemental funding source
 - Strategic reserves
 - Project implementation

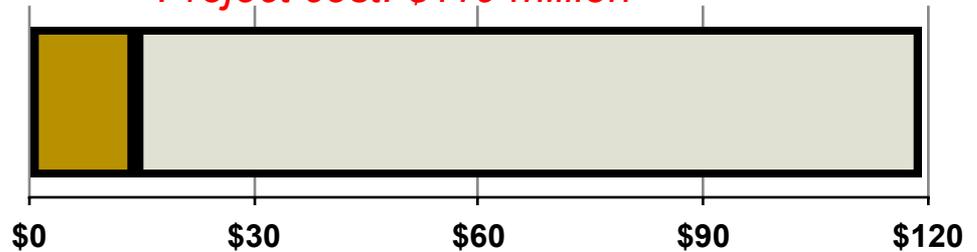




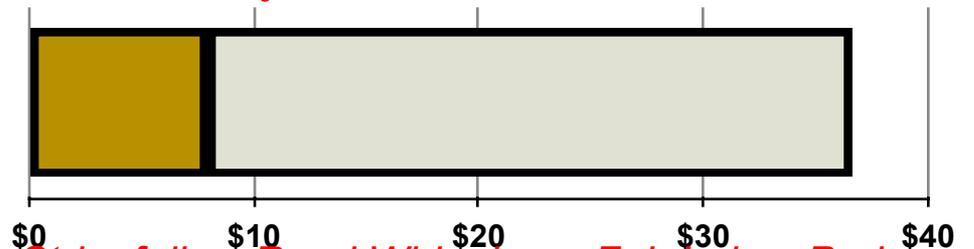
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- Many times, C&I revenues are used in this way to respond to unexpected situations such as the reduction or elimination of previously allocated funding or an increase in a project's cost estimate.
- As a supplemental funding source, C&I revenues complete the funding for long awaited projects and ensure that other projects aren't delayed due to lack of funding.

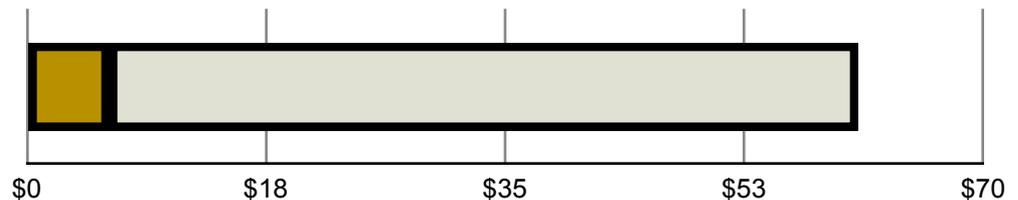
*Route 29 at Gallows Road Intersection Project
Project cost: \$119 million*



*Route 7 Widening – Rolling Holly Dr to Reston Ave
Project cost: \$36.6 million*



*Stringfellow Road Widening – Fair Lakes Parkway to US
Project cost: \$60.9 million*



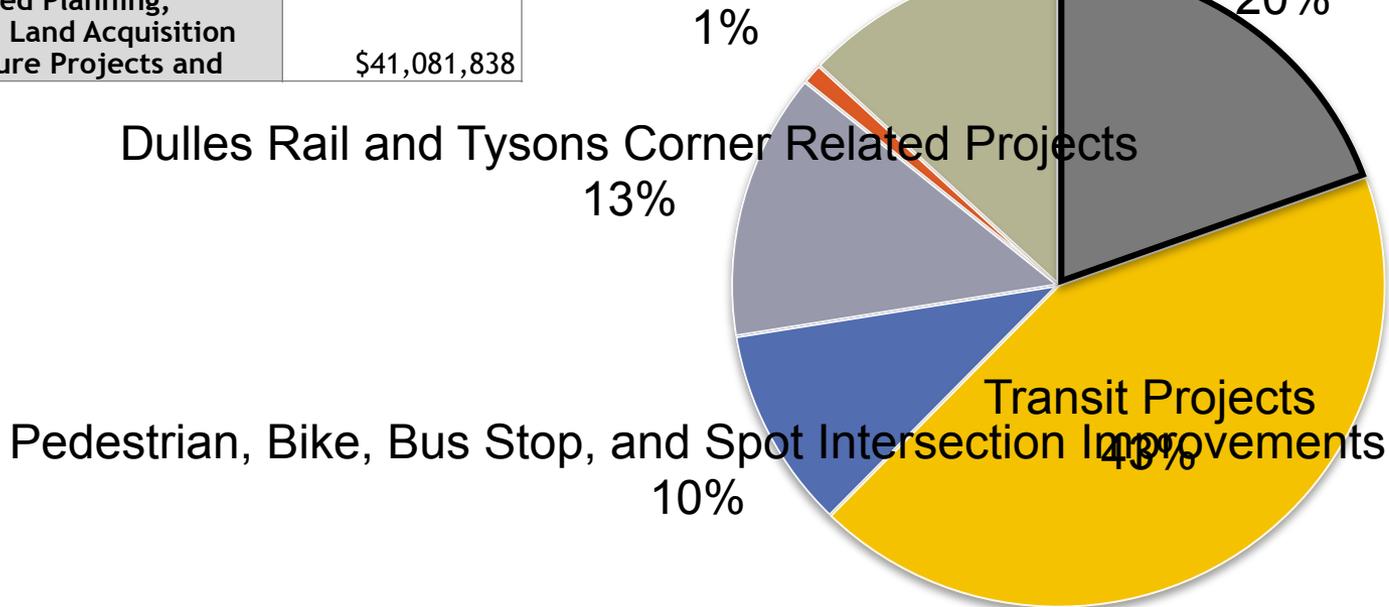


What projects are currently funded or planned with C&I revenues?
\$314 Million Allocated to Various Project Categories FY13-FY16

Total C&I Allocations FY13-16	\$314,034,692
Roadway Projects	\$61,337,219
Transit Projects	\$134,342,810
Pedestrian, Bike, Bus Stop, and Spot Intersection Improvements	\$31,840,443
Dulles Rail and Tysons Corner Related Projects	\$42,187,250
BRAC Related Projects	\$3,243,121
Advanced Planning, Design, Land Acquisition for Future Projects and	\$41,081,838

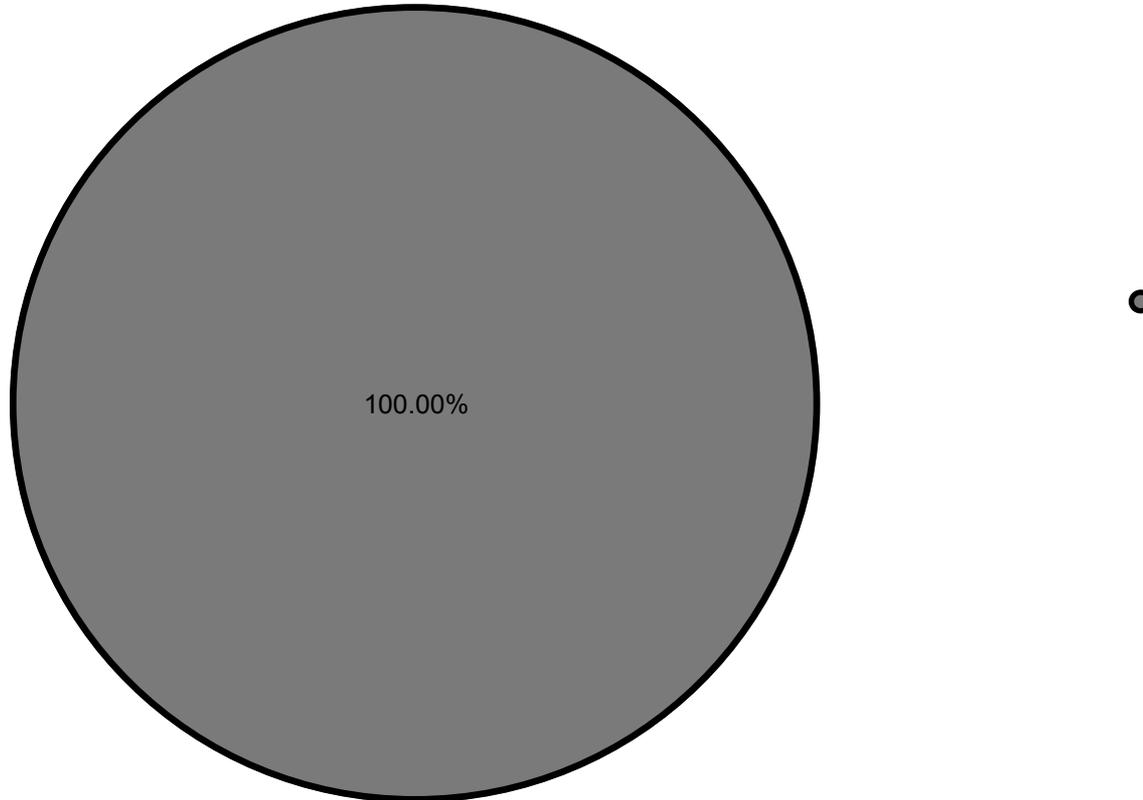
Advanced Planning, Design, Land Acquisition for Future Projects and Project Res

BRAC Related Projects
Roadway Projects





What projects are currently funded or planned with C&I revenues?
\$314 Million Allocated to Projects in Various Stages FY13-FY16





Fairfax County encountered dramatic changes in transportation funding over the past two years.

HB 2313

- During the Winter/Spring 2013 Virginia General Assembly (GA) session, the GA met and considered a variety of transportation funding strategies/bills.
- In April 2013, HB 2313, a transportation funding plan that included regional funding for Northern Virginia, is enacted.
 - Provides approximately \$300 million annually to the Northern Virginia region.

70% will be provided to the Northern Virginia Transportation Authority (NVTa) to be used on:

- Regional projects included in TransAction 2040 that have evaluated by VDOT for congestion mitigation or
- Mass transit capital projects that increase capacity.
- The Authority shall give priority to selecting projects that are expected to provide the greatest congestion reduction relative to the cost of the project

30% of funds will be distributed to the individual localities for transportation needs:

- Uses include: urban or secondary road construction, capital improvements that reduce congestion, projects included in TransAction 2040 or its updates, and public transportation purposes.
- Localities must enact the local C&I tax at \$0.125 per \$100 valuation or dedicate an equivalent amount to transportation to receive the full amount.



- Additional Taxes: **HB2313 – Additional Taxes**
 - **Sales tax on new vehicles in VA** to increase from 3% to 4.3% of total sales price. Expected Revenue: \$900 million
 - **Regional Congestion Relief Fee**, grantor's tax on real estate property transactions in Northern VA are increased by .25 for every \$100 in sales price.
 - **Transient Occupancy Tax** – “Hotel Tax” is 3%
 - Bill includes *Federal Marketplace Equity Act (HR3179)* funding. It allows states to charge sales taxes on **internet sales**. When HB2313 passed the Virginia General Assembly, HR3179 was still being drafted. **If the bill doesn't pass by January 2015 the sales tax on gas increases 1.7%**
 - Annual \$100 license **fee for alternative fuel vehicles**.
 - Change in structure of **gas taxes**. Old tax 17.5% per gallon of gas price is gone. New tax 3.5% on wholesale gas prices and 6% on diesel fuel.



HB2313 – Projected Revenues

- \$3.5B – VA highways and rails over the next 5 years
 - \$880M – annually after the first 5 years
- \$300-350M for Northern Virginia
 - 30% of total revenues after the first 5 years

Revenue Composition:

- \$1.5B total increase in state taxes over next five years.
- \$1.2B over next five years from increased vehicle titling taxes
- \$200M moved from Virginia's General Fund to transportation
- \$300M from general funds for Metro Silver Line extension
- \$300-350M raised each year by maintaining 2.1% local fuel taxes
- Increased percentage of general fund transfer to transportation from 0.5% to 0.675%



HB2313 – Virginia Transportation Funding Bill and C&I

- Addresses transportation problems in Northern Virginia, first time since 1986.
- Fairfax County's 30% share of HB2313 funds in FY14 is \$37.5 million
- Programmed in the Commercial and Industrial Tax fund



HB 2313 Northern Virginia Revenue

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- Uses include: urban or secondary road construction, capital improvements that reduce congestion, projects included in TransAction 2040 or its updates, and public transportation purposes.
- Localities must enact the local C&I tax at \$0.125 per \$100 valuation or dedicate an equivalent amount to transportation to receive the full amount