

**Report of the  
Local Government Advisory Committee  
to the  
Commission on Transportation  
in the Twenty-First Century**

**June 5, 1987**

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**Document 8**

## EXECUTIVE SUMMARY

The Phase I Report of the Commission on Transportation, in addition to recommending new sources of revenue for the state transportation improvement program, also examined the need for local transportation financing options. The Legal Advisory Committee reviewed these options and opined that no constitutional or other legal problems were evident with respect to those options. The Special Session of the General Assembly in September, 1986 enacted many of the recommendations of the Commission. These revenue actions will support a program of over \$10 Billion by the year 2000. This revenue, however, will not meet all of the identified transportation needs of the Commonwealth as documented in the Phase I Report "Confronting Virginia's Transportation Challenge".

Phase II of the Commission's work program began with a charge to the Local Government Advisory Committee to examine the existing working relationship between local governments and the Virginia Department of Transportation and to evaluate and define the need for local financing options and determine how these needs should be addressed. The Local Government Advisory Committee, through the offices of the Virginia Association of Counties (VACO) and the Virginia Municipal League (VML), mailed a survey to each local government asking it to respond to a list of possible local funding options and a series of questions about its relationship with the Department of Transportation. The Committee also employed the services of a technical committee composed of staff from local governments and regional agencies from across the state.

This report provides an initial review of the material obtained from local governments of all sizes and in every part of the Commonwealth. It is not a comprehensive list of all the transportation needs of local governments, but rather a summary of their views on which types of local option financing mechanisms might work in their area. There is also an explanation of local government's role in providing transportation improvements.

Chapter One is a review of the survey responses of local government pertaining to its relationship with the Department of Transportation. Generally, local governments considered their relationship with the Department to be cooperative and productive. Local governments also enumerated their current level of effort in transportation planning, construction and maintenance activities. These efforts are considerable and indicate the ability of local government to assume a more active role in the provision of transportation services. Also included in this chapter is a discussion of operational issues raised at the Commission's public hearings, the

Commissioner's Local Government Roundtables and by the Local Government Advisory Committee. These issues have been addressed by the Department of Transportation.

Chapter Two deals with the local government financing options enumerated in the Phase I report of the Commission on Transportation. A summary description and the advantages and/or disadvantages of each option are provided at the beginning of the Chapter; a more complete discussion follows.

Chapter Three highlights the results of the survey of local governments pertaining to the various financing options. One hundred and twelve units of local government responded to this survey. The survey results indicate a strong interest in several options provided in the Phase I report.

Chapter Four raises some of the important issues that the Local Government Advisory Commission was unable to review due to time constraints. It is recommended that the Commission on Transportation examine the issues of rural transportation planning, metropolitan and State-wide multi-modal planning.

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**CHAPTER ONE**

**STATE-LOCAL RELATIONSHIPS**

**AND**

**OPERATIONAL CONCERNS**

The Byrd Road Act of 1932 helped change the relationship between state and local governments in responding to the transportation needs of the Commonwealth. The first steps in developing a coordinated intra-state highway system occurred with the creation of the State primary highway system in 1916 and with the creation of the State Highway Department in 1922. The assumption of the responsibility for secondary and unpaved roads led to a responsibility to connect all parts of the state, including its cities, counties and towns. For the last fifty-five years, the State has been the major player in the transportation relationship. Cities, as a result of their different road construction and maintenance responsibilities, have a somewhat different relationship with the Department of Transportation. However, some counties are beginning to assume certain road functions and responsibilities traditionally performed by cities or the State on behalf of counties. The new funds coming into the Transportation Trust Fund will enable the state to expand its capacity to provide better transportation facilities. Should any of the local government financial options enumerated in the following chapter be enacted into law, more and more local governments will be able to participate with the State in improving the Commonwealth's transportation network.

Several sources of information were used to determine the nature of this state-local relationship. The survey sent to all local governments included questions concerning the working relationship between local governments and all levels of the Department of Transportation. The Local Government Advisory Committee also asked its Technical Committee to examine areas where the relationship between local governments and the State could be improved or expanded. The three public hearings conducted by the Commission on Transportation provided very valuable information on this relationship. Commissioner Pethel has instituted a series of regional roundtable discussions between local governments and his staff. These meetings have not only been extremely helpful in providing two-way communications but have been very useful in bringing local governments together to talk about their mutual problems.

In general, the relationship between local governments and the Department of Transportation is very good. There are some problems areas, of course, but the Department is already moving ahead to improve these areas. The progress that has been made in the past year should be encouraged to continue, especially as local governments seek to expand their role and responsibility in providing transportation services. Working together, the State and its local governments can provide a transportation network to meet the demands of the new century.

## SURVEY ON STATE-LOCAL RELATIONSHIP

We asked some questions designed to provide a sense of how much of a transportation role, outside of the Department's normal funding programs, the localities were involved in. Other questions were designed to measure the quality of the relationship between the localities and various administrative levels within the Department. In general, we found a reasonably high level of satisfaction in the interactions between the State and the localities.

### LOCAL ROLE

Our knowledge of local government leads us to believe that the localities are undertaking an increasing role in providing transportation services that had traditionally fallen to the Department. Our survey was aimed at trying to quantify this changing role.

The first question dealt with which transportation activities the local government routinely and voluntarily financially participated. About one-third of the jurisdictions indicated they participated in the design and location studies for new facilities. About forty percent of the localities participated in right-of-way acquisition and construction and maintenance. While cities and towns routinely get involved in construction and maintenance activities, there are a number of counties that are getting involved in these types of activities. We suspect that their numbers will increase over the years.

The second question tried to quantify the magnitude of this local involvement. The results were very interesting. Local governments are spending a good deal of their own money, outside of Departmental funds, for improving the local transportation network.

LOCAL COMMITMENTS FOR TRANSPORTATION

|                          | EMPLOYEES | LOCAL EFFORTS |             |
|--------------------------|-----------|---------------|-------------|
|                          |           | FUNDS         | CONSULTANTS |
|                          |           | -----         | -----       |
| TRANSPORTATION PLANNING  | 86        | \$3,392,100   | \$1,132,960 |
| CONSTRUCTION/MAINTENANCE | 1,417     | \$119,301,865 | \$190,000   |
| MASS TRANSIT             | 334       | \$47,790,323  | \$296,130   |
| SPECIALIZED TRANSIT      | 20        | \$358,500     | -           |
| AVIATION                 | 21        | \$3,101,115   | \$160,000   |
|                          |           | =====         | =====       |
| TOTAL                    | 1,878     | \$173,943,903 | \$1,778,226 |

Our instructions to the local governments in answering this question was to include only the amount of local funds for the above projects. We also asked for these funds to be the current year budget amounts.

These numbers show that local governments are indeed doing a lot of transportation work on their own initiative and with their own funds. However, by any measure, these efforts are barely keeping pace with the need. Additional funds are needed to complete the job. As part of the Phase I report, the Commission reviewed the capacity of the road building industry to handle the significant new volumes of work that could be funded with new revenue sources. While our survey does not pretend to measure local governments ability to measurably increase their transportation improvement programs, we do believe these figures indicate a significant local base on which new sources of local revenue could be added to produce a higher level of effort.

STATE-LOCAL RELATIONSHIPS

In a nutshell, the relationship between the Department of Transportation and the localities is very good. There are high levels of satisfaction. The initial point of contact is at the local residency. Four out of every 10 local governments deal with the residencies at least weekly. Six of ten local governments rate their interaction with the residencies as excellent, while almost another three of ten local governments rate their interaction as good. As the level of bureaucracy increases from the local government, the level of interaction decreases, as does the quality of this interaction, although local governments still rated the district offices and the central offices in favorable terms.



We were interested in the quality of the communications between the Department and the localities. It was in this area that local government indicated that improvements should be made. Almost half of the localities described their communications with the residency as excellent. However, almost an equal number indicated that the quality of this communication was only good or fair. An open ended question was also provided for specific complaints or suggestions. These comments were instructive. Some localities suggested periodic meetings between the district offices and the local governments or periodic newsletters. Many of these suggestions are already being made by the Commissioner with his roundtable meetings and other efforts to communicate with the localities. Local governments are very appreciative of this effort and will respond accordingly.

Our last question dealt with the responsiveness of the Department. Again the rankings were positive and high, with the residencies being the most responsive unit of the Department.

#### OPERATIONAL ISSUES IDENTIFIED AT THE COMMISSION ON TRANSPORTATION PUBLIC HEARINGS

The Commission held three public hearings to obtain input from the general public, local governments and civic and business groups. These hearings, held in Northern Virginia, Norfolk and Roanoke, while lightly attended, did provide several questions for the Commission to review. Many of these same questions were raised by the Technical Committee to the Local Government Advisory Committee. These questions were then provided to the Department of Transportation for review and comment.

#### I. IS IT POSSIBLE TO COMPLETELY FUND SOME PRIMARY, URBAN AND SECONDARY PROJECTS FROM STATE FUNDS ONLY, THEREBY ELIMINATING SOME OF THE TIME CONSUMING FEDERAL REQUIREMENTS EG. E.I.S., DAVIS-BACON, 13(C) LABOR AGREEMENTS, 504 PREDETERMINATION.

The Department of Transportation has, over the past years, aggressively pursued matching Federal funds for transportation improvement projects. Virginia has been quite successful in acquiring these funds. We were told that Virginia has actually received more than its share of the funds as other states were not able to use or commit their allotment. The Department should be commended for this active pursuit of needed transportation funds and should be encouraged to continue its past policies, even in the face of declining federal transportation dollars.

Use of federal funds for local road improvements has, however, a price to pay. That price is the many Federal requirements that must be attached to each project using

these Federal funds. The Local Government Advisory Committee identified several projects that were being delayed, either because of the lack of Congressional action on the highway refunding bill or because of the various Federal requirements. This complaint was also heard at the public hearings. The Department was asked if some way could be found to identify in the six year planning process those projects that could be constructed with federal matching funds and those projects that could be constructed with strictly State funds. The Committee felt that by removing some of the federal requirements from the planning and construction process, cost and time savings would result.

**VDOT RESPONSE:** Under current laws, most of the requirements and procedures for preliminary engineering are in effect whether a project is State or Federally funded. These requirements include:

- 0 Federal environmental requirements on any modification of access to the interstate system,
- 0 water quality permits for any project with water related impacts,
- 0 archaeological investigations in support of all water quality permits,
- 0 wetland and other mitigation of water quality impacts,
- 0 environmental impact studies and statements for any large, complex or controversial projects,
- 0 air quality standard impact studies in non-attainment areas,
- 0 open burning and other related regulations,
- 0 relocation requirements,
- 0 procurement procedures,
- 0 right-of-way requirements,
- 0 public hearings for many projects.

When federal funding is not involved in a project, the following requirements are usually eliminated or minimized:

- 0 Davis-Bacon or prevailing wage rate requirements
- 0 4F environmental review requirements when a project impacts park land.

0 106 requirements

0 FHWA lead agency role.

In summary, state requirements are, in many areas, either identical or run closely parallel to federal requirements. The Department is committed to utilizing all available Federal funding for the Commonwealth and advancing projects as quickly as possible, regardless of funding source. Efforts are underway to identify those projects in the six-year improvement program which could be accelerated with State-only funding. On the positive side, State-only funding may be less complex and time consuming. On the negative side, once a project has been declared to be State funded, it cannot be switched to Federal funding without starting over again. Care would have to be taken to ensure that opportunities for federal discretionary funding and additional spending authority are not lost.

**COMMITTEE RESPONSE:** The Local Government Advisory Committee is pleased that the Department will identify those projects that could be designated as State funding projects. In our opinion, this action will help expedite many projects that, by receiving any federal funds, would have been delayed with unnecessary project requirements. In those instances where the complexity or sensitivity of a project would reasonably require the details of a full environmental impact statement, a 4F parkland review, or other similar measures, then we would concur that these requirements should be met. We also concur that all public meeting and hearing requirements be extended to all State-funded projects. It is our understanding the Department has already begun to hold public meetings early in the design process as a way of informing citizens what they can expect in a forthcoming highway project. This should help to alleviate many problems before they become hard to resolve. This type of early public comment can only be beneficial to all parties.

We would also suggest that the Department explore ways to get local governments more involved in those projects receiving State-only funding. In areas where quick-take condemnation authority is available to local governments or where conditional zoning can secure rights-of-way, local governments can be employed to expedite the process to an even greater degree.

II. DEVELOP A PROCEDURE TO DEDICATE FUNDS FOR ADVANCED DESIGN OF PROJECTS NOT IN THE SIX-YEAR PLAN, MUCH LIKE THE PROCESS USED IN THE PROJECTS FUNDED THROUGH S.B. 79.

The 1986 General Assembly, by adopting S.B. 79 or the Critical Needs Funds, created a mechanism to fund advanced design work on projects deemed to be critical but not yet part of an approved six-year plan. These advanced design funds are most helpful in areas where reserving right-of-way is a problem. Once a project has been designed, the right-of-way requirements are known and the plans can be used to acquire the needed land through either dedication or purchase. As funds become available through the six-year plan process or through other sources, these advanced design projects would become eligible for construction funding.

Local governments in high growth areas are continually confronted with the need to protect rights-of-way for roads that will be needed in the long-term future but are not yet part of the official six-year plan. Providing a system of securing advanced design funds for these roads is a way of meeting this need. Agreements between the Department and the local government could be signed to ensure that if, at a later date, the need for the road is removed, the local government would reimburse the Department for the advanced funds.

**VDOT RESPONSE:** In responding to this issue, the Department felt that several points should be made in reference to this question. Monies dedicated for this advanced design concept would have to have some limits placed on the available allocation. Too much money devoted to advanced design would impact the construction funds. Secondly, balance would be needed to avoid an increase in public expectation when construction funds for a project designed in advance of funding might not be available. Therefore, the Department believes that commitments to design and engineering should be consistent with anticipated construction revenues. The Department also cautioned that current requirements for Federally funded projects or State-funded projects for which Federal permits are required have a plan "shelf life" of three years. Environmental and design studies would have to be updated with the potential for a change in design as a result of such re-evaluations. The Department made one last point concerning this issue. In the past, the Department has attempted to over-program federal categories by 30 percent to ensure that federal apportionments would not be lost and that any additional discretionary funding and obligation authority would be captured.

**COMMITTEE RESPONSE:** The Local Government Advisory Committee feels that some effort should be made to set aside a percentage of funds designated for advance design projects. The concerns addressed by the Department are valid issues and will need to be taken into account, but the need for advance design is such that these administrative problems should be solvable.

III. RE-EXAMINE THE LEGISLATION AUTHORIZING AN OFFICIAL STREETS MAP AS A MEANS TO RESERVE RIGHTS-OF-WAY IN DEVELOPING AREAS.

Section 15.1-458 of the Code of Virginia authorizes a local planning commission to create a map showing the location of legally established public streets, waterways, and public areas and future or proposed public streets, waterways and public areas. There was some interest among the Technical Committee of the Local Government Advisory Committee to review the applicability of the Official Map to reserving future rights-of-way for transportation projects. The law clearly states that the Official Map does not constitute the opening or establishment of any street nor the taking or acceptance of any land for street purposes. Nor does this law constitute a taking or acceptance of any land for public purpose. In order for a future or proposed street to be a part of the Official Map, its centerline must be fixed or determined to known, fixed and permanent monuments by a physical survey or aerial photographic survey. The Official Map is also to show the width of the right-of-way.

The interest in using the Official Map as a means to hold future rights-of-way is a result of many examples of approving development requests in areas known to be needed for future road corridors. No appropriate tools, short of purchase, exists for a local government to reserve these road corridors. The Department reported a statement from the Attorney General's Office indicating that the official street map cannot be used to prohibit development.

"Authorization for a county or municipality to place a future street or proposed street on an official map, pursuant to Code of Virginia Section 15.1-458 and related sections, in no way limits the use of the affected land by the owner; nor does it reserve or dedicate the corridor indicated for street purposes. Placement of a proposed street on the official map is for planning purposes only. Reservation of a corridor for a future road would require compliance with the constitutional prohibition against taking or damaging property without just compensation."

To our knowledge, there has been little use made of the Official Map. The requirement to have a delineated centerline of the future or proposed street is an expense not many localities would be willing to undertake for just "planning purposes". The need to reserve future rights-of-way is necessary in growth areas where zoning and subdivision activity may precede development by many years. By the time

a needed road can be added to the six-year plan, approved developments may very well block its path. A more effective Official Map would allow these road corridors to be identified AND protected before development. At this point, the only real tool available to local government for right-of-way reservation is purchase. The opinion of the Attorney General precludes any effective use of the Official Map for any real purpose. As constituted now, it can only be used to show intent. To be effective, local governments would need the ability to use the Official Map as a right-of-way reservation tool.

The enhancement of the Official Map law may be a topic the Legal Advisory Committee should examine, particularly concerning the point of whether a requirement to reserve future rights-of-way is an abridgement of one's property rights that would constitute a taking.

IV. EXTEND "QUICK-TAKE" CONDEMNATION AUTHORITY TO MORE LOCAL GOVERNMENTS AS A WAY OF SECURING RIGHTS-OF-WAY.

Quick-take condemnation allows a government to enter upon and take possession of property and rights-of-way for the purpose of laying out, constructing, altering, improving and lighting streets and alleys prior to the time agreement on compensation and damages has been reached with the owner. In some cases, the actual purchase and transfer of property may take some time and actually hold up an approved project. Quick-take allows the government to "take" the property and construct the project as these negotiations are being concluded. Where local government has used "quick-take" condemnation procedures to further a road improvement project, the results have been favorable. On a limited basis, this authority can expedite a project.

VDOT RESPONSE: The Department, in reviewing this issue, listed the following advantages and disadvantages of expanding the quick-take authority:

. Advantages

1. If local governments would use "quick-take", it might reduce the manpower requirements of the Department or allow them to be shifted to larger, more complex projects where their expertise and experience is most needed.
2. Rights-of-way could be obtained more quickly.
3. Responsibility for dealing with citizen concerns would be shifted to the local level.

4. The costs for living and travel expenses would be reduced, thereby reducing the total costs of acquiring rights-of-way.
5. Projects may be completed sooner.

#### Disadvantages

1. The savings gained in departmental time and manpower requirements might be off-set by an increase in oversight monitoring to ensure compliance with state requirements.
2. Should property not be acquired appropriately on a federally funded project, there is a chance of losing these funds.
3. Local governments may have to add staff to handle the required work load to employ "quick-take" procedures on a regular basis.
4. Loss of standard state-wide policies with regard to payments and settlements.
5. Local governments may find themselves involved in site specific controversies from which they are now immune.

COMMITTEE RESPONSE: A wider use of quick-take condemnation authority may only be considered an effective tool in certain cases. For small projects or projects in relatively undeveloped corridors, the use of quick-take on the local level may be a significant savings in time and cost. It is something worth looking into further by the Commission.

#### V. THERE SHOULD BE A MORE EXTENSIVE USE OF ENHANCEMENTS, AS WELL AS DAMAGES, FOR RIGHT-OF-WAY ACQUISITION.

The Local Government Advisory Committee is concerned that the costs of acquiring rights-of-way is rapidly escalating to a point where, in many cases, half of the cost of the project is in land acquisition costs. Section 33.1-130 of the Code of Virginia requires that the enhancement in value of the remaining property of the landowner by reason of construction or improvement shall be offset against the damage resulting to such remaining property of such landowner by reason of such construction or improvement. However, such enhancement in value shall not be offset against the value of the property taken.

VDOT RESPONSE: The Department provided the Committee with the following comments on this matter. Generally, enhancements can be used to reduce the costs of a project,

where specific damages to the remaining parcel have been identified. However, both enhancements and damages are speculative in nature and hard to determine by any objective standard. Also the property owners generally refuse to recognize the enhancement principle. The present commissioner selection process makes proving enhancement difficult in court (however, this selection process is under study by SJR-7).

COMMITTEE RESPONSE: In our discussion of this matter, we were interested not in the balancing of enhancements and damages for the remaining parcel where damages had been identified but in how to determine enhancements to the entire property, including that portion taken for the road project. For example, an owner of 100 acres of property to be split into two parcels by a proposed road will benefit by the construction of the public road. Under current procedure, the owner is paid for the fair market value of the right-of-way needed for the project. If there are no damages to the balance of the property then there can be no determination of offsetting enhancements. The property owner receives a windfall in increased land values and improved access and road frontage in addition to collecting payment for the needed right-of-way. At least two states (North Carolina and Texas) allow the Department to offset the value of the take with the value of the enhancement resulting from the project. We would urge the Commission to explore the enlargement of the enhancement statute to allow for this type of offset.

IV. COULD THE DEPARTMENT OF TRANSPORTATION ALLOW LOCAL GOVERNMENTS TO COOPERATIVELY PURCHASE FROM ITS APPROVED HEAVY EQUIPMENT VENDOR LIST?

The Department currently purchases a large amount of highway construction equipment and saves significant sums of money by volume purchases. However, local governments are unable to purchase from these contracts as they can with other State contracts. By being unable to avail themselves of these savings, local governments may end up paying from 20 to 50% more for the same piece of equipment purchased by the Department. For example, the original purchase of a chemical spreader using the same departmental specifications, same vendor, and coming off the same assembly line cost a Virginia city over \$2,000 more, or 40% more, than the price paid by the Department. A medium sized dump truck purchased by the same city cost \$4,700 more than one bought by the Department, even though it was the same piece of equipment. (The Department purchased 254 of these trucks last year for its own use.)

VDOT RESPONSE: In reviewing this issue, the Department agreed that it should be investigated further. Currently, Section 11-40 of the Code of Virginia allows the Department



to enter into cooperative purchasing program with counties, cities and towns. They believe that, while some problems exist, an experimental program could be instituted to determine the value of creating a new joint purchasing program.

VII. REDUCE THE FIVE PERCENT REQUIREMENT FOR URBAN CONSTRUCTION PROJECTS.

During the past few years, cities and towns have renewed their desire to remove the required five percent share of the project costs for an urban construction project. Currently, this five percent local share will generate \$40.6 million during FY88-93.

VDOT RESPONSE: The Department feels that, if this requirement is removed, total available urban construction funds would be reduced by an equivalent amount. It also contends that it would reduce the local political and financial commitment to the urban project. It is the Department's belief that the requirement does not provide a hardship to the cities and towns. It is the feeling of the Department that if five percent match is eliminated the current policy regarding reimbursements of sunk costs should be maintained.

COMMITTEE RESPONSE: The cities and towns participating in the Commission's public hearings continually mentioned this as an important issue to them. We believe the Commission on Transportation should review the advantages and disadvantages of this issue further.

VIII. EXPLORE THE CREATION OF AN ENTITLEMENT FUND FROM THE URBAN AND SECONDARY FUNDS FOR LOCAL USE.

The Local Government Advisory Committee asked the Department to comment on a proposal to create a small discretionary program in the urban and secondary program funds, similar to the revenue sharing match program. Under this program, the Department has made available \$5,000,000 in construction funds that can be matched by local governments. This money has been used productively to expand the secondary six-year plan and to fund traffic safety projects. The participating local governments and the State are able to join together in a cost effective way to meet special or unique road needs. The suggestion to create such a set-aside fund was made at the Roanoke public hearing and by the Technical Committee. It reflects the need of localities to have some discretionary money available for meeting needs that may be too small for the Department to handle effectively or for addressing special problems as they arise. This special fund could be a designated part of a locality's urban or secondary funds. Projects funded under this program would have to conform to Department policies.

**VDOT RESPONSE:** The Department responded to the Committee's query by saying that this type of set-aside is already done with the counties in the secondary plan allocations. It also indicated that municipalities have been advised that grouped small projects would be programmed if identified and requested.

**COMMITTEE RESPONSE:** The Committee, however, would like to further investigate the development of a set-aside discretionary fund for the urban and secondary programs. Under such an arrangement, the localities would be able to meet special circumstances as the need arose.

**IX. EXPANSION OF THE DEFINITION OF MAINTENANCE.**

This issue is an item of great interest to municipalities and has been discussed for the last several years. It again was mentioned in the Roanoke public hearing and at every Commissioner's roundtable meeting.

**VDOT RESPONSE:** The Department indicates that, based on these discussions, the Commission is considering broadening the definition of maintenance to permit municipalities to use some percentage of their maintenance funds for incidental construction projects.

**COMMITTEE RESPONSE:** We urge the Commission to receive a report from the Commissioner on this issue.

**X. USE OF URBAN AND SECONDARY FUNDS TO BOND PROJECTS AND/OR TO USE STATE FUNDS TO ASSIST IN THE DEBT SERVICE PAYMENTS OF LOCAL BONDS.**

Four counties and numerous cities have used local bonding capacity for road improvements. The Technical Committee to the Local Government Advisory Committee explored the potential merits of using State allocated funds as a possible debt service payment for local road bonds. The pledge bond case before the Supreme Court tests the ability of the State to pledge Transportation Trust Fund revenue for debt service payments on highway bonds. The outcome of this case should provide a framework for the discussion of this issue.

A speaker at the Roanoke hearing spoke of an expensive bridge project that had recently been added to the six year plan. It will take eight years for sufficient funds to accumulate in the plan to bring this bridge to construction. During this eight year period, the speaker indicated that no other project could receive funds. Using State allocations to make debt service payments on this bridge would not only construct the bridge now, but could also allow for the next plan priority to receive some allocation of funds. There are

numerous examples across the State where secondary or urban allocations toward local debt service would not only save time but considerable amounts of money. This is an issue that the Commission should examine in further detail.

The Phase I Report of the Commission on Transportation concluded the chapter "Financing Transportation" with the following summary:

" In order to permit localities to augment State transportation revenues, a variety of options could be made available to them. Essentially, options would allow localities additional authority to receive contributions, raise revenues, or sell bonds for transportation construction purposes. ..."

The Commission asked its Legal Advisory Committee to review these various options. The Committee concluded the Constitution provided sufficient authority to the General Assembly to authorize these financial options.

The Local Government Advisory Committee, using the definition of each financing option provided by the Legal Advisory Committee, surveyed Virginia's local governments concerning their interest in these options. A description of each option is provided in this chapter. The results of the local government survey are provided in the following chapter. The following summaries were provided to the Committee by the Department of Taxation.

#### **PARKING TAXES**

Description: This type of tax could be levied on both private and government owned parking spaces, including on-street parking.

#### Advantages:

- 0 Raise revenue for additional parking facilities.
- 0 May reduce traffic in areas where tax is imposed.
- 0 May be used in conjunction with "downtown service districts" to provide adequate parking for established downtown areas.
- 0 Perceived as a service charge on spaces owned by the locality and on-street parking.

#### Disadvantages:

- 0 Revenue potential is unknown.
- 0 May not be appropriate for all localities.
- 0 May shift shopping and other economic activity to areas where parking tax is not imposed.
- 0 Perceived as a tax on private parking businesses or parking lot owners.
- 0 Spaces provided to employees as a fringe benefit may escape taxation because the employer is not in the parking lot business.
- 0 Tax may not be imposed on spaces owned by the U.S., other governments and tax-exempt organizations.

## IMPACT FEES

Description: Impact fees are levied on new development in some areas of the Country to pay for the public infrastructure needs generated by growth. One of the uses of impact fees is for road improvements to handle the increased traffic generated by new development.

### Advantages:

- 0 Supplements inelastic local revenue.
- 0 Growth pays for its impact on transportation.
- 0 Local tax rates are not affected.

### Disadvantages:

- 0 Increases the cost of development and new housing.
- 0 Development may shift to localities without impact fees.
- 0 Uniform fee schedule or formula for all development may be difficult to establish.
- 0 May not be appropriate for all localities.
- 0 Transportation is not the only element of the public infrastructure affected by growth.

## SPECIAL ASSESSMENT DISTRICTS

Description: Special Assessment Districts are a means of financing transportation improvements for specific geographical areas within a locality. The 1987 General Assembly enacted three laws allowing certain localities to create primary transportation districts or a transportation service district.

### Advantages:

- 0 Generally formed by petition of landowners in the district.
- 0 Fosters partnerships between public and private interests in implementing high priority local transportation improvements.
- 0 Improvements may be paid by special assessments included in the property tax bills of the landowners in the district.
- 0 Bonds issued by special assessment districts are marketable at attractive interest rates.

### Disadvantages:

- 0 Administrative costs for a special assessment district can be high, especially at the start-up phase.
- 0 Increases the taxes for landowners within the district.
- 0 Ability of a district to support special assessments depends on the tax base in the district.
- 0 May not be suitable for all areas.
- 0 Implementation is uncertain because of the voluntary nature of the district.

## TAX INCREMENT FINANCING

Description: Tax increment financing pays for improvements by pledging all of the tax revenue derived from increases in the assessed value of property within a tax increment district. The tax revenue received from the district by any other taxing authority (e.g. school district, sewer authority, etc.) will not change unless the other taxing authority changes its tax rate.

### Advantages:

- 0 Does not increase the tax for landowners within the district.
- 0 Does not increase the cost of development or new housing.
- 0 Tax increment financing is an accepted security for debt.

### Disadvantages:

- 0 Administrative costs can be high for all taxing entities receiving revenue from the district.
- 0 Locality must guarantee payment of bonds secured by tax increment financing because the future cash flows are uncertain. The future assessed values in the district are unknown. One delinquent taxpayer can have a major impact on revenue in a tax increment district.
- 0 Revenue will be limited because the property tax rates in Virginia are lower than average and most properties are only taxed by one entity, except property located in towns.
- 0 Other taxing entities receiving revenue from a proposed tax increment district may oppose creation of the district.

## REGIONAL TAXES

Description: Several regional taxes are currently authorized, for example: the local recordation tax, the local one per cent retail sales tax, and the motor vehicle fuel sales tax for certain transportation districts.

### Advantages:

- 0 Revenue is derived from the highway user, not exclusively from residents of the locality or district.
- 0 Provides a significant source of revenue.

### Disadvantages:

- 0 Revenue is affected by average fuel cost, total consumption and the average fuel efficiency of motor vehicles.

- 0 Consumers may shift fuel purchases to localities without the local motor vehicle fuel sales tax.

#### RECORDATION TAXES

Description: State taxes are imposed on the recordation of documents in connection with a transfer of real estate. Most localities also impose a local recordation tax equal to one-third of the state tax. The taxes are collected by the clerk of court where the document is recorded and distributed to the State and locality.

#### Advantages:

- 0 Generates significant revenues.
- 0 Revenue increases with growth and development.
- 0 Impact on the general public would be slight.
- 0 Administrative costs are low because the collection mechanism is already in place.

#### Disadvantage:

- 0 Revenue is not stable and may fluctuate from year to year.

#### TRANSPORTATION UTILITY FEE

Description: A transportation utility fee or tax is a new concept. The fee could be based on land use, road front, footage and/or traffic generation with the goal of distributing costs for highway improvements in direct proportion to a landowner's impact on the roadway system. This fee is in essence a form of the impact fee.

#### ROAD CORPORATIONS

Description: A road corporation is a non-member, non-stock corporation empowered to receive donations of cash or rights-of-way, design and build road improvements, and to sell completed projects to the state or a locality.

#### Advantages:

- 0 Can design and build projects quicker and cheaper than if constructed as a public project.
- 0 Can accept donations of land before the design and location hearings are completed.
- 0 Voluntary nature encourages public participation in the highway design and construction process.
- 0 Cost of development and new housing would not be increased as a result of this option.
- 0 No additional cost to the State or locality.

#### Disadvantages:

- 0 Timing relies solely on private activity.
- 0 Project may be stalled as enthusiasm wanes.

- 0 Formal enabling legislation would be needed to establish the authority and procedures for a road corporation and its relationship with the Department.

#### OFF-SITE ROAD IMPROVEMENTS

Description: Off-site road improvement fees are monetary contributions based on the total road costs estimated for the fully developed area and the portion of traffic attributable to the particular development. The concept is similar to the accepted principle that all property owners in the same watershed share the costs of storm water drainage. However, current law prohibits application of this principle to traffic.

#### Advantages:

- 0 Provides a portion of the funds needed for local road improvements.
- 0 Does not increase property taxes.

#### Disadvantages:

- 0 Increases the cost of development and new housing.
- 0 May not be suitable for all locations.
- 0 May shift development to other localities without an off-site road improvement fee.

#### CONDITIONAL ZONING

Description: The expansion of the "old" conditional zoning authority to the other parts of the State would allow those local governments to negotiate with developers for donations of rights-of-way and road construction contributions.

#### Advantages:

- 0 Does not increase property taxes.
- 0 Substantially increases ability of the locality and the developer to mitigate potentially damaging development problems.

#### Disadvantages:

- 0 Development costs are uncertain because conditions may vary from jurisdiction to jurisdiction.
- 0 Increases the cost of development and new housing.



## PARKING TAXES

The parking tax was defined in the Phase I report as:

" Parking rate increases, similar to road pricing strategy, are generally viewed in terms of reducing traffic to congested areas and raising revenues by increasing the cost to motorist..."

The Legal Advisory Committee determined that such a tax, if levied on a government-owned parking facility or used for on-street parking spaces, would be considered as a service charge not subject to constitutional limitations. A parking tax on private parking lot owners could meet constitutional tests either as a license fee on the business of providing parking spaces or on a basis of being uniformly applied to all parking lot owners.

Local governments, while authorized to impose a one per cent local sales tax and a local receipts business license tax, are not specifically empowered by Section 58.1-3703 of the Code of Virginia to tax the business of providing parking spaces.

The authority of local governments to impose parking taxes on on-street public parking spaces is similarly limited. The Local Government Advisory Committee believes that, without additional State general legislation authorizing such a practice, on-street parking meters must be considered as a police power regulatory tool and not as a revenue generator. To the Committee's knowledge, the City of Alexandria is the only city to have such a specific grant of authority (Chapter 459, Acts of the General Assembly, 1986). However, cities, under Section 15.1-18.3, are authorized to create a service district to provide "additional or more complete governmental services", which include off-street parking facilities. The ability to utilize this service district in conjunction with a parking tax could be an important element in providing adequate parking in established downtown or other similar areas.

The Committee was unable to obtain an estimate of what type of revenue could be generated from this type of a local option tax. However, we believe the Commission should further review this revenue source to determine its appropriateness as a general law as opposed to an individual city charter amendment.

## IMPACT FEES

In the Phase I report, the Legal Advisory Committee defined impact fees as follows:

" This fee could be levied on private developers to mitigate the impact of proposed development. Because of the general acceptance of the notion that development adds to traffic demands, the practice of obtaining developer contributions for road improvements occurs in many parts of the U.S.--often through negotiation, however, rather than by direct imposed fees. Such a fee could be structured based on estimates of traffic generation."

The Local Government Advisory Committee concluded that if this type of fee was willingly entered into as a contractual arrangement, either as a lump sum payment or as periodic payments, no constitutional problems existed. However, if such fees were imposed unilaterally, they would constitutionally be considered as a property tax and therefore must be uniform. "It thus could not be based on costs imposed on the governing body but only on the fair market value of the developed property and the rate would have to be uniform on any other property within the taxing district."

Increasingly, local governments in high growth areas, particularly in the Sun Belt, are receiving legislative authority to impose impact fees. These fees tend to be imposed for more than just road improvements and often include schools, parks and other public infrastructure needs. The fees are often based on a complex set of calculations used to determine the municipal cost of providing a service as well as the cost of providing that service to a development unit, ie., a residential unit. These fees are imposed on each unit that applies for a development permit. The collected fees are then used to construct or improve those services identified in the impact fee ordinance.

The interest in local impact fees is caused by the inelastic nature of a local government's revenue sources. Most of these sources are defined by law, and therefore not subject to change with increases in demand. In addition, a key ingredient to attracting economic development prospects is to offer a tax rate competitive with the neighboring jurisdictions. Growth places severe pressure on the local revenue base. Without the ability of the private sector to use pricing strategies to strengthen the "bottom line", many local governments are faced with the problem of how to maintain a growing economic base while revenue growth for the locality remains unchanged. Development fees have been one device to recover the cost of providing services to growth.

The opposition to local impact fees articulated in the public hearings focused mainly on the issues of equity; difficulty of determining the actual fee; cost to the new home buyer; and administration of the fees to ensure proper placement of the facilities purchased with these fees. Many developers have indicated that any locally imposed impact fee is just added to the ultimate cost of the housing unit and that unfairly affects first-time home buyers. There is also some concern that "newcomers" must pay an initiation fee to live in a community that is not required of long-term residents. There is concern about the method of determining the impact fee and the administration of such a fee.

Virginia's experience with impact fees is quite limited, although some analogy can be drawn from existing drainage law and sewer and water fees. There is, however, a growing body of literature and case studies from all across the United States on impact and development fees. Maryland and North Carolina have existing examples that could be reviewed with the latter being an experience in a Dillon's Rule state. The issue is complex, but we feel it is worthy of the Commission's examination.

#### SPECIAL ASSESSMENT DISTRICTS

The 1987 General Assembly enacted three laws allowing Urban County Executive counties and contiguous counties to create a primary highway transportation improvement district or a transportation service district. A special tax can be levied to acquire, construct, reconstruct, alter, landscape, enlarge, conserve or remodel a primary highway or transportation facility located within the boundaries of a special district created for such a purpose.

The passage of these bills represents a significant advance for a locality's ability to address needed specific transportation improvements. They allow for and encourage the development of public-private partnerships designed to assist in the implementation of such improvements having a high priority. It is unclear at this time how much of an impact these laws will have on the construction of an actual highway or transportation project, but that impact may be significant.

With the passage of this legislation, the Committee did not conduct any further review of this option. We commend the General Assembly for its foresight in responding to local transportation needs by adopting these laws.

## TAX INCREMENT FINANCING

Tax increment financing can be considered as a form of a special assessment district. The key difference is that the locality uses current taxes to pay for the cost of the improvement rather than adding another level of tax on the specified area. These improvements are generally designed to spur economic development in an undeveloped area or to meet infrastructure needs caused by growth. A 1984 report of the Urban Land Institute indicates that twenty-six states allow such districts. Maryland has allowed tax increment districts since 1980, but apparently they have only been used in Prince Georges County.

An example is provided as a way of explaining tax increment financing. A shopping center or other major development is constructed in an area where the surrounding road network is insufficient to handle the anticipated traffic from that development and from development yet to come as a result of the first project. The assessed value of the first project is \$10,000,000. A locality wishes to upgrade the road network and other infrastructure in the area with improvements expecting to cost \$1,000,000. The locality, in creating the tax increment district, defines not only the area to be included in the district but also the base tax year and assessment for the property in the district. In this example, the base tax year is the year in which the district was created and the base assessment is \$10,000,000. Assuming a local tax rate of \$1.10 per \$100 of assessed value, the locality would receive \$110,000 in real estate taxes from the property in the district. This becomes the base tax. In the second year of the district, the district's assessed value is \$11,000,000 or 10% higher than the assessment in the base year. The locality could apply this incremental value increase (\$10,000) toward defraying the public costs of improving the transportation network in the area. During the third year of the district, the district attracts other development projects, thereby increasing the value of the district. The new assessed value rises to \$15,000,000. Given the current tax rate of \$1.10 per \$100, the third year of the district provides an incremental increase of \$55,000 in tax revenue applicable to meeting the improvement costs in the district ( $\$15,000,000 \times \$1.10/\$100 + \$165,000$  tax revenue - \$110,000 in base year tax revenue = \$55,000 in tax increments). In most states that allow tax increment financing, this tax increment can be pledged for debt service costs.

The 1986 Tax Reform Act, however, established several significant restrictions on tax increment financing:

- 0 The Act revised the security interest test so that land assembly and resale for redevelopment purposes

constitute a private activity and are therefore ineligible for unrestricted tax-exempt financing.

- 0 The Act created a new category of tax-exempt, private bonds called Qualified Redevelopment Bonds (QRB). Since TIF bonds are now classified under QRB and the Act require QRB's to comply with a state's tax-exempt bond volume cap, TIF bonds would be competing with other worthwhile projects for tax-exempt financing.
- 0 The Act limits QRB's for redevelopment, as opposed to development, purposes.

In addition, constitutional questions have been raised by the Attorney General's office about TIF's with respect to HB 1546, a bill sponsored by Delegate Alan Diamonstein. The bill would have permitted localities to use TIF to finance redevelopment projects, along with other taxes and a full faith and credit pledge to repay outstanding debt. The Attorney General's office felt that some of the provisions of HB 1546 would violate Article VII, Section 10 (local debt) and Article X, Section 10 (lending of credit) of the Virginia Constitution. As a result of these constitutional concerns, the bill was withdrawn.

The 1986 Tax Reform Act has severely restricted TIF packages as they have traditionally been structured. TIF has not been eliminated however, as a productive option for some localities in certain instances. The Department of Housing and Community Development, in a report to the Joint Subcommittee Studying Economic Development, suggests some alternative scenarios:

- 0 Issue taxable bonds for land assembly and tax-exempt public purpose bonds for infrastructure development. This would avoid the strict Federal requirements that now apply to TIF projects.
- 0 Establish a special fund for infrastructure development in under-developed areas and avoid the use of bond financing.

Federal regulations on TIF districts and their financing have not been issued. Further exploration of the status of Federal rules would be helpful should the Commission decide to further explore tax increment financing as an option for localities in the Commonwealth.

### REGIONAL TAXES

The most obvious forms of a regional tax are the sales tax and the motor vehicle fuels tax. Local governments have exercised for some time the ability to add an additional one

percent local option sales tax for general fund revenues. According to the Annual Report of the Department of Taxation, this local option sales tax produced \$345,355,000 in FY85-86. A review of the last decade shows the local sales and use tax to be a stable and reliable funding source, which would provide sufficient funds to sustain a local transportation improvement program.

The motor vehicle fuels tax is the other example of a regional tax that could be applied, on a local option basis, to meet specific local transportation needs. Currently, two transportation commissions (Northern Virginia Transportation Commission (NVTC) and the Potomac and Rappahannock Transportation Commission (PRTC) have the authority to levy an additional two percent local option motor vehicle fuels tax. In the case of the NVTC, this tax produces about \$10,000,000 annually and is dedicated to pay a portion of the Virginia share of METRO expenses. The PRTC was created in August, 1986 primarily as a means to help fund the proposed commuter rail project. Enabling legislation for this commission allows the use of the gasoline tax for any transportation purpose of the district, which is defined by a locally adopted transportation plan. It is estimated that the PRTC gasoline tax will generate about \$1.8 million a year.

This form of a regional tax displays a great deal of financial leverage to meet long-term transportation needs. A study performed for the PRTC indicated the Commission could borrow \$40,000,000 over the next twenty years for its transportation programs. These bonds would be secured by the special gasoline tax of the Commission.

We believe expanded use of regional taxes deserves further consideration by the Commission.

#### RECORDATION TAX

In their Phase I review of recordation taxes, the Legal Advisory Committee stated no constitutional problems exist in raising the recordation tax and segregating the increased funds for localities. Virginia currently imposes a state tax on the recording of deeds, deeds of trust, mortgages, leases and contracts at the rate of \$.15/\$100 valuation. Localities may impose an additional tax equal to 1/3 of the state tax. Currently, 102 out of 136 Virginia cities and counties impose this local option tax. Increasing the local recordation tax to equal that levied by the State would require the purchaser of a \$100,000 house to pay an additional \$100.

This tax is collected by the clerks of court before a deed or other instrument can be admitted to record. There would be little cost in expanding the use of the tax since

administrative costs for its collection are already provided in the current law. A change in the local recordation tax is an indirect tax on growth. Those areas with rapid growth would gain additional funds proportionate to that growth. However, those paying the tax would include current residents moving within the jurisdiction as well as new residents.

A transfer tax could refer to similar types of taxes--a grantor's tax and a recordation tax. In a report presented to a Special House General Laws Subcommittee studying Housing in Urban Areas (Delegate Almand, Chairman), the Virginia Department of Taxation defines the nature of the recordation taxes.

"The grantor's tax is specifically imposed on the grantor. All of the other recordation taxes are imposed simply on the recordation of the document, in other words, on whoever submits the document to the clerk for recordation. . . . The economic burden of the tax may be shifted by contract and often is. Thus, the tax recording a deed of trust, which secures the lender, is usually paid by the borrower pursuant to the contract between the lender and the borrower."

The grantor's tax is levied at a rate of \$.50 per \$500 of value. It was enacted in 1968 when the federal stamp tax on deeds was repealed. It is imposed on the consideration less the amount of any lien or debt remaining or assumed by the purchaser. The total of all fees and state and local recordation taxes rarely exceeds 1/2 of 1% of the value of real estate. In their report to Delegate Almand's subcommittee, the Department of Taxation provided an example of the taxes paid for recording a deed of conveyance and a deed of trust for the purchase of a \$100,000 house, with a \$20,000 down payment and an \$80,000 mortgage. The total of all taxes and fees would be \$481, of which the state would receive \$304 and the locality \$133. An increase in the local recordation tax to equal that of the state would add another \$80 to the total of the taxes and fees provided in the example. Of the total tax of \$561, the local share would increase to \$206 (less the administrative fee collected by the clerk).

The nature of the recordation tax, based on the transfer of real estate, subjects it to a variety of forces that influence its stability. Over the past decade, the year-to-year growth in the tax has varied from a negative 9.7% (FY82) to a positive 46.7% (FY84). In FY86, the grantor's tax provided local governments with \$8,400,000, while the recordation tax provided localities with approximately \$21,000,000. An increase in the local recordation tax equal to that charged by the State would have provided \$42,000,000

in new money for local transportation programs in those 102 localities levying the tax. Rockingham County and Harrisonburg would have each received an additional \$200,000 from this increased tax. Martinsville, which does not collect the recordation tax, could, if it so chose, receive \$250,000 for its transportation needs (plus \$125,000 from the base tax). The City of Richmond would have received \$1,100,000, while Fairfax County would have received \$12,000,000 for its transportation programs.

#### TRANSPORTATION UTILITY FEE

In its Phase I report, the Legal Advisory Committee described the transportation utility fee as follows:

" The use of a transportation utility tax is a relatively new concept, similar to a water and sewer fee. Property owners could be (assessed) based on land use, front footage, and/or traffic generation. The goal is to distribute costs in direct proportion to an owner's impact on the roadway system."

They concluded that if this fee was authorized as a service charge for road use, it would not be subject to the provisions of Article X, Section 1 of the Constitution. If it was structured as a tax, it would be constitutional provided it was a uniform tax based on a reasonable classification.

A report prepared for the New Jersey Department of Transportation by Bear, Stearns and Co. outlined the problems in dealing with a corridor where some development had already occurred but much more was planned. The major concern of the proposal was to assure that improvements would be made in the corridor recognizing that developers should pay their fair share for these improvements and that the selected financing option would have a positive, or at least a neutral, effect on future development and transportation patterns. This study reviewed sixteen funding options and selected six for further scrutiny (voluntary developer contributions, equity investments by third-party investors, general obligation bonds, existing revenue sources, revenue bonds backed by specific revenues sources, and increased State appropriations).

Bear, Stearns, in discussing the revenue bond option, outlined an annual development fee. This fee would be based on some fairly objective standard that bears a reasonable relationship to the impact a development has on the surrounding transportation network. They discussed four standards: property values, trips generated by the project, square footage of the structure(s) and number of employees.



The first standard--property value--did not rate well in their analysis because a clear link between value and traffic could not be established. A report prepared by the Delaware Valley Regional Planning Commission provides a more detailed analysis of these standards and how they are used by various local governments across the country. The report indicates that a prime component of this financial option is a "clearly stated approval standard in order to mutually benefit developers and communities".

In most respects, we found that a transportation utility fee is basically an impact fee and further review of this topic should be combined with that financing option.

### ROAD CORPORATION

A road corporation was defined by the Legal Advisory Committee as:

"A public-private partnership mechanism that has been used to assist in the construction and financing of road improvements through dedications of right-of-way, design and construction by the private sector."

The State of Texas has apparently made the most use of these public-private ventures. In 1984, the Texas Transportation Corporation Act was adopted authorizing the creation of non-profit corporations that would assist the State in the performance of an essential governmental function. This assistance would involve working directly with land owners and governmental agencies in the promotion and development of a transportation project. These corporations are specifically authorized to receive contributions of land and design/construction funds; to retain administrative, legal and engineering services; establish formulae for determining the amount of cash contributions from affected landowners and to solicit cash contributions from them; and to borrow money for capital improvements. The Texas law is quite clear, however, in the role of these corporations. The legislative findings of the Act state:

" The transportation corporations created pursuant to this Act will act as an instrumentality of the state in promoting and developing public transportation facilities and systems and will not act as the agent or instrumentality of any private interest even though many private interests may be benefited by the transportation corporation, as will the general public."

These corporations are non-member, non-stock corporations that must be specifically authorized by the State Highway and Public Transportation Commission. The

Board of Directors of the corporation is appointed by the State Highway Commission. The corporation has all powers necessary to construct or improve transportation facilities and systems approved by the State Highway Commission. Specifically, the corporation may construct a project and sell it back to the Commission; it may enter into contracts with counties, home-rule cities, county road districts and road utility districts for joint financing of a project; and it may construct a project on right-of-way given to it by the State or a local government. It may, however, use its powers only on a project intended to be a part of the Federal or State highway system.

The major advantage of a transportation corporation is that it can generally design and construct a project quicker and with less expense than if the project were built as a public project. The Texas law seems to provide sufficient control for the State Highway Commission to ensure that a needed improvement is constructed to acceptable public standards.

Although an exhaustive search was not conducted, we have found at least one example where Virginia property owners have voluntarily come together in an association much like a Texas road corporation. The Route 234 By-Pass Forum, in Prince William County, was formed about eighteen months ago to advance the interests of the project. A corridor study and environmental impact study for the By-Pass had been approved in 1980, but no further action or funds had been allocated to the project. Several property owners had tried to donate right-of-way to the Department of Transportation, which could not accept these donations because the design and location hearing had not been conducted. Fearing that this valuable right-of-way could be lost, the Forum accepted a challenge from the Board of County Supervisors. This challenge involved the County funding one-half of the costs of a center-line study (the most basic way of determining right-of-way requirements), if the Forum would pay the other half. Within six months, the Forum had secured about \$200,000 in cash for the study and, more importantly, secured donation pledges for over 60% of the right-of-way. The Forum had one condition--the road had to be under construction within five years in order for the donation pledges to be effective.

While no legislative acts were necessary for the formation of the Route 234 By-Pass Forum or for what it has to date accomplished, we would suggest to the Commission on Transportation that such activity should be encouraged. The Texas example offers a good illustration of an experiment in public-private options.

The Local Government Advisory Committee added two funding options to those found in the Phase II report. The first of these options deals with off-site road improvements and the second deals with the difference in conditional zoning authority for those jurisdictions in Northern Virginia and on the Eastern Shore and for the balance of the State. These options are issues of perennial interest to local government. Indeed, the first option has been before the General Assembly in every session since 1980. Local government interest in these two options is widespread throughout Virginia. We present them to the Commission on Transportation.

#### OFF-SITE ROAD IMPROVEMENTS

Requiring monetary contributions by a property developer proportionate to the amount of traffic generated by a particular development was prohibited by the Hylton case in 1979 as a condition of subdivision approval. The Court ruled that Prince William County had acted without a specific grant of authority from the General Assembly. It is this grant of authority that has been sought since 1980.

Under current Virginia law pertaining to storm water drainage, it is an accepted principle that all property owners in the watershed have a responsibility to pay toward the ultimate drainage structures and facilities proportionate to their share of the entire drainage flow. Off-site road improvements extends this concept to transportation networks.

Prince William County had prepared a formula assigning traffic costs to each development project based on its proportionate share of the increased traffic volumes on the road network at full development. This formula used a "traffic shed" concept analogous to a watershed. Existing traffic in the traffic shed was discounted and ultimate road improvements, based on the Comprehensive Plan of the area, were determined. Ultimate traffic forecasts were prepared to determine road usage, again based on the Comprehensive Plan. Through trips, impacting the traffic shed, but not generated in the traffic shed, were discounted and became a public responsibility. Using accepted traffic forecasting standards, the traffic impact attributed to a particular development was determined and a proportionate share of all the anticipated trips was assigned to that development. The costs of the ultimate road improvements were then proportionately divided among the various developments in the traffic shed. The individual costs for each development would usually be allocated on a per unit or per square foot basis and payable either at the plan approval stage or at the time of building or occupancy permit issuance. These funds were then placed in an escrow account to be used with appropriate public funds for the improvement of the road or

roads in the traffic shed.

There is substantial interest in an off-site road improvement formula approach in areas of rapid development. We believe it deserves further consideration by the Commission.

**CHAPTER THREE**

**THE SURVEY OF LOCAL GOVERNMENTS  
LOCAL TRANSPORTATION FINANCING OPTIONS**

A survey was sent to each local government in Virginia asking them to respond to the questions raised in the Commission on Transportation's Phase II work program. Over 100 counties, cities and towns returned the surveys. This chapter provides an analysis of these returned surveys.

Over 3,900,000 Virginians are citizens of the local governments responding to the survey. The smallest jurisdiction responding had a population of 250 people. The jurisdiction with the largest population had over 600,000 people. The tables below provide some general information concerning the survey respondents.

Table 1  
Type and Location of Local Government Responding

| Location              | City | County | Town | Population * |
|-----------------------|------|--------|------|--------------|
| Central               | 4    | 13     | 7    | 1,024,380    |
| East. Shore           |      | 1      | 1    | 15,700       |
| North. & Mid.<br>Neck |      | 4      |      | 56,300       |
| No. Virginia          | 4    | 5      | 5    | 1,185,101    |
| Southside             | 2    | 4      | 7    | 121,500      |
| Tidewater             | 6    | 2      | 2    | 839,900      |
| Valley                | 8    | 8      | 12   | 438,076      |
| West                  | 2    | 6      | 9    | 228,457      |
|                       | --   | --     | --   | -----        |
|                       | 26   | 43     | 43   | 3,909,414    |

\* Note: The population of the towns was not used to determine the total population.

Each local government was asked to respond to the various transportation financing options by indicating a level of interest in that option. The various choices available for the response (strong, moderate, low, no interest, don't know and not applicable) were meant to provide an indication of how that financial option might work in that community. The explanation of each financial option presented in the Phase I report was provided with the survey to insure that all respondents had the same information. The respondents were also asked to pick the three financial options of most interest to them and the three options of least interest. This question was meant to determine the most desired choices from all possible choices. The range of the responses indicates that local governments did think carefully about their responses and made an honest effort at selecting those local transportation financial options that best fit their community needs.

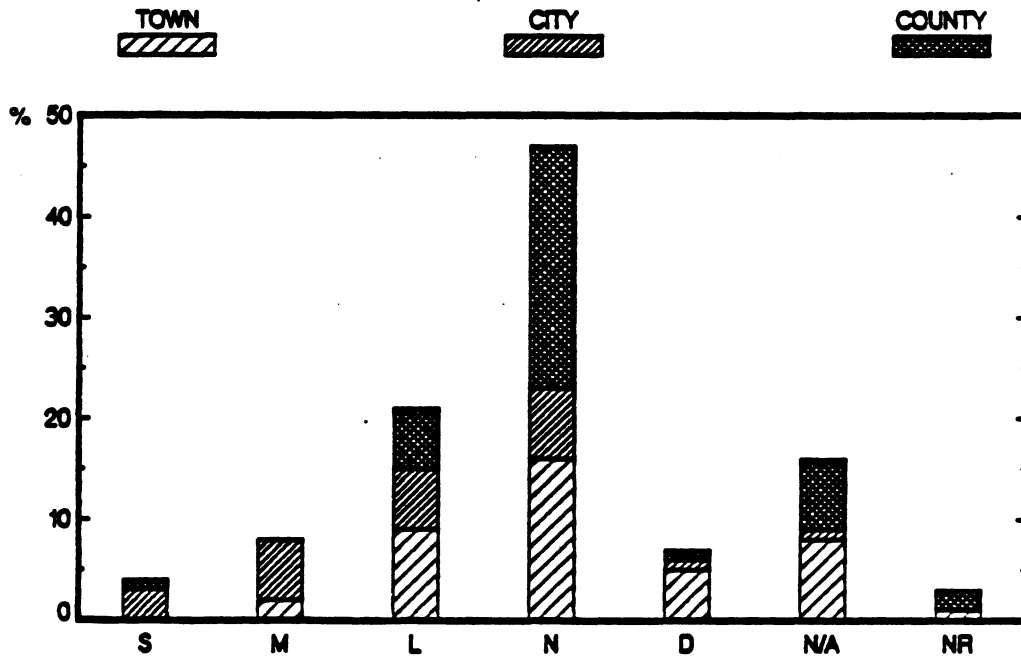
PARKING FEES

As anticipated, parking fees were of most interest to the cities. The area of impact of these fees is also limited to mainly well developed downtown areas and, perhaps in a few places, mass transit stations.

LOCAL GOVERNMENT SUPPORT FOR PARKING FEES

| LOCATION          | STRONG | MODERATE | LOW | NO INT. | DON'T KNOW | NA | NR |
|-------------------|--------|----------|-----|---------|------------|----|----|
| Central           | 2      | 1        | 3   | 8       | 1          | 8  | 1  |
| East. Shore       | -      | -        | 1   | 1       | -          | -  | -  |
| North. & Mid Neck | -      | -        | 1   | 2       | -          | 1  | -  |
| No. Virginia      | 1      | 1        | 3   | 8       | 1          | -  | -  |
| Southside         | -      | 2        | 2   | 7       | 1          | -  | -  |
| Tidewater         | 1      | 2        | 3   | 3       | -          | 1  | -  |
| Valley            | -      | 2        | 5   | 13      | 3          | 5  | 1  |
| West              | -      | -        | 3   | 11      | 1          | 1  | 1  |
|                   | 4      | 8        | 21  | 53      | 7          | 16 | 3  |

LOCAL GOV'T INTEREST IN PARKING TAXES



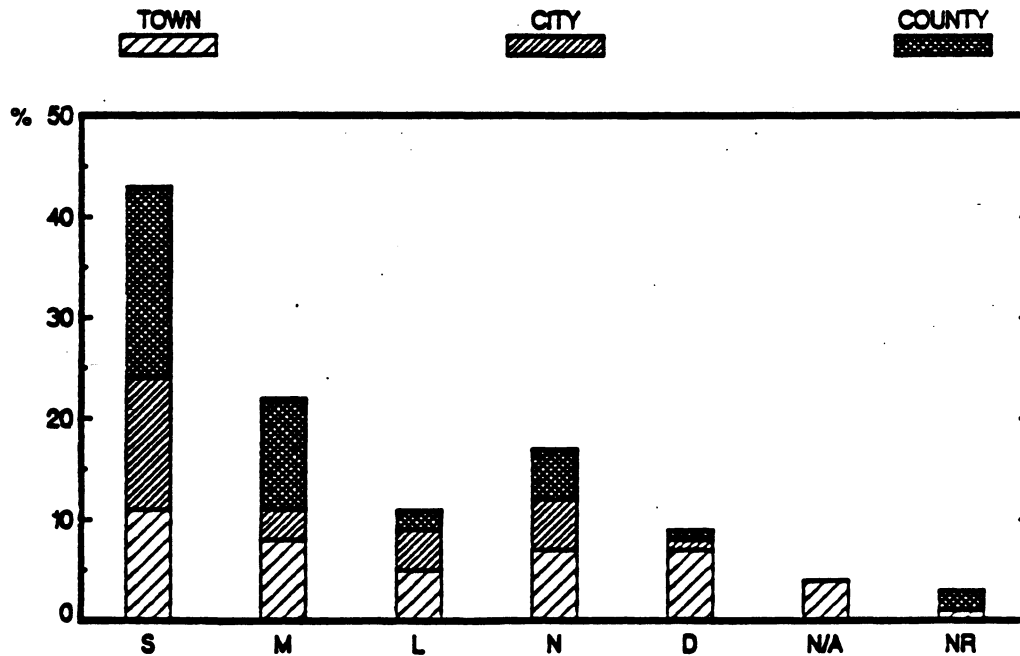
IMPACT FEES

Interest in impact fees was quite high. Almost two-thirds of the responding local governments expressed either a strong or moderate interest in this form of local transportation financing.

LOCAL GOVERNMENT SUPPORT FOR IMPACT FEES

| LOCATION          | STRONG | MODERATE | LOW | NO INT. | DON'T KNOW | NA | NR |
|-------------------|--------|----------|-----|---------|------------|----|----|
| Central           | 10     | 8        | 3   | -       | -          | 2  | 1  |
| East. Shore       | 1      | -        | 1   | -       | -          | -  | -  |
| North. & Mid Neck | 2      | 2        | -   | -       | -          | -  | -  |
| No. Virginia      | 8      | 2        | 1   | 2       | 1          | -  | -  |
| Southside         | 2      | 2        | 2   | 5       | 1          | -  | 1  |
| Tidewater         | 8      | -        | -   | 1       | 1          | -  | -  |
| Valley            | 11     | 6        | 2   | 2       | 5          | 2  | -  |
| West              | 3      | 2        | 3   | 7       | 1          | -  | -  |
|                   | 45     | 22       | 12  | 17      | 9          | 4  | 3  |

LOCAL GOV'T INTEREST IN IMPACT FEES





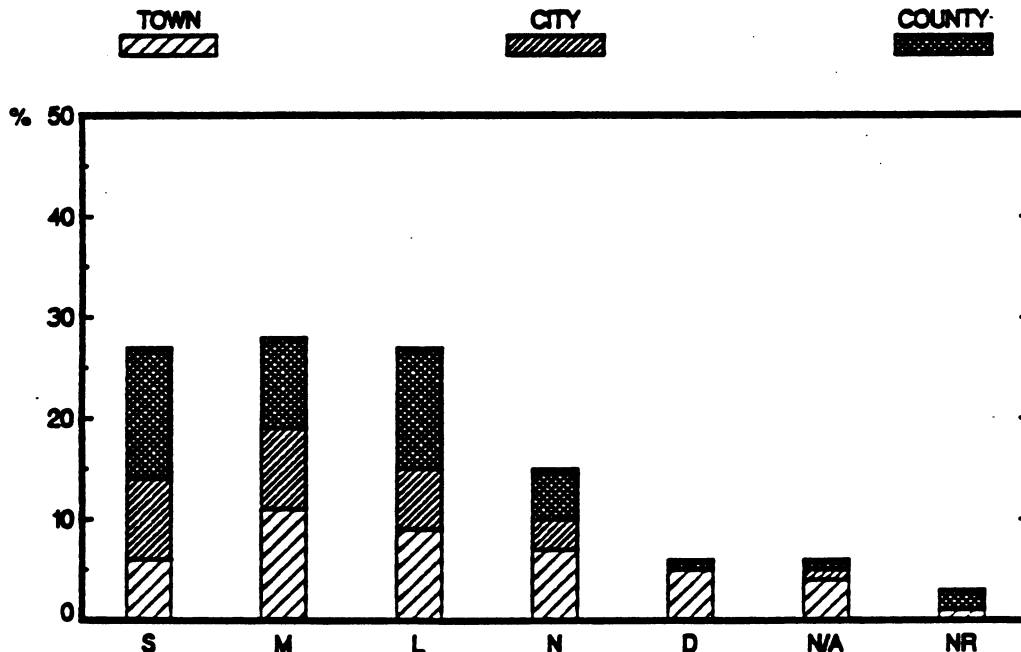
SPECIAL ASSESSMENT DISTRICTS

The interest in special assessment districts as a local funding option seems to be quite positive. This may be a function of the recent legislation enacted authorizing special taxing districts.

LOCAL GOVERNMENT SUPPORT FOR SPECIAL ASSESSMENT DISTRICTS

| LOCATION          | STRONG | MODERATE | LOW | NO INT. | DON'T KNOW | NA | NR |
|-------------------|--------|----------|-----|---------|------------|----|----|
| Central           | 5      | 9        | 6   | 1       | -          | 2  | 1  |
| East. Shore       | 1      | 1        | -   | -       | -          | -  | -  |
| North. & Mid Neck | 1      | 2        | 1   | -       | -          | -  | -  |
| No. Virginia      | 8      | -        | 3   | 1       | 1          | 1  | -  |
| Southside         | 1      | 1        | 3   | 6       | 1          | -  | 1  |
| Tidewater         | 3      | 4        | 3   | -       | -          | -  | -  |
| Valley            | 5      | 9        | 7   | 2       | 2          | 3  | -  |
| West              | 3      | 2        | 4   | 5       | 2          | -  | 1  |
|                   | 27     | 28       | 27  | 15      | 6          | 6  | 3  |

LOCAL GOV'T INTEREST IN SPECIAL ASSESSMENT DISTRICTS



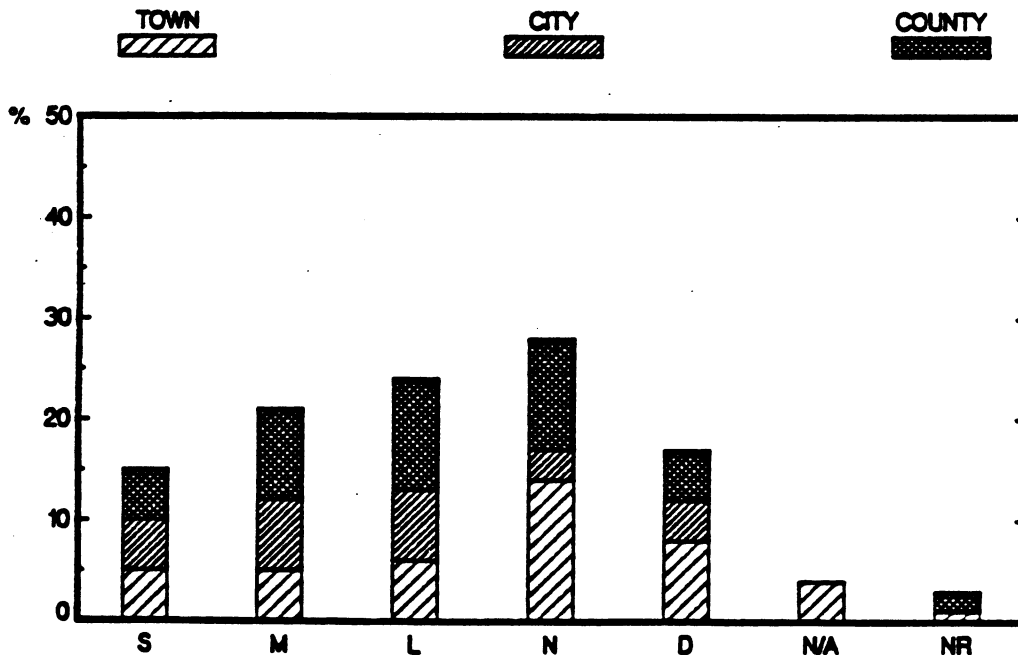
TAX INCREMENT FINANCING

The tax increment financing method was not very popular with local governments. Although it can be considered a form of special assessment districts, local governments preferred the previous option.

LOCAL GOVERNMENT SUPPORT FOR TAX INCREMENT FINANCING

| LOCATION             | STRONG | MODERATE | LOW | NO INT. | DON'T KNOW | NA | NR |
|----------------------|--------|----------|-----|---------|------------|----|----|
| Central              | 3      | 4        | 8   | 3       | 3          | 2  | 1  |
| East. Shore          | -      | -        | 1   | -       | 1          | -  | -  |
| North & Mid.<br>Neck | -      | -        | 2   | -       | 2          | -  | -  |
| No. Virginia         | 1      | 5        | 1   | 5       | 2          | -  | -  |
| Southside            | 1      | -        | 3   | 5       | 3          | -  | 1  |
| Tidewater            | 3      | 5        | 1   | 1       | -          | -  | 1  |
| Valley               | 4      | 4        | 3   | 10      | 5          | 2  | -  |
| West                 | 3      | 3        | 4   | 5       | 1          | -  | 1  |
|                      | 15     | 21       | 23  | 29      | 17         | 4  | 3  |

LOCAL GOV'T INTEREST IN TAX INCREMENT FINANCING



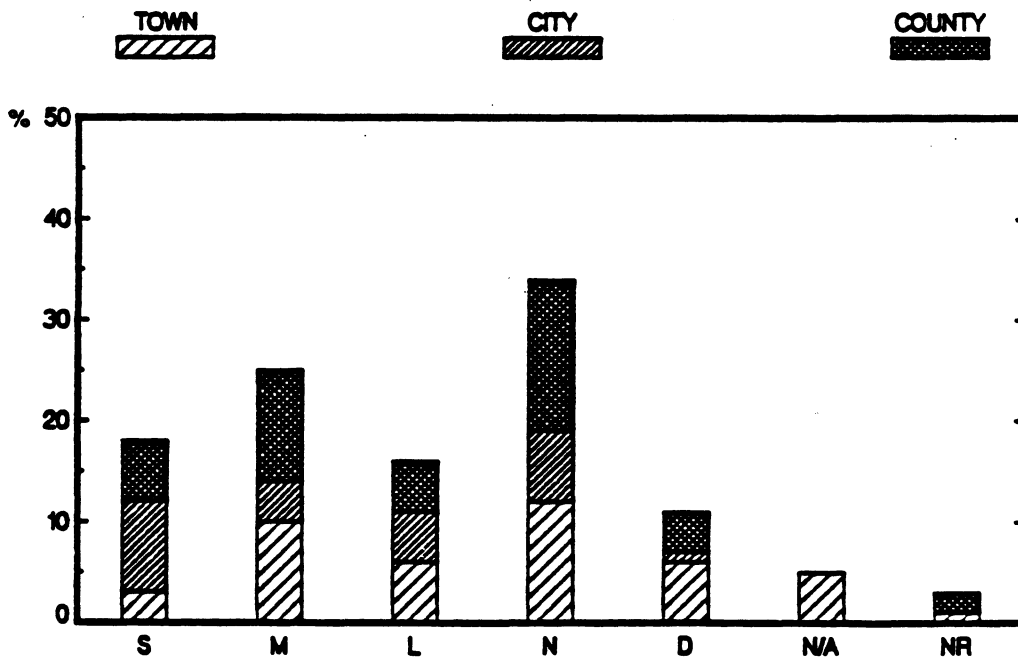
REGIONAL TAXES

Again, there was not a lot of interest in regional taxes from local governments. However, local governments representing the more urbanizing portions of the state expressed the most interest. These local governments support over 2.2 million Virginians.

LOCAL GOVERNMENT SUPPORT FOR REGIONAL TAXES

| LOCATION          | STRONG | MODERATE | LOW | NO INT. | DON'T KNOW | NA | NR |
|-------------------|--------|----------|-----|---------|------------|----|----|
| Central           | 4      | 6        | 3   | 6       | 2          | 2  | 1  |
| East. Shore       | -      | 1        | -   | 1       | -          | -  | -  |
| North. & Mid Neck | -      | 2        | 2   | -       | -          | -  | -  |
| No. Virginia      | 6      | -        | 3   | 4       | 1          | -  | -  |
| Southside         | -      | 2        | 2   | 7       | 1          | -  | 1  |
| Tidewater         | 3      | 3        | 1   | 2       | 1          | -  | -  |
| Valley            | 5      | 6        | 2   | 9       | 3          | 3  | -  |
| West              | -      | 6        | 3   | 5       | 2          | -  | 1  |
|                   | 18     | 26       | 16  | 34      | 10         | 5  | 3  |

LOCAL GOV'T INTEREST IN REGIONAL TAXES



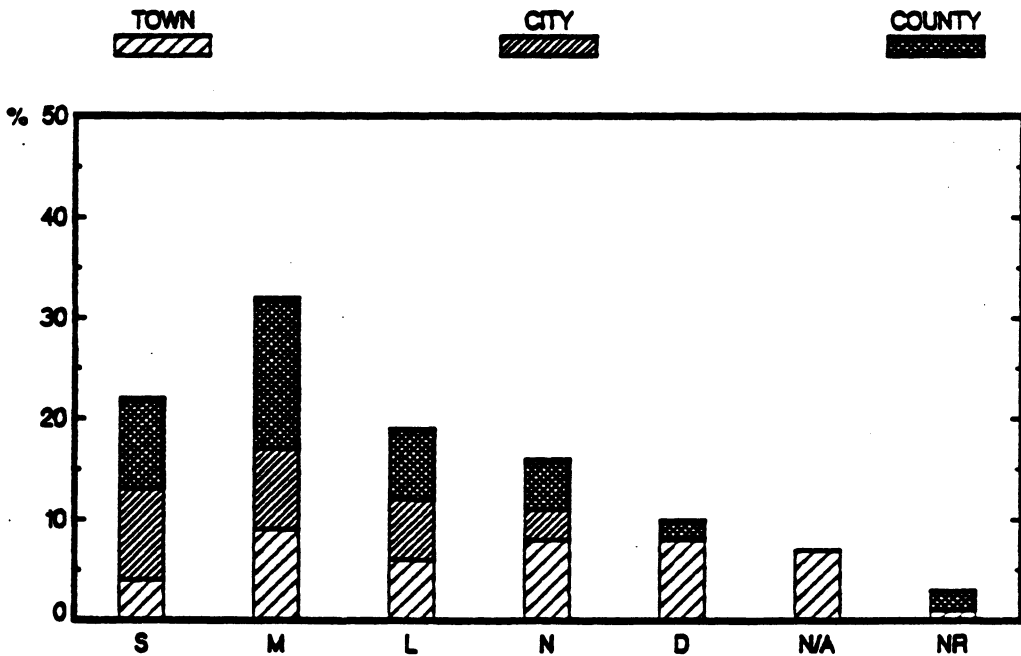
RECORDATION TAX

Interest was quite strong in the recordation tax. This may be because it is already used by so many jurisdictions and, especially in the higher growth areas, would provide a sufficient amount of new funds for local transportation.

LOCAL GOVERNMENT SUPPORT FOR RECORDATION TAXES

| LOCATION         | STRONG | MODERATE | LOW | NO INT. | DON'T KNOW | NA | NR |
|------------------|--------|----------|-----|---------|------------|----|----|
| Central          | 4      | 8        | 4   | 2       | 2          | 3  | 1  |
| East. Shore      | -      | 1        | -   | 1       | -          | -  | -  |
| North & Mid Neck | 1      | 3        | -   | 1       | -          | -  | -  |
| No. Virginia     | 4      | 4        | 2   | 2       | 2          | -  | -  |
| Southside        | 3      | 3        | 3   | 2       | 1          | -  | 1  |
| Tidewater        | 5      | 2        | 1   | 1       | 1          | -  | -  |
| Valley           | 5      | 8        | 4   | 6       | 2          | 3  | -  |
| West             | -      | 5        | 6   | 2       | 2          | 1  | 1  |
|                  | 22     | 31       | 18  | 14      | 10         | 7  | 3  |

LOCAL GOV'T INTEREST IN RECORDATION TAXES



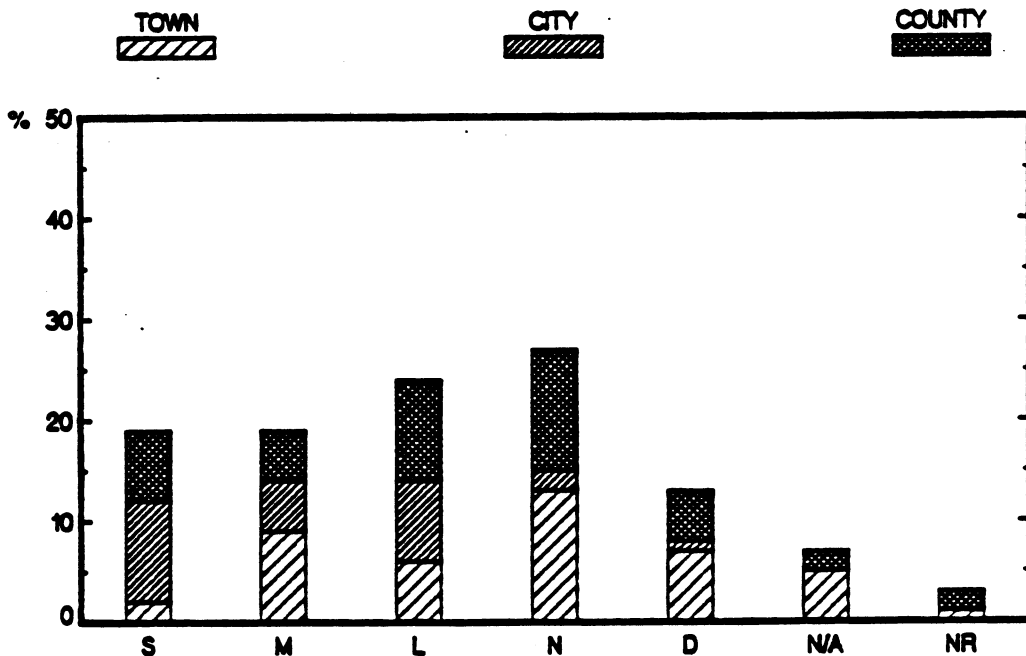
TRANSPORTATION UTILITY FEES

The interest in a transportation utility fee was mixed. However, those governments that were interested in this option were the larger, more urban jurisdictions.

LOCAL GOVERNMENT SUPPORT FOR TRANSPORTATION UTILITY FEES

| LOCATION          | STRONG | MODERATE | LOW | NO INT. | DON'T KNOW | NA | NR |
|-------------------|--------|----------|-----|---------|------------|----|----|
| Central           | 3      | 3        | 4   | 6       | 5          | 2  | 1  |
| East. Shore       | 1      | -        | -   | 1       | -          | -  | 1  |
| North. & Mid Neck | -      | -        | -   | 2       | 1          | 1  | -  |
| No. Virginia      | 5      | 2        | 4   | 2       | 1          | -  | -  |
| Southside         | 1      | 3        | 2   | 5       | 1          | -  | 1  |
| Tidewater         | 4      | 3        | 1   | 2       | -          | -  | -  |
| Valley            | 5      | 5        | 7   | 4       | 3          | 4  | -  |
| West              | -      | 3        | 6   | 5       | 2          | -  | 1  |
|                   | 16     | 17       | 22  | 27      | 11         | 7  | 3  |

LOCAL GOV'T INTEREST IN TRANS. UTIL. FEES



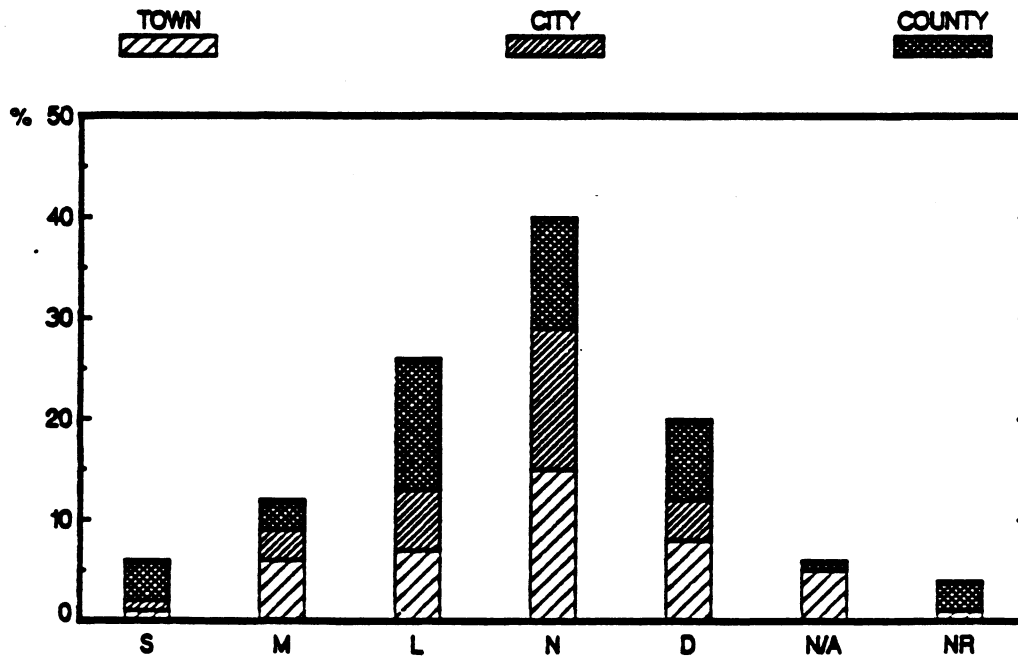
ROAD CORPORATIONS

Perhaps due to its limited application and to the newness of the concept, the road corporation option was not of interest to most local governments.

LOCAL GOVERNMENT SUPPORT FOR ROAD CORPORATIONS

| LOCATION            | STRONG | MODERATE | LOW | NO INT. | DON'T KNOW | NA | NR |
|---------------------|--------|----------|-----|---------|------------|----|----|
| Central             | 1      | 2        | 6   | 6       | 6          | 2  | 1  |
| East. Shore         | -      | -        | 2   | -       | -          | -  | -  |
| North & Mid<br>Neck | -      | -        | -   | 3       | 1          | -  | -  |
| No. Virginia        | 3      | -        | 4   | 5       | 2          | -  | -  |
| Southside           | -      | 3        | -   | 7       | 1          | -  | -  |
| Tidewater           | 1      | 3        | 2   | 3       | 1          | -  | -  |
| Valley              | 1      | 2        | 7   | 8       | 6          | 4  | -  |
| West                | -      | 3        | 5   | 5       | 3          | -  | 1  |
|                     | 6      | 13       | 26  | 37      | 20         | 6  | 4  |

LOCAL GOV'T INTEREST IN ROAD CORPORATIONS



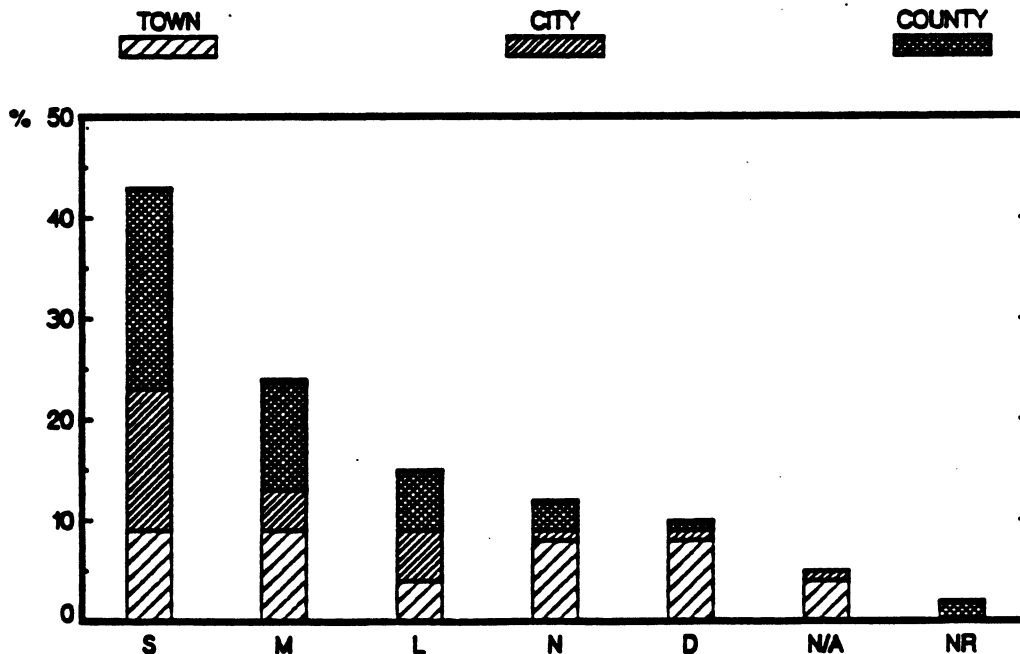
OFF-SITE ROAD IMPROVEMENTS

Local governments representing almost 2,800,000 people expressed strong support for some mechanism to allow for off-site road improvements. It enjoyed support from all levels of local government and in most parts of the state.

LOCAL GOVERNMENT SUPPORT FOR OFF-SITE ROAD IMPROVEMENTS

| LOCATION         | STRONG | MODERATE | LOW | NO INT. | DON'T KNOW | NA | NR |
|------------------|--------|----------|-----|---------|------------|----|----|
| Central          | 7      | 7        | 4   | -       | 3          | 2  | 1  |
| East. Shore      | 1      | 1        | -   | -       | -          | -  | -  |
| North & Mid Neck | 2      | 2        | -   | -       | -          | -  | -  |
| No. Virginia     | 9      | 2        | 1   | 1       | 1          | -  | -  |
| Southside        | 1      | 4        | 1   | 5       | 1          | -  | 1  |
| Tidewater Valley | 7      | -        | 1   | 2       | -          | -  | -  |
| West             | 14     | 5        | 4   | -       | 2          | 3  | -  |
|                  | 2      | 3        | 4   | 4       | 3          | -  | 1  |
|                  | 43     | 24       | 15  | 12      | 10         | 5  | 3  |

LOCAL GOV'T INTEREST IN OFF-SITE ROAD IMPROVEMENTS



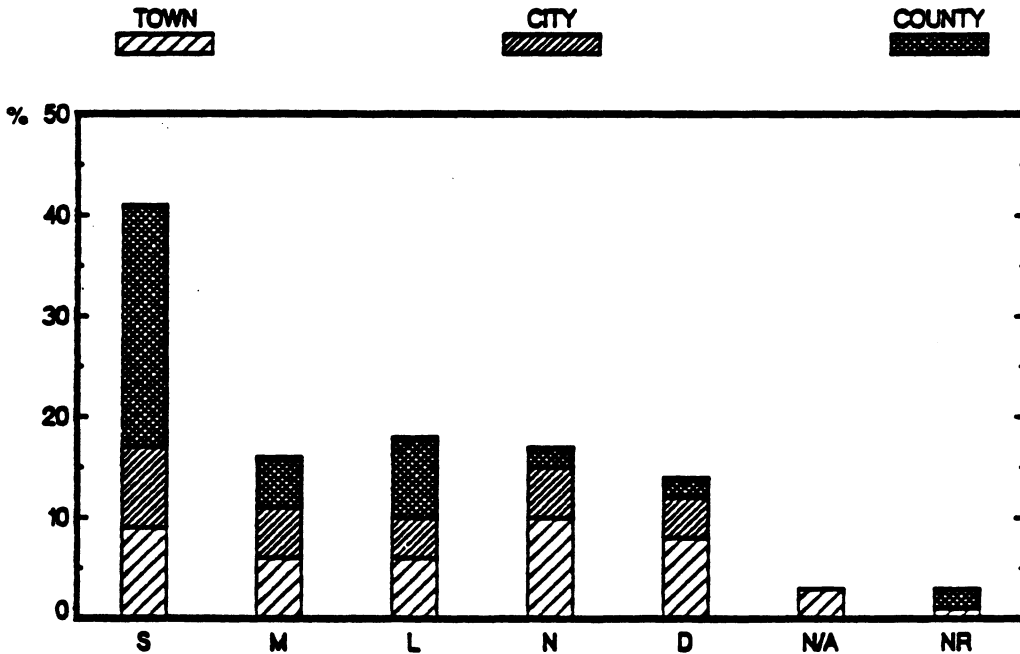
CONDITIONAL ZONING

The extension of "old" conditional zoning into the remainder of the Commonwealth was also a local transportation financing option strongly supported by local governments, representing almost 2,800,000 people.

LOCAL GOVERNMENT SUPPORT FOR EXTENDING CONDITIONAL ZONING

| LOCATION         | STRONG | MODERATE | LOW | NO INT. | DON'T KNOW | NA | NR |
|------------------|--------|----------|-----|---------|------------|----|----|
| Central          | 11     | 2        | 3   | 2       | 4          | 1  | 1  |
| East. Shore      | 1      | 1        | -   | -       | -          | -  | -  |
| North & Mid Neck | 1      | 1        | 1   | -       | 1          | -  | -  |
| No. Virginia     | 10     | 1        | 1   | 1       | 1          | -  | -  |
| Southside        | 2      | 2        | 3   | 4       | -          | -  | -  |
| Tidewater        | 6      | 1        | 1   | 2       | -          | -  | -  |
| Valley           | 9      | 5        | 5   | 4       | 3          | 2  | -  |
| West             | 1      | 3        | 4   | 4       | 4          | -  | 1  |
|                  | 41     | 16       | 18  | 17      | 14         | 3  | 3  |

LOCAL GOV'T INTEREST IN CONDITIONAL ZONING





The next survey question asked local governments to pick from among the listed financing options those they favored most and least. This question was designed to determine which options were most important to local governments and to discern if there was any regional or size patterns in this choice. The results were analyzed by the number of responses for the most favored option.

**MOST FAVORED LOCAL TRANSPORTATION FINANCING OPTIONS**

|                                  |                      |
|----------------------------------|----------------------|
| FIRST CHOICE--IMPACT FEES        | 38 local governments |
| RECORDATION TAXES                | 12 local governments |
| REGIONAL TAXES                   | 10 local governments |
| SECOND CHOICE-OFF-SITE ROADS     | 22 local governments |
| IMPACT FEES                      | 16 local governments |
| SPECIAL ASSESS.                  | 14 local governments |
| THIRD CHOICE- CONDITIONAL ZONING | 16 local governments |
| OFF-SITE ROADS                   | 13 local governments |
| UTILITY FEES                     | 11 local governments |

**LEAST FAVORED LOCAL TRANSPORTATION FINANCING OPTIONS**

|                                 |                      |
|---------------------------------|----------------------|
| FIRST CHOICE- PARKING FEES      | 34 local governments |
| ROAD CORPORATIONS               | 14 local governments |
| TAX INCREMENT FIN               | 9 local governments  |
| SECOND CHOICE-ROAD CORPORATIONS | 13 local governments |
| REGIONAL TAXES                  | 11 local governments |
| TAX INCREMENT FIN               | 10 local governments |
| RECORDATION FEES                | 10 local governments |
| THIRD CHOICE- ROAD CORPORATIONS | 10 local governments |
| PARKING FEES                    | 8 local governments  |

The regional distributions for this response indicate that impact fees are favored in the areas of the Commonwealth undergoing sustained growth. The following chart will provide this geographical analysis. For the three highest ranking choices, these sixty local governments provide services for over 2,300,000 people.

REGIONAL ANALYSIS OF MOST FAVORED FINANCIAL OPTIONS

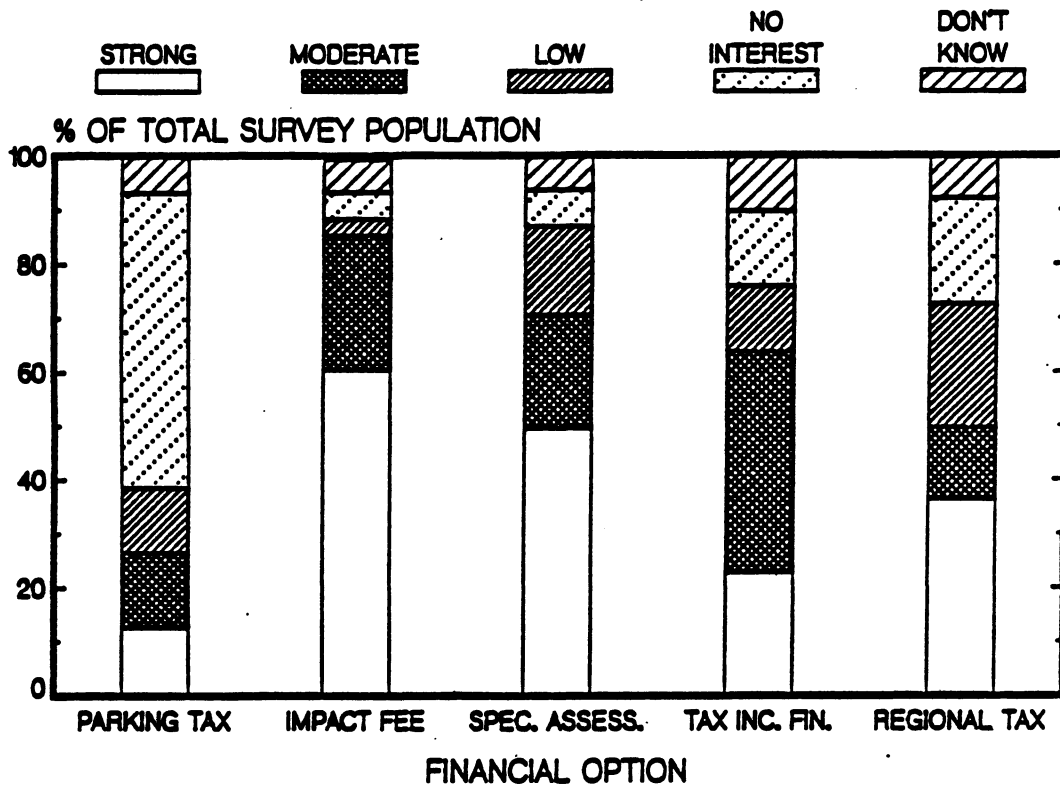
| <u>LOCATION</u>      | <u>IMPACT FEES</u> | <u>RECORDATION</u> | <u>REGIONAL TAX</u> |
|----------------------|--------------------|--------------------|---------------------|
| Central              | 9                  | 1                  | 1                   |
| East. Shore          | 1                  | -                  | -                   |
| North. & Mid<br>Neck | 3                  | -                  | -                   |
| No. Virginia         | 7                  | 1                  | 2                   |
| Southside            | 2                  | 3                  | 2                   |
| Tidewater            | 6                  | 1                  | 2                   |
| Valley               | 7                  | 4                  | 3                   |
| West                 | 3                  | 2                  | 2                   |

The final chart in this chapter provides a look at the population distribution of these financial options. This chart compares the population of the jurisdictions responding to each option compared to the total population of all the respondents.

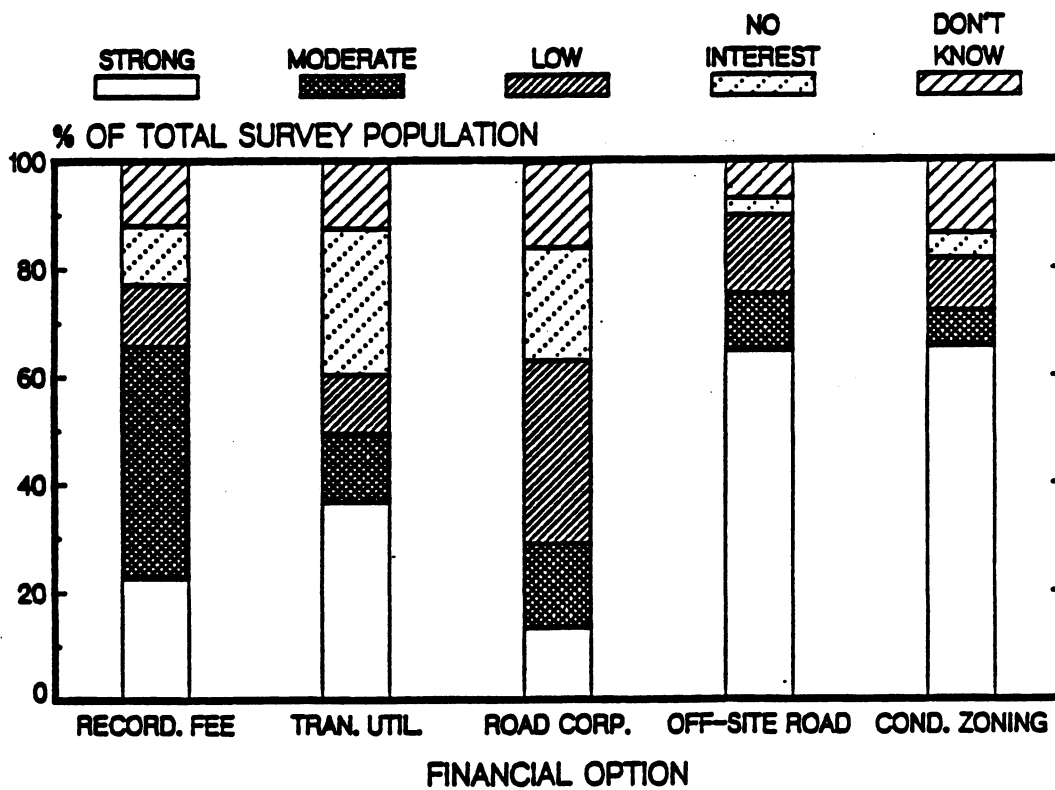
POPULATION ANALYSIS OF THE VARIOUS FINANCIAL OPTIONS  
% OF TOTAL SURVEY POPULATION

|               | <u>STRONG</u> | <u>MODERATE</u> | <u>LOW</u> | <u>NO INT.</u> | <u>DON'T KNOW</u> | <u>NA</u> | <u>NR</u> |
|---------------|---------------|-----------------|------------|----------------|-------------------|-----------|-----------|
| PARKING TAX   | 12.5          | 14.5            | 10.6       | 50.8           | 2.1               | 3.8       | 5.8       |
| IMPACT FEE    | 60.2          | 23.7            | 4.9        | 5.0            | -                 | -         | 5.9       |
| SPEC. ASSESS. | 52.5          | 20.6            | 15.2       | 5.4            | .1                | .4        | 5.9       |
| TAX INC. FIN. | 21.6          | 41.8            | 12.8       | 12.2           | 5.9               | -         | 5.9       |
| REGIONAL TAX  | 35.6          | 12.2            | 21.8       | 20.2           | 4.4               | -         | 5.9       |
| RECORD. FEE   | 22.8          | 43.5            | 12.8       | 9.5            | 5.6               | -         | 5.9       |
| TRAN. UTIL.   | 36.9          | 11.9            | 11.9       | 24.3           | 8.3               | 1.0       | 5.9       |
| ROAD CORP.    | 12.9          | 15.2            | 33.5       | 20.3           | 11.7              | .5        | 5.9       |
| OFF-SITE ROAD | 65.2          | 10.8            | 13.7       | 2.6            | 1.7               | -         | 5.9       |
| COND. ZONING  | 65.8          | 6.8             | 9.1        | 4.2            | 8.3               | -         | 5.9       |

# POPULATION ANALYSIS OF VARIOUS FINANCIAL OPTIONS



# POPULATION ANALYSIS OF VARIOUS FINANCIAL OPTIONS



The transportation financing options selected by the local governments indicate the nature and relationship of the problems caused by sustained growth. Impact fees, off-site road contributions, recordation fees and regional taxes are examples of how local problems could be met with local solutions. Each of these options uses local growth to help pay for the services required by that growth. Each option also keeps the funds generated by a locality within the same locality. To the extent that equity of taxing growth to pay for itself is an issue, these financial options provide the maximum benefit for those not only paying the fee or tax, but also for those using the increased level of services.

The Local Government Advisory Committee recommends to the Commission on Transportation that each of these local transportation financing options be reviewed in great detail. Some of them will prove to be relatively minor in the overall scheme of things, but could prove to be extremely useful in certain localities or circumstances. We would urge you not to reject any option solely on the basis of its revenue generating power. In many ways, the advancing of engineering drawings or the securing of rights-of-way may be as important to the overall cost or timing of a project as securing the construction funds. We believe that local governments desire and should have a role in implementing their transportation plans. These financial options are one way of encouraging local governments to expand their transportation role.

**CHAPTER FOUR**  
**RECOMMENDATIONS FOR FURTHER STUDY**

The Phase II work program of the Commission includes many items not addressed in this report. Their absence does not indicate a lack of interest on our part (or on the part of local government) in the issues but merely a lack of time.

One particular problem, which we have partially addressed, is the the reservation of rights-of-way in advance of the need for the highway. There are many examples throughout the State where advance purchase or reservation of rights-of-way would have save significant amounts of construction funds. This is a problem that should be closely reviewed by the Commission.

An aspect of this right-of-way issue that deserves much attention is transportation planning. The transportation planning function is the first opportunity for the Department and local governments to identify the need for future transportation improvements. To the extent this planning function is coordinated between the various local governments in a metropolitan area, the Department can begin to plan and design a coordinated transportation network. Metropolitan local governments have a vehicle in the Metropolitan Transportation Planning Organization (MPO) which is required to prepare a long range regional transportation plan. Many local governments are able to use this regional plan to develop a detailed local transportation plan which is usually made a part of the Comprehensive Plan. These plans then become the basis for land development decisions. In rural areas and in areas outside of designated MPO's, this type of regional and local transportation planning is generally not done to the level of detail in the metropolitan areas. The Planning District Commission's and, to a lesser extent, the Department of Transportation's Planning Division provide the type of assistance as time and resources permit. The need for more direct and continually transportation planning assistance in rural areas and areas outside of MPO's should be examined.

The Commission has added to its work program an element dealing with the integration of multi-modal planning for all aspects of transportation facilities. This is an area that should be thoroughly examined. The creation of special funds for mass transit, seaports and airports is but one reason to coordinate their expenditure with the expenditure of highway funds. While each facility has its own unique requirements, the creation of a coordinated transportation system for the Commonwealth is a necessity.

In one of the public hearings of the Commission, a speaker discussed the need for rural public transportation services. This seems to be an area where attention should be placed. While it may seem to be an isolated issue, there does seem to be some progress in reinstituting mass transit

services in areas that have long been without these services. The importance of mass transit in metropolitan areas should be used as a guide to examine the possibilities of rural mass transit.

While most of this report focuses on local financing options and operational issues, the need for planning at all levels in the transportation network is evident. Integrating the special talents of the Department to work on larger, more complex projects and the ability of local government to work with smaller or more defined areas, the planning of the future transportation network requires new tools and relationships. The Commission on Transportation has the unique opportunity to provide the framework for the future.

**APPENDIX ONE**  
**LOCAL GOVERNMENT ROUNDTABLES**



## LOCAL GOVERNMENT ROUNDTABLES

To be fully understood and appreciated, the series of meetings between Department of Transportation staff and local government representatives which took place this spring should be viewed in the overall context of VDOT initiatives, reorganization and reforms. There are three major VDOT initiatives which set the stage for these roundtable meetings which took place in March and April.

1. The Department initiated a conscious policy to reach out to all the major outside groups, organizations and levels of government. This involved meetings with developers, the construction industry, and members of Congress.
2. The Department created the new Office of Policy Analysis, Evaluation and Intergovernmental Relations with a specific high-level position of Intergovernmental Relations Coordinator. This office, and specifically the Intergovernmental Relations Coordinator, will report directly to the Commissioner and Deputy Commissioner to assure full and unfiltered access for local government officials to the top levels of the Department.
3. The Department initiated a comprehensive effort to systematically decentralize many decisions and much authority to the district offices. The Department is presently going one step further to review what kinds of decisions can best be made by resident engineers in each district. The intent of this initiative is to make the Department more responsive to local governments and local conditions.

In addition to these concrete initiatives, the Commissioner is emphasizing intangible but real human attitude policies and approaches such as adoption of Department mission and values statements, a "can do" attitude to problem-solving, and promotion of an open-minded approach to new ideas. The Department has adopted new themes of communication, a positive approach to problem-solving and the decentralization of authority, decision-making and responsibility.

## OBJECTIVES OF ROUNDTABLES

The objectives of the roundtable meetings were to:

1. Provide for a forum for better mutual understanding between the Department and local governments.
2. Provide a direct mechanism for the communication of Department initiatives, policies and processes in relation to local governments.
3. Provide an informal, open setting for high level central office staff to hear the direct perspective and concerns of elected and appointed local government officials.

## FORMAT/ISSUES

The meetings were set up through directive and general guidelines from the central office to the district engineers. The general guidelines included:

1. Meeting in a local hotel, motel or community college.
2. Combining a meal with the meeting.
3. Preparing an agenda in advance after consultation with local government officials.
4. Inviting elected and appointed officials from cities, counties and towns.
5. Inclusion of appropriate Commonwealth Transportation Board members.
6. Inclusion of numerous VDOT staff from the central, district and residency offices.

The general format for the meetings was an informal roundtable meeting with full introductions of all attendees. The district engineer presided, and after brief opening remarks by the Commissioner, local officials had the floor for any issues or questions they wanted to pursue.

In his remarks the Commissioner usually discussed recent initiatives of the Department including decentralization efforts, meetings with other groups, hiring of the new

Intergovernmental Relations Coordinator, overviews of the construction program, and accelerated preliminary engineering schedules. Some meetings were attended by the Secretary of Transportation and Public Safety or the Deputy Secretary for Transportation. They also spoke briefly from their perspectives.

After the introductions and opening remarks, the local officials asked questions or made observations or comments followed by responses or answers by the VDOT staff, including district office officials. The central office was usually represented by the Commissioner, Deputy Commissioner, Director of Engineering, Director of Planning and Programming, Director of Operations, the Intergovernmental Relations Coordinator, and a representative of the Public Affairs office. The district office was usually represented by the District Engineer, his assistants, resident engineers, and other personnel.

A representative sampling of the questions and issues raised by the local officials is as follows:

1. Can a special bridge fund be created?
2. Can local governments purchase equipment in concert with the Department to save money?
3. Can the Department loosen the definition of maintenance on the urban maintenance program?
4. Can standards for subdivision roads be loosened to qualify for inclusion in the state system?
5. What is the status of plans for the Outer Beltway?
6. Can the Department provide more assistance to local planning efforts?
7. Can the Department use its own work force for more construction?
8. Can the individual permit process for local governments be streamlined?
9. Can local governments be given more tools to plan, zone, and channel growth?
10. Can a traffic light be put up at X intersection?
11. Can the Department be more flexible in its industrial access policy?
12. When will work get underway on X project?

13. Can the Department consult more regularly with local officials on projects which affect their communities?
14. Can local governments assist the Department in condemnation/right-of-way acquisition?
15. Can the Department work with the local officials to better promote economic development?

These examples are provided to give the reader a flavor of the issues addressed at the roundtables, rather than to be truly comprehensive or statistically representative.

After the full discussion of issues by the attendees with much dialogue and give and take, there usually followed a luncheon or other meal function where these or other issues would be pursued even more informally. The size of the meetings varied depending on the district, but attendance was generally between 50 and 100, with representation from almost all major local governments in each district. Many local governments sent three to five representatives, sometimes even more. The Commissioner and VDOT staff regularly promoted and encouraged input to the Commission on Transportation Phase II process in addition to communication to the Department.

#### CONCLUSIONS

The objectives outlined above were met by the roundtable meeting format. These meetings clearly served to bridge some communication and understanding gaps which had existed. The Department should be encouraged to continue these meetings in the future and build from the base established at this first series of meetings. In fact, it would be beneficial for the Department to continue its outreach to outside groups and levels of government in the future. It is important that the Department maintain a specific intergovernmental relations function and prime contact in its structure for local governments to use, especially in relation to central office communications. The decentralization initiatives of the Department are also to be commended and further encouraged. To the fullest extent possible, the Department should institutionalize, perpetuate and further develop these positive initiatives.

**APPENDIX TWO**  
**LOCAL GOVERNMENT SURVEY FORM**

February 25, 1987

Dear Local Government Official:

The Commission on Transportation in the Twenty-First Century is beginning its second and final year by asking its Local Government Advisory Committee to examine the following issues:

- 0 Evaluate and define the need for local financing options for transportation improvements ( Where are the needs? How do the needs vary by jurisdiction? How do needs differ between cities and counties, rural and urban jurisdictions, etc); and
- 0 Identify problems in existing working relationships between local governments and the Virginia Department of Transportation.

Working through the Virginia Association of Counties and the Virginia Municipal League, the Local Government Advisory Committee would like for you to complete the enclosed questionnaire.

This may be one of the more important requests for information you will receive this year. Your responses will form the foundation for our report to the Commission on Transportation, and ultimately to the Governor and the General Assembly, on the needs of local government throughout the Commonwealth in meeting their future transportation needs. It is VERY important that we hear from all local governments. Each type of local government has needs particular to it, also size and geographic location will determine that some of the proposed options may or may not be applicable to your needs. Unless we hear from all local governments, regardless of type, size, or location, we will not be able to find those options that will help you or your similarly situated jurisdictions address future transportation needs.

The questionnaire seeks the views of your local government on two major questions. The first deals with financing options. Currently, local governments have very limited authority to raise money outside of the Department of Transportation funds. The Commission on Transportation reviewed nine local financing options, most of which will require either Constitutional or statutory changes. We are most interested in your views on the applicability of these options to your local situation. The second major question deals with the relationship between the Department of Transportation and local governments. As in my own local government, there are numerous examples of both good and not so good relationships. We are most interested in obtaining your views on how this relationship can be improved and strengthened so that Virginians can receive the benefit of an improved transportation system. We would appreciate any examples or instances where local governments assisted the Department of Transportation in expediting a project, resolving a problem or assisting in the financing of a project outside normal practices.

I have also enclosed, for your information, a copy of the Commission's Phase II work plan. You will note that there are a number of issues raised in this work plan which are not directly addressed in the questionnaire. Please feel free to address any of these issues in supplemental statements and/or you may wish to testify at Public Hearings to be held in late March and early April at three locations across the state.

This is a unique opportunity for Virginia's local governments to strongly state their needs for improving transportation services. I hope that you and your fellow local officials will make the most of this chance to set the stage for enhancing local authority to deal with local problems at the local level.

Sincerely,

Kathleen K. Seefeldt  
Chairman  
Local Government  
Advisory Committee

## EXPLANATION OF FINANCING OPTIONS

The Commission on Transportation identified nine local government financing options that would permit localities to augment State transportation revenues:

**PARKING TAXES**-Either a service charge "tax" for a government-owned parking facility or a tax on a private parking lot based on the number of spaces.

**IMPACT FEES**-Charges levied against developers by local governments to compensate for the impacts of their developments.

**SPECIAL ASSESSMENT DISTRICT**-A technique whereby some or all of the costs associated with a public improvement are borne by property owners within a well-defined area who would benefit from the improvement. The assessment can be a one-time fee or a re-occurring charge over a period of years. Senate bills 410 and 652 would authorize these districts along two specified road corridors.

**TAX INCREMENTAL FINANCING**-This type of financing is based on the premise that public improvements spur development in areas surrounding them and, thereby, increase property tax revenues. Projected increases in property tax revenues are used to back bonds with which the public improvement is financed. Alternatively, annual increments of tax revenues are deposited into a fund dedicated to improvements in the TIF district.

**REGIONAL TAX**-In this option, localities and/or regional authorities are empowered to levy sales and/or fuel taxes, and to earmark the proceeds for transportation. In Virginia, two regional transportation commissions have the ability to levy a two per cent motor vehicle fuels sales tax to be used for transportation purposes.

**RECORDATION TAX**-Virginia imposes a state tax on the recording of deeds, deeds of trust, mortgages, leases and contracts at a rate of .15/\$100 valuation. An additional tax may be imposed by localities equal to 1/3 of the State tax. Currently, 102 out of 136 cities and counties impose such a tax. There do not seem to be any legal obstacles to raising the maximum local recordation tax to be earmarked for transportation purposes.



TRANSPORTATION UTILITY FEE-This fee is analogous to a water and sewer use fee. It can be called a road use service charge. Property owners' fees could be based on land use, front footage, and/or traffic generation.

ROAD CORPORATION-A road corporation is a non-profit group organized for the purpose of promoting and developing transportation facilities. These corporations could perform the functions of acquiring land, borrowing, assessing, receiving offers of donation from private parties, designing and constructing the transportation facility.

Local governments have also asked several occasions for the authority to use the following tools to assist in providing adequate transportation facilities:

OFF-SITE ROAD IMPACTS-This could be considered to be a type of impact fee, but it would be strictly limited to highway or other transportation impacts. In this case, the developer would be required to pay a proportionate share of the costs to improve the transportation network surrounding his project.

EXTENSION OF THE "OLD" CONDITIONAL ZONING AUTHORITY OF 15.1-491(a) TO ALL JURISDICTIONS-Several jurisdictions have a form of conditional zoning that allows them to accept cash contributions and other proffers that cannot be accepted in the rest of the state. The extension of this authority might be useful for transportation improvements.

COMMISSION ON TRANSPORTATION IN THE TWENTY-FIRST CENTURY

LOCAL GOVERNMENT QUESTIONNAIRE

1. NAME OF LOCAL GOVERNMENT \_\_\_\_\_
2. 1986 TMI POPULATION OF JURISDICTION \_\_\_\_\_
3. NAME OF PERSON COMPLETING QUESTIONNAIRE \_\_\_\_\_
4. The Commission on Transportation identified several local options for financing transportation projects. Please indicate the preference or interest your local government might have in these options, if they were made available.

|                              |        |          |     |             |            |     |
|------------------------------|--------|----------|-----|-------------|------------|-----|
| PARKING TAXES                | STRONG | MODERATE | LOW | NO INTEREST | DON'T KNOW | N/A |
| IMPACT FEES                  | STRONG | MODERATE | LOW | NO INTEREST | DON'T KNOW | N/A |
| SPECIAL ASSESSMENT DISTRICTS | STRONG | MODERATE | LOW | NO INTEREST | DON'T KNOW | N/A |
| TAX INCREMENTAL FINANCING    | STRONG | MODERATE | LOW | NO INTEREST | DON'T KNOW | N/A |
| REGIONAL TAX                 | STRONG | MODERATE | LOW | NO INTEREST | DON'T KNOW | N/A |
| RECORDATION TAX              | STRONG | MODERATE | LOW | NO INTEREST | DON'T KNOW | N/A |
| TRANS. UTIL. FEE             | STRONG | MODERATE | LOW | NO INTEREST | DON'T KNOW | N/A |
| ROAD CORP.                   | STRONG | MODERATE | LOW | NO INTEREST | DON'T KNOW | N/A |
| OFF-SITE ROAD FEES           | STRONG | MODERATE | LOW | NO INTEREST | DON'T KNOW | N/A |
| HIGHWAY PROFFERS             | STRONG | MODERATE | LOW | NO INTEREST | DON'T KNOW | N/A |

OTHER FINANCING OPTIONS OF INTEREST: \_\_\_\_\_

---

5. IF ANY OF THE ABOVE LOCAL FINANCING OPTIONS WERE MADE AVAILABLE TO YOUR LOCAL GOVERNMENT, WHICH WOULD BE THE OPTIONS MOST FAVORED AND WHICH OPTIONS WOULD BE THE LEAST FAVORED:

|               |            |       |
|---------------|------------|-------|
| MOST FAVORED  | 1ST CHOICE | _____ |
|               | 2ND CHOICE | _____ |
|               | 3RD CHOICE | _____ |
| LEAST FAVORED | 1ST CHOICE | _____ |
|               | 2ND CHOICE | _____ |
|               | 3RD CHOICE | _____ |

6. DOES YOUR GOVERNMENT ROUTINELY AND VOLUNTARILY PARTICIPATE FINANCIALLY IN ANY OF THE FOLLOWING ACTIVITIES?

|                           |     |    |
|---------------------------|-----|----|
| LOCATION/CORRIDOR STUDIES | YES | NO |
| DESIGN                    | YES | NO |
| RIGHT-OF-WAY ACQUISITION  | YES | NO |
| CONSTRUCTION              | YES | NO |

WHAT INNOVATIVE MEASURES NOT LISTED ABOVE HAS YOUR GOVERNMENT UNDERTAKEN TO SUPPLEMENT OR ADVANCE HIGHWAY OR TRANSIT PROJECTS?:

\_\_\_\_\_

\_\_\_\_\_

7. IF YOUR JURISDICTION PROVIDES LOCAL FUNDS FOR PLANNING AND/OR OTHER SUPPORT FOR ROADS AND OTHER TRANSPORTATION FACILITIES, WOULD YOU PLEASE ANSWER THE FOLLOWING:

|                                      | # OF<br>EMPLOYEES | AMOUNT OF<br>LOCAL FUNDS | AMOUNT OF<br>CONSULTANTS |
|--------------------------------------|-------------------|--------------------------|--------------------------|
| TRANSPO. PLANNING                    |                   |                          |                          |
| CONST/MAINTENANCE                    |                   |                          |                          |
| MASS TRANSIT                         |                   |                          |                          |
| SPECIALIZED TRANSIT                  |                   |                          |                          |
| AVIATION                             |                   |                          |                          |
| OTHER ACTIVITIES<br>(PLEASE SPECIFY) |                   |                          |                          |

8. IF YOUR JURISDICTION HAD ENOUGH FUNDS TO BUILD A ROAD OR MAKE ANY OTHER MAJOR TYPE OF TRANSPORTATION IMPROVEMENT FROM ANY OF THE ABOVE LOCAL FINANCING OPTIONS OR OTHER SOURCES, WOULD YOU: BUILD THE ROAD OR IMPROVEMENT YOURSELF (OR ADMINISTER THE CONTRACT YOURSELF) OR WOULD YOU TURN THE FUNDS OVER TO THE DEPARTMENT AND HAVE THEM CONSTRUCT OR MANAGE THE PROJECT FOR YOU? IF YOU WOULD CONSTRUCT OR MANAGE THE PROJECT YOURSELF, WOULD YOU STATE WHY?

The Commission on Transportation has also asked us to review the relationship between local governments and the Department of Transportation.

9. HOW OFTEN DOES YOUR JURISDICTION INTERACT WITH THE DEPARTMENT OF TRANSPORTATION? ALSO PLEASE DESCRIBE THE REASONS FOR THIS CONTACT.

|                    |       |        |         |           |
|--------------------|-------|--------|---------|-----------|
| RESIDENT ENGINEER  | DAILY | WEEKLY | MONTHLY | AS NEEDED |
| REASON FOR CONTACT | _____ |        |         |           |

|                    |       |        |         |           |
|--------------------|-------|--------|---------|-----------|
| DISTRICT ENGINEER  | DAILY | WEEKLY | MONTHLY | AS NEEDED |
| REASON FOR CONTACT | _____ |        |         |           |

|                    |       |        |         |           |
|--------------------|-------|--------|---------|-----------|
| CENTRAL OFFICER    | DAILY | WEEKLY | MONTHLY | AS NEEDED |
| REASON FOR CONTACT | _____ |        |         |           |

10. WHAT KIND OF RELATIONSHIP DOES YOUR JURISDICTION HAVE WITH THE DEPARTMENT OF TRANSPORTATION

|                   |           |      |      |      |     |
|-------------------|-----------|------|------|------|-----|
| RESIDENT ENGINEER | EXCELLENT | GOOD | FAIR | POOR | N/A |
|-------------------|-----------|------|------|------|-----|

|                 |           |      |      |      |     |
|-----------------|-----------|------|------|------|-----|
| DISTRICT OFFICE | EXCELLENT | GOOD | FAIR | POOR | N/A |
|-----------------|-----------|------|------|------|-----|

|                |           |      |      |      |     |
|----------------|-----------|------|------|------|-----|
| CENTRAL OFFICE | EXCELLENT | GOOD | FAIR | POOR | N/A |
|----------------|-----------|------|------|------|-----|

11. DO YOU FEEL THAT COMMUNICATIONS WITH THE DEPARTMENT OF TRANSPORTATION IS:

|                   |           |      |      |      |     |
|-------------------|-----------|------|------|------|-----|
| RESIDENT ENGINEER | EXCELLENT | GOOD | FAIR | POOR | N/A |
|-------------------|-----------|------|------|------|-----|

|                 |           |      |      |      |     |
|-----------------|-----------|------|------|------|-----|
| DISTRICT OFFICE | EXCELLENT | GOOD | FAIR | POOR | N/A |
|-----------------|-----------|------|------|------|-----|

|                |           |      |      |      |     |
|----------------|-----------|------|------|------|-----|
| CENTRAL OFFICE | EXCELLENT | GOOD | FAIR | POOR | N/A |
|----------------|-----------|------|------|------|-----|

IF YOUR ANSWER IS FAIR OR POOR, WOULD YOU PLEASE PROVIDE SUGGESTIONS FOR IMPROVING COMMUNICATIONS: \_\_\_\_\_

\_\_\_\_\_

12. DO YOU FEEL THE RESPONSE FROM THE DEPARTMENT OF TRANSPORTATION TO YOUR PROBLEMS AND CONCERNS ARE:

|                  |           |      |      |      |     |
|------------------|-----------|------|------|------|-----|
| RESIDENCY OFFICE | EXCELLENT | GOOD | FAIR | POOR | N/A |
| DISTRICT OFFICE  | EXCELLENT | GOOD | FAIR | POOR | N/A |
| CENTRAL OFFICE   | EXCELLENT | GOOD | FAIR | POOR | N/A |

IF YOUR ANSWER IS FAIR OR POOR, WOULD YOU PLEASE PROVIDE SUGGESTIONS FOR IMPROVING RESPONSE TIMES: \_\_\_\_\_

13. HOW OFTEN DO YOU USE OTHER SERVICES OF THE DEPARTMENT, SUCH AS SUBDIVISION/SITE PLAN REVIEW, ECT.

OFTEN    SOMETIMES    SELDOM    NEVER

HOW DO YOU FIND THESE SERVICES?

EXCELLENT    GOOD    FAIR    POOR

ARE THERE ANY SERVICES THAT ARE NOT BEING OFFERED BY THE DEPARTMENT THAT SHOULD BE PROVIDED:

14. IF YOU COULD CHANGE ONE ASPECT OF YOUR RELATIONSHIP WITH THE DEPARTMENT, WHAT WOULD IT BE?

15. WHAT IS THE BEST ASPECT OF YOUR JURISDICTION'S RELATIONSHIP WITH THE DEPARTMENT?

SURVEYS SHOULD BE COMPLETED AND MAILED BY MARCH 20, 1987

PLEASE MAIL YOUR QUESTIONNAIRE TO:

PRINCE WILLIAM COUNTY PLANNING OFFICE  
1 COUNTY COMPLEX COURT  
PRINCE WILLIAM, VIRGINIA 22192

SHOULD YOU HAVE ANY QUESTIONS CONCERNING THIS QUESTIONNAIRE, PLEASE CALL:

JOHN SCHOFIELD  
PRINCE WILLIAM COUNTY PLANNING OFFICE  
(703) 335-6830

**APPENDIX THREE**  
**LOCAL GOVERNMENT SURVEY RESULTS**

The following table is the listing of each local government responding to the survey questions pertaining to local interest in financing options.

The key of the survey is as follows:

s = strong interest

m = moderate interest

l = low interest

n = no interest

d = don't know

/ = not applicable

TRANSPORTATION SURVEY RESPONDENTS

| Jurisdiction    | Parking Fees | Impact Fees | Special Assess. | Tax Incre. | Regional Financing | Record. Taxes | Trans. Util. | Road Corp. | Offsite Road | Cond. Zoning |
|-----------------|--------------|-------------|-----------------|------------|--------------------|---------------|--------------|------------|--------------|--------------|
| CENTRAL         |              |             |                 |            |                    |               |              |            |              |              |
| Albemarle       | d            | s           | s               | d          | d                  | m             | d            | d          | s            | s            |
| Amherst         | /            | m           | m               | l          | l                  | l             | d            | d          | m            | l            |
| Ashland         | /            | m           | l               | n          | l                  | l             | n            | n          | s            | s            |
| Blackstone      | /            | m           | m               | d          | m                  | d             | m            | d          | d            | d            |
| Bowling Green   | l            | s           | s               | l          | s                  | /             | n            | m          | /            | m            |
| Broadway        | /            | /           | /               | /          | /                  | /             | /            | /          | /            | /            |
| Caroline        | l            | m           | m               | m          | m                  | m             | m            | m          | m            | m            |
| Charlottesville | l            | d           | n               | l          | d                  | m             | l            | d          | n            | s            |
| Chesterfield    | n            | s           | s               | s          | m                  | m             | d            | d          | s            | d            |
| Colonial Heigh  | l            | m           | m               | l          | d                  | m             | l            | d          | s            | n            |
| Farmville       | n            | l           | m               | l          | m                  | s             | l            | d          | s            | d            |
| Fauquier        | /            | s           | n               | l          | m                  | s             | n            | n          | s            | n            |
| Fredericksburg  | /            | s           | m               | n          | n                  | s             | l            | l          | s            | s            |
| Goochland       | /            | s           | m               | l          | m                  | m             | l            | l          | s            | s            |
| Hanover         | n            | s           | m               | l          | n                  | n             | n            | n          | s            | s            |
| Hanover         | s            | s           | l               | n          | n                  | n             | n            | l          | s            | s            |
| Henrico         | -            | -           | -               | -          | -                  | -             | -            | -          | -            | -            |
| Hopewell        | n            | l           | m               | m          | l                  | m             | l            | s          | m            | n            |
| New Kent        | n            | s           | s               | l          | s                  | m             | l            | n          | s            | s            |
| Orange          | n            | m           | l               | l          | n                  | m             | d            | m          | m            | s            |
| Petersburg      | m            | l           | l               | l          | n                  | l             | l            | l          | m            | s            |
| Rappahannock    | /            | m           | l               | l          | n                  | m             | l            | l          | m            | l            |
| Richmond        | s            | m           | l               | l          | n                  | m             | l            | l          | m            | s            |
| Spotsylvania    | n            | s           | l               | s          | s                  | m             | n            | n          | l            | d            |
| The Plains      | /            | /           | /               | /          | /                  | /             | /            | /          | /            | /            |
| Warrenton       | /            | s           | m               | d          | m                  | /             | d            | n          | l            | d            |
| EASTERN SHORE   |              |             |                 |            |                    |               |              |            |              |              |
| Cape Charles    | l            | l           | m               | d          | n                  | n             | n            | l          | m            | m            |
| Northampton     | n            | s           | s               | l          | m                  | m             | s            | l          | s            | s            |





TRANSPORTATION SURVEY RESPONDENTS

| Jurisdiction      | Parking Fees | Impact Fees | Special Assess. | Tax Incre. | Regional Financing | Record. Taxes | Trans. Util. | Road Corp. | Offsite Road | Cond. Zoning |
|-------------------|--------------|-------------|-----------------|------------|--------------------|---------------|--------------|------------|--------------|--------------|
| SOUTHSIDE (cont.) |              |             |                 |            |                    |               |              |            |              |              |
| Martinsville      | m            | n           | n               | d          | n                  | l             | n            | n          | n            | n            |
| Prince Edward     | n            | m           | l               | l          | m                  | s             | m            | m          | m            | l            |
| South Boston      | l            | l           | m               | d          | n                  | l             | s            | n          | l            | l            |
| Victoria          | n            | n           | n               | n          | n                  | n             | n            | n          | n            | n            |
| TIDEWATER         |              |             |                 |            |                    |               |              |            |              |              |
| Hallwood          | n            | d           | m               | n          | n                  | n             | n            | n          | n            | n            |
| Hampton           | l            | s           | s               | l          | l                  | s             | m            | l          | l            | l            |
| James City        | l            | s           | s               | m          | m                  | s             | l            | l          | s            | s            |
| Newport News      | m            | s           | l               | m          | s                  | l             | s            | s          | s            | s            |
| Poquoson          | l            | s           | l               | m          | m                  | s             | s            | l          | s            | m            |
| Portsmouth        | s            | s           | l               | s          | s                  | s             | s            | m          | s            | s            |
| Suffolk           | n            | s           | m               | s          | m                  | m             | d            | s          | d            | d            |
| Tidewater tdc     | s            | m           | m               | d          | s                  | d             | s            | d          | s            | s            |
| Virginia Beach    | m            | s           | m               | m          | s                  | s             | s            | m          | n            | n            |
| Waverly           | n            | n           | l               | m          | n                  | d             | n            | n          | s            | s            |
| York              | /            | s           | m               | s          | d                  | m             | m            | d          | s            | s            |
| VALLEY            |              |             |                 |            |                    |               |              |            |              |              |
| Alleghany         | n            | n           | l               | n          | m                  | l             | l            | l          | l            | l            |
| Altavista         | d            | d           | d               | d          | d                  | d             | d            | d          | d            | d            |
| Berryville        | l            | s           | s               | m          | m                  | m             | s            | m          | s            | s            |
| Blacksburg        | l            | s           | m               | s          | m                  | /             | n            | l          | s            | l            |
| Botetourt         | l            | s           | s               | n          | m                  | l             | m            | l          | s            | d            |
| Bridgewater       | n            | d           | m               | m          | d                  | d             | d            | d          | d            | d            |
| Buena Vista       | /            | d           | l               | d          | l                  | l             | m            | d          | /            | l            |
| Christiansburg    | d            | l           | m               | d          | s                  | m             | /            | d          | s            | l            |
| Clarke            | n            | d           | /               | n          | n                  | n             | m            | s          | s            | s            |
| Clifton Forge     | m            | s           | m               | m          | s                  | s             | m            | s          | s            | m            |
| Craig             | /            | s           | d               | n          | d                  | s             | n            | s          | s            | s            |
| Frederick         | n            | s           | n               | n          | n                  | s             | n            | d          | s            | m            |
| Front Royal       | l            | s           | m               | n          | l                  | l             | l            | l          | s            | m            |
| Grottoes          | /            | m           | l               | s          | /                  | m             | m            | s          | s            | s            |
| Harrisonburg      | m            | s           | n               | n          | m                  | m             | s            | s          | s            | n            |

TRANSPORTATION SURVEY RESPONDENTS

| Jurisdiction   | Parking Fees | Impact Fees | Special Assess. | Tax Incre. | Regional Financing | Record. Taxes | Trans. Util. | Road Corp. | Offsite Road | Cond. Zoning |
|----------------|--------------|-------------|-----------------|------------|--------------------|---------------|--------------|------------|--------------|--------------|
| VALLEY (cont.) |              |             |                 |            |                    |               |              |            |              |              |
| Lexington      | n            | m           | s               | s          | n                  | n             | n            | n          | l            | n            |
| Luray          | n            | d           | l               | n          | n                  | n             | m            | n          | m            | n            |
| Lynchburg      | n            | m           | l               | n          | n                  | n             | l            | n          | m            | n            |
| Monterey       | /            | /           | /               | /          | /                  | /             | /            | /          | /            | /            |
| Montgomery     | n            | m           | m               | n          | n                  | m             | n            | n          | m            | m            |
| Pulaski        | n            | m           | m               | l          | s                  | m             | l            | n          | s            | s            |
| Radford        | n            | n           | s               | n          | n                  | n             | s            | n          | s            | n            |
| Roanoke        | l            | s           | m               | l          | s                  | m             | s            | m          | s            | s            |
| Roanoke        | d            | s           | d               | d          | d                  | d             | d            | d          | d            | d            |
| Salem          | n            | s           | m               | d          | n                  | s             | d            | n          | s            | s            |
| Shenandoah     | n            | m           | l               | d          | n                  | m             | l            | l          | m            | s            |
| Timberville    | /            | /           | /               | /          | /                  | /             | /            | /          | /            | /            |
| Winchester     | d            | s           | s               | s          | s                  | s             | s            | d          | s            | d            |

WEST

|             |   |   |   |   |   |   |   |   |   |   |
|-------------|---|---|---|---|---|---|---|---|---|---|
| Abingdon    | n | n | n | n | n | n | n | n | n | n |
| Bluefield   | l | s | m | m | d | d | l | m | s | s |
| Buchanan    | n | n | n | s | l | l | n | n | n | n |
| Cedar Bluff | l | s | s | s | l | l | m | d | d | l |
| Dublin      | n | s | d | s | m | d | d | m | d | d |
| Galax       | n | n | l | l | m | l | n | n | l | m |
| Grundy      | d | d | d | d | d | d | d | d | d | d |
| Hillsville  | l | m | l | n | m | l | n | m | l | l |
| Mt. Rogers  | l | l | l | l | l | l | l | l | l | l |
| Norton      | n | n | n | l | l | l | l | l | l | l |
| Pearisburg  | n | m | l | l | l | n | l | l | l | l |
| Pulaski     | n | l | l | l | n | m | l | l | l | l |
| Richlands   | n | l | l | m | n | n | l | l | l | l |
| Rocky Mount | / | - | - | - | - | - | - | - | - | - |
| Russell     | n | n | n | n | n | n | n | n | n | n |
| Scott       | n | l | s | m | n | l | l | l | l | l |
| Tazewell    | n | l | n | s | n | l | l | l | l | l |
| Washington  | n | n | n | n | n | l | l | l | l | l |
| Wythe       | n | l | l | m | n | m | l | l | l | l |

