



City of Virginia Beach

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VIRGINIA BEACH, VIRGINIA 23456-9001

September 7, 2012

The Honorable William D. Sessoms, Jr., Mayor
Members of City Council

Subject: Urban Crescent Initiative Follow Up

Dear Mayor and Council Members:

Attached is the letter sent by the Urban Crescent Mayors & Chairs to the Governor, the General Assembly, and others. This convincing presentation of the need for increased transportation funding was an effort jointly begun by Mayor Sessoms and Mayor Fraim. Also enclosed is an analysis of the cost of inaction in the terms of lost productivity, etc. Finally, there is a display of possible transportation funding options.

Current estimates indicate that by 2017 the state will no longer be able to fund further construction for transportation and it is likely we will not be able to fully fund the match for federal transportation dollars. A few years ago in Virginia Beach, we received over \$32 million dollars a year in urban funding. We now receive zero. The transportation financing crisis is real and is upon us.

The Virginia Chamber of Commerce will be receiving this information later this month. We expect a summit between the Chamber of Commerce and the Urban Crescent Mayors & Chairs a few weeks later. Hopefully, we will certainly have transportation funding as a priority item in our upcoming legislative agenda.

I will keep you informed on this important issue.

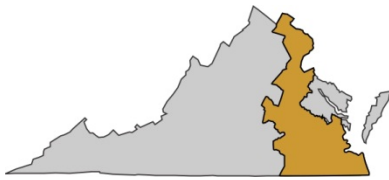
With Pride in Our City,

James K. Spore
City Manager

JKS/RRM/tdr

Attachments

cc: The Honorable Members of the General Assembly Delegation



Virginia's Urban Crescent

MEMBER JURISDICTIONS

ALEXANDRIA
 ARLINGTON
 ASHLAND
 BOWLING GREEN
 CAROLINE
 CHARLES CITY
 CHESAPEAKE
 CHESTERFIELD
 COLONIAL HEIGHTS
 DINWIDDIE
 DUMFRIES
 EMPORIA
 FAIRFAX CITY
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 GOOCHLAND
 GREENSVILLE
 HAMPTON
 HANOVER
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 HERNDON
 HOPEWELL
 ISLE OF WIGHT
 JAMES CITY
 KING GEORGE
 LEESBURG
 LOUDOUN
 MANASSAS
 MANASSAS PARK
 NEW KENT
 NEWPORT NEWS
 NORFOLK
 PETERSBURG
 POQUOSON
 PORTSMOUTH
 PORT ROYAL
 POWHATAN
 PRINCE GEORGE
 PRINCE WILLIAM
 PURCELLVILLE
 RICHMOND
 SMITHFIELD
 SOUTHAMPTON
 SPOTSYLVANIA
 STAFFORD
 SUFFOLK
 SURRY
 SUSSEX
 VIENNA
 VIRGINIA BEACH
 WILLIAMSBURG
 WINDSOR
 YORK

September 4, 2012

The Honorable Robert F. McDonnell
Governor
Commonwealth of Virginia

The Honorable William T. Bolling
Lieutenant Governor

The Honorable Thomas K. Norment, Jr.
Majority Leader
Senate of Virginia

The Honorable M. Kirkland Cox
Majority Leader
Virginia House of Delegates

Fredericksburg Area General Assembly Delegation
Hampton Roads General Assembly Delegation
Northern Virginia General Assembly Delegation
Petersburg Area General Assembly Delegation
Richmond Area General Assembly Delegation

The Honorable William J. Howell
Speaker of the Virginia House of Delegates

The Honorable Richard L. Saslaw
Minority Leader
Senate of Virginia

The Honorable David J. Toscano
Minority Leader
Virginia House of Delegates

Dear Governor McDonnell, Lieutenant Governor Bolling and Members of the Virginia General Assembly:

As local elected officials within the Urban Crescent, we appreciate your past efforts to address transportation funding. However, we have become increasingly alarmed by the transportation funding crisis currently facing the Commonwealth. We are writing to you to highlight the necessity for additional funding to address transportation infrastructure needs throughout our state.

On June 7, 2012, local elected officials from throughout the Crescent, which encompasses localities from Northern Virginia through the Richmond region to Hampton Roads, met to discuss these critical issues that affect the daily lives of all our residents. The consensus at the meeting was that Virginia's transportation system is significantly underfunded and the situation continues to deteriorate, as evidenced by some startling facts:

- State secondary and urban system construction funds have been eliminated.
- By 2017, no state funds will be available for highway construction, and the Commonwealth will be unable to fully match federal funds.
- Approximately 26 percent of VDOT-maintained roadways statewide are in poor condition, according to VDOT. However, that number is 34 percent for the Urban Crescent, including 39 percent in Northern Virginia, 36 percent in Hampton Roads and 31 percent in Richmond.

September 4, 2012

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- Only 66 percent of Virginia's secondary roads currently meet pavement performance targets. The cost, using VDOT's estimates, of meeting VDOT's goal of 82 percent of secondary roads in fair or better condition could be \$1.3 billion to \$1.8 billion.
- As localities continue to address congestion by providing more transit options, transit funding provided by the Commonwealth is far short of what is needed.
- In the Richmond area, commuters waste 20 hours per year stuck in traffic.
- In Hampton Roads, commuters waste 34 hours, and in
- Northern Virginia, commuters waste 74 hours.
- The morning and evening rush hours in the Urban Crescent last as long as two and a half to seven hours each day.

While a strong transportation system is important to all regions of the Commonwealth, it is particularly critical to the Urban Crescent. Although the Urban Crescent only comprises 24 percent of the land area in Virginia, it comprises 68 percent of the population and generates 79 percent of the gross product of Virginia. We also experience some of the worst traffic in the nation, and the condition of our roads and bridges continues to decline.

Virginians from all walks of life depend on a strong transportation network – allowing residents to travel to job sites, educational institutions, leisure activities and other places they need to reach in daily life. An efficient transportation network links communities; sustains our important tourism industry; maintains Virginia's critical role as a hub of national security efforts; allows businesses to move goods and provide services; and spurs economic development by drawing new businesses and revenues to our state every year. The Urban Crescent's economic health is vital to the Commonwealth, and without new investments in multimodal transportation, each of our regions' economies will decline, resulting in less revenue available to meet the myriad of Virginia's needs. These repercussions are already beginning to be felt, as evidenced by the recent CNBC Rankings of "America's Top States for Business." In the study, which was released on July 13, 2012, the Commonwealth's overall ranking in state competitiveness dropped from #1 to #3, and its ranking for Infrastructure and Transportation dropped from #10 to #33.


Though various efforts have been made in recent years to address the Commonwealth's transportation needs, adequate and sustainable solutions have not been achieved. We believe that the time for action is now, and that inaction is a "traffic tax" on our localities, our residents, our visitors, and our businesses, through decreased productivity, diminished quality of life, higher fuel costs, higher maintenance costs, and increased pollution. In that regard, we have endorsed the attached "Statement of Purpose," which asserts the need for further state investment in transportation infrastructure spending for all transportation modes. It is essential that this new investment come from stable, reliable, permanent, and balanced sources.

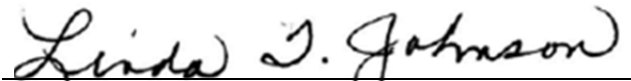
We welcome the opportunity to discuss our concerns with you and to assist you with the development of a solution. We look forward to your leadership on this issue. We understand that our representatives cannot solve this problem alone, and it is our intention to engage our business communities and residents in support of this effort. It is our hope that, with all of us working together, we can come to a solution that truly addresses our transportation needs.

Sincerely,


The Mayors and Chairs
of Virginia's Urban Crescent

Attachment – Statement of Purpose



Nader Baroukh, Mayor, City of Falls Church


Linda T. Johnson, Mayor, City of Suffolk


Sharon Bulova, Chair, Fairfax County


Dwight C. Jones, Mayor, City of Richmond

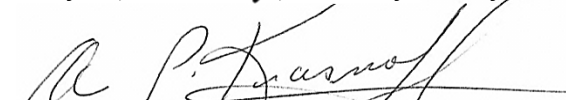

James H. Burrell, Chairman, New Kent County

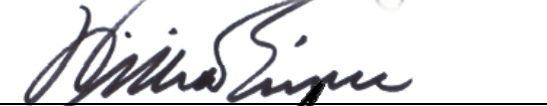

Frank Jones, Mayor, City of Manassas Park

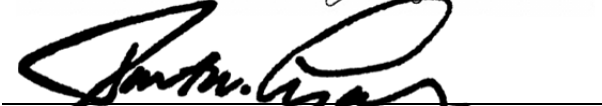

Alan E. Casteen, Chairman, Isle of Wight County



Mary K. Jones, Chair, James City County

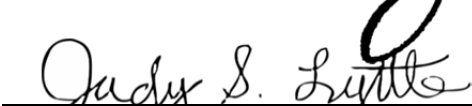

Ned S. Creasey, Chairman, Goochland County



Alan P. Krasnoff, Mayor, City of Chesapeake



William D. Euille, Mayor, City of Alexandria



Robert W. Lazaro, Mayor, Town of Puffcellville


Gerald M. Foreman, Mayor, Town of Dumfries

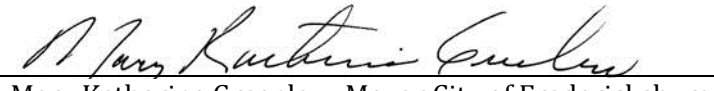

Judy S. Lyttle, Chair, Surry County


Paul D. Fraim, Mayor, City of Norfolk


Lisa C. Merkel, Mayor, Town of Herndon



Richard W. Glover, Chairman, Henrico County

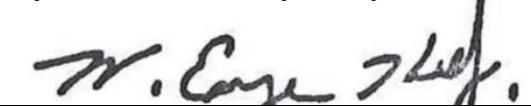

Harry J. Parrish, II, Mayor, City of Manassas

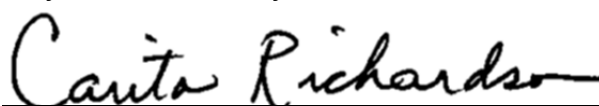

Mary Katherine Greenlaw, Mayor City of Fredericksburg

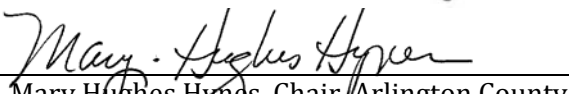

McKinley L. Price, Mayor, City of Newport News

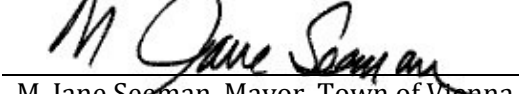

Clyde A. Haulman, Mayor, City of Williamsburg

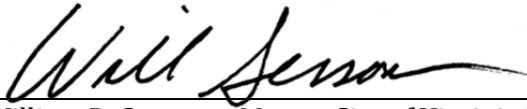

Faye O. Prichard, Mayor, Town of Ashland


W. Eugene Hunt, Mayor, City of Poquoson


Carita J. Richardson, Mayor, Town of Windsor


Mary Hughes Hynes, Chair, Arlington County


M. Jane Seeman, Mayor, Town of Vienna



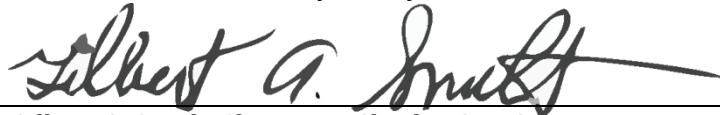
William D. Sessoms, Mayor, City of Virginia Beach



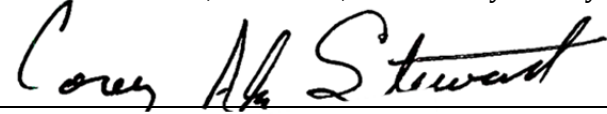
Thomas G. Shepperd, Chairman, York County



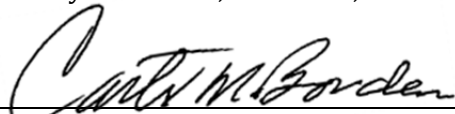
R. Scott Silverthorne, Mayor, City of Fairfax



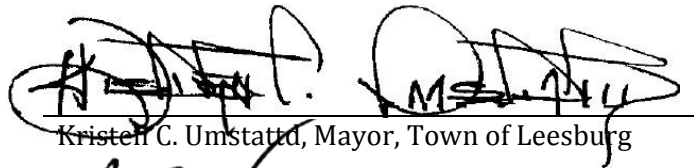
Gilbert A. Smith, Chairman, Charles City County



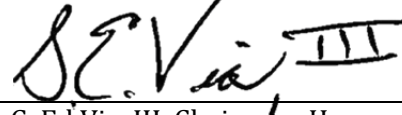
Corey A. Stewart, Chairman, Prince William County



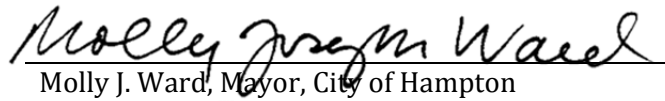
Carter M. Borden, Chairman, Gloucester County



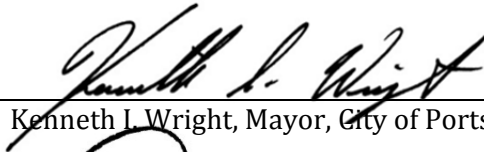
Kristen C. Umstadt, Mayor, Town of Leesburg



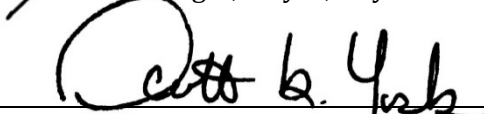
G. Ed Via, III, Chairman, Hanover County



Molly J. Ward, Mayor, City of Hampton



Kenneth I. Wright, Mayor, City of Portsmouth



Scott K. York, Chairman, Loudoun County



T. Carter Williams, Town of Smithfield

STATEMENT OF PURPOSE

- A modern, efficient multimodal transportation system is essential to the Commonwealth, and is intrinsically tied to continued economic development, growth, job creation and the ability to compete in a global economy. Continued inaction, or a piecemeal approach, to the issue of transportation funding imposes an additional tax on our residents, families and businesses, through decreased productivity, diminished quality of life, higher fuel costs, higher vehicle maintenance costs and increased pollution and a lowered attraction to tourists and business leaders.
- Current state transportation revenues are vastly insufficient to maintain and build the multimodal infrastructure Virginia needs to remain an active and dynamic participant in a 21st Century economy. The gap identified between transportation needs and available revenues continues to widen dramatically each year.
- Transportation is fundamentally a state responsibility. As such, the Commonwealth must lead the efforts to provide more revenue for our transportation infrastructure.
- The Commonwealth of Virginia is facing a transportation funding crisis that must be addressed. Virginia needs real transportation solutions that provide significant increases in state transportation funding for all modes from new stable, reliable, permanent, and balanced source(s).
- Individual representatives from the Urban Crescent cannot solve this crisis alone. We, the mayors and chairs of the Urban Crescent, support the General Assembly and encourage our elected state leaders to take bold action to address this crisis.

Distribution:

Fredericksburg Area General Assembly Delegation

The Honorable Mark Cole, Delegate
The Honorable John A. Cox, Delegate
The Honorable Mark Dudenhefer, Delegate
The Honorable Peter Farrell, Delegate
The Honorable William J. Howell, Delegate
The Honorable Ryan T. McDougale, Senator
The Honorable Robert D. Orrock Sr., Delegate
The Honorable Margaret B. Ransone, Delegate
The Honorable Bryce Reeves, Senator
The Honorable Richard H. Stuart, Senator
The Honorable Linda Toddy-Puller, Senator

Hampton Roads General Assembly Delegation

The Honorable Kenneth C. Alexander, Delegate
The Honorable Mamye E. BaCote, Delegate
The Honorable Harry B. Blevins, Senator
The Honorable John A. Cosgrove, Delegate
The Honorable Gordon C. Helsel, Jr., Delegate
The Honorable Keith Hodges, Delegate
The Honorable Algie T. Howell, Jr., Delegate
The Honorable Salvatore R. Iaquinto, Delegate
The Honorable Matthew James, Delegate
The Honorable Johnny S. Joannou, Delegate
The Honorable Chris Jones, Delegate
The Honorable Barry Knight, Delegate
The Honorable Lynwood W. Lewis, Jr., Delegate
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The Honorable L. Louise Lucas, Senator
The Honorable Jeffrey L. McWaters, Senator
The Honorable John C. Miller, Senator
The Honorable Rick Morris, Delegate
The Honorable Thomas K. Norment, Jr., Senator
The Honorable Ralph S. Northam, Senator
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The Honorable Harry R. Purkey, Delegate
The Honorable Lionell Spruill, Sr., Delegate
The Honorable Christopher Stolle, Delegate
The Honorable Robert Tata, Delegate
The Honorable Roslyn C. Tyler, Delegate
The Honorable Ronald A. Villanueva, Delegate
The Honorable Frank W. Wagner, Senator
The Honorable Jeion A. Ward, Delegate
The Honorable Mike Watson, Delegate
The Honorable David E. Yancey, Delegate

Northern Virginia General Assembly Delegation

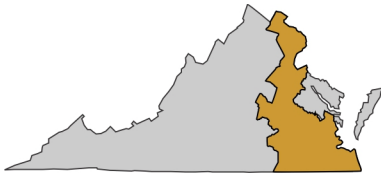
The Honorable David B. Albo, Delegate
The Honorable Richard L. Anderson, Delegate
The Honorable George L. Barker, Senator
The Honorable Richard H. Black, Senator
The Honorable Robert H. Brink, Delegate
The Honorable David L. Bulova, Delegate
The Honorable Charles J. Colgan, Senator
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The Honorable Mark R. Herring, Senator
The Honorable Patrick A. Hope, Delegate
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The Honorable Timothy D. Hugo, Delegate
The Honorable Mark L. Keam, Delegate
The Honorable Kaye Kory, Delegate
The Honorable James M. LeMunyon, Delegate
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The Honorable Jackson H. Miller, Delegate
The Honorable J. Randall Minchew, Delegate
The Honorable Chap Peterson, Senator
The Honorable Kenneth R. Plum, Delegate
The Honorable David I. Ramadan, Delegate
The Honorable Thomas Davis Rust, Delegate
The Honorable Richard L. Saslaw, Senator
The Honorable James M. Scott, Delegate
The Honorable Mark D. Sickles, Delegate
The Honorable Scott A. Surovell, Delegate
The Honorable Luke E. Torian, Delegate
The Honorable Jill Holtzman Vogel, Senator
The Honorable Vivian E. Watts, Delegate

Petersburg Area General Assembly Delegation

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The Honorable M. Kirkland Cox, Delegate
The Honorable Rosalyn R. Dance, Delegate
The Honorable Riley E. Ingram, Delegate
The Honorable G.M. Manoli Loupassi, Delegate
The Honorable L. Louise Lucas, Senator
The Honorable Henry L. Marsh III, Senator
The Honorable Stephen H. Martin, Senator
The Honorable A. Donald McEachin, Senator
The Honorable Delores L. McQuinn, Delegate
The Honorable Rick Morris, Delegate
The Honorable Joseph D. Morrissey, Delegate
The Honorable Thomas K. Norment, Jr., Senator
The Honorable Roxann L. Robinson, Delegate
The Honorable Frank M. Ruff, Jr., Senator
The Honorable Roslyn C. Tyler, Delegate
The Honorable R. Lee Ware Jr., Delegate
The Honorable John C. Watkins, Senator

Richmond Area General Assembly Delegation

The Honorable Betsy B. Carr, Delegate
The Honorable M. Kirkland Cox, Delegate
The Honorable Rosalyn R. Dance, Delegate
The Honorable Peter Farrell, Delegate
The Honorable Thomas A. Garrett, Jr., Senator
The Honorable Riley E. Ingram, Delegate
The Honorable G.M. Manoli Loupassi, Delegate
The Honorable Henry L. Marsh III, Senator
The Honorable Stephen H. Martin, Senator
The Honorable James P. Massie, Delegate
The Honorable Jennifer L. McClellan, Delegate
The Honorable Ryan T. McDougle, Senator
The Honorable A. Donald McEachin, Senator
The Honorable Delores L. McQuinn, Delegate
The Honorable Joseph D. Morrissey, Delegate
The Honorable John M. O'Bannon III, Delegate
The Honorable Christopher Peace, Delegate
The Honorable Margaret B. Ransone, Delegate
The Honorable Roxann L. Robinson, Delegate
The Honorable Walter A. Stosch, Senator
The Honorable R. Lee Ware, Jr., Delegate
The Honorable John C. Watkins, Senator



Congestion Costs of a 'Do Nothing' Approach in Virginia's Urban Crescent

Increasing demands on transportation infrastructure coupled with an evaporating revenue stream for new construction put the future of the Commonwealth's economy at risk. Virginia recently lost its top ranking in the *CNBC Best State for Business* survey due primarily to inadequate transportation infrastructure.

When analyzing the impact of congestion, it is clear that there are multiple costs that accrue to a geographic area due to a lack of transportation infrastructure. Measuring the impact of these congestion costs can be broken down into two subgroups:

- Systems and users (travel times costs and gasoline/diesel usage)
- Business and resident location (labor mobility, land values, and business investment)

Most studies which estimate the cost of congestion focus simply on the impacts on systems and users, paying specific attention to the value of time lost in traffic and excess motor fuel burned during delays.

Employing analysis conducted by the *Texas Transportation Institute* for the three metropolitan areas for which there is data, the analysis reveals that the total congestion cost over the 28-year period from 2013 to 2040 will cost commuters and businesses in the Urban Crescent approximately **\$77 billion**, resulting from **5.6 billion hours of delay**.

2013-2040 Total Congestion Costs		
PDC	Total Hours Delay	Net Present Value
Crater	NA	NA
George Washington	NA	NA
Hampton Roads	1.3 billion	\$17.1 billion
Northern Virginia	3.7 billion	\$52.7 billion
Richmond Regional	0.6 billion	\$7.2 billion
Total	5.6 billion*	\$77 billion*

2010 Cost Per Person		
PDC	Congestion Cost	Total Hours Delay
Crater	NA	NA
George Washington	NA	NA
Hampton Roads	\$446.8	23.6
Northern Virginia	\$848.5	41.6
Richmond Regional	\$270.9	14.3

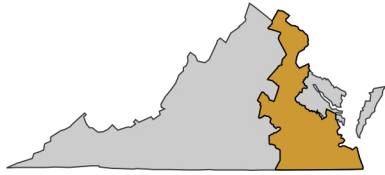
NA – the data is not provided for these areas by the Texas Transportation Institute.

*This figure does not include the Crater and George Washington planning district commissions, which represent an estimated 507,000 residents and 240,000 jobs.

This conservative analysis understates future costs in several important ways. Most importantly, this analysis does not account for the impact on land values or business location decisions. Also, this analysis assumes that congestion will increase at a constant rate per person, while evidence suggests that congestion costs increase exponentially for systems that have exceeded capacity. Forecasters also expect both the value of time and the cost of fuel will increase in real terms, while this analysis uses the 2010 prices for both time and fuel.

Methodology

Texas Transportation Institute produces data on the cost of congestion in the 101 largest MSAs in the United States. This analysis employs the cost estimates for Richmond, Hampton Roads, and the Virginia portion of the Washington, DC region. Using *Woods and Poole* population projections for Virginia cities and counties and the cost of congestion per person in these regions, the cost of congestion for each year from 2013 to 2040 can be estimated (in 2010 \$s). Using a discount rate based on the current 30-year US Treasury yield of 2.52% allows for a final estimate of the Net Present Value of costs resulting from a 'Do Nothing' approach for each region and the Urban Crescent as a geographic unit.



Virginia's Urban Crescent

September 4, 2012

Revenue Generation Capabilities

The following table is a summary of the revenue generated from a variety of taxes and fees, some of which were included in HB 3202 (2007).

Revenue Source	(\$ millions)						
	Crater	George Washington	Hampton Roads	Northern Virginia	Richmond Regional	Urban Crescent	Statewide
Local income tax of 1% ¹	\$19.8	\$63.8	\$251.2	\$735.1	\$202.7	\$1,272.6	\$1,639.5
Local sales tax of 1% (levied according to existing local option) ²	\$18.7	\$38.8	\$194.8	\$358.2	\$147.3	\$757.8	\$1,027.9
Tax increase of 10¢-per-gallon on motor vehicle fuels ³	\$8.7	\$16.6	\$83.6	\$114.1	\$50.7	\$273.7	\$404.8
Property tax of 1¢ per \$100 of assessed value ⁴	\$1.3	\$3.5	\$17.3	\$37.7	\$10.9	\$70.7	\$97.1
*5% tax on automobile repairs ⁵	\$2.7	\$5.2	\$25.9	\$35.3	\$15.7	\$84.8	\$125.4
*Grantors tax of 40¢ per \$100 of assessed value ⁶	\$0.8	\$4.1	\$15.2	\$46.2	\$10.4	\$76.7	\$95.1
*Motor vehicle rental tax of 2% ⁷	\$0.2	\$0.4	\$3.7	\$8.6	\$2.5	\$15.4	\$16.7
*One-time vehicle registration fee of 1% ⁸	\$3.3	\$8.4	\$35.1	\$60.6	\$21.4	\$128.8	\$182.6
*Annual registration/inspection fee of \$10 per vehicle ⁹	\$1.7	\$3.3	\$14.7	\$18.4	\$9.7	\$47.9	\$76.4
*2% retail tax on motor fuel sales ¹⁰	\$6.0	\$11.4	\$57.3	\$78.1	\$34.7	\$187.5	\$227.1

*Denotes revenue streams included in HB 3202.

¹Income tax revenue based on data from taxable year 2009. Source: Department of Taxation.

²Sales tax revenue based on 1% local option data for 2011. Source: Department of Taxation.

³Fuel usage based on per capita fuel consumption estimates of 500 gallons per year. Sources: US Energy Information Administration and the Weldon Cooper Center.

⁴Property values based on the fair market value of real estate for tax year 2010. Source: Department of Taxation.

⁵Automobile repair expenditure estimates based on the Consumer Expenditure Survey Data for Households. Sources: Bureau of Labor Statistics, US Census Bureau, and the Weldon Cooper Center.

⁶Grantor's Tax based on deeds of conveyance for FY 2012. Source: Virginia Department of Accounts.

⁷Vehicle rentals based on rental tax receipts from July 2011 through June 2012. Source: Department of Motor Vehicles.

⁸Vehicle registration revenues on motor vehicles sales/use tax collections from July 2011 through June 2012. Source: Department of Motor Vehicles.

⁹Registration/inspections revenue based on vehicle registrations as of June 2011. Source: Department of Motor Vehicles.

¹⁰Motor fuels revenue based on Virginia's average fuel consumption and average price for calendar year 2012. Sources: US Energy Information Administration, the Weldon Cooper Center, and AAA Fuel Gauge Report.