

Approved Minutes

Ad Hoc Commercial Transportation Tax Option Study Committee Meeting of January 30, 2008

Members Present: George Foote, Mark Feldheim, Lois Walker, John Renner, Paul Friedman

City Staff Present: Tom Culpepper, Mark Jinks, Bruce Johnson, Bryan Page, Jeff Bandy

The meeting started with the amendment and the approval of the minutes of the January 22, 2008 meeting. The Committee discussed public input. There will be a planned news release to seek input through emailing "transportationtaxoption@alexandriavagov". Materials provided to the committee will be posted on the Office of Management and Budget page of the City's web site. The Clerk to City Council will be the place where hard copies of public input can be obtained.

Tom Culpepper provided copies of the Draft City of Alexandria Comprehensive Transportation Master Plan which is going to the Planning Commission in February, and then when approved by the Planning Commission on to City Council for approval. Mr. Culpepper also provided copies of the Northern Virginia Transportation Authority 2030 Plan Summary report, as well as the National Capital Region Transportation Planning Board Financially Constrained Long Range Transportation 2007 Draft Plan. Mr. Culpepper explained the process by which each plan was prepared and summarized the types and volume of projects contained in those plans.

The committee then was presented two charts and discussed the City's current and future transportation funding sources, as well as the estimated future City transportation funding needs. The charts indicated that the City annual receives (federal and state sources) some \$40.5 million in transportation funding, and augments that with \$60.0 million in funding from the City's General Fund. The estimated capital funding needs over the next few decades is estimated at \$678.7 million to \$978.7 million. The largest projects identified are two new Metro stations (Potomac Yard and Eisenhower Valley), new City wide-transit corridors to operate transit such as a Bus Rapid Transit (BRT) system, as well as an expansion of the City's DASH bus system. In addition, annual operating costs would total some \$81.9 million to \$95.9 million. These totals compare with a current annual transportation operating costs of \$53.3 million.

The Committee discussed other transportation funding options including special tax districts, business improvement districts, as well as the "regional district" option that City can now consider under HB3202. Bryan Page presented the committee with charts which showed the commercial tax base broken down by City small area plans. The committee received an outline from Mr. Jinks which explained how HB3202 requires a regional district to be crafted, and explained that the legislation was crafted for Virginia Beach

which has its commercial tax base concentrated in one area and not dispersed throughout the 310 square miles of that City. By requiring the 85 percent rule, this legislation would also require a commercial add-on tax rate in excess of 20-cents. With those restrictions, it was the consensus of the Committee that the regional district option was not feasible for Alexandria to seriously consider.

Mr. Jinks provided a Business License chart which depicted each business tax category and what a one-cent to five-cent decrease in each of these rates would cost. The Committee asked that more business license options be crafted which would exempt more than just the first \$100,000 from taxation.

Mr. Johnson explained the Homestead Exemption Constitutional Amendment, which was likely to get General Assembly and voter approval this year. The authority to provide this homestead exemption (which is being established as a local option) would apply to owner-occupied residences and have the consequences of shifting the tax burden from single-family and condominium properties to commercial and multi-family rental properties.

The Committee also discussed the option of dedicating a portion of the City's real estate tax rate for transportation purposes such as has been done for affordable housing (1 cent) and for open space (1 %). Mr. Jinks indicated that while a "soft" dedication was clearly permissible, that a legally binding dedication would need City Attorney review.

The Committee also discussed the Arlington circumstance where a light rail trolley plan on Columbia Pike was far into the planning stages, and had the widespread buy-in of large portions of the Arlington community. Arlington's commercial tax base is also largely skewed towards large office buildings.

The Committee discussed the pros and cons of the add-on commercial transportation tax for transportation purposes, as well as options on how it might be initially implemented.

The Committee adjourned at 9:55 pm.

Approved as presented on February 4, 2008