National Capital Region
Transportation Planning Board

MEMORANDUM

TO: Long-Range Plan Task Force

FROM: Lyn Erickson, Plan Development and Coordination Program Director

SUBJECT: Comments Received to Date

DATE: April 21, 2017

The following comments to the Long-Range Plan Task Force were received to date and are attached:

- April 18, 2017, from Rick Rybeck, Director, Just Economics, LLC
- April 20, 2017, from Konrad Herling, TPB Member, Council Member, City of Greenbelt

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Just Economics

MEMORANDUM:

TO: The Honorable Jay Fisette, Chair, Long-Range Plan Task Force

CC: Kanti Srikanth, TPB Staff Director

FROM: Rick Rybeck, Director, Just Economics, LLC

SUBJECT: Critical Policy for Improving the Region's Transportation System

DATE: April 18, 2017

We create transportation infrastructure to facilitate development. But when infrastructure is well-designed and well-executed, land prices rise, chasing development away to cheaper, but more remote sites. The resulting sprawl is bad for our environment. It is also bad for our budgets because expensive infrastructure must be extended into sparsely populated areas even though there is excess capacity elsewhere. Fortunately, the Long Range Plan Task Force (LRPTF) can address this "**infrastructure conundrum**" and thereby improve the performance of the region's transportation system, its economy and its environment.

Transportation facilities and services should create sufficient value to be self-financing. If these investments are not self-financing, perhaps existing funding mechanisms fail to sufficiently capture and recycle transportation-created values.

In 2013, I wrote a report for the DC Tax Revision Commission, "**Funding Infrastructure for Growth, Sustainability and Equity**." (This report can be found at http://media.wix.com/ugd/ddda66_d46304b5437c178e2f092319a6f30364.pdf .) It examined how infrastructure investments might be funded so as to be financially self-sustaining. Two key findings of this report appear to be applicable to the work of this Task Force:

1. Reliance on general tax revenues (income taxes, sales taxes, etc.) leave infrastructure consumers disconnected from the public goods and services that they are consuming. User fees, on the other hand, create a more direct connection between what members

of the public are paying and what they are consuming. This connection is not only important in terms of raising funds, but also in encouraging conservation.

- For example, most of us pay a "per gallon" fee for water services. When we have a leaky faucet, we don't just see water going down the drain. We also see our money going down the drain and this motivates us to fix the leak. We could pay for water with a sales tax. But would we be motivated to avoid waste or fix leaky faucets? If we had a leak, would we make an unnecessary purchase just to compensate the water authority for the water we were wasting?
- By funding transportation facilities with general tax revenues, we are missing an opportunity for transportation funding mechanisms to inform better decision-making about when and where to travel, what mode of transport to use, and where to locate homes and businesses to maximize the utility of the existing transportation network. **Distance- and congestion-based roadway fees** combined with **performance-based parking fees** can fund transportation facilities and services while also sending important signals to consumers that will encourage better transportation and land use choices. Many people scoffed when DDOT proposed charging $2/hour for the first hour and $12/hour for the 2nd and 3rd hour to park at curbside meters around the ballpark during baseball games. Yet, this system has encouraged some ballpark patrons to park in off-street lots and persuaded many more to take transit. This leaves curbside metered spaces free for customers of neighborhood businesses. Likewise, Metro's congestion-based fares encourage riders to make discretionary trips during off-peak times, enhancing the system's efficiency.

2. Investments in transportation facilities and services often create enormous amounts of land value. Yet, the lion's share of this publicly-created land value ends up as a windfall to those who are lucky enough to own the best-served land. This denies resources to the agencies that create this value. It also fuels land speculation. Land speculation is detrimental to affordable housing, job creation, and other regional economic and environmental goals. **Infrastructure access fees (land value capture and recycling**), if properly designed and implemented, can help overcome these problems. Infrastructure access fees return publicly-created land value to the public. They reduce land speculation and reduce land prices, enhancing the affordability of housing, shops and offices near transportation facilities and services. Unlike the present system that chases development away, a proper balance between user fees and infrastructure access fees encourages compact development close to existing transportation infrastructure.

Few members of the Task Force will have the time to read my report. But some of the key points are found in a brief article, "*Funding Infrastructure to Rebuild Equitable Green Prosperity*" at http://revitalizationnews.com/article/funding-infrastructure-for-sustainable-equitable-revitalization/ .

Jurisdictional and regional funding systems that achieve an appropriate balance between user fees and infrastructure access fees will help sustain the region's essential transportation facilities and services while also maximizing the efficiency with which existing facilities are services are utilized. Such a funding system will also encourage land use patterns that have been shown to maximize the efficiency of our multimodal transportation system while minimizing greenhouse gas emissions and other adverse environmental impacts. In short, a better-engineered funding system could make our transportation system financially self-sustaining (at least to a greater degree than today), enhance the affordability and economic vitality of the region while also reducing congestion and pollution.

The regional transportation model shows that changes in land use yield relatively small changes in regional VMT and congestion in any given year. But land use changes are like compound interest. Over time, they create ever-increasing and significant yields. As we know, many transportation problems are related to land use. A balanced approach between user fees and access fees can fund transportation facilities and services while simultaneously addressing the Region's job creation, affordable housing, land use and environmental goals.

I encourage the Task Force to examine and endorse a policy to fund transportation infrastructure through a balanced approach of user fees and access fees. This policy alone will not solve all our transportation, economic and environmental problems. However, without this policy, all of the other "solutions" (both policies and projects) will be less effective or ineffective because we failed to resolve the infrastructure conundrum.

Thank you for considering my comments. Please let me know if you have any questions or concerns – or if I can provide any additional assistance to the Task Force

Comments to Long-Range Plan Task Force from TPB Member Konrad Herling, Council Member, City of Greenbelt

Thinking regionally, are there areas where having separate bus lanes could result in more folks getting out of cars and taking busses instead? Examples could be: 270, Rte 1 in MD, continuing efforts on K Street which have begun, over in Arlington, Wilson Bridge, 193, etc.?

Regarding busses, is there any thought to securing smaller busses to access more narrow areas as shopping centers which the larger busses cannot access? Oregon, California, and other areas of the country have established significantly reducing vehicle miles traveled as a goall. That should be a goal for our entire region with greater investments made in alternative transportation modes.

Greater encouragement to creating activity zones which fully consider transportation alternatives to and from homes, jobs, schools, commercial and recreational areas is critical to reducing vehicle miles traveled. Further, it makes more possible, establishing a sense of place and Community.

In that we are looking at the long range picture, the three jurisdictions should establish, separately but collaboratively, a penny sales tax to support mass transit. Clearly, it'd have to be done separately, but to the greatest extent possible, it should be a coordinated effort as it's a regional transportation challenge we are addressing.

The parallel experience I reference is Denver where the city, and the seven counties surrounding Denver, established a penny sales tax to support their mass transit program. Their light rail is "free" to users during morning and evening rush hours. They charge users during non rush hours. While parking lots now are mostly unused and vacant, that is land which can be redeveloped.

Of course, among other items/long range goals, greater availability of electric recharging stations is critical. My sister just returned from Amsterdam where shopping and residential parking lots had not a space or two for electric vehicles but a row for recharging spaces. Just securing such spaces with violation fines has been difficult to make happen in Annapolis. Nonetheless, a worthwhile goal for numerous reasons.

Also, 30 minutes is the time frame used in one of the article as time to access to and from work. (Yesterday, the LR Task Force was working with a 45 minute "distance").