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Title: Consideration of Authorization for City Manager to Approve a Memorandum of Agreement Between The Northern Virginia Transportation Authority and The City of Alexandria For Distribution of the Thirty Percent Transportation Funding.

Sponsors:

Indexes:

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Attachments: 1. 14-2337_Attachment MOA with NVTa Regarding 30% Funds

Date	Ver.	Action By	Action	Result
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City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 22, 2014

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER /s/

DOCKET TITLE:

Consideration of Authorization for City Manager to Approve a Memorandum of Agreement Between The Northern Virginia Transportation Authority and The City of Alexandria For Distribution of the Thirty Percent Transportation Funding.

ISSUE: Consideration of a memorandum of agreement (MOA) between the Northern Virginia Transportation Authority (NVTa) and the City of Alexandria for distribution of the 30 percent transportation funds allocated by NVTa to the jurisdictions.

RECOMMENDATION: That City Council authorize the City Manager to sign the proposed MOA with NVTa (Attachment 1), which will allow NVTa to distribute the 30 percent transportation funding to the City.

BACKGROUND: In April 2013, House Bill 2313 was signed into law, levying additional taxes and a fee in planning districts that meet population, motor vehicle registration, and transit ridership criteria. As of July 1, 2013, only the Northern Virginia and Hampton Roads planning districts will meet these criteria. The additional

revenues generated in Northern Virginia through the new taxes and fees are deposited into a fund managed by NVTa. Thirty percent of the funds will be distributed directly to member localities for use on transportation projects; the remaining 70 percent of the funds will be allocated by NVTa for transportation projects of regional significance. The City's 10-year proposed use of the 70 percent transportation funds will be brought to City Council for approval on January 28, 2014.

HB 2313 directs NVTa to return 30 percent of the revenue collected from the three Northern Virginia taxes and fee to the city or counties in which these funds were raised. Alexandria is estimated to receive \$6.9 million per year in gross 30 percent revenues. NVTa administrative expenses allocated to the City are estimated at \$37,270.

NVTa approved a proposed MOA on December 12, 2013 and distributed it for execution to member localities. City staff has reviewed the proposed MOA and believes that the provisions are appropriate and reasonable. The City must sign the agreement before NVTa begins to distribute the 30 percent funds to Alexandria.

The major provisions of the MOA are:

- NVTa is directed to return 30 percent of the funding received from regional revenue sources to its member cities and counties, based on the amount of revenue collected.
- The city or county is required to deposit the revenue in a fund to be used for urban or secondary road construction, for capital improvements that reduce congestion, for transportation capital improvements in the Authority's long-range plan or for public transportation purposes. (The use of the NVTa 30 percent funds will be proposed and considered each year in the City's annual budget and CIP process, starting with the FY15 operating budget and FY15 - FY24 CIP, which will be presented to Council on February 25.)
- Each city and county is required to adopt the commercial and industrial (C&I) property tax for transportation at a rate of \$0.125 per \$100 valuation or (as is planned by the City) deposit an equivalent amount into a separate fund for transportation improvements.
- NVTa will be responsible for distributing the funds to the counties and cities, and providing periodic reports on deposits and disbursements.
- Each city or county can choose to fund its share of the administrative expenses by asking the Authority to reduce the amount it will receive from its 30 percent funding or by paying this amount from other sources by July 1. (The City will be asking NVTa to deduct its administrative expenses prior to distribution by NVTa.)
- By August 1 of each year, the chief administrative officer (CAO) of each city or county will certify that the jurisdiction has adopted the C&I tax at \$0.125 per \$100 valuation, or set aside an equivalent amount of local revenues for transportation purposes.
- If the city or county appropriates or allocates any of the 30 percent funds to purposes not included in the bill, NVTa shall cease any further distribution of 30 percent funding in the year in which the event occurs, and the jurisdiction will also lose the benefit of the 30 percent funding in the succeeding fiscal year. An exception is included for clerical, inadvertent or unintentional errors. (The City Manager and affected departments will adopt internal control procedures as well as checks and balances to ensure that the 30 percent funds are spent per City, NVTa and State Code requirements.)
- Cities and counties are required to submit to NVTa unaudited financial reports and supporting materials documenting how their share of the 30 percent funding was spent.

FISCAL IMPACT: The anticipated net 30 percent revenues for FY2014 is \$6.9 million. By seeking NVTa 30 percent funds, the City improves its ability to deliver transportation projects. City Council will consider the multi-year plan for allocating these funds as part of the upcoming 10-year Capital Improvement Program to be proposed on February 25.

ATTACHMENTS:

Attachment 1 - Project Agreement with NVTa to Provide Alexandria with 30 Percent Funds

STAFF:

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