# COUNTY AGENDA REQUEST

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| Department: | Board of Commissioners | Presenter(s): | Commissioner Steve Brown |
| Meeting Date: | Thursday, February 26, 2015 | Type of Request: | New Business |

Wording for the Agenda:

Consideration of Commissioner Brown's request to adopt Resolution 2015-03- A Resolution on Transportation Funding Plans from the Georgia General Assembly.

Background/History/Details:

Commissioner Brown has drafted Resolution 2015-03- A Resolution on Transportation Funding Plans from the Georgia Legislature. This resolution formally requests that the State of Georgia endeavor to become a national leader in transportation reform by making transportation a priority in the State's budget, adopting specific plans dictating which projects will receive funding, concentrating on road and bridge infrastructure, eliminating proposed projects such as transit rail based on certifiable traffic congestion relief standards, and by avoiding cost soaring federal mandates with the state taking over the portion of the federal gasoline tax.

The resolution also calls on the State of Georgia to conduct itself in a manner where there is no harm inflicted upon county governments, city governments, and school boards across Georgia.

A copy of the resolution is provided with supporting documentation.

What action are you seeking from the Board of Commissioners?

Adoption of Resolution 2015-03- A Resolution on Transportation Funding Plans from the Georgia General Assembly as written by Commissioner Brown.

If this item requires funding, please describe:

Not Applicable.

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| Has this request been considered within the past two years? | No | If so, when? | |
| Is Audio-Visual Equipment Required for this Request?* | No | Backup Provided with Request? | Yes |

**** All audio-visual material must be submitted to the County Clerk's Office no later than 48 hours prior to the meeting. It is also your department's responsibility to ensure all third-party audio-visual material is submitted at least 48 hours in advance.***

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| Approved by Finance | Not Applicable | Reviewed by Legal | |
| Approved by Purchasing | Not Applicable | County Clerk's Approval | Yes |
| Administrator's Approval | | | |

Staff Notes:

**County of Fayette;**
**State of Georgia**

# RESOLUTION 2015-03

## A RESOLUTION ON TRANSPORTATION FUNDING PLANS FROM THE GEORGIA LEGISLATURE

**WHEREAS**, The 2015 General Assembly is reviewing various transportation funding proposals such as House Bill 170; and

**WHEREAS**, There is general recognition that road and bridge maintenance along with upgrading infrastructure to keep pace with congestion is necessary and should be funded, but we also acknowledge the Reason Foundation's 21st Annual Report on the Performance of State Highways showing Georgia's rural roads ranked first in the nation, urban roads ranked fourth in the nation and the State ranked thirteenth in the nation overall[1];and

**WHEREAS**, We also recognize that the crisis is not as much about funding as it is about how the funding is spent, and vague proposals with no specifics about what constitutes the state's "full universe of transportation needs" is a drawback[2]; and

**WHEREAS**, HB 170 in its current iteration is **not** revenue-neutral at the State or local levels, and also significantly impacts local school funding[3]; and

**WHEREAS**, An Atlanta Journal-Constitution poll conducted by Abt SRBI found that 64% responded they would not support an increase in gasoline taxes[4], in addition to the 63% of metro Atlantans who opposed the 2012 regional TIA (T-SPLOST), indicating the State should re-evaluate transportation planning and funding philosophies; and

**WHEREAS**, We support the use of the entire State sales tax on fuel, including the $180 million "fourth penny," to be used exclusively for roads and bridges[5], imploring the State Legislature to make transportation funding a priority in the State's budget; and

**WHEREAS**, While excise taxes might be more reliable than sales taxes on gasoline, increase adjustments for inflation and vehicle fuel efficiency should require a vote of the General Assembly to avoid perpetual tax increases without due diligence; and

**WHEREAS**, Trust within the constituency is weak with prior promises not kept like Georgia 400 tolls and other government programs where earmarked funds were hijacked for other purposes; and

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[1] http://reason.org/files/21st_annual_highway_report.pdf
[2] Report of the Joint Study Committee on Critical Transportation Infrastructure Committee
[3] Rep. David Stover, House District 71 at Fayette GOP, Feb. 17, 2015 (Stover is a signer on HB 170)
[4] "Poll: Most back gas tax hike," AJC, Feb. 17, 2015; NOTE: One poll cited is by the Georgia Transportation Alliance made up of special interest groups like the Georgia Chamber of Commerce
[5] "Historic transit bill meets critics," AJC, Jan. 31, 2015

**WHEREAS**, There is a distinct lack of recognition from the State Legislature that the Federal Highway Trust Fund is deficit spending and Congress is mulling a 10 to 15 cent increase in the Federal gas tax[6] and that lower fuel costs benefit our constituents and Georgia's economy; and

**WHEREAS**, Georgians and other citizens of the United States now see around 25% of their Federal gas taxes diverted to subsidize mass transit in six metro areas[7], streetcars, ferries, sidewalks, bike lanes, hiking trails, and landscaping projects[8], almost none of which show significant signs of relieving traffic congestion; but there are no resolutions from the State Legislature asking to re-appropriate the Federal gas taxes back to the original "user's fee" principle for roads and bridges; and

**WHEREAS**, No State agency has yet to calculate an official matrix on what constitutes an acceptable mass transit project based on ridership, cost-per-rider and total impact on traffic congestion, especially vital now that taxpayers are being asked to fund transit projects statewide such as the 2.7 mile, $98 million Atlanta Streetcar boondoggle[9], and only 3% of the metro Atlanta population commutes by transit according to the Census Bureau's 2013 American Community Survey[10]; and

**WHEREAS**, There are no measures from the State Legislature moving to reduce the Federal role in gasoline tax collection even though the interstate highway system was officially completed in 1992[11], so Georgians must endure increased costs for building and maintaining roads because of Federal regulation, the Federal Davis-Bacon prevailing wage rules, Federal Buy American procurement provisions and forced unionization of mass transit labor which drastically increases costs and diminishes State and local control; and

**WHEREAS**, We recognize that government closest to the people is most effective and more accountable to the taxpayers and that giving two or more counties the ability to create transportation funding proposals that specifically meet their needs and allowing their constituents to approve those plans and the levy of the tax is preferred; and

**WHEREAS**, The mandated Transportation Investment Act (regional T-SPOST) sales tax model is a unbearable one-size-fits-all program more inclined to create controversy than transportation solutions; and

**WHEREAS**, We ask that the State Legislature seek objective counsel on transportation beyond the powerful real estate development lobby that created the recent housing-bubble leading to a major recession[12], causing Georgia to be a leader in the number of banks failures in the nation[13], promoting our eventual economic downfall; so

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[6] "Abolish the Gas Tax," Wall Street Journal, Jan. 15, 2015; NOTE: The bill was dropped in the US House of Representatives on Feb. 4 by Rep. Earl Blumenauer to raise the gas tax by 15 cents
[7] The Highway Trust Fund subsidizes transit in Boston, Chicago, New York, Philadelphia, San Francisco and Washington D.C.
[8] "Abolish the Gas Tax," Wall Street Journal, Jan. 15, 2015
[9] The HB 170 plan sets aside funding for transit by taxing alternative fuel vehicles
[10] "A Streetcar Leaves Us Wanting," Atlanta Magazine, Feb. 2015
[11] http://www.fhwa.dot.gov/interstate/previousfacts.cfm
[12] "Cause of the Housing Bubble, Burst and Recession Revealed: It's Growth Management," http://www.planetizen.com/node/41867
[13] "Georgia Banker Shows Road to Redemption for Failed-Bank CEOs," American Banker, Jan. 7, 2014; http://www.privatebankofbuckhead.com/news/Clip%20-%20American%20Banker%20-%20Judy%20Turner.pdf

**BE IT THEREFORE RESOLVED THAT** the Board of Commissioners of Fayette County does hereby formally request that the State endeavor to become a national leader in transportation reform by making transportation a priority in the State's budget, adopting specific plans dictating which projects will receive funding, concentrating on road and bridge infrastructure, eliminating proposed boondoggle projects such as transit rail with no rationale for implementation or justification based on certifiable traffic congestion relief standards, avoiding cost soaring Federal mandates with the State taking over the portion of the Federal gasoline tax. Be it further resolved that the Board of Commissioners of Fayette County requests that the State conduct itself in a manner where there is no harm inflicted upon county governments, city governments and school boards across Georgia.

So resolved this 26th day of February 2015, by the

**BOARD OF COMMISSIONERS**
**FAYETTE COUNTY, GEORGIA**

Attest:

_____
Charles W. Oddo, Chairman

_____
Floyd L. Jones, County Clerk

Footnote #5

AJC AT THE GOLD DOME

# Historic transit bill meets critics

## Key Democrat calls Republican-led funding plan a start.

By Ariel Hart
ahart@ajc.com

It was a historic week for mass transit in Georgia. But many transit fans aren't cheering.

After a long history refusing to fund the operations of mass transit from the state budget – even being morally opposed – Georgia House leaders last week offered to do just that. Standing with House Speaker David Ralston the day before he introduced a bill raising millions for transit operations, House Transportation Committee Chairman Jay Roberts said that he "personally had a change of heart."

The reaction of some transit backers: Show me the money.

The plan described by the House leaders would, at least once, borrow $100 million to put toward transit investments. It would also impose a new fee on alternative-fuel vehicles that would generate up to $17 million a year for transit operations. (That assumes future legislators would stick to the plan and not divert the money for other uses.)

In Georgia, "transportation" at the state level has almost always meant "roads." And indeed, this new transportation proposal would generate $1 billion a year for roads – about 10 times the sum that would go toward transit in the first year. In succeeding years, that proportion would change drastically: $1 billion for roads vs. $17 million on transit.

Even so, the transportation proposal is a first.

"We have never made any investment like that in transit before," said Roberts, a Republican from Ocilla.

"This is a significant move," agreed Rep. Calvin Smyre, the

Transit continued on B6

# Transit

continued from B1

Democratic leader who has negotiated with House Republicans for more transit. He's heard the dismay. The legislation can improve, he emphasized, saying that House Republicans have made big steps, and they will negotiate more.

No one pretends the proposal, introduced as House Bill 170, would come close to meeting the state's transit needs, as put forth by planners and advocates. A sampling of numbers for comparison:

- The new Atlanta Streetcar, 2.7 miles round trip, cost about $100 million to build and more to run. It has wait times up to 15 minutes, which city leaders are trying to shorten.
- Running MARTA rail up Ga. 400, just one of several MARTA expansion proposals, would cost $1.6 billion or more.
- To build a fraction of the Beltline that the Streetcar could connect to, planners asked $602 million from the 2012 T-SPLOST referendum, which failed.
- Cobb Community Transit costs about $19 million a year to run; passenger fares bring in $5.5 million. Cobb contends with incomplete service coverage and has had to cut back more in lean times.
- Likewise, MARTA costs more than $800 million a year to run, of which fare revenue covers a fraction.

"I don't think it's a historic moment at all," said Tom Weyandt, former comprehensive planning chief at the Atlanta Regional Commission and a transportation planner in metro Atlanta for four decades, now retired. The amount of money on offer, he said, "spread out over the total needs of the state both for capital and operating is really little more than a rounding error."

"It's historic in that it's revisiting the past," said Neill Herring, a lobbyist who has pushed for transit at the Capitol for two decades. He stressed he was speaking for himself; his clients were still figuring out the legislation.

Herring and others pointed out that not only would transit get far less money than roads, but the legal commitment in the bill for transit would also be much weaker than for roads.

Nothing would prevent the Legislature in subsequent years from taking that $17 million per year and putting it toward something else. Georgia legislators have a long record of diverting money they originally raised for one purpose to another purpose.

By contrast, the road money would be locked down for roads and bridges, by the state Constitution.

Regarding the transit funding stream, "It's not dedicated so it's not going to be an ongoing source of anything except money for the state general fund," Herring said.

Currently, the state assesses a 4 percent sales tax on gas; of that, three percent goes to transportation, and one percent flows into the general fund, where it is used for all kinds of expenses. Transit advocates had hoped that the "fourth penny" would be devoted to transit. But the new transportation proposal eliminates the sales tax altogether and devotes nearly all of the new excise taxes to building and maintaining roads.

"The difference with the fourth penny is, you have enough money," said Dubose Porter, the head of the state's Democratic Party, who proposed the fourth penny for transit when he was a legislator. "Once again we've missed the opportunity to solve the gridlock in Atlanta."

As to why Republicans would even care? Their tea party wing is on a tear over the plan, seeing it as a tax increase. To get it passed, the leaders need Democratic votes.

Be patient, Smyre said.

"We've come a long, long way," he said, pointing again at the initial borrowing plan. "We're going from zero to $100 million. It's a philosophical and a political shift. And in my opinion when policy shifts funding shifts." Moreover, he said, "I'm going to be steadfast and continue to work and try to make it better."

Footnote #s 6-8

# Abolish the Gas Tax

## A better way to fund roads and bridges than more pain at the pump.

Jan. 14, 2015 7:20 p.m. ET, Wall Street Journal

Tumbling energy prices are the first lucky break for U.S. consumers in years, but Washington is feeling left out. So the gougers of both parties are joining to steal some of the proceeds with the first gasoline tax hike in more than two decades.

The federal gas tax is now 18.4 cents a gallon and the logic seems to be that motorists won't notice an extra dime or more since gas prices are down 40% on average from the 2014 peak. Congress can then "invest" the windfall in roads, bridges and other projects. A convenient pretext for a tax increase arrives in May with the expiration of a temporary highway funding bill, and many otherwise intelligent Republicans are open to the idea, perhaps as a tax swap.

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Now here is a formula for popularity that only a lobbyist or liberal could love: As one of its first major acts, the new GOP majority would make the commodity that most Americans must buy every week more expensive, offsetting the discretionary-income gains from cheaper gas. Republicans should be talking about downsizing the federal gas tax instead, with a target of zero.

The gas tax—plus a 24.4 cent tax on diesel and other excises—finances something called the Highway Trust Fund, or HTF. The proceeds from the original 1956 three-cent tax built the interstate highway system and its expansion and upgrades over the decades. The tax was increased in 1982, 1990 and 1993.

The problem is that since 2008 federal HTF spending has far outpaced dedicated gas-tax revenues, and Congress has made up the difference with $54 billion in cash transfers from general revenues. To cover future HTF obligations and close the deficits, fuel taxes need to rise by 10 to 15 cents a gallon, according to the Congressional Budget Office.

The solons now claim the arc of history bends toward precisely that. The real purchasing power of 18.4 cents has slipped amid inflation and the rising cost of labor and materials. Vehicle miles travelled are plateauing and cars are more efficient, eroding the projected growth of the tax base.

## Opinion Journal Video

Assistant Editorial Page Editor James Freeman on a better way to fund America's roads and bridges. Photo credit: Getty Images.

But since the 1990s, the Highway Trust Fund has come to fund much more than new roads and bridges and highway maintenance, abandoning the original "user pays" principle behind a gas tax. Drivers now see about a quarter of their gas taxes diverted to subsidize mass transit in merely six metro areas and sundry other programs for street cars, ferries, sidewalks, bike lanes, hiking trails, urban planning and even landscaping nationwide. Trolley riders, et al., contribute nothing to the HTF.

Federal spending on such side projects has increased 38% since 2008, while highway spending is flat. Here's what the politicians won't say: Simply using the taxes that are supposed to pay for highways to, well, pay for highways makes the HTF 98% solvent for the next decade, no tax increase necessary.

Your local interstate will not close if HTF "goes broke." The feds will continue to spend all the money that the gas tax will continue to throw off. Some projects would merely be delayed, or states and cities would fill the gaps.

Another myth is that U.S. roads and bridges are "crumbling," to use the invariable media description. Federal Highway Administration data show that the condition, quality and safety of U.S. surface transportation are steadily improving. The Chicago Federal Reserve Bank noted in a 2009 paper that roads have "indisputably" improved over the last two decades and that "the surface of the median interstate highway mile is suitable for superhighway speeds not typically permitted in the United States."

Some highways do need repair and modernization, and the U.S. does need more roads to relieve congestion and encourage trade and economic activity. The real crisis isn't the amount of money but how it is spent.

The 47,714 miles of the interstate highway network would likely be less complete absent federal support, but the system was officially finished in 1992. It is less rational for drivers nationwide to

send so many dollars to Washington for Congress to apportion among winners and losers as they did under Eisenhower. Today, the costs of transportation can be reasonably borne by the people who enjoy the benefits, which will generate more accountability and fewer political boondoggles.

In an ingenious 2013 paper, Pengyu Zhu of Boise State University and Jeffrey Brown of Florida State studied federal highway spending between 1974 and 2008. They found that the gas tax tended to redistribute money from poorer to wealthier states and to regions with lower transportation needs than other parts of the country.

Texas recovered only 88 cents of every dollar residents paid in taxes, while seven states and Washington, D.C. (no surprise) received more than twice as much. Such misallocated resources are the inevitable result of the political mediation of the HTF.

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Almost three-quarters of highway spending is already supplied by state and local governments, and if the federal role is reduced, they can decide either to increase their own gas taxes; fund roads some other way, such as tolls or public-private partnerships; or use tax dollars for other priorities like schools. States can build cheaper in any case, since the Davis-Bacon prevailing wage rules and Buy America procurement provisions that accompany federal funding don't apply.

Democrats always want to raise the gas tax. When prices are high, that's the best time to encourage drivers to buy an electric car or take the bus. When prices are low, they can skim some of the proceeds for other spending. The mystery is why Republicans would go along.

Footnote #10



# A STREETCAR LEAVES US WANTING

**THE FIRST TIME I TOOK THE ATLANTA STREETCAR,** on its third day of operation, I waited alone at the Peachtree Center stop across from the Ellis Hotel. It was raining, but the shelter kept me dry. The stop is about two blocks from our downtown office, and I wanted to check out for myself the project that took almost three years and $98 million to build. The passengers on my trip represented what will likely be the consistent demographic: tourists, an elderly couple with shopping bags, a pith-helmeted Downtown Ambassador. It took us 51 minutes to cover the 2.7-mile loop, including a 15-minute wait at the Centennial Park stop. There was no doubt that walking would have been faster.

Metro Atlanta is hurting for sufficient mass transit, so it feels almost churlish to complain about something that is precisely that, even if its scale is limited. But it was hard not to consider the streetcar against the larger backdrop. On the same day that the streetcar launched, state lawmakers released a report that in 23 succinct pages spelled out the—there's no other way to put it—dire condition not just of our roads (Georgia in recent years has paved about 2 percent of its roads annually, putting us on a 50-*year* resurfacing cycle), but also of our long-term viability as a place where people will want to live when they're faced with spending weeks of their lives each year stuck in traffic. A couple of the report's observations:

- Statewide, we're running an *annual* budget gap of up to $1.5 billion merely to maintain the bridges and roads we already have.
- To do what's necessary to increase regional mobility, like expanding transit, we'll need up to $2.9 billion more a year.

As anyone riding their brakes on the Georgia 400 parking lot every weekday—or willing but unable to switch to MARTA because the system's reach is so limited (page 17)—can tell you, the consequences are already here. But the report warns us to prepare for more: additional lost productivity, impeded supply chains, a 33 percent reduction in the number of Georgians who can get to their jobs in 45 minutes or less. And on and on.

What does any of this have to do with the streetcar? After all, half the funding for it came from the federal government, and the money was contingent on building the thing and that thing alone. I don't see the streetcar as a boondoggle, as some have complained; Mayor Kasim Reed has touted the increased development around the streetcar route, and even if causation might be hard to demonstrate, the streetcar can only be a catalyst for more economic growth, especially around Auburn Avenue. To me, the question is one of priority: Riding the streetcar, as it lumbered through downtown and up Edgewood Avenue, I couldn't help but equate it to a gorgeous dining room in a home that lacked a kitchen. At the inaugural ceremony, Central Atlanta Progress president A.J. Robinson seemed to anticipate grumblers like me when he said, "To those of you who may still have a slight doubt of the significance of the Atlanta streetcar, I say to you, frankly, 'We did not build it for you.'" The streetcar, he explained, is intended to make the city more attractive in the competition for "future human capital."

That's great. But let's not forget the present human capital, stuck in traffic.

Steve

**STEVE FENNESSY**
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**OUR BAD** January's cover featured the drool-worthy double-double animal style burger from Steinbeck's—but misidentified its place on our list of the best burgers in town (it rang in at #8, not #6). Also, in the December issue, we misspelled the name of photographer Tim Moxley.

**CONTRIBUTORS**

Together, writer **Thomas Lake** (left) and photographer **Dustin Chambers** (right) are responsible for "One Square Mile," our back-page window into the worlds contained within metro Atlanta's 8,376. So far they've visited a cattle auction, the carillon booth at Stone Mountain, and a mother-daughter dance in Douglasville. "No one had to let us in, but everyone did," says Lake.

So what keeps the pair busy when they're not pulling back the curtain on Atlanta life? Lake is a senior writer for *Sports Illustrated*, who resides in Decatur with his wife and three children. Chambers, a born-and-bred Atlantan who got his start shooting for *Creative Loafing* and editing music videos, photographs for the *Wall Street Journal* and the *New York Times*.

## ON DECK FOR MARCH

→ Remember the 1990s? From the Olympics to Freaknik, we look back at the decade and how it influenced the metro area's transformation into what it is today. Plus, Tag Team, the Powerpuff Girls, and the Falcons' trip to the Super Bowl.

→ Our Style Guide features five power players revolutionizing the city's fashion scene—and tips on how to dress and what to covet this spring.

→ The inside scoop on a Southern-influenced gelateria coming to Ponce City Market.

FENNESSY: CAROLINE F. KILGORE; LAKE: COURTESY OF THOMAS LAKE; CHAMBERS: COURTESY OF DUSTIN CHAMBERS

# THE CONNECTOR

**IN THIS ISSUE** ROMANCE AT WAHO P. 18 / A LEGO STAR P. 20 / RIGOLETTO P. 36

*GETTING AROUND*

## MAKING MARTA... COOL?

*Amid its first major expansion in 40 years, MARTA faces a bigger challenge: convincing Atlantans that they want to ride.*

BY REBECCA BURNS

**IN MARCH, AFTER FIVE YEARS** with absolutely no public transit of any kind, the citizens of Clayton County will wake up to find MARTA buses rolling down their roads, the direct result of a 2014 election when Clayton voters »

overwhelmingly opted to levy a penny sales tax on themselves in exchange for joining the transit system. This is a historic chapter in MARTA's history: the first major expansion in four decades. Much of the credit goes to the transit authority's general manager and CEO Keith Parker, who joined MARTA in December 2012 when the agency was beleaguered with a fiscal crisis and plummeting ridership. Under Parker's guidance, MARTA has increased revenue, stabilized ridership, lowered crime, and, most importantly, gotten the trains and buses running more frequently—and *almost* on time.

That was the easy part. Parker has a new and truly challenging goal: "We want to make it cool to ride MARTA," he says. For that to happen, Parker and MARTA supporters need to re-engineer a mindset that's prevailed for more than a half century. In many major cities—New York, Chicago, and Paris, for instance—transit is considered the smart, efficient way to get around town. *Everyone* rides the subways or buses because they're faster and cheaper than any alternative. But in car-centric places like Atlanta, Houston, or Los Angeles, transit has been treated as the travel mode of last resort. Consider: 30 percent of people who live in the New York region commute by mass transit, compared with just 3 percent in metro Atlanta. »

# STATION TO STATION

MARTA owns some prime real estate and has been at work trying to develop some of that property for a year. Under the scheme, MARTA will issue 99-year leases for underused parking lots around its stations or the "air rights" above them to developers, who in turn will put in mixed-use projects that house transit-happy residents and tax-base-bolstering shops and restaurants. The agency's goal was to have five projects underway by mid-2015. Here's where things stood at the start of the year.

## AVONDALE

**Area to be developed** The south side of the station, where 7.7 acres of asphalt have been blocked off and unused.
**Partners** The city of Decatur's development authority and Columbia Ventures, a firm specializing in urban residential projects.
**The plan** Create a central plaza surrounded by buildings that will contain 530 apartments—of which a significant number will be tailored for senior citizens—and 74 condos.
**Construction start date** Mid-2015

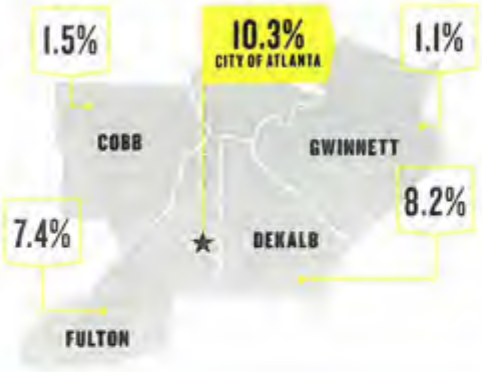
## KING MEMORIAL

**Area to be developed** A 4.3-acre parking lot on the station's south side that is currently leased to Grady for hospital employee parking.
**Partner** Walton Communities, which has developed apartment complexes in Smyrna and Vinings.
**The plan** A dense mixed-use project with 386 apartments (one-fifth of which will be set aside for low-income residents) and a street-level retail area at the station, less than a mile from downtown.
**Construction start date** Early 2016

## EDGEWOOD-CANDLER PARK

**Area to be developed** Just over six acres of parking lots on the south side of the station—walking distance to the Edgewood Retail District.
**Partners** Columbia Ventures, Columbia Residential, which has a senior citizen complex near the Edgewood shops, and Invest Atlanta, the city's development arm.
**The plan** Greenspace surrounded by 445 apartments—of which 89 will be set aside at affordable rents.
**Construction start date** Mid-2015

**AND IN DISCUSSION** MARTA is developing guidelines—based on community meetings and feedback from developers—for the **Oakland City**, **Brookhaven**, and **Arts Center** stations. The latter could involve a high-rise hotel and apartments above the station. It will be the most complex of the developments, says Amanda Rhein, who joined MARTA in early 2014 from Invest Atlanta.




## WHO COMMUTES BY TRANSIT?

Metrowide, 3 percent of us use transit, less than many other big-city regions. Not surprisingly, use is highest in counties that offer bus *and* rail service, such as DeKalb and Fulton. In areas with only a bus system, like Cobb County, ridership is anemic. Shown left: percentages of residents who commute to work using transit, according to the Census Bureau's 2013 American Community Survey.

**MEANWHILE, AT WAFFLE HOUSE**

**IN FEBRUARY 2008,** a Johns Creek Waffle House invited lovers to celebrate Valentine's Day. "I remember thinking, 'Naw, that'll never work,'" says Derrick Hooper, who oversaw Atlanta-area stores at the time. But then came 24 reservations—followed by dozens of walk-ins. One couple drove from Chattanooga. A man who had taken his wife to Waffle House on their first date pulled up in a Mercedes. Three news crews arrived. "It was crazy," says Hooper. "It just mushroomed into this electric atmosphere." By 2014, more than 175 locations offered Valentine's Day specials ranging from Champagne flutes of Sprite to a roving violinist. Patrons rent limos and dress up in gowns and tuxes. But this is still WaHo—no jacket required. —TONY BEHAGEN

ILLUSTRATION BY

Here, the thinking has been, you take MARTA if you can't afford a car, if congestion is high (a Braves game!), or if you want to avoid hassles, like parking at the AJC Decatur Book Festival.

MARTA ridership declined from 156 million trips a year in 2009 to 134.8 million in 2012. There was little incentive to ride the system, with slashed bus routes, decreased train frequency, and a fare jacked up from $1.75 to $2.50 in just two years. Parker cut fat from the budget—bringing IT services in house, for instance, and switching to cost-efficient natural gas buses—and increased service. In November, he and the board settled negotiations with the labor union that employs most MARTA workers, resulting in the first pay increase since 2006 and resolving a lingering dispute that included workers slamming Parker's salary ($320,000) and taking out an ad that featured his home (a white-columned McMansion).

Last year, ridership inched up, increasing by 1 million trips a month in July, August, and September 2014 compared with the same period in 2013. Usage boomed at the Buckhead station and along bus routes in the northern suburbs.

Commuters such as these—who ride transit because they *want* to, not just because they *have* to—will be essential to a meaningful shift in how MARTA is perceived and to its future growth. They're called "choice riders," and Parker has plans to appeal to them. Over the next year, the agency will roll out Wi-Fi service on buses and trains. As regular riders can attest, this will be huge; trying to catch up on email while riding MARTA can be maddening as service cuts off every time a train enters a tunnel. In addition, the agency plans a campaign touting the efficiency of its service to the airport.

The agency also is dealing with the less savory aspects of mass transit. A pilot project will test high-tech restrooms. Security cameras will be installed on all trains (they presently are in place in buses and stations). MARTA launched a campaign to thwart misbehaving passengers and developed the See & Say app, which allows customers to text its police officers when they spot rowdy riders. Another app, On the Go, tracks real-time bus and train arrivals and has been downloaded 15,000 times.

These efforts matter, but Parker's also relying on market and demographic forces. State Farm is building its 2 million-square-foot headquarters adjacent to the Dunwoody station, while payment company WorldPay is relocating from Sandy Springs to Atlantic Station, with proximity to transit for its 1,200-plus staffers as a draw.

Developer Mark Toro, who regularly commutes by MARTA, says that he saw a "mind-shift" among his peers after the State Farm announcement. "The light went on," Toro says. "Those kinds of decisions are now being made not to give executives offices near their country clubs, but where their employees live, and near transit. People need to have a way to get to work."

Toro's North American Properties manages Atlantic Station—intown, connected by shuttle to MARTA—and developed Avalon in Alpharetta. Toro was adamant that MARTA bus service extend to Avalon, and says that current and future development in North Fulton "to some extent will suffer unless transit options are afforded."

Although there's a lot of chatter about transit appealing to millennials, Toro says it's equally important to focus on millennials' parents. "The baby boom and the echo boom seem to be seeking the same thing at the same time," he says.

Toro's company is pursuing a development at the Brookhaven station (see sidebar). "We have infinitely more confidence in current MARTA administration than we ever have," he says of Parker. Development will happen "not because it's the in thing to do or socially conscious, but because it makes sense as an investment."

VIEWFINDER

## THE BRICK MASTER

WHEN DECEMBER 10, 2014
WHERE LEGOLAND DISCOVERY CENTER ATLANTA, PHIPPS PLAZA

Everything is awesome for Aries Viera, the 23-year-old master model builder at Legoland Discovery Center Atlanta. The native Atlantan beat out nine other contenders in a building battle for the attraction's top title. So did he play with Legos as a kid? Of course he did, taking apart his battleship and submarine sets to free-build houses and laser guns. When he's not working directly with children, you can find Viera in his office, creating Lego models of life-sized Christmas trees or Star Wars lightsabers. And yes, he's fully aware of how cool his job is. "It's funny because being the master builder here was my long-term goal," he says. "It just happened a lot sooner than I thought it would."
—CAMERON ALBERT-DEITCH

Supporting Document A

# REJECT HIKING
## ANY NEW GEORGIA TAXES

PAUL BLAIR

* will # be used for maintenance?

In a newly-released joint legislative transportation report, a number of Georgia legislators and consultants claim that Georgia needs to increase the overall state budget by more than 20 percent annually to fund the state's "full universe of transportation needs." This is absurd. Given the full list of tax hikes and spending recommendations, one would think Georgia was a deep-blue state governed by a bunch of out-of-touch Democrats.

Ninety percent of the recommendations contained within the report should be rejected as uncreative attempts to extract more money from taxpayers and commuters.

Less than three years ago, Georgia voters overwhelmingly rejected a statewide ballot initiative to raise the sales tax by 1percent in an effort to fund more transportation spending. The 2015 transportation report suggests that the legislature revisit that failure and consider doing it anyways.

Commuters in Georgia's metro-Atlanta region experience some of the worst traffic in the nation and yet, in 2012 they rejected the 1 percent sales tax hike by a 63 to 37 percent margin. The fact that the newest transportation report deems this region as a top priority for high cost transit and rail projects demonstrates a significant disconnect between the desire of Atlanta voters and state legislators. It should be clear: if legislators want to fund more streetcars and other "large scale" road projects, they're going to have to do it with the historically high revenues that the state is already extracting from taxpayers.

The new report also suggests a number of ways to raise the gas tax to generate more money for state coffers. None of the suggestions are creative. Indexing the gas tax to inflation would constitute an automatic tax hike annually. Raising the gas tax by 10 cents per gallon would be felt immediately by consumers who are celebrating some of the lowest gas prices in years. It's a shame that some legislators are attempting to take advantage of falling gas prices by suggesting consumers can afford to give back those savings to the state.

Taxpayers should ask legislators two big questions regarding transportation projects. The first is what specific projects does the legislature intend on funding? Glittery aspirations aren't specific and neither are generalities about "investments" in infrastructure. What specific roads does the state plan on widening, and how will this make it easier for commuters to get to and from work? The joint transportation report does not adequately answer this question.

The second big question Georgians should ask of legislators is whether their intended spending increases will yield a reasonable return on taxpayer investments. Do city streetcars help or hurt traffic jams? Does light rail benefit commuters or developers? Without an honest conversation that addresses these questions, the transportation report isn't much more than a laundry list of bad ideas from other states, like Virginia, who have successfully extracted more money from consumers.

Reference

While traffic in urban parts of the state may be a drag, Georgia's roads aren't in bad condition. According to the Reason Foundation's 21st Annual Report on the Performance of State Highways, Georgia's rural roads rank number one in the nation for pavement conditions. The state's urban roads rank 4th in the nation and the state ranks 13th overall in highway performance. Without specifics on where the state plans to spend new money, the Reason report furthers the possibility that maintenance deficit claims may be overblown.

In a recent edition of *James*, I outlined the potential taxpayer savings that could be achieved with public private partnerships (P3s). The 2015 legislative report made no attempt at mentioning the value of P3s, which is another example of how the authors of this report spent little time attempting to craft suggestions that could benefit taxpayers.

For every $1.00 Georgia sends to Washington, D.C. in the form of federal gas taxes, the federal government sends $1.14 back to Atlanta for transportation projects, according to the Georgia Department of Transportation. It is high time Georgia becomes a national leader in transportation reform, especially since its failure to do so is costing taxpayers in other states. Why is it so difficult for Georgia legislators to expand on creative ideas like P3s, which saved taxpayers billions of dollars in states like Indiana and Maryland?

While a majority of voters support more funding for roads and bridges, two-thirds oppose increasing the gas tax, according to a recent poll by SKDKnickerbocker and Benson Strategy Group. For legislators who have signed the Taxpayer Protection Pledge, raising the overall tax burden on Georgia taxpayers, whether through a gas or sales tax hike, would break that written commitment to voters.

Even in non-election years, this is an ill-advised move.

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Paul Blair *is the state affairs manager of the Washington, D.C.-based American for Tax Reform founded by Grover Norquist.*

Supporting Document B

Marietta Daily Journal Editorial opposes House Transportation Bill

State transportation funding bill a non-starter
02.11.15 - 08:51 pm
A proposed fix for Georgia's transportation needs would take existing local taxes on motor fuels from local governments and give the revenues to the state. To say it's surprising that this idea comes from Republican leaders is an understatement.

The proposal, House Bill 170, backed by House Speaker David Ralston, would shift about $500 million from local governments, half the $1 billion that's supposed to be raised by this measure for infrastructure. To make up for lost revenues, local governments would be allowed to levy up to six cents per gallon in excise taxes without a referendum if the latest change is approved by a committee.

House Bill 170 would replace the existing sales tax on fuel with a state excise tax of 29.2 cents per gallon, indexed to the rate of inflation and higher fuel efficiency vehicles. That's a tax increase right off the bat since current gas taxes (both sales and excise) totaled 26.53 cents per gallon as of Jan. 1 this year, according to the American Petroleum Institute.

Currently, the taxes are allocated this way: a 7.5 cents per gallon excise tax, a 4 percent state sales tax and a local sales tax ranging from 3 to 4 percent in most counties. If counties add 6 cents per gallon in excise taxes, that would come to a total of 35.2 cents per gallon compared to the current 26.53 cents.

And to think that sponsors of HB 170 have said it would be "revenue neutral," meaning it would not raise taxes overall. That doesn't even hold true for the state taxes, as noted above.

On this one, Cobb Commission Chairman Tim Lee got it right. He has said HB 170 not only hurts the county government but "it really pokes the school system in the eye" by taking about $18 million — "just takes it from them and doesn't do anything to help them out." Lee opposes the bill, which he said is still in its infancy and is expected to be modified significantly. He also zeroed in on a truism: "When the legislators are in session, it's the 40 most dangerous days of the year."

The battle lines are drawn on this proposal. Lined up behind the bill are Republican leaders, highway contractors, the Georgia Chamber of Commerce and other business interests. Mounting opposition comes from local officials across the state, the Georgia Municipal Association, the Association of County Commissioners, tea partiers and, no doubt, hosts of taxpaying motorists with the power of the ballot.

At a meeting of Rome business and industry leaders last week when GMA's executive director talked about the impact of the bill, John Bennett, Rome's retired city manager, minced no words about sponsors of HB 170. He said, "They don't have the guts to raise taxes down there so they take it away from the cities and the counties."

No doubt, Georgia has plenty of needs for maintaining and improving roads, bridges and other infrastructure. But the sponsors of HB 170 would be well advised to scrap the bill. Like an aging car battery on a cold winter morning, this one's a non-starter.

Supporting Document C

Kyle Wingfield
My Opinion

# What the plan got right

Two comments dominated reactions to the transportation-funding plan House leaders unveiled Wednesday:

"It's better than I expected."

And:

"I wonder what it'll look like in the end?"

The best way to think about the House plan to increase spending on roads, bridges and transit by $1 billion a year is as an opening bid in negotiations still underway. Senators expressed skepticism about the way local governments would be affected (so did a number of House members). The governor's official reaction was notable for its lack of enthusiasm.

Several people wondered why legislators would spend a year talking up the need to spend more on transportation infrastructure, only to settle for a plan that wouldn't generate enough money to tackle such big, critical projects as reworking the top end of I-285 and adding capacity to interstates outside the region.

All that said, the House plan delivers on a few key principles the bill ought to retain as it evolves.

1. *Gas taxes should be spent on transportation.* The state currently diverts about $180 million per year in gas taxes to the general fund, where it is spent on all sorts of things besides transportation. The House plan returns that money to its rightful destination.

Local sales taxes on motor fuel, especially when they are collected as SPLOSTs or as E-SPLOSTs for schools, also are too often spent on other things. Cities and school boards in particular are complaining they would lose a revenue source under this plan. Here's another way to look at it: Some of them have been misusing that revenue source for a long time.

The gas tax is the closest thing we have to a true user fee. Lawmakers at every level of government should treat it – all of it – that way.

2. *Gas taxes should be collected as excise taxes, not sales taxes.* The reason some of our gas taxes go to the general fund is they are levied as sales taxes on motor fuel, and only excise taxes on motor fuel are constitutionally tabbed for roads and bridges. Converting the entire levy to an excise tax would prevent future lawmakers from siphoning off motor-fuel revenues for other purposes. It also should make for a more predictable revenue stream which can be adjusted more easily to account for inflation and higher fuel efficiency.

3. *Transportation is a priority for the state, and the budget should reflect as much.* State revenues are rising, and it is entirely appropriate that some of this increase go toward one of the state's top priorities.

That includes the bond portion of the budget, which is how the state funds many capital projects. While these typically are buildings, there's ample reason to include bridges, roads and even transit infrastructure. Note I said transit *infrastructure*; the most sound use of borrowed money is for capital projects that will deliver benefits for years, not for one-time subsidies for operations.

4. *All motorists should contribute to infrastructure, regardless of the type of vehicle they drive.* Electric vehicles use the same roads and bridges gas-powered cars and trucks use. They ought to pay into the system.

Kyle Wingfield, an Opinion columnist, writes for The Atlanta Journal-Constitution. His column appears Sunday and Thursday. Reach him at kwingfield@ajc.com.

Supporting Document D

The Atlanta Journal-Constitution Friday, Feb. 13, 2015



News: metronews@ajc.com | Delivery: ajc.com/customercare or 404-522-4141

Senate OKs bills to battle child sex trafficking, B3

AJC AT THE GOLD DOME

# Plan's backers, critics sound off

## Transportation bill in Ga. House has momentum, but also powerful foes.

By Aaron Gould Sheinin
aaron.gouldsheinin@ajc.com

House Transportation Committee members heard testimony Thursday that was decidedly more pro than con, but they took no vote on a plan to boost transportation revenue.

Sponsored by committee Chairman Jay Roberts, R-Ocilla, House Bill 170 seeks to raise more than $1 billion in additional revenue for transportation projects. The bill would eliminate a state sales tax on motor fuels and phase out the local taxes on gas. In their place would be a state excise tax of 29.2 cents per gallon and an optional local excise tax of 6 cents per gallon, with revenue from that local tax split between county and city governments.

Lawmakers heard more than two hours of testimony, and while many in the audience expected the committee to vote, Roberts said that was never the plan. The committee is expected to meet again next week, lawmakers said, but it remains unclear whether a vote will happen then, either. Roberts said he continues to try to find ways to improve the bill, including a way to help school districts that would lose a considerable amount of their sales tax base under the bill.

Thursday's speakers included Andy Lord of Georgians for a Healthy Future, which wants to add $1.23 to the state's tax on a pack of cigarettes. Raising the tax to $1.60 could return half a billion dollars a year for transportation, Lord said.

"Transportation is more important than a cheap pack of

HB 170 continued on B3

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Georgia Rep. Jay Roberts spor sors House Bill 170, which wou raise $1 billion in added revenu for transportation projects.
BOB ANDRES / BANDRES@AJC.COM

# HB 170

continued from B1

cigarettes," Lord said.

Those supporting the bill Thursday included the Council of Quality Growth, the Georgia Transportation Alliance and the Georgia Economic Developers Association.

The bill has garnered plenty of opposition, from cities, environmentalists and tea party activists. It also has been labeled a tax increase by Washington-based Americans for Tax Reform, a powerful right-leaning think tank. Roberts, however, said that group's leader, Grover Norquist, ought to mind his own business.

Norquist "isn't from Georgia," Roberts said. "And until he fixes Washington, I don't want to hear from him. I don't care what he says."

Meanwhile, the Georgia Municipal Association suggested its own alternative. The GMA urged lawmakers to scrap the proposed 6-cents-per-gallon local excise tax and instead raise the rate of the local option sales tax from 1 percent to 1.15 percent, according to a copy of the proposal obtained by The Atlanta Journal-Constitution.

Also, cities want lawmakers to revisit the 2012 Transportation Infrastructure Act, which split the state into mega-regions for referendums to raise sales taxes by 1 percent to fund a specific project list. That vote passed in only three regions and failed in the rest, including metro Atlanta. The GMA's proposal would allow two or more counties within each region to band together for smaller transportation tax votes.

This plan, GMA spokeswoman Amy Henderson said, "will make city and county governments whole from the loss of revenue from taxing gas sales. This will allow them to continue funding voter-approved local projects, including transportation, and continue to (provide) property tax relief."

As written, she said, HB 170 still blows a hole in city budgets.

The GMA, of course, is not the only critic of the bill. The Georgia Sierra Club lamented the lack of funding for transit in the bill. House leaders have committed to using money raised from a new annual user fee on drivers of electric vehicles for transit. The $200 fee for personal cars and $300 fee for business vehicles would generate an estimated $7.5 million the first year and up to $15 million in future years, sponsors said.

"The bill as currently written squanders a chance to bring long-overdue balance to state transportation funding," Sierra Club lobbyist Neill Herring said. "Legislators should seize this opportunity to finally fix the dedication issue and open the gas tax to all transportation purposes."

Another part of the bill has also sparked criticism.

On Wednesday, the Washington-based think tank Securing America's Future Energy unveiled a study that shows eliminating the state's $5,000 tax credit for the purchase of a new electric vehicle would cost the state $252 million over 16 years in lost gross domestic product.

Eliminating that credit, the study said, would lead more car buyers to purchase gasoline-powered cars, which means more consumer spending on gasoline and vehicle repairs. The study said the state would be more vulnerable to spikes in oil prices as well.

Supporting Document E

# Analysis questions Georgia transportation plan's impact on revenue

6:17 p.m. Tuesday, Feb. 17, 2015 | Filed in: **Politics**
Aaron Gould Sheinin, AJC

Legislation proposed in the state House to boost transportation funding would fall short of its goal by nearly $125 million in its first year, according to a copy of an official state estimate obtained by The Atlanta Journal-Constitution.

The estimate, however, shows that by 2020, House Bill 170 could generate slightly more than the $1 billion sponsors see as the minimum needed to address Georgia's growing transportation infrastructure problems.

The so-called fiscal note, produced by the Georgia State University Fiscal Research Center, only addresses changes made to state taxes, not any proposed shift in how local governments tax motor fuel. It shows the bill could generate an additional $871.1 million in the fiscal year that begins July 1 and $1.053.6 billion by fiscal 2020.

The bill's sponsor, Transportation Committee Chairman Jay Roberts, R-Ocilla, said Tuesday that the fiscal note is not a surprise.

"The fiscal note is about in line with what we expected," Roberts said. "This is still a work in progress, and we are working to stabilize and modernize transportation funding in Georgia."

**Plan undergoing revisions**

Some of that progress could be revealed Wednesday, when HB 170 is again before the full House Transportation Committee. Roberts said Tuesday that he will discuss revisions to his bill, but he declined to discuss them in advance.

As written, HB 170 would phase out the state's sales tax on motor fuel and increase the state excise tax from 7.5 cents per gallon to 29.2 cents per gallon. It also would create a $200 annual registration fee for privately owned electric vehicles and a $300-per-year fee for commercial electric vehicles.

The fiscal note was written before the bill was changed to also include eliminating the state's $5,000 tax credit for the purchase of electric cars. Roberts said last week that could produce $45 million the first year.

The fiscal note shows that HB 170 would raise less money at first than if lawmakers did nothing. In calendar 2016, for example, the state would raise $910.1 million under the current tax structure. But in later years the changes made in the bill would bear fruit. If nothing changed, for example, the state would bring in $927.4 million in 2020.

**$1 billion to maintain current infrastructure**

Lawmakers, business leaders and local officials spent much of the past summer studying ways to generate new revenue for roads, bridges and transit. Their report suggested the state needs an additional $1 billion to $1.5 billion a year just to adequately maintain current infrastructure.

Seth Millican, the executive director of the Georgia Transportation Alliance, an arm of the Georgia Chamber of Commerce, said work remains to be done on the bill.

"We applaud the leadership of the House and Chairman Roberts for their leadership on this critical issue," he said. "We will continue our support of HB 170 as we work together toward accomplishing that goal."

Several people with direct knowledge of the negotiations have told the AJC that bill supporters have said the proposed excise tax of 29.2 cents per gallon might have to increase to meet revenue goals. Gov. Nathan Deal last week hinted that lawmakers should look to raise more than $1 billion in new revenue.

**Opponents seek change in funding formula**

The fiscal note, however, shows the difficulty in raising that much new money in a way that is politically feasible.

How feasible the current version of the bill is remains in doubt. Local governments, especially cities and school districts, have complained that it would eat into their revenue.

In addition to the new state excise tax, the latest version of the bill would phase out local sales taxes on fuel. Those taxes, levied as part of a variety of special option sales taxes, would be replaced with up to 6 cents per gallon in excise taxes enacted by counties. Revenue from that local tax would be divvied up among cities and the county according to established state formulas.

The Georgia Municipal Association opposes that plan, saying the current formula is unfair and that it eliminates the flexibility they have to use current sales taxes for nontransportation projects. Instead, the GMA said, the state should raise the local sales tax rate from 1 percent to 1.15 percent and exempt motor fuel from the tax.

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**Transportation funding levels**

A report released late last year by a joint legislative committee offered three options to maintain or build on the state's transportation system:

- $1 billion to $1.5 billion per year in new revenue to maintain existing infrastructure.
- $2.1 billion to $2.9 billion per year in new revenue to expand existing programs, including interstate capacity and transit.
- $3.9 billion to $5.4 billion per year in new revenue to meet a "full universe" of transportation needs, including passenger rail.

Source: Joint Study Committee on Critical Transportation Infrastructure Funding

ATLANTA STREETCAR

Supporting Document F

# Cost to run streetcar system likely to rise 50%

## Ridership 18% lower than expected during free ride period.

By Richard Belcher
Channel 2 Action News

Running Atlanta's new streetcar system will cost 50 percent more than the city estimated a year ago – from a projected $3.2 million to $4.8 million, according to data provided by Atlanta officials.

In addition, ridership on the sleek blue cars is 18 per-ent lower than projected. 'hat's during an introduc- ind when it's free to ta Streetcar.

Michael Geisler, the city's chief operating officer, said an extra layer of oversight by MARTA is responsible for part of the additional cost, while creation of a new office to seek federal transit money accounts for much of the rest. Paying MARTA for its services will cost about $575,000 the first year, with an additional $50,000 next year. But the expense disappears after that, according to a draft operating budget of the streetcar.

The Atlanta Streetcar system, which cost about $98 million to build, travels from Centennial Olympic Park on the western side of downtown

Streetcar continued on A10

The Atlanta Streetcar travels along Edgewood Avenue recently. Six weeks into the streetcar's first three months — that special period when it's free to ride — 102,000 people rode on the cars. The city's target was 124,800. But officials remain upbeat. KENT D. JOHNSON / AJC

## Streetcar

continued from A1

to the Martin Luther King Jr. National Historic Site on the eastern side. It began passenger runs Dec. 30.

The city decided it would run the system because it could do so more economically than either MARTA or a private contractor. But the federal government, which is paying a large part of the expense, insisted that MARTA have some role in the project, at least at first.

"So (part of) the additional cost is basically related to MARTA staffing," Geisler said.

The city also will spend more than $1 million a year on the new office dedicated to amassing federal transit funding. Geisler said that cost will not go down.

City Hall had estimated earlier that it would cost slightly less than $3.2 million a year to operate the system. But total expenses during the next five years will average $4.8 million – a 52 percent increase, according to the draft operating budget.

Six weeks into the Atlanta Streetcar's first three months – that special period when it's free to ride – 102,000 people rode on the cars. The city's target for the period was 124,800.

But Geisler is upbeat.

"We're quite satisfied with the way ridership has progressed," he said, "and we think that people are going to get in the habit of riding the streetcar and using it for any number of different activities."

Fares from the streetcar – it will cost $1 to ride – will only cover about 20 percent to 25 percent of the expense of operating the system. The rest is coming from federal grants and contributions from city tax money and the downtown business community.

Supporting Document G

# Lower Gas Prices Test Transit Systems' Ridership Models

ERIC MORATH

High gasoline prices in recent ars helped give public-transit encies across the U.S. their st ridership numbers in half a ntury. Now, falling prices pose obstacle to further growth.

The swift drop in gas prices, less than $2 a gallon in much the nation, already appears to encouraging Americans to ive more. Miles driven in-eased 3% in October from a ar earlier, the largest year-er-year gain since 2006, and dvanced 1.1% in November, ac-rding to the U.S. Federal High-ay Administration.

It is too soon to say whether ose Americans who are driving ore are forgoing public transit would change their habits, but n extended run of low gas rices could change the cost cal-ulus for future transit riders. nd a lasting shift could boost ressure on governments from eattle to Salt Lake City to leveland to re-evaluate expan-ion plans for buses, subways nd trains amid limited funding or infrastructure spending.

Many cities across the coun-ry made major service improvements or installed new options, such as light-rail systems, to meet the demands a new wave of riders introduced to public transit in recent years.

When gas prices first topped $4 a gallon in 2008, "we were overloaded," said Joe Calabrese, chief executive of the Greater Cleveland Regional Transit Authority. "We had people parking on the grass of our parking lots."

The Cleveland RTA expanded since then, including refurbishing rail stations and the opening of a bus line with rail-like infrastructure on the city's east side. Not all the drivers who made the initial transition to public transit have stuck with it, but many have, Mr. Calabrese said. And housing built along improved bus lines ensures a steady supply of riders who choose the area to be close to transit.

For Carm Basile, chief executive of Capital District Transportation Authority in Albany, N.Y., fuel prices are a relatively minor long-term concern. "If fuel prices continue go down, it's going to nick away at riders that have a car available," Mr. Basile said. But he expects Albany's upward ridership trend to continue because faster service is attracting new customers and colleges are footing the bill for students' fares under a new program.

Indeed, a number of factors support strong ridership even in the face of lower gas prices. Steady job growth has more commuters taking transit to work. Smartphone apps offering real-time schedules make riding buses more predictable and convenient. And, historically, consumers have been more likely to shift behavior in response to energy prices rising, rather than falling, transit experts say.

"Once riders have found transit, they tend to stay," said Michael Melaniphy, chief executive of the American Public Transportation Association. "When you look at millennials, they're less car-centric. They're moving downtown and want transportation options."

But some transit riders, such as 43-year-old Karie Hailes, say lower gas prices allows them to use their cars more. She now drives two or three days a week to her job in Washington, D.C., instead of taking the subway.

"There's less of a financial burden with gas prices cheaper now," she said. "I want to just get in my car and get to my destination," which includes dropping off her 11-year-old son at school.

Public-transit use peaked just after World War II, with more than 23 billion individual transit trips taken annually, according to APTA. When Americans moved to the suburbs in the 1950s and began to purchase cars in greater numbers, ridership fell swiftly, dropping below 10 billion trips in 1958 and reaching a low of 6.6 billion in 1972, just before the first oil embargo.

Use trended up slowly since, again topping 10 billion in 2006, a year after gasoline price topped $2 a gallon for the first time, and continued to move along with fuel prices.

Through the first nine months of 2014, ridership was outpacing 2013 levels, according to APTA data. The decline in gas prices, which could change ridership dynamics, didn't accelerate until the fall.

Since transit fares cover only about a third of operating costs on average, with the governments covering the bulk of the rest, decreased ridership doesn't decimate budgets. But ridership patterns do play an important role for how agencies spend limited improvement funds.

Federal spending on mass transit has been nearly flat for the past five years, increasing 3% in 2014 from 2010 levels.

On the local level, most transit-funding initiatives passed last year, but voters in Kansas City, Mo., and Austin, Texas, rejected measures intended to pay for transit expansion. Maryland elected a governor who favors road improvements over extending rail lines in Baltimore and elsewhere in the state.

## Ridership Resurgence

Recent peaks in the number of trips on trains, buses, subways and other mass transit followed increases in gasoline prices.

Sources: American Public Transportation Association; Energy Information Administration

The Wall Street Journal

Supporting Document H

WSJ Feb 2015

# The Tesla Paradox

Elon Musk isn't known for modesty, and this week the Tesla Motors CEO laid out his ambition to grow 50% a year and deliver a stock valuation in 10 years of $700 billion—the current valuation of Apple, the world's most valuable company. So why does Tesla, which is already valued at about $27 billion, still need so much taxpayer welfare?

Visions of a $700 billion market cap but still living off subsidies.

Mr. Musk this week played down a $108 million loss in Tesla's fiscal fourth quarter, which he attributed to one-time manufacturing inefficiencies, a strong dollar and lower than expected deliveries. Tesla said delivering some "cars was physically impossible due to a combination of customers being on vacation, severe winter weather and shipping problems (with actual ships)." Tesla shares fell 4.66% Thursday on the news.

The world loves an optimist, and fast-growing start-ups often lose money as they focus on capital investment. What makes Tesla different is that the bottom line would have been much worse without $86 million in profits from the sale of government emissions credits. A Barclays analyst told the Journal that the fourth-quarter results were "heavily supported" by the credits.

Because it produces only electric cars, Tesla receives excess "credits" for complying with federal fuel-efficiency standards and state zero-emission vehicle (ZEV) mandates, notably in California. Tesla can then hawk its surplus credits to auto makers that fail to meet the government rules. Last year Tesla made a roughly $150 million killing from selling ZEV credits. That's up from $130 million in 2013, $32 million in 2012, and $3 million in 2011. All told in 2014 Tesla sold about $216 million in credits, equal to about 7% of its auto sales.

Those government subsidies come on top of a $7,500 federal tax credit for each electric car sale and state rebates. Nevada and California have also bestowed upward of $1.5 billion in tax breaks on Tesla.

A Tesla earnings report last year predicted that revenue from credits would "remain low in the future relative to our automotive sales" though it would "pursue opportunities to monetize ZEV credits." Such opportunities will abound as California's ZEV and federal fuel-efficiency mandates grow more stringent. More states are also adopting electric-car mandates.

Capitalism needs visionaries, but its reputation suffers when companies worth billions soak middle-class taxpayers for profits. Turn off the taxpayer tap, Mr. Musk. It would earn you more friends for the long haul.

Supporting Document I

The House Transportation bill has dominated headlines, and drawn its share of critical fire, since its introduction recently. Today, a member of the transportation infrastructure committee that developed guidelines for the bill answers detractors with a call for much-needed action. In turn, the leader of a statewide cities group suggests a broader search for revenue rather than the current legislation, which he says would decimate city budgets. We also hear from a electric-vehicle advocate who criticizes legislation that would eliminate the state tax credit for EV owners.

"He is a 'MARTA Republican' cry baby" — Commissioner Steve Brown

GUEST COLUMN

# Help wanted, but no critics

By Edward H. Lindsey

*"It is not the critic who counts; not the man who points out how the strong man stumbles, or where the doer of deeds could have done them better." – President Theodore Roosevelt, in his "Man in the Arena" speech.*

The Georgia General Assembly's Joint Study Committee on Critical Transportation Infrastructure Funding recently published its findings calling for an increase in annual transportation spending of $1 billion to $1.5 billion. It recognized a strong transportation infrastructure lies at the heart of our state's future success; we ignore its present weaknesses at our peril.

In response, the Georgia House leadership has placed on the table its transportation plan, and the long knives of opponents have quickly emerged. An alphabet soup of organizations are cranking out their calls to respective members to oppose the plan including GSBA (Georgia School Board Association), GMA (Georgia Municipal Association), ACCG (Association County Commissioners of Georgia) and, of course,

Edward H. Lindsey, a Republican, is a former Georgia House majority whip.

the usual assortment of naysayer organizations who can collectively be labeled by the acronym CAVE (Committees Against Virtually Everything).

These organizations denounce the House leadership plan on the table but offer no viable alternatives despite the fact our transportation woes endanger our safety, dampen our quality of life and impede our economic development. It is time for these organizations to understand:

1. Almost half our roads and bridges are rated in fair or poor condition; this means our school children are riding on unsafe roads.

2. Our city residents are stuck in some of the worst commutes in the country.

3. Our economy in every county suffers without a strong transportation network when businesses cannot get the goods, customers and employees they need to grow and prosper.

4. While government should not try to do everything, there are a few things it must do well, like transportation, and that costs money.

The Georgia House leadership plan does the following:

- It phases out the practice of allowing state and local governments to divert sales taxes on gasoline to their general funds for spending on non-transportation items. This has crippled our ability to meet our transportation needs. Approximately $180 million in state gasoline taxes and $500 million in local gasoline taxes are diverted to state and local general funds each year. It is time for gas taxes to be viewed as a user fee devoted exclusively to transportation.
- It abolishes sales taxes on gasoline and replaces them with an excise tax that, under our state Constitution, must be used exclusively for transportation purposes. This provides security against future elected officials jeopardizing our long-term transportation needs by siphoning off money for short-term pet projects.
- It devotes $100 million in bonds to mass transit, the state's first major investment in this vital part of our transportation needs.
- It provides local governments with the ability to directly raise money for local transportation needs.
- It imposes a $200 user fee on alternative fuel vehicles ($300 for commercial vehicles) to ensure these vehicle owners pay their fair share toward transportation.

The Georgia House leadership plan is not perfect – few proposals ever are – and constructive debate at this point is critical in developing the right transportation plan for our state. It is time for GSBA, GMA, ACCG, CAVE and others to move beyond "just say no" and offer meaningful alternatives if they do not like the one presently offered.

We need at this moment a lot more leaders who dare to enter President Roosevelt's arena and "actually strive to do the deeds" to protect our future, and a few less mindless critics who are merely "cold and timid souls who neither know victory nor defeat."

Edward H. Lindsey also served as a citizen member of the General Assembly's Joint Study Committee on Critical Transportation Infrastructure Funding.