

**GILMORE BOARDS THE TRAIN... (CHEERS)
...SHORT ON CASH (GROANS)**

By William Nicoson

Virginia Governor James S. Gilmore, in a radio address on August 31, adopted many of the projects included in the 2020 Plan proposed by Northern Virginia elected officials which I discussed last week. Most important was recognition of "fast track" priority for construction of extended rail from Metro's West Falls Church station to Tysons Corner and on, through Reston-Herndon, to Dulles International Airport.

The Governor also mentioned support for extension of rail along I-66 from Metro's Vienna station to Centreville but seemed to assign the project a lesser priority than rail to Dulles. The 2020 Plan proposed by the Transportation Coordinating Council of local officials had indicated no priority between the two projects. Other officials have also failed to assign a priority between the two projects, probably for political reasons. But job density in the Tysons-Dulles corridor has greatly exceeded that on I-66 west of Vienna, and the discrepancy is not expected to decline over the next ten years. Since job density is the principal determinant of feasibility for both projects, Governor Gilmore has established correct priorities.

The Governor's address did not detail funding sources for any of the road and transit projects supported but did indicate that, under a new policy, transportation projects would be considered for funding from the state's general fund as well as its transportation trust and that the controversial diversion from the trust for non-transportation purposes by Governor Douglas Wilder would be repaid. In addition, the Governor suggested that 40% of the proceeds of the state tobacco settlement be made available for transportation projects. All this is positive, but the Governor's projected funding sources, under the most generous of hypotheses, fall far short of the state's needed contribution to the Governor's transportation priorities.

Left intact by the Governor is his pay-as-you-go philosophy for transportation improvements. You and I have no inhibition about mortgage borrowing over 30 years to buy a house or over 4 years to buy a car. Houses and cars are high priority items with us, and if we waited until we could pay cash up front, we'd risk waiting ourselves out of ownership all together.

On a similar basis, state and local governments frequently issue bonds to finance schools, offices, courtrooms, park development, and, yes, transportation improvements. These bonds finance facilities of value to future residents, and the taxes of future residents are therefore generally regarded as an appropriate source for bond repayment.

Governor George Allen oversaw state debt issuance of more than \$132 million for transportation in Northern Virginia, including widening of the Dulles Toll Road. How is it that getting to Dulles by rail requires cash investment, while getting to Dulles by road is financed by debt? The metro system proposed to be extended to Dulles was itself funded in part by debt.

Governor Gilmore has announced support for a significant package of transportation improvements over the next ten years. If he's wise, he'll reconsider exclusively "pay-as-you-go" funding for such a massive and urgent program.

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