DRPT
Virginia Department of Rail and Public Transportation

DRPT Public Transportation Funding Study - SJR 297

July 30, 2012

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DRPT
Virginia Department of Rail and Public Transportation

Presentation Overview

❑ Review and Recap

❑ Adjustments To Date

❑ Operating Assistance Methodology

❑ Capital Assistance Methodology

❑ Recommendations

❑ Path Forward

Review & Recap

Senate Joint Resolution No. 297

❑ DRPT has been directed to study transit-related issues:

– Performance

– Prioritization

– Stability

– Allocation

General Assembly Initiative

"The study should determine if there should be a system in place to reward operator performance based upon specific performance criteria."

– Senate Joint Resolution No. 297

Study Approach

❑ Convened Stakeholder Committee

- Group included representatives from transit providers

- Group met four times

- Provided feedback on current allocations system

- Reviewed various formula options

Key SJR 297 Dates

- February 2011: General Assembly Approved SJR 297
- June 16, 2011: Kickoff meeting of Stakeholder Committee
- August 3, 2011: Stakeholder Committee Meeting
- Sept. 14, 2011: Stakeholder Committee Meeting
- May 7, 2012: Stakeholder Workshop
- July 18, 2012: CTB Meeting
- July 30, 2012: Stakeholder Committee Meeting

Study Approach

- Conducted best practice peer review

  – Formula distributions are more common than discretionary programs (30 states or 60% of state transit funds)

  – States tend to distinguish between capital and operating assistance

  – States frequently adopt different distribution methods for individual programs to address specific problems

Matching Support With Success

❑ Performance Matters

❑ Accountability

❑ Data Integrity

❑ Recognition for Innovation

Adjustments To Date

Operating Assistance Funding Allocation Methodology

❑ Adjustments To Date

– Hybrid allocation methodology to combine formula and
performance based funding allocation

– WMATA

– Peer grouping shifts

– Formula metrics altered

– Recommended changes to capital funding

Operating Assistance
Funding Allocation Methodology

Current Operating Assistance Funding Allocation

Increased funding is tied to increased spending

❑ Does not motivate cost efficiency or provide incentives

❑ Does not distribute funds based on area of revenue collection

❑ No direct link to policy goals

❑ The expenditure data used is 1½ to 2 years old

❑ Ineligible versus eligible costs add unnecessary complexities

❑ Statutory cap of 95% of costs matched by state is unreasonable expectation

❑ State matching percentage is unpredictable

❑ The current process is viewed by many stakeholders as fair

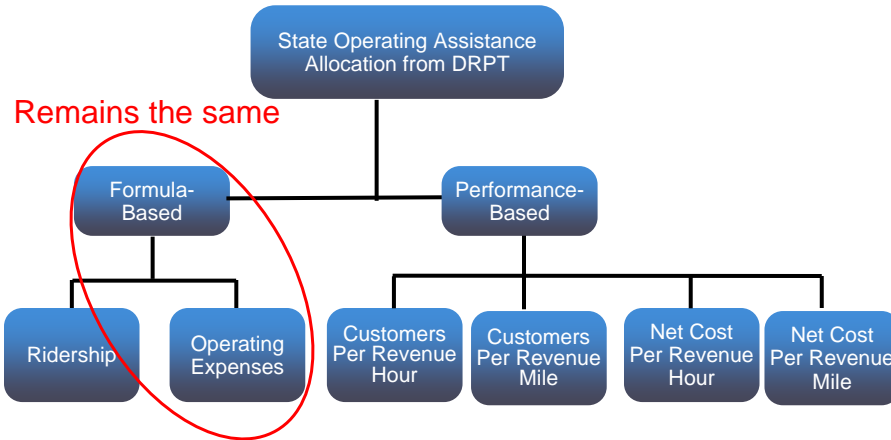❑ Data can be validated based on audited information

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Operating Assistance Allocation Scenarios

❑ Developed and evaluated multiple allocation methodology options

– Scenario 1   Service area population as defined in the NTD.

– Scenario 2   50% distributed on service area population and 50% on population density.

– Scenario 3   25% each to population, population density, passenger miles, and passenger miles per capita.

– Scenario 4   Within a tiered structure, fiscal stress, passenger miles, and cost per passenger mile.

Operating Assistance
Hybrid Allocation Approach

State Operating Assistance Allocation from DRPT

Remains the same

Formula-Based

Performance-Based

- Ridership
- Operating Expenses
- Customers Per Revenue Hour
- Customers Per Revenue Mile
- Net Cost Per Revenue Hour
- Net Cost Per Revenue Mile

Formula-Based Allocation

Overall Funds allocated to metrics based on weights

Funds for each metric distributed proportionally to agencies based on relative magnitude

Operating Assistance
Formula-Based Funding

❑ **Formula Metric 1: Ridership**

Definition – Total annual customer trips.

❑ **Formula Metric 2: Operating Expenses**

Definition – Total annual operating expenses.

Performance-Based Allocation

Peer groups of similar agencies created

Funds in each metric pool allocated to peer groups based on size

Funds in each peer group metric pool distributed to agencies based on performance

Performance-Based Funding

❑ **Performance Metric 1: Customers per Revenue Hour**
   Definition – The average number of customer boardings
                    generated by each hour of revenue service.
   Calculation – (Annual Ridership)/(Total Annual Revenue Hours)

❑ **Performance Metric 2: Customers per Revenue Mile**
   Definition – The average number of customer boardings
                    generated by each mile of revenue service.
   Calculation: (Annual Ridership)/(Total Annual Revenue Miles)

Performance-Based Funding

❑ **Performance Metric 3: Net Cost per Revenue Hour**
   Definition – The average dollar amount of tax subsidy required
                    for each hour of revenue service.
   Calculation – (Operating Cost – Agency-Generated Revenue) /Revenue Hours

❑ **Performance Metric 4: Net Cost per Revenue Mile**
   Definition – The average dollar amount of tax subsidy required
                    for each mile of revenue service.
   Calculation – (Operating Cost – Agency-Generated Revenue)/Revenue Miles

	Available Funding by Group and Metric			
	Performance Funds			
Group	Customers per Revenue Hour	Customer per Revenue Mile	Net Cost per Revenue Hour	Net Cost per Revenue Mile
Weight	0.125	0.125	0.125	0.125
A	$6,039,274	$6,039,274	$6,039,274	$6,039,274
B	$7,208,486	$7,208,486	$7,208,486	$7,208,486
C	$1,196,332	$1,196,332	$1,196,332	$1,196,332
D	$457,375	$457,375	$457,375	$457,375
E	$208,169	$208,169	$208,169	$208,169
F	$51,176	$51,176	$51,176	$51,176
Total	$15,160,813	$15,160,813	$15,160,813	$15,160,813

Funding Example
Similar Size

Agency	Customers Per Revenue Hour	Size Weight	Performance Weight	Allocation
A	28.07	0.87	1.23	$169,317
B	37.22	0.89	1.62	$229,105

Funding Example
Similar Performance

Agency	Customers Per Revenue Hour	Size Weight	Performance Weight	Allocation
A	20.71	1.04	0.96	$873,971
B	20.57	1.45	0.95	$1,204,169

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Operating Assistance
Performance Driven Allocation

❑ Formation of Peer Groups

– Service Area Population

– Service Area Population Density

– Ridership

– Operating Cost

– Peak Vehicles

– Steel Wheeled vs. Rubber Wheeled

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Operating Assistance Performance-Based Allocation
Draft Peer Group

A

WMATA Rail Arlington

WMATA Rail Fairfax County

WMATA Rail Alexandria

VRE

WMATA Rail Fairfax City

WMATA Rail Falls Church

Hampton Roads Transit - Rail

B

Greater Richmond Transit Company
WMATA Bus Arlington
NVTC - Fairfax County
Hampton Roads Transit - Bus
WMATA Bus Fairfax County
PRTC
WMATA Bus Alexandria
NVTC - City of Alexandria Office of
Transit Services and Programs

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Operating Assistance Performance-Based Allocation
Draft Peer Group

C

NVTC - Arlington County
Loudon County Office of
Transportation Services
Greater Roanoke Transit Company
Charlottesville Transit Service
Blacksburg Transit
Greater Lynchburg Transit Company
Williamsburg Area Transit Authority
VRT

D

City of Harrisonburg Dept. of Public
Transportation
JAUNT
FRED
NVTC - City of Fairfax
City of Petersburg
WMATA Bus Falls Church
WMATA Bus Fairfax City

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Operating Assistance Performance-Based Allocation
Draft Peer Group

E	F
Bay Aging	City of Bristol Virginia
City of Winchester	Farmville Area Bus
AASC/Four County Transit	Lake Area
City of Radford	STAR Transit
Danville Transit System	Blackstone Area Bus
RADAR	Town of Bluefield-Graham Transit
Mountain Empire Older Citizens, Inc.	County of Rockbridge
Pulaski Area Transit	Town of AltaVista
Greene County Transit, Inc.	Town of Chincoteague

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CTB Workshop Presenation

Current Capital Assistance
Funding and Allocation

❑ **Mass Transit Trust Fund (MTTF)**
- Twenty-five percent, approximately $30M annually, of the MTTF
- Allocates based on non-federal share of project compared to total for all projects
- Application driven process
- No flexibility to prioritize funding
- All capital items under this program funded at the same blended rate as bonds, approximately 50%

❑ **Mass Transit Capital Fund**
- Bond funding will be exhausted by 2018
- Application driven process
- Flexibility to prioritize funding
- Ability to fund State of Good Repair at 80%
  (ex. rolling stock replacement and major mid-life overhauls)
- Ability to fund other capital items at blended rate 50%
  (ex. Bus shelters, sidewalks, landscaping, etc)

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CTB Workshop Presenation

Recommended Capital Assistance Allocation

❑ Continue application driven process

❑ Allow flexibility to prioritize funding via a tiered approach
  – Example: Bus replacement and overhauls 20% total cost
  – Example: Bus shelters and bike racks 10% total cost
  – Example: Computers and landscaping 5% total cost

❑ Revisit funding priorities every three to five years

❑ Continue to allow capital funds to supplement operating assistance

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Overall Recommendations

❑ Performance
  – Revise the Code of Virginia to implement a hybrid formula and performance-based allocation system

❑ Prioritization
  – Establish allocation processes that allow the CTB to prioritize capital investment decisions

❑ Stability
  – Identify a source of transitional assistance to minimize impacts of implementing the new allocation system

  – Establish a reserve fund to stabilize match ratios for capital and operating expenses

Overall Recommendations

❑ Allocation

– Eliminate the unrealistic codified 95% cap on eligible capital and operating expenses

– Allow capital and special programs funds to be used to supplement operating funds

– Funds may not be allocated without requiring a local match from the recipient

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Overall Recommendations

❑ Capital and Operating Needs

– Document the gap between transit needs and available funding as part of the Statewide Transit and TDM Plan in order to advocate for increased funding to maximize the capacity of the existing infrastructure

– Findings will be incorporated into the SJ297 report

Path Forward

Path Forward

❑ August   Statewide Transit Systems Meeting

❑ August   Draft recommended code language

❑ September   Finalize SJR 297 report and submit to General Assembly