

Performance-Based Funding

SJ297 Workshop

May 7, 2012

Overview

- ▶ Current DRPT Funding Strategy
- ▶ Matching State Support With Success
- ▶ Action Plan

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Current Funding Strategy

- ▶ Disconnect between funding strategy and vision
- ▶ Spending-based versus success-based
- ▶ No incentive to improve performance
- ▶ No reward for success
- ▶ No direct link to policy goals

Senate Joint Resolution No. 297

- ▶ Reward operator for performance

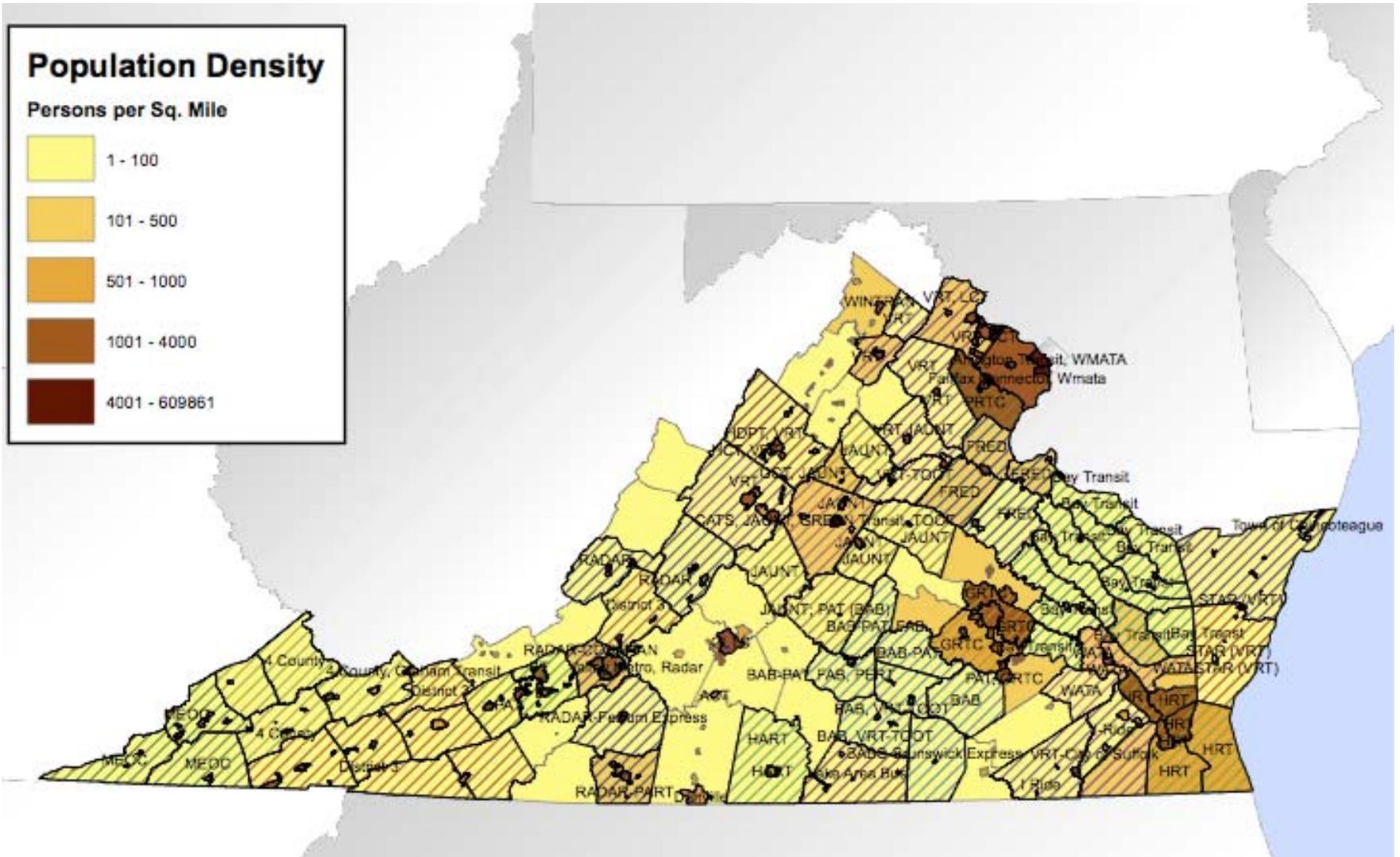
“Performance. The study should determine if there should be a system in place to reward operator performance based upon specific performance criteria.”

– Resolution No. 297

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Commonwealth of Virginia



Matching Support With Success

- ▶ Performance Matters
- ▶ Accountability
- ▶ Data Integrity
- ▶ Recognition for Innovation

Establishing Peer Groups

- ▶ Service Area Population
- ▶ Service Area Population Density
- ▶ Ridership
- ▶ Operating Cost
- ▶ Peak Vehicles
- ▶ Steel Wheeled vs. Rubber Wheeled

Establishing Peer Groups

NOTE:

The following Peer Group examples are for illustrative purposes only. All data is not yet complete and has not been audited for accuracy. The concepts contained are for philosophical purposes only and no calculations of aid have been either determined or finalized.

Draft Peer Group

A

WMATA Arlington - Rail
WMATA Fairfax County - Rail
WMATA Alexandria - Rail
VRE
WMATA Fairfax City - Rail
WMATA Falls Church - Rail
Hampton Roads Transit - Rail

B

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

Draft Peer Group

C

Charlottesville Transit Service
Greater Roanoke Transit Company
Blacksburg Transit
Greater Lynchburg Transit Company
Williamsburg Area Transit Authority
Fredericksburg Regional Transit
City of Harrisonburg Dept. of Public
Transportation
JAUNT, Inc.
Virginia Regional Transit - Loudoun
NoVA CTB District
NVTC - City of Fairfax
City of Petersburg

D

District Three Public Transit
Danville Transit System
WMATA Falls Church - Bus
WMATA Fairfax City - Bus
Bay Aging
City of Winchester
AASC / Four County Transit
City of Radford
Mountain Empire Older Citizens,
Inc.

Draft Peer Group

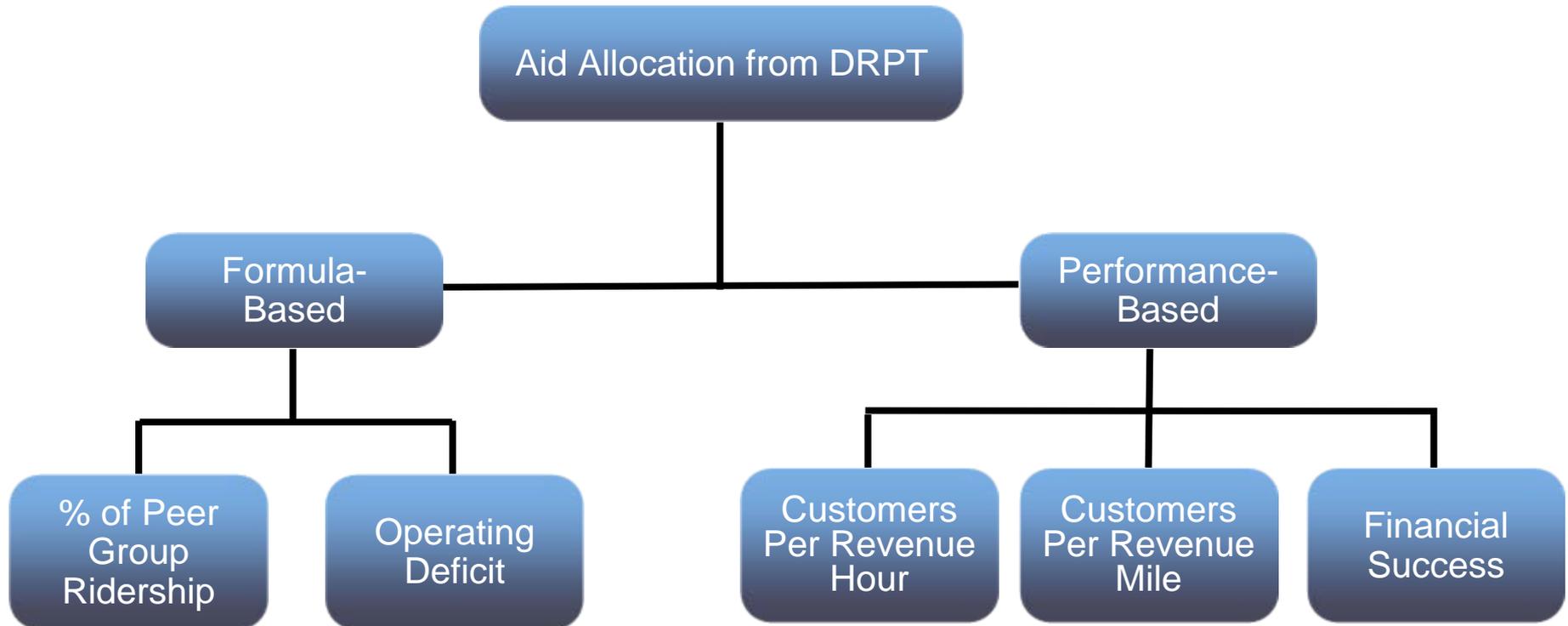
E

RADAR / Roanoke
Pulaski Area Transit
Greene County Transit, Inc.
N. Shenandoah Valley Reg.
Commission
Farmville Area Bus
Virginia Regional Transit – Staunton
CTB District
City of Bristol Virginia
Bay Aging/New Kent/Charles City
STAR Transit
Blackstone Area Bus

F

RADAR / Covington & Clifton Forge
Virginia Regional Transit - Culpeper
CTB District
FRED - King George
County of Rockbridge
Town of Bluefield-Graham Transit
Lake Country Area Agency on Aging
Lake Area Bus / Halifax Area Rural
Transit
Town of Altavista
JAUNT Buckingham
Town of Chincoteague
FRED - Caroline County

Funding Allocation



Formula-Based Funding

% of Peer Group Ridership

- ▶ The percentage of total annual peer group ridership generated by an individual agency
- ▶ $(\text{Annual Ridership of Agency}) / (\text{Total Annual Ridership of All Peer Group Agencies})$

Operating Deficit

- ▶ The annual dollar value of an agency's operating costs net of DRPT funding
- ▶ Annual Operating Costs minus other operating funds provided by DRPT

Performance-Based Funding

Customers per Revenue Hour

- ▶ The average number of customer boardings generated by each hour of revenue service
- ▶ $(\text{Annual Ridership}) / (\text{Total Annual Revenue Hours})$

Customers per Revenue Mile

- ▶ The average number of customer boardings generated by each mile of revenue service
- ▶ $(\text{Annual Ridership}) / (\text{Total Annual Revenue Miles})$

Financial Success

- ▶ The percentage of an agency's operating costs recovered by agency-generated revenue
- ▶ $(\text{Annual Farebox Revenue} + \text{Annual Contract and Subsidy Revenue} + \text{Annual Advertising Revenue}) / (\text{Total Annual Operating Cost})$

Funding Methodology

Funds allocated to peer groups based on size



Peer group funds divided among metrics based on weights



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

Funding Example

Similar Size

Agency	Customers Per Revenue Hour	Size Weight	Performance Weight	Allocation
C-3	27.70	0.66	1.35	\$142,662
C-9	7.78	0.67	0.38	\$40,202

Funding Example

Similar Performance

Agency	Customers Per Revenue Hour	Size Weight	Performance Weight	Allocation
E-5	4.79	1.35	0.85	\$15,010
E-6	4.79	0.77	0.85	\$8,617

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Action Plan

- ▶ May, 2012 – Focus Group of Operators
- ▶ May, 2012 – Virginia Transportation Assoc.
- ▶ June, 2012 – Feedback from Providers
- ▶ July, 2012 – Draft Report Complete
- ▶ August, 2012 – Meetings with Members of the General Assembly
- ▶ September, 2012 - Final Report Presented to General Assembly
- ▶ January, 2013 – New Performance-Based Legislation
- ▶ July, 2014 – Transition Period Begins
- ▶ July, 2016 – Full Implementation for Existing/New State Transit Operating Funds

Questions?