

# TRANSIT SERVICE DELIVERY ADVISORY COMMITTEE MINUTES

12<sup>th</sup> Floor North Conference Room

600 East Main Street

Richmond, VA 23219

Monday, July 15, 2013

10 a.m. – 2 p.m.

1. Call to order – Chair (10:02 a.m.)

John McGlennon

Cindy Mester

Al Harf

Donna Shaunesey

Kevin Page

Steve Pittard

2. Public comment period

- a. Linda McMinimy (VTA) thanked the committee for the hard work provided and observed that the July 1<sup>st</sup> meeting's draft minutes did not adequately capture what she communicated during that meeting's "public comment" segment. She reiterated the two principal points she had made: (1) the transit community is concerned about the validity of the data presented to date, and anxious to insure that the data issues are resolved; and (2) The transit community believes that four capital tiers are too many, favoring two or perhaps as many as three in the belief that fewer tiers would work better.

For the full comments please visit the website

<http://www.drpt.virginia.gov/activities/Meetingsandagendas.aspx>

3. Approval of July 1<sup>st</sup> minutes– deferred. Will be taken up at the July 29<sup>th</sup> meeting.

4. Transition year operation funding formula: Verification of Option #11 and rationale for choice, update on data

VDRPT reported on changes to the consultants and staff since the last meeting. PB World (PB) has been procured to assist DRPT and TSDAC with the refinement and testing of the funding model, and to conduct analytic work identified in the TSDAC white paper. TSDAC Chairman McGlennon asked that the TSDAC Committee be informed of any changed conditions in advance of future meetings, noting that the changes just reported were being disclosed to the non-VDRPT TSDAC members without prior notice.

VDRPT reported that the spread sheets presented at the July 1<sup>st</sup> meeting contained formula errors that were corrected by the previous consultant and verified by PB. PB has also reconstituted the presentation of the formulas and data in the models 9 and 11 spread sheets, to make them easier to comprehend.

The reconstituted spread sheets were presented by PB, and it was noted that further changes are looming because the data is not yet settled. VDRPT has sent out a communication to all the grantees asking for data verification by no later than July 26, 2013. Thereafter, DRPT staff will review the grantee's submissions and contact those that have a 10% change up or down from one year to the other. Grantees will then have until August 15<sup>th</sup> to provide an explanation and supporting documentation regarding the change in data from one year to the other. Grantees that fail to provide a satisfactory explanation by August 15<sup>th</sup> will not be eligible for the FY14 mid-year performance-based operating assistance allocation.

Al Harf discussed why model 11 was chosen as the preferred allocation model. He recounted the chronology of model testing efforts, noting that there were twenty-four models to begin with, featuring two allocation methodologies, four sets of performance measures, and three size weighting factors. Twelve of the twenty-four original models were dropped early-on because they failed to successfully execute their intended aim which was to build in a "high proficiency" safeguard so systems already operating at a high level of proficiency would not be disadvantaged by the fact that they have less room for self-improvement.

TSDAC then dropped the models which relied singularly on either operating budget or ridership for "size weighting" purposes (because either factor used by itself too starkly favored particular systems), concluding that a blended "size weighting" factor (i.e., 50% ridership, 50% operating budget) is preferred to create a balance acceptable to the transit community at-large. Having made those decisions, only four models remained in contention -- #s 9, 10, 11, and 12 -- differing from one another only in terms of the performance measures used.

Next, TSDAC concluded that model #s 11 and 12 were preferred over model #s 9 and 10 because all the performance measures in #s 11 and 12 are measures of both effectiveness and efficiency, whereas model #s 9 and 10 have measures that are simply measures of "efficiency" (e.g., cost per mile and cost per hour). TSDAC reasoned that the use of performance measures embodying both effectiveness and efficiency would be more in keeping with the stated aims of the General Assembly in the legislation.

The final decision was to select between model 11 and model 12. Mr. Harf explained that TSDAC chose model 11 because the "net cost per trip" performance measure was (is) seen as preferable to the "gross cost per trip" measure, since net cost per trip affords a transit provider more opportunity to influence performance. That's because the "net cost per trip" measure enables a transit provider to employ pricing as a variable, striking a balance between the aims of ridership promotion and cost containment as a transit provider's policy board sees fit.

TSDAC then unanimously:

1. Reaffirmed its preference for Model 11.

2. Affirmed that the “size weighting factor” metrics should always be the most recent year being used for the self-comparison (in terms of the FY 2014 “transition year” allocation, this means using the FY12 data for size-weighting).
3. Affirmed that the “transition” recommendation it would be making to the CTB would be a two year transition rather than only one year (i.e., FY 2014 and FY 2015) to allow sufficient time for the additional analytic work and fact-finding described in the White Paper presented at the July 15<sup>th</sup> meeting to be done. TSDAC’s “transition” recommendation will call for the allocation in those two years to be done in the same manner, with the possible exception of a third year being added to the self-comparison if a third year’s data is produced in time for that.
4. Affirmed that the deadline for grantees to submit the data needed for each year’s allocation would be four months following the end of transit operator’s fiscal year or December 31<sup>st</sup>, whichever comes first, and that varying beginning and ending dates for fiscal years presently used by grantees need not be changed.

\*\*Work is still being done on spreadsheets; work product will be posted once complete.

5. Final Decision on Operating for FY14 (White Paper – Recommendation Report)  
<http://www.drpt.virginia.gov/activities/files%5C071213%20FINAL%20DRAFT%20TSDAC%20Performance%20Based%20Funding%20Allocation%20Implementation%20Plan%20%28v4%29.7.15.13.pdf>

TSDAC discussed the content of the White Paper and agreed on specific issues warranting further analytic and fact-finding work, namely:

1. An examination of possible additional “size weighting” and performance measurement” factors to assess whether such additions are appropriate to account for service needs and the degree to which transit systems are addressing the “transit dependent needs” aim of the state transit assistance program (since TSDAC recognizes that the performance measures chosen for use during the transition period largely sidestep these issues).
2. Assessing whether “data collection” challenges are present in connection with any of the measures resulting from (1), and fashioning guidance / grant assistance recommendations as may be required to overcome those challenges.
3. How the allocation model might be enhanced to address the “highly proficient system” issue that models conceived to date don’t address. TCRP Report # 141 was cited as a possible avenue for this enhancement, so VDRPT / PB were asked to explicitly examine that and at the same time invited to suggest other approaches.

Current data and allocation, along with the “analytics / fact-finding” work program are to be documented in a final version “White Paper.” VDRPT staff will be updating the White Paper to reflect these key points as well as other formatting, process and context requested edits.

1. Capital Tiering issues – scheduled to discuss at the July 29<sup>th</sup> meeting.
2. Schedule for meeting with General Assembly, public hearings, CTB

**SB1140 TENTATIVE MILESTONE SCHEDULE FOR TRANSITION PERIOD:**

**July 29, 2013** – TSDAC meeting to finalize operating White Paper and develop the capital allocation framework

**August 12, 2013** - Public Comment Period Begins

**September 9, 2013** - TSDAC meeting to finalize operating and capital allocation plans

**September 18, 2013** – Commonwealth Transportation Board (CTB) Presentation of Draft SB1140 Recommendations

**September 18, 2013** – Public Hearing (Richmond)

**September/October, 2013**- Senate Committee on Finance, House Appropriations Committee, and Senate and House Committees on Transportation briefings

**September 26, 2013** – Public Comment Period Ends

**October 16, 2013** – CTB – SB1140 Action

**October 16, 2013** – SYIP amendment for FY14 operating funds

**NOTE:** Meeting dates and times with the Senate and House Finance Committees are forthcoming

3. Public Comment - None
4. Plans for July 29 meeting – Discuss Capital
5. Adjourn (2:00 p.m.)