

**REPORT OF THE
DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION and
TRANSIT SERVICE DELIVERY ADVISORY COMMITTEE**

**PERFORMANCE-BASED OPERATING ASSISTANCE
ALLOCATION METHODOLOGY**

**FINAL
October 11, 2013**

OVERVIEW

In 2011, the General Assembly passed Senate Joint Resolution (SJR) 297 that directed the Virginia Department of Rail and Public Transportation (DRPT) to study key issues relating to the distribution of funding to transit agencies within the Commonwealth of Virginia. Specifically, the legislation called for the examination of Virginia's current transit funding practices with respect to performance, prioritization, stability, and allocation. Since 1987 state operating assistance has been allocated to transit operators based on their total operating cost relative to the total operating costs statewide for all transit providers that receive state operating assistance. The goal of the overall study was to assist the General Assembly as it considers how changes to the distribution methods for its capital and operating programs could help improve the effectiveness of public transportation funding. DRPT completed its work in December 2012 and delivered a report to the General Assembly (Senate Document No. 11). Subsequently, the 2013 General Assembly reacted to the SJR 297 findings and passed Senate Bill (SB) 1140 that established a new process for allocating state operating assistance funding above \$160 million. The General Assembly also created a Transit Service Delivery Advisory Committee (TSDAC) to work with the DRPT in the development of the performance-based operating assistance allocation methodology.

The TSDAC and DRPT have prepared a performance-based funding allocation methodology that will be utilized to distribute transit operating assistance funding above \$160M annually through a phased approach. The first phase will consist of a mid-year performance-based operating assistance allocation for FY 2014; performance will be based on the percent change between FY 2011 and FY 2012. The second phase will include a full year performance-based operating assistance allocation for FY 2015; performance will be based on a two-year rolling average using FY 2011, FY 2012, and FY 2013 performance data. Phase I and Phase II will base the operating assistance funding allocation on a performance-based model that incorporates standard performance measures, as defined by the Federal Transit Administration (FTA) and published in the DRPT Grantee Handbook. TSDAC's performance-based operating assistance allocation methodology will utilize certified performance data that have been collected and reported by the transit providers receiving state operating assistance grants.

PERFORMANCE METRICS

The performance metrics used in the TSDAC performance-based operating assistance allocation model and the percent of available funding that will be allocated to each metric are defined below:

Net Cost per Passenger (50%): Total operating costs less depreciation related to transit assets and any operating income derived from a source other than taxpayers divided by ridership. (An example of a non-operating income item would be interest income.)

Customers per Revenue Hour (25%): Ridership divided by revenue hours

Customers per Revenue Mile (25%): Ridership divided by revenue miles

Transit System Sizing: Based equally on the most recent annual ridership and most recent audited operating cost available net of depreciation, projects funded in other DRPT programs, and non-transit related expenses

RELATED DEFINITIONS:

Operating Cost (system sizing and performance metric) and Ridership

The operating cost and ridership, as defined below, will be used to size each transit operator relative to all transit operators eligible for state operating assistance in the Commonwealth of Virginia. Operating cost will also be used in the performance metric, as defined below.

- **Operating Cost for System Sizing:** Most recent audited operating cost available, net of depreciation, projects funded in other DRPT programs, and non-transit related expenses. New transit service will be based on budgeted operating costs for the year of implementation until audited operating costs are available
- **Operating Cost for Performance Metric:** Total operating costs less depreciation and any operating income derived from a source other than taxpayers divided by ridership. (An example of a non-operating income item would be interest income.) New transit service will be based on budgeted operating costs for the year of implementation or until audited operating costs are available
- **Ridership:** Unlinked passenger trips
- **Unlinked Passenger Trips:** The number of passengers who board public transportation vehicles. Passengers are counted each time they board vehicles no matter how many vehicles they use to travel from their origin to their destination.

Fixed Route and Commuter Bus Service

The time when a vehicle is available to the general public and there is an expectation of carrying passengers. These passengers either:

- Directly pay fares
- Are subsidized by public policy, or
- Provide payment through some contractual arrangement.
- Vehicles operated in fare free service are considered in revenue service. Revenue service includes:
 - Layover / recovery time that has been incorporated into the route schedule
 - Revenue service excludes:
 - Deadhead
 - Vehicle maintenance testing
 - School bus service
 - Charter service

Revenue hours and miles for conventionally scheduled services, are comprised of two elements:

- **Running Time:** The time it takes your transit vehicle to travel from the beginning to the end of the transit route. Your agency's passenger timetable typically shows the running times for all trips operated by your agency

- **Layover and Recovery Time:** The layover and recovery time typically is scheduled at the end of each trip and usually ranges from 10 to 20 percent of the running time. The time is scheduled to provide the transit operator a rest break and to provide opportunity to get the transit service back on schedule if it was running late on the last trip.

Demand Response Service

The definition of revenue miles and revenue hours is slightly different than that for conventionally scheduled service.

- **Revenue Time:** Includes all travel time from the point of the first passenger pick-up to the last passenger drop-off, as long as the vehicle does not return to the dispatching point

Deadhead

Deadhead is the mileage and operating time needed to move your transit vehicle before revenue service begins and after revenue service ends. When transit vehicles are deadheading, they operate closed-door and are not available to passengers. Deadhead in fixed route and/or commuter services can involve travel between:

- The garage and the beginning of a route
- The end of one route and the start of a second route, or
- The end of a route and the garage

Note that bus deadhead includes mileage and time when your vehicle is not advertised as available for the general public, but is traveling to its first publicly advertised stop from the garage or to the garage from the last publicly advertised stop. For a vehicle to be considered in fixed route and/or commuter revenue service there must be a marked stop which is advertised in your schedules and an indication on your bus (e.g., head sign, window board) that it is in revenue service.

For non-fixed route services, deadheading can involve travel between:

- The garage and the dispatching point
- The garage and the first passenger pick-up
- The last passenger drop-off and the dispatching point
- The last passenger drop-off and the garage, or
- The dispatching point and the garage

IMPLEMENTATION PLAN:

Phase I – Year 1 Transition Period (FY 2014)

DRPT will prepare a FY 2014 mid-year performance-based allocation of new funding above \$160M that will be generated beginning on July 1, 2013 as a result of the historic transportation package passed by the 2013 General Assembly.

FY 2014 Mid-Year Performance-Based Operating Assistance Allocation:

- Performance will be based on a self comparison for each grantee based on the percent change from FY 2011 to FY 2012 for the FY 2014 mid-year performance-based operating assistance allocation

Phase II – Year 2 Transition Period (FY 2015)

Operating assistance funding above \$160M in FY 2015 will be allocated based on the same performance-based allocation model, methodology and performance data collection as in the FY 2014 mid-year performance-based operation assistance allocation.

FY 2015 Performance-Based Operating Assistance Allocation

- Performance will be based on a two-year rolling average using FY 2011, FY 2012 and FY 2013 performance data. The two-year rolling average will be calculated by taking the average of the change between FY 2011 and FY 2012 and FY 2012 and FY 2013.
- FY 2013 certified performance data must be submitted in OLGA by October 31, 2013 for transit agencies operating on the state fiscal year. For transit agencies operating on a federal fiscal year and transit agencies that are part of a tri-state compact, performance data must be submitted in OLGA by December 31, 2013. If grantees do not provide their data to DRPT by the deadline they will not be eligible for the FY 2015 performance-based operating assistance allocation.

Phase III - Future Year Allocation (FY 2016 and Beyond)

TSDAC and DRPT have identified items related to the performance-based operating assistance allocation methodology that will require additional time to study, discuss, and test before the TSDAC's performance-based operating assistance allocation methodology for FY 2016 and beyond will be finalized.

Stakeholder and public involvement will be conducted as part of Phase III.