

TRANSIT SERVICE DELIVERY ADVISORY COMMITTEE MINUTES

12th Floor North Conference Room
600 East Main Street
Richmond, VA 23219
Thursday, September 9, 2013
10 a.m. – 2 p.m.

1. Call to order –10:03 a.m.
2. Public comment period
 - a. Kelley Coyner (NVTC) – Stated that TSDAC and DRPT have come a long way in establishing performance metrics, and highlighted the fact that unlinked trips are central to the recommended operating assistance allocation model. She went on to say that she is drawing attention to this facet of the model because NVTC and VDRPT have not been able to reach agreement about how Metrorail unlinked trips attributable to Virginia should be quantified – the approaches favored by VDRPT don't account for trips non-Virginians make to Virginia jobs or the region's Virginia airports (including trips that will be made on the soon-to-open Silver Line) while NVTC's approach does. She acknowledged the complexities attendant to ascribing trips made on a multistate rail system to each state but expressed the view that NVTC's approach is fairer-minded since it accounts for the significance of Virginia as a destination, which VDRPT's approach does not do. She referred the Committee to a letter and white paper that NVTC composed for the Committee's consideration.
<http://www.drpt.virginia.gov/activities/files%5CNVTC%20Letter%209-6-13.pdf>
She also discussed the capital allocation and the 3 tiers with old and new money, suggesting that TSDAC confine its initial recommendations to tiering because concerns expressed about changing participation rates from a percentage of non-federal to a percentage of gross are unresolved and need further development / discussion. Among those concerns is the practicality of shifting state dollars among projects in an effort to keep federal participation rates on federally participating projects the same, which VDRPT has suggested as an element of a “percentage of gross” approach.
 - b. Larry Hagin (GRTC) – Supportive of the operating plan for the allocation. For capital allocation he referenced a letter that he sent to the committee, in which GRTC professes a preference for capital being converted to a percentage of gross and expresses support for the three-tiered proposal.
<http://www.drpt.virginia.gov/activities/files%5CGRTC%20Capital%20Plan%20Support%20Letter.pdf>
 - c. William Harrell (HRT) – Referred the Committee to written comments submitted by HRT in which HRT expresses support for the capital tiering as proposed and the conversion of participation rates to percentages of gross. HRT also supports the use of a \$100 million threshold for “major projects”, and the attendant proposal that major projects have a capital participation rate of 25%.

<http://www.drpt.virginia.gov/activities/files%5CTSDAC%20HRT%20comment%2009%2006%2013.pdf>

<http://www.drpt.virginia.gov/activities/files%5CGross%20versus%20Net%20Cost%20Illustration%2009%2006%2013.pdf>

For the full comments please visit the website

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

3. Minutes from August 22nd – will adopt at the next TSDAC meeting (October 11)
4. Status of Transitional Operating Allocation Formula (Informational) – TSDAC’s proposal was finalized at the August 22nd meeting, setting the stage for public review and comment that is now underway. A public hearing is scheduled for Wednesday, September 18th from 5:30 p.m. – 7:30 p.m. at the VDOT Auditorium, 1221 East Broad Street, Richmond VA. An updated version can be found at <http://www.drpt.virginia.gov/activities/Meetingsandagendas.aspx>.
5. Presentation of Operating Allocation Formula/Update. On schedule for presentation to the CTB and General Assembly – House Appropriations: September 16, 2013; CTB: September 17-18, 2013; Senate Finance: September 19, 2013. Steve Pittard clarified that there are two operating assistance allocation scenarios – a high and a low – which differ in terms of funds being allocated by \$4.5 million. The \$4.5 million is the amount that VDRPT is contemplating taking off the top as a reserve, though a decision on one scenario vs. the other has not been made as yet (Mr. Pittard went on to say he envisions VDRPT declaring a preference for one of the scenarios before the CTB decides the issue at its October 16, 2013 meeting). Al Harf added that the estimates appearing in the spread sheets presented to TSDAC today are premised on the use of VDRPT’s preferred methodology for quantifying Metrorail unlinked trips rather than NVTC’s, prompting Chairman McGlennon to observe that the VDRPT preferred method will apply for the transition period, while urging continued discussion about “counting methods” in an effort to fashion a more mutually agreeable approach.
6. Capital Allocation discussion/Steve Pittard's White Paper – this can be located at <http://www.drpt.virginia.gov/activities/Meetingsandagendas.aspx>

Mr. Pittard recapped the policy issues needing resolution, namely:

- How major projects get handled (i.e., separate category or not)
- Whether the participation rates for one or more tiers should be held constant
- Whether the participation rates are percentages of gross or non-federal
- Whether there is or isn’t a reserve balance and, in lieu of a reserve balance, what sort of “out” clause becomes necessary

The ensuing discussion about major projects led to the conclusion that they will not be recommended as a separate category, but rather be assigned by elements to the three tiers.

Mindful of the fact that major projects may be so large in a particular year that they would usurp too much capital on a pay-go basis, TSDAC also expressed conceptual support for the idea of using multi-year funding pledges to mitigate this, suggesting to VDRPT that it needs to define more explicitly the mechanics of how this might work for TSDAC's further discussion. There was also discussion about which types of projects would be candidates for multi-year pledges (e.g., based on dollar amount; based on varying dollar amounts depending on the size of a grantee's overall budget / capital program), without reaching closure.

Neither the discussion about tiers (and whether their participation rates might be frozen) nor the discussion about the prospective reserve balance led to resolutions, though there was a general sense that freezing the rate of the top tier and retention of a reserve are desirable. With regard to the reserve, there was general agreement that it should not amount to more than 5% per year with a cap on the amount that could mount over time to not more than 15%. Responding to a question asked by Roger Cole about the intended use of the reserve, Steve Pittard suggested that it should be available in his view for operating or capital as need be.

During further discussion about the tiers, Steve Pittard underscored his belief that the current practice – in which participation rates are percentages of non-federal – is inherently unfair, and he challenged those who think otherwise to articulate their reasons why that go beyond “that’s how it has always been done”. Al Harf replied that converting the participation rates to percentages of gross have the effect, be it intended or otherwise, of rewarding grantees whose local government sponsors invest less in their transit systems, which seems contrary to the state’s desire to leverage local support. Mr. Harf also noted that the resolution of the “gross vs. net” policy question warrants more discussion because some who favor gross appear to be harmed by gross based on VDRPT’s spread-sheeted information, suggesting that there may not be complete clarity about what assumptions underlie the spread sheets. To clear the air, Mr. Harf suggested that VDRPT furnish more information about gross vs. net implications on the grantees, with a fuller explanation of how the “gross” approach would work, so grantees are better informed before they declare a preference.

Discussion of gross vs. net will continue at the next TSDAC meeting on Friday, October 11.

Excel charts can be located at:

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

7. Public Comment – None was given at this time
8. Plans for Fall Meeting(s) - Next TSDAC meeting: Friday, October 11th.
9. Adjourn – 2:05 p.m.