

Virginia Department of Rail &
Public Transportation

Transit Resource Allocation Plan Capital Projection

*Transit Service Delivery
Advisory Committee
October 26, 2016*



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OBJECTIVE

- Update 10-year projection of transit capital costs (FY18-27)
 - Previous version (FY17-26) based on DRPT FY16 SYIP
 - Update analysis to reflect DRPT FY17 SYIP
 - Calibrate updated data based on:
 - Recent TDPs
 - Telephone interviews with largest 10 agencies
 - WMATA FY17-22 CIP
- Update 10-year projection of transit capital revenues
- Perform gap analysis
 - Deficit/additional revenues needed
 - Change in state match rates due to lower revenues

STATE TRANSIT CAPITAL FUNDING TIERS

→ Tier 1

- Replacement *and* Expansion Vehicles
- 68% maximum state match

→ Tier 2

- Infrastructure and Facilities
- 34% maximum state match

→ Tier 3

- Other
- 17% maximum state match

PROJECT CATEGORIES

→ State of Good Repair

- Rehabilitation and replacement projects such as purchase of replacement vehicles; amenities including shelters, fare payment, bike racks, signage; computers, communications and technology; security; and track lease and debt service payments
- VRE track lease payments

→ Expansion Projects

- Expansion vehicles (bus, vans, and service vehicles)
- Significant new facilities and upgrades such as construction of second elevators, station entrances, and parking garages
- Multi-year projects
 - Virginia Beach Light Rail Transit (LRT) Extension
 - Richmond Bus Rapid Transit (BRT)
 - Norfolk Naval Station Transit Extension

CAPITAL PROJECTION ASSUMPTIONS

→ **WMATA Expenditures**

- FY18-22 based on WMATA FY17-22 CIP
- Mix of PRIIA-funded projects by tier estimated based on FY18 mix

→ **All Other Agencies' Expenditures**

- FY18-21 based on FY17 SYIP, due to drop in expenditures last 2 years of SYIP
- Projected expenditures FY22-27 based on average annual SYIP costs FY18-21
- FY22-27 escalated by historical growth in RS Means Construction Cost Index

→ **Federal Participation**

- FY18-21 based on FY2017 SYIP estimates by major agency/district by tier
- FY22-27 based on average of FY18-FY21

BASE CASE ASSUMPTIONS

→ Revenues

- Revenues based on state projection
- Elimination of transit bond funding in FY20
- Elimination of PRIIA funding in FY21

→ Expenditures

- Calculate resulting gap when state match by tier is maintained at 68%/34%/17% (different from FY17 SYIP which assumes tiers varying each year)
- In addition, examine cut in state match required to address funding gap
 - Maintain tier 1 percentages to the extent possible
 - Adjust tier 3 and 2 percentages, respectively

SCENARIO ANALYSIS VARIABLES

→ **PRIIA Funding**

- Assume PRIIA-authorized state/federal WMATA funding maintained beyond FY20

→ **State Transit Capital Bonds**

- Assume new legislative action to continue bond funding beyond FY19

→ **Projects Beyond FY17 SYIP**

- Assume additional projects reported by agencies for which constrained funding not currently identified

→ **Contingency**

- Assume additional expenditures on projects statewide of approximately 5%

→ **Project Mix**

- Assume state transit capital funds are only applied to SGR projects

SCENARIOS

- 1 Base Case**
 - PRIIA-authorized state/federal WMATA funding expires in FY20
 - State transit capital bonds sunset in FY19
- 2 PRIIA Funding Maintained**
 - PRIIA funding maintained at current levels beyond FY20
 - State transit capital bonds sunset in FY19
- 3 Additional Revenues**
 - PRIIA funding maintained at current levels beyond FY20
 - State transit capital bonds continue at current levels beyond FY19
- 4 Additional Revenues and Expenditures**
 - State transit capital bonds and PRIIA Funding continue beyond FY19
 - Additional project spending as reported by agencies
 - Statewide contingency expenditures of 5%
- 5 SGR Only**
 - Expansion projects not funded by state transit capital funds

SCENARIOS

	PRIIA Funding Reauthorized	New State Transit Capital Bonds	Projects Beyond FY17 SYIP	Contingency	SGR and committed expansion projects only
1) Base Case	X	X	X	X	X
2) PRIIA Funding Maintained	✓	X	X	X	X
3) Additional Revenues	✓	✓	X	X	X
4) Additional Revenues & Expenditures	✓	✓	✓	✓	X
5) SGR Only	X	X	X	X	✓

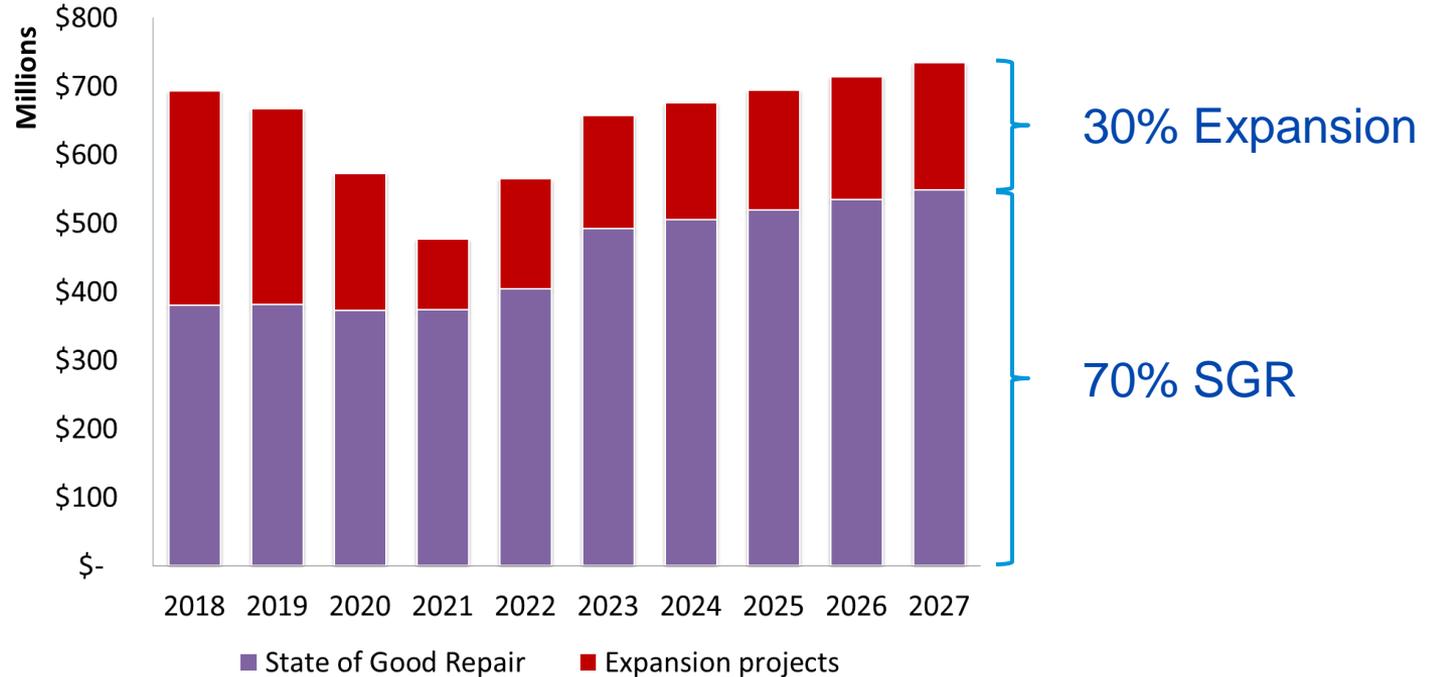
X = NO
 ✓ = YES

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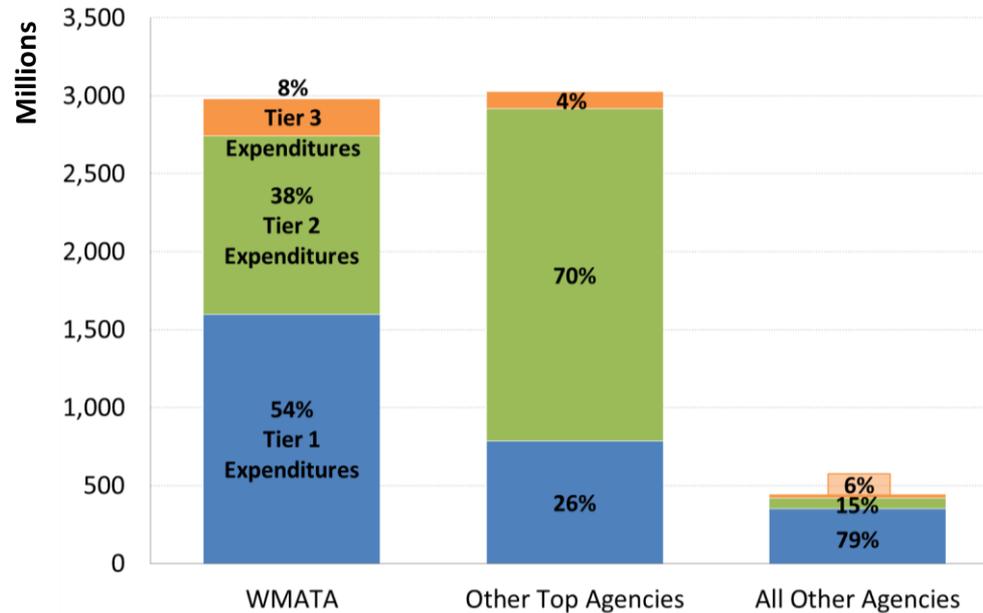
SCENARIO 1 BASE CASE

Transit Resource Allocation Plan Capital Projection

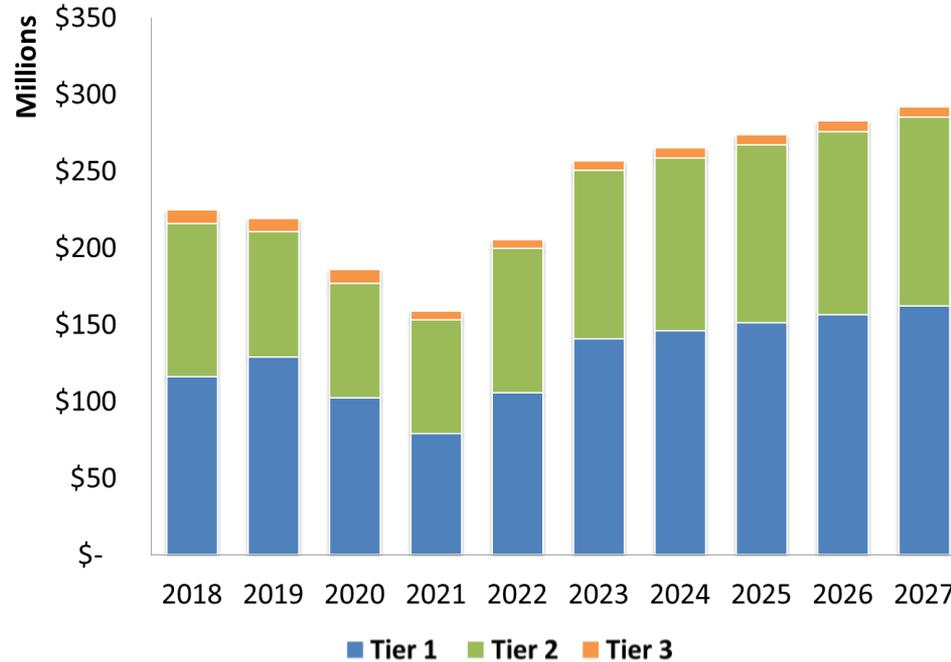
1 \$6.5B PROJECTED TRANSIT CAPITAL INVESTMENTS BY VIRGINIA TRANSIT AGENCIES (FY18-27)



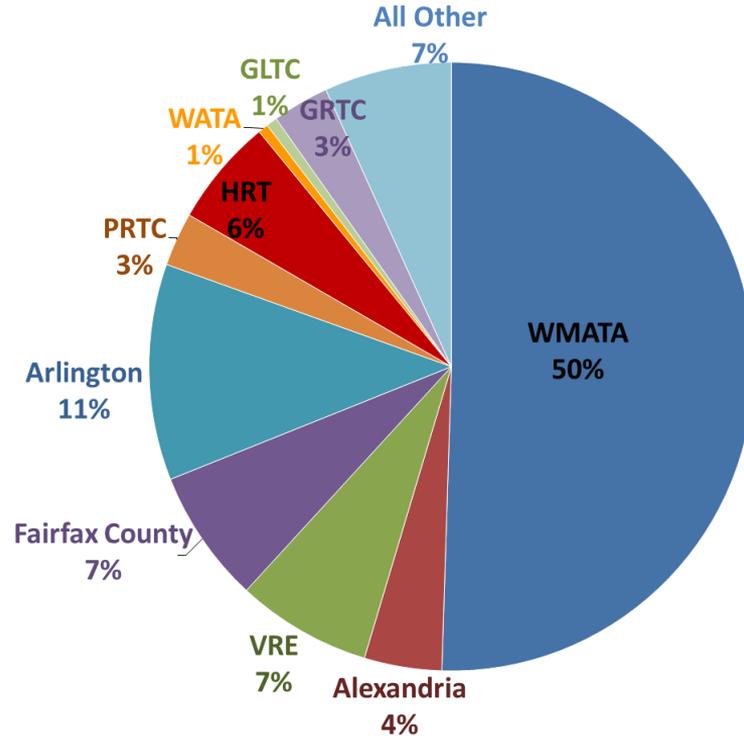
1 \$6.5B PROJECTED TRANSIT CAPITAL INVESTMENTS TIER-WISE EXPENDITURES (FY18-27)



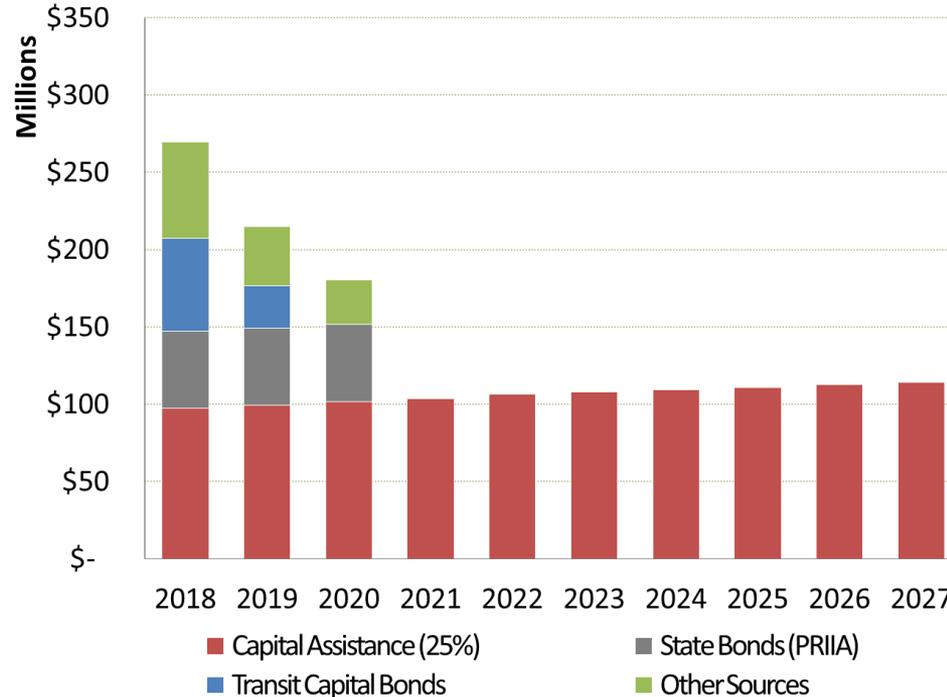
1 \$2.4B STATE TRANSIT CAPITAL FUNDING NEEDS BY TIER (FY18-27)



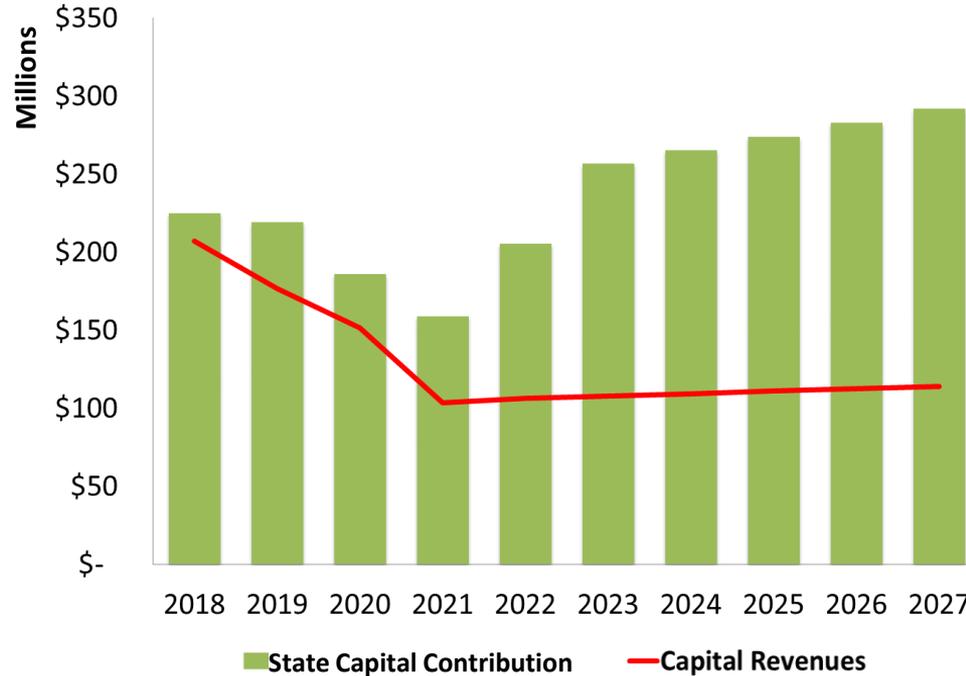
1 \$2.4B STATE TRANSIT CAPITAL FUNDING NEEDS BY AGENCY (FY18-27)



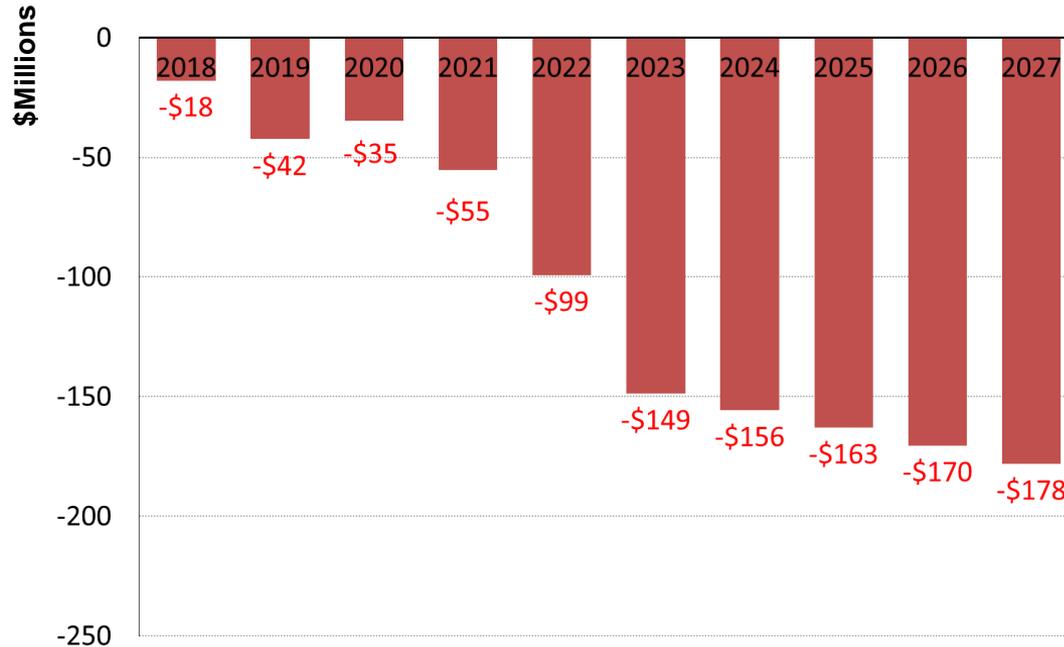
1 \$1.3B PROJECTED STATE TRANSIT CAPITAL FUNDING REVENUES BY TYPE (FY18-27)



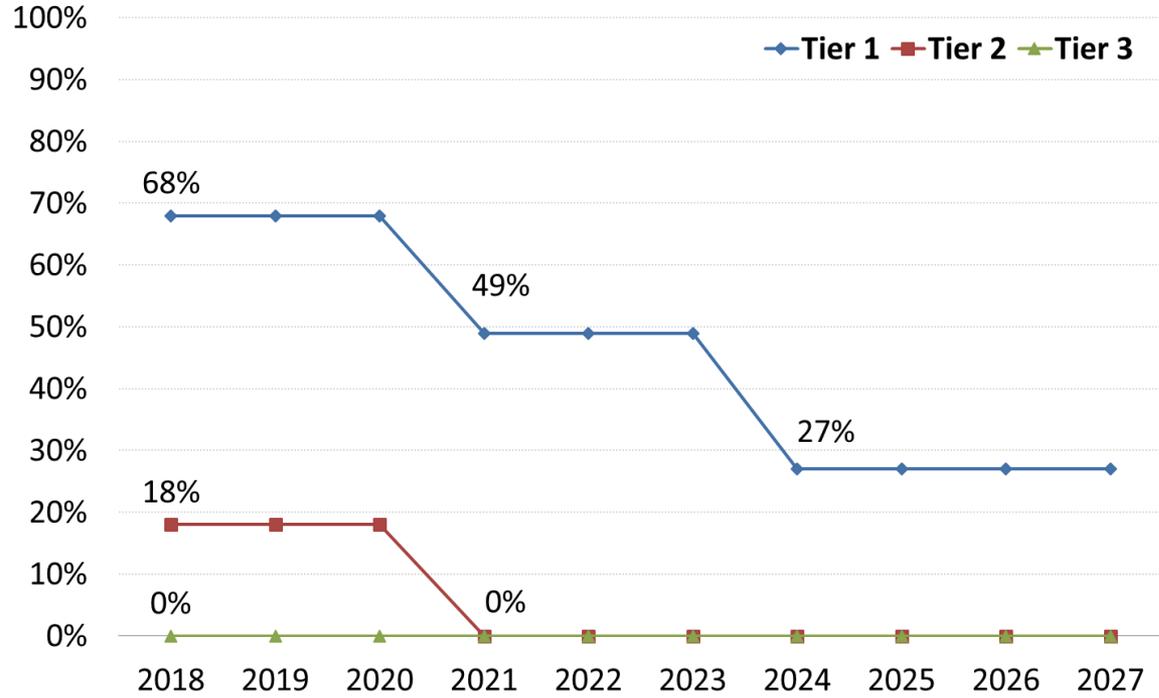
1 \$2.4B STATE TRANSIT CAPITAL FUNDING NEEDS & \$1.3B PROJECTED REVENUES (FY18-27)



1 \$1.1B STATE TRANSIT CAPITAL FUNDING DEFICIT (FY18-27) – AVERAGE ANNUAL DEFICIT \$107M



1 PROJECTED STATE TRANSIT CAPITAL MATCH BY TIER TO ADDRESS DEFICIT (FY18-27)



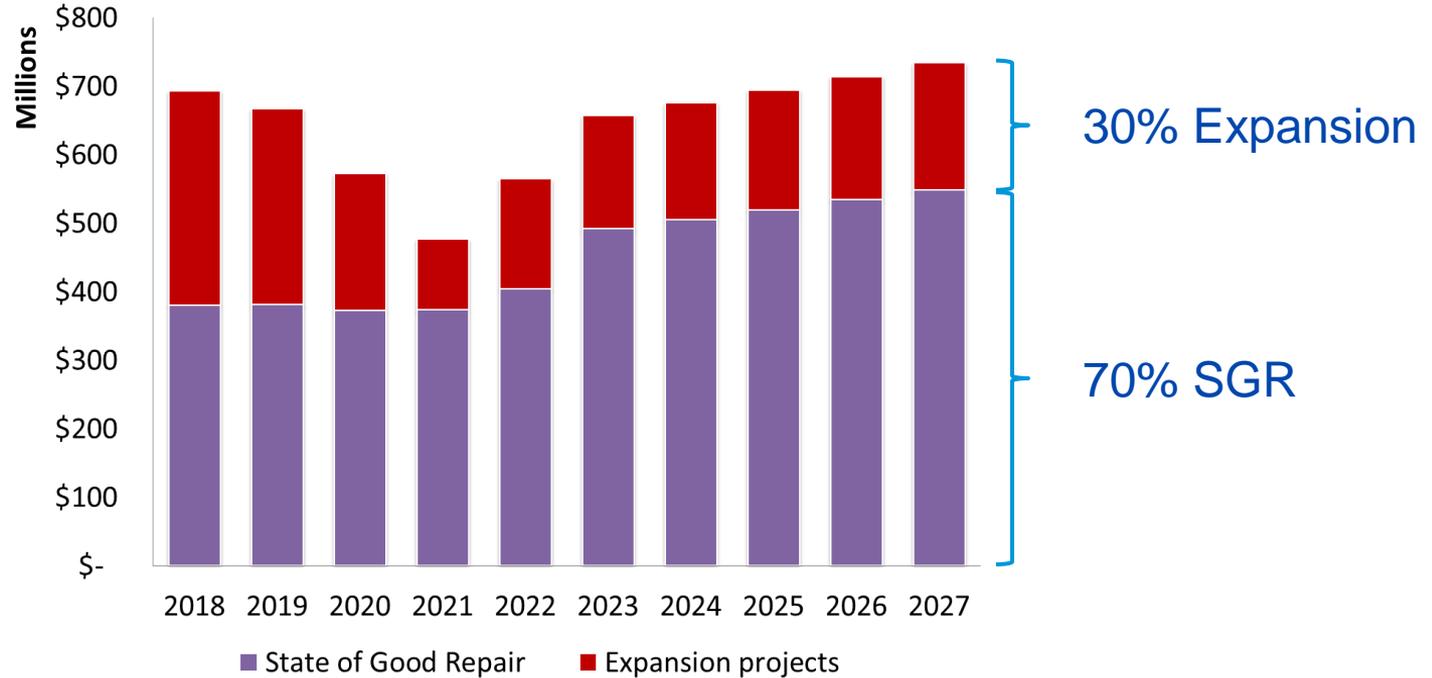
Deficit eliminated by changing state match rates by Tier

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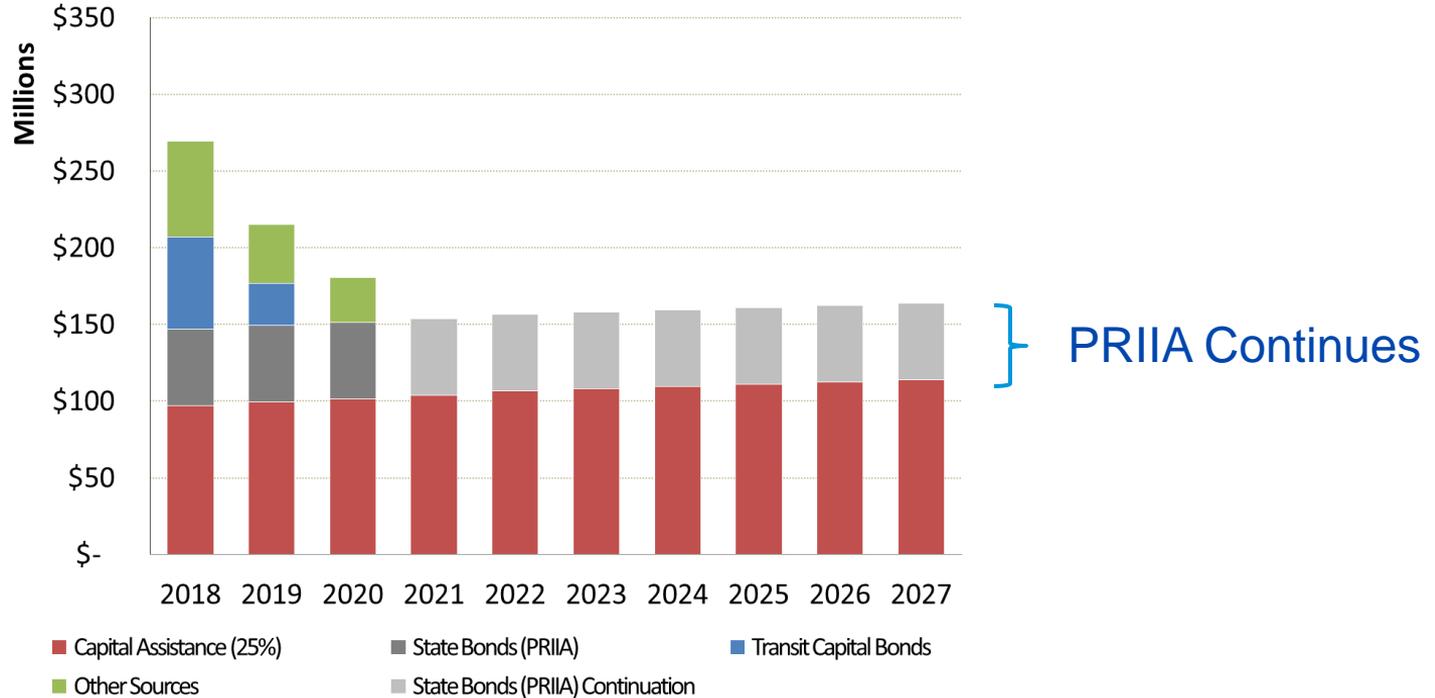
SCENARIO 2: PRIIA FUNDING MAINTAINED

Transit Resource Allocation Plan Capital Projection

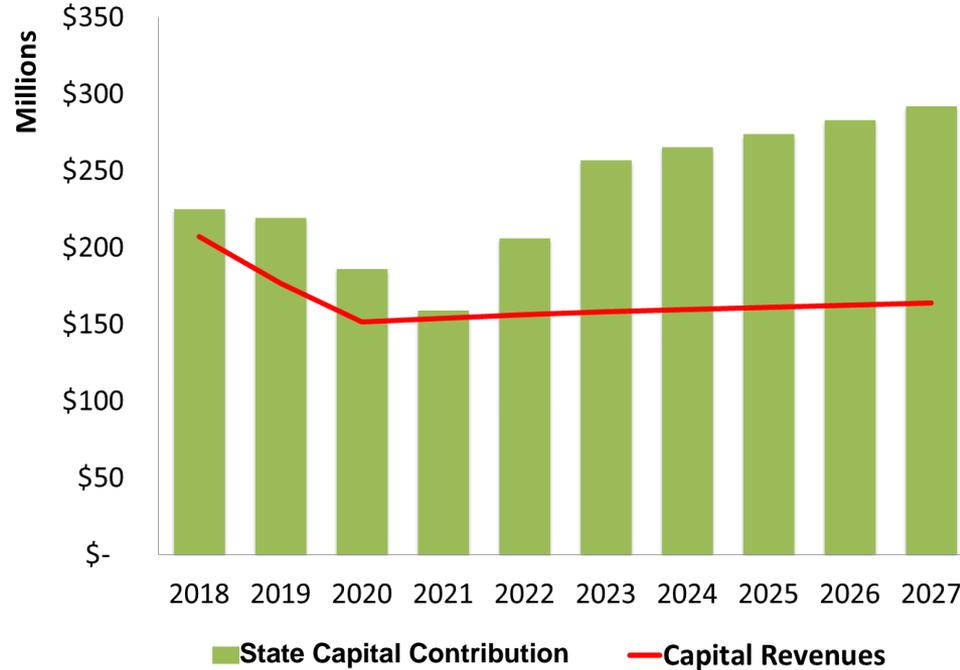
2 \$6.5B PROJECTED TRANSIT CAPITAL INVESTMENTS BY VIRGINIA TRANSIT AGENCIES (FY18-27)



2 \$1.7B PROJECTED STATE TRANSIT CAPITAL FUNDING REVENUES BY TYPE (FY18-27)



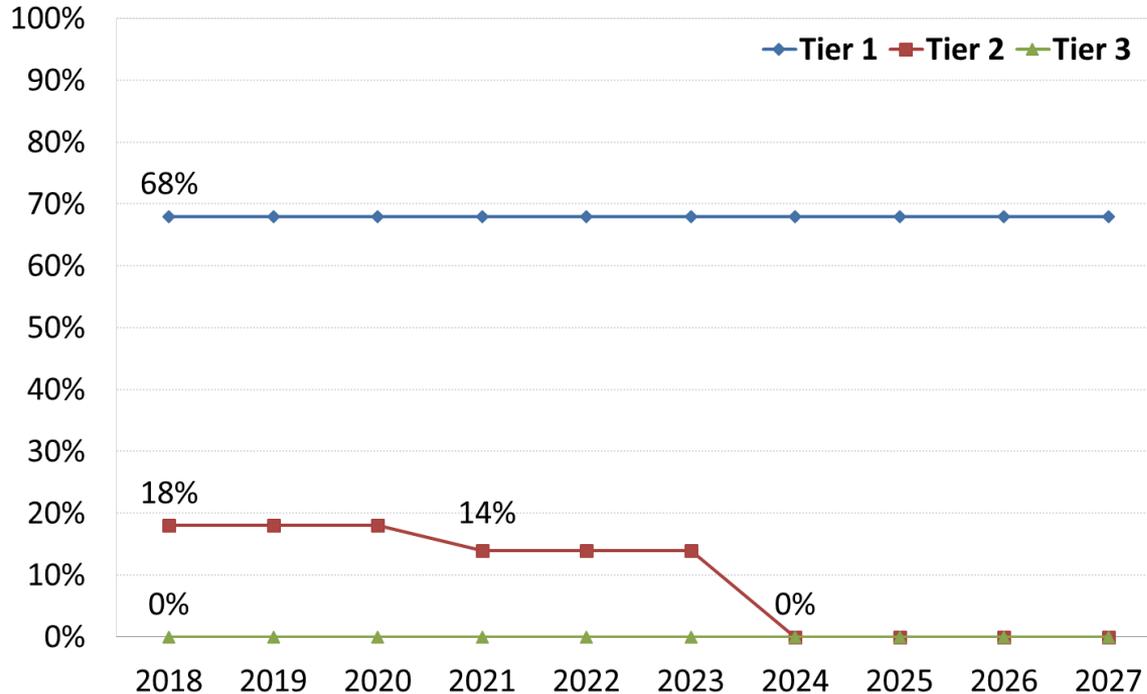
2 \$2.4B STATE TRANSIT CAPITAL FUNDING NEEDS & \$1.7B PROJECTED REVENUES (FY18-27)



2 \$715M STATE TRANSIT CAPITAL FUNDING DEFICIT (FY18-27) – AVERAGE ANNUAL DEFICIT \$72M



2 PROJECTED STATE TRANSIT CAPITAL MATCH BY TIER TO ADDRESS DEFICIT (FY18-27)

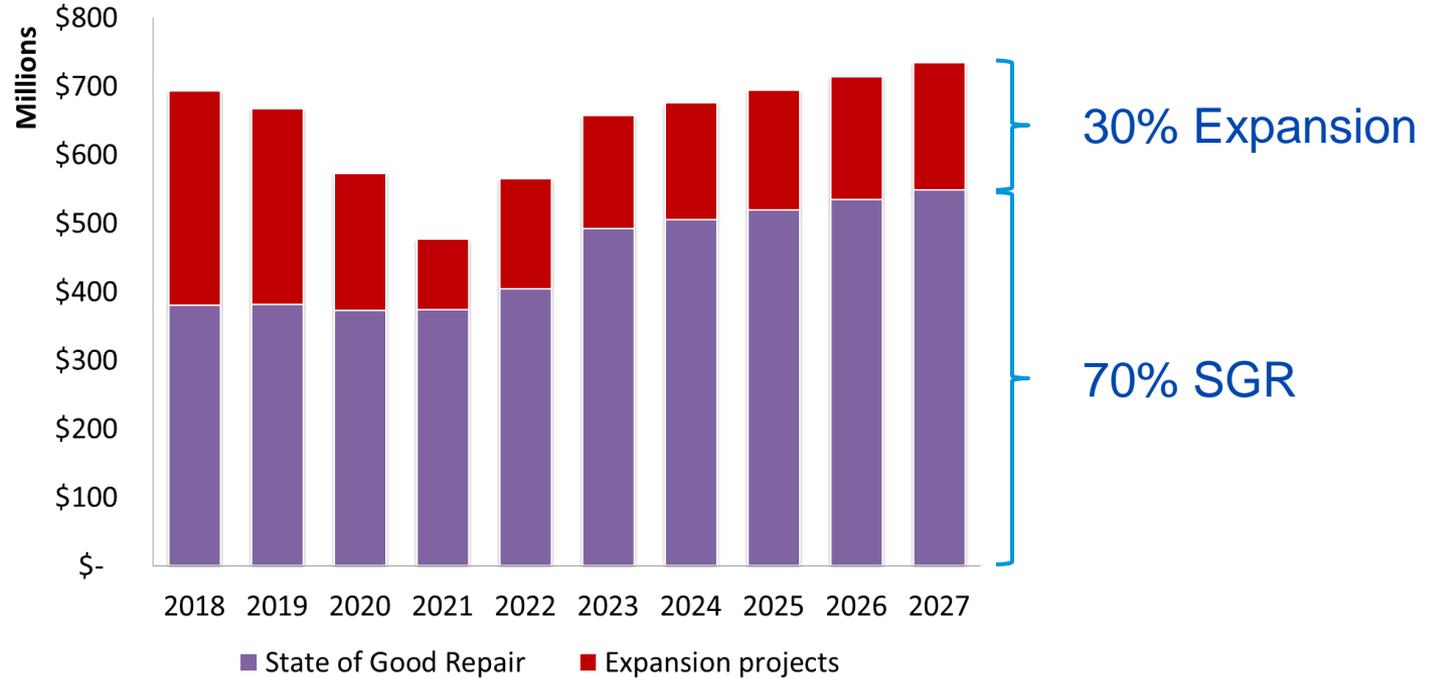


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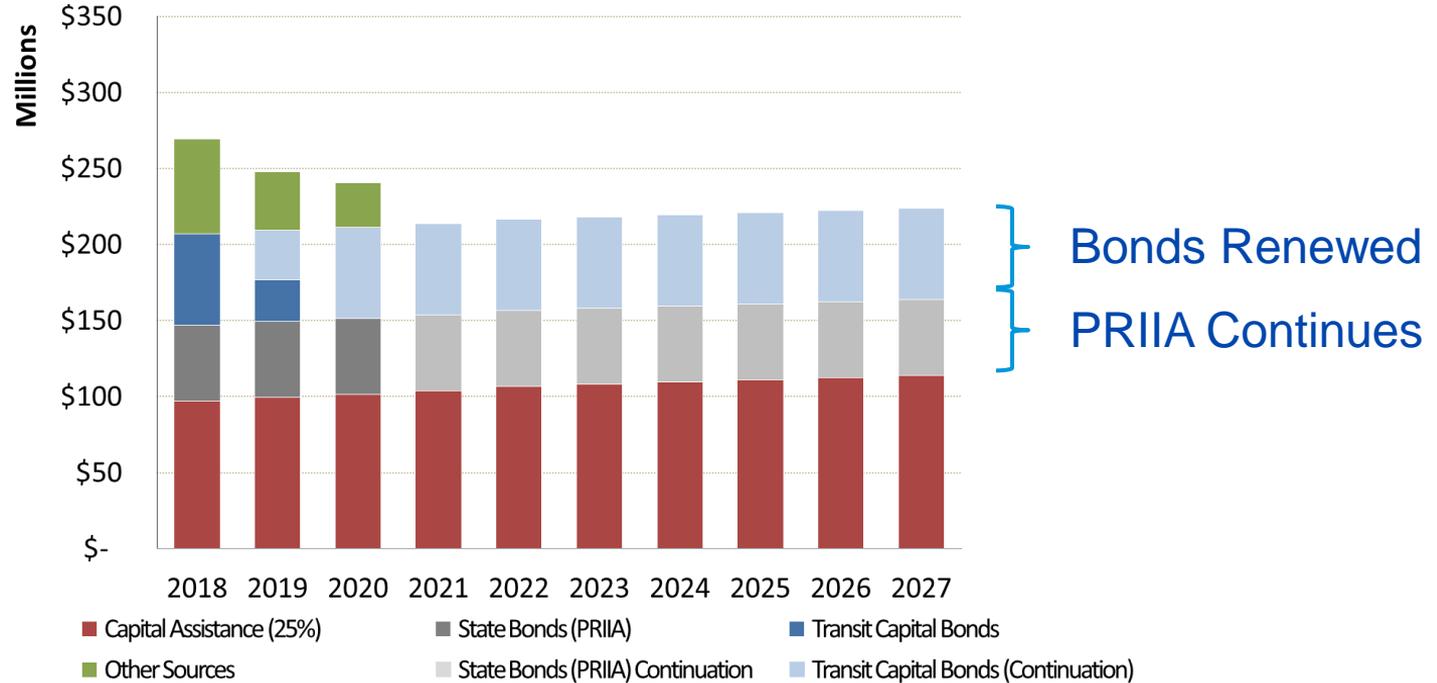
SCENARIO 3: ADDITIONAL REVENUES

Transit Resource Allocation Plan Capital Projection

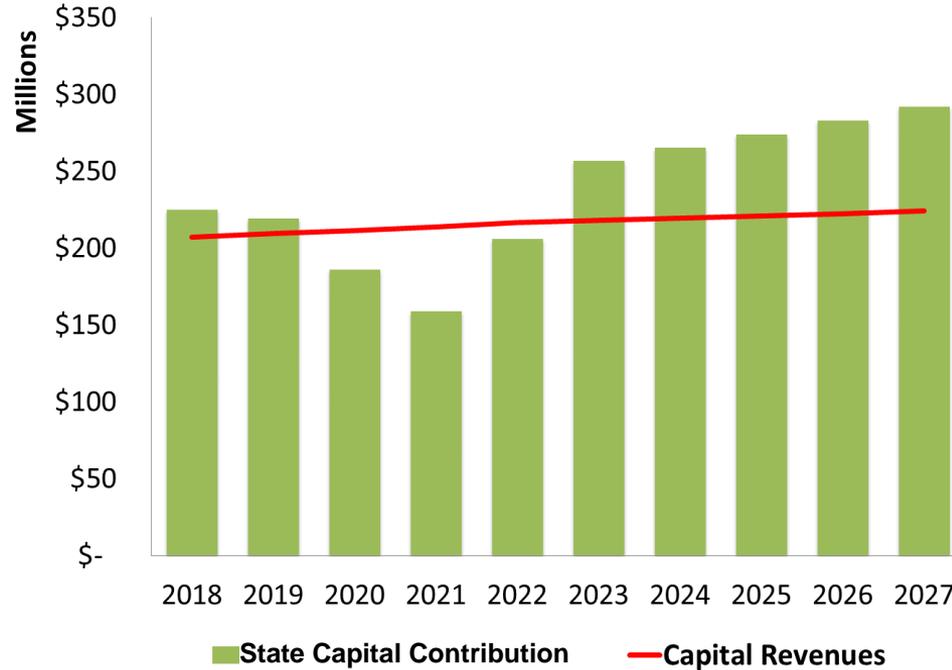
3 \$6.5B PROJECTED TRANSIT CAPITAL INVESTMENTS BY VIRGINIA TRANSIT AGENCIES (FY18-27)



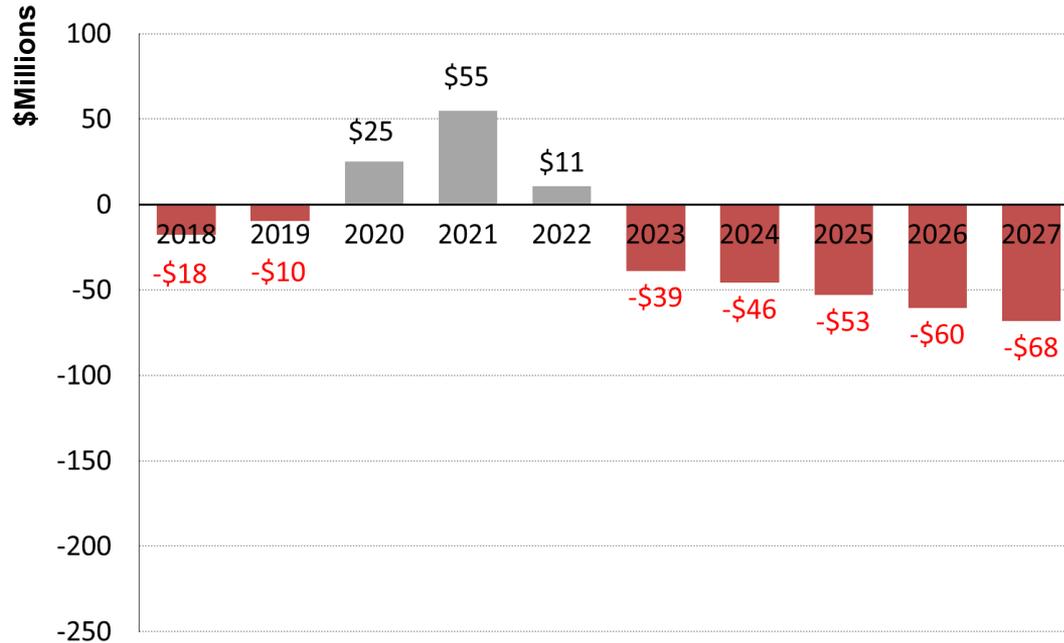
3 \$2.2B PROJECTED STATE TRANSIT CAPITAL FUNDING REVENUES BY TYPE (FY18-27)



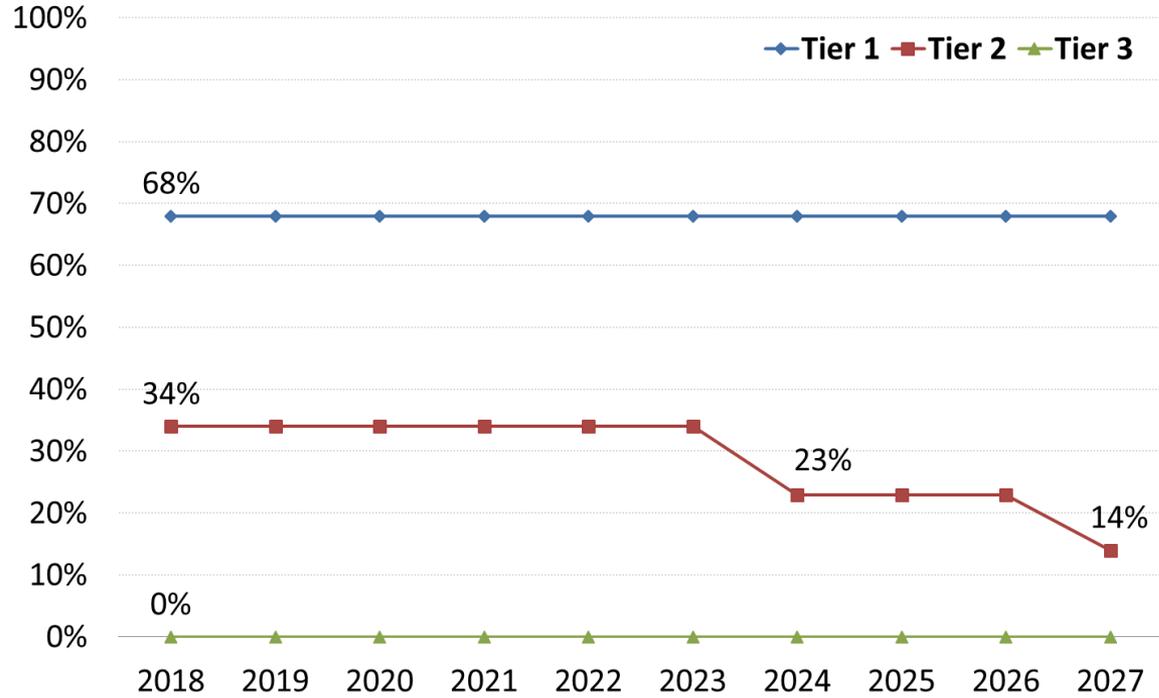
3 \$2.4B STATE TRANSIT CAPITAL FUNDING NEEDS & \$2.2B PROJECTED REVENUES (FY18-27)



3 \$203M STATE TRANSIT CAPITAL FUNDING DEFICIT (FY18-27) – AVERAGE ANNUAL DEFICIT \$20M



3 PROJECTED STATE MATCH BY TIER TO ADDRESS DEFICIT (FY18-27): HIGHER TIER 2 MATCH THAN BASE



Deficit eliminated by changing state match rates by Tier

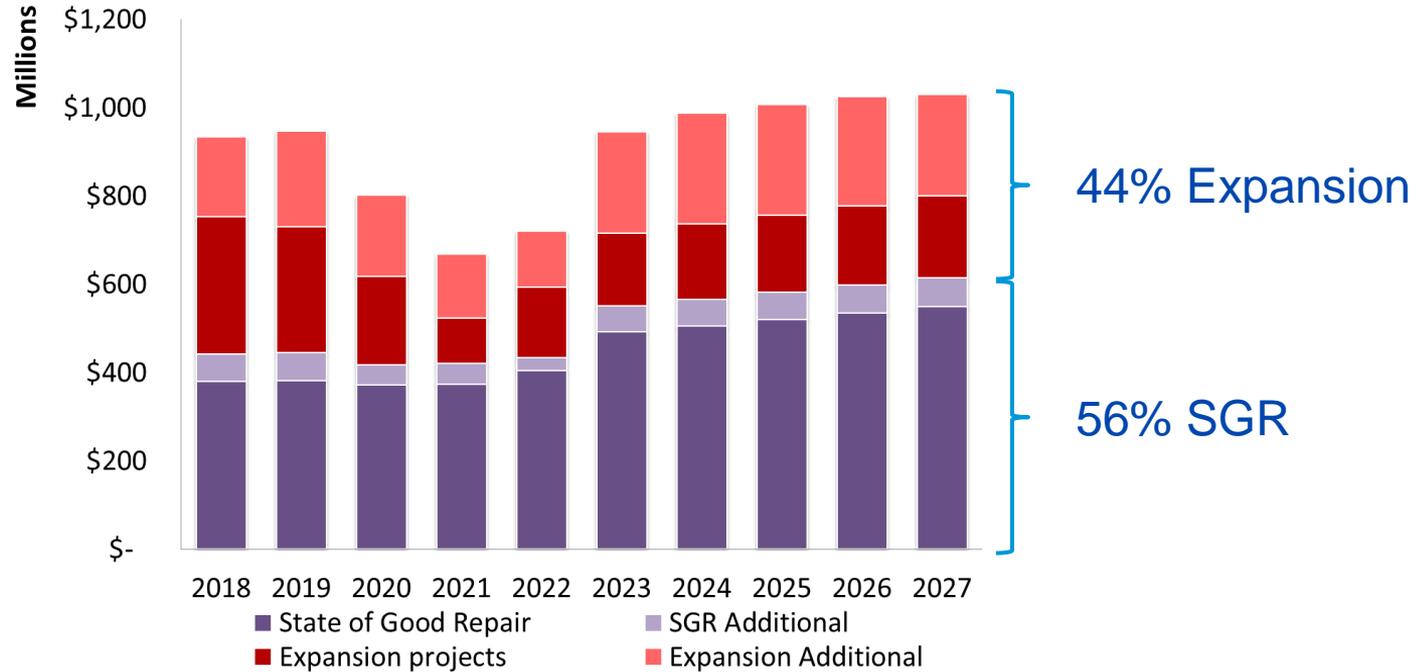


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SCENARIO 4: ADDITIONAL REVENUES AND EXPENDITURES

Transit Resource Allocation Plan Capital Projection

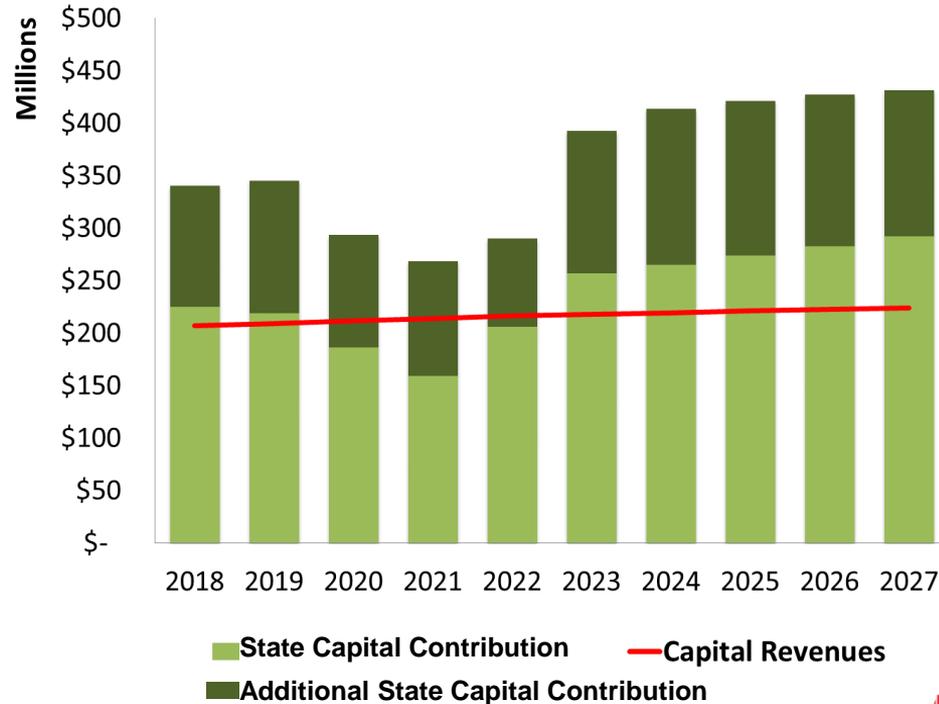
4 \$9.1B PROJECTED TRANSIT CAPITAL INVESTMENTS BY VIRGINIA TRANSIT AGENCIES (FY18-27)



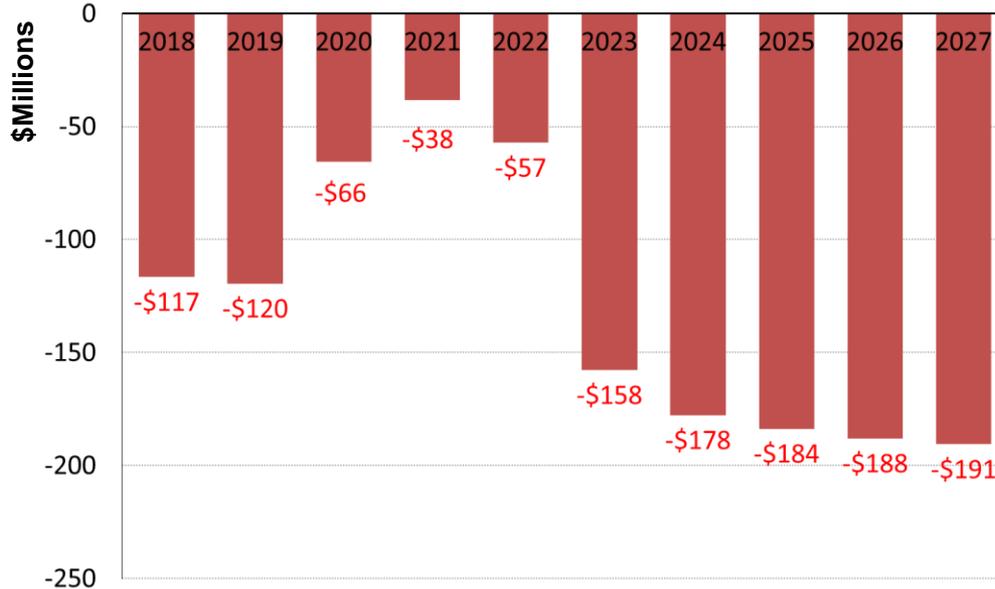
4 \$2.2B PROJECTED STATE TRANSIT CAPITAL FUNDING REVENUES BY TYPE (FY18-27)



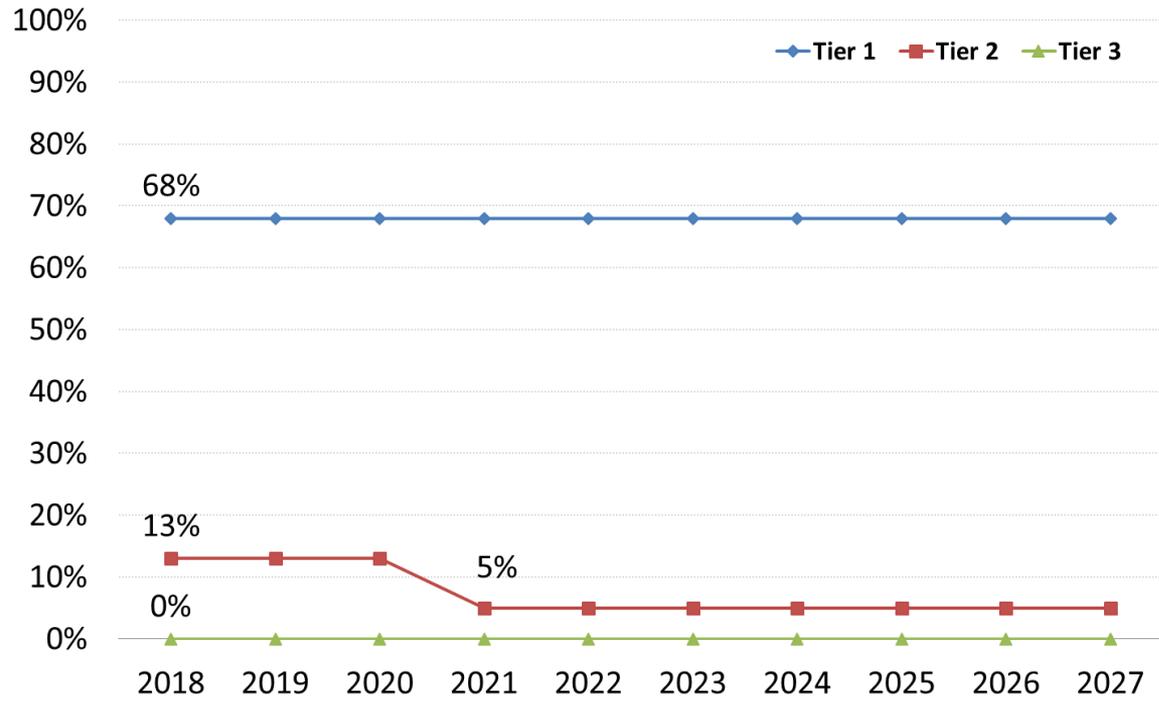
4 \$3.5B STATE TRANSIT CAPITAL FUNDING NEEDS & \$2.2B PROJECTED REVENUES (FY18-27)



4 \$1.3B STATE TRANSIT CAPITAL FUNDING DEFICIT (FY18-27) – AVERAGE ANNUAL DEFICIT \$129M



4 PROJECTED STATE MATCH BY TIER TO ADDRESS DEFICIT (FY18-27): NO TIER 3, LESS TIER 2 FUNDING



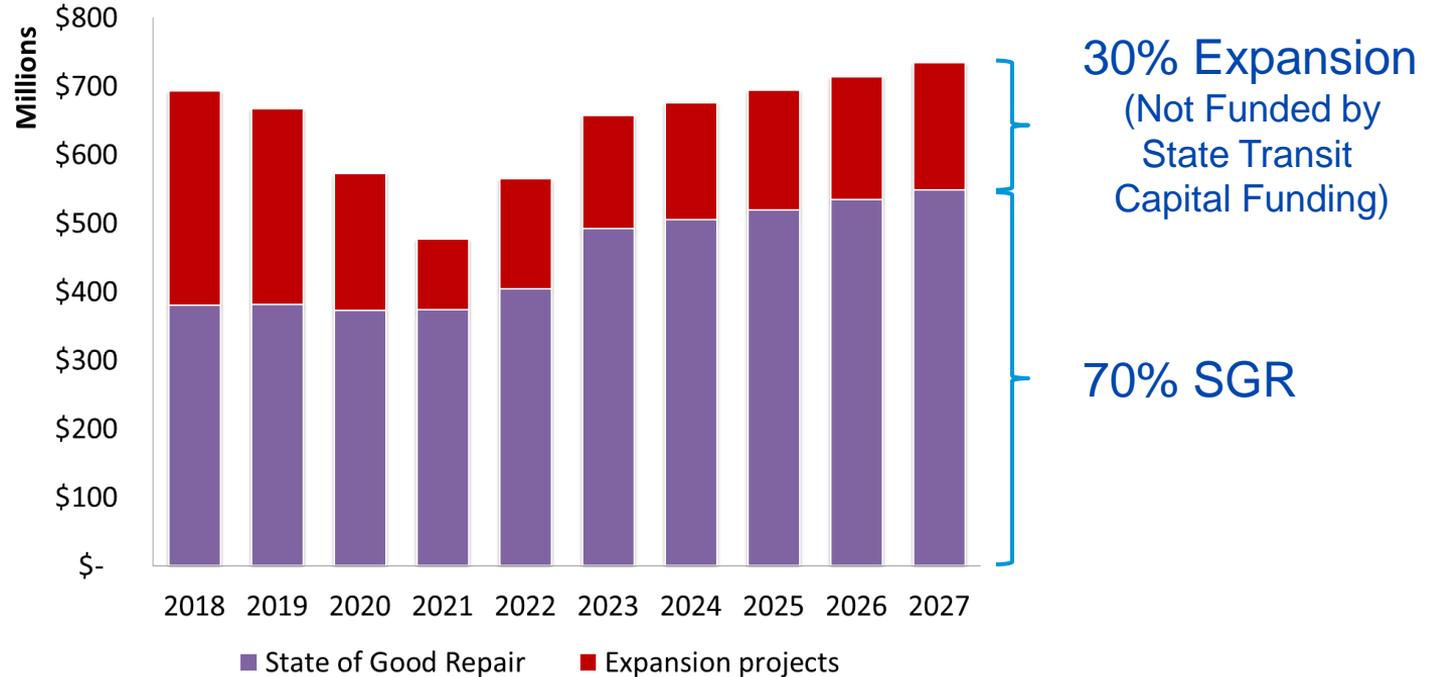
Deficit eliminated by changing state match rates by Tier

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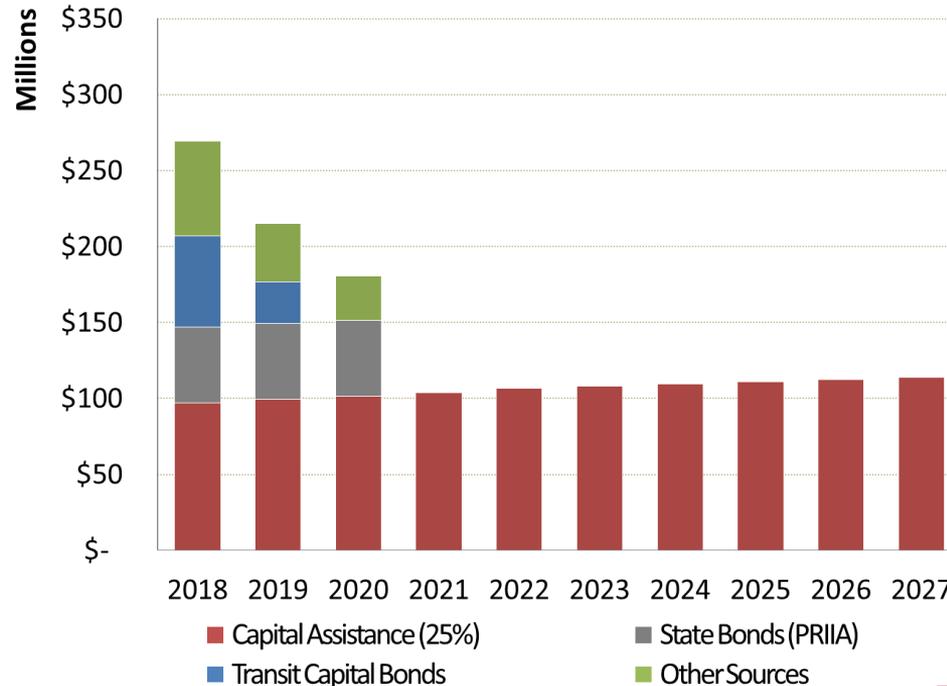
SCENARIO 5: SGR ONLY

Transit Resource Allocation Plan Capital Projection

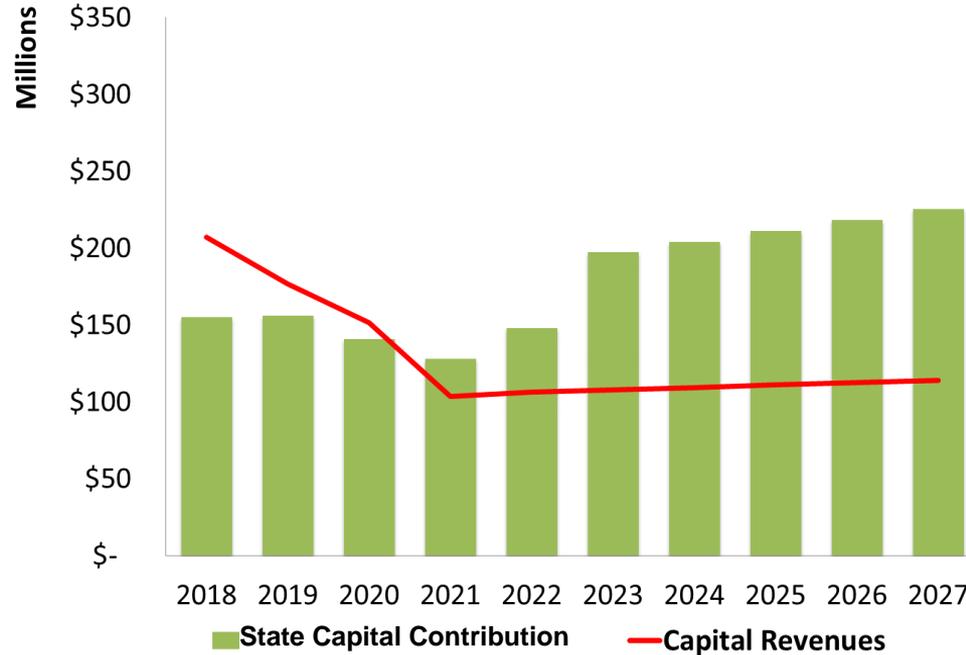
5 \$6.5B PROJECTED TRANSIT CAPITAL INVESTMENTS BY VIRGINIA TRANSIT AGENCIES (FY18-27)



5 \$1.3B PROJECTED STATE TRANSIT CAPITAL FUNDING REVENUES BY TYPE (FY18-27)



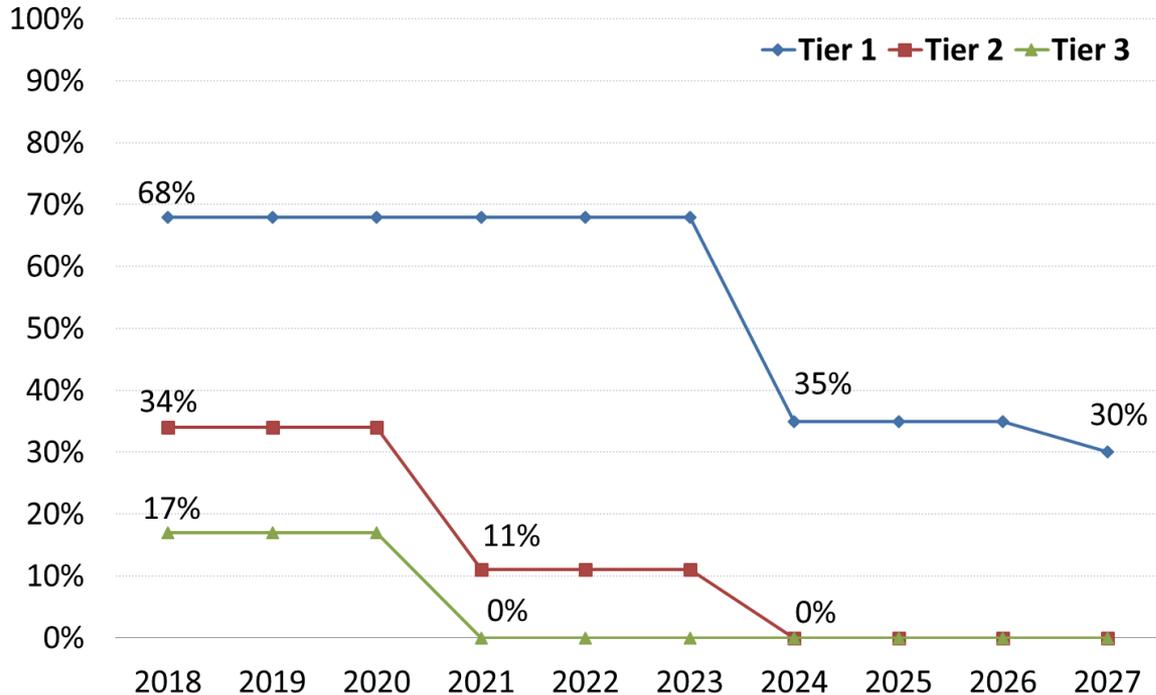
5 \$1.8B STATE TRANSIT CAPITAL FUNDING NEEDS & \$1.3B PROJECTED REVENUES (FY18-27)



5 \$475M STATE TRANSIT CAPITAL FUNDING DEFICIT (FY18-27) – AVERAGE ANNUAL DEFICIT \$47.5M



5 PROJECTED STATE MATCH BY TIER TO ADDRESS DEFICIT (FY18-27): LOWER STATE MATCH OVER TIME



CONCLUSIONS

Transit Resource Allocation Plan Capital Projection

STATE TRANSIT CAPITAL FUNDING AVERAGE ANNUAL PROJECTED DEFICIT BY SCENARIO



KEY FINDINGS

- Base Case scenario is a conservative estimate of transit capital spending, does not fund significant expansion
 - Average annual deficit is \$107 million FY18-27
- Commonwealth will not be able to maintain existing state transit capital program participation rates by tier beginning in FY18
 - Lower state participation will require greater local funding or cuts in capital spending
- Insufficient committed funding to cover cost of SGR, even without funding expansion projects, beyond FY20
- To provide stability to transit funding statewide, WMATA PRIIA funding must be reauthorized at existing state and federal levels beyond FY20
- Even with WMATA PRIIA funding, maintaining the state match for local agencies' SGR projects would be challenging beyond FY22

NEXT STEPS

- Investigate revenue options
- Model impact of prioritization options on transit funds allocation

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