

**Transit Capital Revenue Advisory Board**  
**Policy Principles/Recommendations – DRAFT FOR DISCUSSION**  
**May 26, 2017**

**Revenues**

- ◆1. Focus on Transit Capital funding, although there is discussion of other transportation funding needs
- ◆2. Consider a combination of revenue sources to spread the impact, with dedication to transit capital to meet state of good repair and expansion needs
- ◆3. Consider a combination of statewide and regional sources that provide steady and reliable streams of revenue
- ◆4. Regional funds should be put toward transit needs within the region and prioritized within the region
- ◆5. Based on the phase out of the CPR bond funding, it could be possible to implement revenue sources/approaches that ramp up gradually to address future gaps and needs
- ◆6. Consideration should be given to implementing a floor on regional taxes, with dedication of funding from the implementation of the floor to transit capital needs within the region
7. Consideration should be given to directing all/portion of excess Priority Transportation Fund revenues to transit capital as this source becomes available (approximately FY25).
- ◆8. WMATA needs are not fully factored into this analysis and need to be considered in the revenue approach.

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**Transit Capital Program Structure and Match Rates**

- ◆1. Funding should be separated into two pots – one for State of Good Repair/Minor Enhancement and one for Major Expansion (illustrated in Figure A below), with the primary focus of the transit capital program being state of good repair.
- ◆2. A floor (minimum percentage) should be established for the percentage of total funds that will be directed to State of Good Repair, e.g. 80% of available funding. This amount will be split into State of Good Repair and Minor Enhancement, with no more than 5% of these funds going to minor enhancements.
- ◆3. The remaining percentage of the total funds (e.g. 20% of available funds) would be provided for Major Expansion projects.
- ◆4. The Commonwealth Transportation Board should have the discretion to move funding from Major Expansion and Minor Expansion into State of Good Repair, based on funding needs.
- ◆5. Minor enhancement projects would be defined as a relatively minor (percentage-wise) addition to an existing fleet, expansion to an existing facility, or a smaller project in dollar value. Exact thresholds and definitions will be determined at a later date, following additional industry input.
- ◆6. A single consistent match rate should be applied across asset types within each group, in order to provide greater predictability in funding. This would shift away from the existing tiered match rates that vary by year or by asset. The match rate should be high enough to ensure that selected projects are fully funded, e.g. 80 percent for all projects. The exact match rate can be set at a later date following additional industry input.
7. State of Good Repair and Minor Enhancement projects should be matched at a higher rate than Major Expansion projects.
8. Local matching requirements (minimum of 4%) should remain part of the program structure.
- ◆9. Program structure should be predicated on providing a fair and equitable distribution of funding.

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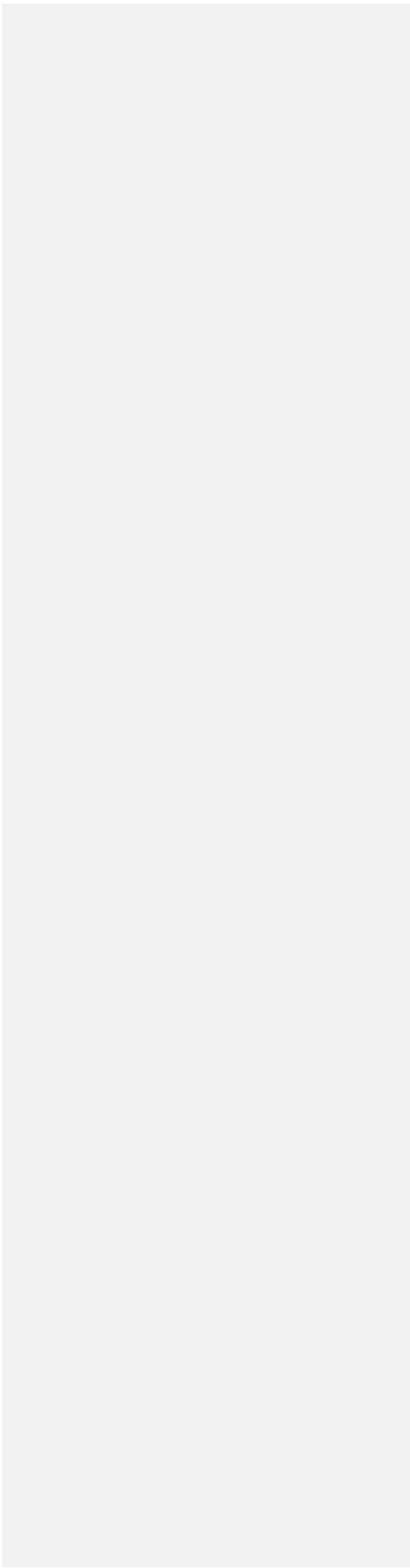


Figure A – Transit Capital Program Structure

	State of Good Repair and Minor Enhancement (80% - illustrative)		Expansion (20% - illustrative)
	SGR (95% - illustrative)	Minor Enhancement (5% illustrative)	
Funding Level	Minimum funding level (floor) for SGR Funding can be moved from expansion to SGR based on need		Funding level to be determined based on review of needs, funding can be moved to SGR but not from SGR to expansion
Illustrative State Match	up to 80%	up to 80%	up to 50%

**Project Prioritization**

- 1. It is possible and desirable to prioritize transit capital projects using technical scoring/ranking based on quantitative and qualitative measures.
- 2. The policy and provisions of such a prioritization process should be developed by the Commonwealth Transportation Board, in a manner similar to Smart Scale, via Board policy to allow for ongoing process improvement.
- 3. The Transit Capital Revenue Advisory Board has identified an illustrative approach to prioritization and provides the following recommendations for work moving forward:
  - a. For the purpose of scoring and ranking, projects should be grouped into three categories:
    - i. State of Good Repair
    - ii. Minor Enhancement
    - iii. Major Expansion
  - b. Scoring criteria for State of Good Repair should be based on a combination of asset condition (from existing asset management processes – federal and state) and service impact.
  - c. Scoring criteria for Minor Enhancement should be based on service impact.
  - d. Scoring criteria for Major Expansion should be based loosely on the Smart Scale factor areas and transit focused measures to allow for portability of project applications between programs.
  - e. Cost effectiveness should be considered only for Major Expansion projects.
  - f. The statewide prioritization process should only apply to transit capital funds collected and allocated statewide.
- 4. While this analysis has recommended criteria and measures for the prioritization, the detailed measures and data sources required to implement this process should be finalized after a more thorough review a more thorough analysis of the implications on individual capital projects in the six-year plan. This review should be

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conducted consultation with the Transit Service Delivery Advisory Committee and outreach to transit partners across the Commonwealth.

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