



Transit Capital Projects Revenue Advisory Board (RAB)  
Webinar  
May 26, 2017  
10:00 am-12:00 pm

## **Minutes**

Members of the Revenue Advisory Board Present:

Hon. Marty Williams, Chairman  
Josh Baker  
Hon. Mary Katherine Greenlaw

Hon. Jeff McKay  
Hon. Tom Rust  
Dr. James Toscano

Members of the Transit Capital Service Delivery Advisory Committee Present:

Brian Smith  
Kate Mattice  
Ken Pollock

Jim Dyke  
John McGlennon  
Cheryl Openshaw

1. Call to Order/Introductions (10:02 AM) –At 10:02 am the meeting was called to order. Jennifer Mitchell, Director of DRPT, asked the Revenue Advisory Board members to introduce themselves and thanked the members for attending. Jennifer Mitchell asked those in the audience to hold their comments and questions until the end. She stated that the purpose of the meeting was to go through the Policy and Principles document that had been distributed. She also said that in advance of the meeting the preliminary report from KPMG had been distributed but that the report would not be discussed until the next meeting. KPMG is doing more work based on DRPT staff’s suggestions. Another presentation from WSP had also been distributed in advance of the meeting. This presentation addressed questions that were brought up at the last meeting. Those questions and answers had been highlighted throughout the presentation in yellow. Jennifer said that those presentations will not be discussed during this meeting unless

anyone had questions. Chairman Marty Williams stated that he had already shared his questions with Jen DeBruhl.

2. Policy/Principles Recommendations– Jennifer Mitchell began the review of the Policy Principles and Recommendations document. She said that DRPT staff had attempted to go through all previous discussions of the Revenue Advisory Board and summarize them. She said that there were still key points where things have not been agreed upon so there needs to be discussion today to finalize those recommendations. Recommendations were categorized by type.
  - a. Revenue Recommendations- Jennifer Mitchell said that the primary message with these were that there should be a combination of new revenues from both state and regional sources. Funds raised regionally will stay within that region.
    - i. Marty concurred with this and said that the General Assembly should be given options of different revenue sources to pick and choose from.
    - ii. Jim Dyke referenced the WMATA situation and said that options being looked at for WMATA may also apply to transit capital funding needs. The General Assembly should know that. Jennifer Mitchell concurred and said that DRPT would incorporate that into the report.
    - iii. Jeff McKay asked if the document was high level principles or actual language for the draft. Jennifer Mitchell responded that it was high level principles.
    - iv. James Toscano pointed out that for the Hampton Roads regional solution there needs to be an asterisk to emphasize that a legislative change would have to be made for that region to use regional money for transit.
    - v. Jeff McKay asked that anytime a regional approach to collecting funds is mentioned in the report that it outline what is already being collected in that region.
  - b. Transit Capital Program Structure and Match Rates-Jennifer Mitchell said that this is the part of the document that had the most detail and needed the most discussion, particularly with the 80% number for SGR (State of Good Repair). She asked if there was concurrence on the structure.
    - i. Transit Capital Program Structure
      1. Chairman Marty Williams said that he liked the structure. The General Assembly will like that no funds can be moved from SGR.
      2. Josh Baker said that it will be important to clarify whether or not money moved from Major Expansion can go to SGR and Minor Enhancement or only to SGR projects. Jennifer Mitchell agreed that that point needed to be clarified in the report. Funds moved out of the Major Expansion pot

can be used for either SGR or Minor Enhancement projects, funding just can't be moved from those projects to Major Expansion projects.

3. Jennifer Mitchell asked for other comments on the structure and asked if the 80% worked. Marty Williams said that he would like to see the dollar values at 80%. John McGlennon said that the dollar values had already been determined. Jennifer Mitchell agreed and said that the 80% had been established based on forecasting. The 80% threshold would provide some funding for expansion projects if they were highly prioritized.
  4. James Toscano said that at 95% all SGR needs were not being funded. He said that 80% will make the CTB a way bigger part of the process. He asked if the 80% number was unnecessarily low when maintenance is the back bone of transit. He also asked if the percentages were contingent on there being new money. Jennifer Mitchell agreed with his point and said that if there is not enough money then 100% of funding may have to go to SGR. The CTB could decide to use 100% for SGR every year. Chairman Marty Williams said that we should point out in the report that if we don't get the funding we need the proposed structure won't work. It will be important that they understand if there is no new money there will be no new projects.
  5. Jeff McKay concurred and said that the report should emphasize the floor.
  6. Tom Rust concurred with the 80%-20% recommendation.
- ii. Match Rates-Jennifer Mitchell steered the discussion towards the match rates. She pointed out that the principles move away from the tiers and create a single matching rate for SGR and minor expansion projects. Match rates could go up to 80%. Transit systems can fund other projects with their Federal and Local funds, or use state funds to offset their federal match as many do now. Jennifer Mitchell asked if that number was too high. She also said that there needs to be agreement on this matching structure as opposed to the tiers.
1. Jeff McKay asked where the numbers came from. Jennifer Mitchell replied that they had looked at how many projects could be funded at the 80% level and at that level a lot of the SGR needs were met. They also looked at 70%.

2. Jeff McKay pointed out that with SMARTSCALE 100% of SGR needs could be met. He stressed that he was not advocating that, just pointing out the difference.
  3. Jen DeBruhl pointed out slide 41 of the WSP presentation on the screen which shows the scenario with existing revenues and one with the additional revenues. Jennifer Mitchell described the slide and said that at the 80% match rate, 81% of SGR projects and 35% of Major Expansion projects will get funded.
  4. Chairman Marty Williams said that this is designed intentionally to be different than SMARTSCALE. Everyone in the General Assembly has roads, but not all have transit so you would lose rural legislators. Too much of the legislature does not understand or need transit.
  5. Jeff McKay said that he thinks some legislators will ask about the rationale for this being different than SMARTSCALE so there needs to be an answer. He also asked if the state receives a 4% local match to make sure the jurisdictions have skin in the game and asked if we would be maintaining the same levels of participation. Jennifer Mitchell agreed that the presumption is that yes all levels of participation will be required. Jeff McKay said that this will need to be mentioned in the report.
  6. Tom Rust asked if everyone would get something and if there would be a minimum state requirement. Jennifer Mitchell responded that consensus had not been reached on that yet. There is currently no guarantee that some projects would be funded. Projects that are most needed are the ones that will get funded but that the process will make its best effort for equity so everyone gets something.
  7. Marty Williams said that it would be way too complex to try to protect every transit agency. Jeff McKay agreed with his statement and said that the report should point out that the criteria were set up so that all parties benefit. It would be dangerous to do set asides and it will be important to tell legislators that the assumptions made are predicated on being fair and equitable. James Toscano, Josh Baker and Tom Rust all concurred.
- c. Project Prioritization-Jennifer Mitchell reminded Revenue Advisory Board members that there will be an implementation phase. DRPT will consult with TSDAC for high level

recommendations that can be modified as needed. Jennifer Mitchell asked for other questions or comments on the prioritization before they moved on and asked for agreement that a prioritization process was both possible and desirable.

- i. James Toscano asked if the board had talked about prioritization of a regional project and what the relationship is between the regional and statewide prioritizations. He asked if the statewide prioritization process applied to regionally raised funds. Tom Rust pointed out that NVTA was independent of what the state did but that they communicated and coordinated with state needs. James Toscano asked if applicants would apply for use of the regional funds or use of the state funds. Jeff McKay said that applicants would need to decide what pot of funding they are applying for. Marty Williams pointed out that in SMARTSCALE you can apply regionally raised funds to increase your score.
- ii. Jennifer Mitchell asked the board who would do the prioritization of the regional projects and if the process to apply for statewide funding should apply to regionally raised funds. Marty Williams replied that the board should not go there and should not get involved in what happens at a regional level. Regions that choose to apply regional revenue will do so.
- iii. Tom Rust pointed out that the NOVA money raised regionally is not for SGR, only for capital needs. Jennifer Mitchell said that regional revenue should not be restricted to major expansion needs. Marty Williams said that regionally raised money for transit should not be able to be shifted to highway money. Regional money will be part of the fix, but the state should not be involved in how it is spent. The same match rates should apply but could be tinkered with by the legislature.
- iv. Jim Dyke reminded the group to keep Go Virginia in mind. He said he sees the potential to support new business needs with transit expansions. This should be put on the radar of the General Assembly.
- v. Jennifer Mitchell asked if a project sponsor should be able to apply for both regional and state money. Chairman Marty Williams said that we can't tell entities that if they apply for regional money that they can't apply for state money. Jeff McKay said that they should not get in the weeds and do something different than SMARTSCALE because people are comfortable with that policy.
- vi. Jennifer Mitchell asked if systems outside of NOVA and HRT, that don't have access to regional money, are at a disadvantage because they can only apply for

one pot of money. Marty Williams said that the people in those regions are the ones paying for the transit, that there is no way around that fact.

- vii. Jennifer Mitchell went back to Jeff McKay's point on ratio. She said the report will document all possible sources but won't make a recommendation. She asked the group if there was a desire to be specific on how much funding should come from regional versus state sources. The group agreed to leave it as a general recommendation that emphasizes they don't want majority of the funding to come from legislatively mandated sources. Chairman Marty Williams said that we will be using some regular money to get to the bottom line. He said to steer clear of requiring how the money is raised and just give recommendations.
- viii. Jeff McKay said that it still had to be a statewide solution in order to get rural localities on board. The majority of the funding should come from the state and the regions will just enhance where there is the greatest need. Tom Rust concurred that he is open to both a state wide and a regional solution.
- ix. Jennifer Mitchell pointed out that the target number of funds that needs to be raised could vary based on whether or not there will be an increase in funding for WMATA. That is an outstanding issue that will need to be resolved subsequent to the Revenue Advisory Board's recommendations.
- x. Jeff McKay emphasized that the report should remind the General Assembly as a high level principal that it is a statewide program. Marty Williams concurred that we don't want anyone to think that they will raise money in their region and then ultimately end up with less from the state.
- xi. Jennifer Mitchell asked if anything had been missed or needed to be added. Chairman Marty Williams said that it had not and thanked members for the good discussion.

### 3. Next Steps

- a. Jennifer Mitchell discussed the next steps, which will be to draft the report. The draft report from KPMG is still being worked on to create more of a narrative.
  - i. Tom Rust commented that the information in the report from KPMG is good but it needs to be something that the average joe would understand. He thinks the report needs more examples of what will actually happen in a district if they lose funding (i.e, lose three routes).
  - ii. Jeff McKay agreed and said the report did not address consequences at all. It needs to demonstrate what will happen if there is inaction.

- iii. Chairman Marty Williams said that the summary data needs to be beefed up and really well written. Jennifer Mitchell said that they were already working on that and that members should individually read through the presentation and send comments to Jen DeBruhl so she can get them to KPMG and get a better draft. Jennifer Mitchell said that the report will talk about the economic consequences of inaction. DRPT will identify specific projects and systems that will fall of the list if SGR needs not met. She encouraged members to think about information from their transit systems that could supplement the report and help make the case for funding. Dave Snyder from VTA interjected to say that he will wait and address in public comment but that VTA would like to help with this part of the report.
  - iv. Jim Dyke emphasized that the report say that support for transit is support for the Virginia economy and the new millennial workforce. Access to transit is crucial and a big decision point for companies looking to move to Virginia.
  - v. Jennifer Mitchell said that the intent is to get the draft report to members before the June 16<sup>th</sup> meeting and asked that members send comments in writing. The meeting will be tight because of the VRE event. The June 16<sup>th</sup> meeting will focus on major themes and not wordsmithing. After that meeting DRPT will follow up with a final report.
4. Public Comment-The meeting was opened up for public comment. Jennifer Mitchell gave instructions on how to raise your hand in the webinar format to speak. She asked anyone unable to raise their hand in the webinar to speak up if they wanted to make a comment.
- a. Dave Snyder from VTA said that he had three points to make. First, VTA wanted to provide input and support on the real world impacts to help finalize the report. He asked that DRPT let VTA know when, how or at what point the information is most useful. Secondly, he asked that inaction be documents in lost jobs and lost future production. Thirdly, he expressed concern that every transit system won't get some funding. He also emphasized that all jurisdictions ultimately benefit from transit even if they don't have it. These benefits should be expressed in the report.
    - i. Jennifer Mitchell replied that DRPT will reach out to VTA about the opportunity for information. Mid July will likely be when it is most helpful.
  - b. Bob Schneider, Executive Director of PRTC raised his hand to comment. He said that there was a comment at the last meeting that was concerning and was echoed in WMATA discussion today, that PRTC is one of the Northern Virginia transit system

entities that does not receive Federal funding. PRTC is on the fringe but does get Federal funding. PRTC has to support VRE, Fred and a Vanpool program. After supporting these entities they only have about 2 million dollars left over. A bus costs \$600,000, so they aren't even able to buy 4 buses, let alone cover preventative maintenance costs. Small and medium transit systems on the fringes of large areas often get sucked into the vacuum of the larger are without DRPT and processes like the Revenue Advisory Board. There is a lack of understanding of how systems on the fringe fit into the bigger systems. He thanked the group for the work that is put into supporting needs.

- c. James Toscano, Revenue Advisory Board member raised his hand to comment. He reflected on a meeting he had with Chairman of House Appropriations committee. In terms of the business case the Chairman was interested in what had been gained as a result of increases to the bond funds. Jennifer Mitchell agreed that they could document what the bonds fund had gone to and what they had done previously.
- d. John McGlennon, Chairman of TSDAC, reminded the group of the webinar on Wednesday afternoon.
- e. Lisa Guthrie , Executive Director of VTA, raised her hand to comment and encouraged the group to reiterate in the report what transit capital funds are used for. She said there is still confusion with comparisons to highway funds in relation to SGR. She encouraged an insertion to clarify. Jennifer Mitchell agreed that that was a good point.
- f. Jennifer Mitchell asked for anyone on the phone who was not using the webinar function to step up and make a comment.
- g. Brian Smith of Hampton Roads Transit asked a technical question on the target range of revenue based on need. He wanted to know if that target number included the PRIIA funding. Jennifer Mitchell responded that it included the 50 million dollar in local match to the PRIIA funds and also funds that would be needed if the Federal PRIIA funds are not reauthorized. There is no guarantee that those funds will be reauthorized but the needs won't so the localities would still have to raise those funds. That has been taken into account.
- h. Penny Newquist from Loudoun County Department of Transportation signed up for public comment. She reminded the group that the Silverline is coming to Loudoun in FY20. In a time when they will need more resources, they are hitting the fiscal cliff. There entire system is being reevaluated and will have to expand with less money. The timing for them to join WMATA could not be worse. Jennifer Mitchell agreed that this was a very important comment and asked for more information on their expansion needs



so their situation could be highlighted in the report. The Silverline is of statewide significance.

- i. Dave Snyder reiterated that reallocating existing funding is not the answer.
  - j. Lisa Guthrie, added that in the report DRPT may also might want to insert some notice about the anticipated Federal funding, not likely to be increased funding and can lose capital projects that have benefitted Virginia. The General Assembly should not assume that the Federal Government will reflect the status quo.
5. Jennifer Mitchell reminded the group that the next meeting was at 9 am on June 16<sup>th</sup> in Fredericksburg. The meeting was adjourned at 11:57 am.