



# Transit Service Delivery Advisory Committee

October 8, 2024



# Call To Order/Introductions

# Approval of April 30, 2024 Minutes

# Fiscal Year 2026 Overview

# MERIT – Operating Assistance Review and Outlook

# MERIT Operating Assistance Program Review

- TSDAC is designated by code as the official advisory committee to **the Department of Rail and Public Transportation (DRPT)**
- TSDAC may make overall recommendations to the **DRPT** regarding:
  - MERIT – Operating Assistance formula and program parameters
  - Commonwealth Mass Transit Fund (CMTF) funding across all transit programs
- DRPT shall review the program and recommend needed changes to CTB regarding the operating assistance program formula methodology, eligibility, funding cap
  - Must complete a full programmatic review every three years with “TSDAC, transit agencies, metropolitan planning organizations, and local government prior to making recommendations to the Commonwealth Transportation Board” (see: § 33.2-1526.1)
  - Last review in 2022

# MERIT Operating Assistance Issue Summary

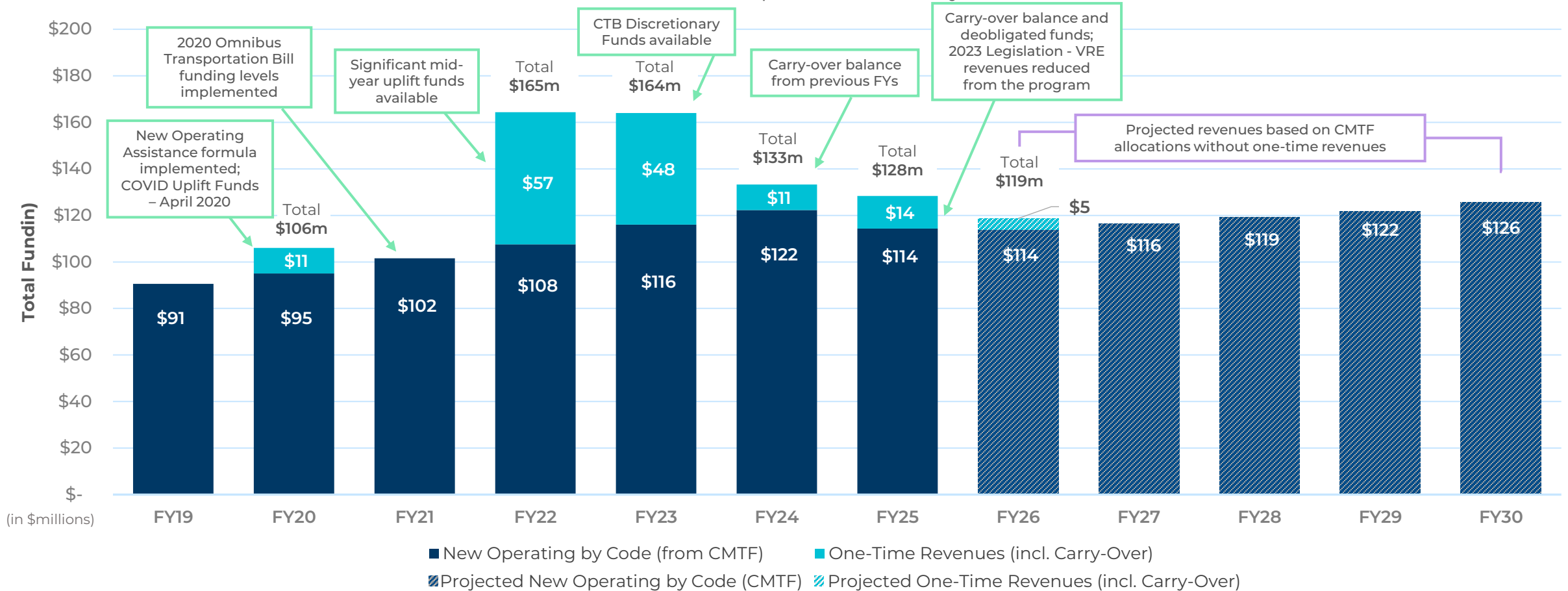


- Over the past three fiscal years, operating assistance revenues exceeded projected levels due to one-time revenues
  - Resulted in high allocations in FY22, FY23, and FY24
- In FY25, the program was funded above projected levels due to additional one-time revenues from project de-obligations
- A few agencies received less funding in FY25 compared to FY24 due to a combination of:
  - Sizing and performance metrics for each individual agency compared to the rest of the state
  - Rising operational costs for all agencies, which can increase the maximum amount allocated to high performing agencies
- Starting in FY26, DRPT expects revenues to return to projected levels through the formula prescribed by code
  - Agencies should prepare for the possibility of lower allocations

# MERIT – Operating Assistance Revenues FY19 –FY30

MERIT - Operating Assistance Revenues FY19 to FY30 (in \$Millions)

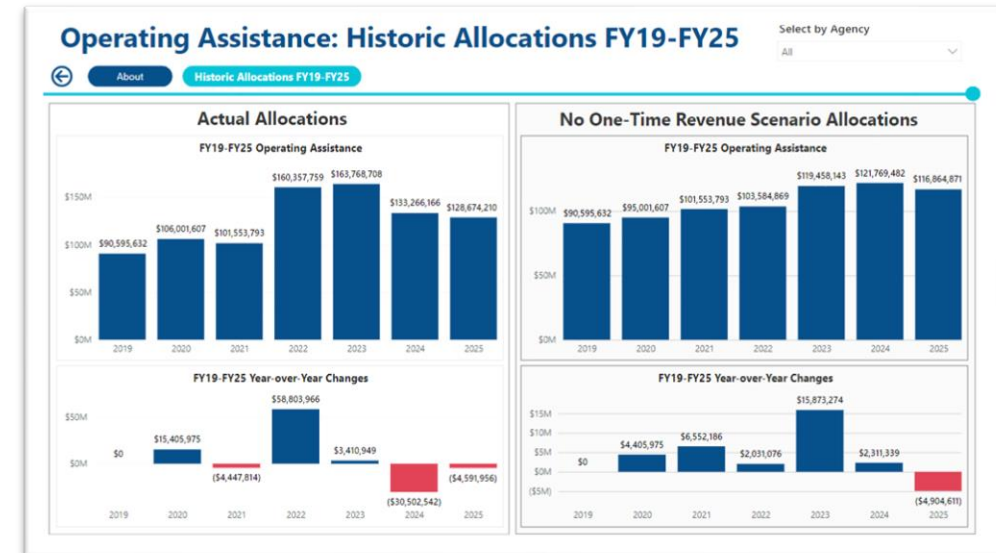
FY19-FY25 Actual | FY26-FY30 Projected





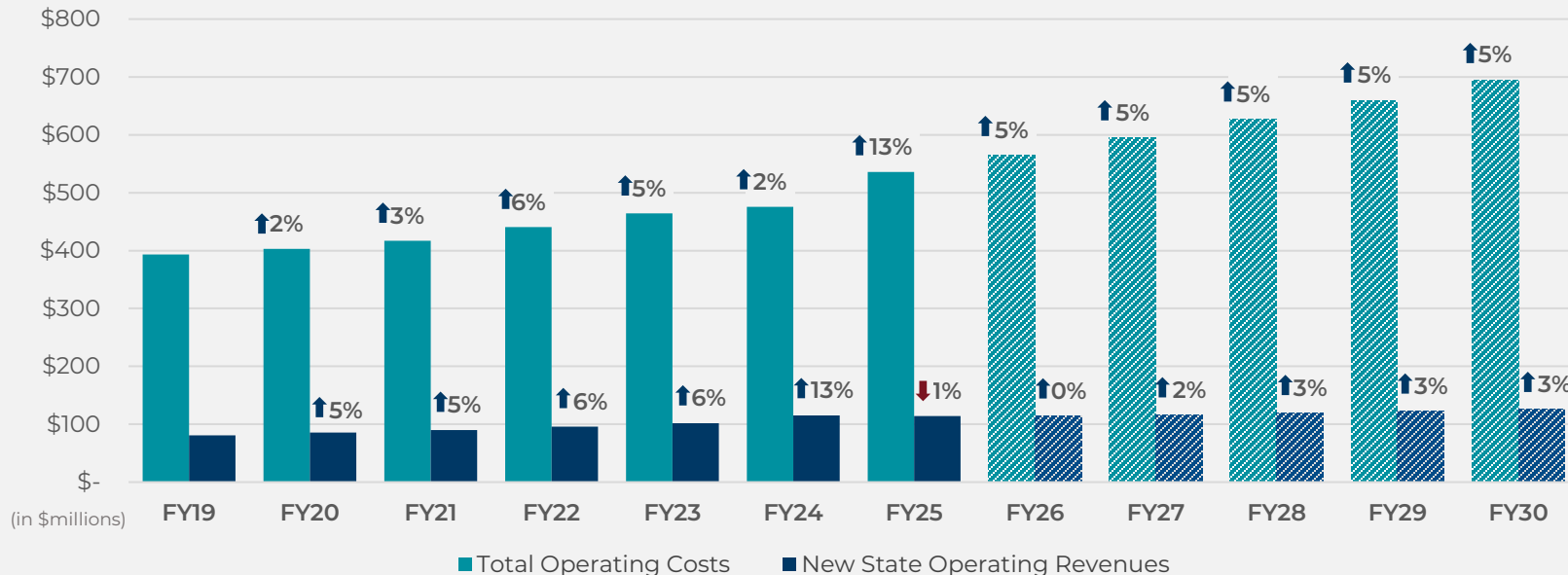
# Actual Allocations vs. No One-Time Revenues

- DRPT has produced an analysis that illustrates the impacts of the one-time revenue infusions on each agency throughout the state
- Interactive tool that shows:
  - Statewide Impacts
  - Individual Agency Impacts
- Includes 2 scenarios:
  - **Actual Allocations:** SYIP and Off Cycle Operating Allocations will all one-time revenues
  - **No One-Time Revenue Scenario:** Allocations with no one-time revenues
- The “No One-Time Revenues Scenario” isolates how the formula and 30% cap influence operating assistance allocations vs. how the one-time revenues influenced the allocations



# Growth in Operating Costs vs. New Revenues

Growth in Transit Operating Costs vs. New Revenues (in \$Millions)  
 FY19-FY25 Actual | FY26-FY30 Projected  
 Excludes: WMATA, VRE



**Note:** Statewide operating costs for each fiscal year are based on the previously audited expenses used for the operating assistance formula. For example, FY20 statewide costs were based on FY18 audited financials and FY25 costs were based on FY23 financials.

- **Projected new operating revenues will not keep pace with projected operating costs**
- FY19-FY23: New revenues increased slightly more than costs
- In FY24: New revenues increased significantly more than costs
- In FY25: Costs increases significantly more than new revenues
- FY26-30 Projection: Costs based on the average growth in costs over the past 6 fiscal years; New revenues from VDOT estimates

# MERIT – Capital Assistance Review and Outlook

# MERIT Capital Assistance Program Review

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  - Commonwealth Mass Transit Fund (CMTF) funding across all transit programs

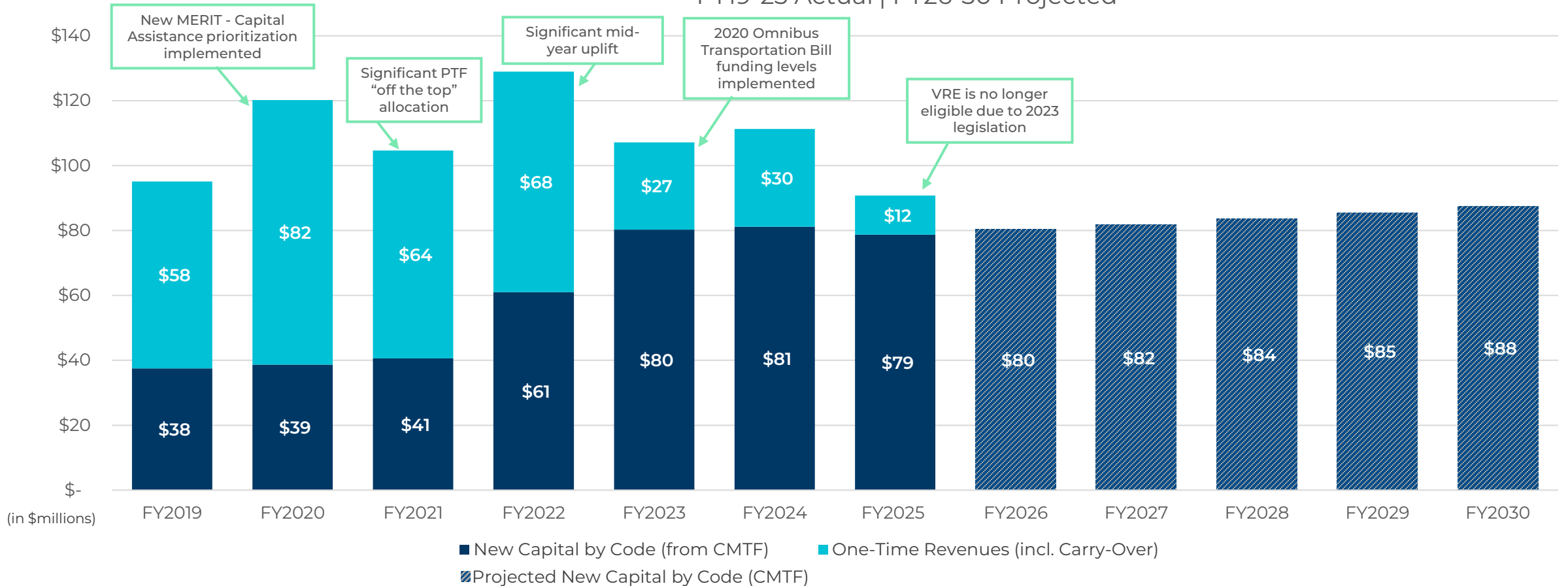
# MERIT Capital Assistance – Issue Summary



- Over the past three fiscal years, capital assistance revenues exceeded projected levels due to one-time revenues
  - Allowed DRPT to fund more projects in FY22, FY23, & FY24 than would have been possible otherwise
  - Generated significant carry-over balances that kept the program well funded
- Increases in costs of capital purchases industry-wide are putting pressure on the program
- Starting in FY26, DRPT expects revenues to return to normal, projected levels through the formula prescribed by code
  - Carry-over balances have been spent down
  - Multi-year obligations reduce funds available for new projects in FY26
  - Changes to the Rural Transit Program (FTA 5311) may put additional pressures on the Capital Assistance program

# MERIT – Capital Assistance Revenues FY19 - 25

MERIT - Capital Assistance Total Revenues Available (in \$Millions)  
 FY19-25 Actual | FY26-30 Projected

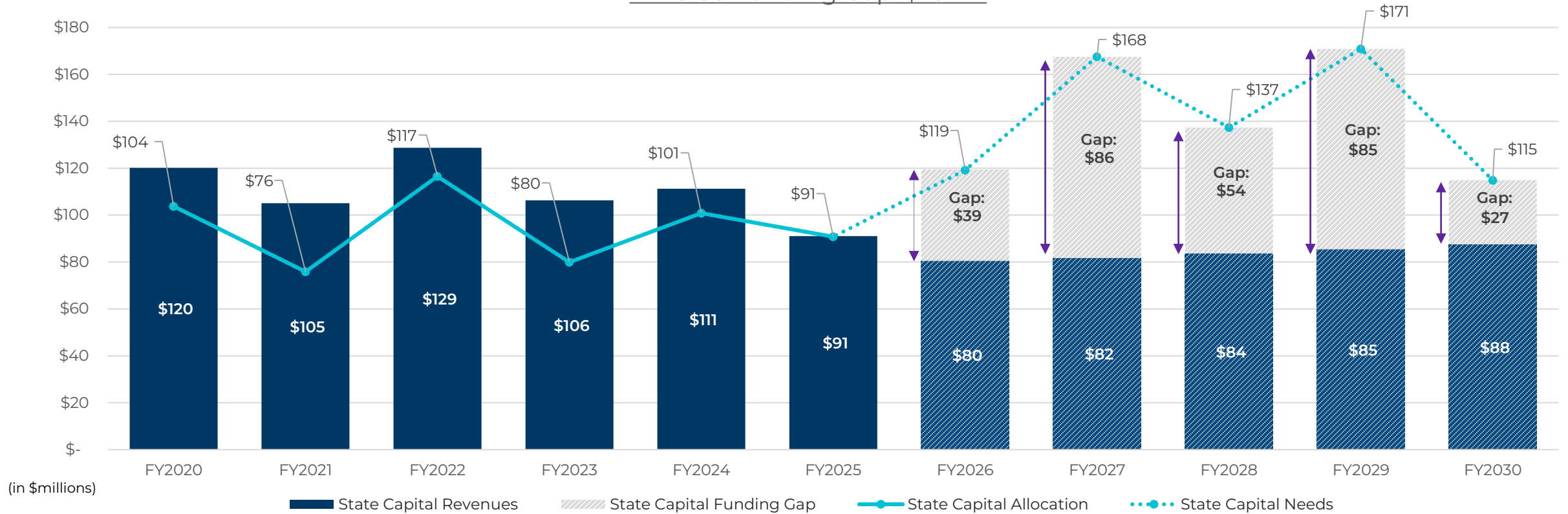


# 5-Year Capital Outlook: All Capital Needs

Capital Assistance Revenues vs. Actual Allocations and All Future Needs (in \$Millions)

FY20-25 Actual | FY26-30 Projected

FY26-30 Funding Gap: \$292m

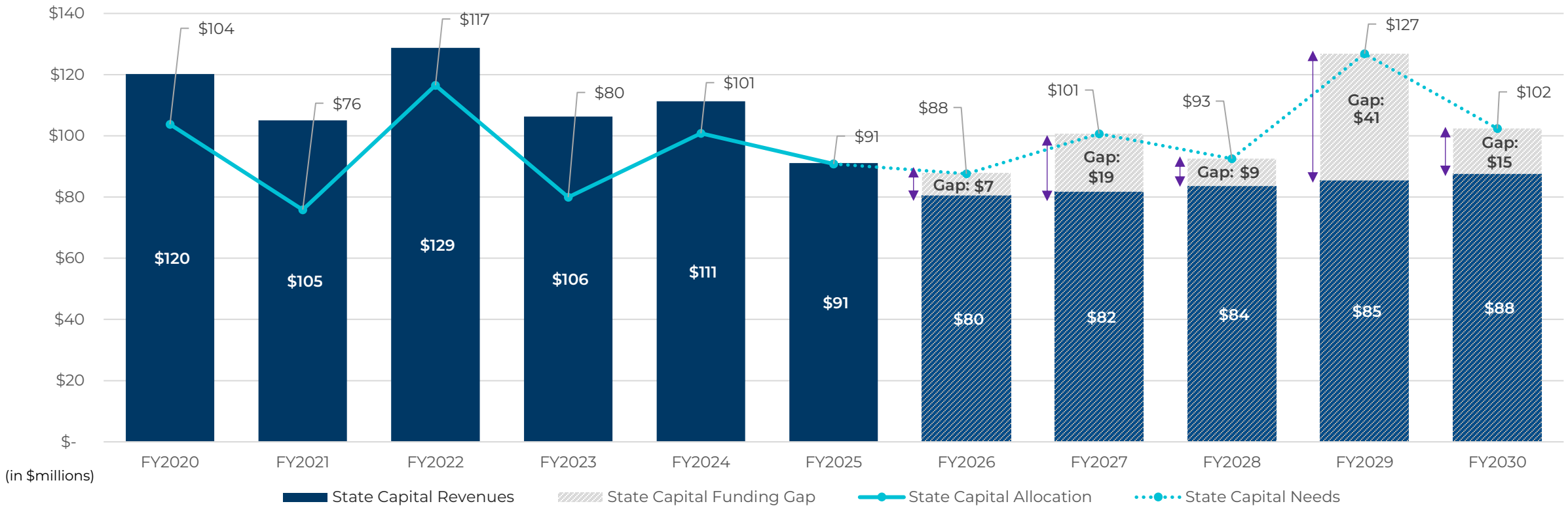


# 5-Year Capital Outlook: SGR Capital Needs

Capital Assistance Revenues vs. Actual Allocations and Future SGR Needs (in \$Millions)

FY25-30 Actual | FY26-30 Projected

FY26-30 Funding Gap: \$92m





# Rural Transit – Federal Funding Gap

- **VA Rural Transit is supported with Federal and State Funding Programs:**
  - Federal: FTA 5311 | State: MERIT Operating Assistance, Capital Assistance, Special Programs
- **Federal funds have historically provided the majority of state support**
  - Capital: 80% federal | 16% state | 4% local
  - Operating: 50% federal | 25-30% state | 20-25% local
- **Rural Transit Program is Facing New Pressures:**
  - US Census changes have shifted 2 previously urban agencies into the rural area
  - Cost increases for capital and operating expenses and interest from new localities
- **Starting in FY26, DRPT will likely not have sufficient federal funds to continue with providing as high a federal match as we have done historically**
  - DRPT will need to adjust and provide a higher share of state dollars up to the program max of 68%, putting more pressure on the MERIT – Capital Assistance program

# Discussion

# Public Hearing

# Wrap Up/Next Steps

# Next Steps

- DRPT Strategy
  - Review of all projects – de-obligate funds to increase available funds for operating assistance
  - Continue internal discussions RE: 5311 gap
    - Develop enhanced cost controls
    - Seek additional funds – federal discretionary, earmarks, etc.
  - Monitor NOVA Transit Study discussions (final report due in January 2026)
- TSDAC Reconvenes – Spring 2025 after DRPT releases draft FY26 Six Year Improvement Plan
  - By that time – DRPT will have run the formula three times since the last review
  - FY25 performance data will be available in Fall 2025