



# MERIT Operating Assistance Review

November 24, 2025

# Agenda

- MERIT Program Review Timeline and Progress to Date
- MERIT Operating Assistance
  - Public Comments
  - Proposed Formula – Alternative 1
  - Proposed Formula – Alternative 2
- Summary of Proposed Capital and Administrative Changes
- Recommendation and Next Steps

# MERIT Operating Assistance Review Timeline and Progress to Date

# Timeline and Progress To-Date

## Steps Completed To-Date:

- **March 2025:**
  - CTB Rail and Transit Subcommittee: Process Kickoff
- **April 2025:**
  - TSDAC: MERIT Operating & Capital Review Discussion
- **May 2025:**
  - TSDAC: Update on MERIT Operating & Capital Review
- **July 2025:**
  - CTB: Briefing on proposed ideas for MERIT Operating & Capital Changes
  - TSDAC: Briefing on proposed ideas for MERIT Operating & Capital Changes, Discussion, and Feedback
- **August 2025:**
  - TSDAC: Briefing on refined MERIT Operating & Capital Changes
- **September 2025:**
  - One-on-One meetings with TSDAC Members, Transit Service Providers, and other Stakeholders
- **October 2025:**
  - TSDAC: Review of feedback from stakeholders, proposed refinements, discussion, and feedback
  - October 7, 2025: Release for 45-day Public Comment
- **November 2025:**
  - November 21, 2025: End of 45-day Public Comment
  - TSDAC: Review Public Comment and provide final review and feedback on proposed changes

## Next Steps:

- **December 2025/January 2026:**
  - CTB: Presentation of proposed changes to CTB and vote on adoption of proposed changes

# 2025 MERIT Operating Formula Evaluation Goals

1. Emphasis on **outcome focused metrics** (ridership/service) vs. input (operating cost) focused metrics
2. Emphasizing **performance-based** allocation
3. Formula simplification
4. Year-over-year **predictability** in allocation

# Public Comments

# Public Comments

- The statutory 45-day public comment period commenced on October 7, 2025 and will end on November 21, 2025.
- Through 11/18/25, DRPT had received five public comments. These have been sent to TSDAC members under separate cover.
- Any additional comments received before the end of the public comment period will also be sent under separate cover.

# Proposed Operating Assistance Formula (Alternatives 1 and 2)



# Alt 1: Proposed Formula – Single Year Performance

- **Step 1: Sizing Metric**

- A size-weight factor is calculated with a combination of metrics set at specific weights
  - Operating Cost – 35%
  - Ridership – 35%
  - Vehicle Revenue Hours (VRH) – 15%\*
  - Vehicle Revenue Miles (VRM) – 15%\*
- This metric was introduced to account for the relative size of a transit agency in terms of the amount of service provided
- 95% of available Operating Revenues are distributed based on the relative sizing metric for each agency
- A 30% cap is set on the operating assistance allocations to each agency after the sizing metric distribution is complete
  - Funds remaining after the cap is applied are added to the pool of funding available performance set aside in Step 2



\* For Commuter Bus routes that are uni-directional and greater than 20 miles, deadhead hours and miles are included in the VRH and VRM performance metrics

# Alt 1: Proposed Formula – Single Year Performance (cont.)

- **Step 2: Performance Set Aside Distribution**

- The size-weight is adjusted by three performance metrics – Creating “Size-Performance Weights”
  - Using 1 year of performance data for the most recently reported and audited Fiscal Year
  - Compares direct performance metrics of each agency to the statewide average
- Proposed Performance Metrics:
  1. Passenger per Cost (Pax/Cost) – 50%
  2. Passengers per Vehicle Revenue Hour (Pax/ VRH) – 25%
  3. Passengers per Vehicle Revenue Mile (Pax/ VRM) – 25%
- 5% of available operating revenues plus any funds remaining after the 30% cap is applied in Step 1 are distributed based on the performance adjusted sizing metric for each agency



# Alt 2: Proposed Formula – 3-Year Avg. Performance

- **Step 1: Sizing Metric**

- A size-weight factor is calculated with a combination of metrics set at specific weights
  - Operating Cost – 35%
  - Ridership – 35%
  - Vehicle Revenue Hours (VRH) – 15%\*
  - Vehicle Revenue Miles (VRM) – 15%\*
- This metric was introduced to account for the relative size of a transit agency in terms of the amount of service provided
- 95% of available Operating Revenues are distributed based on the relative sizing metric for each agency
- A 30% cap is set on the operating assistance allocations to each agency after the sizing metric distribution is complete
  - Funds remaining after the cap is applied are added to the pool of funding available performance set aside in Step 2



\* For Commuter Bus routes that are uni-directional and greater than 20 miles, deadhead hours and miles are included in the VRH and VRM performance metrics

# Alt 2: Proposed Formula – 3-Year Avg. Performance (cont.)

- **Step 2: Performance Set Aside Distribution**

- The size-weight is adjusted by three performance metrics – Creating “Size-Performance Weights”
  - Using a 3-year average of performance data for past 3 Fiscal Years
  - Compares direct performance metrics of each agency to the statewide average
- Proposed Performance Metrics:
  1. Passenger per Cost (Pax/Cost) – 50%
  2. Passengers per Vehicle Revenue Hour (Pax/ VRH) – 25%
  3. Passengers per Vehicle Revenue Mile (Pax/ VRM) – 25%
- 5% of available operating revenues plus any funds remaining after the 30% cap is applied in Step 1 are distributed based on the performance adjusted sizing metric for each agency



# MERIT Capital Assistance Proposed Program Changes

# MERIT Capital Assistance Proposed Improvements

The review identified proposed improvements to the program methodology to better align with project types, simplify processes, and incentivize good grants management.

## Proposed Improvements

### **Project Categorization and Scoring:**

1. Add subcategories for State of Good Repair (SGR) projects (SGR with Asset Condition Score and SGR without Asset Condition Score)
2. Add subcategories for Major Expansion (MAJ) projects (MAJ Expansion and MAJ-SGR)
3. Develop new scoring methodology for MAJ-SGR projects

### **Project Definition:**

1. Eliminate 5 vehicle or 5% of fleet threshold and score all vehicle expansion projects under the Minor Enhancement (MIN) project type

### **Incentive Points:**

1. Eliminate underutilized incentive categories and categories where incentive points aren't achieving desired result
2. Add categories to incentivize agencies on good grants management

# Operating Assistance Proposed Administrative Changes

# Performance Measure Methodology

- **This change impacts the following performance metrics:**
  - Passengers per Hour (Riders/Vehicle Revenue Hour)
  - Passengers per Mile (Riders/Vehicle Revenue Mile)
- **Current:** The performance metrics passengers/mile and passengers/hour are calculated using adjusted vehicle revenue hour (VRH) and vehicle revenue mile (VRM) sizing metrics that include deadhead hours and miles for uni-directional commuter routes greater than 20 miles
- **Proposed:** DRPT proposes that the performance metrics “Passengers per Hour” and “Passengers per Mile” will be calculated using unadjusted vehicle revenue hour (VRH) and vehicle revenue mile (VRM) sizing metrics that do not include deadhead hours and miles for uni-directional commuter routes greater than 20 miles

*\*Note: These are changes to internal technical and administrative guidance and not policy changes.*



# Operating Cost Metrics

- **Current:** The MERIT – Operating Assistance Technical Guide ([link](#)) currently defines two separate Operating Cost metrics used in the Operating Assistance Formula, defined below:
  - **Operating Cost for System Sizing (Reimbursable Expenses on Application):** Most recent audited operating cost available, less depreciation, less expenses for projects funded by other DRPT programs that do not expand transit operations, and less non-transit related expenses.
  - **Operating Cost for Performance Metrics:** Total operating costs less depreciation, ineligible costs, and less non-transit related expenses.
- **Proposed:** DRPT proposes using the “Operating Cost for Performance Metrics” for both the Sizing and Performance Set Aside Distribution steps in the formula

*\*Note: These are changes to internal technical and administrative guidance and not policy changes.*

# Recommendation and Next Steps

# TSDAC Recommendation

**Does TSDAC recommend to the Commonwealth Transportation Board approval of Alternative 1?**

**or**

**Does TSDAC recommend to the Commonwealth Transportation Board approval of Alternative 2?**

# Next Steps

- **December 2025/January 2026:**
  - CTB: Presentation of proposed changes to CTB and vote on adoption of proposed changes