TSDAC Meeting

March 10, 2026

DRPT
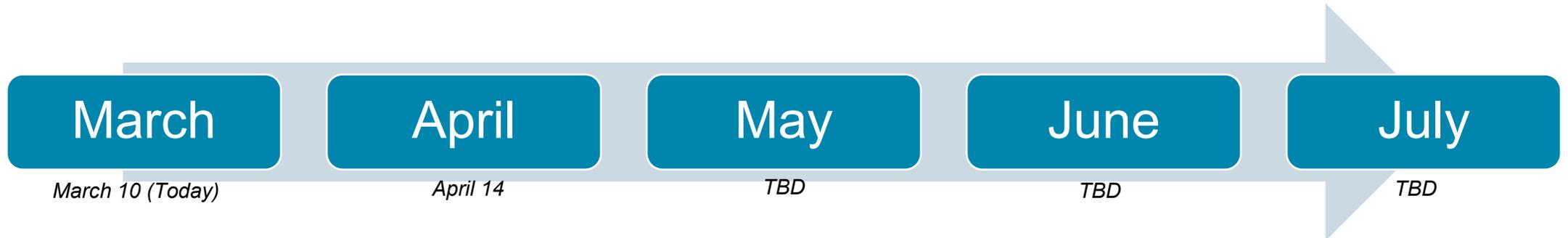**VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION**

Today's Agenda

- Welcome and Introductions (Chair)
- Approval of Minutes from January 20, 2026 Meeting
- Comments from DRPT Director
- Legislative Update
- New Timeline and Schedule
- TSDAC Survey Responses
  - Administrative Changes Recap
  - Capital Changes Recap
  - Observations from 2025 review
- MERIT Operating Assistance
  - Introduce Cohort Concept
  - Cohort Scenarios
  - Discussion
- Next Meeting

VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

Approval of the Minutes from January 20, 2026

VIRGINIA DEPARTMENT OF RAIL
AND PUBLIC TRANSPORTATION

Comments from the DRPT Director

VIRGINIA DEPARTMENT OF RAIL
AND PUBLIC TRANSPORTATION

Legislative Update

VIRGINIA DEPARTMENT OF RAIL
AND PUBLIC TRANSPORTATION

New TSDAC Timeline and Schedule

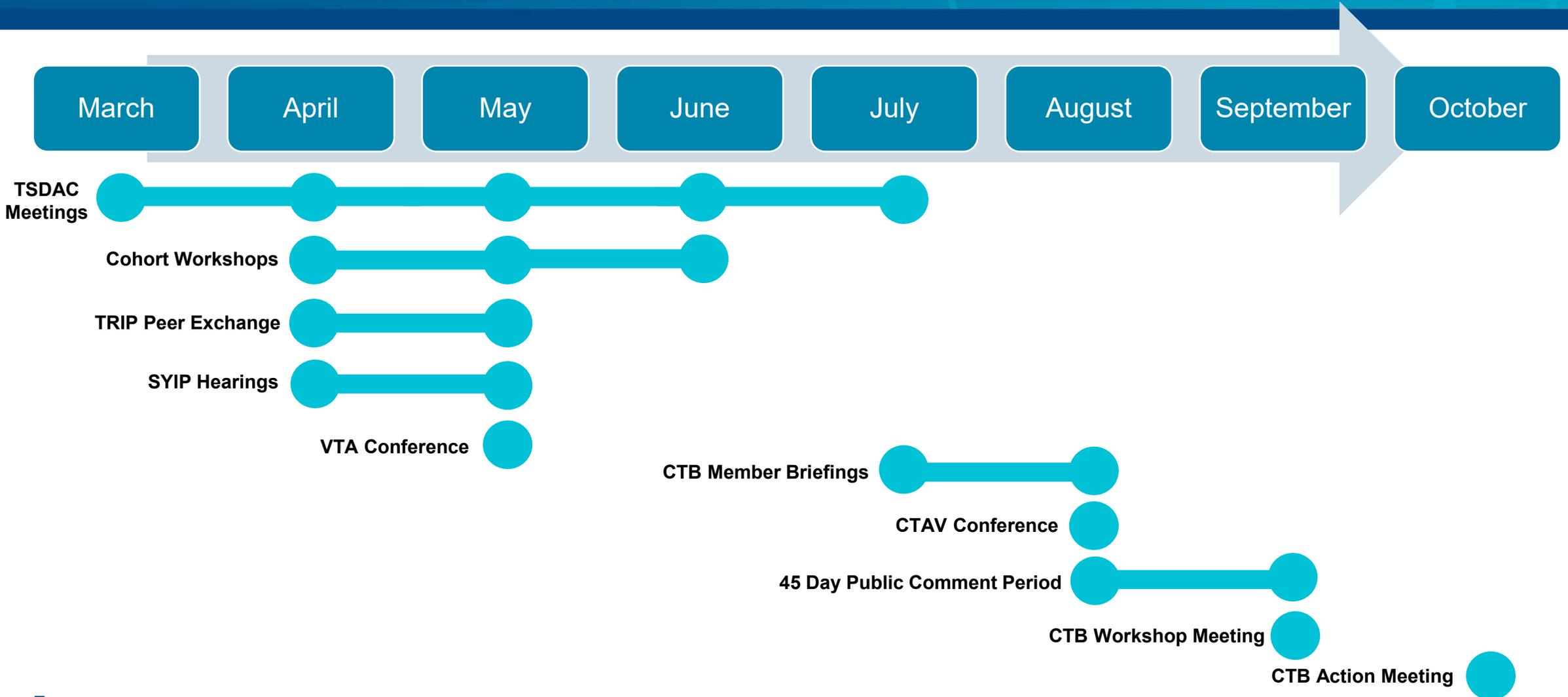|	March	April	May	June	July
	March 10 (Today)	*April 14*	*TBD*	*TBD*	*TBD*
MERIT Operating	• Finalize Capital Policy Recommendations • Introduce Cohort Concept	• Finalize Cohorts • Introduce Sizing Metric Concept	• FY27 Draft SYIP Review • Finalize Sizing Metric • Introduce Performance & Stability Fund Concept	• Finalize Performance & Stability Fund	• Finalize MERIT Operating Policy Recommendations • Begin CTB briefings for MERIT Operating Policy Changes
Transit Ridership Incentive Program (TRIP)		• Review Current TRIP Policy and Legislative Changes	• Introduce Proposed TRIP Policy Changes	• Refine Proposed TRIP Policy Changes	• Finalize TRIP Policy Recommendations • Begin CTB briefings for TRIP Policy Changes

Outreach Schedule

March	April	May	June	July	August	September	October

TSDAC Meetings — March, April, May, June, July

Cohort Workshops — April, May, June

TRIP Peer Exchange — April, May

SYIP Hearings — April, May

VTA Conference — May

CTB Member Briefings — July, August

CTAV Conference — August

45 Day Public Comment Period — August, September

CTB Workshop Meeting — September

CTB Action Meeting — October

VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

TSDAC Survey Responses

VIRGINIA DEPARTMENT OF RAIL
AND PUBLIC TRANSPORTATION

Administrative Changes Recap

Proposed Improvements
Performance Metric Methodology 1. "*Passengers per Hour*" and "*Passengers per Mile*" metrics will be calculated using unadjusted vehicle revenue hour (VRH) and vehicle revenue mile (VRM) sizing metrics that <u>do not </u>include deadhead hours and miles for uni-directional commuter routes greater than 20 miles
Operating Cost Metric 1. Use "*Operating Cost for Performance*" (i.e. total operating cost less depreciation and ineligible costs) for the Sizing Metric in the formula

✅ TSDAC indicated no concerns with these changes. One clarifying question was answered.

✅ DRPT will reflect these changes in FY27 MERIT Operating Assistance allocations

Capital Changes Recap

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

✅ TSDAC indicated no questions/concerns with these changes

✅ DRPT will reflect these changes in FY28 MERIT Capital Assistance allocations (pending CTB approval)

VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

Observations from 2025 Review

Need	Why?
Simplification	The current formula is difficult to understand for transit partners and decision-makers (i.e. performance adjustments, trends, reiterations)
Transparency	The process for developing formula concepts and making refinements needs more clarity
Predictability	Year-over-year variations in Operating Assistance allocations makes it difficult to plan and budget
Collaborative	Need for dedicated time to discuss formula concepts and desired outcomes in an effort to reduce unintended consequences
Rewarding	The formula should reward agencies that meet criteria deemed as important to the industry and the Commonwealth

Cohort Concept

VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION
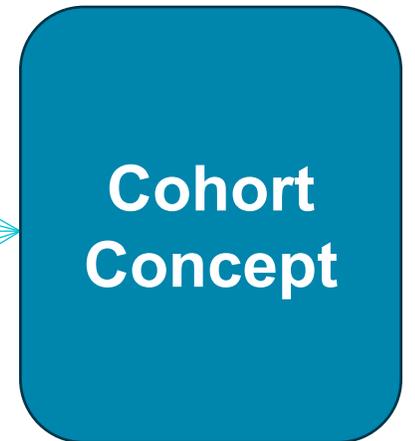
MERIT Operating Assistance: Cohorting Concept

DRPT
VIRGINIA DEPARTMENT OF RAIL
AND PUBLIC TRANSPORTATION

Advantages of Cohorting

- Allows the Commonwealth to customize goals for transit service delivery based on agency size/type -- not "one size fits all."

- Transit agencies will "compete" for state operating funds with similar systems

- Allows for the introduction of more advanced data into the formula for urban systems

- Modeled after FTA funding apportionments:
  - Population < 50,000 = Rural
  - Population is 50,000 – 200,000 = Small Urban
  - Population is +200,000 = Large Urban

  As defined in 49 USC 5307 and 49 USC 5311

VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

Agency Designations by FTA Urban/Rural Area

Large Urban (LU) (10)

- Alexandria DASH
- ART
- FFX Connector
- Fairfax CUE
- LC Transit
- GRTC
- HRT
- PAT
- Valley Metro
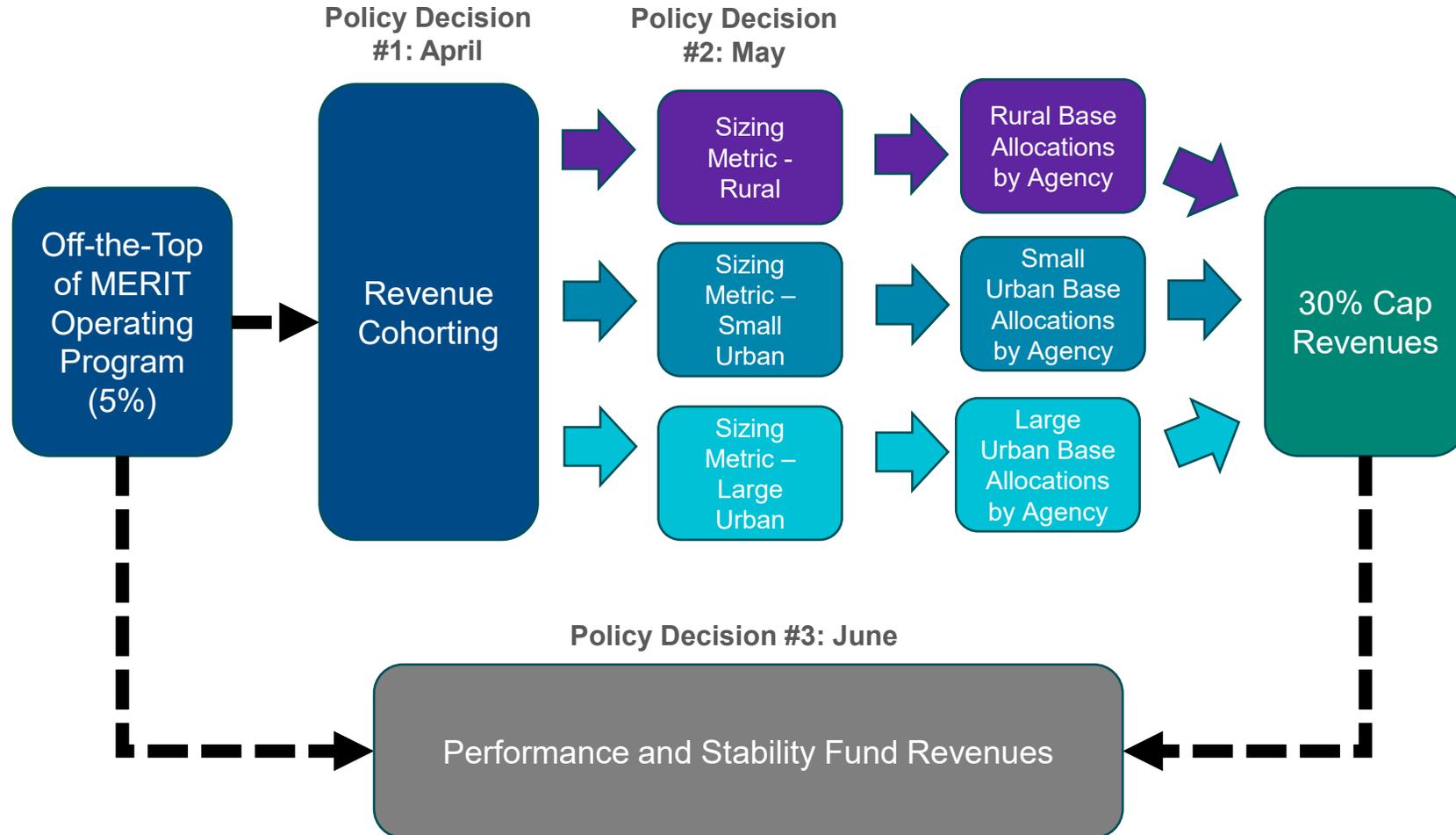- PRTC

Small Urban (SU) (9)

- WinTran
- FXBGO
- Bristol Transit
- Blacksburg Transit
- CAT
- HDPT
- WATA
- GLTC
- BRITE*

Rural (19)

- Chincoteague
- GET
- BABS
- Lake Country
- Farmville
- Alta Vista
- DTS
- Pulaski
- Four County
- MET Go
- Bluefield
- RADAR
- STAR
- VRT
- Jaunt
- Suffolk
- Radford
- Bay Transit
- District III*

*Serves multiple areas
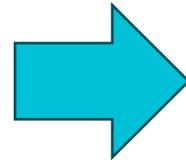
Full Cohorting Conceptual Process

Policy Decision #1: April

Policy Decision #2: May

Off-the-Top of MERIT Operating Program (5%)

Revenue Cohorting

Sizing Metric - Rural

Rural Base Allocations by Agency

Sizing Metric – Small Urban

Small Urban Base Allocations by Agency

Sizing Metric – Large Urban

Large Urban Base Allocations by Agency

30% Cap Revenues

Policy Decision #3: June

Performance and Stability Fund Revenues

Step 1: Revenue Cohorting Process

1. Cohorts are defined (ex: Large Urban (LU), Small Urban (SU), or Rural)

2. Metric is defined to split total MERIT Operating Assistance revenues among cohorts (ex: Total costs by cohort)

3. Total revenues available x share of defined metric = available revenue by cohort
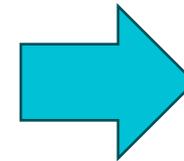
Operating Costs by Cohort

Total Operating Costs
- Total LU Cost: $480M
- Total SU Cost: $63M
- Total Rural Cost: $38M

7%

11%

82%
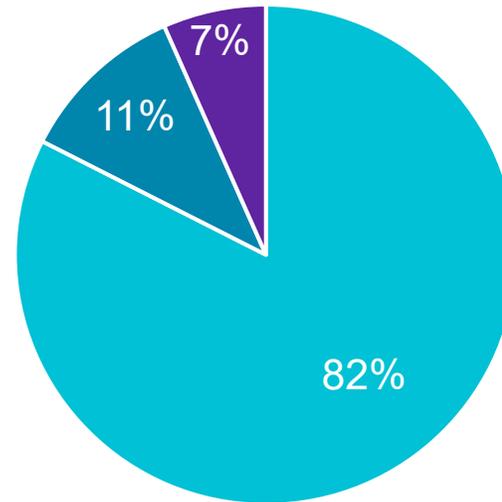
■ Large Urban ■ Small Urban ■ Rural

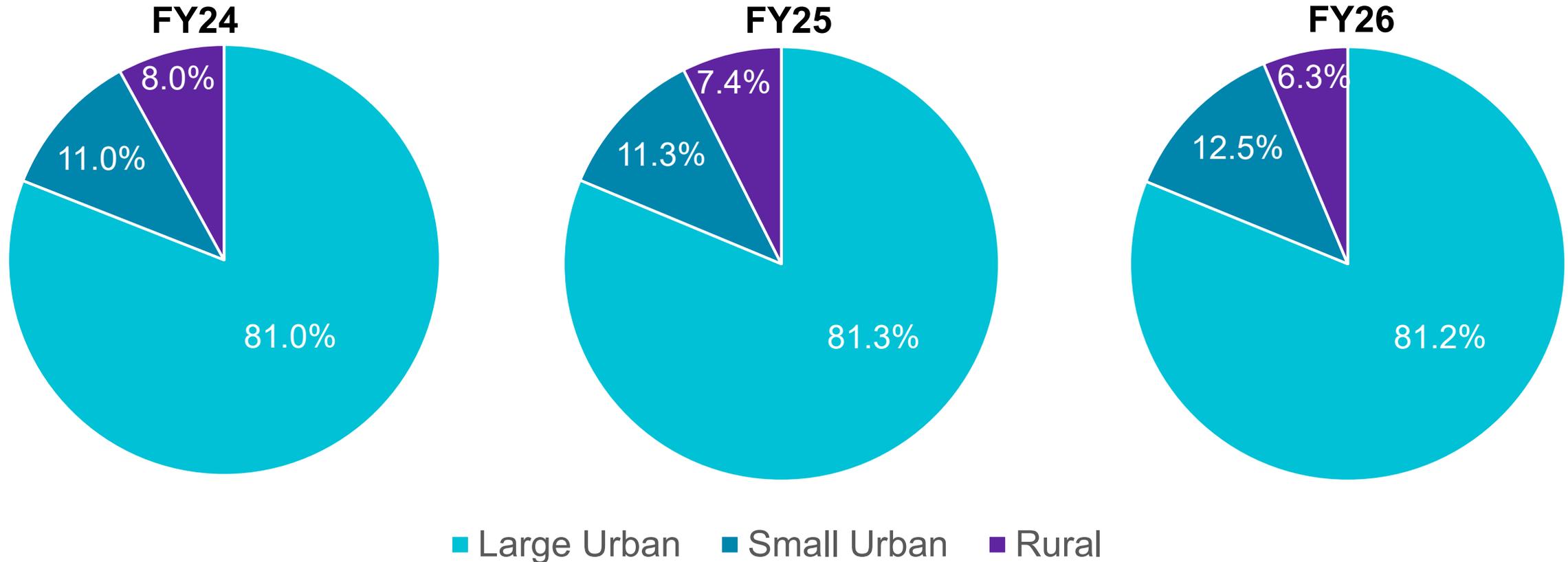**Total MERIT Operating Revenues Available: $100M**
- LU Revenues: $100M x 82% = $82M
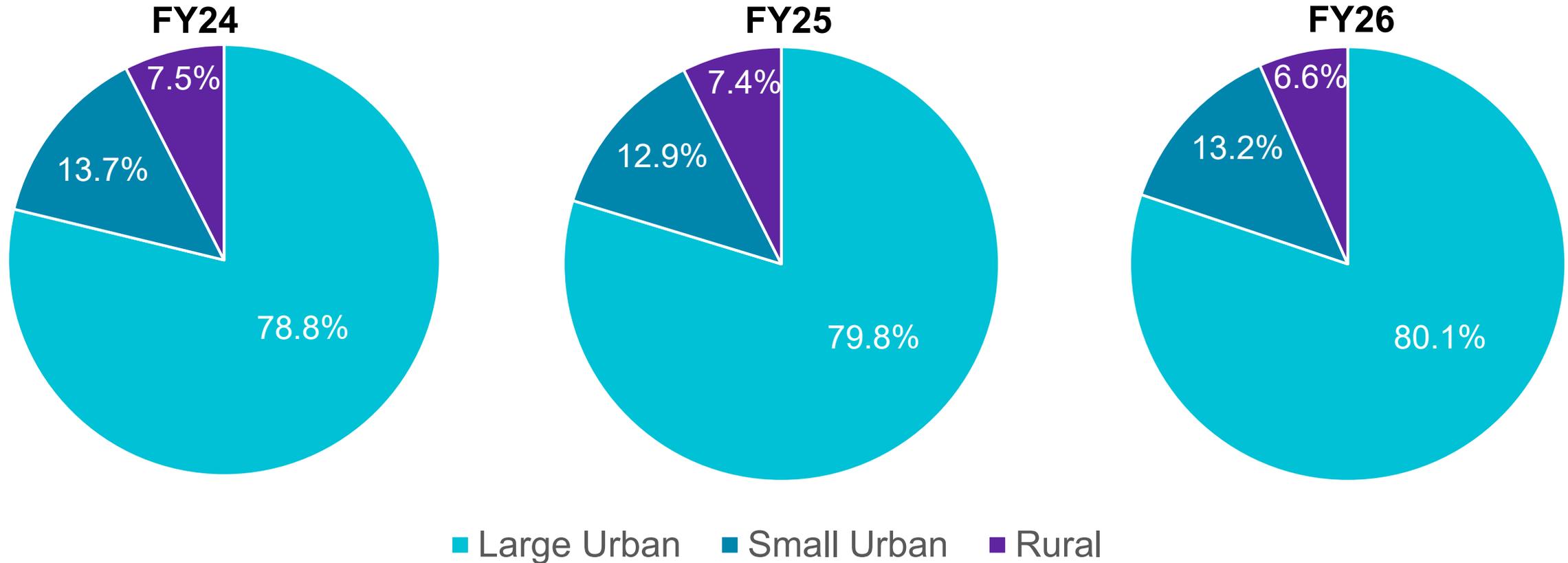- SU Revenues: $100M x 11% = $11M
- Rural Revenues: $100M x 7% = $7M

VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

Cohorting Scenarios

VIRGINIA DEPARTMENT OF RAIL
AND PUBLIC TRANSPORTATION

FY24, 25, 26 MERIT Operating Allocations

FY24

- 8.0%
- 11.0%
- 81.0%

FY25

- 7.4%
- 11.3%
- 81.3%

FY26

- 6.3%
- 12.5%
- 81.2%

■ Large Urban ■ Small Urban ■ Rural

Actual MERIT Operating Assistance allocations by agency type from each of the last 3-years

Note: May not add up to 100% due to rounding

VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

FY24, 25, 26 Sizing Metric

FY24

FY24 pie chart:
- 78.8% Large Urban
- 13.7% Small Urban
- 7.5% Rural

FY25

FY25 pie chart:
- 79.8% Large Urban
- 12.9% Small Urban
- 7.4% Rural

FY26

FY26 pie chart:
- 80.1% Large Urban
- 13.2% Small Urban
- 6.6% Rural

■ Large Urban   ■ Small Urban   ■ Rural

Actual Sizing Metrics (50% Expenses, 30% Ridership, 10% VRM, 10%VRH) by agency type from each of the last 3-years

Note: May not add up to 100% due to rounding

FY24, 25, 26 Total Operating Costs

FY24

7.5%
10.4%
82.2%

FY25

7.4%
10.4%
82.2%

FY26

6.6%
10.8%
82.6%

■ Large Urban ■ Small Urban ■ Rural
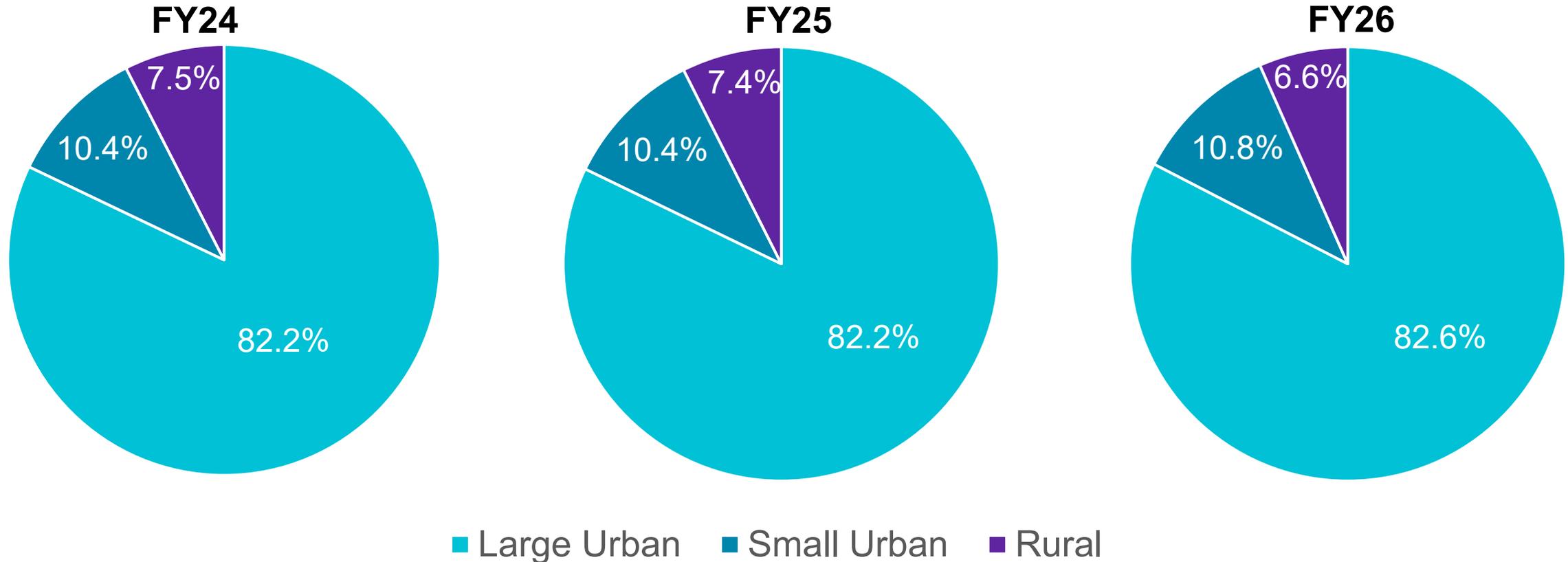
Actual operating costs by agency type from each of the last 3-years (i.e. Cost for Performance)

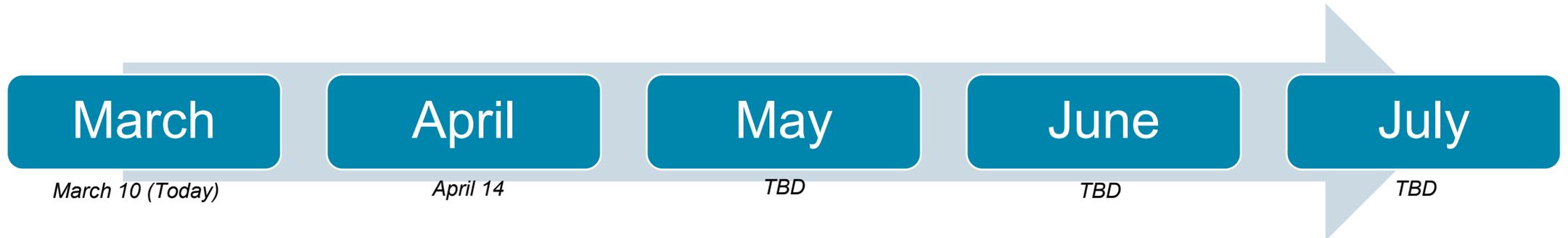Note: May not add up to 100% due to rounding

Conclusions

- A cohorting model can <u>simplify</u> the formula and simultaneously lead to very little change in terms of agency allocations

- Percentages could be defined in CTB policy that split total available revenues among cohorts in an effort to provide more <u>stability</u> and <u>predictability</u>

- Future refinements to the formula would focus on the sizing metric (Policy Decision #2) within each cohort, leading to more focused and <u>collaborative</u> conversations with transit providers on policy objectives

VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

Discussion

Next Steps

VIRGINIA DEPARTMENT OF RAIL
AND PUBLIC TRANSPORTATION

Next Steps

March	April	May	June	July
March 10 (Today)	*April 14*	*TBD*	*TBD*	*TBD*

MERIT Operating

- March:
  - Finalize Capital Policy Recommendations
  - Introduce Cohort Concept
- April ⭐1:
  - Finalize Cohorts
  - Introduce Sizing Metric Concept
- May ⭐2:
  - FY27 Draft SYIP Review
  - Finalize Sizing Metric
  - Introduce Performance & Stability Fund Concept
- June ⭐3:
  - Finalize Performance & Stability Fund
- July:
  - Finalize MERIT Operating Policy Recommendations
  - Begin CTB briefings for MERIT Operating Policy Changes

Transit Ridership Incentive Program (TRIP)

- April:
  - Review Current TRIP Policy and Legislative Changes
- May:
  - Introduce Proposed TRIP Policy Changes
- June:
  - Refine Proposed TRIP Policy Changes
- July:
  - Finalize TRIP Policy Recommendations
  - Begin CTB briefings for TRIP Policy Changes

⭐ = Policy Decisions

VIRGINIA DEPARTMENT OF RAIL AND PUBLIC TRANSPORTATION

Next Steps

Action Items for TSDAC Members:

- Reach out to DRPT to schedule 1-on-1 meetings, as needed
- Meet with agencies/partners you represent to get feedback on the concept discussed at today's meeting
    1. Does TSDAC support using 'Total Operating Costs' as the metric to cohort revenues or something else?
    2. Is there a preference to either identify revenue cohorting percentages in policy (to be revisited by TSDAC ever few years) or re-calculate the revenue cohort metric on an annual basis?
- Send DRPT list of questions prior to April meeting <u>no later than March 24th</u>

Action Items for DRPT:

- Finalize TSDAC meeting dates for May, June, and July
- Answer TSDAC questions and facilitate 1-on-1 meetings