



Transit Service Delivery Advisory Committee (TSDAC)

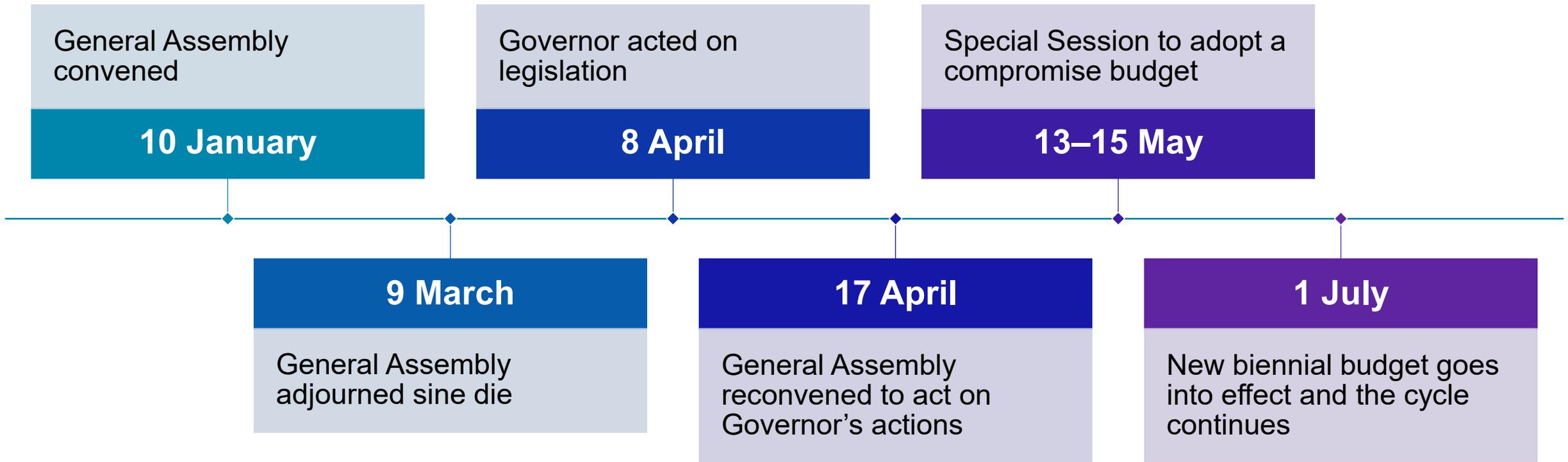
FY25 SYIP Review

April 30, 2024



Legislative Update

Calendar



The Governor's Actions:

Of the 2,284 bills introduced:

1,046 made it to the Governor's desk

776 of which were signed

~150 were amended by the Governor

153 were vetoed!

233 amendments were made to the Budget

WMATA – the funding journey

Governor's Introduced Budget	General Assembly Proposed Amendments	General Assembly Conference Budget	Governor's Amendments
<ul style="list-style-type: none"> Does not provide additional funding to cover WMATA's budget shortfall Allows for WMATA to receive additional funding and suspends the 3% operating assistance growth cap temporarily Requires WMATA to create a corrective action plan 	<ul style="list-style-type: none"> Various members proposed amendments to include \$65 million in State general funds each year for WMATA Some amendments suspend the 3% operating assistance growth cap for the biennium, before re-enforcing it from FY 2027 Keeps the corrective action plan language in place 	<ul style="list-style-type: none"> General Assembly-approved budget provides \$65 million in FY 25 and \$84.5 million in FY 26 for WMATA Suspends the 3% operating assistance growth cap for the biennium Incorporates the corrective action plan language into the Joint Subcommittee on Northern Virginia public transit 	<ul style="list-style-type: none"> Provides \$133.7 million to WMATA, of which \$98 million is from prior allocations to NVTC and \$35.7 is State funding Suspends the 3% operating assistance growth cap for the biennium Requires WMATA to engage with a consultant to identify cost efficiencies, enhance revenues, and identify improvements for the future

Special Session



The Governor and leaders of the Money Committees have agreed to come to a compromise budget and should adopt it in a special session on May 15th



A compromise budget will be presented to the General Assembly on May 13th



Exact details of what will be included and excluded from this special session budget are TBD

What's next?



May 13th – Compromise budget is proposed



May 15th – Compromise budget should be adopted by the General Assembly, and signed by the Governor shortly after



July 1st – the new fiscal year begins and the budget goes into effect



July 1st – all laws signed by the Governor go into effect, except when otherwise specified



And repeat... prefilng for new bills begins July 15th

MERIT – Operating Assistance

FY25 MERIT Operating Assistance Summary



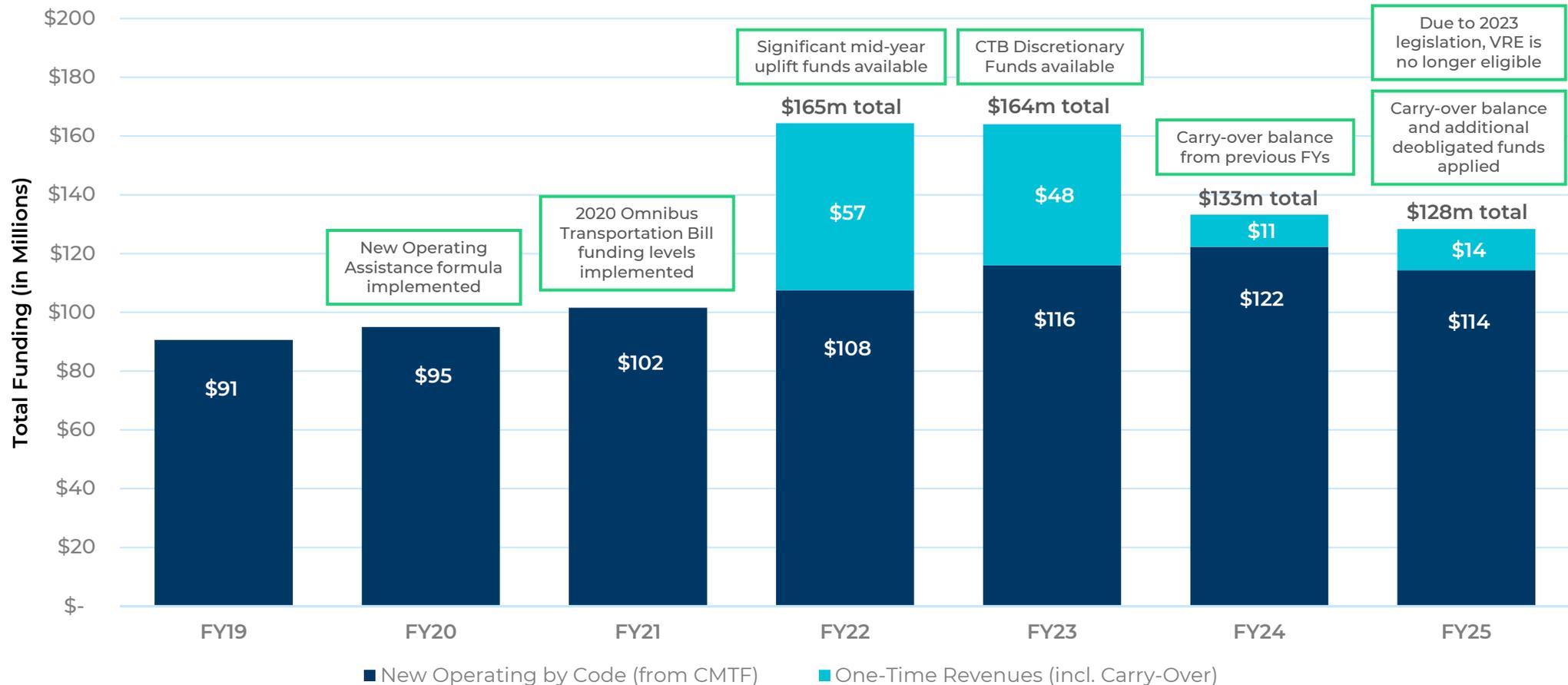
- Over the past three fiscal years, operating assistance revenues exceeded projected levels due to one-time revenue infusions
- This resulted in abnormally high allocations to agencies in FY22, FY23, and FY24
- In FY25, the MERIT – Operating Assistance program will remain funded above projected levels due to additional one-time revenues from project deobligations
- Even so, a few agencies are slated to receive 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 that can be allocated to high performing agencies
- Starting in FY26, DRPT expects revenues to return to normal, projected levels through the formula prescribed by code
 - Agencies should prepare for the possibility of lower allocations

FY25 MERIT Operating Assistance Figures

- Total Operating Assistance Expected in FY25 (24.5% of CMTF): **\$117m**
- Total Operating Assistance Recommended in FY25 SYIP: **\$129m**
 - **DRPT is recommending an additional \$10.5m in one-time revenues (from project deallocations) in the draft SYIP**
 - **VA Code (§ 33.2-1526.1) allows for funds to be transferred to the operating assistance program in “times of statewide economic distress or statewide special need.”**
- The formula for FY25 operating assistance is based on:
 - **FY23 Sizing Metrics:** operating costs, ridership, hours, and miles
 - **FY19, 21, 22, 23 Performance Metrics:** riders/hour, riders/mile, cost/hour, cost/mile, cost/rider
- CTB policy caps amount of operating assistance to any one agency at **30%** of its operating expenses based on the most recently audited financial report (FY23)

MERIT – Operating Assistance Revenues FY19 - 25

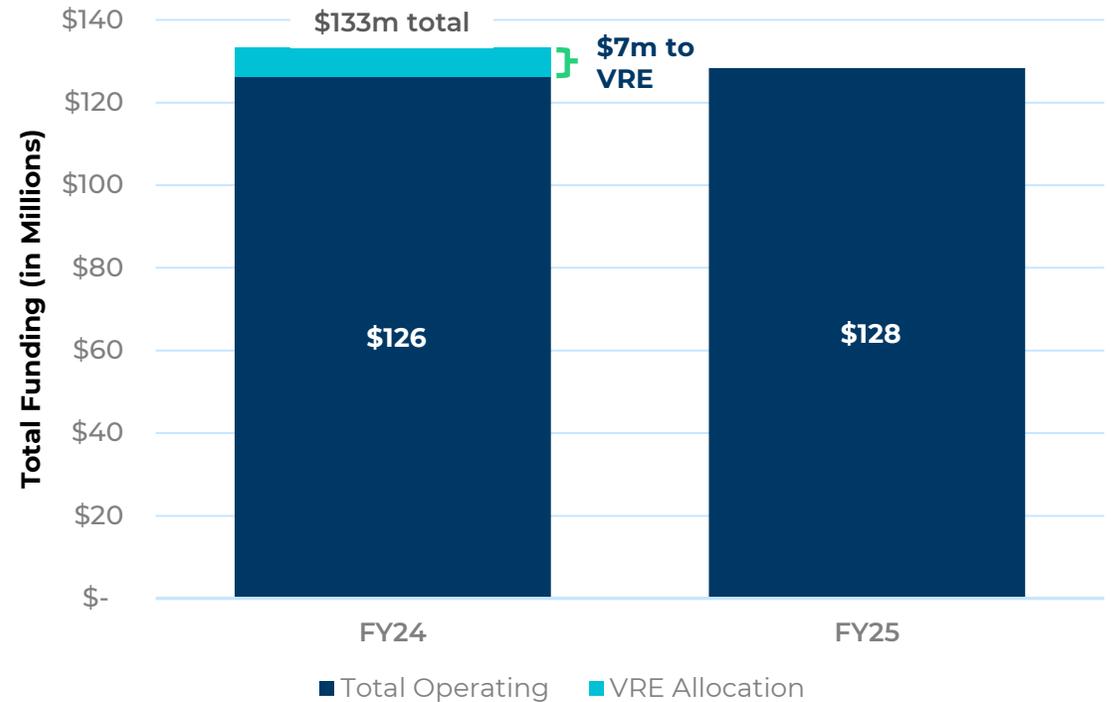
MERIT - Operating Assistance Total Funding Available FY19 to FY25



MERIT – Operating Assistance Revenues FY24 v. FY25

- Operating Assistance Total:
 - **FY24 Total: \$133m** [VRE Included]
 - **FY25 Total: \$128m**
- VRE was included in FY24, and received ~\$7m
- Taking into account how much VRE received, DRPT has more funds in FY25 to distribute than in FY24
- In FY25 the operating program is recommended for funding above normal levels
- This is not likely to continue in FY26 and beyond

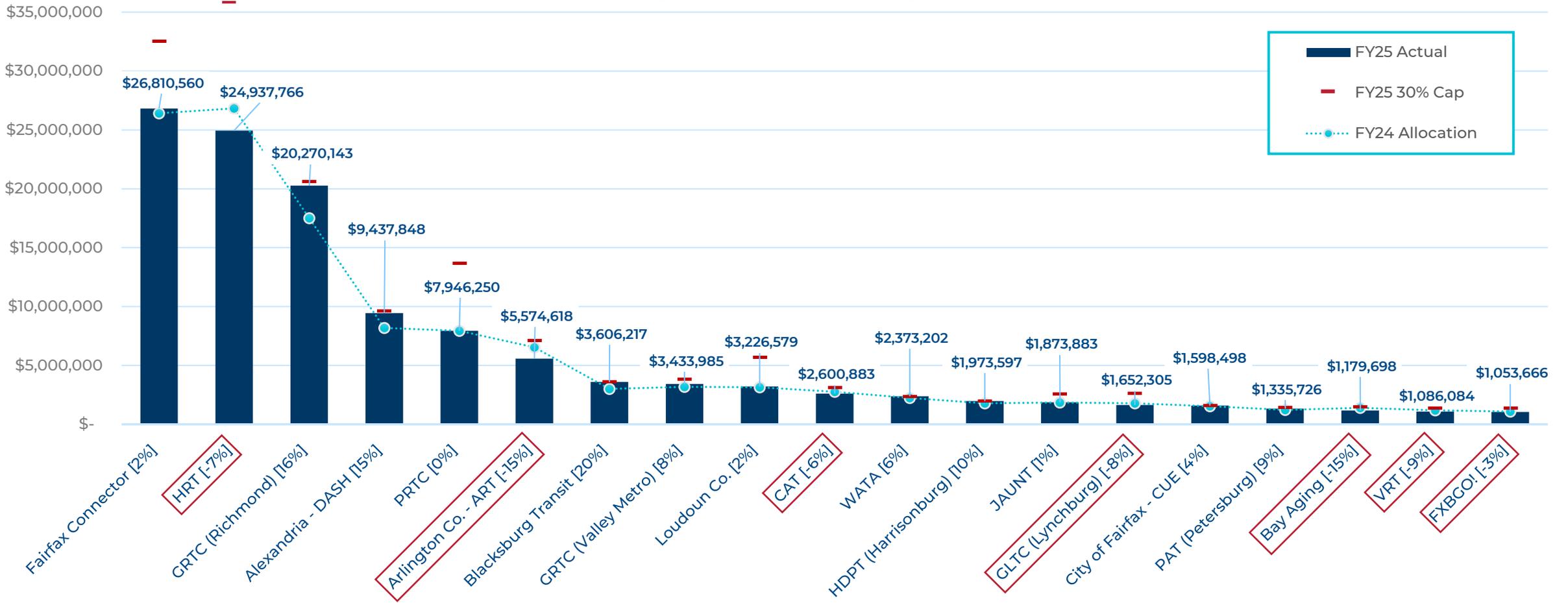
MERIT - Operating Assistance Total Funding Available FY24 vs FY25



FY25 MERIT -Operating Assistance Allocations

FY25 vs FY24 Operating Assistance Allocation

[Upper 2 Quartiles]



FY25 MERIT -Operating Assistance Allocations

FY25 vs. FY24 Operating Assistance Allocation
[Lower 2 Quartiles]



FY25 MERIT - Operating Assistance Allocations

Change in Operating Assistance Allocations between FY24 and FY25

X Axis = Amount Change, Y Axis = Percentage Change

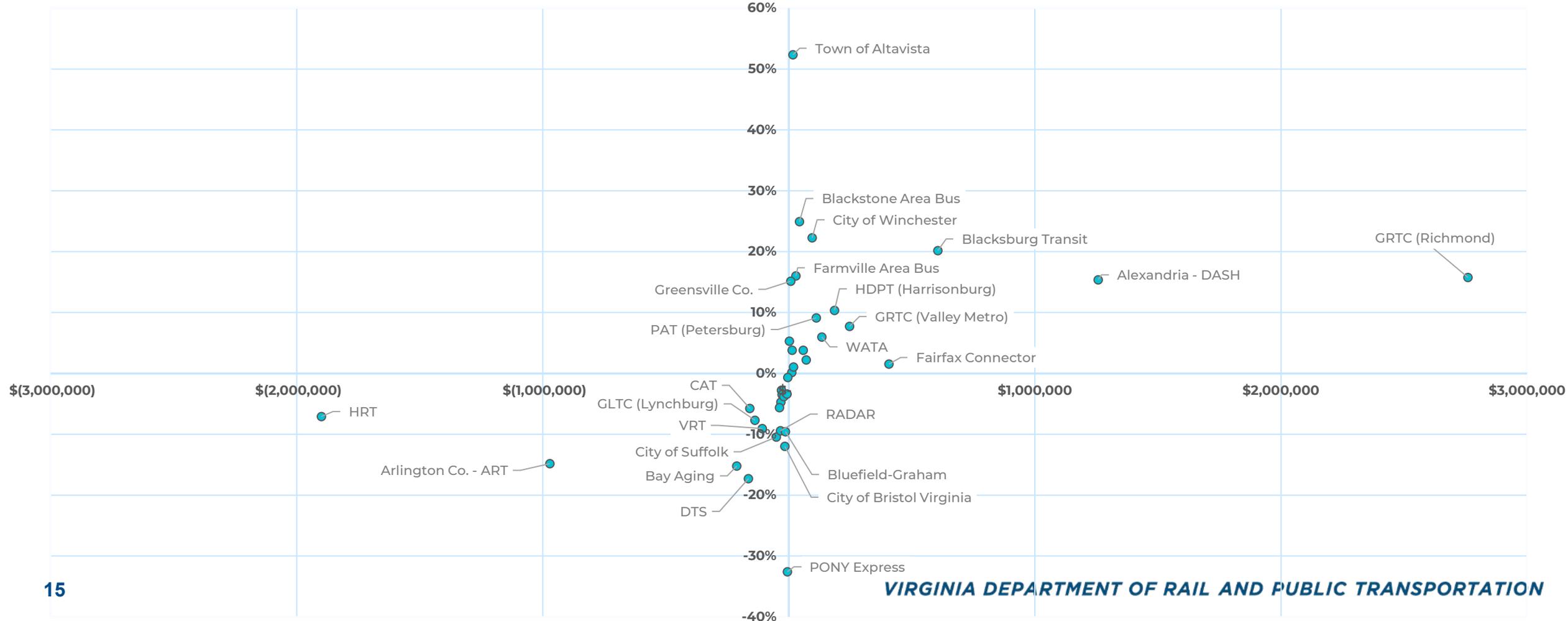


Illustration of Impacts of Performance Metrics

- The foundation of the allocations provided through the MERIT – Operating Assistance formula are the sizing metrics for each agency
- A hybrid “**Size Weight**” is determined using:
 - 50% Operating Costs (last audited)
 - 30% Ridership
 - 10% Revenue Hours
 - 10% Revenue Miles
- Size Weights are normalized across the state, so the sum of all agency Size Weights equals 100%
- This factor represents the relative size of the agency compared with all other agencies in the state

Operating Assistance Size-Weight
Hypothetical Agency A

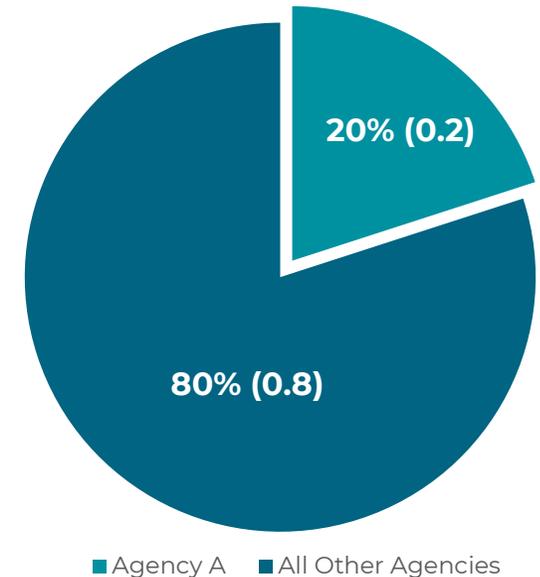
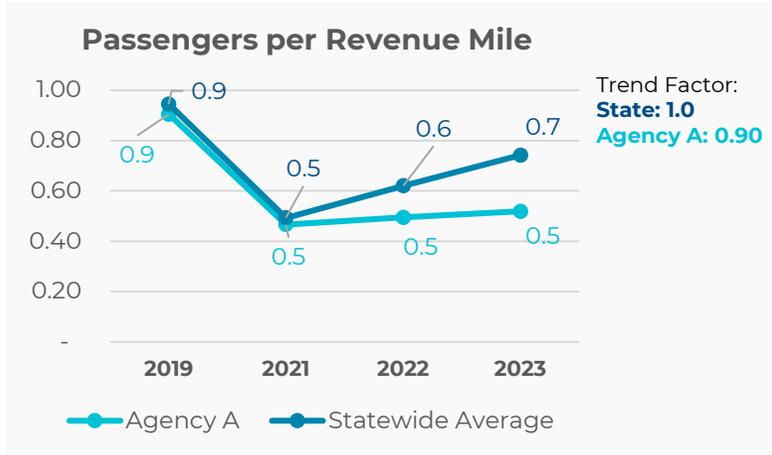
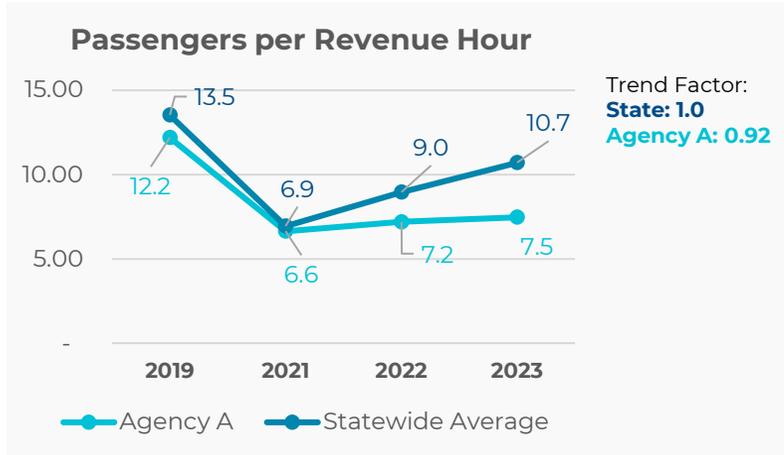


Illustration of Impacts of Performance Metrics



Operating assistance allocations are influenced by how the trend factor for each measure compares to the state average which is set to 1.0

- ← **Direct Relationship Metrics:**
It is advantageous to have a trend factor **above 1.0**
- ↓ **Indirect Relationship Metrics:**
It is advantageous to have a trend factor **below 1.0**

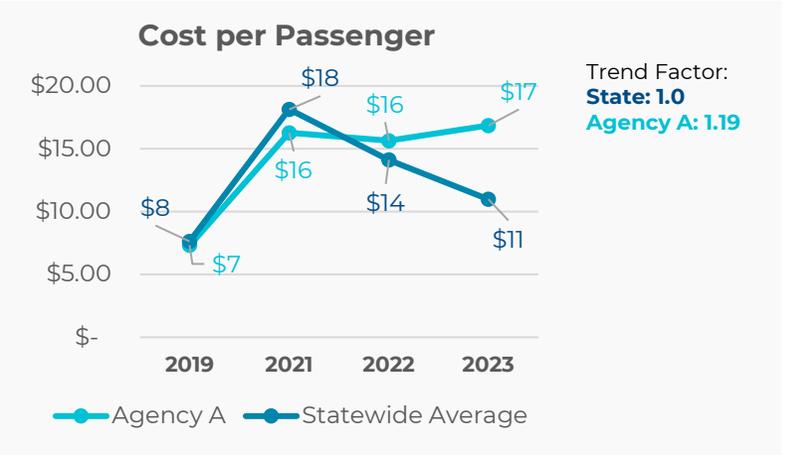
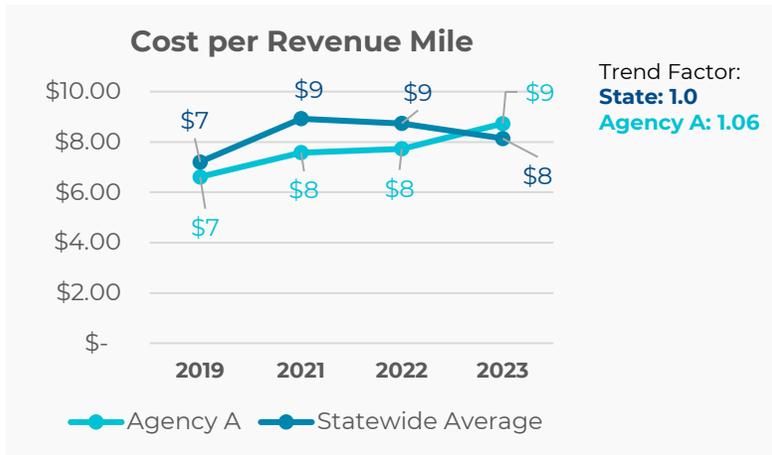
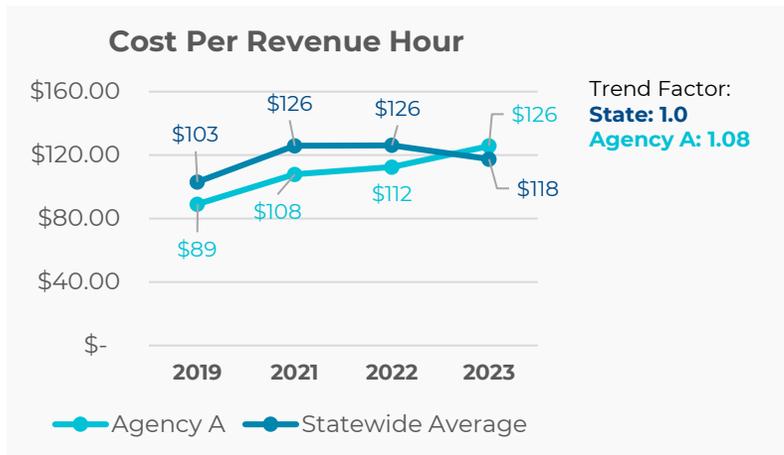
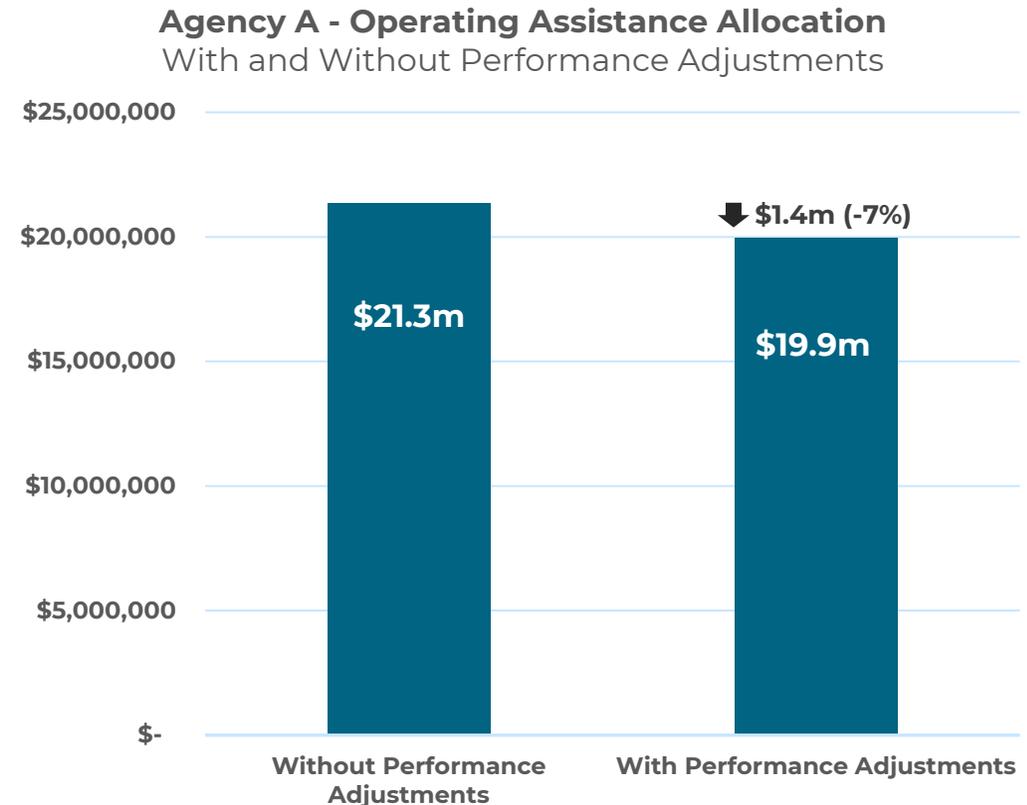


Illustration of Impacts of Performance Metrics

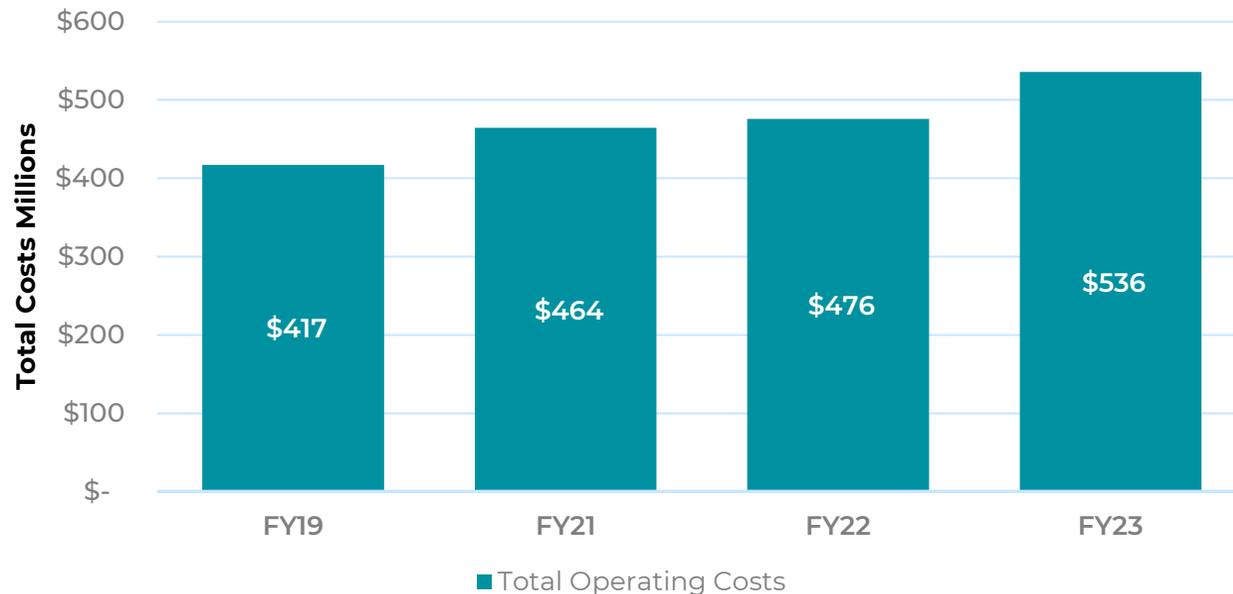
- Each of the trend factors is multiplied by the size weight to create hybrid “**Size-Performance Weights**” for metric for each agency
- In the case of Agency A, the performance trends - which were all worse than the state average - have a negative impact on the allocation
- If all trend factors were equal to the state average, Agency A would have received a larger allocation



Statewide Operating Cost Trends

Audited Operating Expenses - All Agencies

Excluding VRE and WMATA

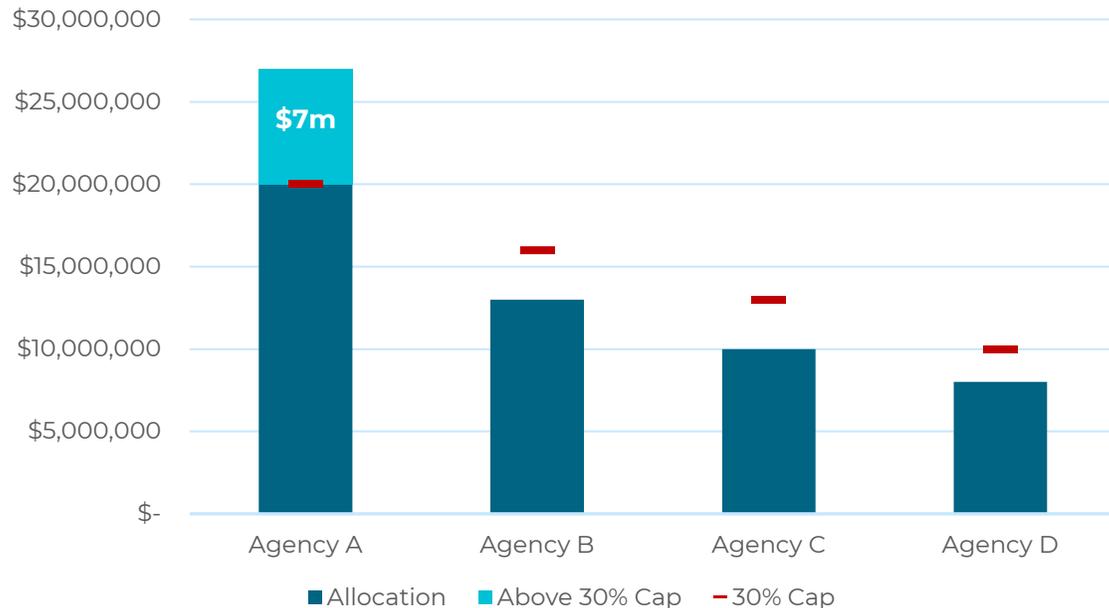


- Transit operating costs have been increasing statewide and nationally
- There are a number of reasons for this:
 - Inflationary pressures
 - Increases in staff pay
 - Collective bargaining agreements
- DRPT formula funding may not keep pace with increasing operating costs
- This also has an impact on the operating allocations for this year, since an increase in spending in FY23 increased the 30% cap for many agencies

Illustration of Impacts of the 30% Cap on Allocations

- When operating costs increase for one agency that performs well in the formula, it can have a big impact on the allocations to other agencies that are not performing as well in the formula
- Funds exceeding the 30% in the initial run are distributed to other agencies that have not hit the cap

Scenario 1: Allocation Before 30% Cap Applied



Scenario 1: Redistributed Allocation after 30% Cap

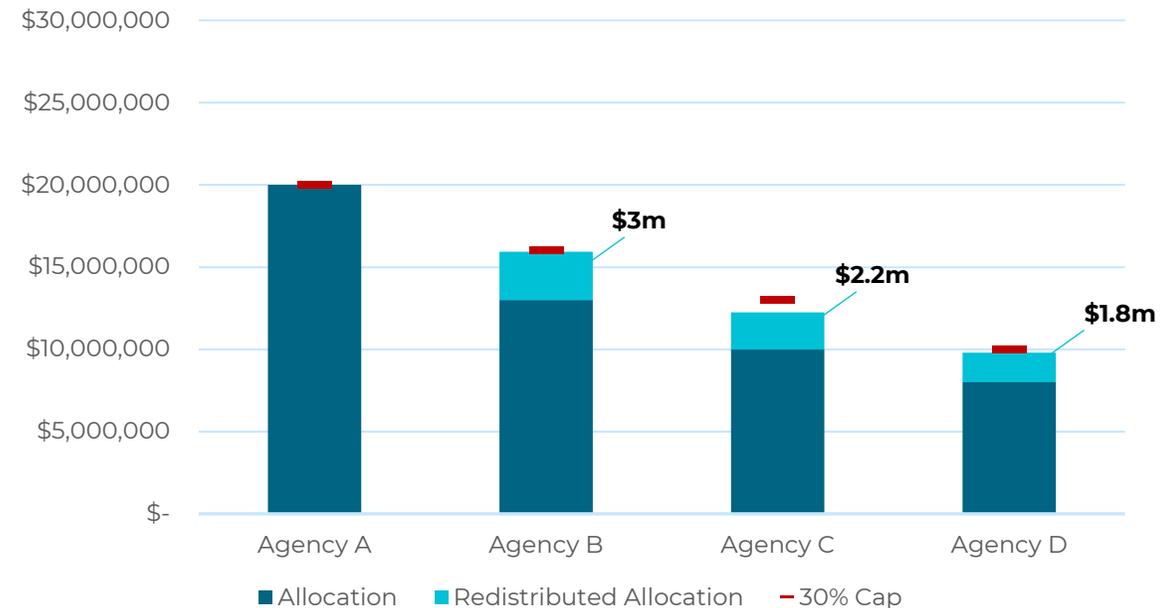
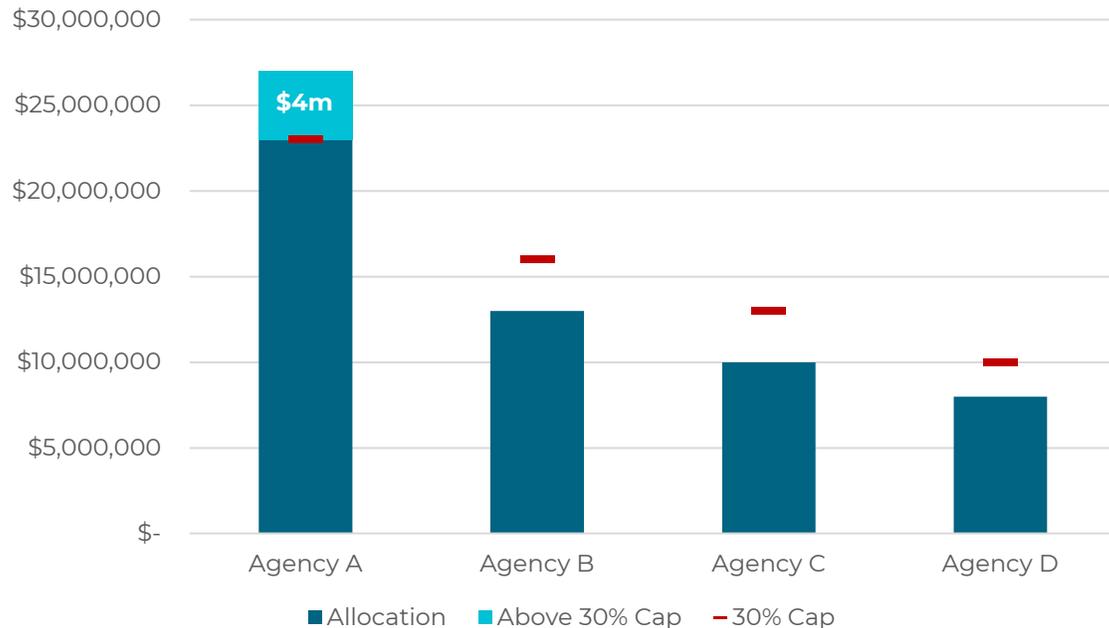


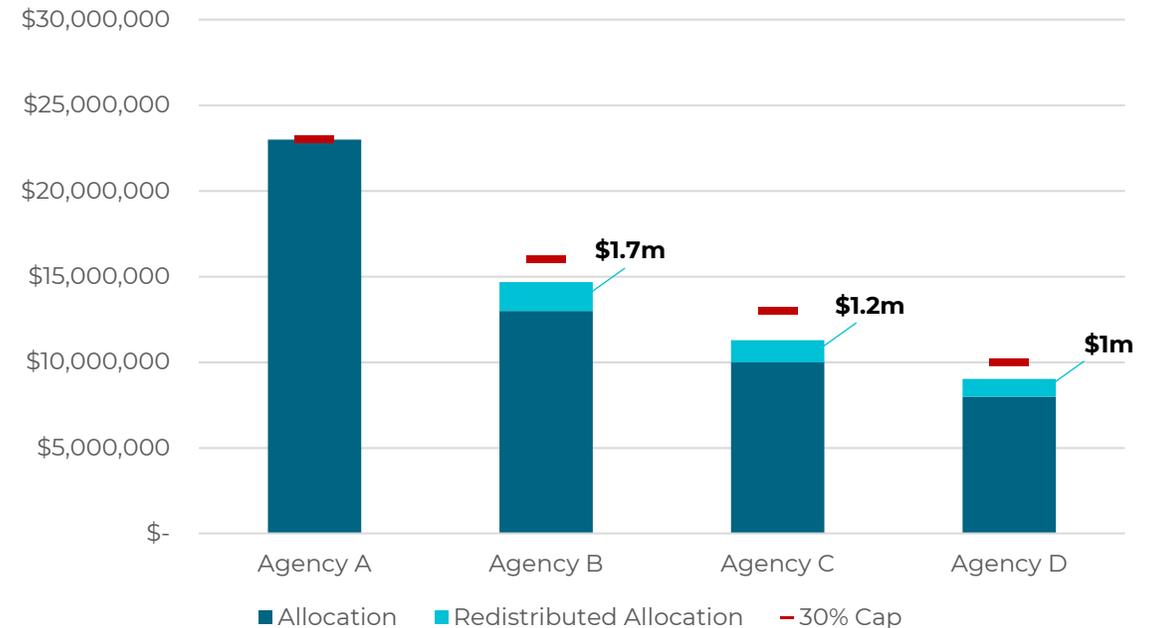
Illustration of Impacts of the 30% Cap on Allocations

- With all else equal, when Agency A's 30% cap increases, they capture a larger amount of the funding available
- This leaves less funding for redistribution after the 30% cap is applied

Scenario 2: Allocation Before 30% Cap Applied



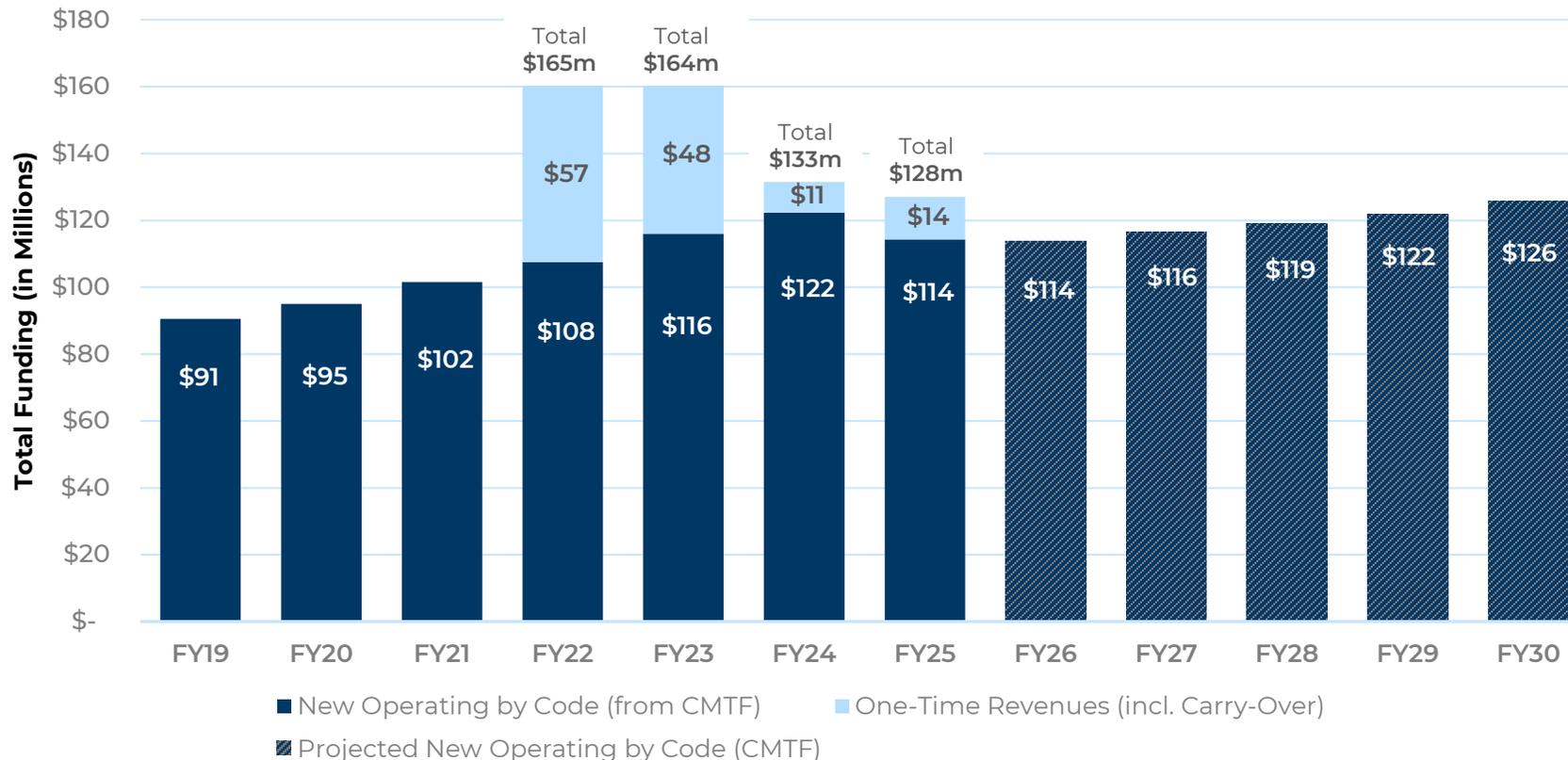
Scenario 2: Redistributed Allocation after 30% Cap



MERIT – Operating Assistance Revenue Projections

MERIT - Operating Assistance Total Funding FY19 to FY30

FY19-FY25 Actual, FY26-FY30 Projected



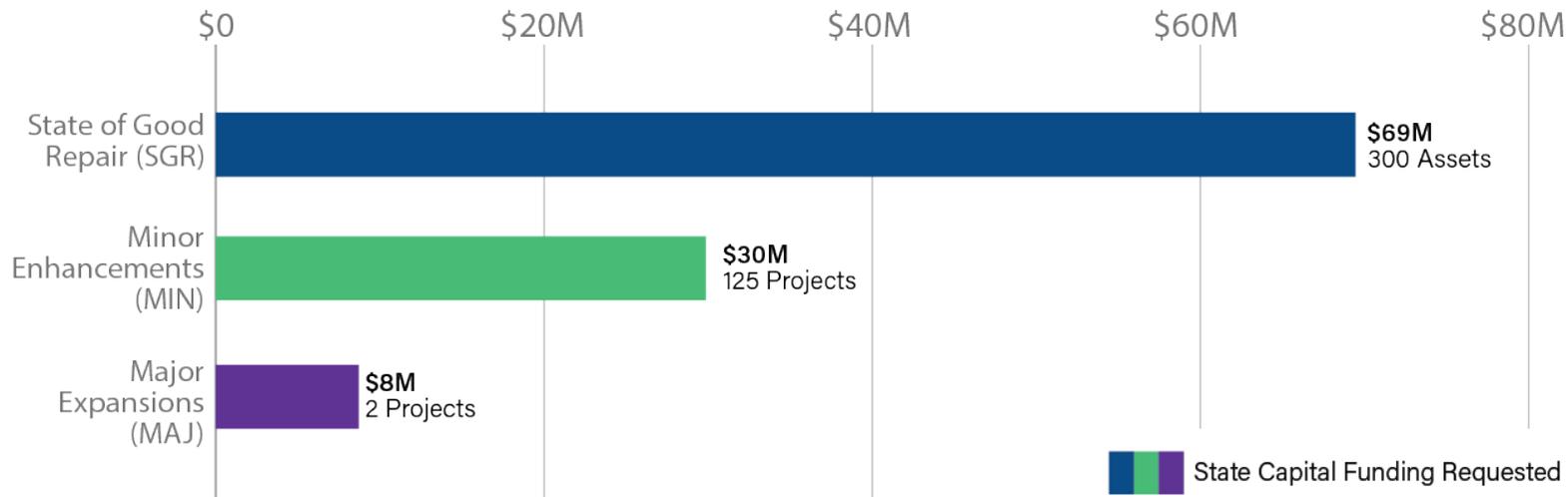
- For the past 3 fiscal years the Operating Assistance program has been supplemented with one-time revenues
- In FY25, VRE was removed from the formula
- In FY25, DRPT was also able to keep the program funded above projected levels using one-time revenues
- In FY26 and beyond projected funding is based on normal allocations without one-time revenues

MERIT – Capital Assistance

MERIT – Capital Assistance (Requested)

FY25 - DRPT State Capital Funding Requested

Includes Requests for: State Capital (CMTF) Revenues

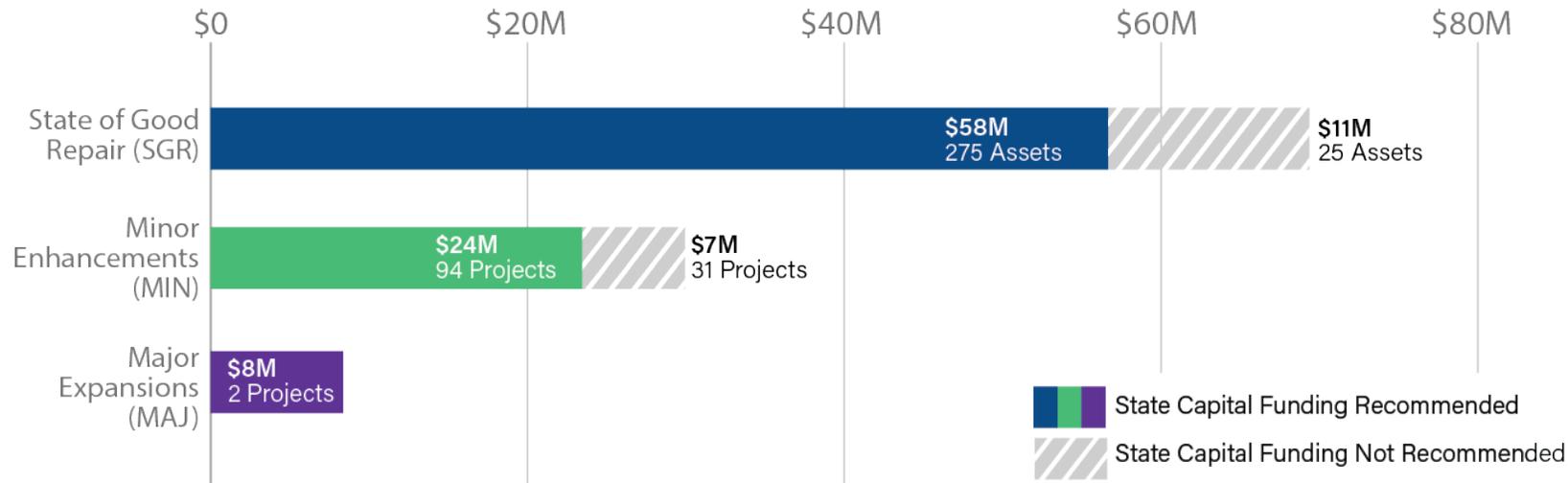


- A total of **\$108 million** in state capital funding was requested including **427 individually-evaluated projects and assets**
- FY25 MERIT – Capital Assistance available: **\$90.8m**

MERIT – Capital Assistance (Recommended)

FY25 - DRPT State Capital Funding Recommended

Includes Recommended Awards of: State Capital (CMTF) Revenues

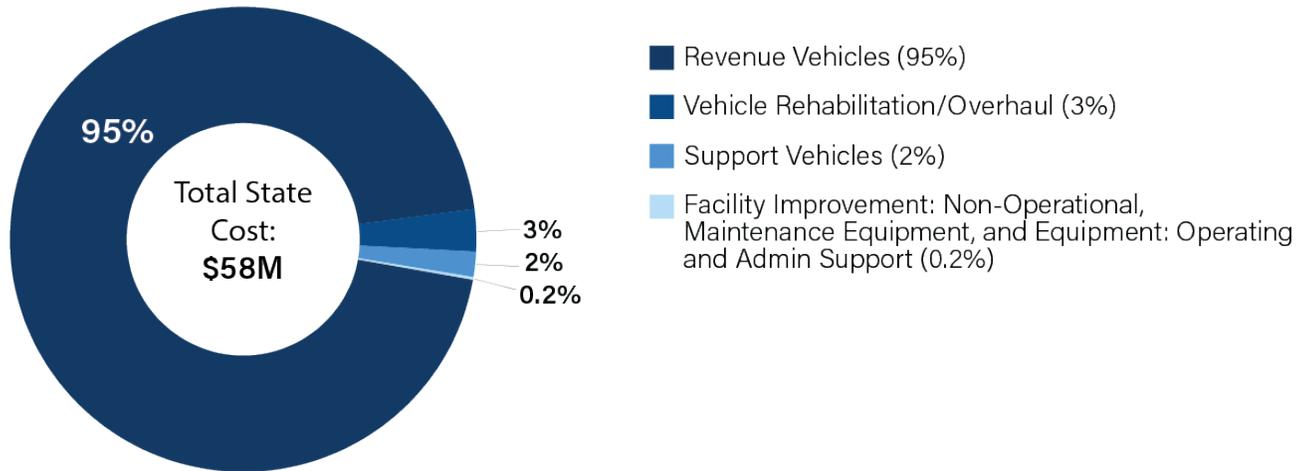


- The FY25 recommended Capital Assistance Program includes:
 - **State of Good Repair (SGR)** projects that replace assets that scored 55 points or higher (assets exceeding 95% of their useful life)
 - **Minor Enhancement** projects that scored 12 points or higher for those that are SGR in character and 29 points or higher for expansion projects
 - Two **Major Expansion** projects

MERIT – Capital Assistance - State of Good Repair

FY25 - State of Good Repair Projects

Recommended Awards By Project Type

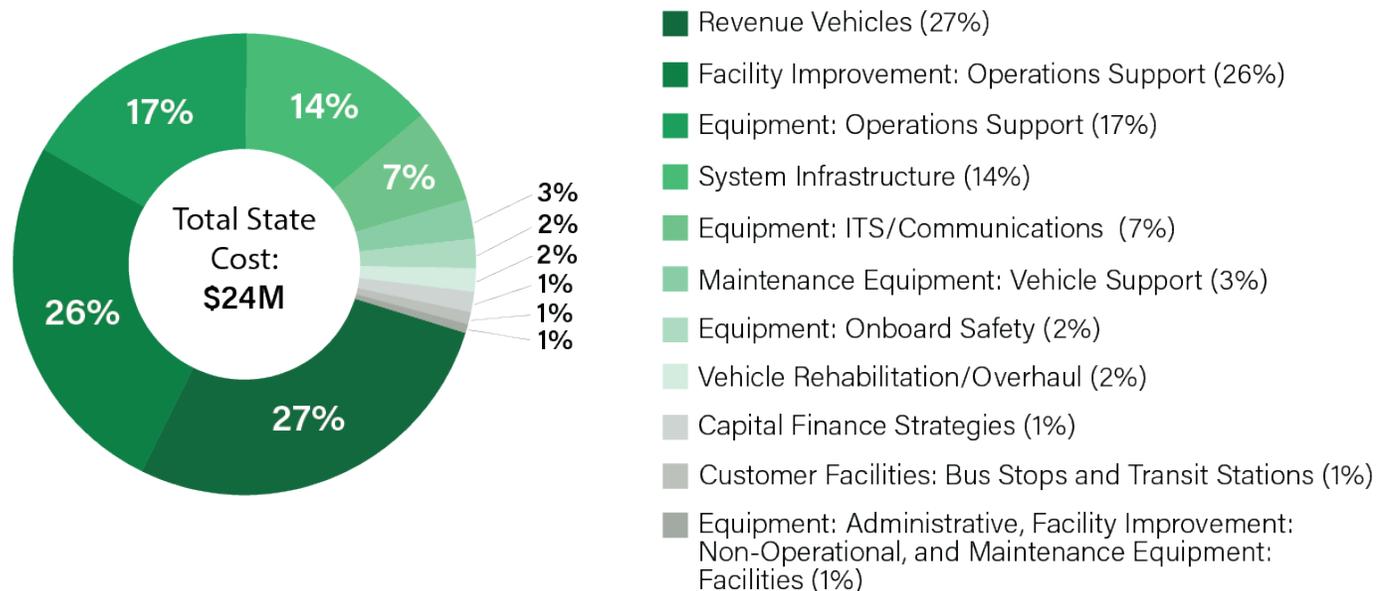


- **300 individual assets evaluated**
- **275 replacement assets recommended for funding**
- **Projects that scored well include:**
 - Vehicle revenue replacements and rehabilitations
 - Replacement support vehicles
 - A small number of projects supporting facility improvements, maintenance, and equipment for operating and administrative support
- **Projects that did not score well include:**
 - Replacements of assets that have not yet met 95% of their useful life

MERIT – Capital Assistance - Minor Enhancements

FY25 - Minor Enhancement Projects

Recommended Awards By Project Type



- **125 projects evaluated**
- **94 projects recommended for funding**
- **Projects that scored well include:**
 - Projects that are SGR in character
 - Expansion vehicles
 - Equipment for operational support and onboard ITS systems
 - System infrastructure
 - Maintenance equipment and parts
 - Facility improvements with operational impacts
- **Projects that did not score well include:**
 - Equipment for administrative support
 - Facility improvements with non-operational impacts

MERIT – Capital Assistance - Major Expansions

- Williamsburg Area Transit Authority (WATA): Pocahontas Maintenance and Operations Facility Renovation
 - **Total Cost:** \$20,000,000
 - **State Funds FY25:** \$1,970,000



- NVTC - Arlington County: Shirlington Administrative and Maintenance Facility
 - **Total Cost:** \$ \$96,565,000
 - **State Funds FY25:** \$6,100,000
 - **State Funds FY26:** \$6,100,000



TRIP Dual Eligibility Projects

MERIT – Capital Assistance/ TRIP Dual Eligibility



- In 2023, the General Assembly passed legislation expanding the project categories in the TRIP program
- This has significantly expanded the types of projects that now have dual eligibility under both programs
- Current TRIP Categories:
 - **Regional Connectivity ***
 - **Zero and Reduced Fares**
 - **Public Safety ***
 - **Passenger Amenities and Facilities ***

** Applicants for TRIP program categories with a red asterisk can request funding to support the capital assets as part of their request*

MERIT – Capital Assistance/ TRIP Dual Eligibility

Regional Connectivity:

- Regional Fare Integration Projects
 - Fare Boxes
 - Mobile Payment Systems
 - NFC Payment Scanners

Public Safety:

- Public Safety Equipment Purchases
 - Lighting
 - Cameras
 - Emergency/ Help Buttons or Call Systems
 - Intelligent Transportation Systems (ITS) designed to improve safety
 - Purchase of other equipment that directly improves safety for riders, operators, and other employees
- Does not include:
 - Security vehicles
 - Items needed for OSHA compliance

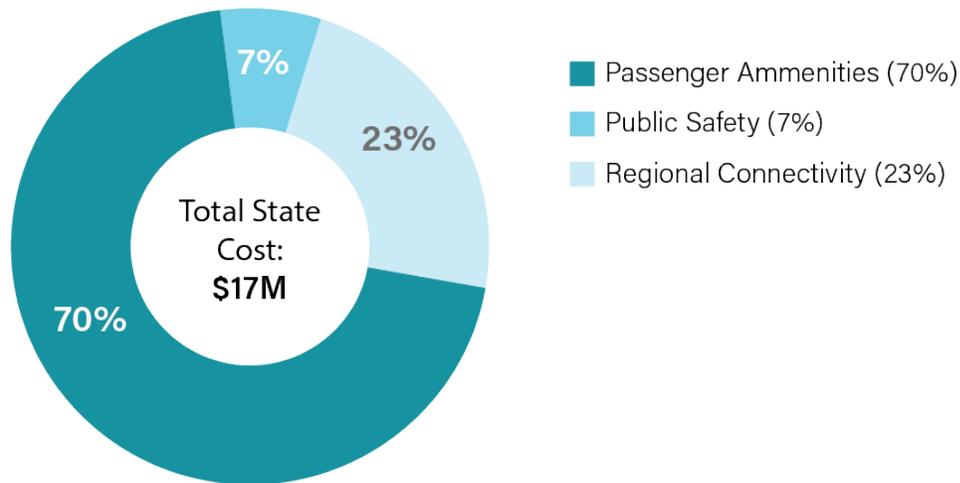
Passenger Amenities and Facilities:

- Installation of New Transit Stops/ Stations or Improvements to Existing Stops/ Stations:
 - Installation of Lighting, Seating, Shelters, Trash Receptacles, Off-Board ticketing, Customer Restrooms
 - Installation of Bike Racks or Other Multimodal Infrastructure
 - Improved Signage or Real-Time Info
 - ADA Accessibility Improvements
 - Construction or Renovation of Transit Stations or Transfer Centers

FY25 Capital Projects Funded with TRIP

FY25 - Capital Projects Evaluated as TRIP

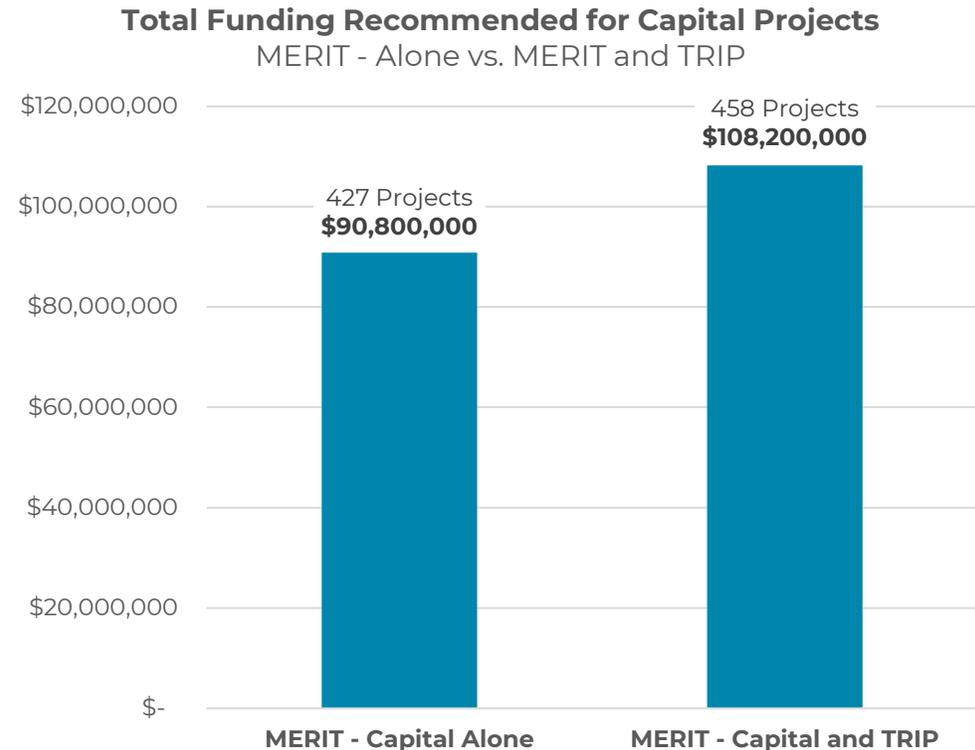
Recommended Awards By Project Category



- **31 Projects submitted in the MERIT – Capital Assistance Program were shifted to TRIP for evaluation**
- **Total State Cost: \$17.4m**
- **Example Projects:**
 - WATA Transfer Center – Old Mooretown Rd.
 - Bus Stop/Shelter Upgrade and Replacement Programs – Arlington, Fairfax, Richmond, Blacksburg, VRT, Danville, and others
 - GRTC - Access Gate Improvements
 - HRT – Transfer Center Renovations (Orcutt, Newport News, Hampton)
 - PRTC – Mobile Ticketing Upgrades
 - Light and Camera Upgrades – Jaunt, GRTC, RADAR

FY25 Capital Projects Funded

- In FY25, DRPT was able to fund more projects due to the implementation of dual eligibility
- FY25 Capital Projects with MERIT alone:
 - Number: 427 assets/ projects
 - Funding: \$90.8m
- FY25 Capital Projects with dual eligibility:
 - Number: 458 assets/ projects
 - Funding: \$108.2m



MERIT Program Review - 2025

MERIT Program Review

- For both the State Transit Capital Prioritization and the Performance Based State Transit Operating Allocation, CTB policy directs that the process for these programs be revisited at least every three (3) years:

“in consultation with the Transit Service Delivery Advisory Committee, transit agencies, metropolitan planning organizations, and local government prior to making recommendations to the Commonwealth Transportation Board.”

- The last review was in the Spring of 2022. Discuss.