



Mass Transit Trust Fund Capital Funding Allocation Methodology Transit Performance Metrics SB 1140

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HB 2313

- ❑ Provides \$66.5 million in year one to \$87 million in year six for increased transit funding.

SB1140

- ❑ Requires new transit funding to be distributed based on new performance metrics and all MTTF Capital funds are to be allocated and distributed using a tiered approach.
- ❑ Created a Transit Service Delivery Advisory Committee (TSDAC) to make recommendations to the Director of DRPT. The Commonwealth Transportation Board (CTB) will determine the metrics and may review every three years. (New operating funding was approved by the CTB October 17, 2013, agreements are under development and new services are already underway)

Goals

Moving People

Supporting Existing Transit Service

Encouraging Expansion/Growth of Service

Overview

The TSDAC, along with the Director of the DRPT, has been charged with evaluating a tiered approach to distributing funds for capital purposes based on asset needs and available revenues. The purpose of the tiered approach is to prioritize assets that the CTB views as the most important to transit in Virginia. The specific charge of the Committee with respect to transit capital funding in Chapter 639 of the 2013 Acts of Assembly is as follows:

(d) Of the funds pursuant to this section, 25 percent shall be allocated and distributed utilizing a tiered approach evaluated by the Transit Service Delivery Advisory Committee along with the Director of Rail and Public Transportation and established by the Commonwealth Transportation Board for capital purposes based on asset need and anticipated state participation level and revenues. The tier distribution measures may be evaluated by the Transit Service Delivery Advisory Committee along with the Director of Rail and Public Transportation every three years and, if redefined by the Board, shall be published at least one year in advance of being applied. Funds allocated for debt service payments shall be included in the tier that applies to the capital asset that is leveraged.

The TSDAC has been discussing Capital funding since April

In determining the recommended approach, the TSDAC considered:

- ❑ Need for transit agencies to have predictable funding streams, particularly for major capital projects including the ability to fund long lead capital projects over a multiple year funding process (like rail programs);
- ❑ Ability for agencies of diverse sizes to meet state of good repair needs;
- ❑ Regional equity
- ❑ Funding needs forecasted for system expansion projects in future years, as compared to other capital projects.

Capital Project Allocation Tiers

- ❑ Projects will be included in appropriate tier
 - Tier 1 at 68% State Share
 - Rolling stock for replacement or expansion and related items
 - Tier 2 at 34% State Share
 - Infrastructure and facilities
 - Tier 3 at 17% State Share
 - Support vehicles, shop equipment, spare parts, etc.

Other Capital Allocation Items

- ❑ Multi-year funding will be provided to leverage major transit projects capital funding
 - State rate for all programmed years at the initial grant award year's rate to provide stability and reduce uncertainty.
 - DRPT and the transit provider will determine multi-year funding on a case-by-case basis.
 - SYIP will fully fund the multiple year capital funding agreement obligations before allocating funds to new projects.

- ❑ Major projects will be included in tier 2 at 34% state funding instead of the old 25% state contribution

Reserve Fund

The Code states:

(f) The Department of Rail and Public Transportation may reserve a balance of up to five percent of the Commonwealth Mass Transit Fund revenues under this subsection in order to assure better stability in providing operating and capital funding to transit entities from year to year.

- ❑ TSDAC unanimously agreed to the establishment of a reserve fund.

Basis for Funding Allocations: Total Project Cost vs. Non-Federal Share of Project Cost

- ❑ This issue involves the dollar value to which the tier percentages should be applied to determine the state allocation amount. The Code of Virginia does not dictate a cost basis to be used for the state capital funding allocation process. All TSDAC work and activities may be found on the internet at:
<http://www.drpt.virginia.gov/activities/SB1140.aspx>
- ❑ DRPT and TSDAC have proposed to allocate funds to each capital project or activity based on the total cost of the project.
- ❑ The representatives on TSDAC from the Northern Virginia (NOVA) region wanted to use total project cost less federal revenues as the base for calculating state share. The thought was that the NOVA region localities would have put in a larger local share under the total cost approach.
- ❑ The local share of the NOVA region is increasing as a percentage of the total cost of a capital project because the NOVA district is increasing its total capital projects dollar value by an average of 37% over the next 5 years AND the federal and state funding sources do not increase anywhere close to this rate during that timeframe. Therefore, the local share must increase to pay for this rapid expansion of capital spending.
- ❑ A better way to look at regional equity in funding is comparing the historical share of state funding to the share under the proposed approach.

Transit State Capital Funding By District FY 2014 (\$ in millions)

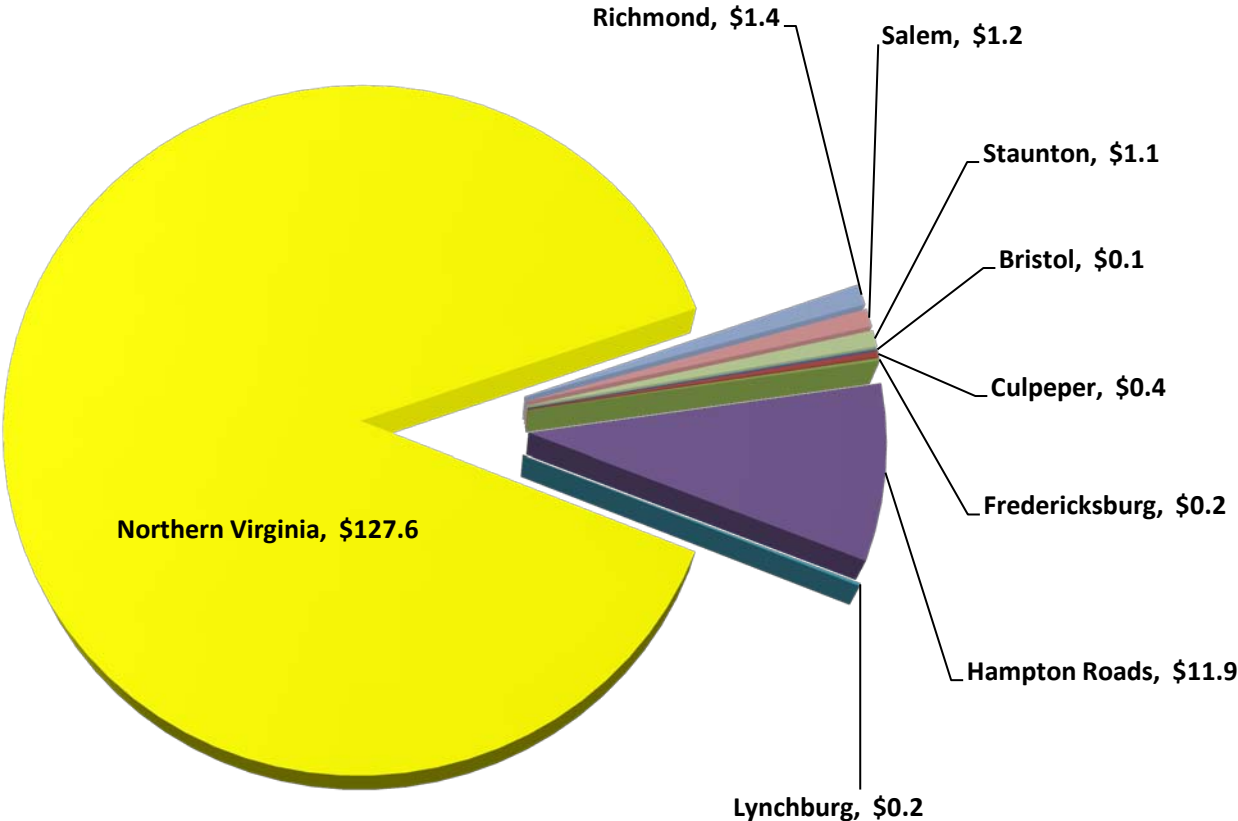


Table 2a: Summary of Percentage Share

District	2012-2014 (Cumulative)			2015-2019 (Cumulative)	
	Actual Allocation	Total Cost + \$15.8 M	Non-Fed Share + \$15.8 M	Total	Non-Federal
Bristol	0.3%	0.2%	0.2%	0.0%	0.0%
Culpeper	0.6%	0.6%	0.5%	0.1%	0.1%
Fredericksburg	0.8%	0.7%	0.6%	0.2%	0.2%
Hampton Roads	5.7%	5.9%	6.4%	2.4%	1.9%
Lynchburg	0.7%	0.8%	0.6%	1.5%	1.2%
Northern Virginia	88.2%	88.1%	88.3%	92.5%	94.1%
Richmond	1.4%	1.3%	1.2%	0.9%	0.7%
Salem	1.4%	1.3%	1.2%	2.1%	1.5%
Staunton	1.0%	1.1%	1.0%	0.4%	0.3%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%

Minority Report – NOVA issue

- ❑ The tier participation rates appear to matter very little outside of the NOVA district because both proposals limit the combined federal and state participation to 96% of the project cost. As a result, they end up with state shares of the cost of the project that are significantly lower than most NOVA capital projects.
- ❑ Historically, the Northern Virginia region had received about 82% of the state capital funding. The projection for the next five years done by the TSDAC shows that the Northern Virginia region will receive 92.5% under the total cost approach or 94.1% under the cost less federal revenue approach – these calculations are made before considering the impact of the \$50 million a year of state funding dedicated to WMATA as match to the federal PRIIA program. In addition, \$150M for Dulles Rail, \$9M VRE track lease payments and the future \$300M grant and I-95 Hot Lanes transit service funding are not included.
- ❑ Local match is greater for NOVA FY15-19 because of the increase in the number of major projects included in their future capital plans.
- ❑ Please note that both the VML representative (Falls Church) and the VTA representative (PRTC) disagreed with the total cost approach.
- ❑ The TSDAC group did agree to continue to review this Capital approach during 2014.



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