

# Virginia Department of Rail and Public Transportation Tiered Capital Allocation Review

May 20, 2015



# CTB Charge

**BE IT FURTHER RESOLVED**, that the Director of DRPT shall report back to the CTB on the nature of the review and its findings and recommendations.

**BE IT FURTHER RESOLVED**, the Commonwealth Transportation Board requests that the TSDAC and the Director review the results of the first year of capital allocations under this new Capital Allocation Methodology in June of 2014, and based on the review provide transitional assistance to any jurisdiction with transit providers that suffers a financial loss in a supplemental allocation, and propose a revised methodology to be considered by the Board, if needed.

*Resolution of the Commonwealth Transportation Board  
December 4, 2013*

# Objective of Review

- Review FY 2015 transit capital assistance to:
  - Quantify impact of changes in funding level and allocation method on each jurisdiction
  - Determine if any jurisdiction suffered a financial loss
- Based on review, determine need for:
  - Transitional assistance
  - Revised methodology
- DRPT Presented Findings to TSDAC on April 24, 2015

# Constant Assumptions

- DRPT allocated a total of \$134 million to **225 projects statewide** in FY 2015

*Source: FY 2015 SYIP Update*

	\$108 million	to	218 projects
	\$ 7 million	to	3 multi-year projects
+	\$ 19 million	to	4 special projects
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	<b>\$134 million</b>	<b>to</b>	<b>225 projects statewide</b>

- The review allocates funds to the same 225 projects in FY 2015 for each method
  - Federal funds for each project are fixed
  - WMATA/NVTC and VRE allocations are attributed to each benefiting jurisdiction

# Variable Assumptions

- ✓ **State funding amount:** DRPT allocated an additional \$33 million in transit capital assistance in FY 2015
- ✓ **Allocation method:** A tiered allocation method was introduced in FY 2015
- ✓ **Cost basis:** Funds were allocated according to the total project cost in FY 2015, compared to the non-federal share of project cost in FY 2014

# State Transit Capital Funding Amount

- House Bill 2313 (2013 Virginia General Assembly)
  - Increased the state sales tax from 4 to 4.3%
  - Designated a portion of revenues to the Commonwealth Mass Transit Fund
- DRPT allocated an additional **\$33 million** in transit capital assistance in FY 2015
- Influenced the establishment of TSDAC during the same legislative session

# Change in Cost Basis and Allocation Method

Prior Method	State Match (%)	Cost Basis
Replacement Vehicles Receiving Federal Grant Funds	80%*	X (Gross Project Cost – Federal Funding)
All Other Projects	Varies**	

Tiered Method	State Match (%)	Cost Basis
Replacement/Expansion Vehicles	68%	X Gross Project Cost
Infrastructure/Facilities	34%	
Other	17%	

\*Additional bond revenue resulted in an 80% match for Replacement Vehicle projects receiving federal grant funds.

\*\*The state match varied by fiscal year according to funds available to pay for all Other project expenses; maximum state + federal match of 96% due to required minimum local match of 4%.

# Tiered Method

## Actual FY 2015 Capital Transit Allocations

Cost Basis	Maximum State Funds Allocated	
<i>Total Project Cost Basis</i>	2015 State Funds	\$ 133,609,014
	Less New 2313 Funding	\$ -
	Maximum State Funds Allocated	\$ 133,609,014
Tiered Method	State Match (%)	State Funds Allocated
Tier 1: Replacement/Expansion Vehicles	68%	\$ 61,199,922
Tier 2: Infrastructure/Facilities	34%	\$ 67,745,101
Tier 3: Other	17%	\$ 4,663,991
<b>Total</b>		<b>\$ 133,609,014</b>
Remainder for Future Allocation		\$ -

Note: Actual allocations to 225 FY 2015 projects; minimum local match of 4%.



# Prior Method

## Capital Transit Allocation Estimates

- Variables**
- State funding amount
  - Allocation method
  - Cost basis

Cost Basis	Maximum State Funds Allocated	
<i>Non-Federal Project Cost Basis</i>	2015 State Funds	\$ 133,609,014
	Less New 2313 Funding	\$ 32,855,000
	Maximum State Funds Allocated	\$ 100,754,014
Prior Method	State Match (%)	State Funds Allocated
Replacement Vehicles (With Federal Funding)	80%	\$ 20,747,605
All Other Projects	35%	\$ 78,555,547
-	-	\$ -
<b>Total</b>		<b>\$ 99,303,152</b>
Remainder for Future Allocation		\$ 1,450,862

Note: Estimated allocations to 225 FY 2015 projects; minimum local match of 4%

# Project Level Impacts

	Actual FY 2015 State Match	Prior Method State Match	Δ
<b>Replacement Vehicles (Tier 1)</b>			
80 Percent Federal Funding	16%	16%	( - )
No Federal Funding	68%	35%	(+33)
<b>Expansion Vehicles (Tier 1)</b>			
80 Percent Federal Funding	16%	7%	(+9)
No Federal Funding	68%	35%	(+33)
<b>Infrastructure/Facilities (Tier 2)</b>			
80 Percent Federal Funding	16%	7%	(+9)
No Federal Funding	34%	35%	(-1)
<b>Other (Tier 3)</b>			
80 Percent Federal Funding	16%	7%	(+9)
No Federal Funding	17%	35%	(-18)

**Note:** Impact of 80 percent federal funding is illustrated because it is the maximum federal match rate for which most projects are eligible, and is therefore the most common match rate for projects receiving federal funds; some projects receive a lower federal match.

# Comparison of Grant Allocations By CTB District

District	Actual FY 2015 Capital Allocations	Prior Method Capital Allocation Estimates	Variance (Actual - Estimate)	% Variance (Actual / Estimate)
Bristol	\$ 241,748	\$ 225,244	\$ 16,504	7.3%
Culpeper	\$ 271,760	\$ 156,262	\$ 115,498	73.9%
Fredericksburg	\$ 3,984,733	\$ 2,360,667	\$ 1,624,066	68.8%
Hampton Roads	\$ 15,151,536	\$ 13,096,294	\$ 2,055,242	15.7%
Lynchburg	\$ 4,085,021	\$ 1,900,581	\$ 2,184,440	114.9%
Northern Virginia	\$ 106,798,467	\$ 79,759,546	\$27,038,921	33.9%
Richmond	\$ 1,767,691	\$ 862,547	\$ 905,144	104.9%
Salem	\$ 1,158,538	\$ 815,666	\$ 342,872	42.0%
Staunton	\$ 149,520	\$ 126,345	\$ 23,175	18.3%
<b>TOTAL</b>	<b>\$ 133,609,014</b>	<b>\$ 99,303,152</b>	<b>\$34,305,862</b>	<b>34.5%</b>

# Summary of Findings

- All jurisdictions received more assistance in FY 2015 than they would have in previous years
- All CTB districts received significant increases in allocations – **53 percent average**
- Northern Virginia received \$27 million in additional allocations in FY 2015 than it would have in previous years, accounting for approximately **80 percent** of the \$33 million increase in state funding

# Other Observations

- Analysis provides a snapshot in time based on FY15 projects and grant applications
- State grant funding varies due to:
  - Mix and cost of projects by tier
  - Application of federal funds by project
  - Available state funding (e.g., additional state funding in FY17)
- Impacts due to cost basis for locally-supported bus systems that do not utilize Federal funding
- Transit capital assistance allocation method subject to review by TSDAC every 3 years

# Recommendation

- A review of the first year of capital allocations shows that all jurisdictions received additional assistance in FY 2015
  - No jurisdiction suffered a financial loss
- Based on the findings of the review:
  - Transitional assistance is *not needed*
  - A revised methodology is *not needed*
- TSDAC resolution dated April 24, 2015 endorses findings of DRPT review

# Questions