



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

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Agenda item # 16

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD July 19, 2017

MOTION

Made By: Mr. Williams, Seconded By: Mr. Garczynski

Action: Motion Carried, Unanimously

Title: Adoption of Transit Capital Project Revenue Advisory Board Principles for Addressing Future Transit Capital Revenues, Needs, and Prioritization

WHEREAS, the 2016 Virginia General Assembly enacted Section 33.2-1840 through 33.2-1844 of the *Code of Virginia* establishing the Transit Capital Project Revenue Advisory Board (Revenue Advisory Board) to examine the effects of the loss of state transit capital funds, identify additional sources of revenue, and develop proposals for prioritization of transit capital funds;

WHEREAS, the Secretary of Transportation appointed two members nominated by the Virginia Transit Association, one member nominated by the Community Transportation Association of Virginia, one member nominated by the Virginia Municipal League, one member nominated by the Virginia Association of Counties, and two members nominated by the Director of the Department of Rail and Public Transportation to serve on the Revenue Advisory Board;

WHEREAS, public transportation in the Commonwealth plays a key role in congestion mitigation, economic development, and environmental stewardship by providing 200 million essential passenger trips annually;

WHEREAS, approximately 80 percent of state transit capital funds are used for State of Good Repair and the remaining for major expansion and minor enhancement projects;

WHEREAS, an evaluation of the Commonwealth's documented funding needs and projected revenues has conservatively identified an average annual revenue gap of \$130 million over the next ten years, representing a drop of over 40 percent from existing funding levels;

WHEREAS, this reduction in state funding along with increasing uncertainty in federal funding will result in an increased burden on local governments to either fill the gap or reduce or eliminate transit services;

WHEREAS, without additional funding, it is anticipated that the Commonwealth will only be able to support rolling stock replacement by 2021 with state participation rates, which are currently 68 percent, projected to drop below 30 percent by 2027;

WHEREAS, the Revenue Advisory Board is preparing a report to be submitted to the General Assembly, outlining the future of transit capital in the Commonwealth as well as recommendations regarding funding and prioritization;

NOW THEREFORE BE IT RESOLVED by the Board that it endorses the Transit Capital Project Revenue Advisory Board's policy principles for revenue and project prioritization to the Virginia General Assembly as detailed below.

- The Commonwealth needs a steady and reliable stream of dedicated revenues for its transit capital program to meet state of good repair and transit expansion needs;
- The Commonwealth should consider the following funding approach:
 - A combination of revenue sources to spread the impact of a single statewide source that is predictable and sustainable;
 - Revenue sources that increase gradually to address future gaps and needs;
 - A combination of statewide and regional sources with the majority coming from statewide sources;
 - Regionally derived funds shall be directed to prioritized needs within that region;
 - A floor on regional taxes; and
 - Excess Priority Transportation Fund revenues after debt service dedicated to transit capital as this source becomes available.
- It is possible and desirable to prioritize transit capital projects using technical scoring/ranking based on quantitative and qualitative measures;
- The policy and provisions of such a prioritization process should be developed by the Commonwealth Transportation Board via Board policy to allow for ongoing process improvement;
- To support prioritization, the transit capital program should be split into two programs – one for State of Good Repair/Minor Enhancement and one for Major Expansion, with a minimum of 80% directed to State of Good Repair/Minor Enhancement with the Commonwealth Transportation Board having the discretion to move additional funding into State of Good Repair;
- A single consistent match rate should be applied across asset types in order to provide greater predictability in funding, with State of Good Repair/Minor Enhancement matched at a higher rate than major expansion projects; and

- Local matching requirements (minimum of four percent) should remain part of the program structure.

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CTB Decision Brief

Adoption of Transit Capital Project Revenue Advisory Board Principles for Addressing Future Transit Capital Revenues, Needs, and Prioritization

Issue:

The Department of Rail and Public Transportation (DRPT) requests endorsement of policy principles for addressing future transit capital revenues, needs, and prioritization as recommended and adopted by the Transit Capital Project Revenue Advisory Board (RAB), and to be presented to the General Assembly in its final report.

Facts:

DRPT's transit capital program faces a significant budget shortfall when Capital Project Revenue (CPR) bonds currently dedicated to the program begin to phase out in 2019. Recognizing this impending crisis, the 2016 Virginia General Assembly enacted HB1359, creating the Transit Capital Project Revenue Advisory Board (RAB) and tasking it with assessing the impact to transit agencies of the loss of these funds, assessing revenues needed to replace the bonds as well as future transit capital needs, potential revenue sources to fund these needs, and strategies for prioritizing and allocating the transit capital program.

Over the last year, the RAB, Chaired by CTB Member Marty Williams, adopted policy principles to guide its work towards addressing the transit capital budget issues, and informing the ultimate findings the RAB will present in its final report to the General Assembly when it concludes its work this summer.

Recommendation: DRPT recommends that the CTB endorse the policy principles the RAB adopted addressing future transit capital revenues, needs, and prioritization which reflect the consensus opinion on the RAB.

Action Required by CTB: Adopt the Transit Capital Project Revenue Advisory Board Principles for Addressing Future Transit Capital Revenues, Needs, and Prioritization

Options: Approve, Deny, or Defer.