



THE COMMONWEALTH'S INVESTMENT IN PUBLIC TRANSIT

SJ 297- A Helpful Overview

Current Practice

TRANSIT AGENCIES THAT SPEND THE MOST MONEY RECEIVE THE MOST MONEY

- State aid is distributed based on one factor – operating cost regardless of size, efficiency, or type of transit service provided
- These costs include fuel, tires, maintenance, administrative cost or other items such as travel, entertainment and gifts
- The formula has remained unchanged since it was created in 1986 when transit was basically an afterthought
- The current cost-driven formula creates winners and losers by rewarding higher cost systems with more money and punishing systems that achieve cost savings
- Small systems such as Chincoteague are treated the same as large systems such as WMATA
- As large transit systems come on line, such as Norfolk light rail in 2011 and Dulles Metrorail Phase 1 in early 2014, existing transit funding is simply cut into smaller pieces, which has a greater impact on the rural and small urban systems
- Recently passed federal transportation bill, MAP-21, requires performance metrics to be developed - Virginia should be a leader in this effort

Reform Proposal

RESULT OF A LEGISLATIVE STUDY (SJ 297) PASSED IN 2011

- The study workgroup included transit operators of all sizes, MPOs, transportation demand management agencies, local governments and other interested parties from across Virginia
- Recommends a funding model for transit operating assistance that includes both a formula component and a performance-based component that is applied within peer groups of similar systems; the performance-based allocation methodology is based on standard transit industry performance measures, as acknowledged by the study workgroup
- The CTB will re-evaluate the proposed measures, with public input, every three years, followed by a one year notice prior to implementation of any changes
- Local governments and local transit operators will continue to make their own decisions with respect to their operations
- Link capital investments to CTB priorities
- Establish a reserve fund to stabilize match ratios for capital expenses and allow capital funds to be flexed into operating assistance to stabilize year to year fluctuations
- Require a local match and maintenance of effort

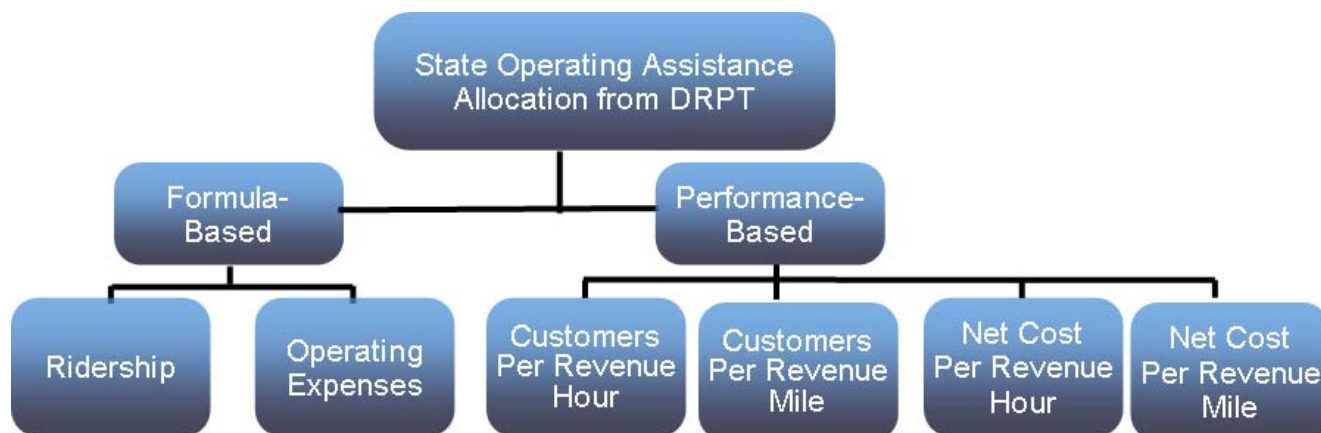
Benefits to Transit Systems

- New system establishes predictable matching rates for capital projects
- Potential to increase state funding based on efficient performance
- Based on current budget, not two year old data benefits current and new service expansion
- Ability to shift unused state capital grant funds to operating for program stability – also includes a reserve fund
- Three-year periodic review allowing for program adjustment and public input
- Transit system decisions remain at the local level

Mechanics of the New Operating Assistance Funding Model

TRANSIT AGENCIES PLACED IN PEER GROUPS WITH SIMILAR CHARACTERISTICS

- Applies only to state assistance for transit operating expenses
- Based on a hybrid model where 50% of funding is based on the current formula-based methodology and 50% of funding is based on the new performance metrics



- Recommends a three-year transition period to provide transit operators with an opportunity to review existing practices and take action to implement changes to improve their performance
- To implement the three-year transition period, a new one-time source of funding will be requested in the amount of \$18 million.

Goals

PEAK PERFORMANCE FOR SYSTEMS

- Reward and incentivize efficient performance
- Encourage stability for existing and new service
- Establish accountability, performance metrics, and solid facts to enable transit operators and local governments to make sound decisions regarding service
- Demonstrate the funding needs of transit operators and the importance of increased funding
- Provide an incentive for all transit systems to become peak performers
- Provide commuter choices, reduce the number of single-occupant vehicles and address traffic congestion

Thelma Drake, Director

Department of Rail and Public Transportation

(804) 371-4866 or Thelma.Drake@DRPT.Virginia.gov

http://www.drpt.virginia.gov/activities/SJ297_TransitStudyCommittee.aspx