



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

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Chairman

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Agenda item # 5

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

February 19, 2014

MOTION

**Made By: Mr. Cole Seconded By: Mr. Miller
Action: Motion Carried, Unanimously**

Title: Recommendation for FY 2014 Allocation to Mass Transit Reserve Fund

WHEREAS, on March 20, 2013, Section 58.1-638(A)(4)(b) of the *Code of Virginia* was amended to authorize the Virginia Department of Rail and Public Transportation (DRPT) to create a reserve up to five percent of the Commonwealth Mass Transit Fund revenues in order to assure better stability in providing operating and capital funding to transit entities from year to year,

WHEREAS, the Transit Service Delivery Advisory Committee (TSDAC) and DRPT recommended the establishment of a reserve fund as follows:

- Establish a reserve balance capped at \$10 million to cover funding shortfalls up to fifteen percent of the annual estimated revenues;
- The reserve will be established over two to three years allowing a five percent hold-back of revenues that exceed \$160 million in a given year;
- If the funding shortfall exceeds 15 percent of the annual estimated revenues in a given year, Tier 2 and Tier 3 capital percentages will be decreased by one percentage point until there are sufficient funds when including the \$10 million in reserve funds to cover the approved capital requests;
- In years in which available revenues exceed the needs required to meet the stated state matching share for each tier and the reserve account is funded at the stated cap, the TSDAC recommends that the state match percentages be increased in increments of a 4/2/1 ratio, for example Tier 1 (68 percent), Tier 2 (34 percent), and Tier 3 (17 percent), respectively;
- The reserve fund may also be used to assure better stability in providing operating funding to transit entities from year to year according to § 58.1-638.A.4.b.(2)(f) of the Code of Virginia; and

WHEREAS, on December 4, 2013, the Commonwealth Transportation Board (Board) approved the TSDAC and DRPT recommended capital allocation methodology and the establishment of a mass transit reserve fund; and

WHEREAS, the TSDAC and DRPT recommended methodology indicates that a reserve fund of \$3,667,000 is needed for Fiscal Year 2014, and the Director of DRPT recommends allocating these funds to the reserve fund.

NOW THEREFORE BE IT RESOLVED by the Board that the allocation of \$3,667,000 to the mass transit reserve fund authorized by § 58.1-638(A)(4)(b) of the Code of Virginia for fiscal year 2014 is approved.

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