**DRPT SJ297 TRANSPORTATION STUDY COMMITTEE**
**July 30, 2012 Meeting**

**Attendance:**
Curtis Andrews, RADAR
Kevan Danker, Williamsburg Area Transit
Noelle Dominguez, Fairfax County
Mike Edwards, Kemper Consulting
Larry Hagin, GRTC
Chris Hamilton, Arlington
Al Harf, PRTC
William Harrell, HRT
Kay Kemper, Kemper Consulting
Henry Li, HRT
Linda McMinimy, VTA
Dianna Morris, Blacksburg Transit
Marianne Radcliffe, Kemper Consulting
Jim Regimbal, Consultant
Donna Shaunesey, Jaunt/CTAV
Brian Smith, HRT
Rick Taube, NVTC

Terry Brown, DRPT
Thelma Drake, DRPT
Amy Inman, DRPT
Linda Maiden, DRPT
Kevin Page, DRPT
Steve Pittard, DRPT
Kim Pryor, DRPT

**Presenters:**
Mark Aesch, TransPro
Ryan Gallivan, TransPro
Mark Boggs, Adkins
Jim Baker, Adkins

## 1. DRPT Welcome and Introduction

Director Thelma Drake welcomed the Committee and made introductory comments about the increasing role of transit in Virginia and the importance of providing choices for transportation. She reported on the fluctuation of revenue for transit needs and the need to identify future funding streams to support growth in public transportation.

Chief Operating Officer Kevin Page also welcomed the Committee and discussed the need to present a different message to the General Assembly to show the value of transit

across the Commonwealth. COO Page indicated the goal of the meeting is to present the proposed approach for allocating funds based on performance.

**2. Public Comment**

There were no public comments.

**3. Project Update**

Mark Aesch, CEO of TransPro, gave an updated presentation on the proposed Performance-Based Funding methodology. M. Aesch reviewed the status of the SJR297 workgroup to date, went over adjustments to the methodology, discussed the proposed operating and capital assistance methodology, presented recommendations and noted key dates. Mark discussed the recommended three-year transition period that is intended to keep transit companies whole during the transition to the proposed new allocation formula. State operating assistance allocations will be based 50% on formula-based factors (i.e., ridership and operating expenses) and 50% on performance-based factors (e.g., customers per revenue hour, customers per revenue mile, net cost per revenue hour, and net cost per revenue mile). Ryan Gallivan presented and explained the proposed formulas.

**4. Group Discussion/Questions:**

In response to a question regarding how size is considered in determining allocations under the proposed methodology, it was explained that operating cost is currently used to determine size with respect to peer groups, formula funding, and performance funding. Under the existing funding formula, operating funds are based on operating cost and all requests for capital funding are provided at the same percentage. Bond funding for capital projects is more flexible but will be exhausted in 2018.

Comments from the Virginia Transit Association indicated that the current funding formula is simple, reliable and facilitates accountability since transit operators are accountable to their local governments. There is concern that the new system may not factor in all conditions of all types of service, be flexible enough to allow for growth, or be stable enough so that transit systems can adequately plan for growth and operations. Review of proposed revised code language and an explanation of how the new methodology is better than the existing system were requested.

Concern was expressed regarding why WMATA was split out for each jurisdiction, and therefore included in multiple peer groups, instead of considered a single transit provider. The intent was to recognize that WMATA provides different levels and types of service in the various jurisdictions and clearly indicate how much funding each locality gets.

Additional explanation of how the peer groups are defined was provided. Multiple factors are used to determine the peer group each transit operator is assigned to, including service area population, passenger trips, operating cost, peak vehicles, and service area

population density.  The intent was to recognize the variation in the types of systems in the state and identify relatively homogeneous peer groups, recognizing that all systems are unique in some way, and level the playing field for rural versus urban systems. JAUNT requested to be moved to a lower peer group since they were the only rural system in their peer group, which would impact their relative performance and funding.

The group agreed that it was more appropriate to use the performance data provided by each operator, which is the case with the model, rather than National Transit Database data.

With regard to the percentage of funding based on the formula calculation versus the performance calculation, the proposed methodology is based on a 50/50 split.  This was recommended in order to facilitate an easier transition to a more performance-based allocation system so that funding stability is not compromised. The recommended transition period is 3 years – the first year all entities would be made whole, the second year all entities would be provided half of the shortfall based on what their allocations would have been under the existing process, and the third year the new process would be fully implemented.  A funding source for the transitional period would need to be identified.

Concern was raised regarding whether the measures being proposed for performance are working at cross purposes. For example, raising fares would reduce cost per revenue hour and mile, but would likely lead to a decrease in ridership.  This is precisely why multiple factors are used to determine performance – all transit agencies are unique and performance cannot be measured solely by one factor.  There needs to be a balance.

The group requested an opportunity to review the spreadsheet populated with real data and review the actual formulas.  DRPT agreed to provide this when the methodology has been solidified and when the data has been vetted and encouraged transit operators to report good data.

The group encouraged DRPT to make a case for additional transit funding.  The discussion to date has been focused only on improving performance and not on identifying additional funds.  As Virginia's population grows and more systems come on line, there is less funding for existing systems.  DRPT explained that in order to make a case for additional transit funding, it is important to demonstrate improved performance and accountability.

Concern was raised regarding the complexity of the proposed methodology and how well it would be received or understood by the General Assembly.

**5.  Transit and TDM Needs Presentations**

Information was presented on the current and future transit and TDM needs, revenues, and funding gap through 2040.  The analysis assumes three different investments levels – low, moderate and high.  This information can be used to build a case for more funding

for transit.  One important consideration is whether local matching funds are available to match any increase in state transit funding.

**6.  Next Steps**

- Comments were requested within two weeks.
- The complete proposed funding allocation model, including data, will be provided at or before a stakeholder meeting to be held for all transit operators in September.  A draft model will be provided prior to that so that the formulas/methodology can be reviewed.
- A draft report is expected to be presented to the CTB in September.
- DRPT is working on draft code language to submit to for administration consideration.
- The proposed methodology would include a two-year transition in FY14 and FY15 with full implementation in FY2016.
- Comments may be included as an appendix to the report.
- A list of Advisory Committee members will be included in the report, but DRPT will not characterize participation as showing agreement or dissent with the final product.