

# Virginia Department of Rail & Public Transportation

## Project Prioritization – Funding Outcomes

*April 30, 2018*



# Agenda

- Objectives
- Executive Summary
- Analysis Approach
- Scenarios
- Scenario Results
- Next Steps

## Objectives

- Summarize the funding implications of the proposed project prioritization method
- Review scenarios that consider:
  - *Scoring method*
  - *Unique or separate pools of funds for State of Good Repair (SGR) and Minor Enhancements*
  - *State funding available*

## Executive Summary

- Based on the initial prioritization methodology, forecast revenues and 68% state participation rate:
  - *Most funding will be allocated to buses*
  - *No minor enhancement projects are funded*
  - *The scoring methodology appears to have unintended consequences*
- As a result, an alternate approach was prepared, including:
  - *A revised prioritization approach*
  - *Funding split between SGR and Minor Enhancements, to fund highest priority Minor Enhancement projects*
- Results of alternate approach are presented for 2 revenue estimates

### *Analysis Approach*

## **Funding decisions are based on project/vehicle scores, with a single maximum state participation rate**

- Projects funded according to their score
- Scoring threshold based on available revenues:
  - projects **above** the scoring threshold **are** funded
  - projects **below** the scoring threshold **are not** funded
- Revenue vehicles scored at vehicle level, not at fleet level
  - An agency requesting multiple vehicles may receive funding for some but not all if any vehicle scores are below the scoring threshold
- Single maximum state participation rate for all projects
  - All project types eligible for same maximum state participation rate
  - No project tiers with varying participation rates

*Analysis Approach*

**The state share is based on the state participation rate or the remaining need after federal and local funding**

- The state participation rate sets the maximum state contribution relative to total project cost
- The state share is calculated as the lesser of:
  - The state participation rate applied to the project's total cost
  - The remaining need after federal and local funding is deducted from total cost

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*Analysis Approach*

**Analysis based on state participation rates between 50% and 80% for FY18 projects**

- Analysis period: Fiscal Year 2018
- Single state maximum participation rate for all projects.  
3 scenarios: 50%, 68% and 80%
- Federal funding maximum share: 80%
- Local funding minimum share: 4%
- When funding is exhausted, reserve funds are applied to fund any remaining projects at the lowest funded score
- **This results in different levels of total funding across scenarios**

*Analysis Approach*

**Revenues are significantly lower than estimated actual allocations for SGR and Minor Enhancements in FY18**

- State Capital Assistance revenues: \$37 million
- Value of state grants in FY18 for SGR and Minor Enhancements based on final SYIP: *\$50 million*
  - *This number corresponds approximately to the \$120 million of state capital funds allocated in FY18 minus:*
    - Major Expansions (\$26 million)
    - Other projects (track lease payments, etc., \$2 million)
    - WMATA (\$42 million)
- This *\$13 million* decrease corresponds to an across the board loss of 25% in state capital funding for Virginia agencies



*Analysis Approach*

**3 scenarios are presented, with maximum state participation rates of 50%, 68% and 80%**

- In each funding scenario, a different state participation rate cap is tested:
  - 50%
  - 68% - *same as current Tier 1 participation rate (68%)*
  - 80%
- All other inputs remain constant including:
  - *Project Scores*
  - *State Revenues*
  - *Federal Revenues*
  - *Minimum Local Share*

Scenarios based on initial scoring method

## State Funding Needs are significantly higher than revenues currently available

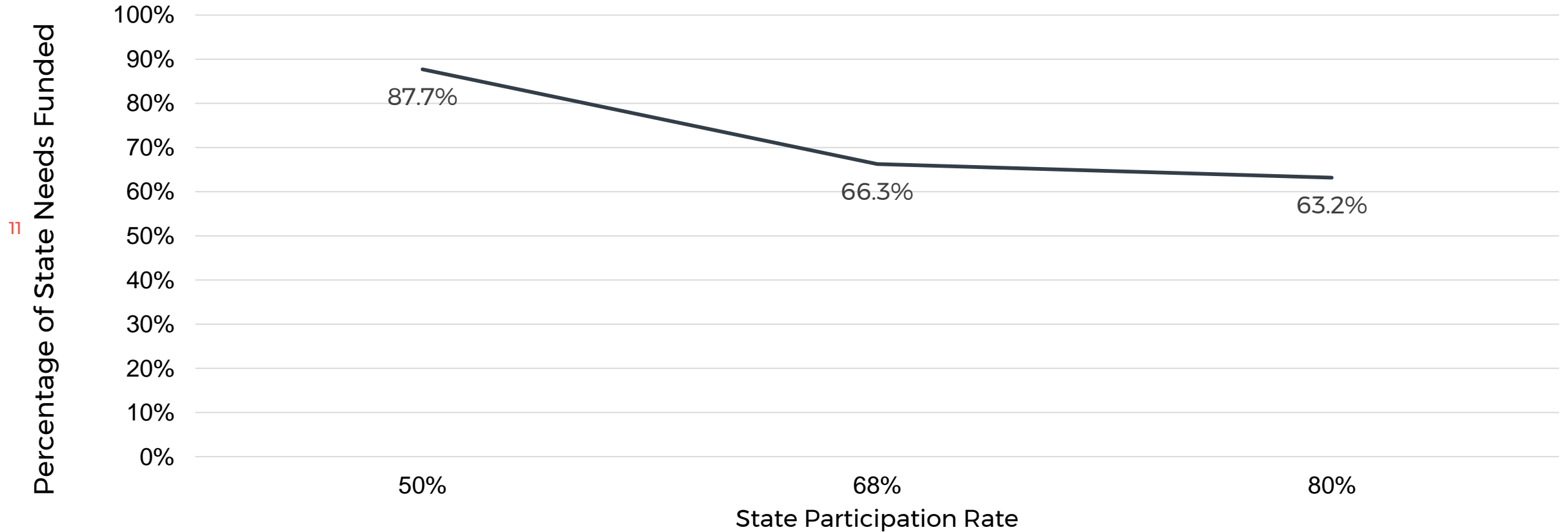
- Revenues currently available: \$37.2 million
- Based on the initial list of projects, *if all projects were funded*, the total state funding needs at each participation rate are as follows:

State Participation Rates by Scenario	State Funding Needed	Unfunded State Share
1: 50%	\$43.9 million	\$6.7 million
2: 68%	\$56.4 million	\$19.2 million
3: 80%	\$60.7 million	\$23.5 million

*Note: scope of projects matching FY18 applications, adjusted to match SYIP*

*Scenarios based on initial scoring method*

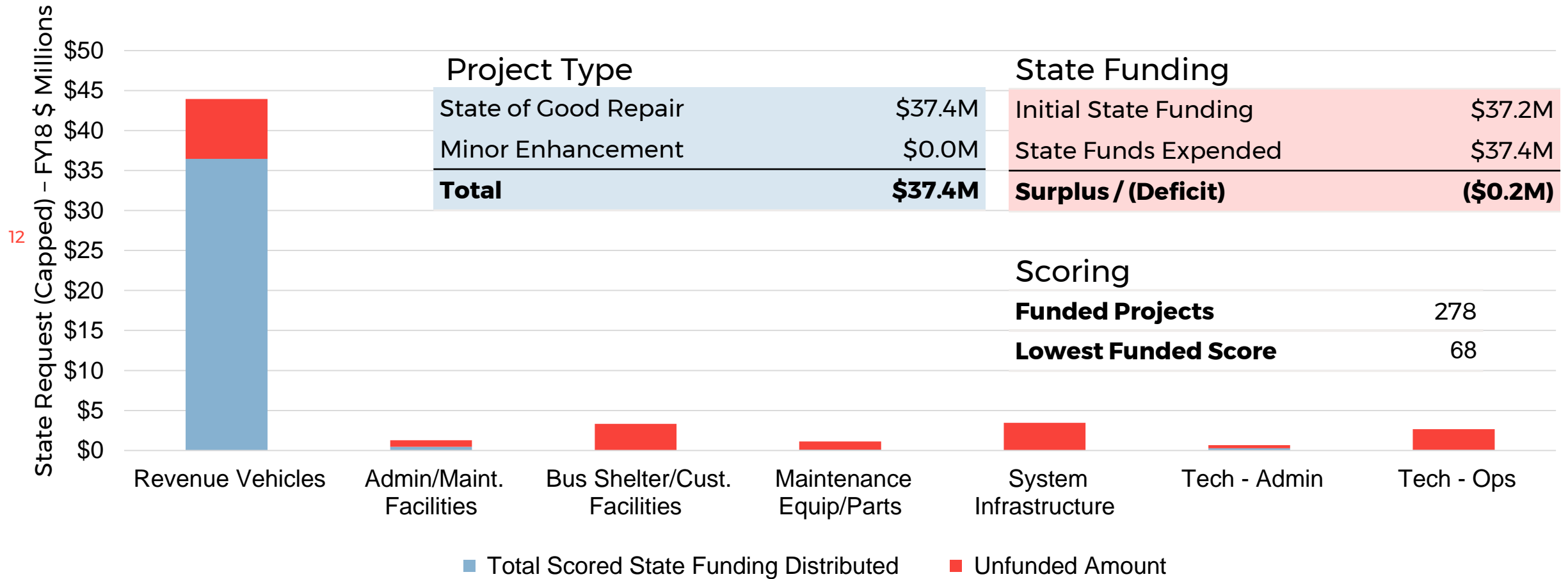
## As participation rates increase, the percentage of project costs funded with state funds decreases



Note: With State participation rates between 50-80%, Minor Enhancement Projects receive no funding based on scoring

Scenarios based on initial scoring method

# At 68% state participation rate, no minor enhancements are funded; 98% of funding for vehicles



Units: FY18 Dollars

Scenarios based on initial scoring method

## At 68% state participation, small agencies receive significant funding, but the variation among large agencies is high

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Large Agencies*	State Funding Allocated	Percentage of Agency Ask Allocated	Percent of Total State Funding Allocated
<b>Hampton Roads Transit</b>	\$11.9M	78.1%	31.9%
<b>GRTC</b>	\$10.0M	95.0%	26.8%
<b>NVTC - Fairfax County</b>	\$0.1M	2.2%	0.3%
<b>NVTC - VRE</b>	\$0.0M	0.0%	0.0%
<b>NVTC - City of Alexandria</b>	\$0.4M	45.1%	1.2%
<b>Total</b>	<b>\$25.2M</b>	<b>62.9%</b>	<b>59.3%</b>

Small Agencies	State Funding Allocated	Percentage of Agency Ask Allocated	Percent of Total State Funding Allocated
<b>Town of Altavista</b>	<\$0.1M	100.0%	<0.1%
<b>City of Bristol</b>	<\$0.1M	100.0%	<0.1%
<b>Greene County Transit, Inc</b>	<\$0.1M	100.0%	0.1%
<b>Pulaski Area Transit</b>	<\$0.1M	87.2%	<0.1%
<b>RADAR</b>	<\$0.1M	94.8%	0.1%
<b>Total</b>	<b>\$0.1M</b>	<b>95.9%</b>	<b>0.2%</b>

\*Large 5 agencies by ridership, excluding WMATA - Source: FY18 SYIP, 2016 passenger trips



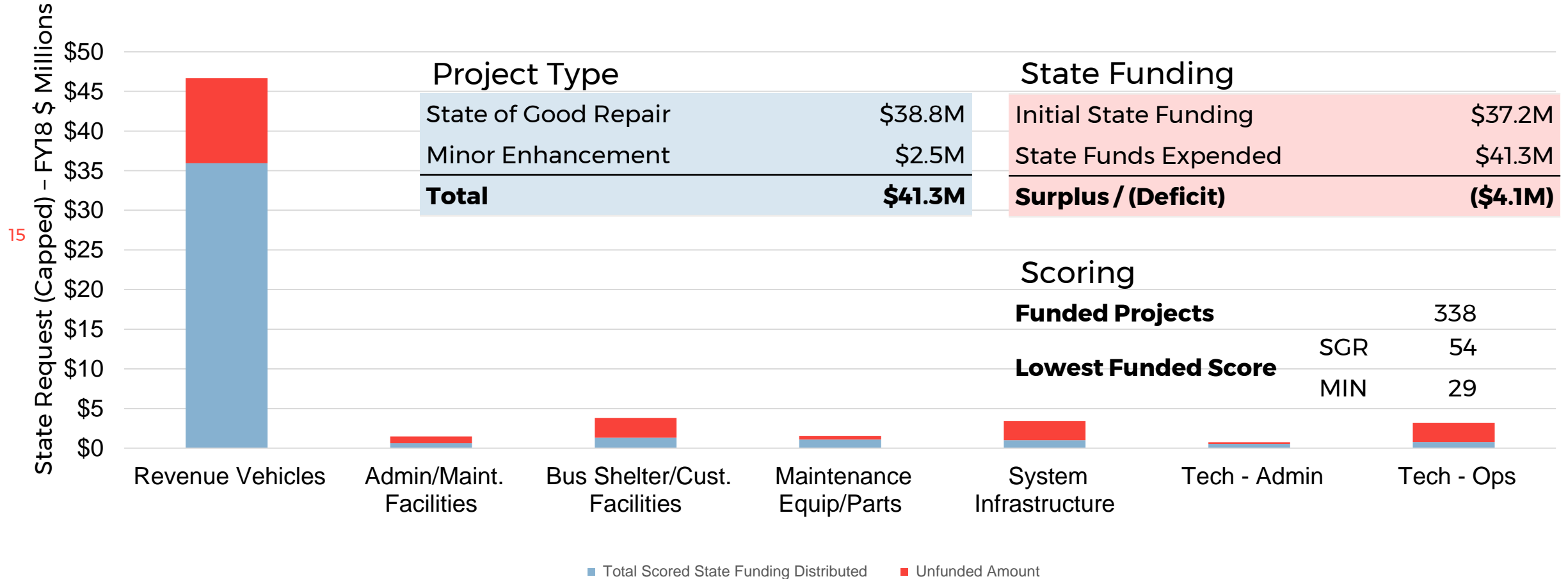
*Scenarios based on initial scoring method*

## **An alternate scoring approach addresses the bias for bus replacement in the initial approach**

- Based on the initial prioritization methodology, forecast revenues and 68% state participation rate:
  - *Most funding will be allocated to buses*
  - *No minor enhancement projects are funded*
  - *The scoring methodology appears to have unintended consequences*
- **As a result, an alternate approach was prepared, including:**
  - ***A revised prioritization approach***
  - ***Funding split between state-of-good-repair (SGR) and minor enhancements, to fund high priority minor enhancement projects***
- Results of alternate approach are presented for 2 revenue estimates

Scenarios based on new scoring method - split funding

# In alternate approach, at 68% state participation, significant shares of SGR and Minor Enhancements are funded



Units: FY18 Dollars

Scenarios based on new scoring method - split funding

## In alternate approach, at 68% state participation, the disparity between large agencies is diminished

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Large Agencies*	State Funding Allocated	Percentage of Agency Ask Allocated	Percent of Total State Funding Allocated
<b>Hampton Roads Transit</b>	\$10.3M	63.9%	24.9%
<b>GRTC</b>	\$10.1M	96.0%	24.5%
<b>NVTC - Fairfax County</b>	\$1.4M	26.9%	3.5%
<b>NVTC - VRE</b>	\$0.0M	0.0%	0.0%
<b>NVTC - City of Alexandria</b>	\$0.6M	62.4%	1.5%
<b>Total</b>	<b>\$22.5M</b>	<b>61.4%</b>	<b>54.4%</b>

Small Agencies	State Funding Allocated	Percentage of Agency Ask Allocated	Percent of Total State Funding Allocated
<b>Town of Altavista</b>	<\$0.1M	100.0%	<0.1%
<b>City of Bristol</b>	<\$0.1M	100.0%	<0.1%
<b>Greene County Transit, Inc</b>	<\$0.1M	100.0%	0.1%
<b>Pulaski Area Transit</b>	<\$0.1M	87.2%	<0.1%
<b>RADAR</b>	<\$0.1M	94.8%	<0.1%
<b>Total</b>	<b>\$0.1M</b>	<b>95.9%</b>	<b>0.2%</b>

\*Large 5 agencies by ridership, excluding WMATA - Source: FY18 SYIP, 2016 passenger trips





Scenarios based on new scoring method - split funding

## In alternate approach, vehicles receive larger share of funding as state participation grows, but other categories still funded

### Project Category

Scenario	1 – 50% participation		2 – 68% participation		3 – 80% participation	
Category	State Funding	Percent of Total	State Funding	Percent of Total	State Funding	Percent of Total
<b>Vehicle - Revenue Vehicles</b>	\$34.7M	82.4%	\$35.9M	87.0%	\$38.8M	86.6%
<b>Admin/Maintenance Facilities</b>	\$0.7M	1.6%	\$0.6M	1.5%	\$0.6M	1.4%
<b>Bus Shelters/Customer Facilities</b>	\$1.0M	2.4%	\$1.3M	3.2%	\$1.5M	3.4%
<b>Maintenance Equipment &amp; Parts</b>	\$1.0M	2.5%	\$1.1M	2.6%	\$1.3M	2.8%
<b>System Infrastructure</b>	\$3.1M	7.4%	\$1.0M	2.4%	\$1.0M	2.2%
<b>Technology - Administrative</b>	\$0.4M	1.0%	\$0.5M	1.3%	\$0.6M	1.4%
<b>Technology - Operations</b>	\$1.2M	2.8%	\$0.8M	1.9%	\$0.9M	2.0%
<b>Total</b>	<b>\$42.1M</b>	<b>100.0%</b>	<b>\$41.3M</b>	<b>100.0%</b>	<b>\$44.7</b>	<b>100.0%</b>

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Units: FY18 Dollars

Scenarios based on new scoring method - split funding - higher revenues

## With additional revenue, the unfunded state share is diminished, but still exists at higher participation rates

- Higher revenues potentially available (including some Flexible STP, ADTAP and 5339 funds): \$56.7 million
- Based on the new scoring method and additional revenue, *if all projects were funded*, the total state funding needs at each participation rate are as follows:

State Participation Rates by Scenario	State Funding Needed	Unfunded State Share
1: 50%	\$46.9 million	\$(9.8) million surplus
2: 68%	\$60.8 million	\$4.1 million
3: 80%	\$65.9 million	\$9.2 million

Note: scope of projects matching FY18 applications

Scenarios based on new scoring method - split funding - higher revenues

**In the alternate approach, with a higher revenue scenario, non-vehicle projects receive higher share of state funding**

Project Category

Scenario	1 – 50% participation		2 – 68% participation		3 – 80% participation	
Category	State Funding	Percent of Total	State Funding	Percent of Total	State Funding	Percent of Total
<b>Vehicle - Revenue Vehicles</b>	\$34.9M	79.7%	\$46.7M	83.0%	\$50.1M	83.1%
<b>Admin/Maintenance Facilities</b>	\$0.7M	1.5%	\$0.7M	1.2%	\$0.7M	1.2%
<b>Bus Shelters/Customer Facilities</b>	\$1.6M	3.6%	\$2.0M	3.6%	\$2.4M	3.9%
<b>Maintenance Equipment &amp; Parts</b>	\$1.1M	2.4%	\$1.4M	2.5%	\$1.6M	2.7%
<b>System Infrastructure</b>	\$3.1M	7.1%	\$3.4M	6.0%	\$3.4M	5.6%
<b>Technology - Administrative</b>	\$0.6M	1.4%	\$0.7M	1.3%	\$0.6M	1.0%
<b>Technology - Operations</b>	\$1.9M	4.3%	\$1.4M	2.4%	\$1.5M	2.5%
<b>Total</b>	<b>\$43.8M</b>	<b>100.0%</b>	<b>\$56.3M</b>	<b>100.0%</b>	<b>\$60.3M</b>	<b>100.0%</b>

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Units: FY18 Dollars

## Preliminary Findings: The alternate prioritization approach results in a better distribution of funds across agencies and projects types, particularly if revenue is higher

- The initial scoring methodology is biased toward bus replacements
- As a result, an alternate approach was prepared, including:
  - *A revised prioritization approach*
  - *Funding split between state-of-good-repair (SGR) and minor enhancements, to fund high priority minor enhancement projects*
- Alternate approach yields, particularly at higher revenue levels:
  - *Better distribution of funds across agencies and project types*
  - *Highest priority Minor Enhancement projects receive funding*
- The alternate approach appears more consistent with the objectives of prioritization