



Virginia Department of Rail and Public Transportation

Transit Service Delivery Advisory Committee (TSDAC)  
VDOT Fredericksburg District Auditorium  
86 Deacon Road, Fredericksburg, VA  
April 30, 2018  
10:00 am to 2:00 pm

## Minutes

### Members Present:

John McGlennon, Chair  
Brad Sheffield  
Brian Smith  
Tom Fox

Hap Connors  
Jim Dyke  
Cindy Mester  
Kate Mattice

Jim Dyke

1. Call to Order / Introductions (10:25 AM) – John McGlennon opened up the meeting and apologized for the delay in getting started. He encountered an accident on the way to Fredericksburg. The members introduced themselves.
2. Outline of Approach to Meeting-Major Policy Questions-Jennifer DeBruhl, Chief of Transit for DRPT, provided an overview of the meeting and told the group that the initial funding scenarios that DRPT and the consultants ran did not result in a balanced program. DRPT and the consultant team worked to make adjustments to the variables, structure and revenue assumptions. Jennifer DeBruhl said that the committee would be walked through both the initial run and the revised scenario. She said that Cambridge ran the FY18 applications and capital programs tend to be “lumpy” and variable from year to year. She reviewed the key policy questions that the TSDAC needed to discuss during the meeting.
3. Prioritization-Funding Scenarios, Scoring and Program Structure-Tom Harrington, Cambridge Systematics and Nate Macek, WSP

Tom opened his presentation by saying that he would be building on what was discussed during the April 11<sup>th</sup> webinar. He said that the sample prioritization was run using a revised approach that calculates the asset score as a weighted average between age and mileage. The revised approach also created a dedicated pot of funding for minor enhancement projects, instead of ranking minor enhancements with SGR. In the previous approach there was no way for a minor enhancement project to rank above a SGR project. Jennifer DeBruhl said that the intent of the system will be to tie everything to data that transit agencies input into TransAM. She said that the current mileage data in TransAM is not good and needs to be updated. She said that the May 10<sup>th</sup> webinar will focus on TransAM and data. The following discussion points on this presentation were made:

- a. Brad Sheffield said that he is wrestling with what benchmark to use. He asked if the benchmark should tie to the application date or the point at which the asset actually needs

to be replaced. Jennifer Mitchell said that she welcomed input from TSDAC members on when that date should be.

- b. Brian Smith said that the lead time on vehicle acquisition is 24 months and that vehicles need to be brought into operation when a vehicle's useful life is over. Tom Fox said that it is not hard to predict at what point a vehicle will hit that age.
- c. Jennifer Mitchell said that grants often sit for years because agencies don't act fast enough. She said that often agencies don't start looking for matching funds until they have the state's funding. She said that there needs to be some accountability so that the state can ensure that these vehicles are actually purchased in a timely manner. Jim Dyke said that agencies should be held accountable for using their funding and if they don't there should be consequences. Cindy Mester said transit agencies need to plan for the end of life of an asset. Jim Dyke reminded the group that the General Assembly needs convincing that more money is needed for transit. The more examples we can provide the General Assembly with to show accountability the better.
- d. Brian Smith asked Tom Harrington if there were any implications from using the weighted average to calculate the vehicle score. Tom said that some vehicles had reached the trigger for age but that their mileage was still very low. He said that that net result brought down the score. Brian Smith asked if in looking at age and mileage and making five years the cut off, that after 5 years 60 points in a flat score and that the difference between the scores is mileage. Tom Harrington said he was correct.
- e. Kate Mattice asked Tom Harrington to remind the group what the minor enhancement threshold was and asked what the definition of a minor enhancement project was. Tom Harrington said that dollar amount had to be less than 2 million or less than 5 vehicles or 5 % of the fleet size (whichever is least). Jen DeBruhl said that all replacement of existing functionality is considered SGR. Only something totally new would make it a minor enhancement.
- f. Tom Fox asked if there was a maximum on age or mileage so that if an asset hits that number it automatically is up for replacement. Tom Harrington said that they did not do that but that could be a new approach.
- g. John McGlennon asked why there was a different calculation for mileage and age instead of it being the same thing. He said that the compression was interesting. Tom Harrington said that they could calculate a percentage. They tried to target the expected service life. John McGlennon said it may be driven by rapid changes in technology. Anything that reaches five years gets automatically gets a 60 point score and that doesn't make any sense. John McGlennon asked that "ME" no longer be used to describe both minor and major expansion. (Note – we are now using MIN and MAJ)
- h. Kate Mattice asked how a midlife replacement would be scored. Tom Harrington said that that is really a policy discussion and not a scoring discussion. An engine replacement or overhaul would be considered SGR. Tom said he did not give that maintenance its own category but could give those projects priority if the TSDAC wanted to make that policy decision. Kate Mattice said that agencies should be rewarded for making smart investments and doing maintenance. She said that you don't want to give fewer points to something that is cost effective. She also pointed out that facilities and technology are two opposite ends of the spectrum and that you hope that a facility will last more than 5 years.

The conversation shifted to how the funding was applied to a list of ranked priorities. Nate Macek from WSP began his presentation. He said that they took a list with ranked priorities and

applied that to a funding model to show what could be funded. Nate reminded the group of the match rates and said that Federal funding was taken into account first. He said that they would be presenting results from the original prioritized list that Tom created and the revised prioritized list created using the new methodology. He said that any projects that get funded get the full match rate and that there is no variation among the tiers, but that there will be no overmatching. The following discussion points were made.

- i. John McGlennon asked what the total cost of all of the projects in the FY18 SYIP was. Nate Macek said that he presented the state share, but that the state is not always paying the 68% match rate. John McGlennon said that he was concerned this may misconstrue the state's investment to legislators. Nate Macek said that that was a very good point and that they could come up with a total cost of the state's investment. Brian Smith asked that a note be made at the bottom of this slide to explain this. Nate said he would make a note to reflect that this was matched to the SYIP.
- j. Kate Mattice asked that we look at the old tiers versus the new funding model. She said there is no sense of how things are getting funded. She asked if a comparison was done. Nate Macek said that question would be addressed later in the presentation.
- k. Brian Smith asked if we can figure out the future burden of new assets acquired that will create SGR needs down the road. Nate Macek said that they have taken into an account an echo in future years.
- l. Brad Sheffield asked if any major expansion projects were funded under this approach. Nate Macek said that no major expansion projects were funded in this analysis.
- m. Nate Macek was asked to speak to the VRE piece. He said that there were no rail cars applied for in the FY18 SYIP.
- n. Jennifer DeBruhl said that she wanted to speak to GRTC in the funding exercise. She said that typically DRPT does a pre-screening of applications. She said for the prioritization exercise that they took the applications at face value and did not do a pre-screening. She said that GRTC has a funding backlog for grants they haven't processed yet which is why pre-screening has to be part of the process. GRTC did not receive all of the funding they asked for in FY18 because of this backlog.
- o. Cindy Mester asked if the age of a vehicle typically resulted in a high score regardless of mileage. Tom Harrington said it was half age and half mileage that triggered the high scores.
- p. Jen DeBruhl said that some agencies have a backlog of vehicles that are beyond their useful life. The goal should be to get to a state of "just in time" replacement. Brad Sheffield echoed her comments and said that a conversation about the SGR backlog would be a palatable conversation to have with the General Assembly. Kate Mattice agreed and said that knowing the backlog numbers will be critical to making an ask of the General Assembly.
- q. Nate Macek said that minor enhancement projects have lower scores. There should be a separate pot of funds for minor enhancement projects so DRPT is able to fund some. This would provide more balanced funding across categories.
- r. Jennifer Mitchell said that DRPT wanted to look at the match rate because local match is an issue. She said that we want to be able to provide funding for those agencies that have trouble getting a local match and not just spread the peanut butter across the program.
- s. Kate Mattice said looking at the FY18 needs is just illustrative. We need to look at long term needs over time when talking about additional needs in the future.

- t. Cindy Mester asked if the difference between the old and new prioritization is what projects are unfunded and that the total amount spent does not change. Nate Macek said this was correct.
- u. Brian Smith asked what the funding split was between the SGR and minor enhancement buckets. Nate Macek said the split was 95% SGR and 5% for minor enhancement projects. Brian also asked if the 95% SGR still includes some purchases which are minor enhancements. Nate said that was correct.
- v. Cindy Mester asked if she was correct in that if minor enhancement projects are not broken out none of those will get funded. Nate Macek said that she was correct that minor enhancement projects do not receive asset condition points and if they want any of those funded they have to set aside funding. Cindy said that this will be an important policy discussion to have because if you never take care of the technology and minor issues they eventually become SGR needs.
- w. Kate Mattice asked for a follow up one pager that says what the second scenario is because it seems kind of cryptic. She would like to document what the assumptions they are using are.
- x. Brad Sheffield asked that minor enhancement vehicles are pulled out from the other revenue vehicles to delineate those and asked if the 68% that is being funded now, is the difference in total funding what the localities will have to fund? Nate Macek said there are a lot of ties and lot of projects that fall right in the middle. They did not institute a tie breaker and just said that everything gets funded. Brad Sheffield said that he was trying to see what the additional burden would be on transit agencies. Nate Macek said that agencies will need to find ways to improve their capital applications and asset management.
- y. Brian Smith said he coveted the feedback of others and from transit stakeholders across the Commonwealth. He said that the TSDAC members need a document that would help them engage with others. The information today addresses the fundamental weakness of the prioritization which is that buses will gobble up all of the funding. He said that moving forward a strong precedent has been set for the 68% match rate which came out of many years of TSDAC deliberation. He thinks that a future where technology has more eligibility is better. If agencies don't focus on an investment in their fleet and have reliable buses they won't exist. He also cautioned that the data is a sample set from just one year and that the group is exploring policies and decisions around a limited data set. In the interest of moving forward and meeting milestones he said that he hoped that the new framework would be open ended and able to be modified. Brian Smith said he wanted to mention two areas of policy that the TSDAC should continue to look at which are mileage and age. Brian said that mileage has been arbitrarily set as the main factor between mileage and age and that more emphasis has been set on mileage. The split modeled was 60-40. He suggested that the split be a 50-50 split. He said that the group has looked at differences in operating environments before. Urban area's buses have lots of wear and tear on the vehicles, which could result in less mileage but more deterioration. The weight of age and mileage is something to consider because of differences in operating environments. In the Federal environment an asset is triggered by either age or mileage, and said that now we are looking into another way. He thinks this should be a working policy discussion and asked DRPT's consultants if they looked at the funding split equation when looking at scenario 1 to see if they could fund more than just buses.

- z. John McGlennon said that Brian Smith had given extensive policy questions for the group to debate. John McGlennon said that we need to develop some policy recommendations on a schedule. He said that no one assumes those recommendations can't be amended and knows that they will need to be adjusted over time. He said that it is important for the group to think about these policy questions and not just in the context of how that would have affected their agency in a particular year but in terms of whether or not this is a fatal flaw or something I can adapt to and that is a good decision. John McGlennon said that some of the policy decisions will have to come from implementation. John McGlennon said that Jennifer DeBruhl had indicated that the lunch would be a working lunch. He asked Jennifer if her intention was to discuss policy during lunch. Jennifer DeBruhl said that the group would break for a half hour lunch and reconvene to discuss policy.
4. Working Lunch-The meeting broke for lunch and reconvened at 12:54 for a continuation of the policy discussion.
  5. Continuation of Policy Discussion-Jen DeBruhl suggested the group go back and review the last scenario and talk about what that means in terms of funding, scoring and the match rate. Nate Macek went back and reviewed the assumptions of the last scenario. Nate said he would document the assumptions in a one pager that would make everything clear.
    - a. Kate Mattice asked if there was anything funded in the scenarios that would have been considered a major expansion. Jennifer DeBruhl said no, that for the purpose of this exercise those had been pulled out. Kate Mattice asked to clarify that for this exercise all available funding was used for either SGR projects or minor enhancement projects. Jennifer DeBruhl said that was correct, major expansion projects have not been addressed yet. Jennifer Mitchell said that should not be construed as a policy decision by DRPT that every cent should go to SGR or minor expansion. Kate Mattice suggested that instead of calling excess funding a surplus call it funding available for major expansion projects. Cindy Mester said that fact would be a very important assumption to make on a fact sheet. She also said it would be helpful to have a one pager with definitions and synopsis to share with groups.
    - b. Tom Fox asked for clarification on the additional revenue sources outlined and asked about federal funds. Jennifer Mitchell clarified that DRPT had added Federal funds that the state has discretion over to the pot to be prioritized to try to come up with a higher revenue threshold. Jennifer Mitchell said that Federal funds can't be used to match other federal funds so would have to be matched appropriately.
    - c. Brian Smith said that we don't have the very basic inputs that are the same among both scenarios. He asked if it was possible to look at funding minor enhancement projects under the first project if the funding split was incorporated. Jennifer Mitchell said that DRPT did not set it up so that the TSDAC could look at a common set of assumptions between the two scenarios and determine which funding scenario they should go with. The April 11<sup>th</sup> scenario had unintended consequences and DRPT could not recommend a program like that with no diversity. Jennifer Mitchell said that she would not advise that the original scenario be entertained. It was biased to a few systems and to buses only.
    - d. Chairman John McGlennon redirected the group to the policy questions. Brian Smith said that taking the results of the first scenario as described and not having diversity of projects represented he is reaching towards the same goal of seeing more projects he just questioned the funding inputs. He reiterated that he would like to see a blending of mileage and age so that the scoring is 50-50 instead of 60-40. Cindy Mester asked if they are going to look at age as a percentage. She said that the backlog needs to be addressed

so that agencies can get back to a state of good repair. Cindy said that she recommended having two pots of funding, one for SGR projects and one for minor enhancement projects.

- e. Jim Dyke asked how VRE was impacted. Jennifer Mitchell said that VRE didn't receive much funding in FY18 and that they probably won't come in for vehicle replacements for another ten years. She said it is not just reflective of the methodology, just reflective of what VRE applied for.
- f. John McGlennon asked for clarification on one item. He said that they have talked about transit agencies that were not able to purchase vehicles in a timely manner. He said that in one case the applications were aspirational and in one case the locality was having trouble finding the local match. He said that if the state is in a position to eliminate backlog we should make sure that money is being spent even if grants have to be reissued. Brad Sheffield said he would use his agency as an example. He said that a previous year's procurement had not been issued yet and when they applied for a new grant they did not have the ability to hit the ground running. He pointed out that it was his staff's deficiency and said that transit agencies need to take on that self-accountability. John McGlennon said that a resubmission of the same application would be a positive change. Jennifer Mitchell asked Jennifer DeBruhl to clarify DRPT's process. Jen said there is no hard and fast rule but that DRPT looks back a few years and if there is more than one fiscal year's worth of money that hasn't been matched or obligated than they may not be ready for additional funding. DRPT then goes out to that grantee and talks to them and to see what their plan is. She said some of these vehicles take time to procure and that DRPT spends time making sure they don't make arbitrary decisions. She said that on the infrastructure side the program was changed. Many agencies were asking for the same project year after year to build up funding. Now DRPT asks them to come in and do a feasibility study that the agency will fund, then we will fund engineering and then come in with a plan and explain to us what you are asking the state for. She said that the agency can't plan when we don't know what we are being asked for. She said that DRPT is trying to lay the foundation for better decision making, better recommendations to the CTB and an understanding of what the state is really buying. Jim Dyke agreed and said a project should be "shovel ready" as they would say at VDOT, not a situation where agencies think if DRPT will fund it we will figure out how to do it. We need to demonstrate to the CTB that decisions made will lead to progress and show that we are accountable. If we give you the money you are ready to go and the timing matches up with the grant.
- g. Jennifer DeBruhl said that sometimes there are other issues going on in a community that lead to the backlog. One county had a backlog of bus shelter grants and DRPT said that they needed to spend down what they have. She told them that if they spent down their existing grants within the fiscal year, they could come in for a midcycle grant request. She said that accountability is a two way street. John McGlennon said that if there is a backlog that we should be moving money into it.
- h. Brian Smith said that things on the Federal side can encumber funds and make it difficult to complete projects. DRPT provides oversight and administration and helps to deliver projects. Going back to accountability and the match rate Brian said that he thinks 68% is a good place to land. He also thinks that 68% would be a good place to land for technology needs as well. Technology is critical across the board and is an area where in future recommendations it would be good to have all asset categories get a 68% match rate which would help agencies with their efficiency and effectiveness.

- i. John McGlennon steered the group to match rates to get a sense of how the committee felt about the 68% match rate. Tom Fox said the rate was reasonable. Kate Mattice concurred and said 68% is reasonable and easier for planning. Cindy Mester agreed and said that is a good place to be administratively and is a sweet spot where not everything is funded fully. Brad Sheffield said 68% looks good but asked when happens when there is no backlog. John McGlennon confirmed that 68% is where we were with Tier 1. Brad Sheffield asked what would happen if the SGR backlog gets so critical that it sucks the air out of the room for everyone else. Jennifer Mitchell said that the majority of our grantees receive Federal funding so it is unlikely that the state will actually have to match 68%. Kate Mattice said that Northern Virginia has a keen interest in the match number. Jennifer Mitchell said that there is a value in consistency and transparency and being able to have one number apply to all of the assets and not have to make judgement calls. John McGlennon said that he is hearing that 68% will work across all assets so we will move forward with that. How to deal with the backlog will be another policy question.
- j. Jennifer Mitchell said she wanted to get back to Brian's point on the 60-40 split on mileage versus age. She said we can run those numbers and bring that information back and see how it would change if we were using a percentage over useful life. She said that we (DRPT) will have to go back and determine the useful life of certain kinds of assets. DRPT may have to make some very simplified assumptions. She said that the overall question is does it seem appropriate that there be a shared emphasis on mileage versus age and asked if that is an appropriate way to go. Brad Sheffield said in his opinion mileage always determines the asset utilization and said that why the asset is not on the road needs to be addressed. Kate Mattice said that TCRP just did a webinar on this issue and that there is a lot of research being done at the national level. She said that we should glean some of the analytical work of that. John McGlennon said that it seems like more a of a gut issue for operators. He asked the committee if the split seems like a reasonable balance. Brian Smith said things should be kept simple and straightforward. FTA only uses age or mileage. We are now looking at a whole new thing and assigning points. We are looking at just one year of data. Brian said if you blend between the two then you at least account for some geographic differences. Kate Mattice said that you need to reward good asset management and good maintenance procedures. That will be the tension, not sure what the right balance is but sense is that the reward should go to those who are smart about their assets, management and planning. John McGlennon said that we need to figure out what we think makes sense from that perspective. Do we want a policy that rewards reconditioning? We can't develop a formula that will figure all of that out. Tom Fox pointed out that in university environments where service isn't operated year round you hit age on an asset long before you hit the mileage and that is why he suggested at some point whether mileage based or age based you kick that bus to the top of the list.
- k. Brad Sheffield asked if current grant application guidance specifies age over mileage. Jennifer DeBruhl said that it does not, that it defers to FTA which is either or.
- l. Cindy Mester said she likes the blend but that she is not sure about the weight, and agrees they should look at the research Kate suggested and said that may be the best way to accomplish diversity. John McGlennon asked for a consensus, and everyone agreed in the general concept but to look at a few tweaks. Jennifer Mitchell said that the consultants will re do based on 50-50 split and move to percentages. Brian said he wants to look at different alternatives to get a sense of contrast. Jennifer Mitchell said that DRPT is trying to limit work but said that they will look at it and get the committee some results. The goal will be to try to pull out if it makes a big difference and if it doesn't we will go with 50-50.

- m. Jim Dyke said reality is there are time constraints and we have to make decisions at some point. He trusts DRPT's judgement and said that different options could be studied to death.
  - n. Jennifer Mitchell asked if the group is ok with separate buckets of funding. She asked if 95%-5% for SGR and minor enhancement split is correct. She said that the CTB has the flexibility to move from ME to SGR. DRPT felt like 5% seemed reasonable but could reconsider. Kate Mattice said that dedicating funded is important but that there needs to be flexibility. John McGlennon asked if money could move in either direction and asked if it would be possible to add 5% from SGR if needed. Brad Sheffield thought that it may have been fixed in the legislation that it can only move from Minor enhancement to SGR and not the other way around. Jen DeBruhl said that the Revenue Advisory Board report reflected that but that it wasn't set in in the legislation. Jennifer Mitchell said that there will need to be a whole other set of policy questions on major expansion, and that can be discussed at next meeting.
  - o. Cindy Mester said that she liked the flexibility because when the backlog is caught up there can be more funding for minor enhancement projects. Brian Smith asked if only applications will be eligible for minor enhancement funding or if both SGR and minor enhancement projects would be eligible. John McGlennon said that his intention was to be able to expand the ME fund by a little bit of funding if there was an unusually high number of qualified applicants. Kate Mattice said minor enhancement money would be very well used for technology. Jen DeBruhl said initially the advisory board recommended a 90-10 split but in looking at FY16 and 17 there were not enough projects for that so they landed on 95-5. John McGlennon concurred that the group was ok with the 95-5% split as a policy recommendation and they agreed that they were.
  - p. John McGlennon and the group agreed with the importance of transparency as a policy.
  - q. Jennifer Mitchell said that DRPT has intentionally left major expansion projects out of the discussion for now but that the group needs to determine what role the state plays in major expansion projects. That will be brought forth for discussion at the next meeting.
  - r. Cindy Mester asked to backtrack to transparency and said that the devil is in the details and that we need to be careful with the administrative procedures and make sure that everything is transparent but not set up for failure.
  - s. Cindy Mester also said that for the record and the minutes we should officially say yes that we concur with getting rid of the backlog and maintaining SGR as a program structure priority.
6. Strategic Plans-Legislative Requirements and Transit Development Plans
- a. Jennifer DeBruhl suggested that we move that item to the next meeting because it is just informational
  - b. Brad Sheffield asked for an annual timeline for TDPs and strategic plans at the next meeting.
7. Public Comment-No one was signed up for public comment.
8. The meeting adjourned at 1:54.