

Virginia Department of Rail
& Public Transportation

Operating
Assistance

Webinar Presentation

August 29, 2018



Agenda

- Background: Current Methodology
- Summary
- Next Steps

Background: Current Methodology

Current Methodology – Traditional vs. Performance Based Funding

- Virginia’s transit agencies are currently allocated two forms of state operating assistance:
 - *“Traditional”*
 - Based on their operating expenses
 - \$54 million allocated in FY19
 - *“Performance Based”*
 - Based on their performance compared to other agencies, on a rolling 3-year average basis
 - \$36.6 million allocated in FY19

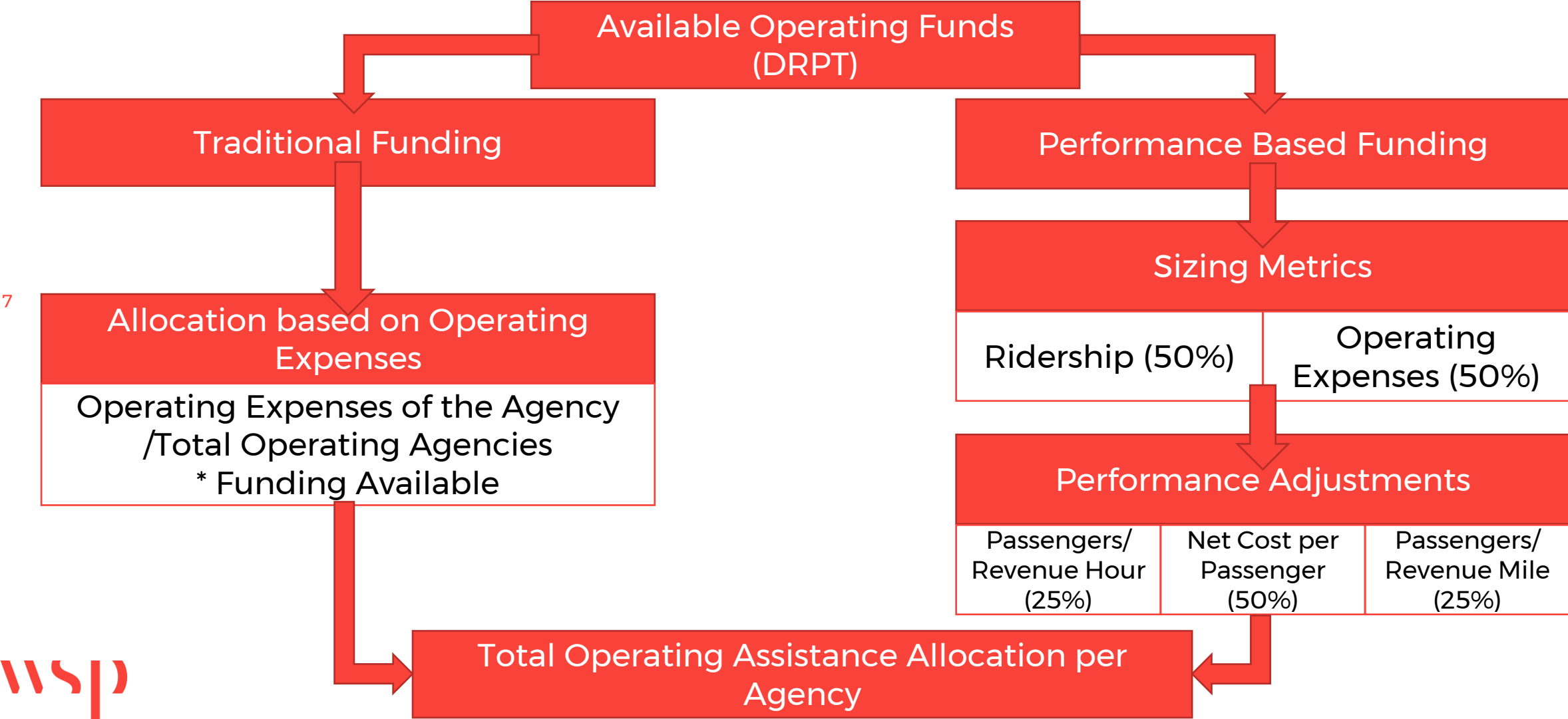
Current Methodology - Traditional Funding

- Traditional Operating Funding is allocated based on an Agency's proportion of reimbursable operating expenses relative to the total for all Virginia agencies
 - *If an agency's reimbursable operating expenses accounts for 5% of the total for all agencies, they will receive 5% of the traditionally allocated funding*
- HB 1513 of 2018 eliminated Traditional Operating funding

Current Methodology - Performance Based Funding

- Funding allocation model
 - *Size-Based Allocation:*
 - Ridership (50%)
 - Operating Expenses (50%)
 - *Performance Adjustments:*
 - Passenger per Revenue Hour (25%)
 - Passenger per Revenue Mile (25%)
 - Net Cost per Passenger (50%)

Current Operating Assistance Allocation Methodology



7



Performance Based Operating Assistance Allocation Example

\$10 million in annual operating funding

Allocated according to Performance Based funding approach

Three Agencies

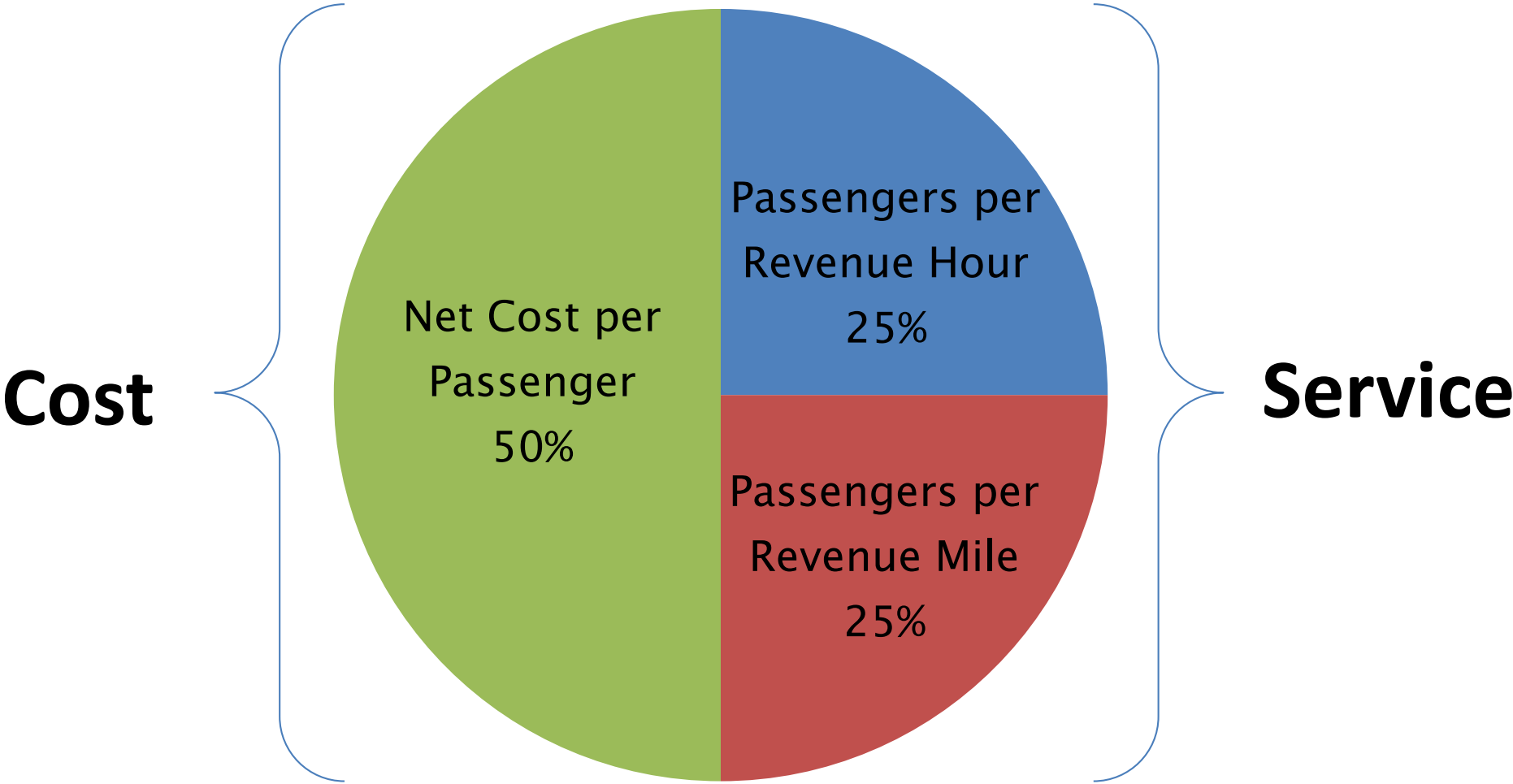
- **Bay City:** *Large urban agency providing light rail, bus, and demand-response transit*
- **Capital City:** *Medium urban agency providing bus and demand-response transit*
- **Smallville:** *Small rural agency providing only demand-response transit*

Step 1: Size-Weight Factor

	50%		50%		
Agency	Operating Cost	%	Unlinked Passenger Trips	%	Size-Weight Factor
Bay City	\$100 million	66.2%	15 million	73.2%	69.7
Capital City	\$50 million	33.1%	5 million	24.4%	28.8
Smallville	\$1 million	0.7%	0.5 million	2.4%	1.5
TOTAL	\$151 million	100%	\$20.5 million	100%	100.0

- Allocation if based on size-weight factor:
 - **Bay City:** \$6.97 million
 - **Capital City:** \$2.88 million
 - **Smallville:** \$0.15 million

Step 2: Performance-Adjustment Factors



10



Example: Factor 1: Passengers per Revenue Hour

Agency	2014	2015	Trend Factor	Size-Performance Weight	Size-Performance Weight * Trend Factor	Normalized Weight
Bay City	49.5	52.0	1.02	69.7	71.1	70.4
Capital City	17.1	17.4	0.99	28.8	28.5	28.2
Smallville	1.10	1.06	0.93	1.5	1.4	1.4
WEIGHTED AVERAGE	47.2	48.7	1.00	100.0	101.0	100.0

- Statewide weighted average growth is 3.2%

Performance adjustments have limited impacts on grant amounts

Performance Metrics

Agency	Size Weight	Passengers per Revenue Hour	Passengers per Revenue Mile	Net Cost per Passenger
Bay City	69.7	70.4	69.9	70.3
Capital City	28.8	28.2	28.5	28.1
Smallville	1.5	1.4	1.6	1.6
TOTAL	100.0	100.00	100.00	100.00

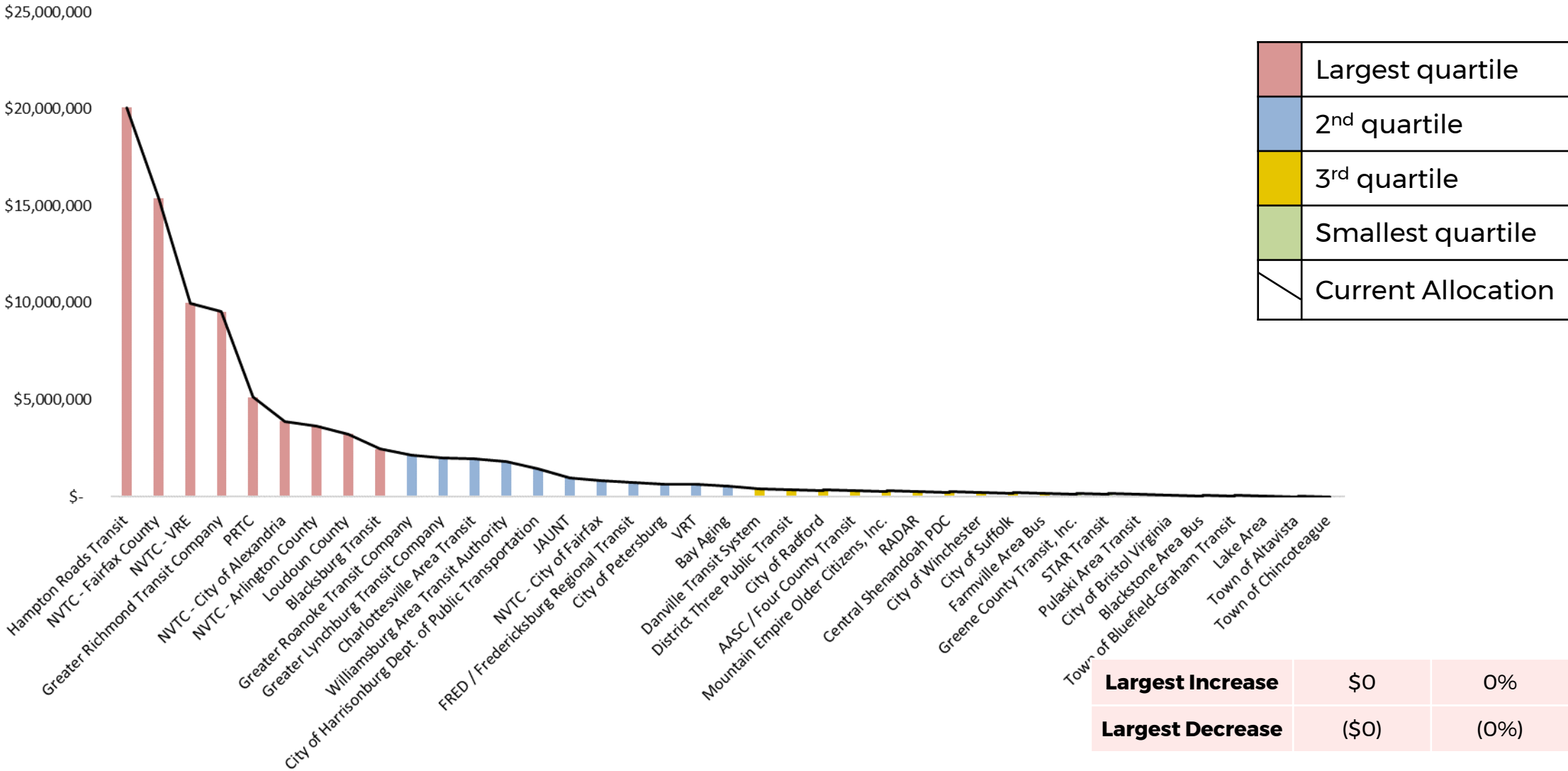


Agency	If Size-Weight Used Only	Factor 1 *\$2.5M	Factor 2 *\$2.5M	Factor 3 *\$5M	Total Funding with Adjustments	Difference
Bay City	\$6.97	\$1.76	\$1.75	\$3.51	\$7.02	\$0.05
Capital City	\$2.88	\$0.70	\$0.71	\$1.41	\$2.82	(\$0.06)
Smallville	\$0.15	\$0.04	\$0.04	\$0.08	\$0.16	\$0.01
TOTAL	\$10.00	\$2.50	\$2.50	\$5.00	\$10.00	\$0.00

FY19 Actual Allocations (Traditional and Performance)

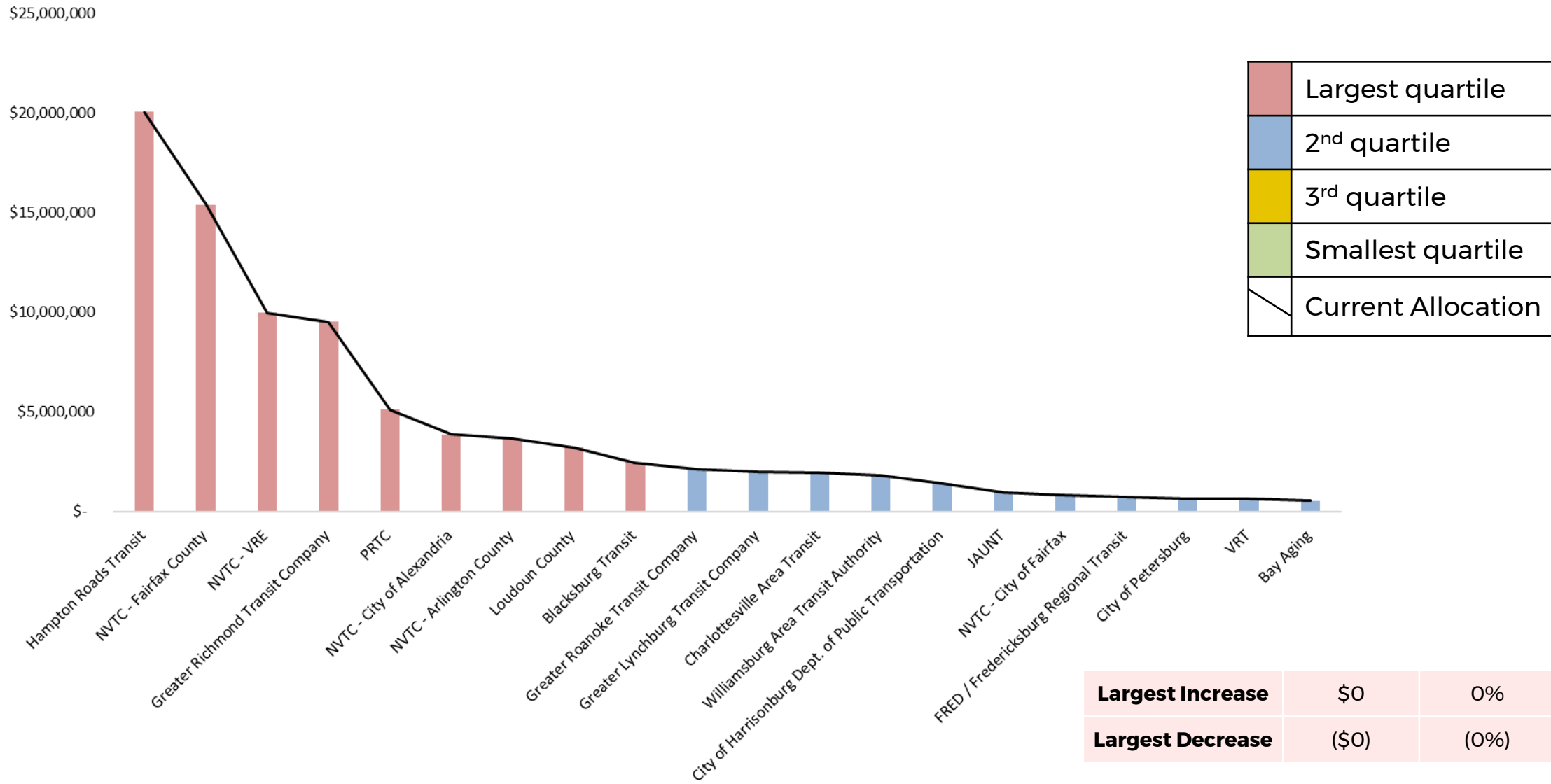
Current allocation of operating assistance to Virginia agencies

14

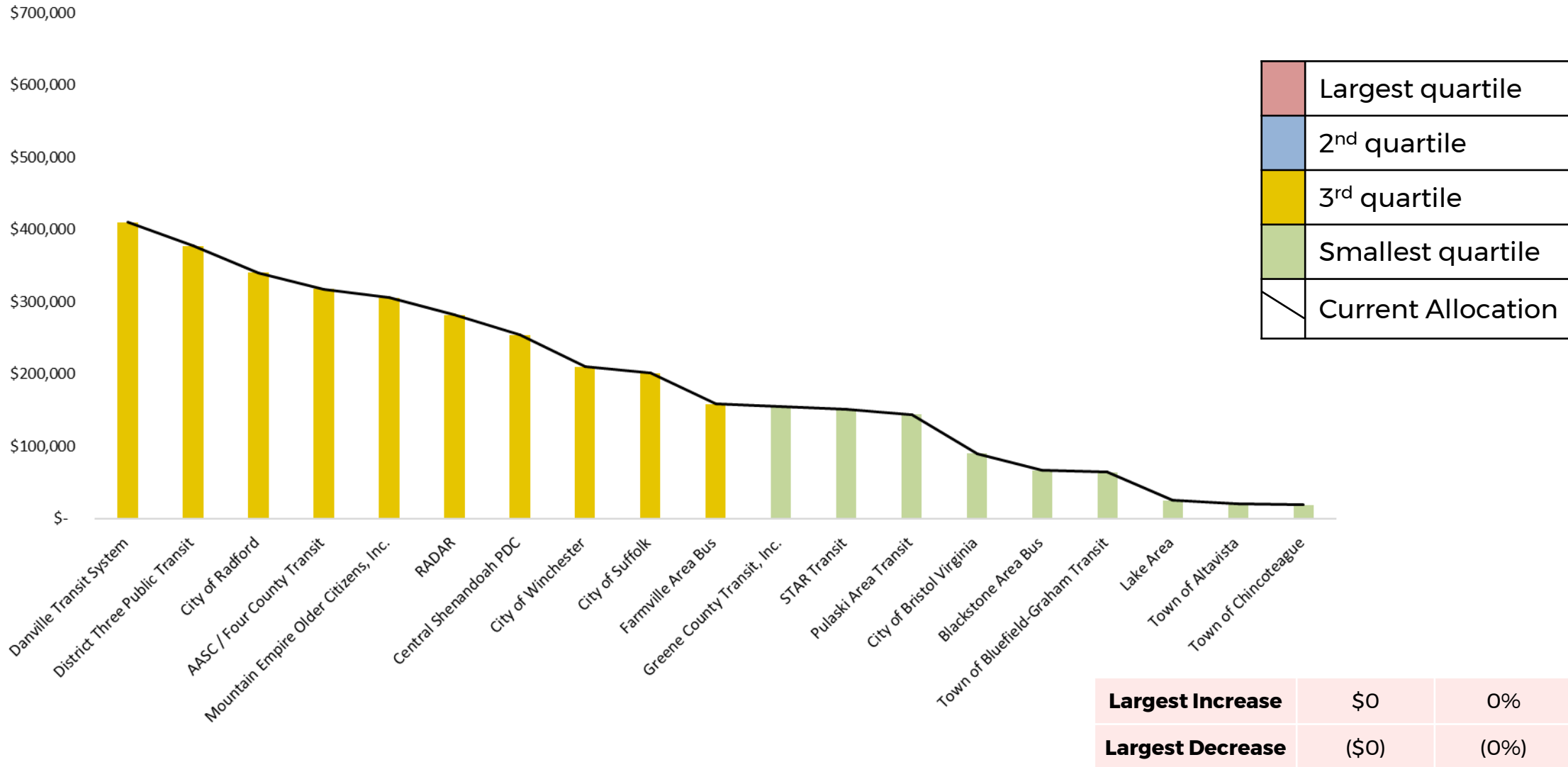


Current allocation of operating assistance to Virginia agencies: 1st and 2nd Quartile Agencies

15



Current allocation of operating assistance to Virginia agencies: 3rd and 4th Quartile Agencies



Previous Efforts: 2014 Study of Alternatives

- 2014 Study Recommendations from Working Group: no change to the sizing metrics
- The following metrics categories were reviewed:
 - Urban and/or Service Area Characteristics: size, population, density
 - Transit service characteristics: vehicle revenue miles, vehicle revenue hours, track miles, stations, peak vehicles, peak seats, seat miles
 - Service quality measures: service span, peak headway, revenue miles/urban square miles, revenue miles/capita

Summary

- Currently, operating funds are allocated based on an agency's relative:
 - *Operating Cost (traditional funding) and*
 - *Performance (**performance based funding**)*
- **Performance based funding** is based on:
 - *2 sizing metrics:*
 - Operating cost
 - Ridership
 - *These are adjusted based on 3 performance metrics:*
 - Passengers per revenue hour
 - Passengers per revenue mile
 - Net cost per passenger
- Sizing metrics have the largest impact on allocations
- Performance metrics have a marginal effect on allocations

Next Steps

- The General Assembly has mandated that agencies be allocated state operating assistance exclusively based on performance
- WSP will present potential metrics for discussion at the TSDAC meeting on September 7th

Legislative Basis

House Bill 1513 of 2018

§ 33.2-1526.1. Use of the Commonwealth Mass Transit Fund.

A. All funds deposited pursuant to §§ 58.1-638, 58.1-638.3, 58.1-815.4, and 58.1-2289 into the Commonwealth Mass Transit Fund (the Fund), established pursuant to subdivision A 4 of § 58.1-638, shall be allocated as set forth in this section. ...

C. Each year the Director of the Department of Rail and Public Transportation shall make recommendations to the Board for the allocation of funds from the Fund. Such recommendations, and the final allocations approved by the Board, shall adhere to the following:

1. **Thirty-one percent of the funds shall be allocated to support operating costs of transit providers and shall be distributed by the Board on the basis of service delivery factors, based on effectiveness and efficiency as established by the Board.** Such measures and their relative weight shall be evaluated every three years and, if redefined by the Board, shall be published and made available for public comment at least one year in advance of being applied. The Washington Metropolitan Area Transit Authority (WMATA) shall not be eligible for an allocation of funds pursuant to this subdivision.