



Virginia Department of Rail and Public Transportation

Transit Service Delivery Advisory Committee (TSDAC)

600 East Main Street, Richmond

November 13, 2018

10:00 am to 2:00 pm

Minutes

Members Participating:

John McGlennon, Chair

Jim Dyke

Cindy Mester

Hap Connors

Tom Fox

Brian Smith

Brad Sheffield

Kate Mattice

1. Call to Order / Introductions (10:02 am) –Chairman John McGlennon called the meeting to order and asked members to introduce themselves. He noted that Hap Connors and Jim Dyke were running late.
2. Public Comment-Bob Schneider, Executive Director of PRTC was signed up for public comment. He thanked DRPT staff, WSP and the TSDAC for their hard work. He said that an objective review of the performance management measures by his staff identified that throughput is not being measured. He said that throughput is mission critical and that congestion can only be resolved with mass transit. He said that throughput is an isolated variable that really affects how Northern Virginia and Hampton Roads score. Bob said that VDOT works with the CTB to construct thousands of park and ride spaces but that the measures being suggested disincentives using this lots. He said that the state is investing massive amounts of money and that he doesn't want to penalize the organizations focusing on throughput. He asked the TSDAC to consider if money will be invested at the local level to encourage throughput, if there is no recognition and no reward. He said that the Smart Scale program looks at the diversity among regions in the Commonwealth and asked why this program is looking at things singularly and suggested that things need to be looked at in different ways. Bob said that the strategic plan is important and that they are ahead of the curve. He asked how systems that haven't started their plans are going to be able to respond to this. Lastly, Bob said that performance measures are very important and said that the iron clad rule of performance measurement is that what gets measured gets done.
3. Outline for Today's Meeting-Jen DeBruhl, DRPT
 - a. Jen DeBruhl gave an overview of the agenda. She said that the CTB had adopted the policies for Transit Capital and Strategic Plans at their October meeting. She said that DRPT had started statewide workshops. Jen said that the consultant team had gone through a tremendous amount of data and scenarios. She said that there were concerns after the last meeting about data quality and she said that DRPT had found some anomalies. She told the TSDAC that DRPT has gone back to correct some of the information which resulted in a delay in getting the new scenarios out. She said that the

agencies need to be on a level playing field and that a performance based system is only as good as the data in the system. Jen said that for the day's meeting, the WSP team would be walking the TSDAC through two substantial stacks on the sizing portion of the formula and on the performance metrics. She said that some time had been set aside at the end of the meeting to talk about the principles of a possible transition plan. She said that no matter what DRPT does, there will be winners and losers and that DRPT is putting together a plan to try to help with that gap.

4. Updated Sizing Scenario, Nate Macek, WSP

Nate Macek said that the presentation would focus on refinement to the operating assistance metrics. He said that they had realizations on what the formula would mean for particular agencies and that these refined scenarios would be discussed to present a new approach to allocating funds. Nate said that the first presentation would be on sizing which determines the majority of the funding a transit agency receives. He said that the sizing is then adjusted based on the performance metrics. A sizing scenario had to be selected to use for the performance metrics. The following discussion points were noted.

- a. Brian Smith said that he recalled that at the last meeting there was a consensus around the concern about VRE being such an outlier, but he said that he didn't recall VRE being allocated a separate pool of money. Jennifer Mitchell asked Nate to clarify that VRE was not getting money off the top. VRE would be given a different sizing metric. She said that VRE's performance would still be compared to the statewide average. Nate Macek explained that if VRE performed worse than the statewide average they would receive less of the statewide commuter rail pool of funding. Cindy Mester said that word "pool" implied a carve out.
- b. John McGlennon noted that Jim Dyke joined the meeting at 10:20.
- c. Jamie Motley from DRPT asked if using Cost instead of Net Cost was for sizing. WSP confirmed this. Nate Macek clarified that the assumption was different from what was looked at last month which is why this change was referenced.
- d. Chairman John McGlennon asked a question in relation to capped allocation as a % of Agency Cost. He asked how the cap worked in regards to rewarding good performance. Nate Macek confirmed that this would limit what could be obtained. John said that he was concerned that this says once you reach a certain level performance metrics won't benefit you.
- e. Nate reminded the group of the policy objectives established in September which was to serve as many riders as possible.
- f. Jennifer Mitchell said that DRPT had heard a desire to look at 4 factors instead of 3 to consider different system characteristics and introduce some balance.
- g. Kate Mattice said that it is important to understand what percentage of operating costs is coming from Federal funding. She said that it is important to understand the bigger picture. DRPT Director Jennifer Mitchell said that Federal funding can be used for capital needs and that using those funds for operating would put more pressure on the state's capital program.
- h. Kate Mattice asked for a plain language explanation on why Loudoun, PRTC, Fairfax and HRT were continually in the negative. She wanted to know if it was the nature of their service or what other elements were at play that had them so off. Hap Connors also questioned this, and why some transit agencies such as Blackstone had done so well and asked for context. Nate Macek said that an agency that generally has a higher cost per

revenue vehicle hour or mile is going to see less funding as you move away from operating cost as a factor because their share of statewide passengers, revenue hours, or revenue miles of service may not be as high. He said that those agencies don't do as well as agencies that operate at a lower cost per revenue mile or revenue hour. Nate Macek said that the performance adjustment is helping Blackstone Bus and Mountain Empire. Jen DeBruhl confirmed that their ridership has increased which has given them a positive boost to all of the performance metrics. Jennifer Mitchell reminded them that the percentage growth is increasing dramatically but that the dollar amount is not that significant.

- i. Nate summarized his presentation on the sizing scenarios and asked for questions.
 - i. Hap Connors asked how the larger agencies that lose funding will make up for it and asked if the unallocated balances could be used for technology that would increase efficiency. Kate Mattice said that it will have to be local money that regional money is gone. She said that none of these scenarios are good for Northern Virginia providers.
 - ii. Cindy Mester said that she did not think that the TSDAC should be planning to have unallocated funds. She is concerned that the same larger urban agencies are losing money.
 - iii. Hap Connors said that with the demand from Amazon, it is counter intuitive to cut local funding.
 - iv. John McGlennon asked what is driving the relative success of college towns. Nate Macek said it was strong ridership and, in some cases, that they are able to operate at a lower cost. He asked about transit agencies that have the ability to collect funds from other sources. Nate Macek said that was a policy question and would make sense to go back to net cost if you shouldn't be rewarded for what agencies can fund through local funds or ~~farebox~~fare box recovery.
 - v. John McGlennon asked what about Fairfax makes it such an outlier. Nate Macek said that operating cost per passenger and per revenue hour and revenue mile of service is weak relative to the statewide average, so the agency doesn't fare as well when operating cost is weighted less.
 - vi. Hap Connors said he doesn't want transit agencies to have to cut benefits for their employees to have to drive down costs.
 - vii. Jennifer Mitchell said that she knows that everyone is very fixated on the variance, assuming that the way money is allocated today is the best way to do it. Jennifer Mitchell said that DRPT had been tasked by the General Assembly to use performance metrics. She said that if 100% of the funding was allocated based on what is done today there would be huge variances and it would be very punishing to larger systems. She said that DRPT is trying to come up with a system that minimizes those variances. She said that relying on operating cost helps with that because it is closer to what is done today but the General Assembly wants to move away from operating cost because it provides the wrong incentive. Jennifer Mitchell said that 50% cost is closer to what we do today. Jennifer Mitchell said it would be difficult to justify a system that went about 50% of operating costs because that would not meet the legislative mandate.
 - viii. Brian Smith referenced Hap Connors earlier point about how larger agencies will make up for the funding they are losing. He said that in Hampton Roads it will

be a dollar for dollar shift to the localities. He said that funding required by the localities has been increasing each year.

- ix. Kate Mattice said that this is really about the priority of the state and where they want to spend their precious resources. She said that we are trying to package together many different modes of transportation. She said that she wanted to look at what the TSDAC can do now and what it can do as it moves forward. Kate said she was struck by Dr. Schneider's comments. She said that with the I-66 MOA the state does not continue operating funding past 5 years, so there are conflicting messages about getting a commuter service up and running, but then the factors aren't as favorable for commuter services. She said that the ability to review all of this moving forward will be really important.
- x. Cindy Mester said that the four factors are good for sizing. She doesn't want to have unallocated money and would like to get things right from the start.
- xi. Hap Connors asked if there could be a phased in approach starting with 60% operating cost and then going down to 55% and ultimately 50%.
- xii. Jennifer Mitchell said that she wanted to be clear that DRPT has not been charged with creating a system that is hold harmless. She agrees that we need to look at it holistically with the performance metrics. Jennifer also said that she wanted to mention that PRTC has received funding through the gas tax floor and I-66 will provide funding for new services. She said that she wanted to paint the bigger picture that a lot has been done for bigger systems with both operating and capital funding.
- xiii. Nate Macek said that there are two general things going on with ridership. The first is a sizing issue and moving from cost to ridership will provide less funding to agencies with high costs per passenger relative to the statewide average. The second is that there is a decline in ridership particularly in suburban areas because of the shift to Uber and Lyft and cheaper fuel costs.
- xiv. Cindy Mester said that she wanted to reinforce that these are meeting 5 or 6 of the policy goals. She said that she is concerned that Fairfax, Loudoun, HRT and PRTC are constantly affected by the formula and questioned if the right formula had been built.
- xv. Brian Smith asked if there was an opportunity to look at different weights and wanted to know what weights had been looked at. A very simple minded view is inputs into outputs. Inputs are your operating costs and outputs are revenue hours and revenue miles. Operators don't have as much control on how many riders board the bus as you think. He would like to see operating cost be more of an emphasis on sizing. He said that he wouldn't lose ridership, but would lessen the impact.
- xvi. Chairman John McGlennon noted that the meeting had gone off schedule and instead of breaking for lunch would move to the second slide deck.

5. Performance Metric Scenarios-Nate Macek, WSP

Nate Macek reviewed the performance metrics with policy objectives and posed a question about whether or not efficiency could be accomplished using other metrics. The following discussion points were noted.

- a. Hap Connors asked why better data wasn't being collected. Jennifer Mitchell said that DRPT heard very early on in the process that the transit agencies don't want the administrative burden of having to collect extra data. The performance measures utilize data that is already being collected by transit agencies. Jennifer said that some of the measures would be difficult for smaller agencies.
 - b. Kate Mattice asked for a plain language explanation for why PRTC and Fairfax are doing better in scenario 2. Nate Macek said that it was because more cost data is being used as a performance factor. These agencies are higher cost agencies so they perform better relative to the statewide average when cost is weighted more heavily. He confirmed that these agencies are demonstrating performance improvements as well.
 - c. Brian Smith asked what the policy goals of the state are. Agencies that are generating more agency driven revenue were rewarded by the state which was the justification for using net cost. Brian said that making the state dollar go further had been rewarded in the past. He said that now we may be deviating from that. Nate Macek said that if there is a policy direction to go that way it would be okay because there is not a huge variance.
 - d. Kate Mattice asked if the unallocated balance was after sizing. Nate Macek said the unallocated balance was after both sizing and performance.
 - e. Nate Macek said that the TSDAC needed to determine a preferred performance metrics approach.
6. Lunch-The meeting broke for lunch at 12:34 and resumed at 1:02 pm.
7. The meeting returned to the discussion of the Performance Metrics Scenario. The following discussion points were noted.
- a. Brian Smith said that he saw merit in Variation 4 as it deferred to previous deliberations and is the outcome of much deep thinking. John McGlennon asked if that was assuming Scenario C Capped with this variation. Brian Smith said that he wasn't sure.
 - b. Kate Mattice said that she wanted to return to the sizing conversation. She said that smaller urban systems with lower cost structures seemed to be getting most of the funding. She said that is fine but just wanted to confirm that that is the type of service that the state wants to reward. She asked how this conversation can inform the strategic plans and said that the state may only be incentivizing one kind of service.
 - c. John McGlennon reiterated that this is an iterative process and can be revisited as the TSDAC sees the results. He said that he thought that the combined sizing and performance measures seemed to equalize things a little bit more.
 - d. Tom Fox said that he agreed with Scenario 4 and asked what the impact would be on scenario 4 if the performance metrics were uncapped. Jennifer Mitchell asked him if that would change his recommendation on Scenario 4 and Tom Fox said probably not but that he thought that question would come up in the future. Nate Macek said that the variation would be small. He directed the group to his first deck of slides, slide 38 for comparison.
 - e. Cindy Mester said that she agreed on the merits of Variation 4. She said that it helped adjust for the small and commuter fixed route service. She said that would defer to the group on whether to use cost or net cost for the performance metric. She said that total cost was important to use for sizing to adjust for labor. She said that she doesn't want to develop a hold harmless formula that leaves dollars unallocated. She liked Scenario C Capped for sizing while shifting cost to 60% and dropping ridership to 10% and seeing how that balances things out. She is concerned about localities having to make up the

difference for agencies that lose money. She suggested a maintenance of effort from the localities.

- f. Jim Dyke said that he liked Variation 4 and Cindy Mester's comments on maintenance. He said that he would concur with what Kate had to say.
- g. Hap Connors said that it seems like Northern Virginia and Hampton Roads would not be happy with the TSDAC's decision so he suggested a phased in approach.
- h. Jennifer Mitchell suggested that the group segway into the Transition plan which was the next item on the agenda. Jennifer Mitchell said that she will have to stand up in front of the General Assembly and is concerned about reducing ridership below 30%. She said she understands the desire to make operating cost a bigger part of the equation but said that ridership is largely viewed as the primary performance metric. She will have to defend the formula to the General Assembly and is concerned about operating cost being more than 50%.to go below 50%.
- i. Hap Connors said he is concerned about saying that transit is important but taking money away from the larger systems. Jim Dyke concurred and said that money is needed for transit for Amazon. He said that the General Assembly needs the full context.
- j. Kate Mattice said the State has many programs that help with capital, but there has to be money to help pay for it.
- k. John McGlennon said that there seemed to be consensus on the C Capped sizing scenario and Variation 4 for the performance scenario. Kate Mattice said that she would abstain from voting because she was not comfortable with the sizing scenario. She said she didn't want to stop the board from going forward. John McGlennon asked her if there was a preferred method. She said that a single set of metrics for all types of service is not something she would like to see long term. John McGlennon asked if this vote could be deferred to the next meeting if there were other things to investigate. Cindy Mester asked to incorporate the 60% cost to help with the different variations among transit modes. Brian Smith concurred and said that we are going down the road of having a single statewide program and where do we draw the line with different variations. He would like to continue to look at opportunities for that, especially for the Tide in Hampton Roads.
- l. John McGlennon said that we had done something with VRE and recognized its different characteristics. He asked if we could do that with commuter bus and/or light rail as well. Kate Mattice proposed that we come up with a decision for this grant cycle but take time to come up with a better long term solution.
- m. Jennifer Mitchell said that light rail might be easy to pull out of HRT's budget, but she cautioned that many transit agencies have commuter bus service and that could be a slippery slope to pull out all of those out of operating budgets. Jennifer said that she would ask WSP to run the 60% operating cost scenario. She said that we should carefully consider the unintended consequence of saying to the GA that ridership isn't important and we only care about covering our costs.
- n. Hap Connors said that this will be a teaching moment for the General Assembly to educate them on how important transit is in all areas.
- o. Jim Dyke said that it will be important to put mobility for Amazon.
- p. John McGlennon said that if we are now saying to transit agencies that we are measuring you on ridership we need to phase it in.

8. Principles for a Transition Plan-Jen DeBruhl, DRPT

Jen DeBruhl said that DRPT had been thinking of ways to ease the transition. She reviewed principles of a possible transition plan and said that DRPT knows these changes are coming late in the budget cycle for transit agencies and local governments. One of the possible options is to use some of DRPT's operating reserve. The following discussion points were noted.

- a. Brian Smith asked how the operating reserve can be distributed. Jennifer Mitchell said that the CTB can approve use of the reserve based on a recommendation in DRPT's six year plan. Steve Pittard said that DRPT would need to work through how we can use it. The unallocated amounts may have to be run through a formula.
- b. Kate Mattice asked if the sources of the operating revenues are flat. Steve Pittard from DRPT said that they are from retail sales and use and transportation taxes and they are essentially flat.
- c. Cindy Mester said that she hoped there could be a phased approach with higher costs and a maintenance of effort and then an official transition.
- d. Kate Mattice said in the effort to fund WMATA, all of the Northern Virginia localities got a significant cut to what they have been using to pay for transit, while wanting to pay for more transit to help support Amazon.
- e. Jennifer Mitchell said that the money for WMATA was based on a three year average and provided some flexibility to offset negative impacts.
- f. John McGlennon said that in summary scenario 4 seems to be the preferred method for the performance metric. After having an opportunity to review the 60% scenario a decision will be made on sizing in December. We will have to see if C Capped has enough support to move forward. We will discuss transition when we meet on December 3.
- g. Jim Dyke said that the business community needs to help Jennifer deliver the message about the importance of transit to the General Assembly.
- h. Cindy Mester asked if the revised C Capped scenario would incorporate the phased in approach and the maintenance of effort MOU. Jennifer Mitchell confirmed that they are more interested in a transition plan that phases in the operating cost metric as opposed to using DRPT's operating reserves. The TSDAC confirmed this. Hap Connors said that this would honor the mandate while softening the blow.
- i. Jennifer Mitchell asked if the localities would be the one with the maintenance of effort. Cindy Mester confirmed that that was what she thought and localities who received more than they had planned for in the strategic plan would go back into the pool. John McGlennon asked if this could be covered with the local match. It was confirmed that the local match was only for capital.
- j. Jennifer Mitchell said that an update would be given to the CTB on December 4th and that DRPT will begin the discussion on the operating formula at that meeting. The operating formula will be brought back to them in January. John McGlennon said in summary that the recommendation needs to be completed in December. It will be workshopped in December and then again in January with policy guidance and the incorporation of public comment.

9. Public Comment-

- a. Bob Schneider, Executive Director from PRTC stood up for public comment. He asked that the data from the meeting be made available. He said that there is a call for projects

on I-66 and that could potentially take operating money away. He said that he cannot go to the Prince Williams County Board of Supervisors to ask for funding for transit projects without them knowing about the potential loss. Bob said that performance for these commuter services could get worse and worse year after year.

- b. Noelle Dominguez, from the Fairfax DOT stood up for public comment. She thanked the TSDAC for their work looking into the issues. She said that Fairfax County ~~already provides~~already provides significant local funding towards transit. She said that they provided \$60 million in FY19 on top of reduced funding for WMATA. Noelle said that all of the scenarios impact Fairfax County by about a million dollars a year.

10. The meeting was adjourned at 2pm.