



Virginia Department of Rail and Public Transportation

Transit Service Delivery Advisory Committee (TSDAC)
600 East Main Street, Richmond
December 3, 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 (10:01 am) –Chairman John McGlennon called the meeting to order and asked members to introduce themselves.
2. Public Comment-No one was signed up for public comment.
3. Outline for Today’s Meeting-Jennifer DeBruhl, DRPT
 - a. Jennifer DeBruhl gave an overview of the agenda. She said that the TSDAC package was sent out early and that DRPT staff had an opportunity to have conversations with most of the TSDAC members. Jennifer DeBruhl said that since the last meeting Nate and his team had been doing analysis for the scenario recommended at the last meeting. Jennifer DeBruhl said that the Commonwealth Transportation Board (CTB) would be briefed on December 4th on the operating allocation and that by December 20th a draft CTB policy for the operating allocation would be released for public comment. Jennifer DeBruhl said that the TSDAC had been working a lot on operating, but let members know that the capital grant cycle had opened that day. She said that this was a product of what TSDAC had worked on earlier in the year.
4. Updated Sizing Scenario, Nate Macek, WSP

Nate Macek opened his presentation by saying that a refreshed scenario requested at the last meeting, which was a variation of the C-Capped sizing scenario, would be reviewed. This scenario increased the weight of operating cost to 60% and reduced the weight of ridership to 20%. Nate asked for questions and comments and the following points were noted.

 - a. Hap Connors asked if the legislative mandate specifically prohibited DRPT from looking at Operating Cost. Jennifer Mitchell said that the language was not that prescriptive on the actual formula, it just asked DRPT to allocate 100% of funds based on performance. The bill asked that DRPT put a bigger emphasis on performance factors.
 - b. John McGlennon asked Jennifer Mitchell if she had received feedback from General Assembly members on the capital program. Jennifer Mitchell said that the feedback she had received was positive.

- c. Cindy Mester asked Nate Macek to state for the record what policy goals were achieved by the new scenario. Nate Macek said that 5 policy goals are still achieved by this new scenario, but it does put greater weight on a single policy goal.
- d. Cindy Mester asked a technical question on behalf of a transportation planner on her staff who asked about the performance metrics and the order of the numerator and denominator for operating cost per revenue mile and revenue hour. She asked if this was getting us to an output instead of outcome and asked if shifting the order of the numerators and denominators would achieve more goals. Nate Macek said that change would not get to the cost effectiveness measures.
- e. Kate Mattice asked Nate Macek if he knew specifically how the 5 factors reflected on the goals and what performance was being captured. Kate said that in moving forward transit agencies will want to know what kind of behaviors are being rewarded.
- f. Brian Smith asked where the TSDAC was heading next as far as policy goes. Jennifer Mitchell said that DRPT was proposing a two phased process. She proposed using this scenario with 60% operating costs for 1 year and then moving to C-Capped Variation 4 reallocated with operating costs at 50% the next year. She said that for transition purposes this scenario provided a less disruptive change. She said that operating costs should be set at 50% for the longer term proposal because it is a more appropriate emphasis on performance. Jennifer Mitchell said that the 5 factors have gone a long way in balancing the different types of systems. She said that it is more data to collect and verify but all types of systems do well in some of these factors.
- g. Brian Smith said that the analytical work today was very robust. He said that this work was based on data from 2014 to 2017 and asked if DRPT was aware of any significant change or disruption when incorporating 2018. Jennifer Mitchell said that the only significant change was that WMATA was pulled out and that shouldn't change revenue. Steve Pittard, DRPT's CFO, confirmed this. Brian Smith said that transit agencies are already operating in resource constrained environments. He noted that operating costs had not changed very significantly over the years, which he thinks indicates that transit agencies are trying to be conservative with their resources. Brian Smith said that there does appear to be a breaking point between urban and rural areas and in rural areas because operating assistance doubles in some cases under the new formula. Brian Smith asked how we are acknowledging the significant differences. He is concerned that these factors are masking the different costs of doing business in different parts of the state. Jennifer Mitchell said that ridership is growing in some rural parts of the states which is resulting in improved performance and increased operating assistance.
- h. Hap Connors noted the increased operating assistance that would be provided to Greater Richmond Transit Company and Greater Roanoke Transit Company under the new scenario and asked what they are doing right. Nate Macek said that they have a lower cost structure and that ridership in both Roanoke and Richmond has improved. Hap Connors asked if cost of living was factored into the calculations. Nate Macek said that was a factor in terms of cost structure. Jennifer Mitchell said that she had additional data on net cost per rider. She said cost per rider in some of the Northern Virginia systems are much lower than in other Northern Virginia Systems. Jennifer Mitchell said that she would have assumed they all were higher. Jennifer DeBruhl said a lot of the systems have been looking at their routes and changed their structures. She said that those changes in ridership will start to reflect in the data. Cindy Mester said it will be very important to tie this to the strategic plans.

- i. Hap Connors asked Kate Mattice if the Northern Virginia Transit agencies were affected by the metro funding. Kate Mattice said that they were. Jennifer Mitchell said that she wanted to make sure it was clear that money was not being taken away from all of Northern Virginia. Hap Connors said that he was still concerned that the 2 largest transit agencies were being hit when \$200 million had just been given to support transit infrastructure near Amazon. He was concerned that the General Assembly was not going to understand that. Jennifer Mitchell said that it is not a formula that negatively impacts one part of the state. It is a zero sum operating game. She reminded the group that NVTC and PRTC do get money from the gas tax floor that they can use for operating.
- j. Kate Mattice said that the messaging in the formula is difficult. Kate said that it looks like what is valued for transit by the state goes against the values of individual agencies that may be for congestion relief, and they are then compared to major urban systems. She said that the messaging is awkward with Amazon and other things going on in the Northern Virginia region.
- k. John McGlennon said that there were things that needed to be considered procedurally and that the group has a tight time line. The TSDAC can provide direction on performance based funding but recognizes there are things that need to be fine-tuned over time. John McGlennon said that if there are additional funds a two tiered system could be considered to cushion the impact.
- l. Brian Smith said that there are labor costs and costs of living that are built into transit systems. He said that acknowledging those things is important. He said he doesn't feel that has been captured. Brian Smith said that operating cost is the only thing that factors in those differences. Brian Smith said that a formula putting heavier emphasis on operating costs can still be allocating based on performance.
- m. Jim Dyke encouraged the TSDAC to get participants from the business community.
- n. Hap Connors asked what happens after the CTB passes this resolution. Jennifer Mitchell said it would be in the CTB's discretion to determine how the formula will work. The General Assembly has left that up to the CTB. The CTB will then direct DRPT to implement the formula for the coming year. Jennifer Mitchell said that DRPT will have to report back to the General Assembly but that the formula will not be codified. Cindy Mester said that the TSADC's discussions need to be reflected in the resolution. She said that the group needs to make decisions today and have a two year transition plan. Kate Mattice said that additional transition time would also give transit agencies time to change their behavior. Cindy Mester asked to consider doing 60% operating cost in 2020, 55% operating cost in 2021, and then leveling off to 50% in 2022 and beyond. She would then ask to revisit after a year of funding to make sure there are no unintended consequences.
- o. Hap Connors said that he liked the phasing approach. He said that it allows the TSDAC to comply but gives transit agencies time to respond. Jennifer Mitchell said that she doesn't think the 2 years complies with the legislative intent which is to implement it this year.
- p. Kate Mattice asked if the TSDAC could put in a different recommendation than DRPT. Cindy Mester said that would not be ideal.
- q. Jim Dyke asked who had put the bill in. Jennifer Mitchell said she wouldn't comment on that.

- r. Brad Sheffield said that his transit agency has been planning for the 100% performance allocation. He understood from the General Assembly that transit agencies have to be accountable for the decisions they make and change their behavior. If agencies didn't start planning for 100% performance funding then he doesn't know what will get them to. Brad Sheffield says that this has been coming since 2013 and that agencies should have known.
- s. Cindy Mester asked about using reserve funds. Jennifer Mitchell said that DRPT decided to do a transition plan instead of using reserve funds. Jennifer DeBruhl said that DRPT looked at the legislation and determined that they couldn't just plug holes. She said that money would have to be run through the whole program again and would deplete reserves without making all of the transit agencies whole.
- t. Kate Mattice asked if those who receive more money from the state can use it to replace local money or if there will be maintenance of effort. Jennifer Mitchell said they would likely be replacing the 5311 funding. Brad Sheffield recalled a stipulation in the first TSDAC that they couldn't decrease contribution. Cindy Mester said that there should be an MOE (Maintenance of Effort).
- u. John McGlennon asked if the group was ready to adopt the transition plan. Cindy Mester moved to adopt a funding formula based on 60% operating costs in 2020, 55% operating costs in 2021 and 50% operating costs in 2022, with the sizing and performance on slide 29 reserving the right to rename and message and talk later about MOE, reallocation and strategic plan. Jim Dyke requested an amendment that accepts the staff recommendation but notes that this is a longer than one year implementation. He suggested that the TSADC recommend adopting this with a transition year of 60% and an amendment stating that the TSDAC believes it would benefit transit agencies to have a second transit year of 55%. Cindy Mester said that she wanted to codify the 1 year review.
- v. Kate Mattice said transit agencies need to know what is happening with the transition because they are planning for their budgets. Kate Mattice asked that the formulas with spreadsheets be sent. Jennifer Mitchell reminded the group that DRPT won't have the revenue forecasts until January. Steve Pittard said that he could use data to project. Cindy Mester said that the resolution has the metrics but not the formula and asked if they needed to be included. Cindy Mester asked that a final report that captures everything be pulled together. Brian Smith said that in 2013 the resolution was accompanied by a document that captured everything and the resolution could reference the document. Jennifer Mitchell said that the previous report could be amended. Jennifer DeBruhl suggested doing a new report.
- w. Jennifer DeBruhl said that the resolution needs to go out for public comment by December 20th.
- x. Hap Connors asked how the issues that were brought up will be looked at moving forward. Jennifer Mitchell said that we could reconvene a technical working group depending on the issues.
- y. Brian Smith said that he is hoping that the report will document the TSDAC process but said that he did not think that was the best place to document the unresolved TSDAC issues. Brian Smith said that apart from a technical group meeting and tackling the issues raised in a meaningful way it will just be part of the record. Jennifer Mitchell recommended that a list of items to continue to review be handled separately. John McGlennon said that he did not think there was a need to call together a technical

working group. John McGlennon suggested that the focus should be on broader questions like should there be tiers. Cindy Mester requested a one year revisit, and then at that time a decision could be made as to whether or not a deeper dive is needed. Tom Fox asked that 30% cap be addressed in the report and revisited annually.

- z. John McGlennon said that where we are is 50% operating cost with one year transition, with a friendly amendment to recommend an extra year with language in the resolution to encourage a second year. The motion was made by Cindy Mester, seconded by Brian Smith, approved by Cindy Mester, Brian Smith, John McGlennon, Tom Fox, Jim Dyke, Kate Mattice and Hap Connors. The motion was opposed by Brad Sheffield.
5. Lunch-The meeting broke for lunch at 11:50 and reconvened at 12:30.
6. Draft CTB Resolution/Policy-The group decided to review the resolution first. John McGlennon said the recommendation doesn't currently contain the language recommending a second transition year. Jennifer Mitchell asked the TSDAC to advise on any major points that had been missed. John McGlennon suggested adding a line in the "therefore now be in resolved" section recommending the second transition year. The following discussion points were noted.
- a. Cindy Mester asked that the TSDAC motion be part of the resolution. Jennifer Mitchell asked that it be clear that TSDAC, not DRPT, is recommending the second transition year.
 - b. Cindy Mester asked that a reference to the strategic plan be included in the resolution.
 - c. Cindy Mester asked to incorporate the initial one year review of the formula into the resolution.
 - d. Cindy Mester asked that the 30% cap be referenced, as suggested by Tom Fox. Cindy Mester also asked that the resolution address that no funds will be left on the table and will be reallocated. Jennifer Mitchell suggested that this reference be incorporated along with the reference about the cap.
 - e. Cindy Mester asked where the maintenance of effort (MOE) would be incorporated. Jennifer Mitchell said that she did not think that it was in the power of the CTB to recommend that and said that she thought that was a legislative requirement. Jennifer asked for clarification on who would be required to have maintenance of effort and whether it would be the transit systems or the jurisdictions. Jennifer Mitchell said that the CTB does not have the authority to direct jurisdictions on how to spend their local money. Brian Smith suggested waiting until after the first year to see how localities react.
 - f. Cindy Mester suggested making an administrative note about reallocating 5311 funding so that the pot of money available will be as big as possible.
 - g. Brad Sheffield suggested noting in the resolution the actual year that the TSDAC is looking to review. The first full year of transition will be reviewed. If DRPT's recommendations are followed that year would be 2020. If the TSDAC's recommendations are followed that would be at the completion of 2021.
 - h. Cindy Mester suggested that the TSDAC policy goals and objectives be cited.
 - i. Kate Mattice suggested referencing that the performance metrics are based on a three year average.
 - j. The TSDAC discussed how to go about approving the resolution since it would be revised based on public comment. John McGlennon suggested that if there are

significant changes as a result of public comment a meeting could be set to review it. Brad Sheffield suggested that meeting be set now.

- k. Cindy Mester moved that the TSDAC vote to approve the draft resolution with the day's comments incorporated. The motion was seconded by Kate Mattice, and approved by Cindy Mester, Kate Mattice, Hap Connors, Jim Dyke, John McGlennon, Brian Smith and Tom Fox. It was opposed by Brad Sheffield.
 - l. Jen reviewed the CTB presentation on the Transit Reforms and asked for comments.
 - i. Cindy Mester had a comment on slide 5 and asked that a bullet be inserted to capture the system diversities and the difficulty the TSDAC faced in trying to find a one size fits all approach.
 - ii. Cindy Mester suggested renaming "sizing metrics". Cindy Mester said that since the metrics are currently broken down into "Sizing" and then "Performance" it doesn't look like the whole approach is based on performance. The group reviewed the chart on slide 3 and said that the graph showing sizing metrics as a part of performance based funding is a better description.
 - iii. Jennifer Mitchell suggested that the bullet point on slide 7 that says "Sizing Metrics have the greatest impact on allocation of funding" be removed. She said that it sends the message that the performance measures don't have an impact. Brad Sheffield suggested this slide say that the formula is based on a three year average.
 - iv. Brad Sheffield suggested referencing the history of the TSDAC and all that has happened since the first committee for CTB members who may not be familiar with the history. Jennifer Mitchell suggested putting this on slide 2 and also removing the bullet that says "WMATA is exempt from the process" because they are not, they just have money in a separate pot.
 - m. Jennifer Mitchell said that Courtney Bujakowski would send out an email to try and find another meeting date in late January or early February. She said that it may be a webinar to address comment.
7. Wrap Up/Next Step-Jennifer DeBruhl, DRPT
John McGlennon said that all wrap up and next steps had already been addressed.
 8. Public Comment-No one was signed up for public comment.
 9. The meeting was adjourned.