

DRPT Development of Six-Year Improvement Program FY 2015 - 2020

**Steve Pittard, Chief Financial Officer
February 5, 2014**

Virginia's Goal

What is Virginia Buying?

Moving People!

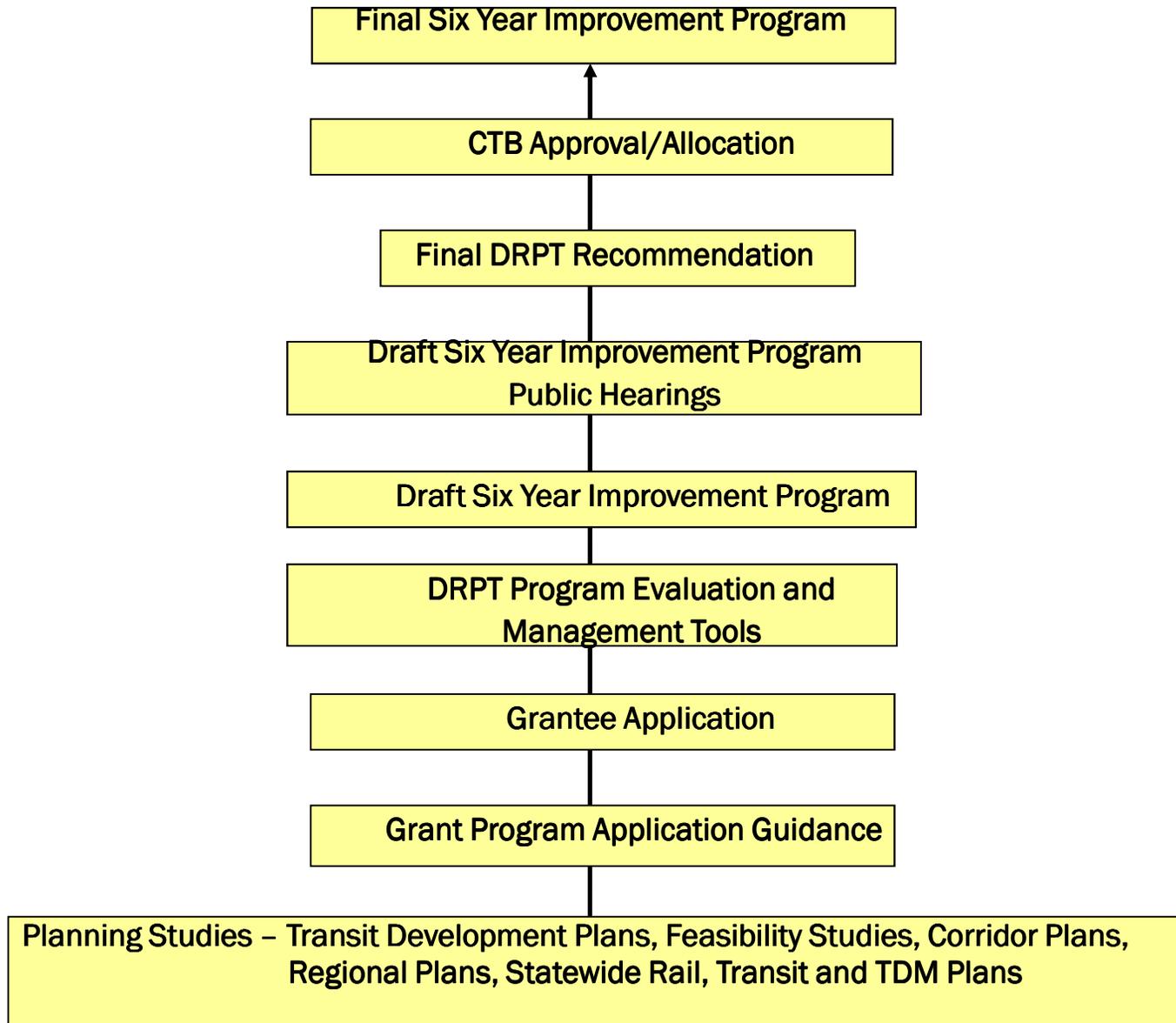
Effectively and Efficiently

Where they want to go – when they want to go there

Maximize Capacity of Existing Transportation Infrastructure



Six Year Improvement Program Process



Next Steps

- Application Deadline February 3rd
- Draft Six Year Improvement Program Presented to CTB April 16th
- Public Hearings April 17th - May 28th
- CTB Action June 18th

Transportation Funding Bill HB2313

□ Impact to DRPT

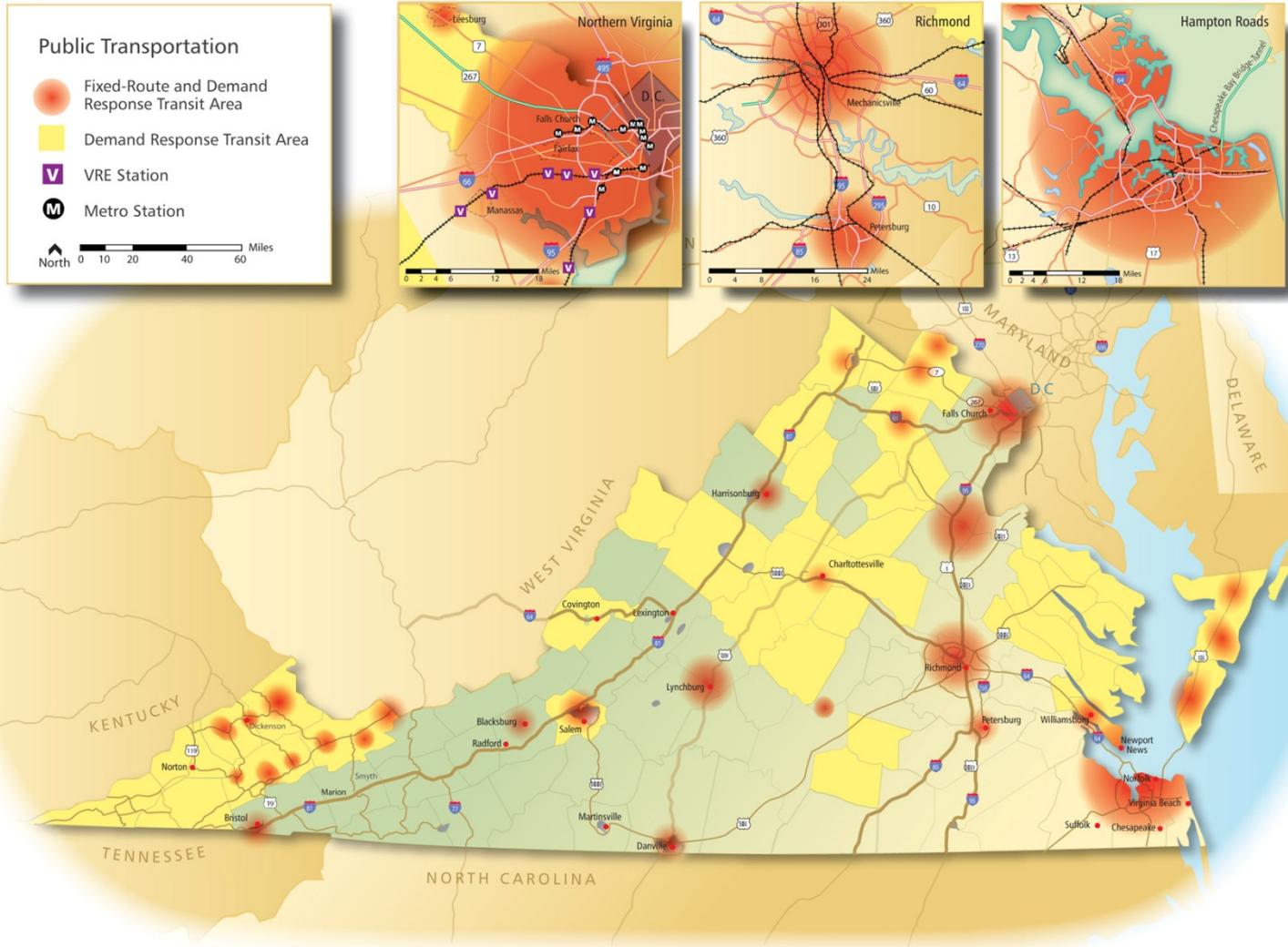
- \$300 million for the Dulles Metrorail Corridor Extension (VDOT Funds)
 - \$100 million per year for three years
- Designated revenue source for Intercity Passenger Rail Operating and Capital Fund (IPROC) – Approx. \$50 M per year
 - First time intercity passenger rail has had dedicated funding
- Increase of transit funding
 - Approximately \$75 M per year
- Funding .3% increase statewide sales and use tax increase
 - .125% Dedicated to Rail and Transit:
 - .075% Transit (60%)
 - .05% IPROC (40%)

Market Place Fairness Act

(Internet Sales Tax)

- ❑ If Congress passes the MFA the sales tax will go into the TTF which means 14.7% additional to transit – approximately \$20M annually
- ❑ If Congress fails to pass MFA the alternative funding will go into the HMOF and transit will not receive additional funds

Virginia Transit Systems



2013 Legislation

SB1140 Overview

- ❑ SB1140 is the result of a legislative study (SJR297) passed in 2011
 - Study was done to address two issues
 1. To determine level of funding needed to support transit
 2. To study key issues relating to the distribution of transit funding

- ❑ Local governments and local transit operators will continue to make their own decisions with respect to their operations

- ❑ Addresses the distribution of operating and capital transit funding

SB1140 Overview

Operating Funding

- ❑ The old allocation formula used for operating share of the first \$160 M
- ❑ Operating funding share of Mass Transit Trust funds greater than \$160 M allocated using a new allocation formula
- ❑ Incorporated efficiency and effectiveness measures in the formula
- ❑ Transit Service Delivery Advisory Committee (TSDAC) **unanimously** recommended new formula
- ❑ CTB allocated new funding in October, 2013

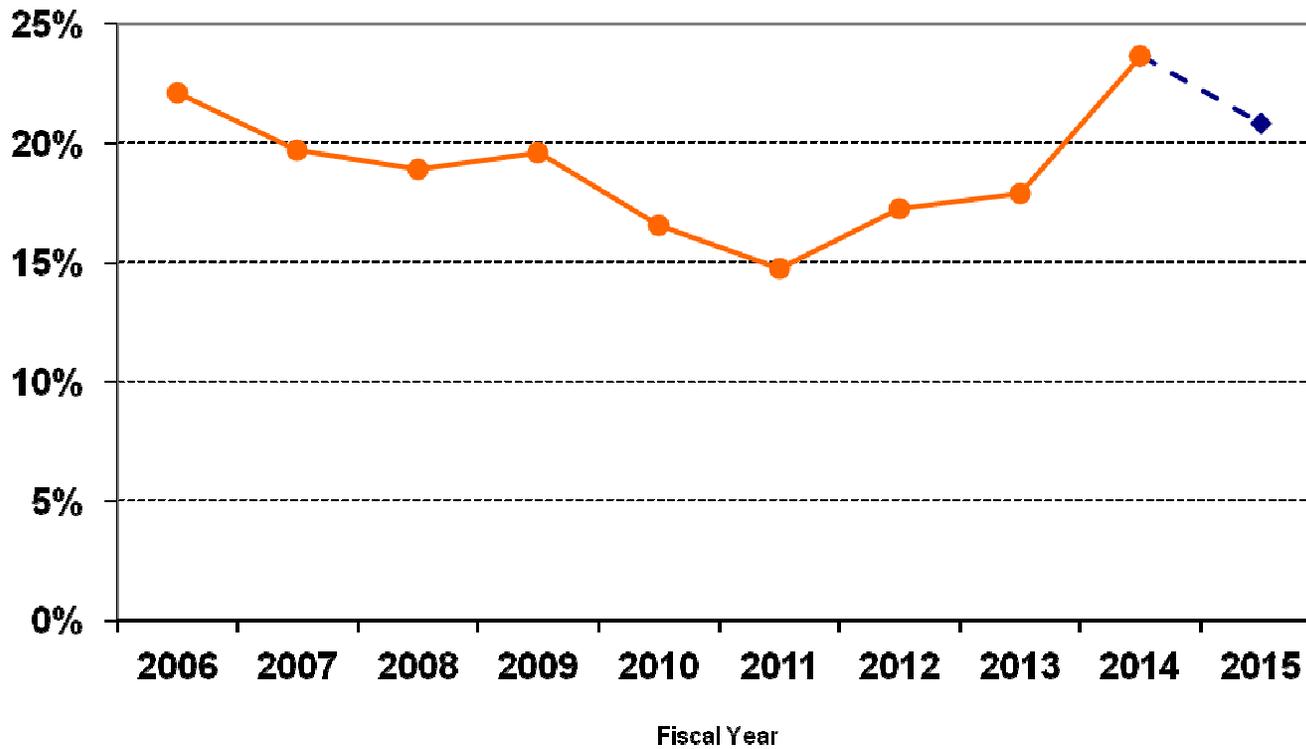
SB1140 Overview - TSDAC

New Operating Allocation Process

- ❑ Each system starts with a funding share based equally on ridership and operating costs –relative to all transit operators eligible for state assistance
- ❑ Performance metrics then applied based on annual percent change in metrics for each operator compared to the state average
- ❑ Performance Metrics utilized include:
 - Net cost per rider (50%)
 - Customers per revenue hour (25%)
 - Customers per revenue mile (25%)

Public Transportation Operations Funding

Projected FY 2015 Share of 20.8%



—◆— Projected State Share

—●— State Share of Total Operating Expenses

SB1140 Overview

Capital Funding

- ❑ Requires a tier-approach for the allocation of funds
- ❑ TSDAC recommended and CTB approved the capital asset tiers and related percentages in December, 2013
- ❑ New tier-approach applied to all transit capital funding
- ❑ Projects will be included in appropriate tier

SB1140 Overview

CTB Adopted Capital Tiers

- ❑ Tier 1 at 68% State Share
 - Rolling stock for replacement or expansion and related items
- ❑ Tier 2 at 34% State Share
 - Infrastructure and facilities
- ❑ Tier 3 at 17% State Share
 - Support vehicles, shop equipment, spare parts, etc.
- ❑ **The CTB resolution requires TSDAC and DRPT to review the results of the first year of the new capital allocation process in June of 2014, and provide transitional assistance to any jurisdiction with transit providers that suffers a financial loss, and propose a revised methodology to be considered by the Board, if needed.**

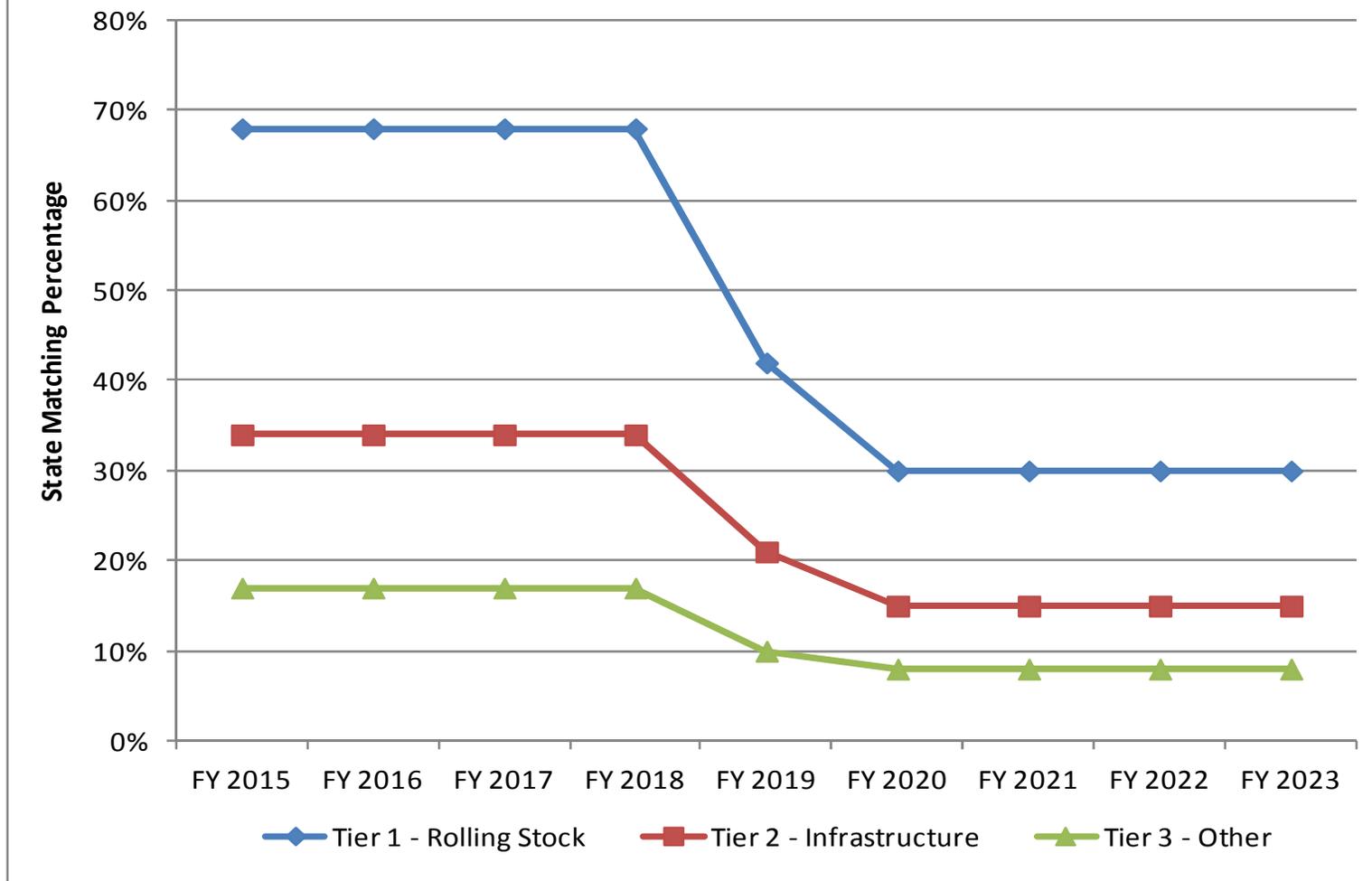
SB1140 Overview

Other Capital Allocation Items

- ❑ Multi-year funding will be provided to leverage major transit projects capital funding
 - State rate for all programmed years at the initial grant award year's rate to provide stability and reduce uncertainty.
 - DRPT and the transit provider will determine multi-year funding on a case-by-case basis.
 - SYIP will fully fund the multiple year capital funding agreement obligations before allocating funds to new projects.

- ❑ Reserve fund established using 5% of the Mass Transit Trust funds greater than \$160 M. Provides stability to the tier percentages and may be used to supplement operating funding

Transit Capital Cliff Projected State Matching Percentage



Transit - Special Programs

- ❑ Funded by up to 3% of the annual Mass Transit Trust Fund revenues – averages about \$7 million a year over the next 5 years
- ❑ Funds the following sub programs at up to 80%
 - Demonstration
 - Technical Assistance
 - Public Transportation Intern
 - TDM /Commuter Assistance
 - **Transportation Efficiency Improvement Funds (TEIF)**
 - Senior Transportation Program
 - Telework!VA
- ❑ DRPT may receive allocations at 100% for planning initiatives

Virginia Rail System



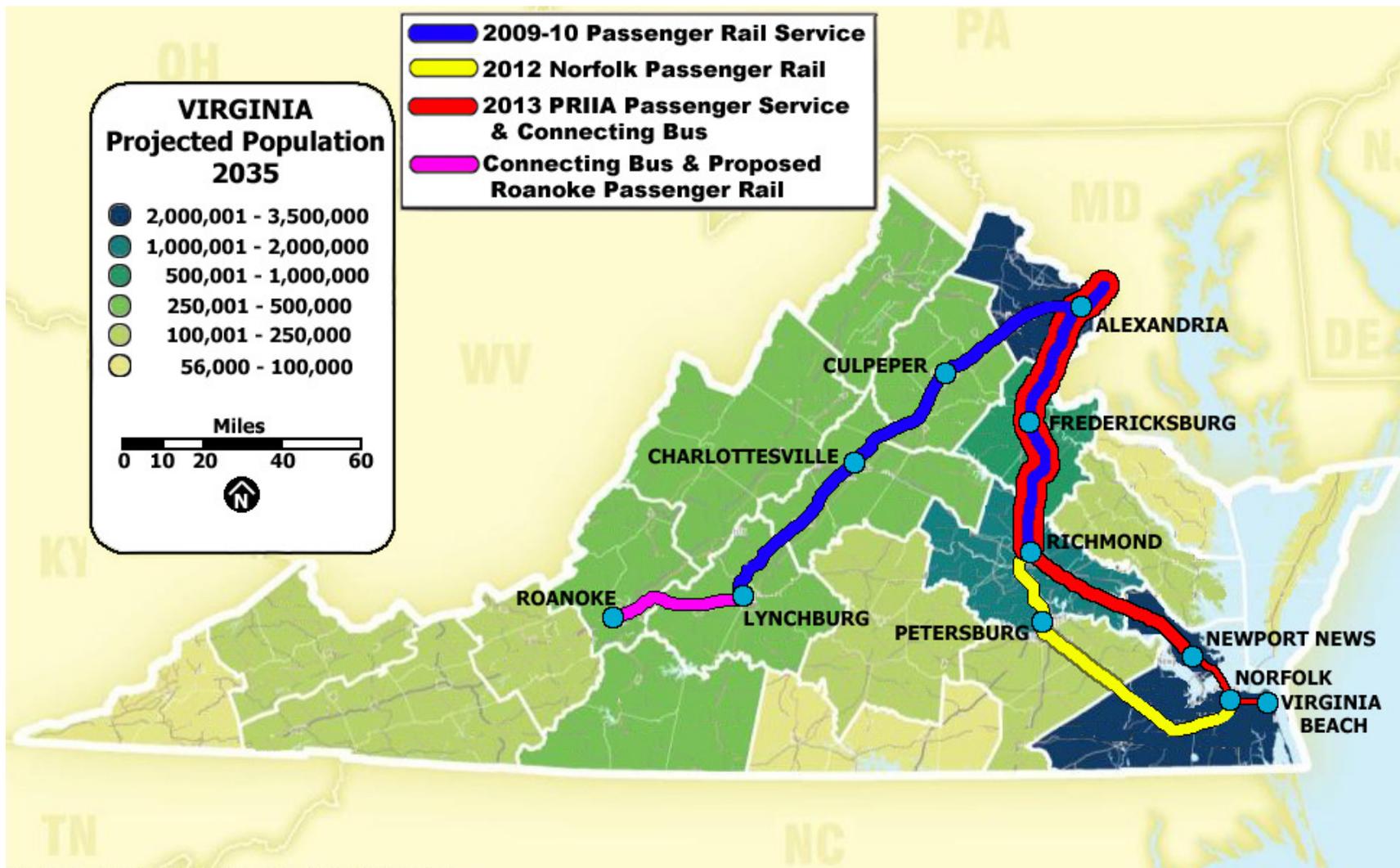
- Two passenger rail operators – Amtrak and Virginia Railway Express
- Eleven freight railroads –
 - Two national Class I Railroads: Norfolk Southern and CSX
 - Nine local shortline railroads

HB2313 - Impact on Rail Programs

- ❑ Provides sufficient funding to continue and expand regional passenger train service in Virginia that connects to the Northeast Corridor
 - Unfunded balance of \$162 million from 2013 is now funded
 - Includes trains that originate in Lynchburg, Richmond (2), Norfolk, and Newport News (2) beginning on October 1, 2013

- ❑ Provides capital funds for Intercity Passenger Rail Projects
 - Extension of passenger train service to Roanoke
 - Addition of trains 2 & 3 for Norfolk-Washington route
 - Track Performance Improvements
 - Newport News-Richmond
 - Richmond-Washington

Virginia Regional Amtrak Passenger Service Projected Population Areas



DRPT Draft SYIP FY 2015 – FY 2020

Other Allocation Assumptions

- ❑ Estimated 3.2% allocation for project development, administration and compliance activities from the Mass Transit Trust fund and Rail funds
 - Larger base of funding and carryover from prior years

- ❑ VDOT annual subsidies to be eliminated beginning in FY 2015
 - Administrative costs {\$5 million of HMO funds}
 - TEIF {\$4 million of Highway Construction funds}
 - Rail Preservation {\$3 million of Highway Construction funds}
 - Requires a change to Code or Budget language

Questions?

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