TSDAC Meeting

June 10, 2022

Virginia Department of Rail and Public Transportation

Today's Agenda

- Introductions
- Discussion: Proposed changes to MERIT Capital policy
- Discussion: Proposed changes to Transit Strategic Plan (TSP) Guidelines
- MERIT Operating Assistance Scenarios
- Next Steps
- Public Comment

Proposed Changes to MERIT Capital Policy

Proposed Changes to Transit Strategic Plan (TSP) Guidelines

Operating Assistance – FY24 Scenarios

DRPT

Scenarios

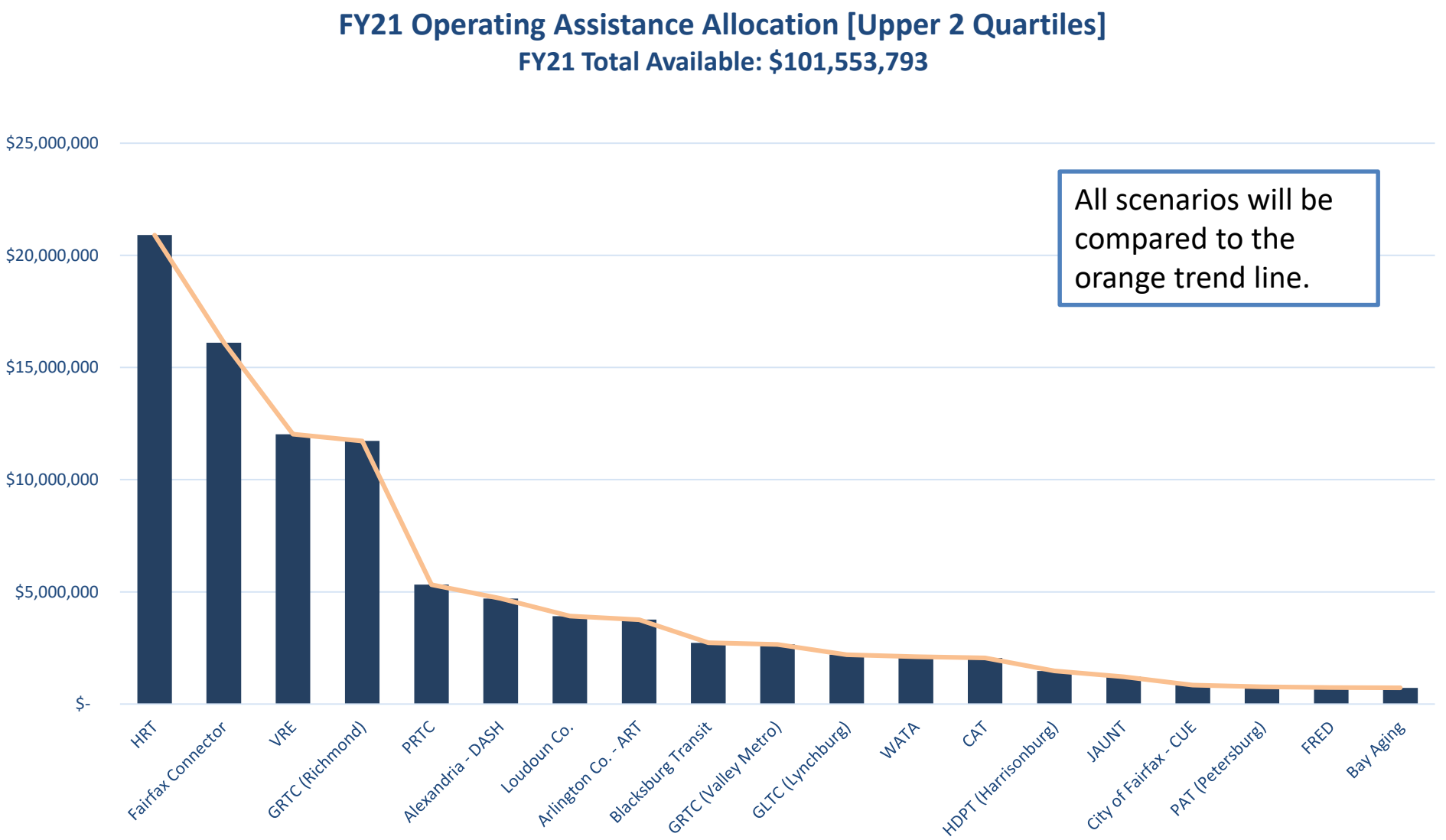
- **Baseline**: FY21 Actual
- **Scenario 1**: FY24 [Projected]
- **Commuter Rail Pool Modifications:**
  - **Scenario 2**: FY24 No Commuter Rail Pool
  - **Scenario 3**: FY24 Modified Commuter Rail Pool (Op. Cost, PMT, VRM, VRH)
  - **Scenario 4**: FY24 Modified Commuter Rail Pool (Op. Cost & PMT)
  - **Scenario 5**: FY24 Modified Commuter Rail Pool (Op. Cost & Ridership)
- **Operating Funding Cap Modifications**
  - **Scenario 6**: FY24 No Operating Funding Cap
  - **Scenario 7**: FY24 Reduced Operating Funding Cap (25%)
- **Operating Funding Floor Scenarios**
  - **Scenario 8**: FY24 with Operating Funding Floor (15%)
  - **Scenario 9**: FY24 with Operating Funding Floor (10%)

Setting a Baseline for Comparison

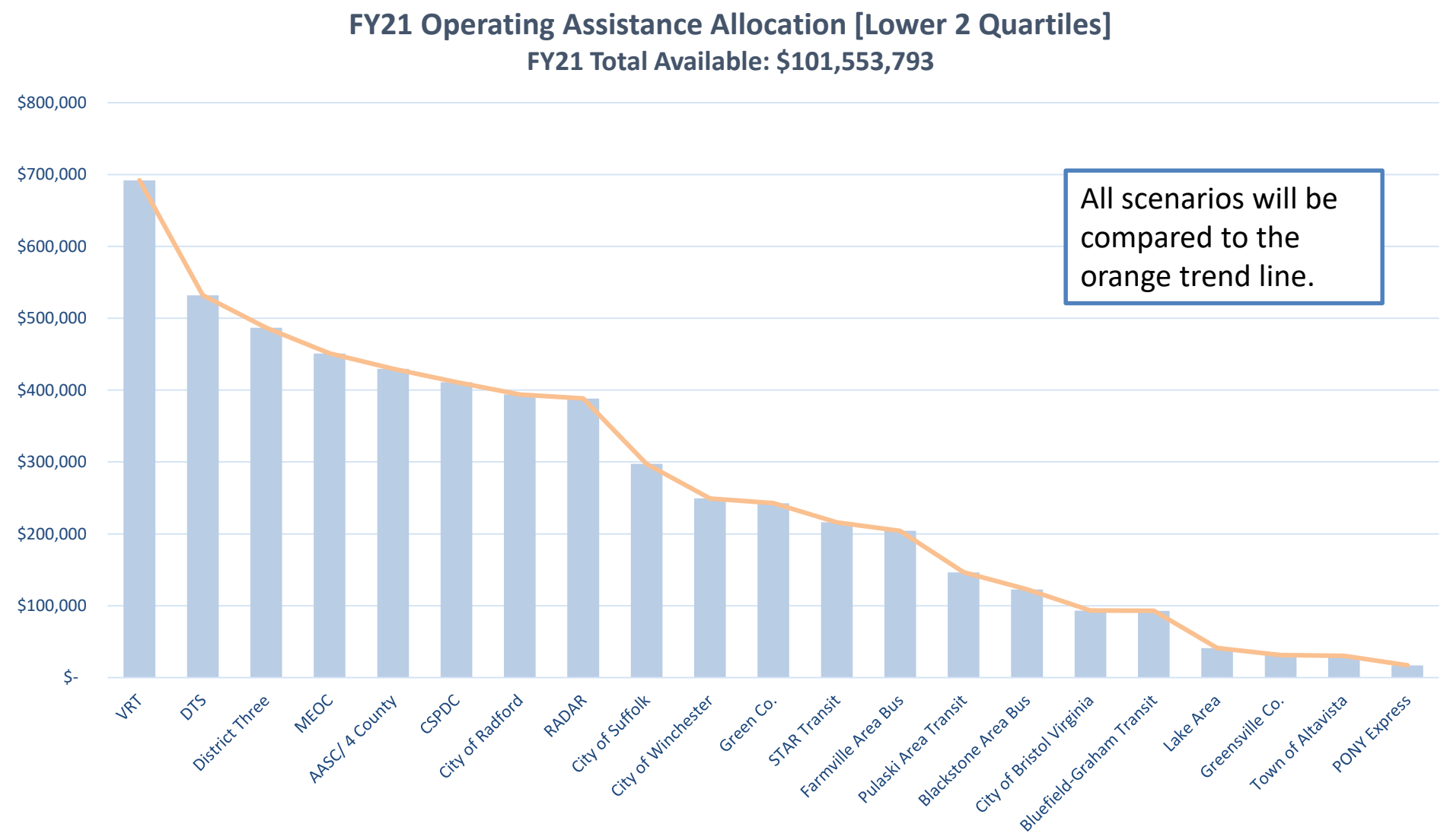
- **The FY21 operating allocation will serve as the baseline for comparison**

- **Why FY21?**
  - Represented the only time the formula was run as intended
  - Included pre-pandemic metrics for sizing and performance – this will illustrate how much of an impact recent trends have had
  - An amount of funding comparable to projected FY24 was available - $101.5M
  - In FY22 and FY23 available funds were higher than usual, and DRPT carried forward pre-pandemic metrics for sizing and performance

Baseline: FY21 Operating Allocation



Baseline: FY21 Operating Allocation

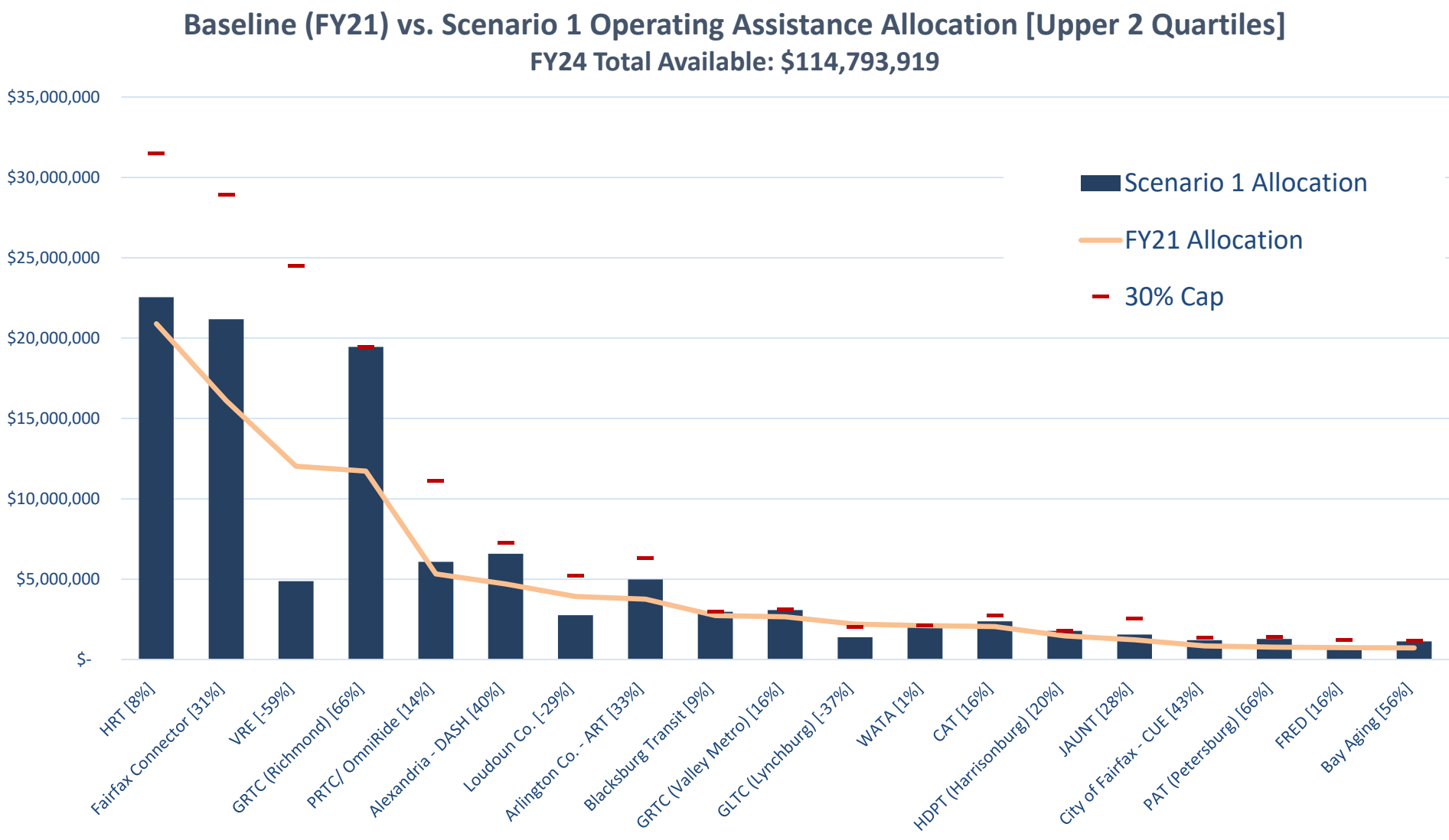


Scenario 1: FY24 [Projected] – No Change

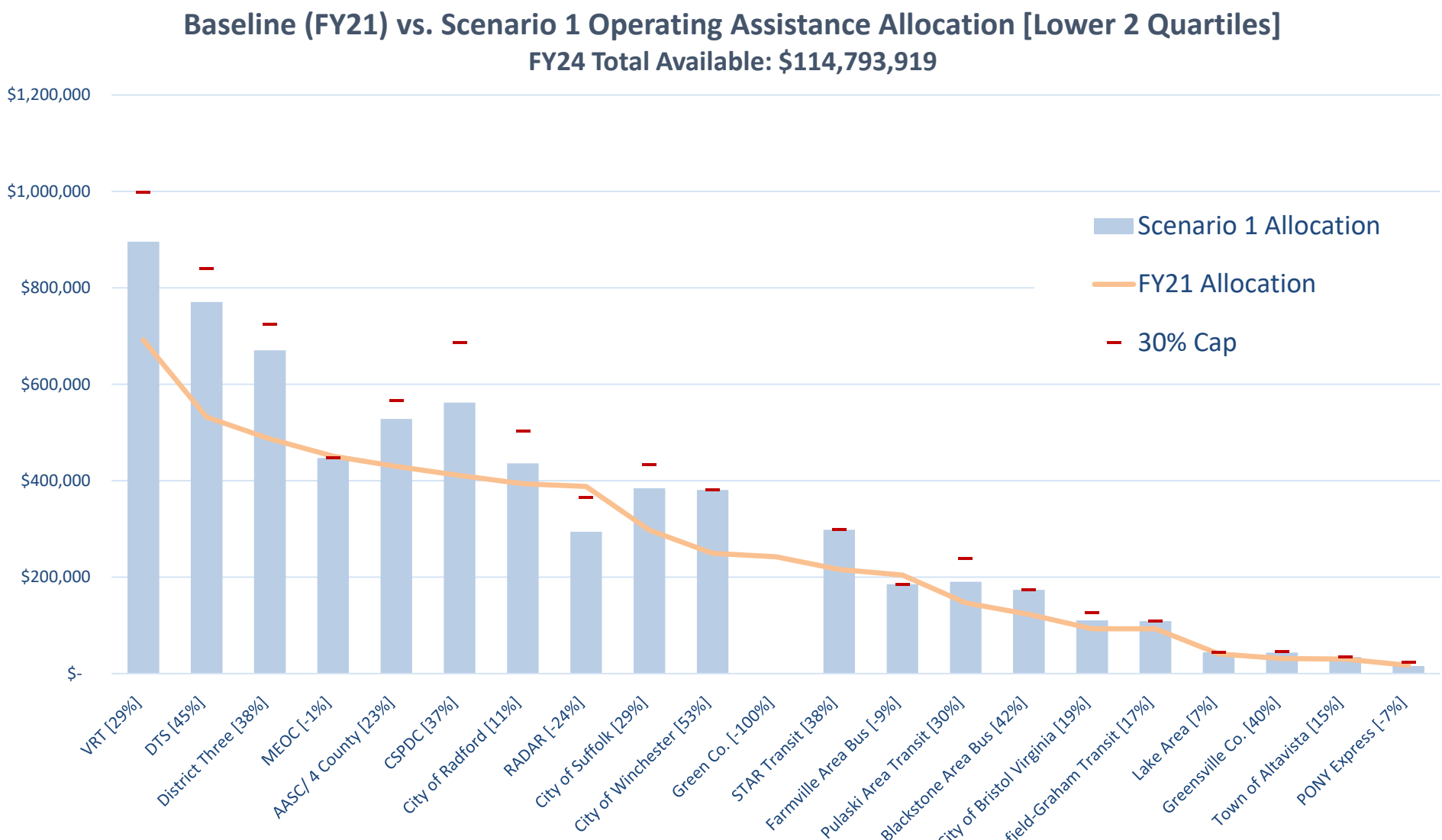
- **FY24 [Projected] Data Used:**
  - Cost for Sizing and Performance: **FY21**
  - Ridership/ VRH/VRM: **FY19, FY20, FY21, FY22** [Projected]
  - PMT for Commuter Rail Sizing: **FY22** [Synthesized – all agencies]

- **Technical Notes:**
  - FY21 Costs used since these are the latest audited financials from agencies, and more recent budgeted figures differ significantly from actuals after audits are performed
  - FY22 Ridership/ VRH/ VRM figures were projected for April – June 2022 using reported ridership and historic trends
  - FY22 PMT was synthesized for all agencies using the following method:
    - PMT Reporters: [Average PMT per Rider FY19-21] for each reporting agency multiplied by [Projected FY22 ridership] (note: not all reporters provided data all 3 FYs)
    - Non-Reporters: Statewide Average of [Average PMT per Rider FY19-21] for each reporting agency minus outliers (FY19 to FY21) multiplied by [Projected FY22 ridership]

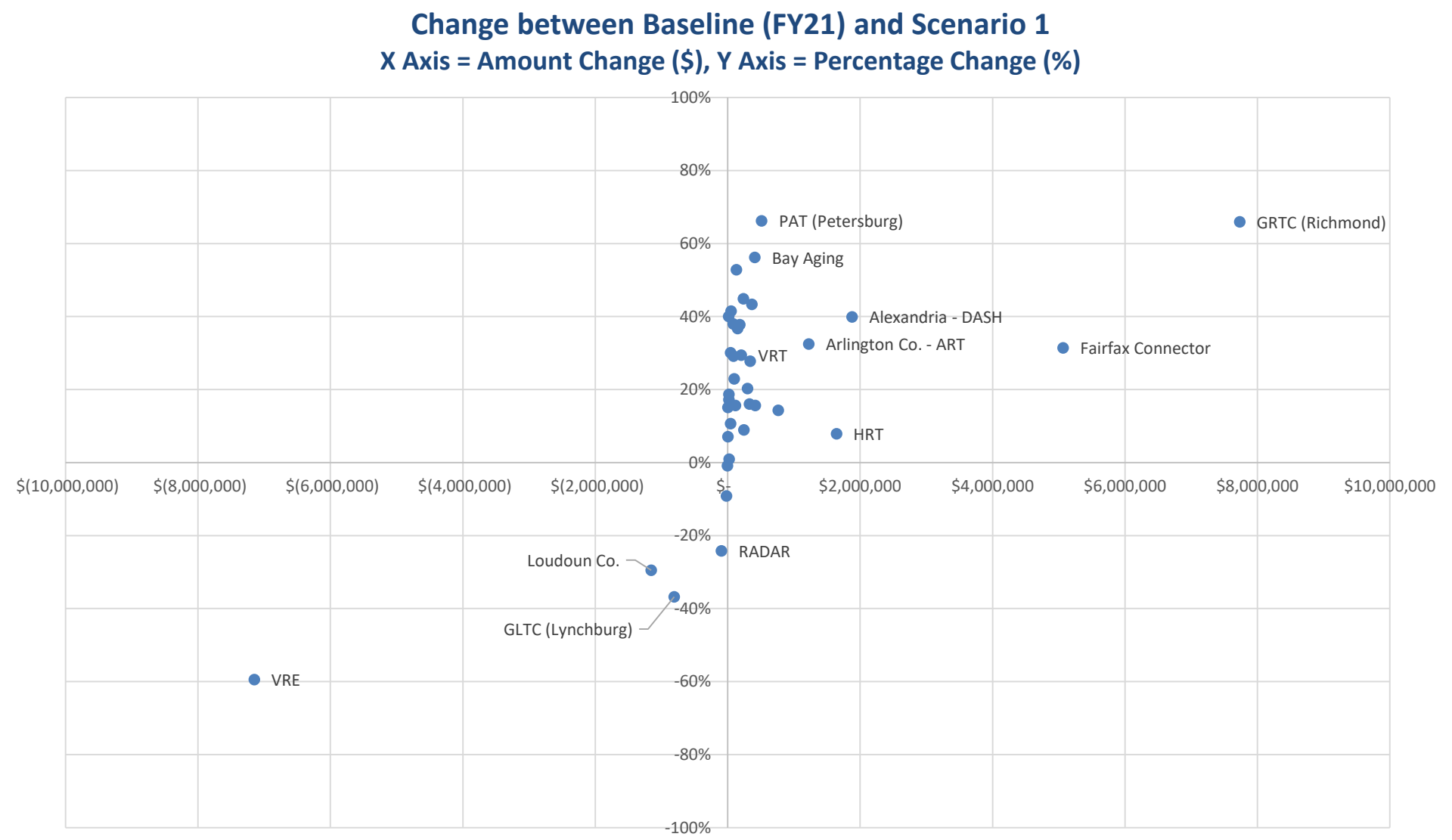
Scenario 1: FY24 [Projected] – No Change



Scenario 1: FY24 [Projected] – No Change



Scenario 1: FY24 [Projected] – No Change



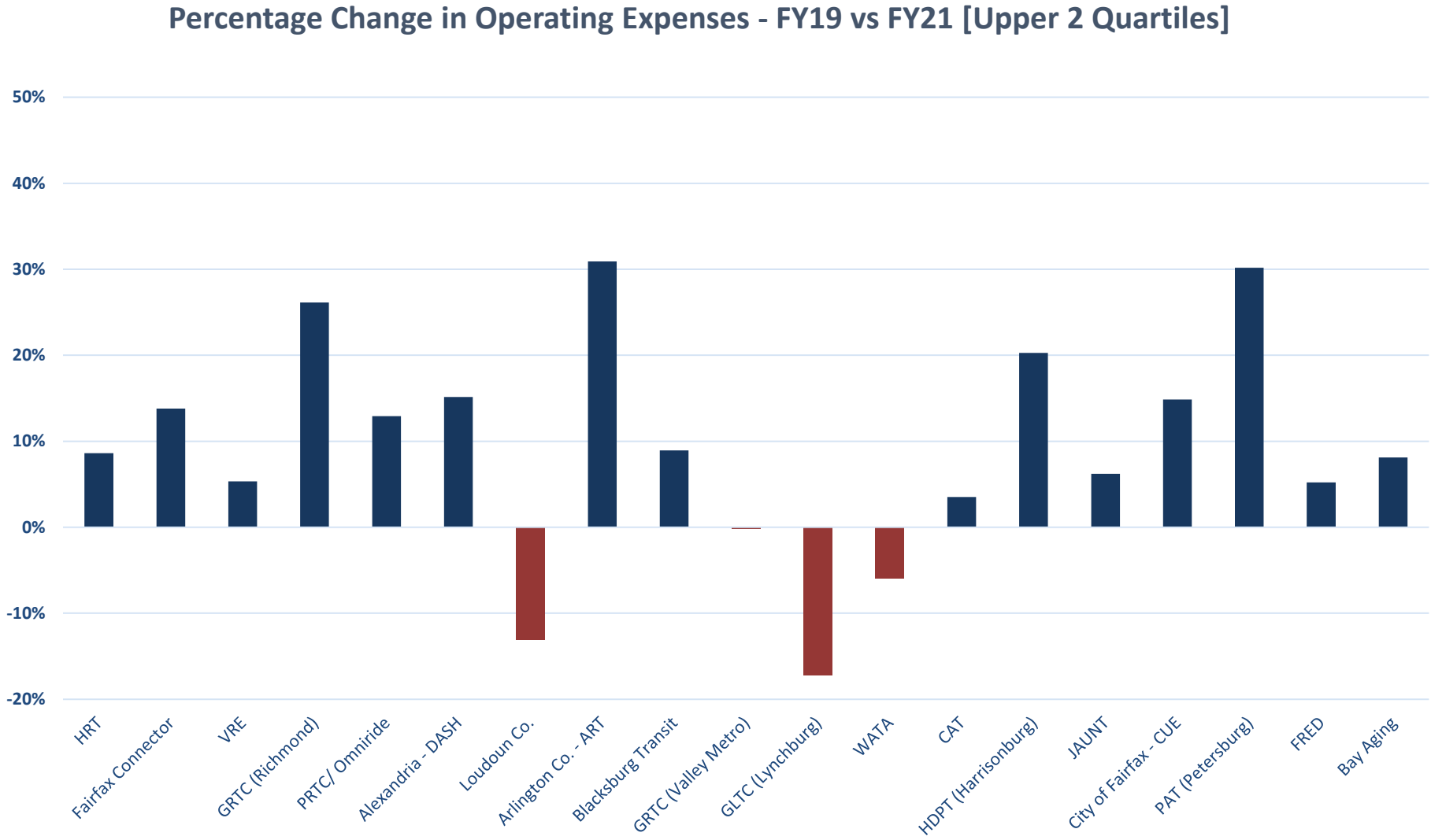
Scenario 1: FY24 [Projected] – Takeaways

- **Though we are projecting $14M more to distribute in FY24 compared to FY21, allocations are not projected to increase for all agencies**
- **Operating allocations are projected to decrease for:**
  - VRE: -59%
  - Loudoun County: -29%
  - GLTC (Lynchburg): -37%
  - RADAR: -24%
  - Farmville: -9%
  - Pony Express: -7%
- **Projected decreases in funding are a function of the metrics used within the formula:**
  - Operating Cost – *For all agencies except VRE*
  - Ridership
  - VRH, VRM
  - Performance Trends

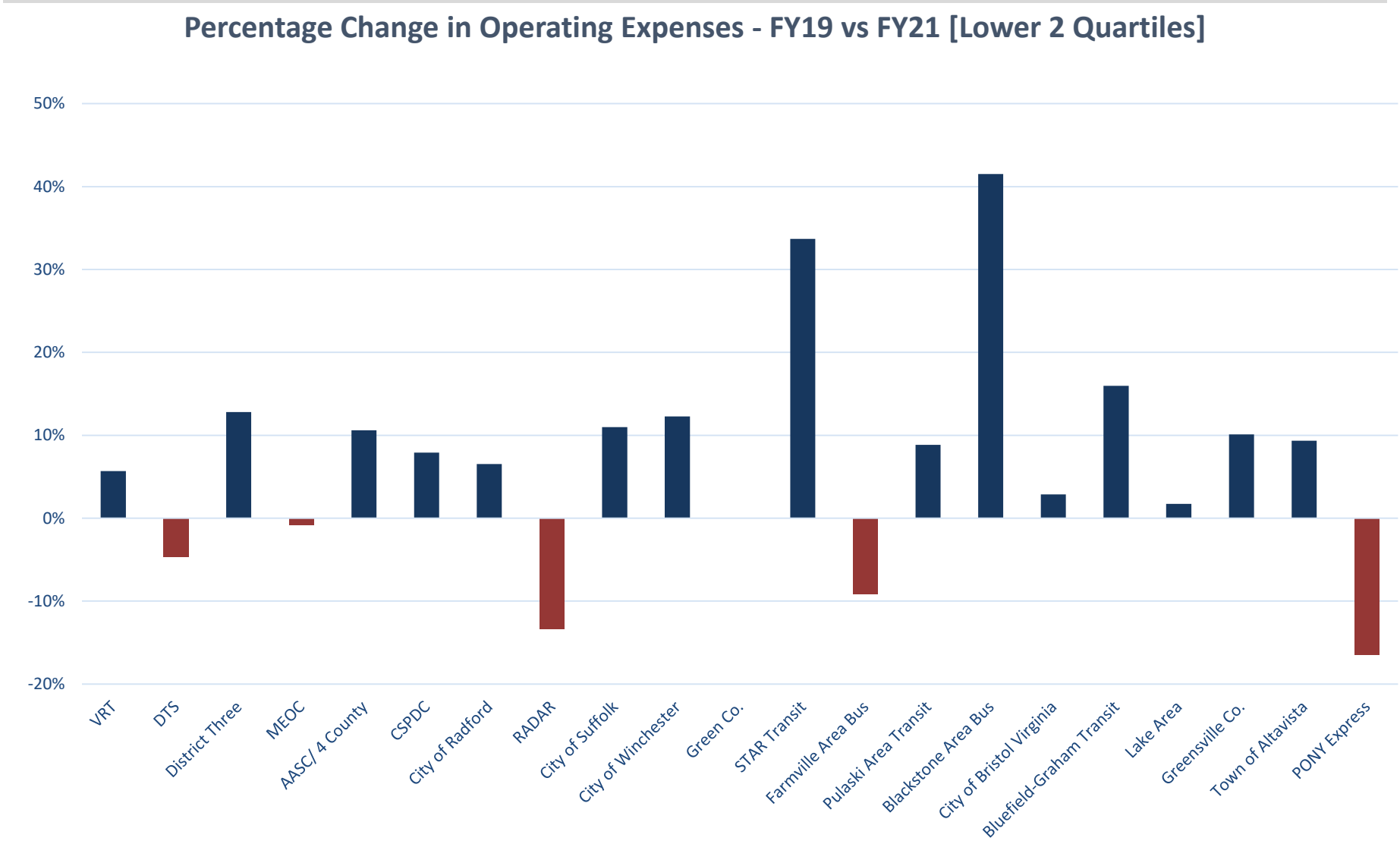
Scenario 1: FY24 [Projected] – Takeaways

- **All agencies with a projected decrease between FY21 and FY24 <u>except VRE</u> had a reduction in operating expenses From FY19 to FY21:**
  - VRE: +5%
  - Loudoun County: -13%
  - GLTC (Lynchburg): -17%
  - RADAR: -13%
  - Farmville: -9%
  - Pony Express: -17%
- **In the current formula, operating cost serves as a stabilizing factor within the sizing metrics**
  - Operating cost tends to stay more consistent from year to year, which provides consistency in the sizing weight calculation
  - When operating costs do change, a change in allocation is justified
- **If an agency has lower audited expenses in the previous year, it would make sense for that to be reflected in the next year's operating allocation**

Operating Cost Comparison FY19 vs FY21



Operating Cost Comparison FY19 vs FY21



Scenario 1: FY24 [Projected] – Takeaways

- **VRE does not have the benefit of having operating cost factor into their sizing metrics**
  - Commuter rail pool: 33% PMT, 33% VRH, 33% VRM
- **Prior to the pandemic, VRE benefited from the weighting system in place since PMT on VRE trains was so high compared to the rest of the state**
- **Over the past few years the landscape for commuter services has changed**

Commuter Rail Pool Scenarios

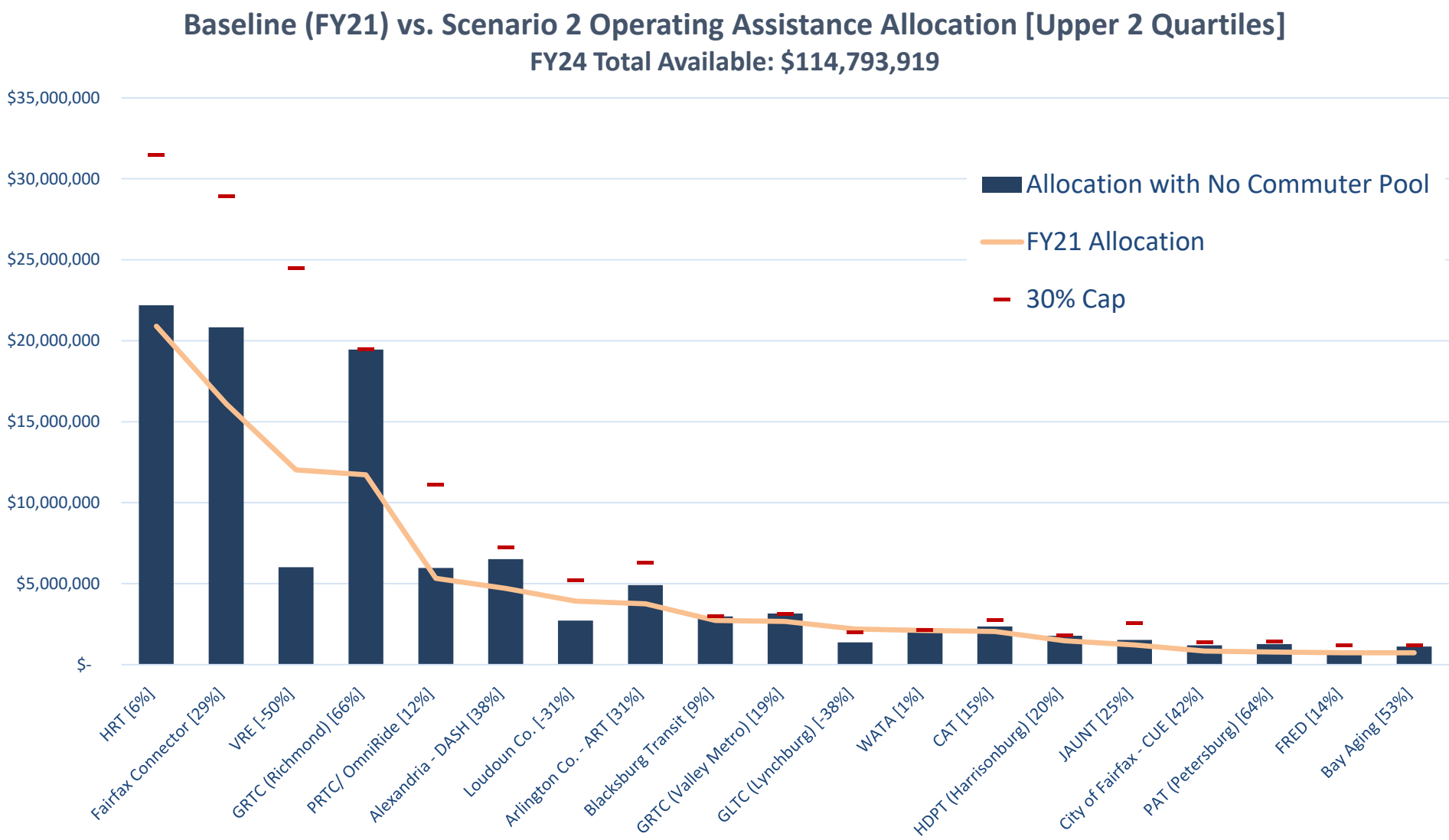
- **Scenario 2:** No Commuter Rail Pool
- **Scenario 3:** Modified Commuter Rail Pool: 50% Cost, 30% PMT, 10% VRH, 10% VRM
- **Scenario 4:** Modified Commuter Rail Pool: 60% Cost, 40% PMT
- **Scenario 5:** Modified Commuter Rail Pool: 60% Cost, 40% Ridership

Scenario 2: FY24 No Commuter Rail Pool

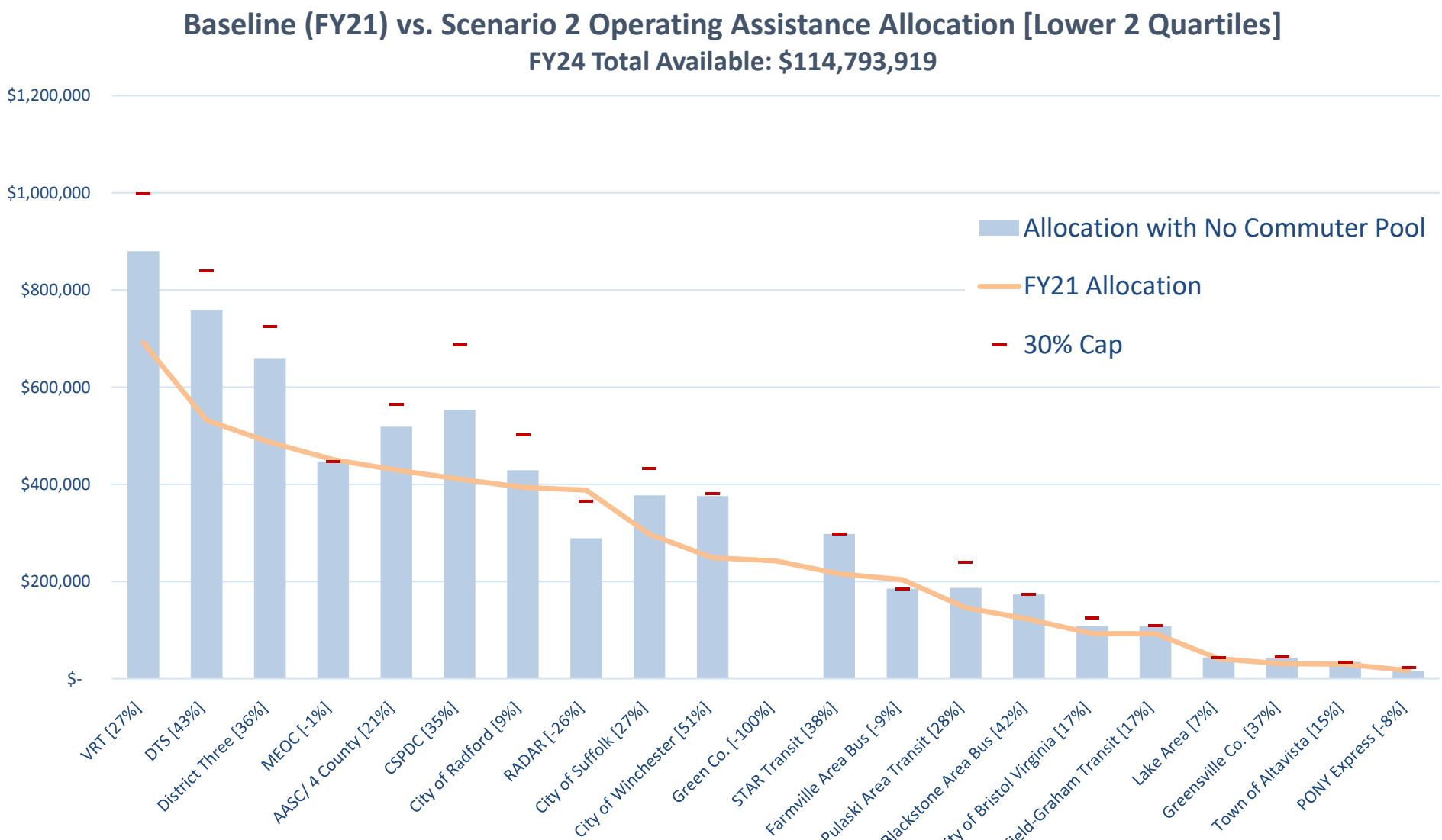
- **Scenario Description:**
  - Eliminated commuter rail pool sizing step
  - Size weight for VRE determined using same formula as all other transit agencies (50% operating cost, 30% ridership, 10% VRH, 10%VRM)

- **Notes:**
  - This scenario sizes all agencies (including commuter rail) using the same methodology
  - The scenario results in a $1.1M increase in the allocation to VRE and proportional decreases in the allocations to all other agencies compared to Scenario 1

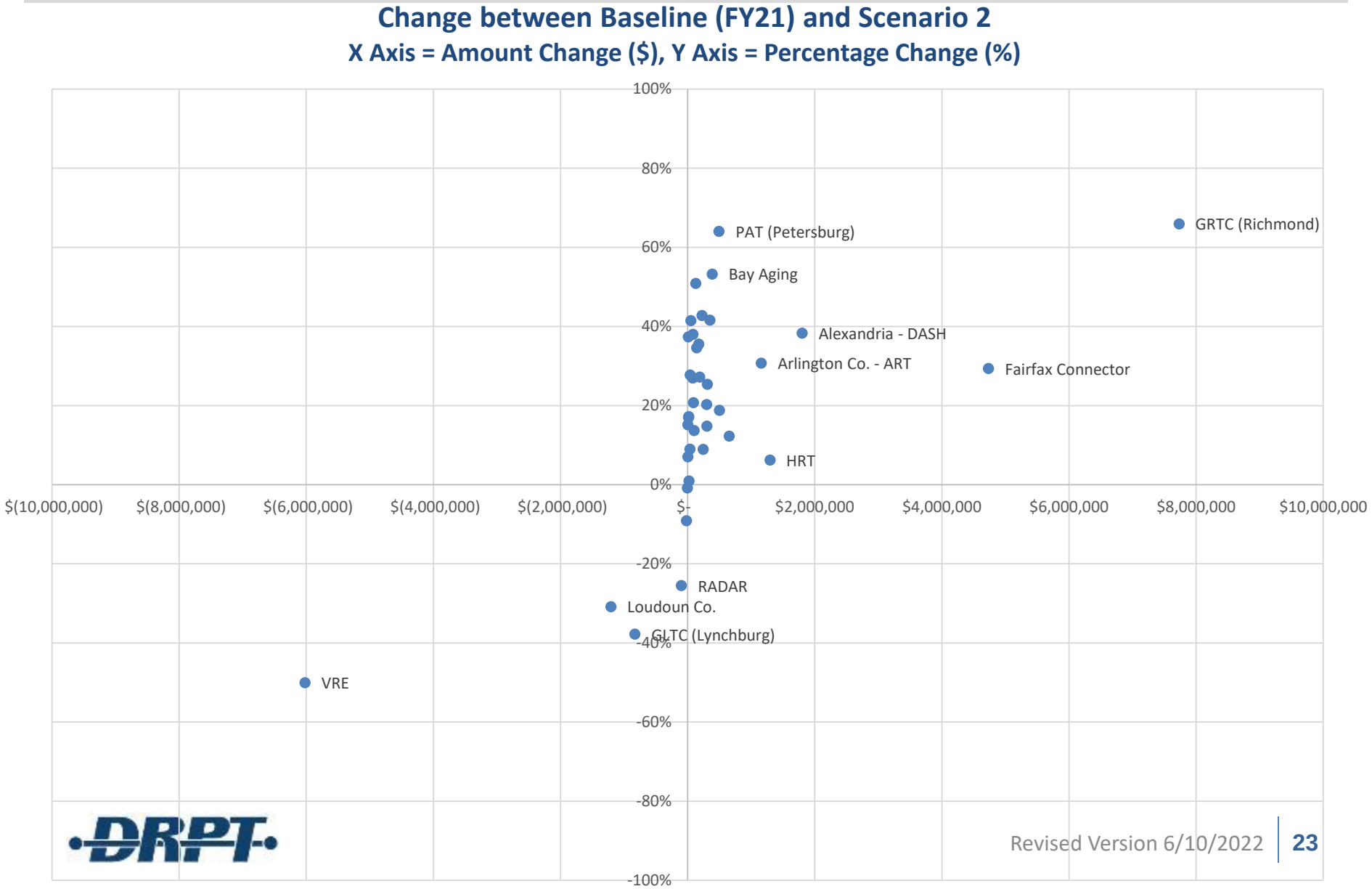
Scenario 2: FY24 No Commuter Rail Pool



Scenario 2: FY24 No Commuter Rail Pool



Scenario 2: FY24 No Commuter Rail Pool



Scenario 3: FY24 Modified Commuter Rail Pool

(Op. Cost 50%, PMT 30%, VRH 10%, VRM 10%)

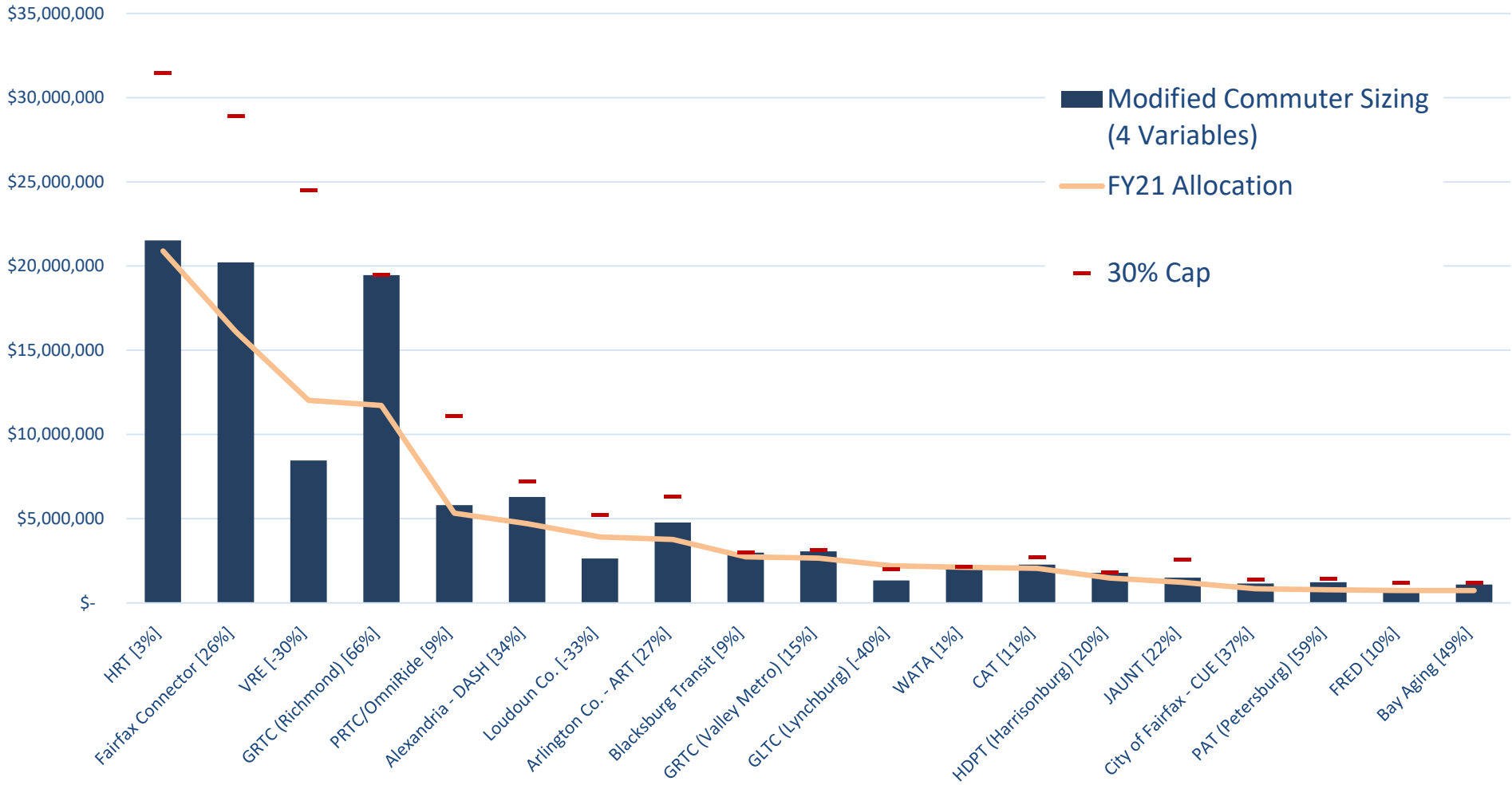
- **Scenario Description:**
  - Retained commuter rail pool sizing step
  - Commuter rail sizing weight determined using the following:
    - 50% operating cost (sizing)
    - 30% passenger miles traveled
    - 10% revenue hours
    - 10% revenue miles
- **Notes:**
  - This scenario sizes commuter rail with the same percentages and similar factors (PMT replacing ridership) as are applied to sizing all other transit agencies, providing greater consistency in the sizing methods
  - Including operating cost in commuter rail sizing reduces the impact of ridership fluctuations on sizing
  - Using PMT instead of ridership for commuter rail sizing recognizes the longer trip lengths of commuter rail

Scenario 3: FY24 Modified Commuter Rail Pool

(Op. Cost 50%, PMT 30%, VRH 10%, VRM 10%)

Baseline (FY21) vs. Scenario 3 Operating Assistance Allocation [Upper 2 Quartiles]

FY24 Total Available: $114,793,919

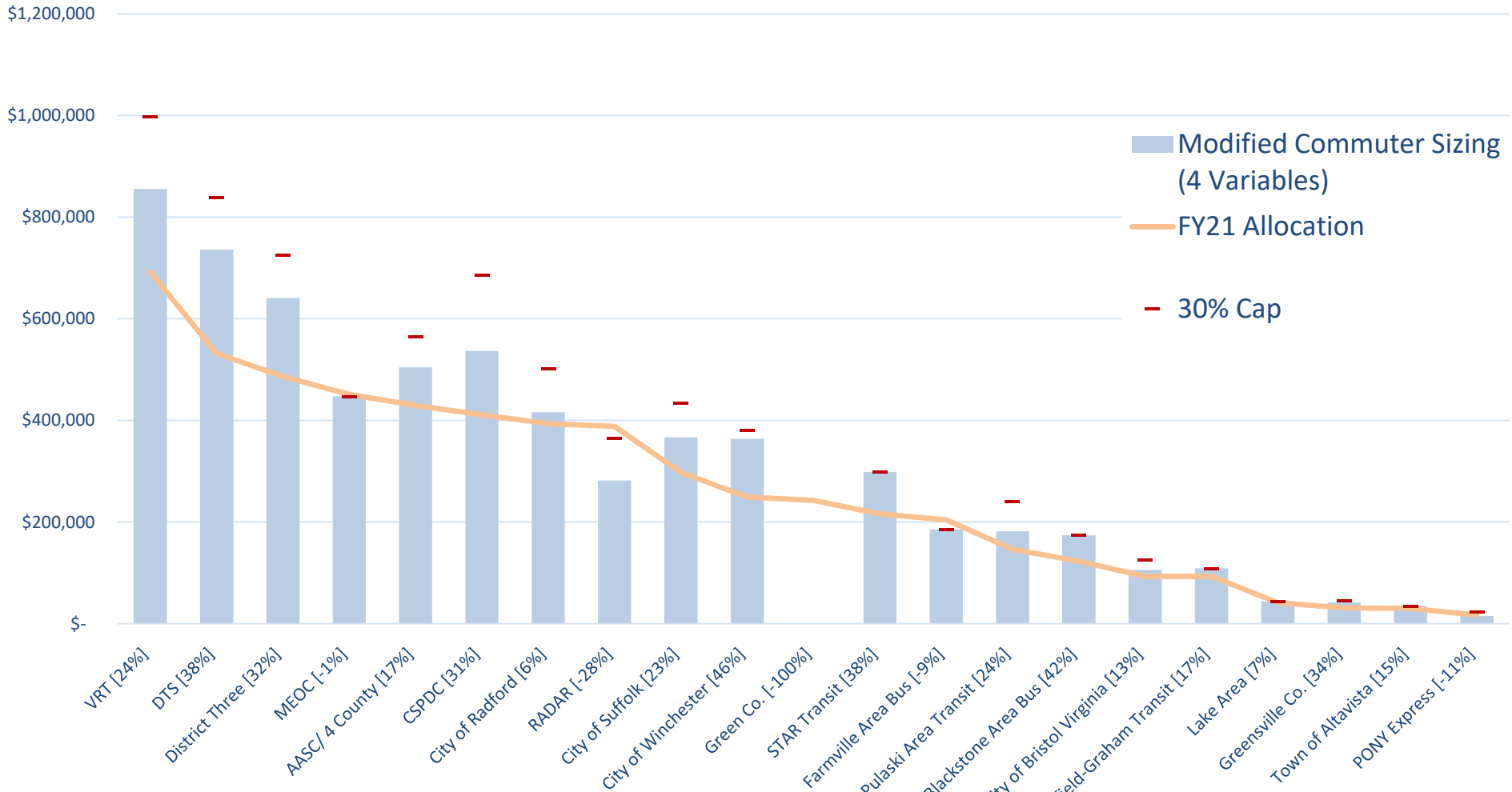


Scenario 3: FY24 Modified Commuter Rail Pool

(Op. Cost 50%, PMT 30%, VRH 10%, VRM 10%)

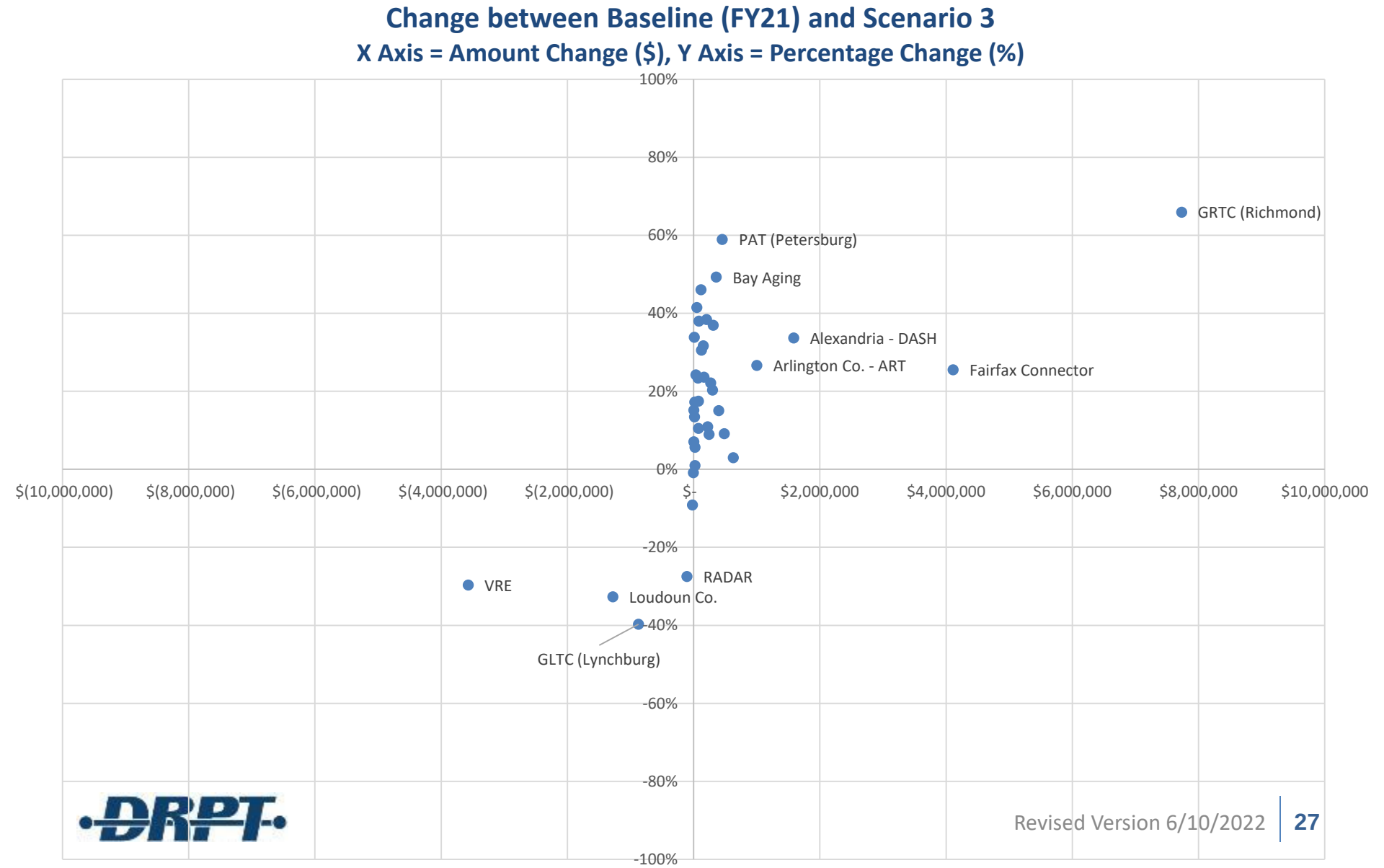
Baseline (FY21) vs. Scenario 3 Operating Assistance Allocation [Lower 2 Quartiles]

FY24 Total Available: $114,793,919



Scenario 3: FY24 Modified Commuter Rail Pool

(Op. Cost 50%, PMT 30%, VRH 10%, VRM 10%)



Scenario 4: FY24 Modified Commuter Rail Pool
(Operating Cost 60%, PMT 40%)

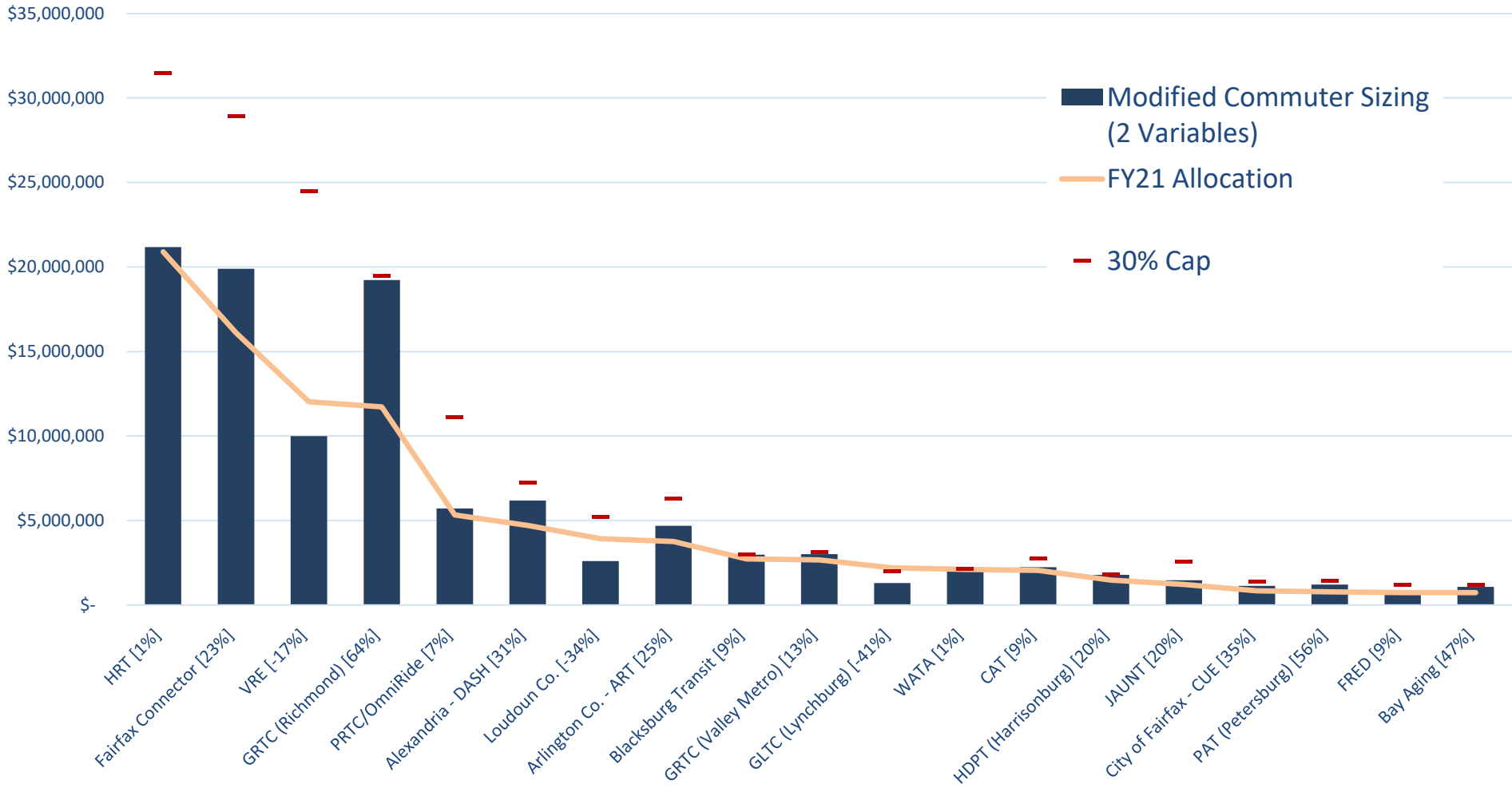
- **Scenario Description:**
  - Retained commuter rail pool sizing step
  - Commuter rail sizing weight determined using the following:
    - 60% operating cost (sizing)
    - 40% passenger miles traveled
- **Notes:**
  - Including operating cost in commuter rail sizing reduces the impact of ridership fluctuations on sizing
  - Using PMT for commuter rail sizing recognizes the longer trip lengths of commuter rail
  - Increasing or decreasing the weightings of operating cost or PMT in this scenario has little effect on allocations

Scenario 4: FY24 Modified Commuter Rail Pool

(Operating Cost 60%, PMT 40%)

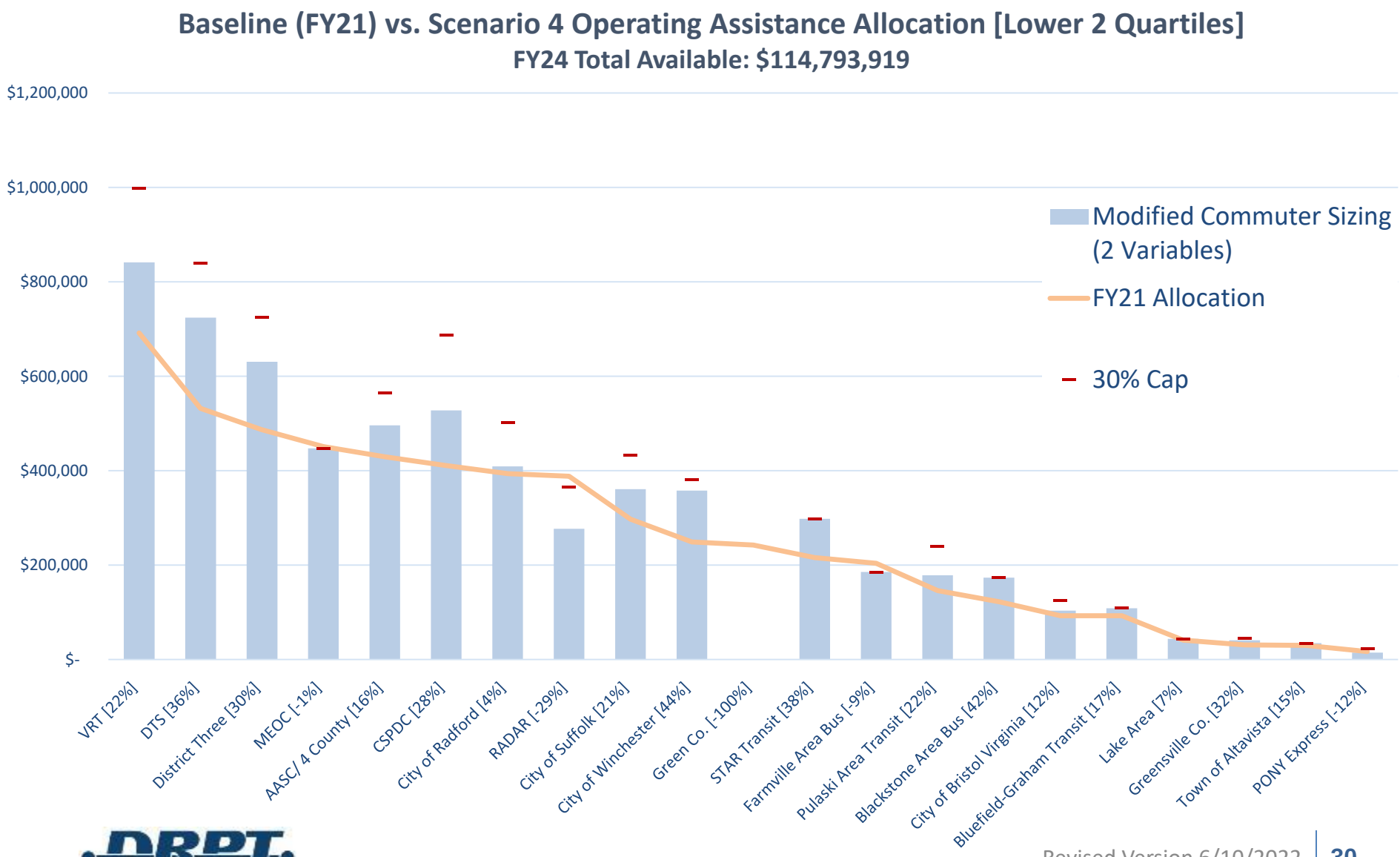
Baseline (FY21) vs. Scenario 4 Operating Assistance Allocation [Upper 2 Quartiles]

FY24 Total Available: $114,793,919



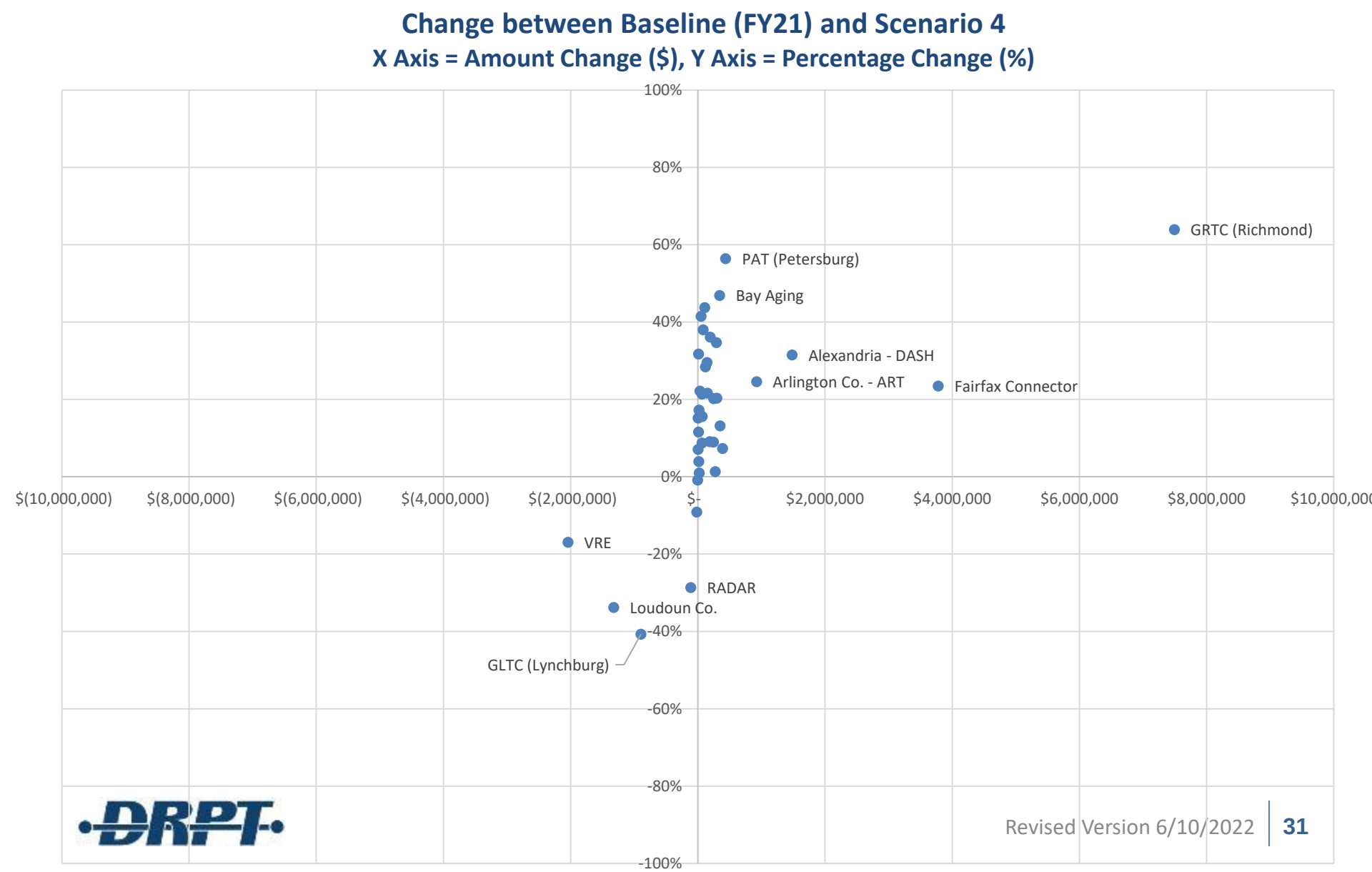
Scenario 4: FY24 Modified Commuter Rail Pool

(Operating Cost 60%, PMT 40%)



Scenario 4: FY24 Modified Commuter Rail Pool

(Operating Cost 60%, PMT 40%)



Scenario 5: FY24 Modified Commuter Rail Pool
(Operating Cost 60%, Ridership 40%)

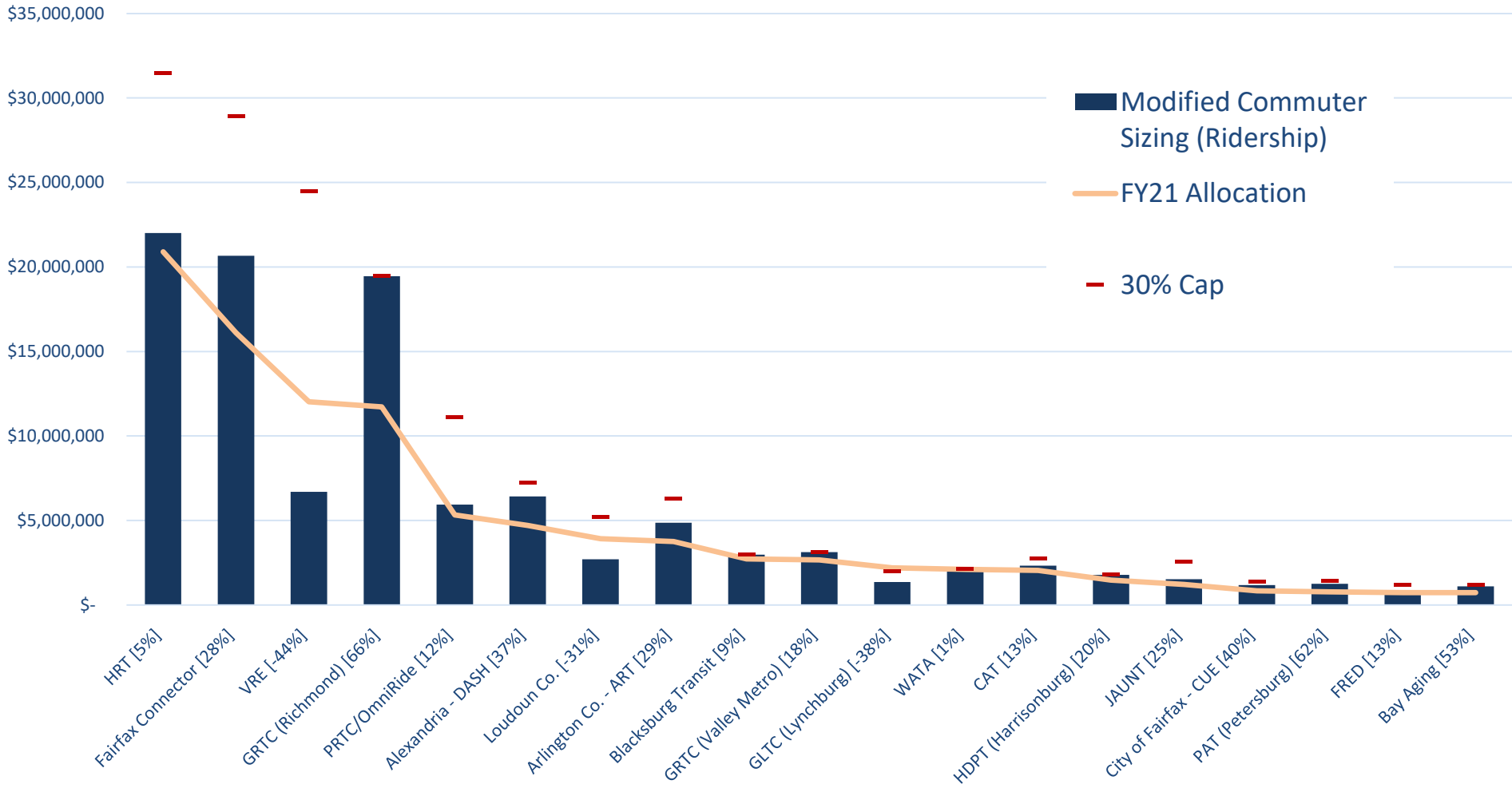
- **Scenario Description:**
  - Retained commuter rail pool sizing step
  - Commuter rail sizing weight determined using the following:
    - 60% operating cost (sizing)
    - 40% ridership
- **Notes:**
  - Including operating cost in commuter rail sizing reduces the impact of ridership fluctuations on sizing
  - Using ridership for commuter rail sizing does not recognize the longer trip lengths of commuter rail
  - This scenario eliminates the need to estimate PMT, which can be challenging due to data
  - Increasing the operating cost weighting (and decreasing ridership) in this scenario increases VRE's allocation

Scenario 5: FY24 Modified Commuter Rail Pool

(Operating Cost 60%, Ridership 40%)

Baseline (FY21) vs. Scenario 5 Operating Assistance Allocation [Upper 2 Quartiles]

FY24 Total Available: $114,793,919

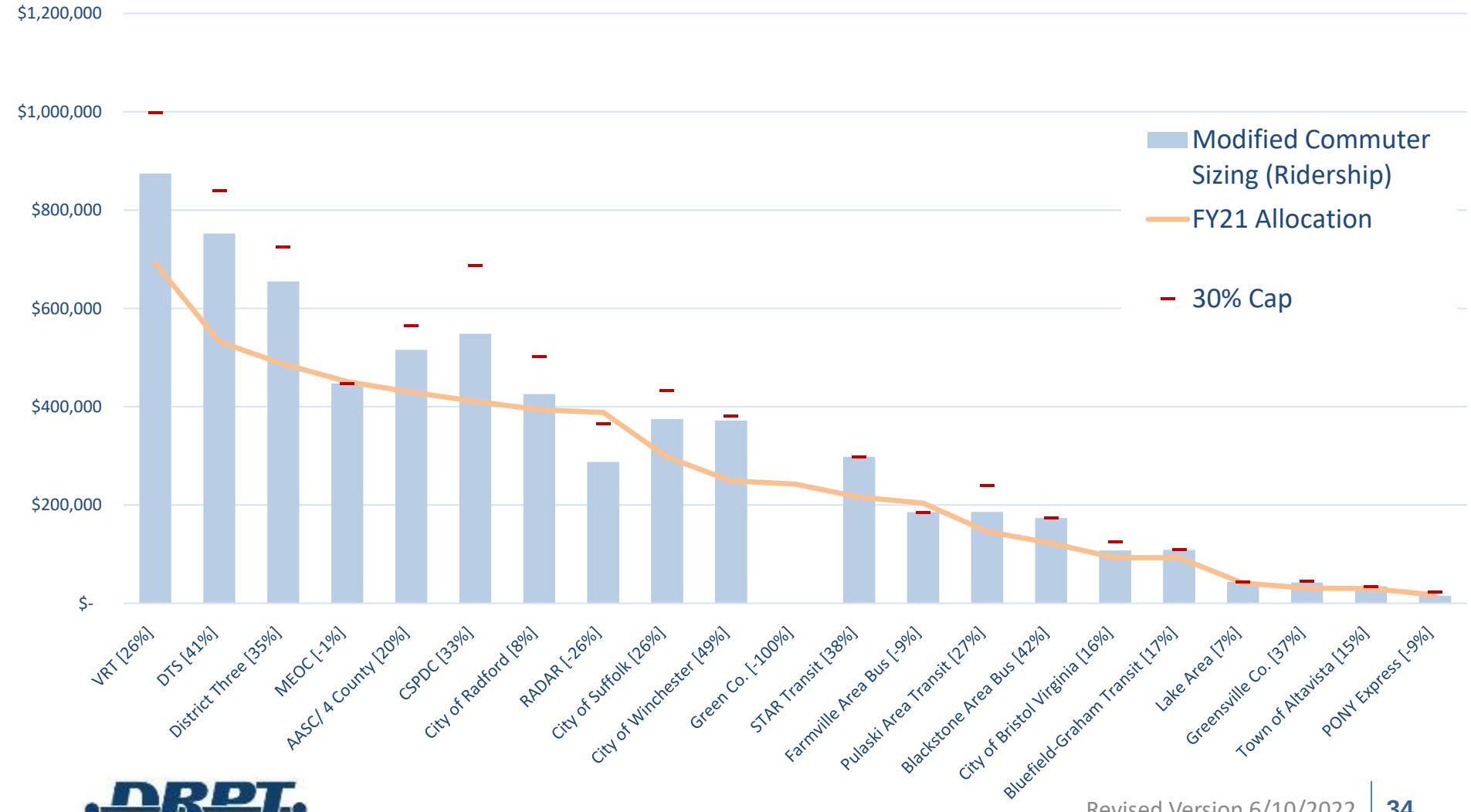


Scenario 5: FY24 Modified Commuter Rail Pool

(Operating Cost 60%, Ridership 40%)

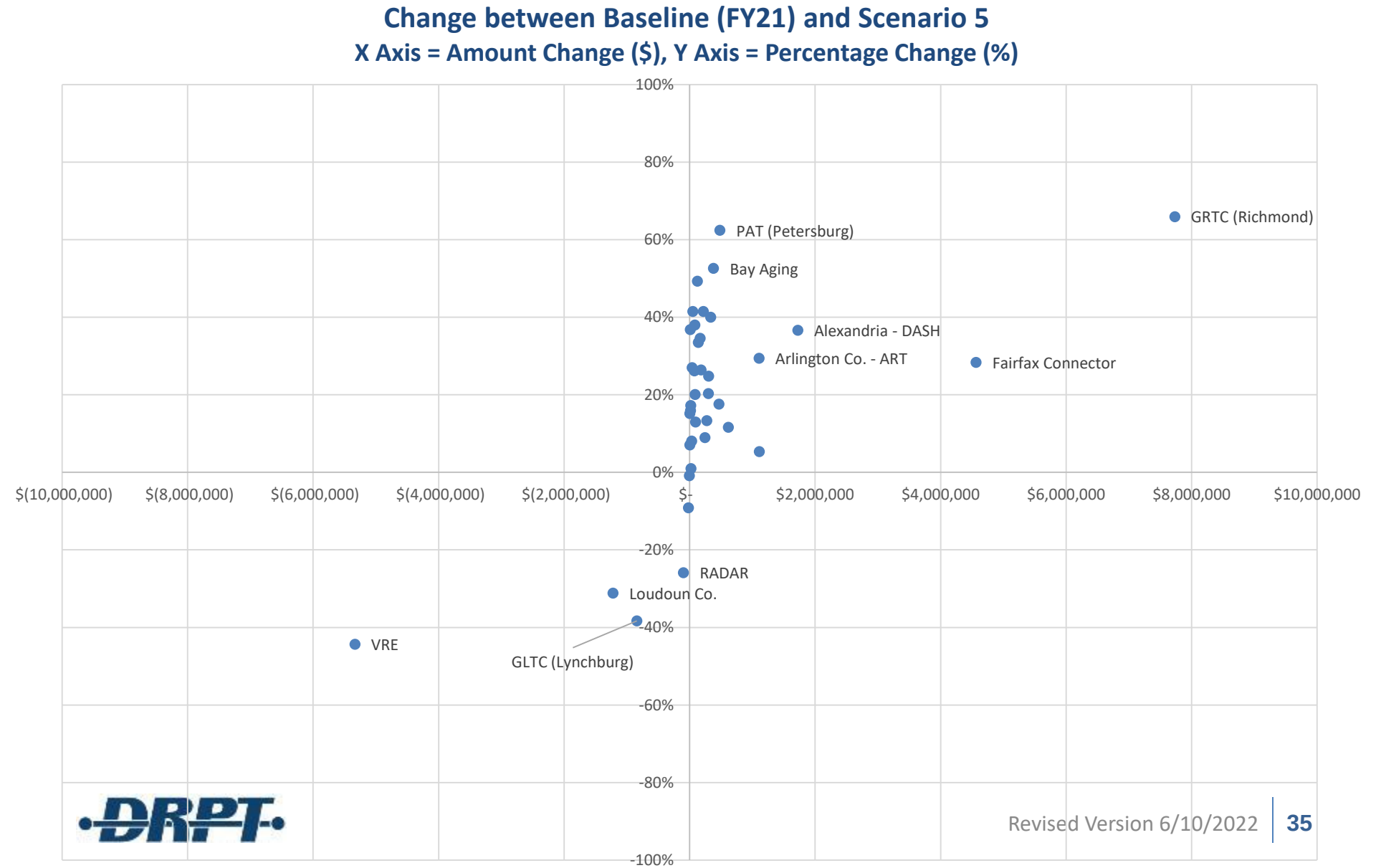
Baseline (FY21) vs. Scenario 5 Operating Assistance Allocation [Lower 2 Quartiles]

FY24 Total Available: $114,793,919



Scenario 5: FY24 Modified Commuter Rail Pool

(Operating Cost 60%, Ridership 40%)



Funding Cap Modifications

- **Scenario 6:** No Operating Funding Cap
- **Scenario 7:** 25% Operating Funding Cap

Scenario 6: FY24 Funding Cap Modification

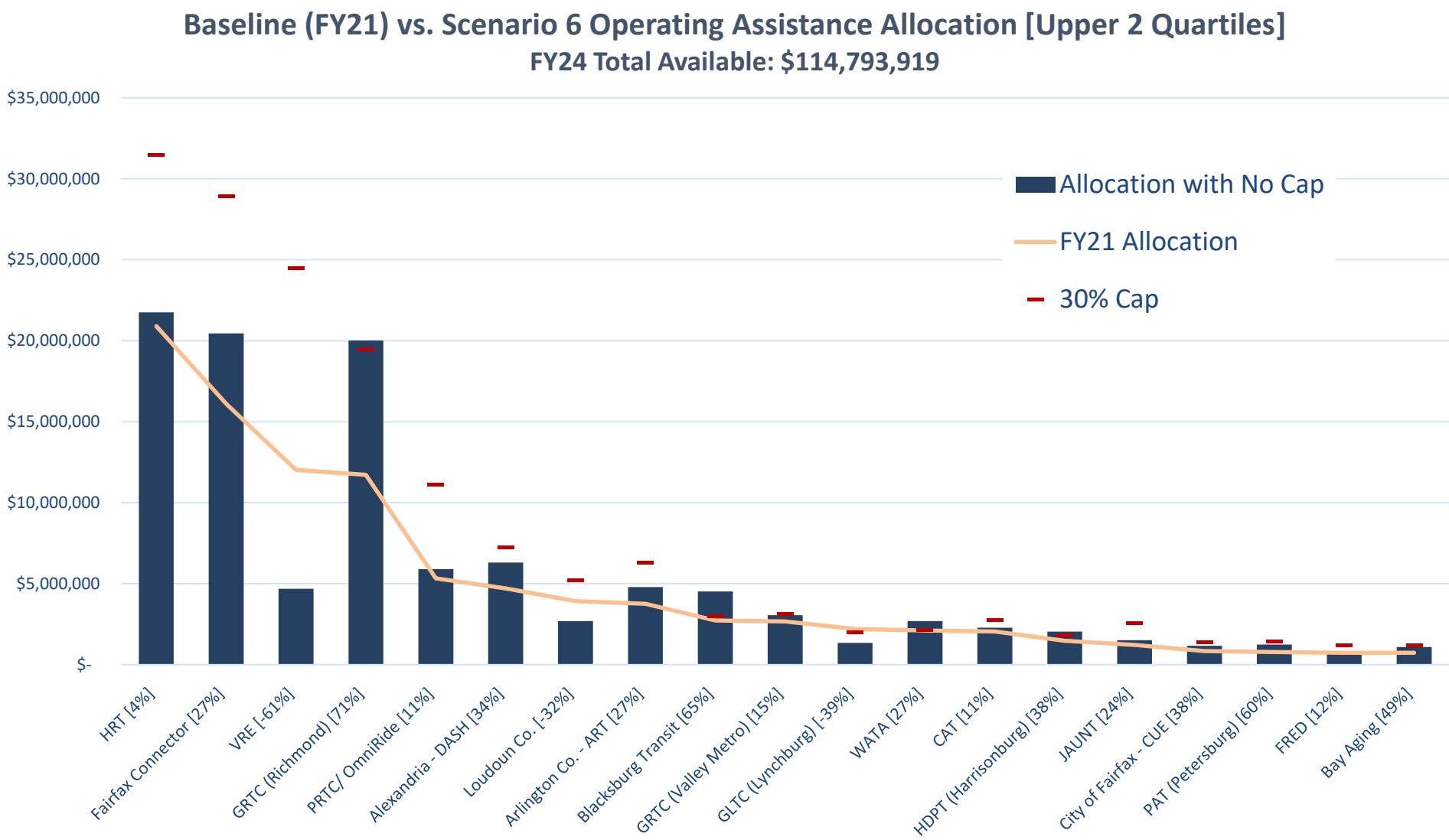
(No Operating Funding Cap)

- **Scenario Description:**
  - Retained commuter rail pool sizing step with no changes to weighting factors or calculation
  - Removed 30% cap on all agencies

- **Notes:**
  - Eliminating the 30% cap results in a couple agencies receiving higher allocations and proportionally decreases the allocations to the remaining agencies

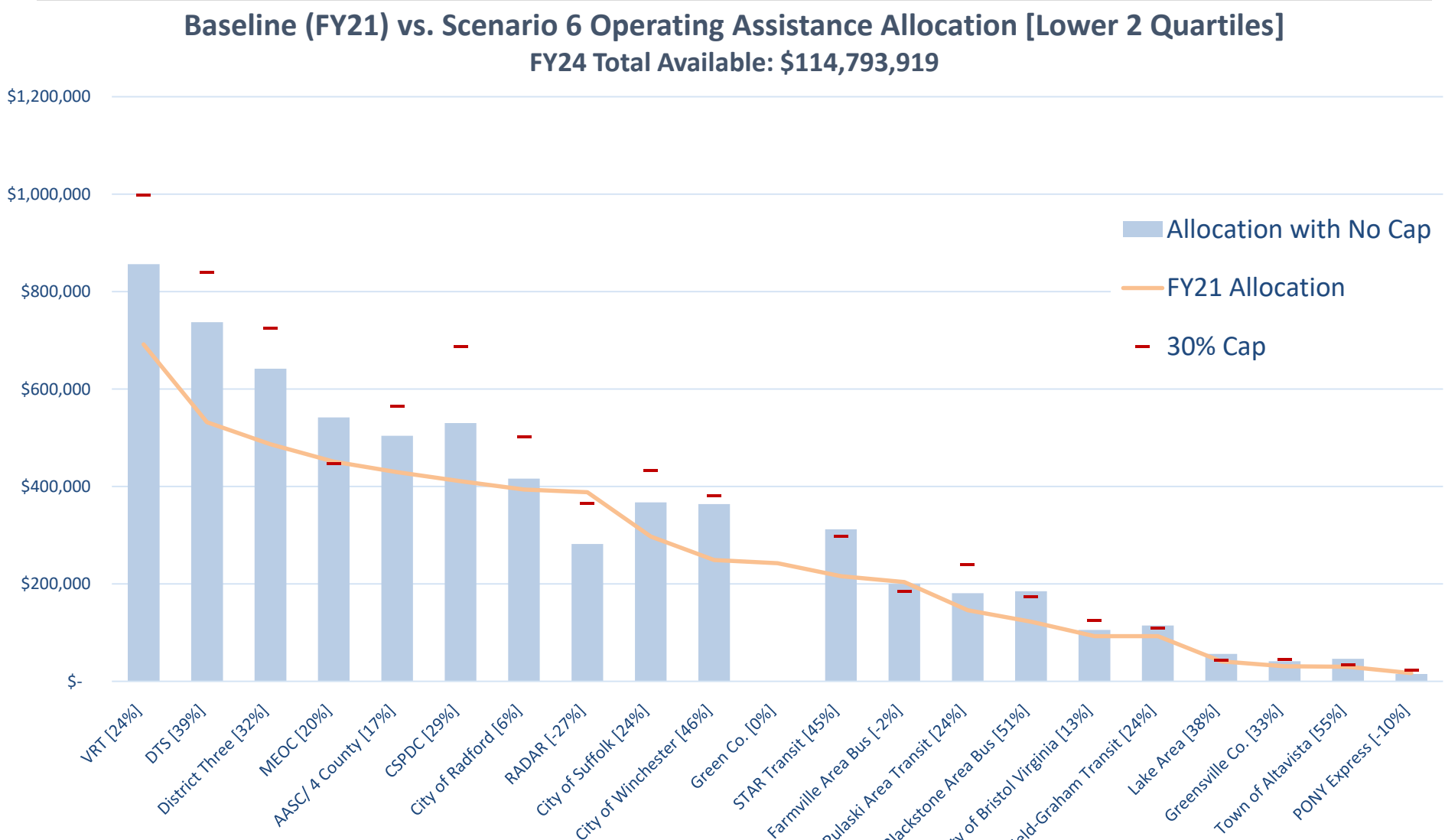
Scenario 6: FY24 Funding Cap Modification

(No Operating Funding Cap)



Scenario 6: FY24 Funding Cap Modification

(No Operating Funding Cap)

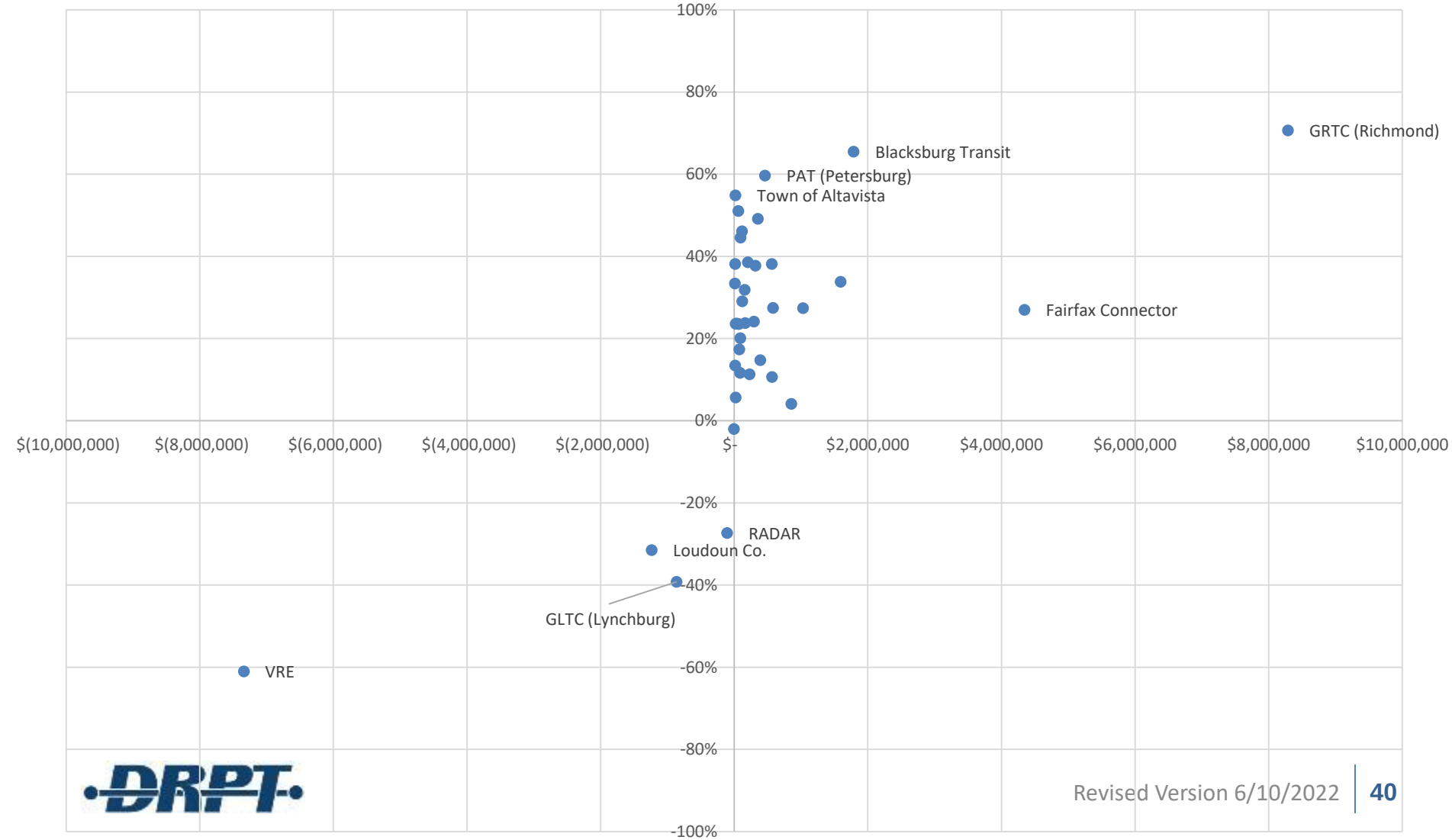


Scenario 6: FY24 Funding Cap Modification

(No Operating Funding Cap)

Change between Baseline (FY21) and Scenario 6

X Axis = Amount Change ($), Y Axis = Percentage Change (%)



Scenario 7: FY24 Funding Cap Modification

(25% Operating Funding Cap)

- **Scenario Description:**
  - Retained commuter rail pool sizing step with no changes to weighting factors or calculation
  - Reduced cap from 30% to 25% of operating cost

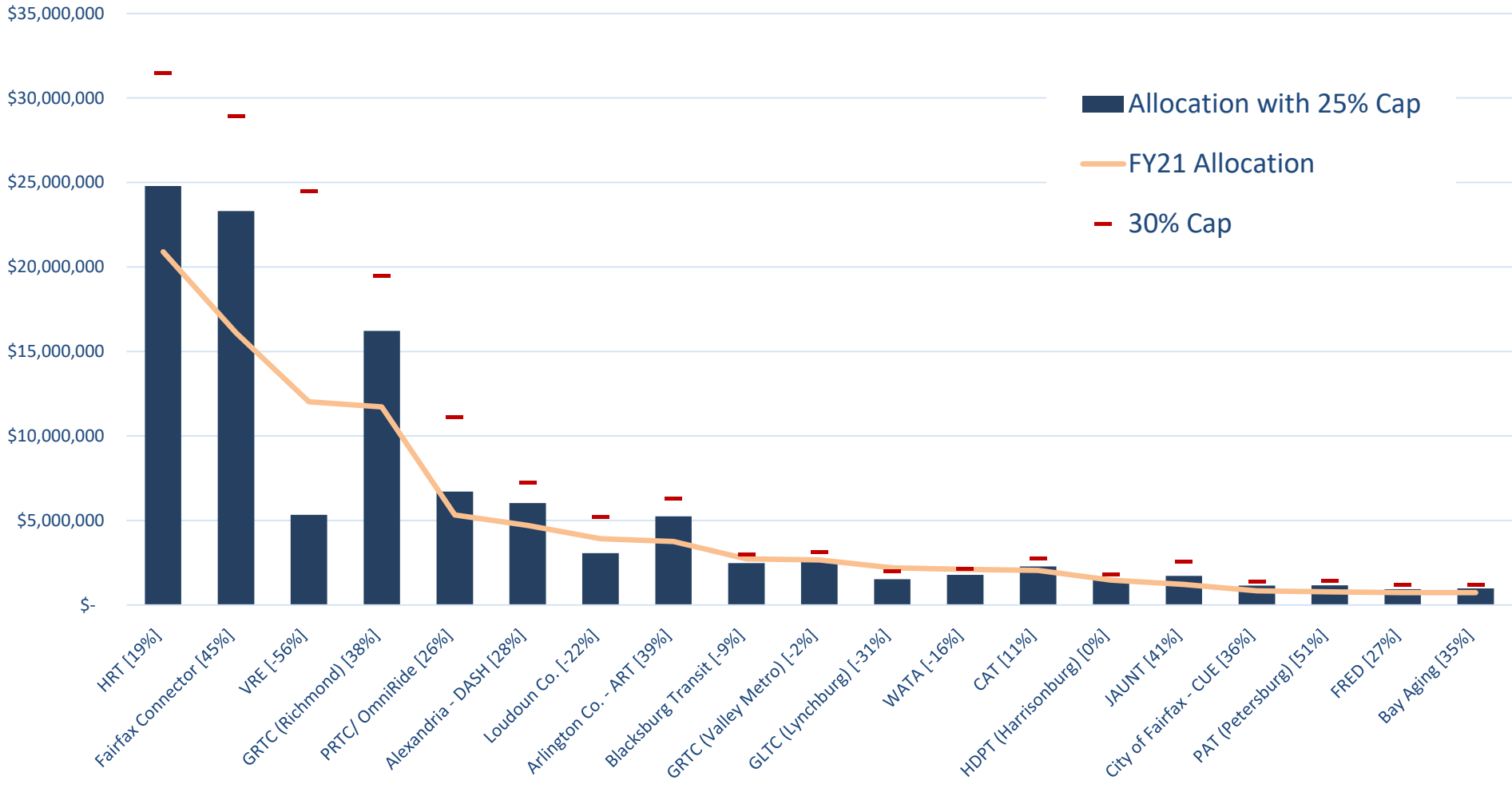
- **Notes:**
  - Reducing the 30% cap to 25% results in some higher preforming agencies receiving reduced allocations, some of which are lower than the agency received in the baseline scenario (FY21)
  - Agencies with initial allocations less than 25% benefit from additional funds available for re-allocation

Scenario 7: FY24 Funding Cap Modification

(25% Operating Funding Cap)

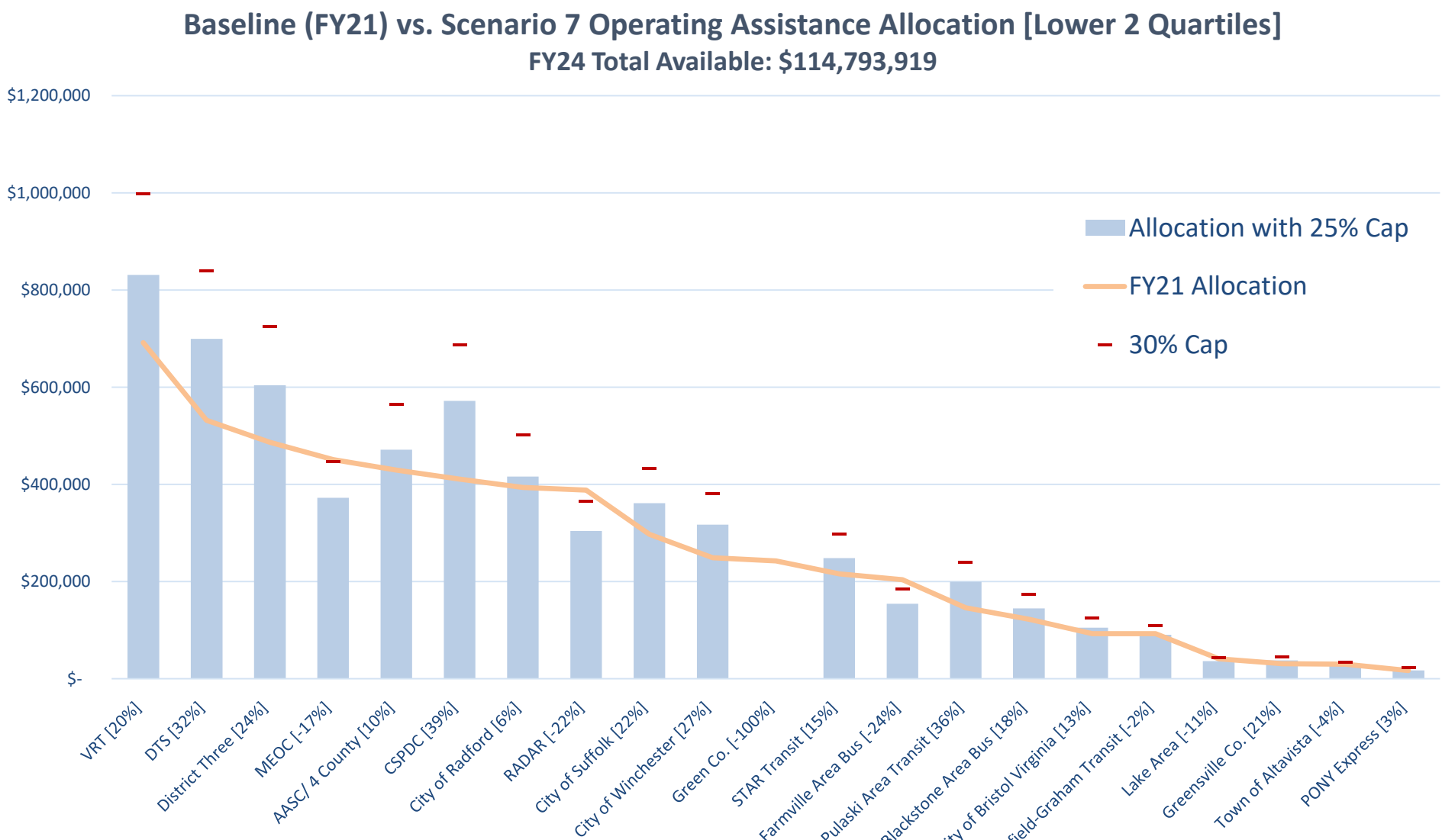
Baseline (FY21) vs. Scenario 7 Operating Assistance Allocation [Upper 2 Quartiles]

FY24 Total Available: $114,793,919



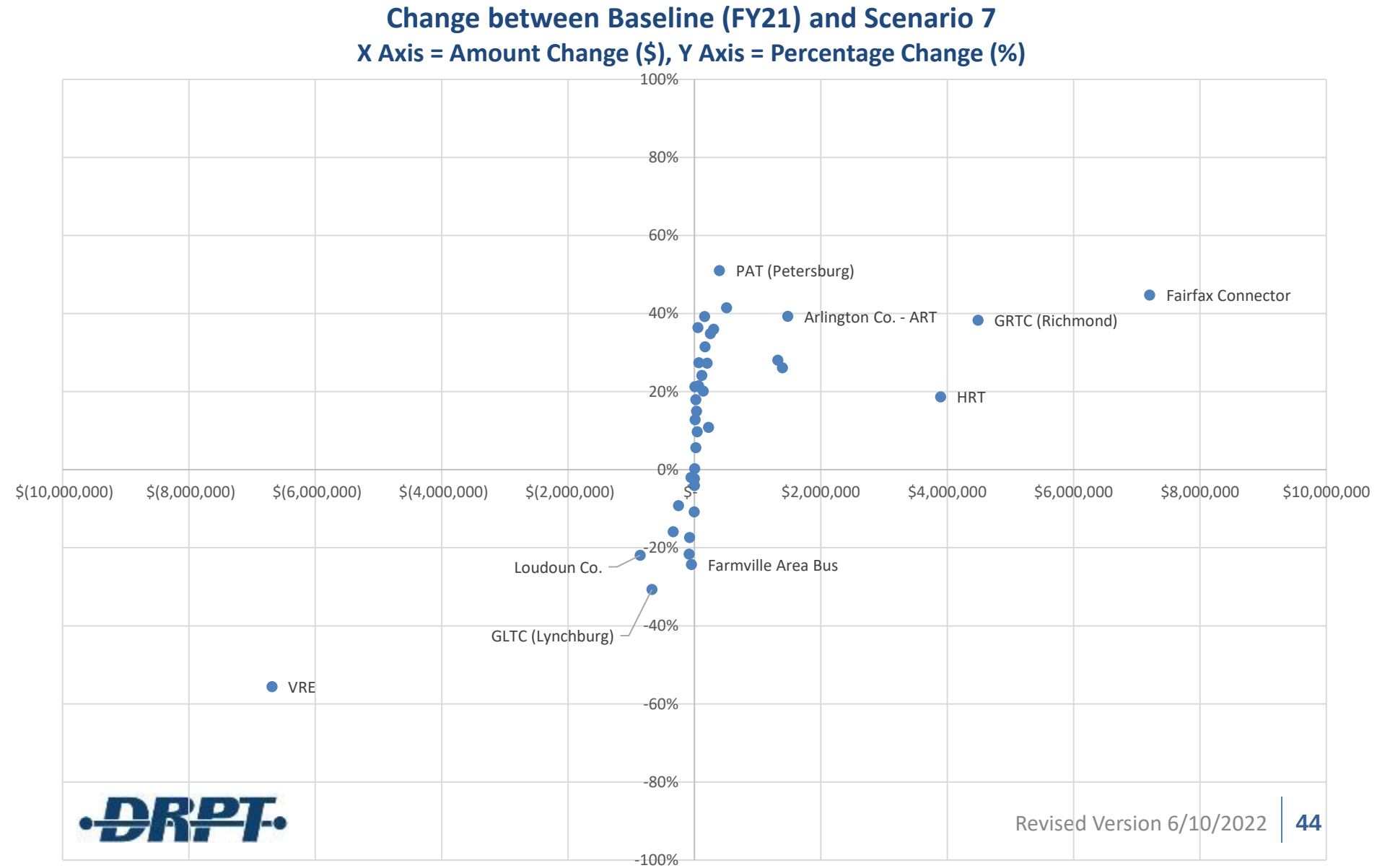
Scenario 7: FY24 Funding Cap Modification

(25% Operating Funding Cap)



Scenario 7: FY24 Funding Cap Modification

(25% Operating Funding Cap)



Operating Floor Scenarios

- **Scenario 8:** 15% Operating Funding Floor
- **Scenario 9:** 10% Operating Funding Floor

Scenario 8: FY24 With Funding Floor

(15% Operating Funding Floor)

- **Scenario Description:**
  - Retained commuter rail pool sizing step with no changes to weighting factors or calculation
  - Kept cap at 30% of operating cost
  - Added minimum floor of 15% of operating cost

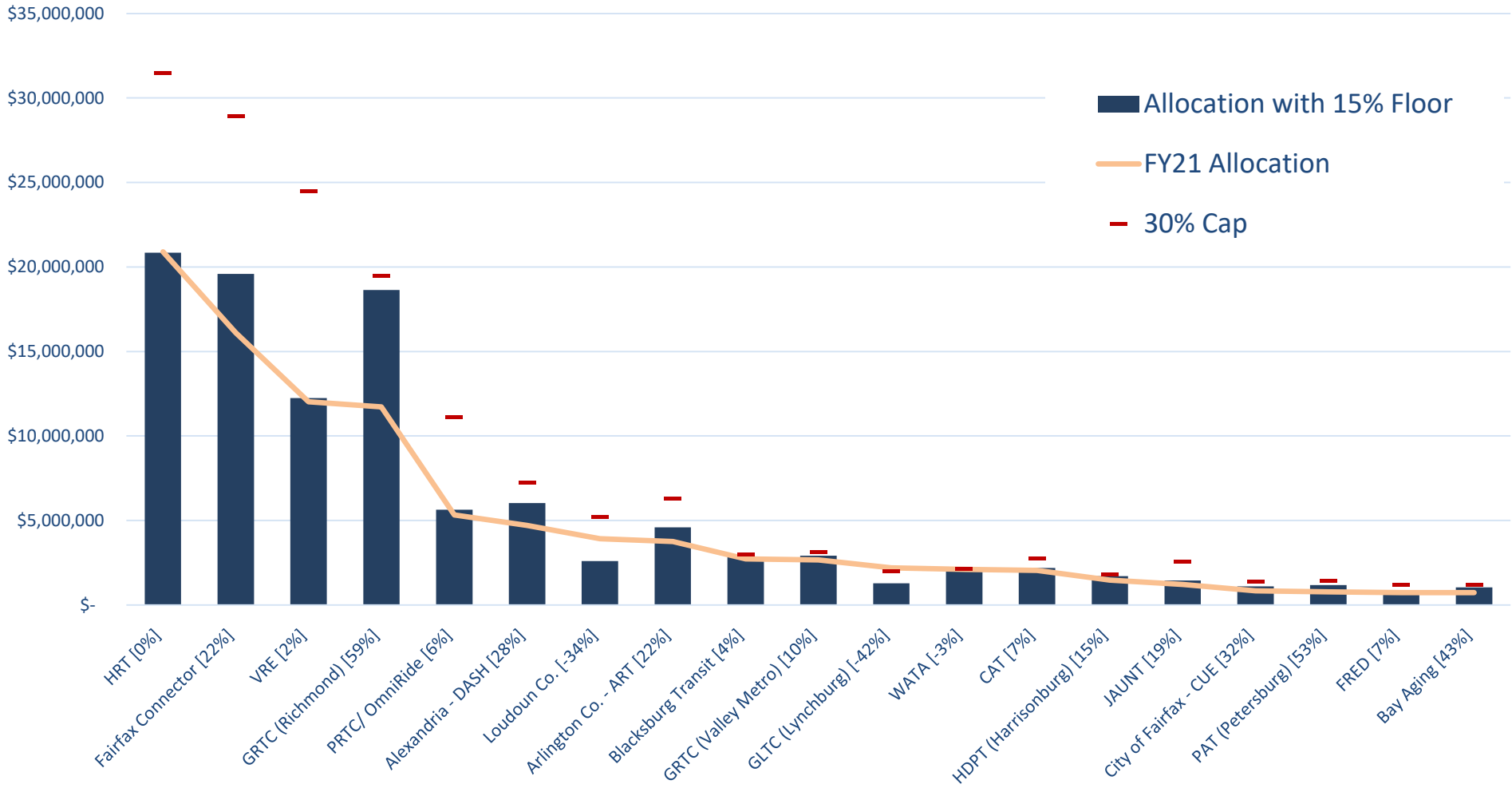
- **Notes:**
  - 15% floor is in line with minimum % received by any agency in FY21
  - VRE is only agency with an initial allocation less than 15%

Scenario 8: FY24 With Funding Floor

(15% Operating Funding Floor)

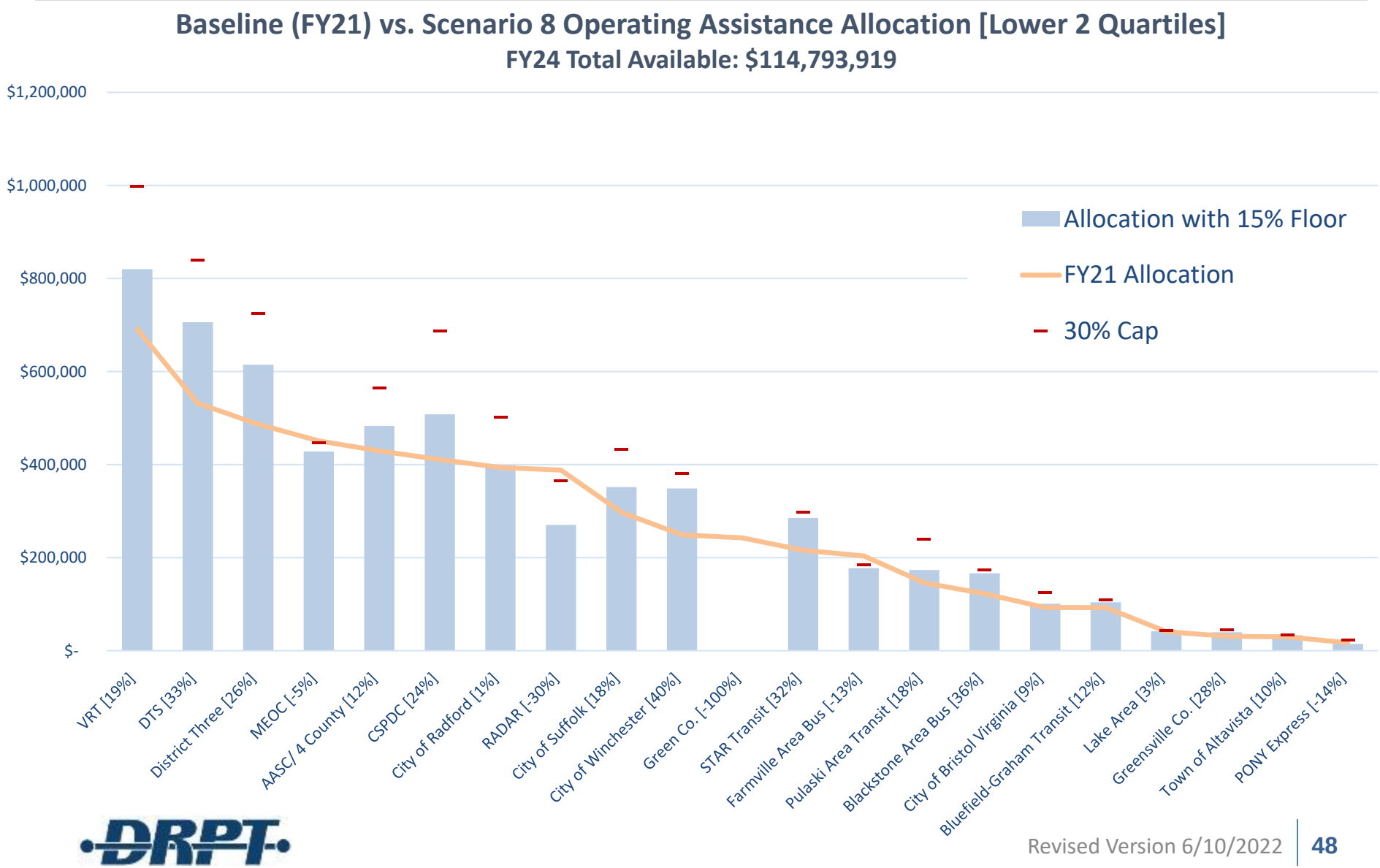
Baseline (FY21) vs. Scenario 8 Operating Assistance Allocation [Upper 2 Quartiles]

FY24 Total Available: $114,793,919



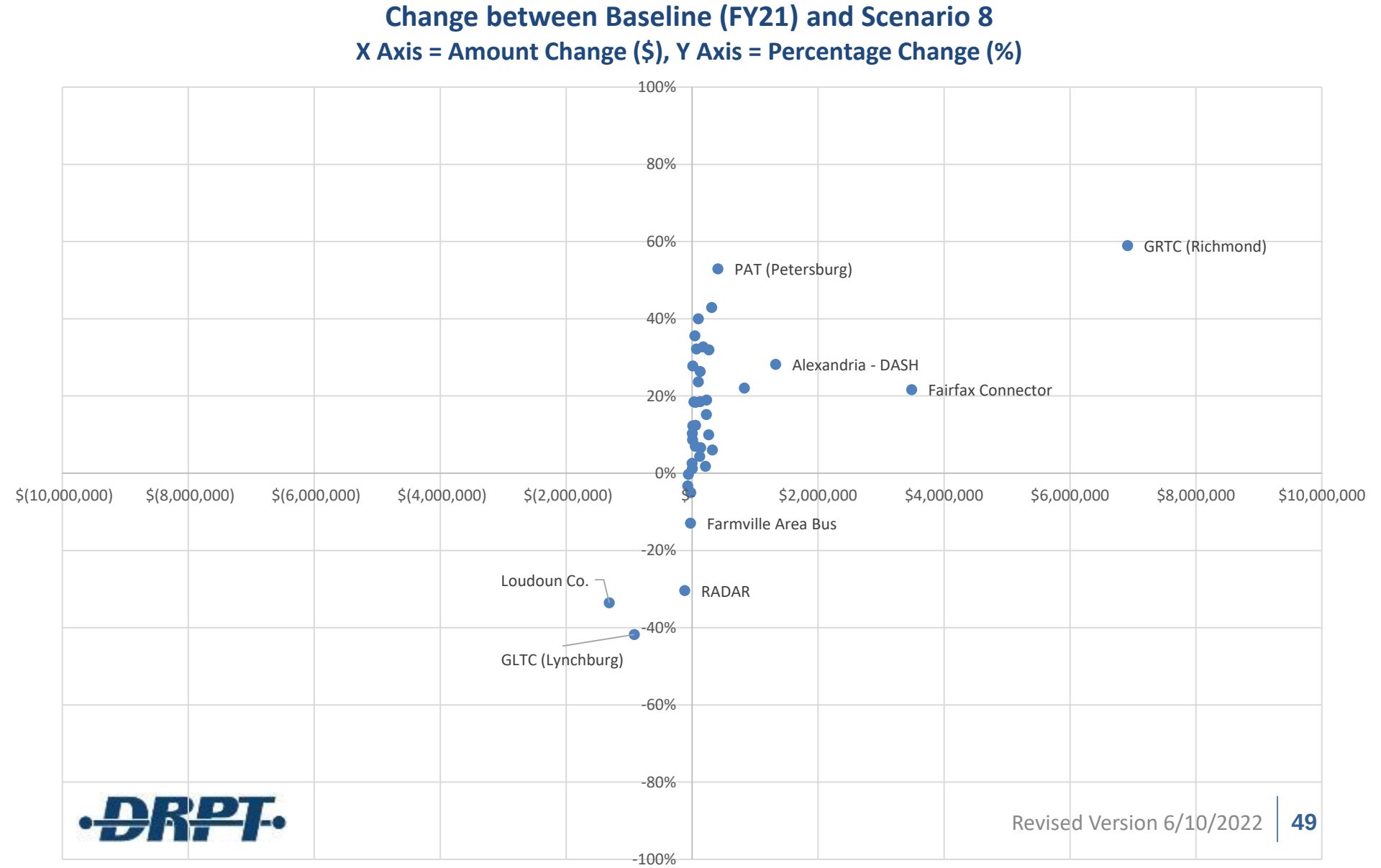
Scenario 8: FY24 With Funding Floor

(15% Operating Funding Floor)



Scenario 8: FY24 With Funding Floor

(15% Operating Funding Floor)



Scenario 9: FY24 With Funding Floor

(10% Operating Funding Floor)

- **Scenario Description:**
  - Retained commuter rail pool sizing step with no changes to weighting factors or calculation
  - Kept cap at 30% of operating cost
  - Added minimum floor of 10% of operating cost

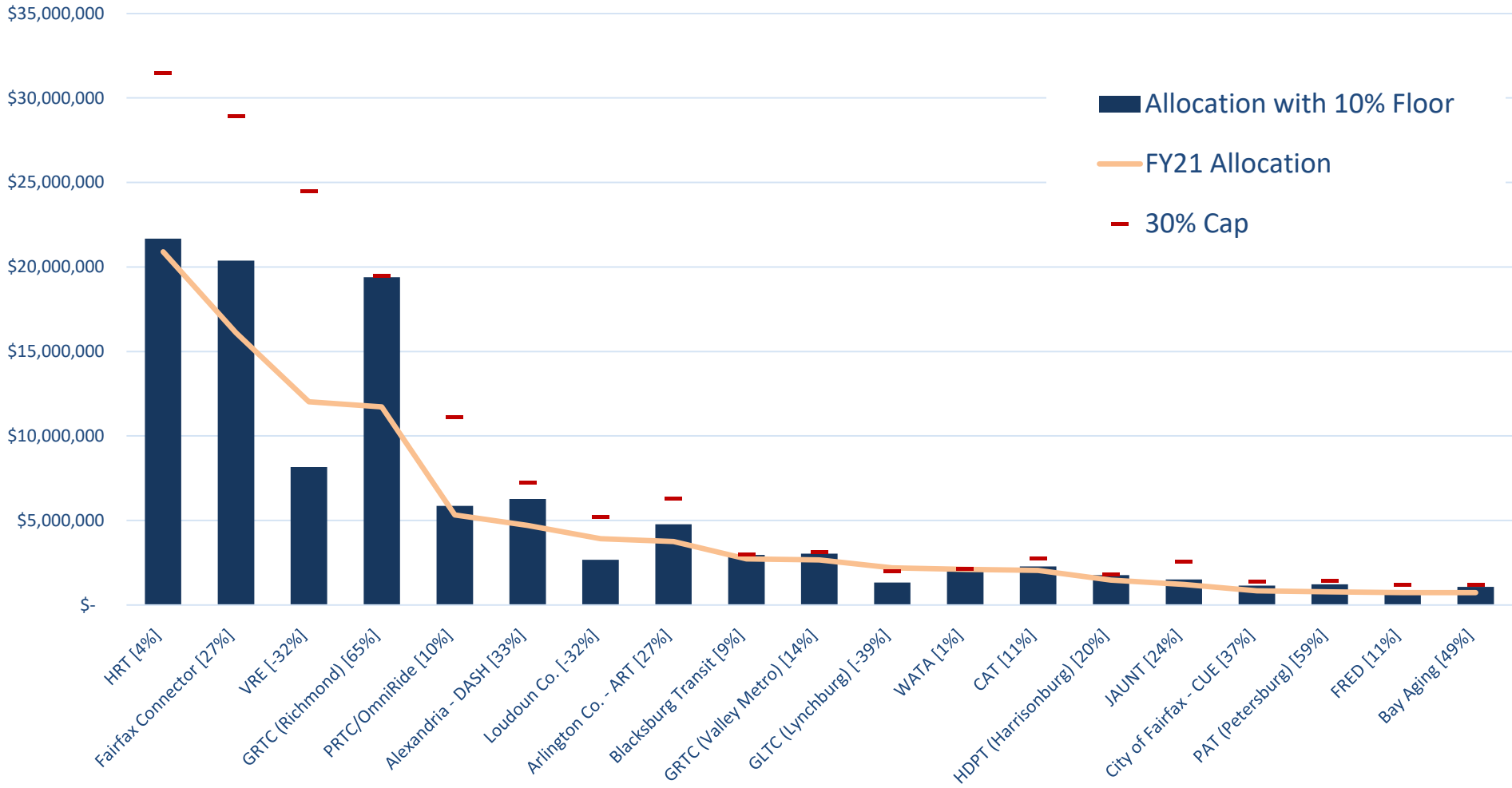
- **Notes:**
  - 10% floor is about 5% less than the minimum % received by any agency in FY21
  - VRE is only agency with an initial allocation less than 10%

Scenario 9: FY24 With Funding Floor

(10% Operating Funding Floor)

Baseline (FY21) vs. Scenario 9 Operating Assistance Allocation [Upper 2 Quartiles]

FY24 Total Available: $114,793,919

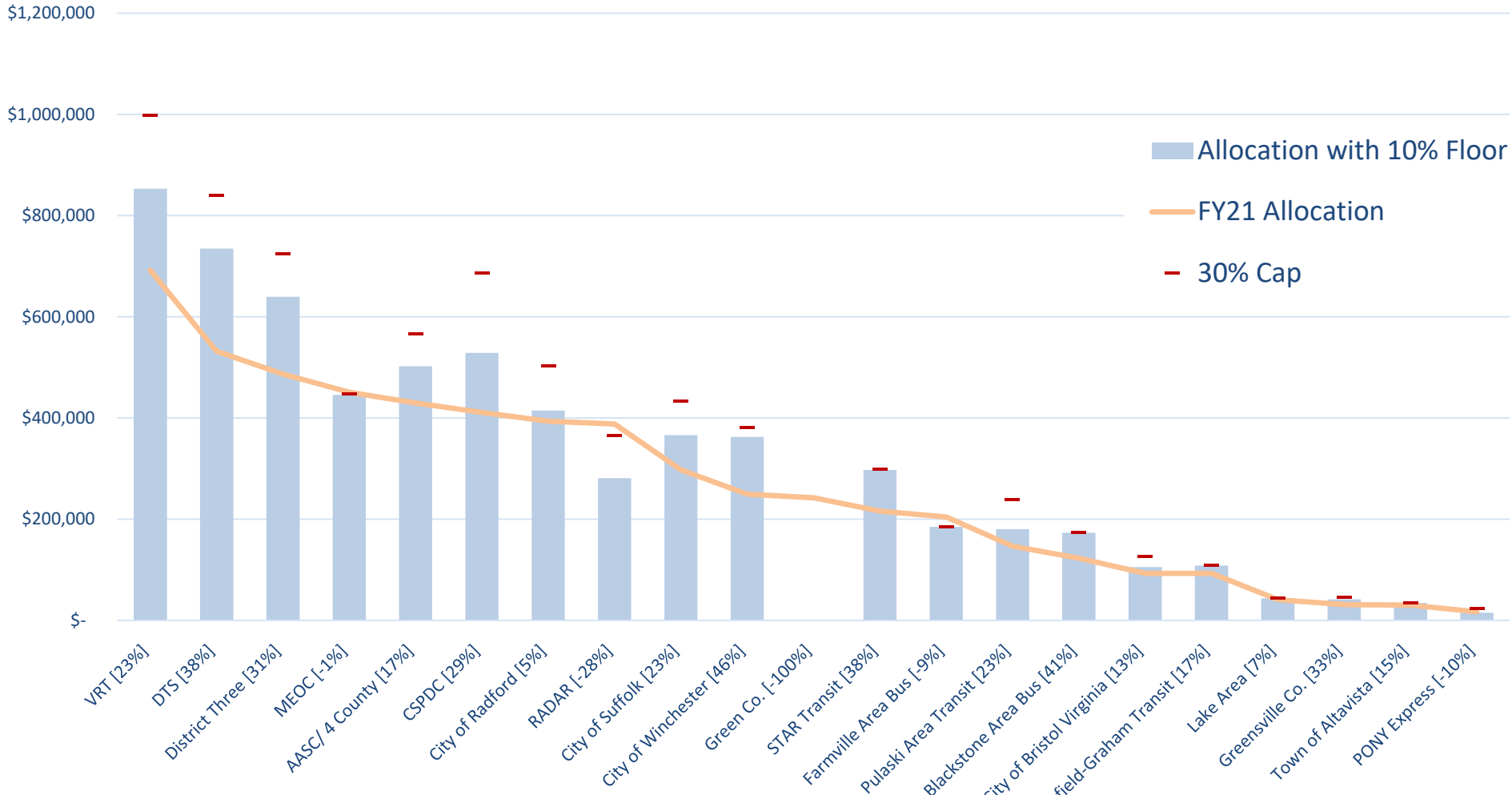


Scenario 9: FY24 With Funding Floor

(10% Operating Funding Floor)

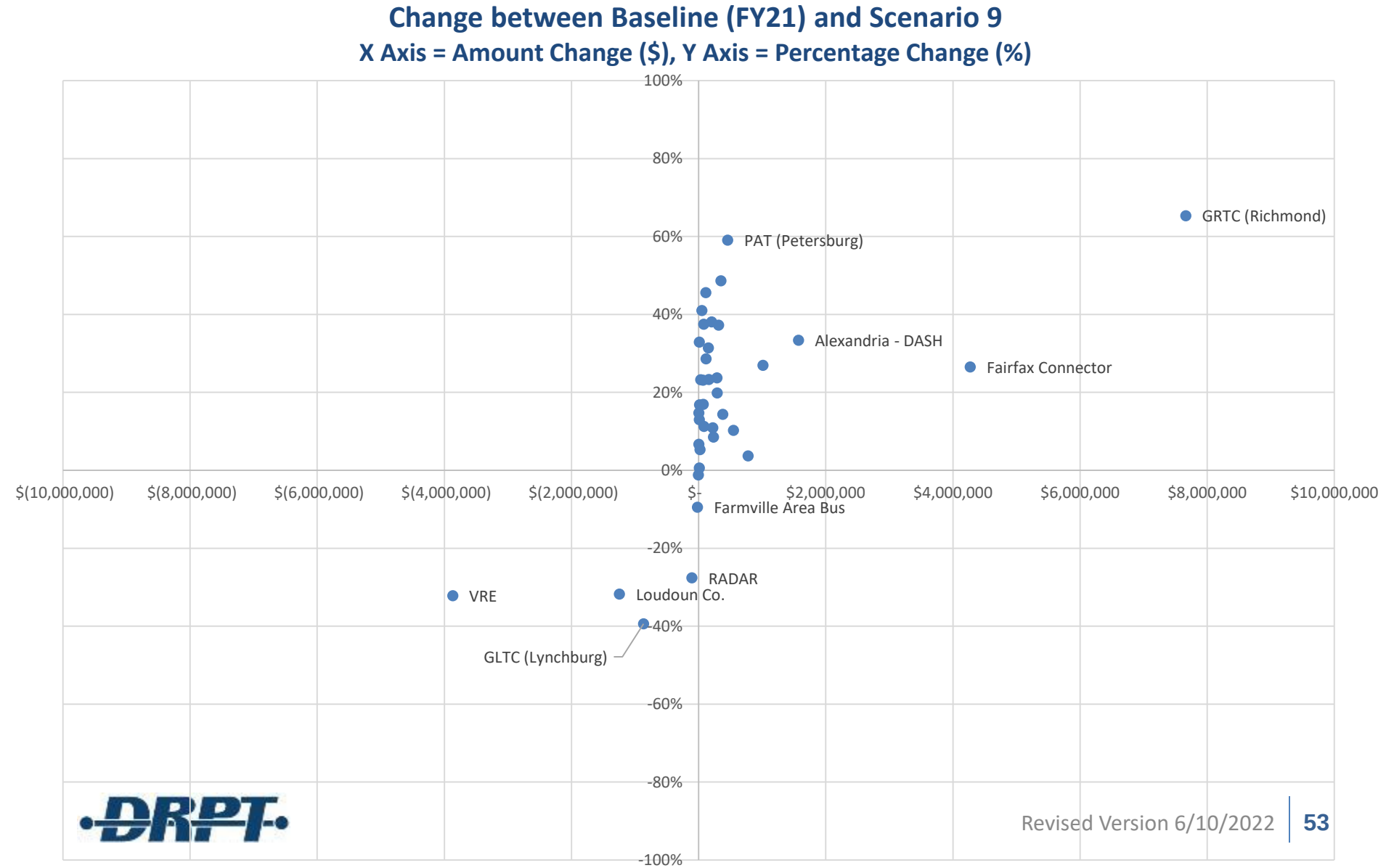
Baseline (FY21) vs. Scenario 9 Operating Assistance Allocation [Upper 2 Quartiles]

FY24 Total Available: $114,793,919



Scenario 9: FY24 With Funding Floor

(10% Operating Funding Floor)



Next Steps

Public Comment