



Transit Service Delivery Advisory Committee (TSDAC)

May 13, 2025



Today's Agenda

1. Introductions
2. Approval of April 1, 2025 Meeting Minutes
3. FY26 MERIT Operating Assistance - Recommended Allocations
4. FY26 MERIT Capital Assistance - Recommended Awards
5. MERIT Operating Assistance - Program Summary and Projections
6. MERIT Capital Assistance – Program Summary and Projections
7. MERIT – Capital and Operating Assistance Program Review
8. TSDAC Annual Public Hearing
9. Open Discussion
10. Wrap Up/Next Steps
11. Adjourn

Introductions

Approval of April 1, 2025 Meeting Minutes

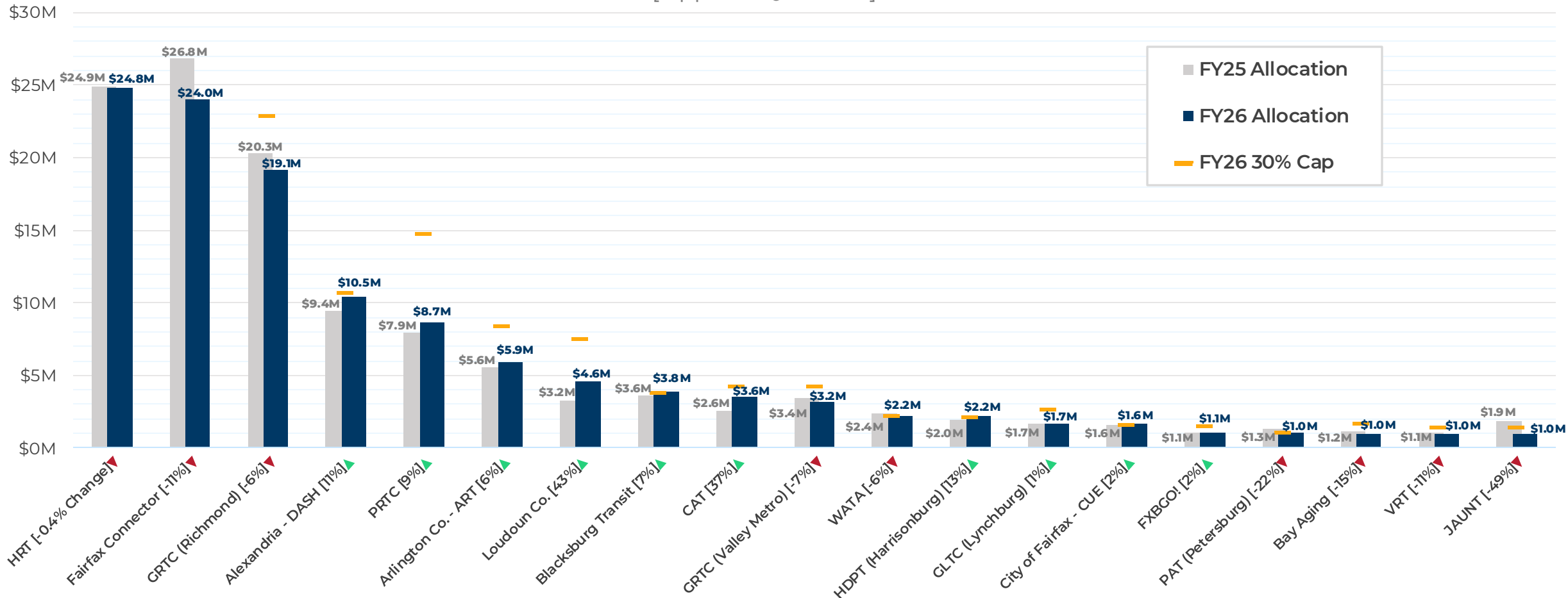
MERIT – Operating Assistance FY26 Recommended Allocations

FY26 MERIT Operating Assistance Figures

- Total Operating Assistance Allocated in FY26 Draft SYIP: **\$127.2m**
 - New Funds (24.5% of CMTF): \$121.8m
 - Carry-over Funds: \$5.4m
- The formula for FY26 operating assistance is based on:
 - **FY24 Sizing Metrics:** operating costs, ridership, hours, and miles
 - **FY21, 22, 23, 24 Performance Metrics:** passengers/hour, passengers/mile, cost/hour, cost/mile, cost/passenger
- CTB policy caps amount of operating assistance to any one agency at **30%** of its operating expenses based on the most recently audited financial report (FY24)

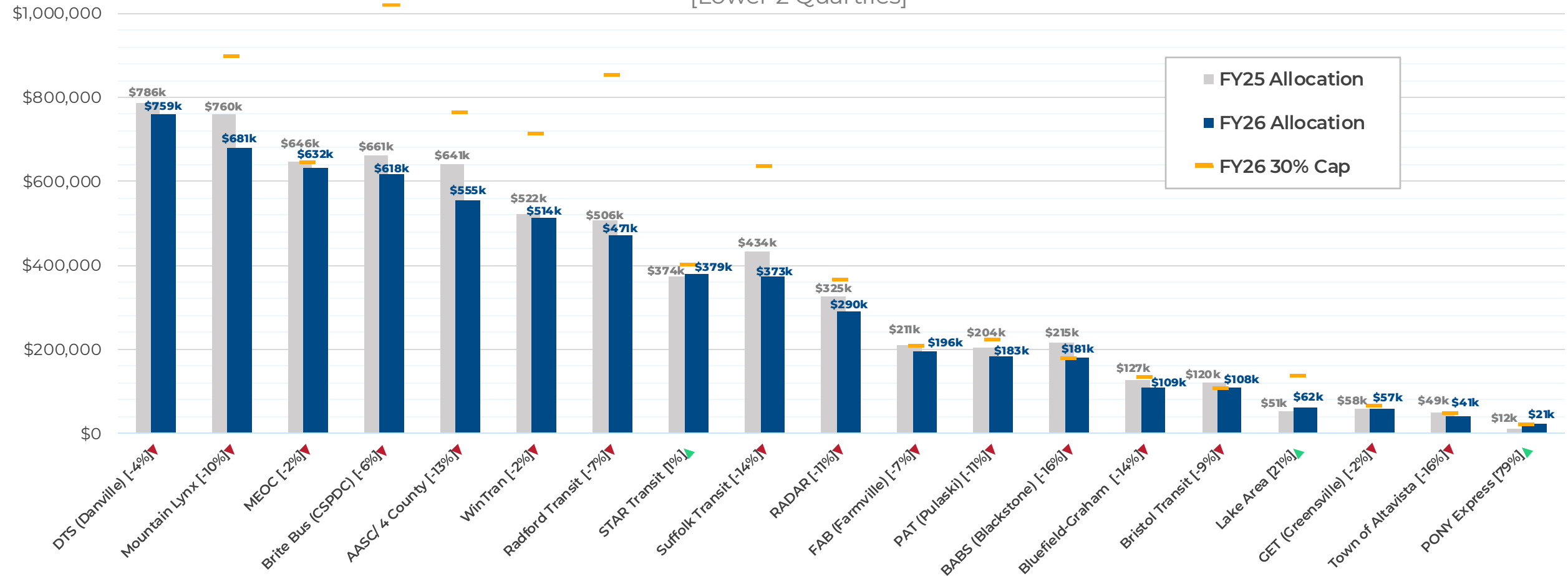
FY26 MERIT -Operating Assistance Allocations

FY26 vs. FY25 Operating Assistance Allocation
[Upper 2 Quartiles]



FY26 MERIT -Operating Assistance Allocations

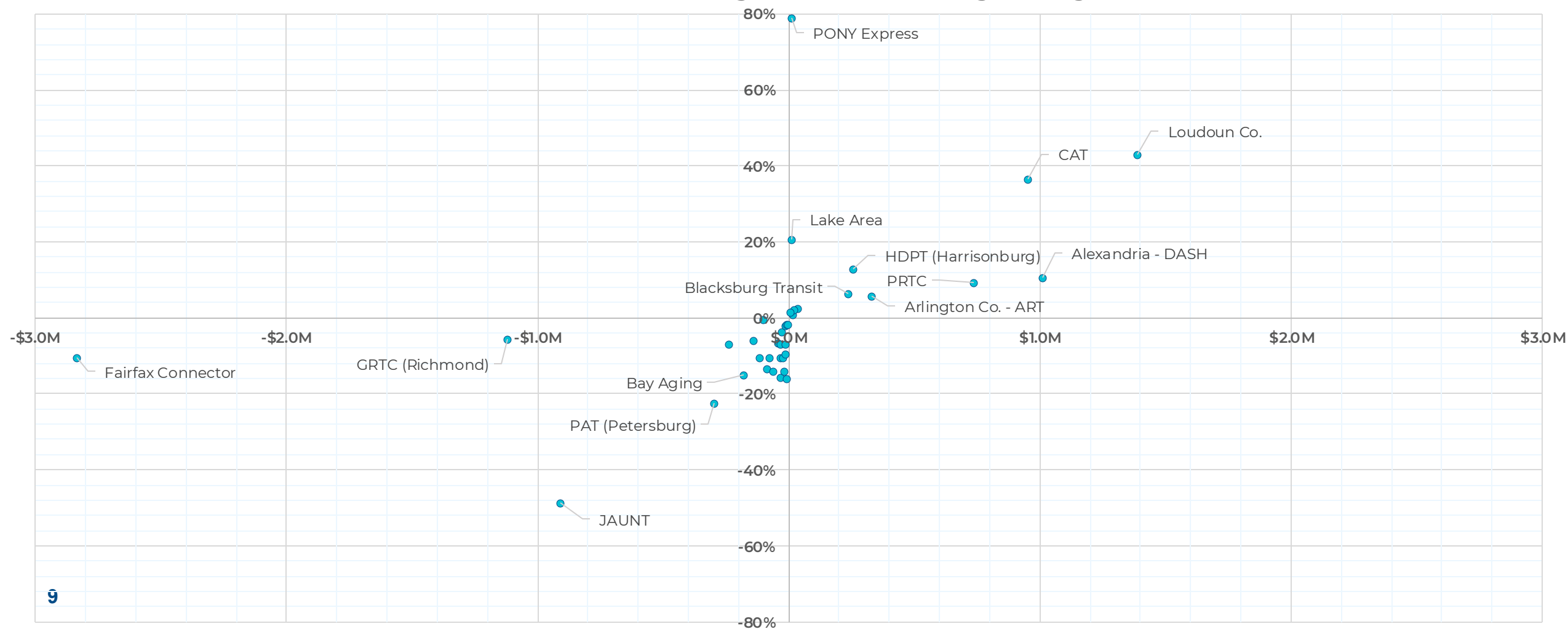
FY26 vs FY25 Operating Assistance Allocation
[Lower 2 Quartiles]



FY26 MERIT - Operating Assistance Allocations

Change in Operating Assistance Allocations between FY25 and FY26

X-Axis = Amount Change, Y-Axis = Percentage Change



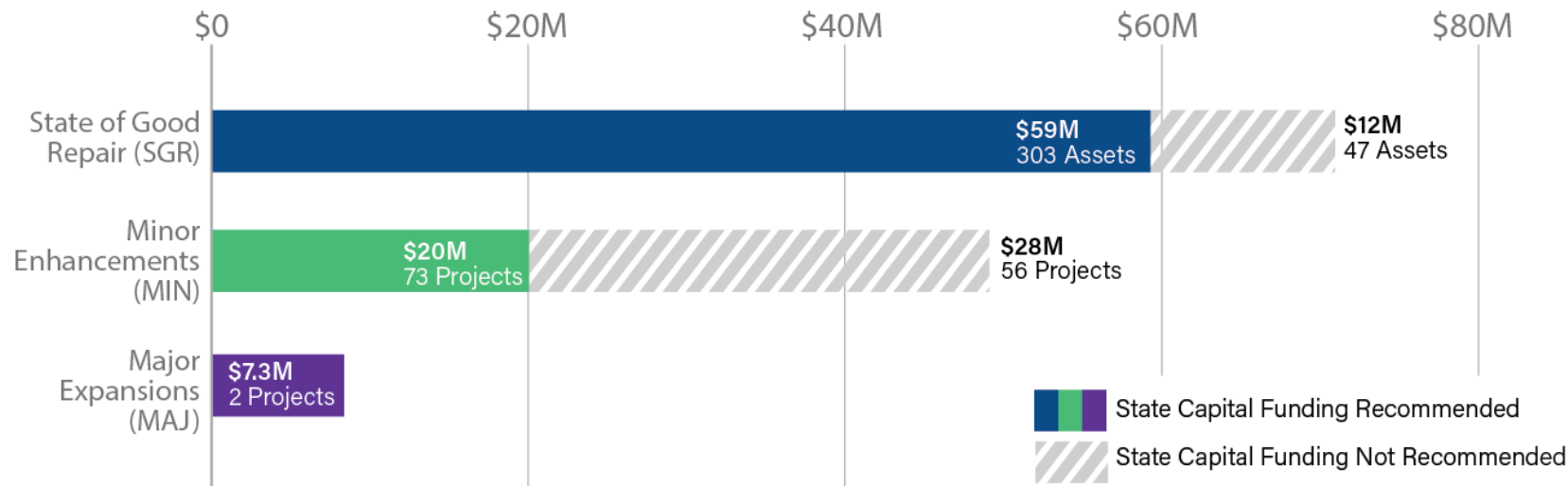
MERIT – Capital Assistance FY26 Recommended Awards

MERIT – Statewide Capital Assistance

FY2026 Projects

FY26 - DRPT State Capital Funding Recommended

Includes Recommended Awards of: State Capital (CMTF) Revenues



The FY26 recommended Capital Assistance Program includes:

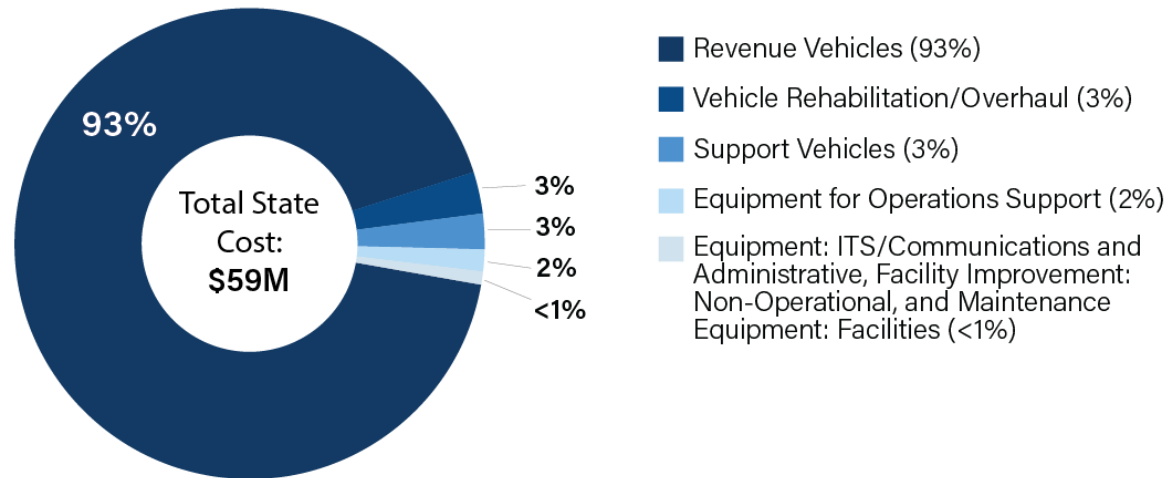
- **State of Good Repair (SGR)** projects that replace assets that are at or nearing their useful life for age or mileage
- **Minor Enhancement** projects that include new assets or replace ones not currently scored on useful life
- Two **Major Expansion** projects:
 - Suffolk Transit – Operations Facility
 - DASH – Operations Facility

MERIT – Statewide Capital Assistance

State of Good Repair

FY26 - State of Good Repair Projects

Recommended Awards By Project Type



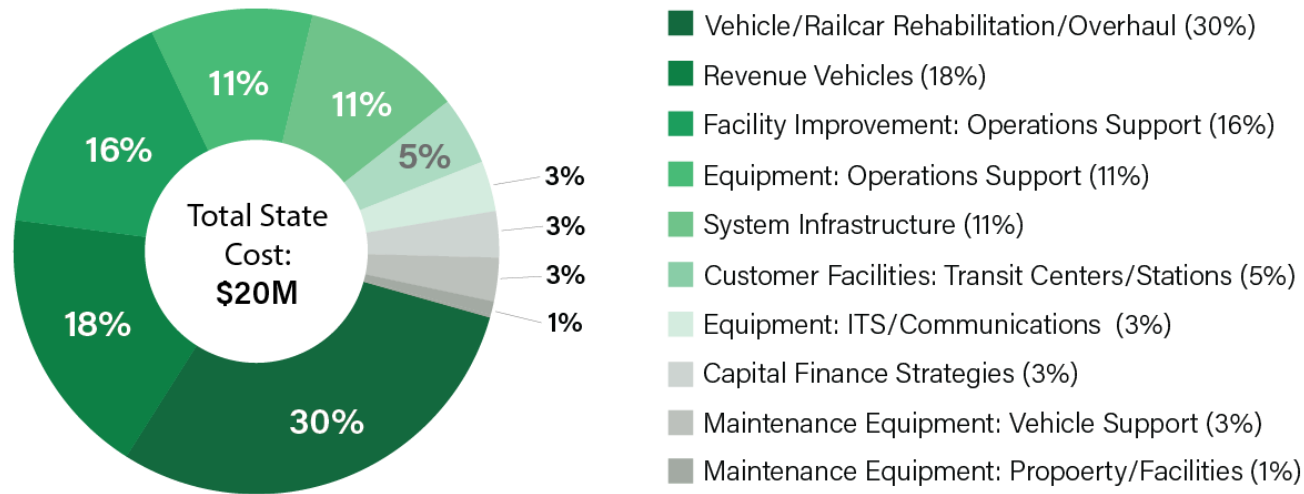
- **Scoring Threshold: 51 points**
- **350 individual assets evaluated**
- **303 replacement assets recommended for funding**
- Projects that scored well include:
 - Revenue vehicle replacements and rehabilitations
 - Support vehicle replacements
 - A small number of projects supporting facility improvements, maintenance, and equipment for operating and administrative support
- Projects that did not score well include:
 - Replacements of assets that have not yet met 80% of their useful life

MERIT – Statewide Capital Assistance

Minor Enhancement

FY26 - Minor Enhancement Projects

Recommended Awards By Project Type



- **Scoring Threshold: 25 points**
- **129 Projects Evaluated**
- **73 Projects Recommended for Funding**
- Projects that scored well include:
 - Vehicle/Railcar rehabilitations
 - Expansion vehicles
 - Equipment for operational support and onboard ITS systems
 - System infrastructure
 - Maintenance equipment and parts
 - Facility improvements with operational impacts
- Projects that did not score well include:
 - Equipment for administrative support
 - Facility improvements with non-operational impacts

Recommended Major Expansion Projects

- Alexandria Transit Company (DASH): Renovation of William B. Hurd Transit Facility

- **Total Cost:** \$9,365,790
- **State Cost:** \$4,682,895 (50%)



- City of Suffolk – Suffolk Transit: Replacement Administration, Operations, and Maintenance Facility (Phase 2)

- **Total Cost:** \$5,237,064
- **State Cost:** \$2,618,532 (50%)

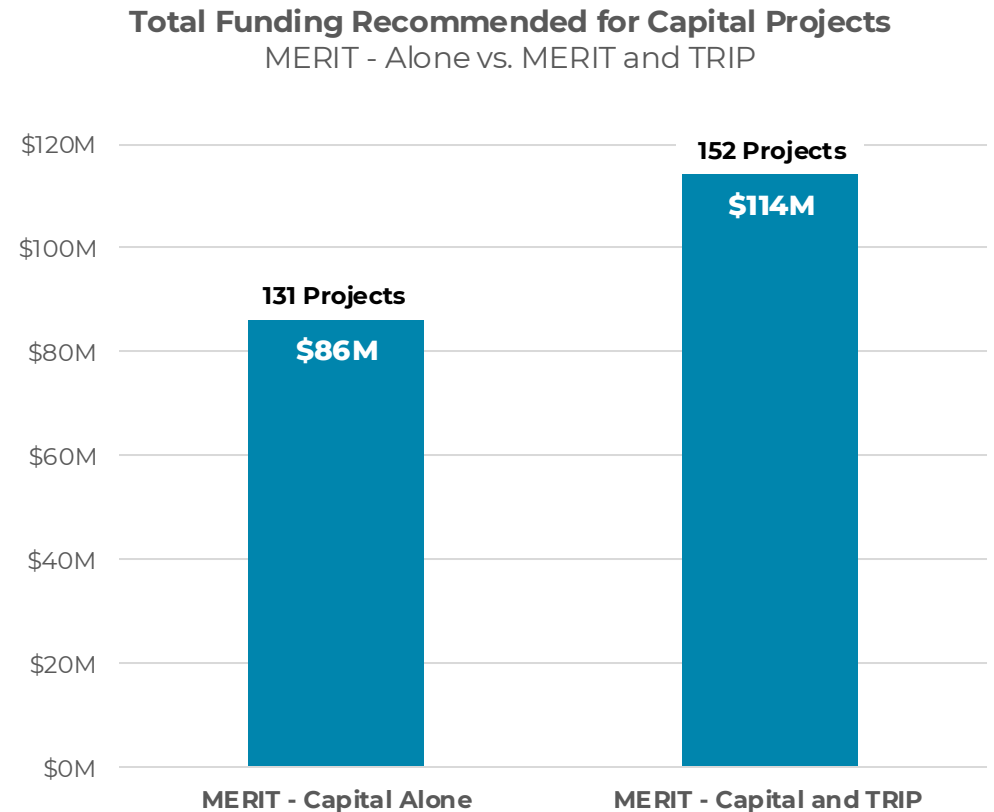


*4 Applications were submitted for Major Expansion projects, 2 were eligible for and shifted into the TRIP program

MERIT – Capital Assistance/ TRIP Dual Eligibility

- In 2023, the General Assembly passed legislation expanding the project categories in the Transit Ridership Incentive Program (TRIP)
- This has significantly expanded the types of projects that now have dual eligibility under both programs
- Current TRIP Categories:
 - **Regional Connectivity ***
 - **Zero and Reduced Fares**
 - **Public Safety ***
 - **Passenger Amenities and Facilities ***

** Applicants for TRIP program categories with a red asterisk can request funding to support the capital assets as part of their request*



MERIT – Operating Assistance Program Summary + Projections

MERIT Operating Assistance Summary

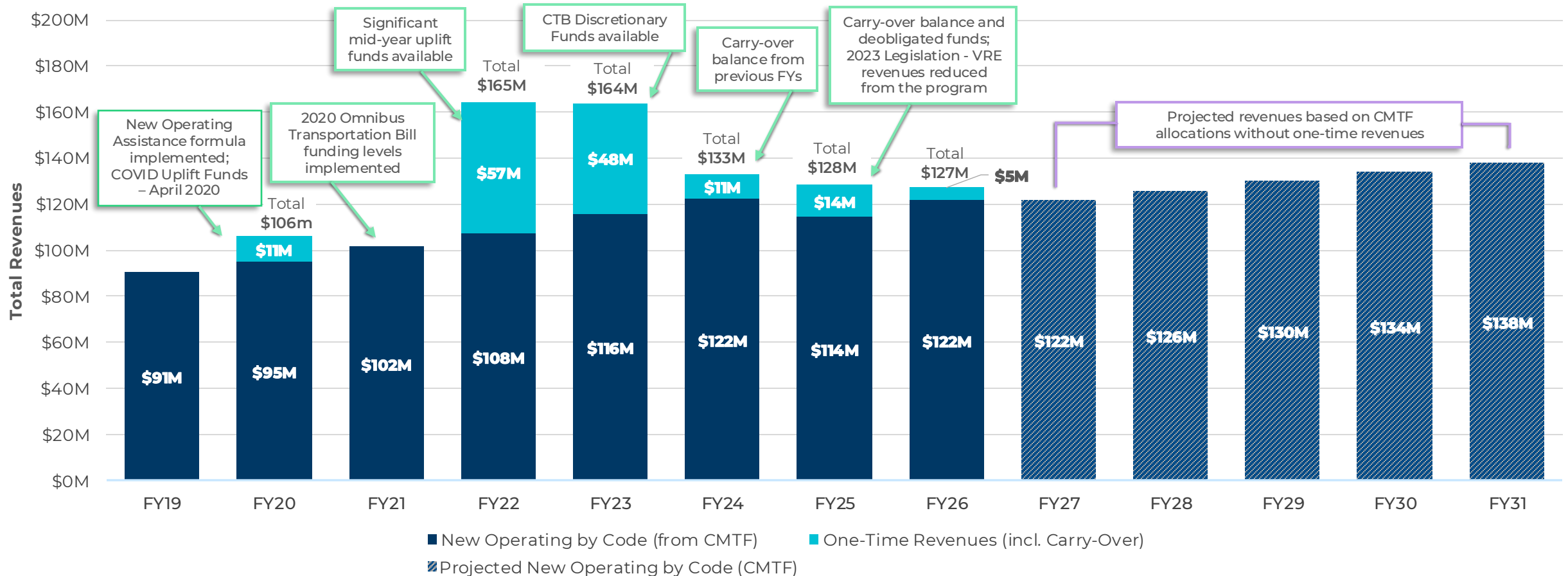


- Over the past 4 fiscal years, operating assistance revenues exceeded projected levels due to one-time revenues (e.g., *pandemic-era funding and project deobligations*)
 - Resulted in high allocations in FY22, FY23, and FY24
 - In FY25, the program was funded above projected levels due to additional one-time revenues from project deobligations
- Most agencies will receive less funding in FY26 compared to FY25 due to a combination of:
 - Lower overall revenues in the program compared to FY25
 - Sizing and performance metric trends for each agency
 - Rising operational costs for *all* agencies
- Projection:
 - In FY27 and beyond, operating costs are projected to rise more than projected revenues
 - Agencies that lost funding this year should prepare for the possibility of lower allocations next year

MERIT – Operating Assistance Revenues FY19 –FY31

MERIT - Operating Assistance Revenues FY19 to FY31 (in \$Millions)

FY19-FY26 Actual | FY27-FY31 Projected

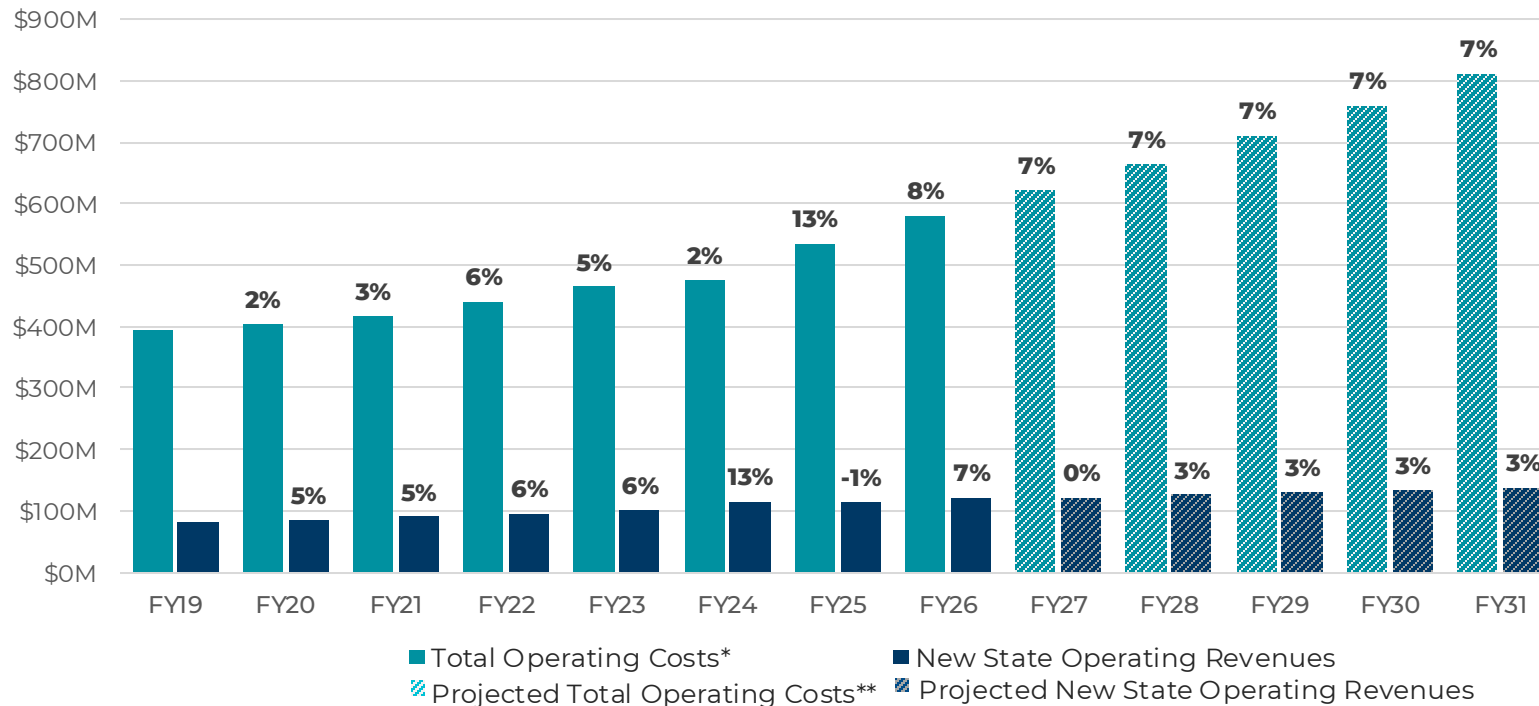


Growth in Operating Costs vs. New Revenues

Statewide Transit Operating Costs vs. New CMTF Revenues

FY19-FY26 Actual | FY27-FY31 Projected

Excludes: WMATA, VRE



* Total Operating Costs are based on the previously audited expenses used for the operating assistance formula. For example, FY26 costs were based on FY24 financials.

** Projected Total Operating Costs are estimated using the average cost growth rate over the past 5 fiscal years

- **Projected new operating revenues will not keep pace with projected operating costs**
- FY19-FY23: New revenues increased slightly more than costs
- In FY24: New revenues increased significantly more than costs
- In FY25: Cost increases significantly more than new revenues
- In FY26: New revenues and costs increased as almost the same rate
- FY27-31 Projection: Growth in costs is projected to outpace growth in operating revenues

MERIT – Capital Assistance Program Summary + Projections

MERIT Capital Assistance – Issue Summary

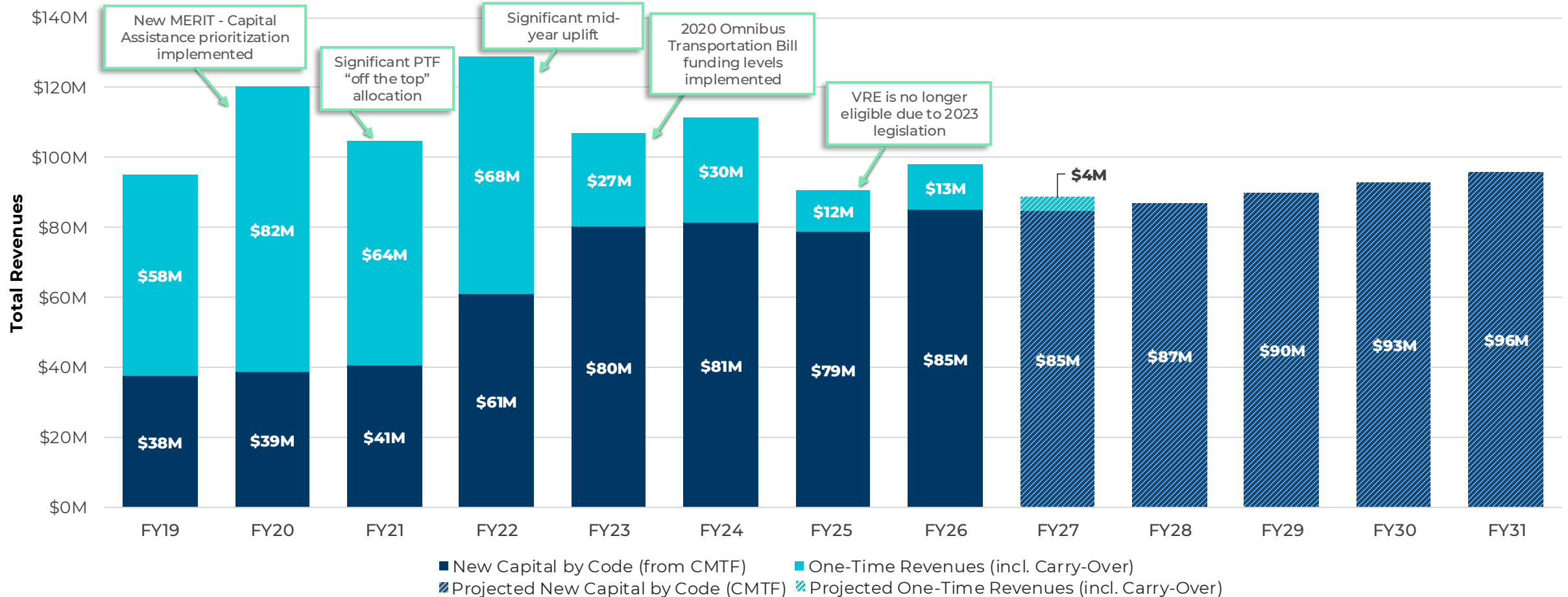


- Over the past seven fiscal years, capital assistance revenues exceeded projected levels due to one-time revenues (*i.e., pandemic-era funding, project deobligations*)
 - Allowed DRPT to fund more projects than would have been possible with only new revenue
 - Generated significant carry-over balances that kept the program well funded
- In FY26, DRPT has more revenues to distribute than projected due to project deobligations
- Projection:
 - Increases in costs of capital purchases industry-wide are putting pressure on the program
 - In FY27, capital needs are projected to increase and revenues are projected to stay flat
 - Changes to the Rural Transit Program (FTA 5311) will put additional pressures on the Capital Assistance program

MERIT – Capital Assistance Revenues FY19 - 31

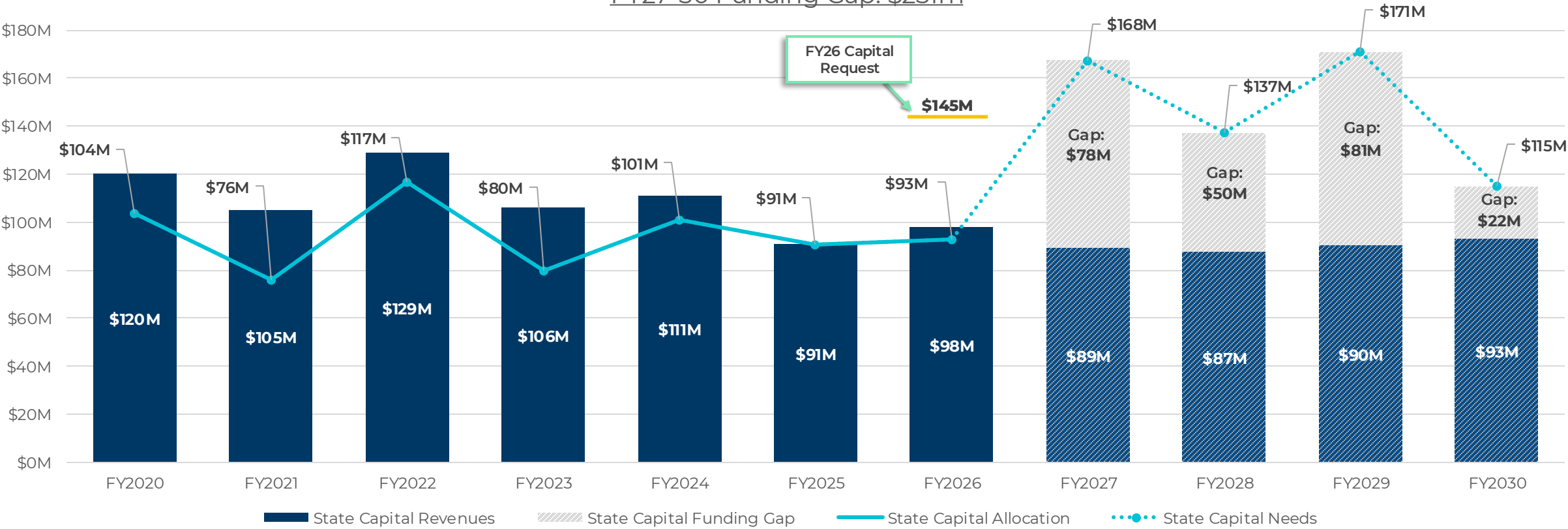
MERIT - Capital Assistance Revenues FY19 to FY31

FY19-FY26 Actual | FY27-FY31 Projected



5-Year Capital Outlook: All Capital Needs

Capital Assistance Revenues vs. Actual Allocations and Future Needs
FY20-26 Actual | FY27-30 Projected
FY27-30 Funding Gap: \$231m



MERIT – Capital and Operating Assistance Program Review Update

Status Report on Review

- A kickoff meeting has been completed with the consulting team and staff has shared data, policies, and past meeting information for review.
- Operating Assistance Observations under current methodology:
 - Agencies may lose significant funding even when operations are relatively stable.
 - Are there additional datasets that can improve performance aspects of program?
- Capital Assistance Observations under current methodology:
 - Establish additional useful life benchmarks to facilitate scoring.
 - Do eligibility criteria need refining to remove projects that are rarely funded?
 - Review incentive scoring items.

TSDAC Annual Public Hearing

33.2-214.4.B.1 of the Code of Virginia requires that the:

"Transit Service Delivery Advisory Committee shall meet at least annually and consult with interested stakeholders and hold at least one public hearing and report its findings to the Director of the Department of Rail and Public Transportation."