The Transit Fiscal Cliff:

The Potential Loss of State Transit Funding and What it Means for Localities

Lisa Guthrie, VTA Executive Director
The State Program Support Virginia

Economic Benefits

Transit Capital Spending by Virginia transit agencies generates

$150 million in productivity costs

Transit Spending

Each year, Virginia transit agencies spend:

$630 million on capital, including

$440 million on state of good repair investment

Benefits for Virginia

• More Funding
• Better Projects
• Stronger Economy
By 2021, State Transit Capital Funding Will Drop by 44 Percent

Projected State Transit Capital Revenue (FY18-27)

State capital funds support:

- Buses, stations/platforms, technology, maintenance facilities
- Match to Federal Funds

Note: 80% of funding is for state of good repair replacement only

Source: Department of Rail and Public Transportation
Source of the Decline: Exhaustion of CPR Bond Revenues

**Allocation**
- In FY 2008, CTB allowed Transportation Capital Project Revenue (CPR) bonds to be used for transit projects
- Minimum 20 percent transit share - $60 million annually

**Temporary Shore Up**
- In 2015, HB 1887 shored up bond revenues, adding $40 million/year for transit

**Exhaustion**
- By the end of FY 2019, the transit share of the CPR Bonds will be exhausted
- Final funding available through FY 2020 (only for required WMATA PRIIA match)

**Impact**
- CPR bonds provide 40 percent of the entire state transit capital program - over $110 million in annual revenues
When Aligned with Transit Capital Needs, the Deficit is Stark

Project State Transit Capital Deficit (FY18-27)

Loss would affect full funding of:
- Transit station improvements
- Replacement buses and shelters
- Facility repairs and replacement
- Farebox and bus technologies

Would also affect local match to Federal transit funds

Source: Department of Rail and Public Transportation
Transit Capital Project Case Study: City of Harrisonburg

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Without fix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two 35 Ft Buses =</td>
<td>$840,000</td>
<td>$840,000</td>
</tr>
<tr>
<td>Federal Funding from State (80% share)</td>
<td>$672,000</td>
<td>$168,000</td>
</tr>
<tr>
<td>DPRT Capital Funding</td>
<td>$134,400</td>
<td>$226,800</td>
</tr>
<tr>
<td>Local Funding</td>
<td>$33,600</td>
<td>$445,200</td>
</tr>
</tbody>
</table>

DRPT would have to spread FTA funding to more agencies

DRPT would use more state funding to shore up need

Local governments would need to fill a gap of $411,600
## Transit Capital Project Case Study: City of Blacksburg

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Without fix</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bus Administration &amp; Construction Facility</strong></td>
<td>$40 M</td>
<td>$40 M</td>
</tr>
<tr>
<td><strong>Federal Funding from State (64% share)</strong></td>
<td>$25.7 M</td>
<td>$8 M</td>
</tr>
<tr>
<td><strong>DPRT Capital Funding</strong></td>
<td>$10.3 M</td>
<td>$0 M</td>
</tr>
<tr>
<td><strong>Local Funding</strong></td>
<td>$4 M</td>
<td><strong>$32 M</strong></td>
</tr>
</tbody>
</table>

- DRPT would have to spread FTA funding to more agencies
- DRPT would have to reduce State funding
- Local governments would need to fill a gap of $28 million
## Transit Capital Project Case Study: City of Hampton Roads

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>Without fix</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>20 Replacement Buses =</strong></td>
<td>$10.1 M</td>
<td>$10.1 M</td>
</tr>
<tr>
<td>Federal Funding</td>
<td>$2.8 M</td>
<td>$2.8 M</td>
</tr>
<tr>
<td>DPRT Capital Funding</td>
<td>$6.9 M</td>
<td>$2.73 M</td>
</tr>
<tr>
<td>Local Funding</td>
<td>$0.4 M</td>
<td><strong>$4.54 M</strong></td>
</tr>
</tbody>
</table>

FTA Funding for larger communities is stable

DRPT would have to reduce State funding

Local governments would need to fill a gap of $4.14 million
Transit Capital Project Case Study: City of Alexandria

<table>
<thead>
<tr>
<th>Purchase Six Replacement Buses</th>
<th>2018</th>
<th>If Transit Capital Revenues Are Not Replaced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>$3.9 million</td>
<td>$3.9 million</td>
</tr>
<tr>
<td>Federal Pass-Through</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>DRPT Transit Capital</td>
<td>$2.652 million (Tier I-68%)</td>
<td>$1.053 million (Tier I-27%)</td>
</tr>
<tr>
<td>Local Required Match (Minimum 4%)</td>
<td>$1.248 million (Actual-32%)</td>
<td>$2.847 million (Actual- 73%)</td>
</tr>
</tbody>
</table>

Additional Local Money Needed: $1.60 million
Transit Capital Project Case Study: PRTC

<table>
<thead>
<tr>
<th>Purchase 31 Replacement Commuter Buses</th>
<th>2018</th>
<th>If Transit Capital Revenues Are Not Replaced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>$18.3 million</td>
<td>$18.3 million</td>
</tr>
<tr>
<td>Federal Pass-Through</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>DRPT Transit Capital</td>
<td>$12.45 million (Tier I-68%)</td>
<td>$4.94 million (Tier I-27%)</td>
</tr>
<tr>
<td>Local Required Match (Minimum 4%)</td>
<td>$5.86 million (Actual-32%)</td>
<td>$13.36 million (Actual- 73%)</td>
</tr>
</tbody>
</table>

Additional Local Money Needed: $7.5million
Transit Capital Project Case Study: Greater Roanoke Transit Company

<table>
<thead>
<tr>
<th>Purchase 14 Replacement Buses</th>
<th>2017</th>
<th>If Transit Capital Revenues Are Not Replaced</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Project Cost</strong></td>
<td>$2.64 million</td>
<td>$2.64 million</td>
</tr>
<tr>
<td><strong>Federal Pass-Through</strong></td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>DRPT Transit Capital</strong></td>
<td>$1.79 million (Tier I-68%)</td>
<td>$711,451 (Tier I-27%)</td>
</tr>
<tr>
<td><strong>Local Required Match</strong></td>
<td>$843,201 (Actual-32%)</td>
<td>$1.92 million (Actual-73%)</td>
</tr>
</tbody>
</table>

Additional Local Money Needed: $1.08 million
Transit Capital Project Case Study: Greater Richmond Transit Company

<table>
<thead>
<tr>
<th>Purchase 17 replacement buses</th>
<th>2018</th>
<th>If Transit Capital Revenues Are Not Replaced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>$8.7 million</td>
<td>$8.7 million</td>
</tr>
<tr>
<td>Federal (28%*)</td>
<td>$2.44 million</td>
<td>$2.44 million</td>
</tr>
<tr>
<td>DRPT Transit Capital (Tier I-68%)</td>
<td>$5.92 million</td>
<td>$2.35 million (Tier I-27%)</td>
</tr>
<tr>
<td>Local Required Match (Minimum 4%)</td>
<td>$347,120 (Actual-4%)</td>
<td>$3.91 million (Actual-45%)</td>
</tr>
</tbody>
</table>

*Greater Richmond Transit Company receives direct federal appropriations. This example assumes there are no additional federal funds available for this project.

Additional Local Money Needed: $3.56 million
**Transit Capital Project Case Study: Williamsburg Area Transit Authority**

<table>
<thead>
<tr>
<th>Purchase Six replacement buses</th>
<th>2017</th>
<th>If Transit Capital Revenues Are Not Replaced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>$2.75 million</td>
<td>$2.75 million</td>
</tr>
<tr>
<td>Federal Pass-Through</td>
<td>$770,000 (28%)</td>
<td>$550,000 (20%*)</td>
</tr>
<tr>
<td>DRPT Transit Capital</td>
<td>$1.87 million (Tier I-68%)</td>
<td>$742,500 (Tier I-27%)</td>
</tr>
<tr>
<td>Local Required Match (Minimum 4%)</td>
<td>$110,000 (Actual-4%)</td>
<td>$1.46 million (Actual-53%)</td>
</tr>
</tbody>
</table>

*Absent sufficient statewide funding for the transit capital program, DRPT will need to distribute federal pass-through funding across a wider group of transit agencies statewide, including those who currently do not receive it.*

**Additional Local Money Needed: $1.35 million**
Transit Capital Project Case Study: Lynchburg Transit Company

<table>
<thead>
<tr>
<th>Bus Administration &amp; Construction Facility</th>
<th>2015/2016</th>
<th>If Transit Capital Revenues Are Not Replaced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>$23.0 million</td>
<td>$23.0 million</td>
</tr>
<tr>
<td>Federal Pass-Through</td>
<td>$12.88 million (56%)</td>
<td>$4.6 million (20%*)</td>
</tr>
<tr>
<td>DRPT Transit Capital</td>
<td>$7.82 million (Tier II-34%)</td>
<td>$0 (Tier II-0%)</td>
</tr>
<tr>
<td>Local Required Match (Minimum 4%)</td>
<td>$2.3 million (Actual-10%)</td>
<td>$18.4 million (Actual-80%)</td>
</tr>
</tbody>
</table>

*Absent sufficient statewide funding for the transit capital program, DRPT will need to distribute federal pass-through funding across a wider group of transit agencies statewide, including those who currently do not receive it.

Additional Local Money Needed: $16.1 million
The State formed a Revenue Advisory Board to Study the Issue

HB1359 (2016) created the Transit Capital Revenue Advisory Board (RAB) to:

1. Examine impacts of revenue loss from CPR Bond expiration
2. Identify possible sources of replacement revenue
3. Develop methodology for prioritization (à la SMART SCALE)

Technical support was provided by the Transit Service Delivery Advisory Committee (TSDAC)

RAB Membership

- Marty Williams, CTB Member (Chair)
- Jeff McKay, Fairfax County Supervisor (Vice Chair)
- Josh Baker, GM/CEO of DASH
- Tom Rust, Former Member of Virginia House of Delegates
- Mary Katherine Greenlaw, Fredericksburg Mayor
- Jim Spore, Former Virginia Beach City Manager
- Dr. James Toscano, Norfolk
Final RAB Recommendations: Funding

1. Steady and reliable stream of dedicated revenues for its transit capital program to meet state of good repair needs and transit expansion.

2. Either a combination of revenue sources to spread the impact or a single statewide source that is predictable and sustainable.

3. Revenue sources that ramp up gradually to address future gaps and needs.

4. A combination of statewide and regional sources, with the majority of support coming from statewide sources.

5. An approach for regional funds directed to prioritized needs within that region.

6. A floor on regional gas taxes.

7. Excess Priority Transportation Fund revenues (after debt service) dedicated to transit capital as this source becomes available.
The RAB Report is just the Beginning

• Report delivered to General Assembly August 28
• Major discussions expected in 2018 and 2019 GA
• Other factors:
  – General Assembly races
  – New leadership in House of Delegates (Del. Cox)
  – Governor’s race
  – WMATA reform and funding discussions
  – VRE System Plan updates
  – Ongoing need to set gas tax floor
WMATA Needs

- $15.5 billion in additional capital funds needed over the next 10 years
- Controls in place to address growth in operating subsidies

WMATA General Manager’s Proposal

- Establish a multi-year, stable revenue source generating $500 million per year for capital.
- VA-MD-DC capital contributions should be capped at 3% annual growth.
- Implement cost control mechanisms
- Seek reauthorization of federal capital investment (PRIAA) in WMATA ($150 million per year)
Commonwealth’s WMATA Funding and Governance Review

• Former U.S. DOT Secretary Ray LaHood leading study

• The study will:
  – Review WMATA’s governance structure, labor policies, and its long-term financial stability
  – Compare WMATA’s condition to similar transit systems throughout the country
  – Identify recommended executive and legislative actions

• Recommendations expected fall 2017
The state transit capital program is key for maintaining quality transit services across the Commonwealth.

Without action, by 2020, there will be a 44 percent cut to the State Transit Capital Program.

The funding burden will fall on local governments.

Federal Funding may be left on the table.

~ $130 M/year is needed to address the cliff and basic transit system needs.

Separate additional funding is also needed for WMATA.

CTB may need to divert funds from highways or other modes to reduce gap.
LEND YOUR VOICE! MAKE IT COUNT!
JOIN THE TRANSIT ACTION NETWORK

★ WHAT Transit supporters can’t always be at the Capitol when bills are considered, but elected officials want to hear their views. By joining the Transit Action Network, you will receive timely alerts when important decisions affecting public transportation are about to be made. Whether it’s the U.S. Congress, the Governor, the Virginia General Assembly, or your local governing body – you can contact them with one click to make your voice heard.

★ WHO All transit riders and supporters

★ WHEN It matters most

★ WHERE Your email inbox or mobile device

★ WHY To make it easy to communicate with your elected representatives and make a difference. So the next time funding for transit is under attack or a vote on a rail extension is near, your voice will matter!

The Transit Action Network is a free and zero-obligation e-advocacy program that works! Join today at vatransit.com and tell a friend so their voice can count too!
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