



Transit Service Delivery Advisory Committee (TSDAC)
VDOT Auditorium
1221 E. Broad Street, Richmond VA
March 31, 2017
10:00 am to 2:30 pm

Minutes

Members Present:

John McGlennon, Chair
Cheryl Openshaw
Brian Smith
Ken Pollock

Kate Mattice
Jim Dyke
Cindy Mester

1. Call to Order / Introductions (10:08 AM) – Chairman John McGlennon called the meeting to order and asked members to introduce themselves. He stated that the agenda for the meeting would be long and complicated with an ambitious goal. The TSDAC needed to provide clear direction to the Revenue Advisory Board.

2. Overview of Agenda and Goals-Jen DeBruhl, DRPT

Jen shared the work that had been done since the last TSDAC meeting. She said that, since the last TSDAC meeting, a meeting of the Revenue Advisory Board was held on March 8th and a briefing was given to the Commonwealth Transportation Board. The goal for the TSDAC for today is to identify fatal flaws in the prioritization framework. She reminded them that the level of detail needed at this time is just for the framework, not for actual implementation.

3. Transit Capital Revenue Estimation Presentation-Nate Macek, Parsons Brinkerhoff

Nate presented summary information for potential revenue sources, reflecting what was presented to the Revenue Advisory Board and revised based on their feedback. He shared that there will be a range of options presented to the General Assembly.

He asked for questions on the criteria that had been used in collecting the revenue sources.

- a. Cindy Mester asked if there had been analysis done on the negative impact to other revenue sources for an increase. (i.e. would it hurt education if a certain tax was increased for transit). Nate replied that his team had been mindful of that possibility and did take it into account. Elasticity impacts do need to be looked at. He said that the team had worked with state data to give us an idea of trends. The effect of the tax increase to other sources would be measured as a nexus to beneficiaries.
- b. Kate Mattice asked Nate if his team had looked at fees or taxes on TNC's (Uber and Lyft) Nate said that they had not looked at that source yet.

- c. Kate Mattice asked about the use of regional revenues for statewide use. She said that it is important to access locally derived revenues for transit funds. She shared concern about the legality of raising revenues from one region and then putting that into a statewide program that is competed for.
- d. Jim Dyke asked about WMATA and how these figures reflect the state's ask to help with WMATA. Nate replied that they are looking at how WMATA fits into a statewide program and what would happen if PRIIA is not renewed. Federal funding is sunseting in a few years so the PB team is looking at how WMATA and all agencies will be affected by funding changes. They are not looking at anything special for WMATA right now.
- e. A question was asked about the data from the Department of Taxation and if information on tax collection is broken down by region. Simon from Parsons Brinkerhoff said the Department of Taxation only provides statewide forecasts and that they do not drill down by region. Nate said that for taxes like the state mortgage tax, we do know what is collected and can drill down on a regional basis. They will ask the Department of Taxation if they can get access to more regional numbers.
- f. Nate shared that he would not be presenting specific packages today because they need to go to the Revenue Advisory Board first but that he has heard the TSDAC loud and clear on regional funds being used statewide. Regional funds should be used in the region they were collected in. Kate Mattice suggested that they could get more money from all regions to cover the statewide program.
- g. Cindy Mester asked if the revenue problem could be solved by looking at one source of funding as opposed to the package approach. For example could just the gas tax be increased to meet the needs of transit? Chairman McGlennon shared concern with this approach because he believes fuel is a declining source of revenue.
- h. Nate said that it will be important for the increase to be received well on both a local level and at the General Assembly. The real estate and sales taxes will be hard to sell on a local level.

4. Scenario Development-Illustrative Scoring, Tom Harrington, Cambridge Systematics

Tom gave a presentation demonstrating how sample projects would score given the illustrative prioritization process.

- a. Kate Mattice said that we need to be careful about what gets presented to the General Assembly and how it gets portrayed so that they don't get boxed into a law when there is still a lot of work to be done before implementation. Jennifer Mitchell agreed that that is a very good point and that there will need to be a process with feedback and comments similar to Smart Scale, which took two years before implementation.
- b. Ken Pollock asked if it would be an issue going forward to run all projects through this process since Tom was unable to do so for the illustrative scenarios. Tom replied that the problem was that he didn't have the complete information needed to rate the projects. When he has more information in the applications it will be easier to do.
- c. Kate Mattice asked if a cross walk had been done against the tiers? Tom Harrington said that no the order was not following the tiers.
- d. Jennifer Mitchell said that the CTB will want to look at the benefit per dollar of state investment to see where the state is applying its funds and in a prioritization methodology.

- e. Next steps will be to document the illustrative process for the report to the General Assembly.
5. Revenue Estimate/Impact-Nate Macek, Parsons Brinkerhoff

Nate began his presentation to look at how revenues can be applied to a prioritized list of projects. Scenario 1A is reviewed

- a. Kate Mattice asked how assumptions were made on the state share of the program. Nate said that his team looked at the SYIP and then projected outward with respect for funding service. They assumed that spending happened regardless of funding. They needed to initially know, unconstrained, how much people were expecting to spend. Kate Mattice asked what 80% funding means. Nate replied that it means that 80% of the total cost of the project without any overmatch, similar to how it is done now. Kate Mattice asked if it reflected that not all will need the 80% match to which Nate said that yes that was built in.
6. At 12:20 The Presentation Broke for Lunch

At 12:52 The Meeting Reconvened and the other scenarios were discussed.

- a. Nate discussed that for Scenario 1B they adjusted the match rates and pushed them down to fund all of the projects. This would allow every project to get some money but the amount they get is less and less. Brian Smith asked if a large part of the program gets the 80% match rate. Kate Mattice said that there are some districts that use the 80% match rate and some that do not.
- b. Cindy Mester commented that the Initial Scenarios look similar to the tiers but with Tiers 2 and 3 switched. She noted that because switching tiers 2 and 3 would be a significant policy change. She asked Nate if that held across all scenarios and he replied that it did.
- c. Jennifer Mitchell said that illustrative prioritization process still returns the same high priority for vehicles that was established with the tiers.
- d. Nate asked if there was a rationale for technology to be a higher prioritization than it was in tier 3.
- e. Nate shared that the ranking of projects was to be expected. Higher ranked projects were revenue vehicles, maintenance facilities and new technology.
- f. Key revisions were discussed. Nate asked what the right match number is to ensure viability of projects, without all of the funding going to one project.
 - i. Kate Mattice pointed out that there is a potential change with federal funding and they can now no longer expect that major expansion projects such as BRT and light rail will get federal funding. There is no money earmarked for new projects in FY18. Nate said that the large expansion projects are small as a percentage. Most Federal money is formula and that will continue.
 - ii. Jennifer Mitchell asked the group if it makes sense to provide funding at a higher match rate so that projects get fully funded, but there is less “spreading of the peanut butter”.
 - iii. Brian Smith noted that the only scenario where everyone wins is where the match rate on the tiers is raised and funding is raised.
 - iv. Jennifer Mitchell said that predictability means different things. She asked if a low match rate was really reliable and asked if it would be better to know that

when something is funded it is fully funded. Agencies could have to stockpile small amounts of money for years before they could have a viable project.

- g. Kate Mattice asked if we had to have a state share number ready to present to the General Assembly. Jennifer Mitchell responded that they need to present two different options. One would be to have a recommendation for what to do if there is no new funding, which would be to fund SGR at 100%. If revenue is expanded they can make a different recommendation. Kate Mattice asked if there are risks to presenting Plan B.
- h. Jennifer Mitchell asked the group to think strategically about the tiers. Are they willing to hold onto those and go down to the lower match rates.
- i. Brian Smith asked why tier 1 was not maintained in the example presented by Nate. Nate said that all of the money is going to SGR with the list prioritized. He didn't think it was feasible to continue to apply tiers with a true prioritization.
- j. Cheryl Openshaw pointed out that in looking at the combined work. The prioritization mimics the tiers but doesn't limit them to a flat funding rate. It gives projects the capacity to be funded in a way that can move projects forward.
- k. Kate Mattice asked if the effects of resources lost nationally can be shown to demonstrate the need for new money.
- l. Chairman McGlennon pointed out that the scenario of no new funding will buttress the work of the Revenue Advisory Board. Jennifer Mitchell said that while showing the need for new funding is important, they still have to make the case with prioritization to the General Assembly. The new prioritization is important because if the tiers are maintained a bus that is not that close to the end of its useful life will get funded over something that is mission critical.
- m. Ken Pollock said that if the General Assembly decides against providing new funding for transit they will be saying that expansion is not a priority and the tiers would be irrelevant.
- n. Brian Smith asked that the group start to put on paper a document that describes the work of the group. Chairman McGlennon agreed that the next step is a draft that shows what the prioritization will look like.
- o. Kate Mattice said that she is concerned that the charge from the General Assembly said to keep things within the tiers. Jennifer Mitchell assured her that the tiers were mentioned in the language because DRPT had put it in there at the request of VTA (Virginia Transit Association). The legislative intent has been made clear and that all options should be considered, including options without the tiers.
- p. Cindy Mester pointed out that the TSDAC is working very hard to blend complex things together for the Revenue Advisory Board and the General Assembly but that what is implemented needs to be as simple as possible for DRPT and the transit agencies. She said that she would be ok with a 90-10 or 85-15 breakpoint for SGR versus Major Expansion with new money. She would not want new money to go 100% to SGR. In thinking about the hybrid approach she asked if they could go lower than 80% for the match rate and still "spread the peanut butter" without spreading it too thin.
- q. Brian Smith asked if there was any value in establishing a floor so they know that they have a range. Cheryl Openshaw responded and asked how you would know how low you can go if it is done this way.

- r. Jennifer Mitchell said that this will give the CTB the authority to determine how far down the list they want to go and play with the match rate. She said that with that there is a lot of discretion. Does the TSDAC want CTB and DRPT to have that ability? Cheryl also mentioned that the floor would take away predictability.
 - s. Brian Smith asked if they could look at taking away the exemptions on the sales and use tax and look to expand the tax base to generate revenue that way.
 - t. The group discusses their final recommendations to the Revenue Advisory Board
 - i. Jennifer Mitchell summarized the discussion: the breakdown of SGR versus Major Expansion should be recommended as 90-10 respectively, with higher match rates rather than tiers. The consultants will look at dropping the match rate down a little bit per Cindy's suggestion to try to pick up more projects, closer to Tier 1, and bring that recommendation back to the Revenue Advisory Board.
 - ii. Ken Pollock made a comment about the tiers. He said that the tiers were developed to prioritize new money and that is not applicable now that there are no new revenues. He asked if the tier system was still relevant since it was developed for a different reason.
 - u. Next Steps-Jen DeBruhl discussed next steps. She informed the group that the Revenue Advisory Board has three meetings set up and that the RAB would like TSDAC members to come to these meetings and be involved in the discussion. She said that Courtney Bujakowski from DRPT would send calendar invitations for the upcoming meetings. She let the members know that she will compile comments from today and start working on a draft report with the consultant team. A webinar or meeting will be set up for the TSDAC sometime before July 1. She stated that it will take time and for things to be tested and tried so they have to create a policy that will allow for flexibility. Chairman John McGlennon stated that the process suggested by Vice Chairman Cindy Mester is a good way to proceed. Cindy Mester replied that we need a process with next steps so we know what is going on administratively before the recommendation goes to the General Assembly.
7. Public Comment-Stewart Schwartz from the Coalition for Smarter Growth signed up to give a public comment. He thanked the group for their work and encouraged them to give big picture comments and present a strong statement of needs in their report to the General Assembly. He stated that transit is very important for the competitiveness of the state. He said that Richmond has one of the highest growth rates in the state and it needs an investment in transit. He said that the state's priorities are way off and that the TSDAC needs to make clear statements and show the disparity between transit and highway funding. He said that all of the analysis that has been done is great but that they need to make more statements and make the prioritization process understandable. Director Jennifer Mitchell responded to his comment and told him that DRPT is still working on the economic analysis piece of the report that will hopefully be available for the TSDAC in May. Jen DeBruhl said that KPMG is working feverishly on it. Jim Dyke also agreed with the public comment and said that a bold statement needs to be made. The TSDAC's effort overlaps with GO VA and that the state needs transit to attract competitive jobs.
8. The meeting was adjourned at 2:30 pm.