

**POTOMAC AND RAPPAHANNOCK
TRANSPORTATION COMMISSION**

RESOLUTION

MOTION: _____

**RESOLUTION NO. 09-02-____
OFFICIAL COMMISSION MEETING
FEBRUARY 11, 2009**

SECOND: _____

**RE: AUTHORIZATION FOR SUBMISSION OF FY 2010 STATE GRANT
APPLICATIONS**

WHEREAS, applications for FY2010 state assistance were due by February 2, 2009; and

WHEREAS, it is timely to seek the Potomac and Rappahannock Transportation Commission's (hereafter referred to as the Commission) authorization to apply for such assistance at the Commission's February meeting; and

WHEREAS, the Commission has reviewed and supports management's proposals for FY2010 state assistance as described in the accompanying memorandum.

NOW, THEREFORE, BE IT RESOLVED that the Potomac and Rappahannock Transportation Commission does hereby authorize the Executive Director to file an application to the Department of Rail and Public Transportation, Commonwealth of Virginia (hereafter referred to as the Department) and execute any related documents for grants of financial assistance in substantially the same form as outlined in management's memorandum accompanying this resolution, to defray eligible costs for public transportation purposes, and to accept from the Department grants in such amount as may be awarded.

BE IT FURTHER RESOLVED that the Commission certifies that funds shall be used in accordance with the requirements of Section 58.1-638.A.4 of the Code of Virginia, that the Commission shall provide matching funds as required, that the records of receipts of expenditures of funds granted to the Commission may be subject to audit by the Department and by the State Auditor of Public Accounts, and that the funds shall be used for such purposes as authorized in the Code of Virginia.

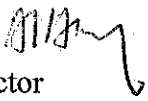


Potomac and Rappahannock
Transportation Commission

14700 Potomac Mills Road
Woodbridge, VA 22192

February 11, 2009

TO: Chairman May and Commissioners

FROM: Alfred H. Harf 
Executive Director

RE: Authorization for Submission of FY 2010 State Grant Applications

Recommendation:

Authorize the Executive Director to submit the FY2010 state grant applications as proposed.

Background:

Each year PRTC applies for state assistance with the Commission's authorization. The application deadline was February 2nd. As in years past, because the new fiscal year's budget proposal (in this case, FY 2010) is still in a formative state at the time of the February grant submission deadline, the state grant applications for the new fiscal year must be provisionally submitted with the understanding that: (1) the Commission's authorization is being sought soon thereafter; and (2) the submission is subject to the Commission's authorization.

As management began work on the development of the FY 2010 budget, the combined effects of the recession, a significant drop in fuel tax yields, and a worsening prognosis about state funding made it clear that the FY 2010 budget would have to be very austere. Once work on the budget began, management also learned that Prince William County will not be in the position to supplement the traditional source of local transit assistance – the 2% motor fuels tax – with general fund appropriations, because real estate assessments that underpin most of the County's general funds are also suffering. Mindful of these conditions, management concluded multiple budgets needed to be prepared – a “preferred budget” featuring modest service and other cuts and an alternative budget featuring more substantial cuts as a contingency plan¹.

¹ Management's preferred budget features service cuts amounting to about 5% of existing service hours, while the alternative budget features service cuts amounts to about 17.5% of existing service hours.

Both budgets have been prepared and management understands that Prince William County Executive Gerhart intends to recommend PRTC management's preferred budget when he presents his proposed budget to the County Board of Supervisors on February 17th. As the principal sponsor of PRTC's bus services, Prince William County accounts for a substantial majority of PRTC's local assistance, so the County's eventual determination of its level of transit support is pivotal for PRTC's budget finalization. The County Executive's February 17th presentation marks the start of the County Board of Supervisors' deliberations that will last for a number of weeks, so the outcome will remain uncertain for some time.

In light of this uncertainty, PRTC management has conferred with DRPT to cement an understanding about how the FY 2010 state grant applications will be sought. DRPT understands that PRTC management has declared a preference for one of the two budgets it has prepared, and DRPT understands that PRTC management's preferred budget is the one which management has relied upon in preparing the state grant applications. To avert the need for a second Commission authorization to alter the applications in the event PRTC management's preferred budget is not ultimately approved, the proposed resolution read in conjunction with this staff report will permit alteration of the grant applications as may be required.

The applications proposed for PRTC's FY 2010 base budget are as follows:

- (1) Formula assistance. This is a recurring state grant covering specified, qualifying types of operating expenses, funded by the Commonwealth's Transportation Trust Fund (TTF). By statute, 73.5% of each year's TTF funding for transit is designated for formula assistance, and TTF funding has amounted to \$100-125 million per year all told in the past few years. VDRPT allocates funds by a percentage based on "formula-eligible" expenses and the amount of funding available. Allocations each year are based on actual expenses from two years earlier (e.g. the FY 2010 allocation is based on FY 2008 actuals). While the General Assembly has had a long-standing aim of funding 95% of eligible formula-related expenses, overall TTF funding available each year has been a limiting condition and thus the state's share of these eligible expenses has been substantially lower than 95%².

² Indeed, the state's deteriorating funding situation has necessitated an unprecedented action – a reduction of current fiscal year (FY 2009) assistance from the award amounts approved this past summer, amounting to just over \$600,000 for PRTC.

(2) Capital assistance. The principal source of recurring, formula-driven state capital assistance continues to be the TTF (25% of each year's transit TTF total). As in the case of the formula assistance program, the General Assembly's stated intention is for the Commonwealth to shoulder 95% of eligible capital expenses, but actual awards have amounted to substantially less again because of the overall limitation of TTF funding. DRPT allocates available TTF funds among applicants based on a proportionate share of their eligible funding requests. Since the sum of the requests is not known until after all the grant applications have been submitted and compiled, the percentage of total eligible assistance borne by the state will also not be known until then.

- Buses Replacement/Expansion (total cost est. \$3.597 million). Management is requesting the state match to \$2.878 million of federal funds which will be used to: (1) acquire replacement buses for three over-aged buses in the active fleet (one of which is a planned addition to provide another "strategic" bus at the West Falls Church Metrorail Station); and (2) to retire the debt on the four lease-purchased MCI "demo" buses.

All of the required \$2.878 million of federal funding is already assured or pledged -- \$0.260 million from a FY 2009 SAFETEA-LU earmark, and \$2.618 million of Section 5309 formula funds.

- Manassas Capital Lease for Park & Ride Lot (\$0.055 million). Recurring line item in the PRTC state capital assistance applications.
- City of Manassas Debt Service (\$0.224 million). Debt service for Manassas VRE Station Parking Deck.
- PRTC Administrative Capital (\$0.050 million). Funding for office equipment, computer hardware, and fencing.
- Transit Center-related Repairs/Construction (\$0.067 million). Funds for epoxy flooring for maintenance bays and updating as-built drawings.

- Bus Shelter Related Capital Projects (\$0.031 million). Funding for bus shelter site design and preparation. The “enhanced bus shelter program” initiative has been a stated objective of the Commission since calendar year 2006.
 - Rehabilitate/Rebuild Buses (\$.694 million). Funding for the rehabilitation of three Orion buses in PRTC’s active fleet, funding for power-train replacements (i.e., engines and transmissions for those buses that reach 300,000 miles), and extended warranties (engines only) on all buses.
- (3) TDM/Ridesharing (\$132,000). This is a “continuation” program to sustain PRTC’s ridesharing and commuter assistance activities. The funding amounts to 80% of the eligible project costs.
- (4) TEIF (\$70,000). A one-time or limited duration program for innovative initiatives (again providing up to 80% of eligible project costs). PRTC has received funding periodically from this source, most recently in FY2008 for Phase II of the Youth Outreach Program with the development of take-home piece for the elementary grades and the initiation of a Youth Summer Transit Pass Program for middle and high school grades. In FY2010, management proposes to seek 80% state assistance for Phase III to enhance outreach to pre-school and early elementary school students by producing a series of bookmarks with different safety messages and supplementing the teen program by introducing a photo ID. A campaign like this can be an effective strategy for introducing entire households to the value and availability of transit.

Fiscal Impact:

Local matching funds for Formula Assistance, Capital Assistance, TEIF, and TDM/Ridesharing Programs have been incorporated in the proposed FY2010 PRTC budget.