

**POTOMAC AND RAPPAHANNOCK
TRANSPORTATION COMMISSION**

RESOLUTION

MOTION: _____

**RESOLUTION NO. 08-05-_____
OFFICIAL COMMISSION MEETING
MAY 1, 2008**

SECOND: _____

**RE: COMMENTS ON DRPT'S PROPOSED TRANSIT CAPITAL AND
OPERATING FUND SUSTAINABILITY AND INVESTMENT POLICY**

WHEREAS, the Virginia Department of Rail and Public Transportation (DRPT) has proposed a "Transit Capital & Operating Fund Sustainability and Investment Policy" (hereinafter referred to as "the proposed policy") and invited public comment; and

WHEREAS, the proposed copy is a laudable attempt to make state supported transit investment decisions more transparent, improve public accountability about these investments, and maximize the public return on these investments; and

WHEREAS, management has reviewed the proposed policy as drafted and believes several aspects of it warrant revision as described in a set of comments accompanying this resolution; and

WHEREAS, comments must be furnished before the end of May 2008 in light of DRPT's stated intention to finalize the policy for presentation and approval by the Commonwealth Transportation Board at its June 19, 2008 meeting; and

WHEREAS, DRPT also intends to issue program guidelines amplifying on the policy and clarifying how it will be applied procedurally, which are also deserving of public review in light of their importance before the guidelines are issued in final form;

WHEREAS, management's proposed comments have been discussed by the Potomac and Rappahannock Transportation Commission (the Commission); and

WHEREAS, the Commission concurs with the comments, refined to account for the meeting discussion and clarifying observations made by DRPT's appointed Commissioner Corey Hill.

ITEM 12-B.2

(10 PAGES)

NOW, THEREFORE, BE IT RESOLVED that the Potomac and Rappahannock Transportation Commission does hereby approve the comments on the proposed policy and authorizes the Executive Director to transmit them to DRPT after the Commission has been afforded the opportunity to review the refined comments and provided that no objections are raised thereto.



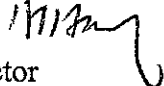
PRTC

Potomac and Rappahannock
Transportation Commission

14700 Potomac Mills Road
Woodbridge, VA 22192

May 1, 2008

TO: Chairman Jones and Commissioners

FROM: Alfred H. Harf 
Executive Director

RE: Comments on DRPT's Proposed Transit Capital and Operating Fund
Sustainability and Investment Policy

Recommendation:

Approve comments prepared for transmittal to DRPT on the subject, proposed policy.

Background:

On April 29, 2008, DRPT Director Matt Tucker emailed a communication to all of DRPT's transit and TDM "stakeholders" transmitting a draft of a proposed "Transit Capital & Operating Fund Sustainability and Investment Policy" (hereinafter referred to as "the proposed policy") and advising that comments will be entertained by DRPT until May 30, 2008 (attachment one). Director Tucker's communication goes on to say that DRPT intends to ask the Commonwealth Transportation Board (CTB) to adopt the proposed policy in its final, proposed form at the CTB's June 19, 2008 meeting. Because the communication came as late as it did and DRPT's timeframe for entertaining comments is as described, PRTC Board review of management's reactions is possible only by blue-sheeting the item for the May PRTC Board meeting.

As Director Tucker's communication observes, the proposed policy conforms to statutory and Executive Branch direction appearing in the FY 2008 budget. Item 449 E of the 2008 General Assembly Budget document declares:

"It is the intent of the Governor and the General Assembly that the principles of local maintenance of effort, transit sustainability,, public benefit and asset management shall be incorporated into all public transportation programs for which funds are appropriated by the General Assembly and allocated by the Commonwealth Transportation Board".

Chairman Jones and Commissioners

May 1, 2008

Page 2

The attached proposed policy is laudable for a number of reasons, but there are elements of it that warrant constructive criticism in PRTC management's opinion. The attached comments aim to capture both. As the attached resolution describes, management proposes that the PRTC Board approve the comments for transmittal to DRPT.

Fiscal Impact:

Not applicable.

Attachments: As stated



Virginia Department of Rail and Public Transportation

MEMORANDUM

TO: Transit/TDM Stakeholders

FROM: Matthew O. Tucker
Agency Director

DATE: April 29, 2008

SUBJECT: Transit Capital & Operating Fund Sustainability and Investment Policy

In May, DRPT will present the draft Transit Capital and Operating Fund Sustainability and Investment Policy to the Commonwealth Transportation Board. The policy provides a framework for the expenditure of transit funds that will improve coordination between the Commonwealth and local governments for designing, planning, funding, implementing and sustaining new transit services.

It is designed to support the Commonwealth's goal of increasing per capita transit ridership by emphasizing priorities such as the maintenance of existing assets, improved accountability and the implementation of transportation improvements based on specific performance measures.

This policy also supports the Commonwealth's priorities defined in Item 449 E. of the 2008 General Assembly Budget document, which states that "It is the intent of the Governor and the General Assembly that the principles of local maintenance of effort, transit sustainability, public benefit and asset management shall be incorporated into all public transportation programs for which funds are appropriated by the General Assembly and allocated by the Commonwealth Transportation Board."

Enclosed you will find a copy of the draft policy. DRPT invites you to submit comments on the policy until May 30, 2008. You can submit comments via email to DRPTPR@drpt.virginia.gov or via mail to DRPT's Public Information Office, 1313 East Main Street, Suite 300, Richmond, VA 23219.

The Commonwealth Transportation Board will vote on the adoption of this policy at the June 2008 action meeting scheduled for June 19.



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

Pierce R. Homer
Chairman

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CTB POLICY STATEMENT

Transit Capital and Operating Fund Sustainability and Investment Policy

Purpose

The purpose of this policy is to provide guidance regarding the allocation of transit funds.

Policy

The CTB supports the efficient operation and improvement of transit service throughout Virginia, including transit initiatives that are responsive to market needs, provide the highest and best use of funds, increase transit usage, and improve the environment and quality of life for Virginians. Accordingly, the CTB shall consider the following goals and principles of transit sustainability, asset management and public benefit in the allocation of public funds for transit.

- **Policy Goals:**
 - Increase transit ridership per capita by at least 3% annually
 - Maintain existing transit assets as the first funding priority
 - Support improved land use, protect the environment and maximize the use of available funding
- **Core Principles:**
 - Develop a financially sustainable transit program
 - Match new investments with quantifiable service needs and local commitments
 - Improve transportation system integration and efficiency
 - Improve quality of life for Virginians
- **Asset Management:**
 - The asset management system shall primarily support state capital grants from the Mass Transit Trust Fund including the Commonwealth Transit Capital Fund. It shall also be used to manage Human Service Transportation Funds. Beginning in FY2010, DRPT shall submit a report to the CTB on asset management in the early planning stages of the annual Six-Year Improvement Program, including information on funding availability, potential allocation scenarios and evaluation of grant applications.

CTB Policy Statement

Transit Capital and Operating Fund Sustainability and Investment Policy

Page Two

- **Service Design Guidelines:**
 - Service design guidelines shall provide guidance on the actions and conditions necessary to effectively implement and operate various modes of transit service. Accordingly, service design guidelines, along with the asset management system, shall be used as part of the evaluation of transit modes and levels of service. Guidelines shall focus on matching transportation needs with project proposals, with a primary emphasis on ridership criteria established for the proposed mode. Guidelines shall help to determine if the proposed mode is the most feasible and appropriate mode for the market and operational environment, and if the proposed mode is the most cost effective option.

- **Capital Project Programming and Evaluation Process:**
 - All proposed transit projects shall include sufficient justification for funding and shall clearly address an identified transit need. Proposed projects shall include an implementation plan that adequately addresses the need for any necessary clearances and approvals. Proposed projects shall be advanced to a state of readiness for implementation in the target year indicated. A project shall be considered ready if grants for the project can be obligated within one year of the award date, or in the case of larger construction projects, obligated according to an accepted implementation schedule.
 - To be eligible for replacement or rehabilitation, transit assets shall have reached the end of their useful life as specified by the Federal Transit Administration. Exceptions may be considered if a grantee has secured approval by the Federal Transit Administration or if projects are to be funded without federal funds.
 - All project requests submitted for transit capital funding shall be categorized by project category and scored in accordance with DRPT's allocation process, which is detailed in program guidance and embedded in the asset management system.
 - All new projects exceeding \$2 million and/or that involve construction of transit facilities to include fixed guideway systems shall conform to threshold requirements detailed in program guidance before the project may be considered eligible for funding.

- **Transit Operating Maintenance of Effort Requirement:**
 - When state funding for transit is increased through initiatives of the Governor and the General Assembly, it is the intent of the Commonwealth to improve and expand transit services in Virginia. Therefore, DRPT shall require that local spending on transit operations is maintained from year to year and not reduced as a result of increased state aid. In cases where service levels are reduced or significant changes occur in federal funding levels, adjustments shall be made to state assistance that support the principles of Maintenance of Effort without placing undue financial burden on local governments.

CTB Policy Statement

Transit Capital and Operating Fund Sustainability and Investment Policy

Page Three

- **Program Guidance:**
 - DRPT shall develop and maintain program guidelines that explain and support this policy for each federal and state transit financial assistance program administered by DRPT. These guidelines shall be made available to all existing recipients of state transit funding and to the general public.

- The Chairman has the right to exercise discretion in the implementation of this policy.

Effective Date

The effective date of this policy is immediately upon passage by the CTB.

ATTACHMENT 2

Potomac and Rappahannock Transportation Commission (PRTC) Comments

Re: Department of Rail and Public Transportation's (DRPT) Proposed Transit Capital and Operating Fund Sustainability and Investment Policy ("the proposed policy")

PRTC has reviewed the proposed policy and has several comments it would like DRPT to entertain in the course of finalizing it for presentation to the Commonwealth Transportation Board (CTB). At the outset, however, PRTC would like to express its strong support for what the proposed policy seems designed to do, namely to make state supported transit investment decisions more transparent and improve public accountability about these investments. These are laudable aims, and PRTC recognizes that these aims are also consonant with the statutory and Executive Branch direction DRPT has been given in the 2008 budget document. PRTC also would like to express its appreciation to DRPT for building in ample lead time for interested parties to comment on the proposed policy, though PRTC's time for reviewing the proposed policy ended up being much shorter than DRPT intended because of Board meeting schedule dictates.

While there are sound public policy reasons for such a policy, there are facets of the proposed policy that PRTC believes warrant revision, as the ensuing comments detail:

1. Neither the "Purpose" nor the "Policy" statements differentiate between formula funds and discretionary funds. While it is DRPT's prerogative to establish "qualifications" rules for both, there is greater statutory latitude to do so for discretionary funds and therefore the policy should have this kind of differentiation.
2. The discussion of "service design guidelines" reads in places as though they are intended to be a compendium of best practices to promote "right-sized" transit services for specified settings, but reads in other places as though they are intended to drive "go-no go" decisions about state participation. PRTC strongly supports the "best practices" notion, but has questions about the use of such guidelines as metrics governing state participation. Much more needs to be understood about the metrics themselves and their intended application to assess whether they can be reasonably used for state participation decisions.

Two further observations are intended to amplify on this comment. First, it is important to recognize that local funds and passenger revenues account for a much higher percentage of transit operating budgets than state assistance (even with the increased state assistance in FY 2009, local funds and passenger revenues amounted to 30% and 41%, respectively, of total transit operating budgets statewide, while state assistance amounted to 20% (the share of total operating costs borne by local funds

and fares is even higher in NOVA). These contrasting percentages clearly indicate that decisions about the extent and nature of transit services in a locality are shaped in large measure by policy judgments about fares and local assistance, a fact that service design guidelines need to explicitly recognize.

Second, discretionary state funding is limited largely to capital, so it would seem that the application of service design guidelines as a determinant of state participation would rightfully be confined to discretionary capital, since to do otherwise would be introducing evaluative criteria in formula funding programs that transcend statutory intent/prescription.

3. The proposed policy is silent on how DRPT will assign capital projects to the distinct "pots" of capital funding the General Assembly has legislated. PRTC believes this is an issue that the proposed policy needs to address, inasmuch as state participation rates associated with the distinct "pots" are very different. There needs to be a soundly premised rationale for what projects/project types get assigned to what, and that rationale should be itself the subject of public review.

Again PRTC expresses its appreciation for the opportunity to comment, and stands ready to clarify the comments made here as necessary.