

PRTC Strategic Plan Phase I Report

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1. Technical Memorandum #1: Baseline Conditions
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INTRODUCTION

Background

A number of factors have combined to result in a significant projected funding gap over the next six years for the Potomac and Rappahannock Transportation Commission (PRTC) bus services. PRTC has determined that a broad-spectrum strategic planning effort is necessary to better ensure the sustainability of current services, determine existing service gaps, and provide a framework for future growth. In recognition of PRTC's role in both the regional and local transportation networks this effort should include consideration of significant trends and planned changes both within and outside of Prince William County. The strategic planning should align with PRTC's stated mission and the values and goals expressed in Prince William County's Strategic and Comprehensive plans. The Strategic Plan is broken up into two phases:

- Phase I of this strategic planning effort shall consist of developing potential strategies for establishing alternative funding mechanisms and sources.
- Phase II will reevaluate the vision for PRTC and identify strategic recommendations for the longer term in close coordination with PRTC Commission members and stakeholders

Purpose and Report Structure

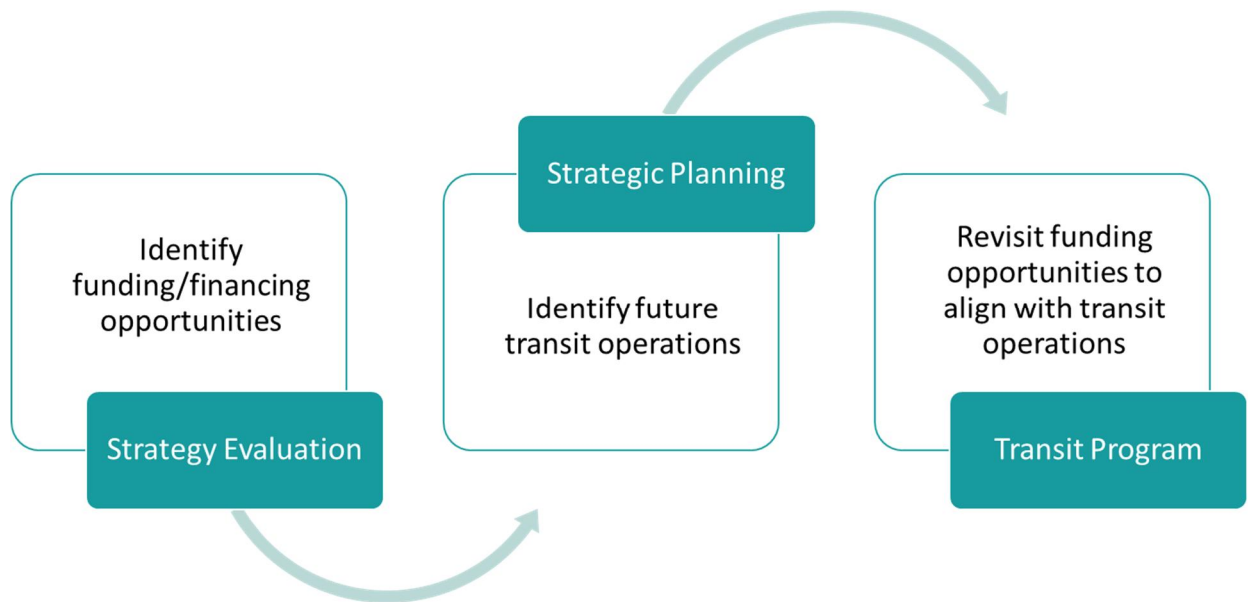
Phase I of this strategic planning effort develops potential strategies or establishing alternative funding mechanisms and sources of funding. The following are the main elements covered in Phase I of the Strategic Plan and this report.

- Baseline Conditions: Documents PRTC's current funding sources and practices
- Current State of Practice: Reviews and identifies key takeaways related to the current state of practice for transit funding in Virginia and the United States
- Potential Funding Strategies: Presents a comprehensive list of potential strategies based on evaluation of the information gathered during plan development
- Framework for Developing Recommendations: Outlines a potential evaluation framework to develop funding recommendations consistent with the strategic recommendations developed in Phase II

It should be noted that the strategic funding plan, which would have normally been produced in the latter stages of a strategic planning effort was moved to Phase I in order to identify any potential strategies that could be put in place to assist with FY18 budget development. Since the research did not uncover any immediate funding relief for existing operations, final analysis will be performed and recommendations made as part of Phase II of the Strategic Plan.

Figure 1 below shows the process for revisiting the funding opportunities to align with transit operations after the phase II strategic planning efforts are completed.

Figure 1: Strategic Funding Plan Process



BASELINE CONDITIONS

This section provides a summary of key services provided by PRTC, documents existing funding sources and the extent to which each is used, and identifies specific needs that can be addressed by the forthcoming Strategic Plan recommendations. The most recently approved PRTC budget (FY 17 budget - approved on June 2, 2016 at the PRTC Commission Meeting) is used as a reference for the various funding amounts and sources. Full details can be found in the Baseline Conditions Technical Memorandum (Appendix 1).

Overview of Existing Services

Currently, PRTC predominantly provides bus transit services, which can be classified into two main types – OmniRide (commuter focused) and OmniLink (locally focused). OmniRide service is offered Monday through Friday, primarily during the peak periods, and runs from locations throughout Prince William County (along the I-95 corridor), and the Manassas and Gainesville areas (along the I-66 corridor) to destinations such as the Pentagon, Crystal City, the Rosslyn-Ballston corridor, downtown Washington D.C., Capitol Hill, the Washington Navy Yard, the Mark Center, and Tysons Corner. OmniLink is PRTC’s local, demand responsive bus service that operates in eastern Prince William County and Manassas area.

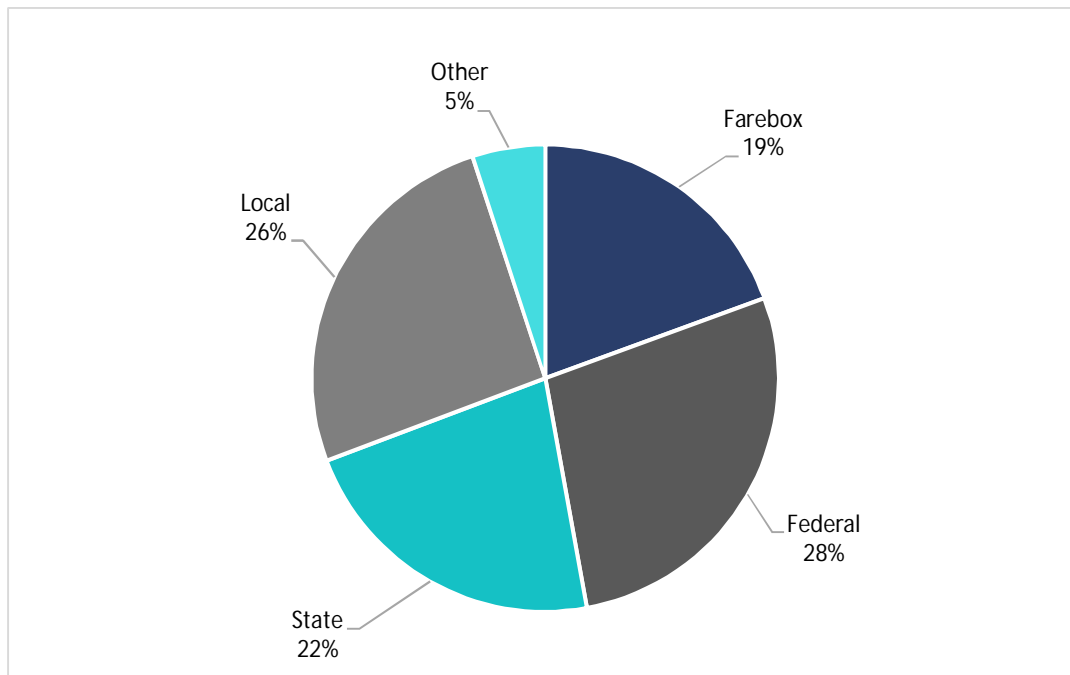
In addition to the bus transit services, PRTC also administers TDM strategies such as a vanpooling program, ridematching services, and employer outreach. PRTC also administers The Virginia Railway Express (VRE), a commuter rail service operated in cooperation with the Northern Virginia Transportation Commission (NVTC), which provides rail service to the Washington D.C., metropolitan area from the Fredericksburg and Manassas areas primarily during weekday peak periods.

Current Funding Overview

The following section presents a summary of the key elements of the funding structure supporting current PRTC operations. The main sources of funding include farebox revenue, federal, state, local, and other types of funds.

PRTC's FY 17 budget was adopted at the June 2016 PRTC Board meeting for the amount of \$56,046,300. This represents about 61.5 percent operating budget (including administration) and 38.5 percent capital expenses. The revenue breakdown by category is presented below in Figure 2. The Baseline Conditions Technical Memorandum describes these sources in more detail.

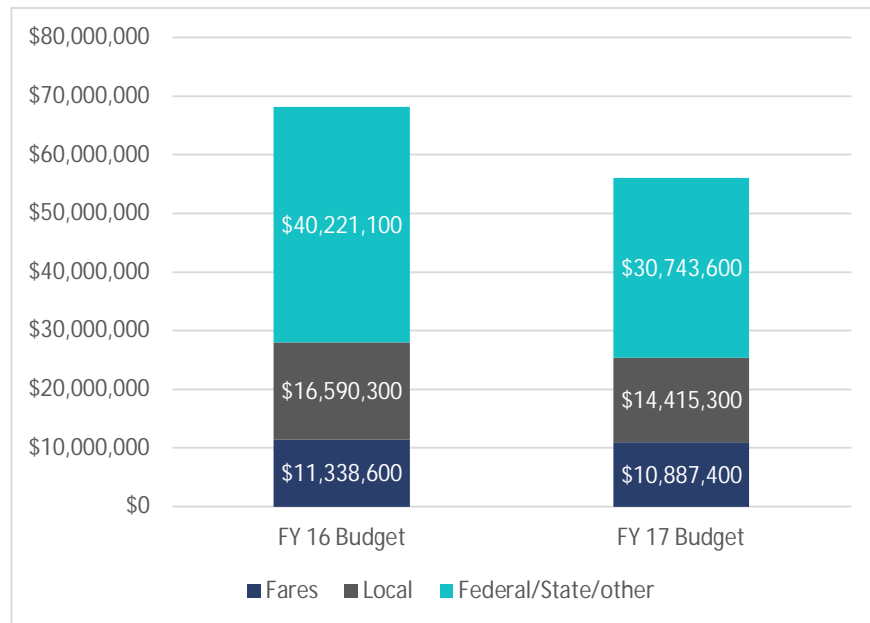
Figure 2: PRTC FY 17 Budget - Anticipated Revenues



Changes from FY 16

Going into the FY 17 budget preparations, PRTC faced a significant deficit, specifically a \$3.7 million deficit in local subsidies. In order to meet this deficit, PRTC made a number of adjustments including service cuts, fare increases, and administrative adjustments. In addition, in a significant change from the FY 16 budget, Prince William County was able to provide the Northern Virginia Transportation Authority (NVTA) 30 percent funding (for local needs) to VRE, which in turn allowed all of the subsidy from the motor fuel tax to go directly to PRTC. With the changes described above, as well as increases in state and federal funding, PRTC was able to meet the budget needs for FY 17. Figure 3 below shows the decrease of approximately \$12 million in the budget for FY 17 as compared to the budget for FY 16.

Figure 3: Comparison of FY 16 and FY 17 Budget



Conclusions and Summary of Needs

This section will summarize the findings of the baseline conditions technical memorandum and identify key needs that aim to be addressed by the strategic funding plan including:

1. Identification of additional funding to meet the anticipated shortfall of approximately \$2.1 million per year beyond FY 17. According to the Prince William County FY 17 Budget, the shortfall for FY 18 is approximately \$2.07 million. FY 19 has a large increase to approximately \$4.3 million due to the anticipated Western Maintenance Facility and then the following years are all under \$1.9 million. The estimates of the actual annual gaps will be refined as more information becomes available, however, they provide a general guidance on the deficit PRTC will face following FY 17. *Figure 4* excerpted from the Prince William County FY 17 Budget, shows the six-year forecast for PRTC.

Figure 4: PRTC Six-Year Plan

PRTC Six-Year Plan						
	FY17 Proposed	FY18 Forecast	FY19 Forecast	FY20 Forecast	FY21 Forecast	FY22 Forecast
Bus and Admin Operations	\$32,792,800	\$34,729,500	\$36,559,200	\$39,450,000	\$43,067,700	\$43,957,900
Capital Expenditures	\$21,402,100	\$16,653,000	\$12,161,600	\$20,712,000	\$30,919,300	\$7,497,700
Virginia Railway Express	\$0	\$0	\$0	\$0	\$0	\$0
Sub-Total Expenditures	\$54,194,900	\$51,382,500	\$48,720,800	\$60,162,000	\$73,987,000	\$51,455,600
Recurring Revenues	\$34,420,735	\$32,874,277	\$34,852,512	\$51,073,589	\$55,314,624	\$40,706,539
One-Time Revenues	\$19,774,165	\$16,439,134	\$9,592,600	\$7,219,600	\$17,815,400	\$8,912,000
Sub-Total Revenues	\$54,194,900	\$49,313,411	\$44,445,112	\$58,293,189	\$73,130,024	\$49,618,539
Surplus (Deficit)	\$0	(\$2,069,089)	(\$4,275,688)	(\$1,868,811)	(\$856,976)	(\$1,837,061)
Cumulative Surplus (Deficit)		(\$2,069,089)	(\$6,344,777)	(\$8,213,588)	(\$9,070,564)	(\$10,907,625)

Source: Prince William County FY 17 Budget

2. Identification of additional grants/sources that can be used for operating purposes. In general, PRTC's most significant funding concerns are tied to operating costs rather than capital expenses. For the most part capital expenses are covered by state and federal grants, however, operating costs are heavily reliant on the diminishing motor fuel tax revenues. Although there is some flexibility to use Federal funds for operations (e.g., use of preventative maintenance or CMAQ funds), the deficit created by the falling motor fuel tax revenues creates the most significant funding gap that needs to be addressed.
3. Identification of innovative solutions to supplement PRTC's funding sources. A combination of increasingly limited federal and state funding options, low levels of motor fuel tax revenues, declining ridership, and current legislative and political environment (e.g., motor fuel tax floor), all significantly limit the traditional options that are feasible to supplement PRTC's current funding sources.

CURRENT STATE OF PRACTICE

This section provides an overview of current state of transit funding practices that are relevant to PRTC and a preliminary list of potential strategies that could help reduce PRTC's current funding gap. The summary of the relevant transit funding best practices was derived from case studies developed on four transit agencies and from interviews with transit funding experts in the Commonwealth of Virginia. The menu of potential funding strategies at the conclusion of this document was developed based on the information gathered from the baseline conditions assessment, best practices, knowledge of applicable grants/legislation, and additional industry insight.

Summary of Transit Agency Case Studies

The following section summarizes key takeaways from the four transit agency case studies that are applicable or relevant to PRTC. Complete case studies are included in the Current State of the Practice Technical Memorandum (Appendix #2)

Loudoun County Transit (LCT)

Loudoun County Transit (LCT) provides public transportation within Loudoun County, Virginia and to select commuting locations.

Key Takeaways

During a telephone interview with Paul Mounier, Transit and Commuter Services Manager at Loudoun County Transit (LCT), several insights with potential application value for PRTC were revealed, including:

- 100 percent of LCT's local funding presently comes through fuel tax revenues; however, in 2020, when Metrorail service begins in Loudoun County, local funding will have to come from the County's general fund and/or other local sources.
- LCT has executed a Memorandum of Understanding (MOU) with George Washington University (GWU) to provide bus service to/from GWU from the County. The partnership generates operating revenue of approximately \$250,000 annually.
- LCT also has an agreement with the City of Leesburg that generates about \$280,000 in operating revenue each year. Branded as the "Safe-T-Ride" program, it is a free short distance shuttle providing continuous service between locations on the east and west sides of the Route 15 Bypass.

Transit Authority of Northern Kentucky (TANK)

The Transit Authority of Northern Kentucky (TANK) has provided transit services to Boone, Campbell, and Kenton Counties in Kentucky as well as downtown Cincinnati, Ohio since 1973. TANK offers several types of transit services, designed to meet the needs of the community.

Key Takeaways

During a telephone interview with Barry Harsaran, Manager of Finance at TANK, as well as a detailed review of TANK's audited financial statements with supplemental information for FY 2014 and FY 2015, several insights with potential application value for PRTC were revealed, including:

- TANK has started to work with individual businesses to provide service customized to meet their workforce needs. With financial support from many businesses to pay for transit service, TANK has developed a pilot model that allows them to test the demand for transit in new areas. TANK currently receives financial support from companies such as eBay and FedEx.
- The "Dixie Highway" enhancement project is improving the amenities of 25 bus stops in seven different cities including building state-of-the-art shelters with solar powered lighting systems and bike racks. TANK anticipates these enhancements will help boost ridership and allow bus riders to safely and securely ride to the bus stops and remedy some of the traditional "first and last mile" challenges many transit operators contend with.
- Over the past three years, TANK has enjoyed significant growth in reverse-commute ridership to the industrial parks in Hebron and Burlington (Kentucky), especially during the holiday season when the workforces at companies such as Amazon and FedEx expand.

Golden Gate Transit (GGT)

The Golden Gate Bridge Highway and Transportation District (operating Golden Gate Transit or GGT) provides regional fixed-route bus service, local bus service, and ferry service in San Francisco, California and the surrounding areas.

Key Takeaways

During a telephone interview with Ron Downing, Director of Planning at GGT, several insights with potential application value for PRTC were revealed, including:

- GGT estimates that between 50-to-66 percent of riders on their commuter services-focused buses and ferries receive the federal commute-to-work benefit for using "qualified transit" such as vanpools, commuter bus, rail and ferries to travel to and from work. While GGT implements regular fare increases (see next bullet point), they feel the base fare for their commuter-focused services should be "appropriately" priced in comparison to the maximum commute-to-work benefit which is currently \$255/month and increases about \$5 each year.
- Their five-year plan is predicated upon automatic fare increases every year on July 1st. All special event services, such as ferry service to AT&T Park, require GGT to cover 100 percent of their operating expenses through farebox recovery.
- GGT does receive a modest amount of revenue from advertising on and inside their commuter buses, inside the commuter ferries, and in some of their bus shelters.
- Like PRTC, GGT struggles to raise farebox recovery for many of their commuter buses with significant "deadhead" times back to one of their three operating/maintenance facilities in San Rafael, Novato, and Santa Rosa. Because of the long drive (nearly 60 miles from San Francisco back to Santa Rosa) and ever-present traffic

congestion on Highway 101, GGT leases a mid-day storage facility in downtown San Francisco for some of their buses and have some of their drivers take a shuttle back to San Rafael.

Gwinnett County Transit (GCT)

Gwinnett County Transit (GCT) was formed in 2000 to provide express, local, and paratransit services for the people of Gwinnett County, Georgia.

Key Takeaways

During a telephone interview with David Tucker, Deputy Director, Contracted Operations and Administration, and Karen Winger, Transit Division Director of Gwinnett County Transit (GCT), several insights with potential application value for PRTC were revealed, including:

- GCT makes extensive use of the Capital Cost of Contracting to leverage their local funding investments in operating and capital budgets. Described as “spending \$5 million to get \$15 million worth of product,” Tucker and Winger observed this practice maximizes the federal money Gwinnett County Transit receives and minimizes their local funding costs by leasing facilities and contracting for service provision equipment rather than purchasing and depreciating these assets. GCT has a service contract with Transdev where the contractor provides all maintenance and transit services (including the maintenance facility, drivers, customer service and some marketing support). Gwinnett County provides the vehicles and has to pay the cost of maintaining the maintenance and transfer facilities.
- GCT receives no funding from the state. They used to receive a range of \$500,000 to \$750,000 annually from the state that was used for operations. They have been able to obtain some MAP-21 operating funds to help overcome the loss of state funding.
- GCT has a route largely dedicated to serving Emory University employees although they do not receive any funding support from the university or have a memorandum of understanding with the university. Because of severe parking problems in the area, all employees at Emory University who use qualified transit to commute to and from the campus receive a tax-free commute-to-work benefit, and ridership to the University and other employment centers where employees receive transit benefits is very strong. This is also the case at the Center for Disease Control (CDC) and among many of the employers in the Central Perimeter area of Atlanta.

Summary of Transit Funding Expert Interviews

Three transit funding experts in the Commonwealth of Virginia were identified for informational interviews with the purpose of gathering information on current practices around the Commonwealth and the country as well as obtain any input or suggestions specific to PRTC. The following section summarizes the key takeaways from these meetings as they relate to PRTC. All of the funding experts understand the critical nature of PRTC’s funding gap and were able to provide interesting perspectives as advice or guidance.

Jennifer Mitchell – Director, DRPT

Jennifer Mitchell is currently serving as the Virginia Department of Rail and Public Transportation (DRPT) director. Prior to joining DRPT she was an Assistant Vice President in the Strategic Consulting Practice of Parsons Brinckerhoff (PB), where she worked with state and local agencies to develop funding and implementation plans for several major capital projects in Baltimore, Honolulu, Los Angeles, and San Diego. She also advised agencies on project delivery strategies, including the analysis of public-private partnerships and long-term plans for transit, highways, and port programs.

Summary of Key Findings

- State funding is generally trending towards being more focused on performance. Recent legislature such as House Bill 2 (HB2 or “Smart Scale”) has implemented processes that tie funding to project performance. Transit funding formulas have also recently changed so that a portion of the funding is based on performance rather than just need. It will be important to quantify the benefits of PRTC services to allow PRTC to be competitive if the Commonwealth distances itself from a general formula to a more selective performance based approach for a larger portion of the funds.
- The Commonwealth of Virginia will face a “transit capital funding cliff” in FY 2018. In 2007 the Commonwealth Transportation Board authorized \$3 billion total bond for transit funding. Approximately \$60 million annually of this was dedicated to capital needs. This funding is expected to decline by 62% after FY 18.
- PRTC should leverage funding associated with I-66 and I-95 Express Lanes Projects. This funding is proposed to be provided by the Commonwealth and/or the toll operators. It is likely that these funding streams will be reassessed on a recurring basis, be strictly for use in the designated corridor, and be tied to system performance.
- Fairfax County has enacted a commercial real estate tax dedicated for funding new transit service. This is one example of an alternative transit revenue source that could be used at the local level.
- Private sector represents a potential for partnerships. Selling the benefits of transit and developing partnerships with major employers could be an additional source of income in exchange for increased service or a new route. Director Mitchell noted that if new routes are developed and some public funding is used, the routes must be open to all users.
- Pursue advertising revenue and naming rights. Potential sources of advertising revenue include bus bays and naming rights to stations, services, or facilities.
- Critical to advocate for benefits of transit. In order for the county and businesses in the community to understand the benefits of transit, including the combination of local and commuter service, Director Mitchell suggested looking into the work that Hampton Roads Transit is doing to “sell” the benefits of transit.
- Prince William County is competing for the workforce of the future and transit can help. Having transit-friendly development tends to attract a younger generation of residents and research has shown that many employers are moving to more urban areas to cater to employee desires.

Michelle Casciato – Budget Director, Prince William County

Michelle Casciato currently serves as the budget director for Prince William County. Michelle, and Bob Leibbrandt, who also provided input at the meeting, have dealt closely with PRTC in the past, working together to identify potential funding sources for PRTC from Prince William County. Prince William County currently provides approximately 95 percent of PRTC’s local funding.

- The most important tool for garnering support for transit is making the economic case. If members of the County Board and businesses owners see the financial benefits of transit, they are more likely to support transit initiatives. This is the message that will likely resonate most with decision makers.
- Lobbying to make a gas tax floor or increases in amounts is important but unlikely in this General Assembly period. The budget office saw decreasing fuel prices and the lack of a gas tax floor as a critical issue facing

PRTC. However, the group was not optimistic that this issue would be addressed at this year's General Assembly.

- It is important for PRTC to present the Prince William County Board with evidence of their efforts to lower the funding gap. Prince William County understands the efforts PRTC has made to lower the gap such as service cuts, fare increases, and administrative changes. The County is more likely to support PRTC if they understand the significance of the need and see that efforts are being taken proactively to resolve the funding issue.
- PRTC is in a very difficult situation financially. The new arrangement that provides the use of NVTA funding for VRE and allows the gas tax revenues to be used solely for PRTC was a significant achievement but there are still long-term fixes that are needed.
- The County budget office and PRTC have a collaborative relationship. The County is committed to continuing to work with PRTC to identify any potential additional sources of revenue for PRTC.

Kate Mattice – Acting Executive Director, NVTC

Kate Mattice is currently service as the Acting Executive Director of NVTC. Previously Kate worked at the Federal Transit Administration (FTA) as the Deputy Associate Administrator for Budget and Policy and the Deputy Financial Officer. NVTC is PRTC's counterpart in Northern Virginia in terms of transportation commissions. Although Prince William County is not a member of NVTC, PRTC was allowed to apply for funding through the I-66 Inside the Beltway Multimodal Projects effort.

- Make the business argument that local transit supports people getting to jobs. In Prince William County there are a lot of jobs, especially at major employment centers, which employees depend on local transit service to access. Without this service, there could be job losses for County residents.
- Analyze the cost of providing local service compared to the cost of providing welfare. As a follow-up to the above point, there may be potential to look at the financial implications of providing local service as compared to the cost of losing jobs and needing to provide welfare.
- Look for opportunities to diversify beyond a single tax source. As is seen with the fuel tax in Prince William County, it can be risky to have a single potential source of tax revenue for transit. A potential solution could be to look for a different revenue sources, even if it means lowering the contributions from the gas tax.
- Locals need to show a commitment to operating service. With most federal funding, a local match is needed. It is important to consider that even if more federal funds are received, PRTC and/or the state will have to continue to provide local matching funds.
- The key is to find operating funding. Federal Congestion Mitigation and Air Quality (CMAQ) funding can be used for operating new service but most federal funding is capital only with the noteworthy exception of the Capital Cost of Contracting (see GCT case study).
- Examine real estate for opportunities to lease out land that is currently owned. The suggestion was made to look at land that is currently owned by PRTC or Prince William County and look into the potential to lease some of this space to generate additional income.

POTENTIAL FUNDING STRATEGIES

Information obtained through team research, conducting the case studies, and interviewing funding experts let the team to develop a comprehensive list of potential strategies. The list can be found on the following pages. The sections that follow discuss each potential strategy including potential steps towards implementation and real-world examples or reference information.

Figure 5 — Potential Funding Strategies (1 of 2)

Type	Strategy	Description	Practicality	For Existing Services or Expansion	Potential Uses			Source	Examples/Reference
			Can PRTC use it or not	Could this be applied to offset existing costs or only for new services	Capital	Operating	Project Specific	Literature review, case study, expert interview, other	
PRIVATE	Transit Benefits Sales Pitch	Develop a recurring program that visits major employers, elected officials, and other key entities to promote the benefits of transit and seek out partnership opportunities. This sales pitch would support many of the other potential strategies.	✔	Both	●	●	●	Expert Interview	↳ www.novatransit.org/transit-means-business/
	Partnerships with Major Employers/Public Institutions on Specific Routes	Partnerships between PRTC and major employers such as corporate centers, universities, and hospitals to provide local service that caters to their needs while receiving financial support from these employers.	✔	Expansion			●	Expert Interview; Case Study	TANK - Partnership with FedEx and Amazon; Loudoun County - Partnerships with Leesburg and GWU
	Leasing Real Estate to other uses	Examine potential to use land currently owned by Prince William County or PRTC for leasing to temporary business.	✔	Existing	●	●		Expert Interview	↳ www.virginiadot.org/projects/resources/OutsourcingReportforVDOTwebsite.pdf
	Partnerships with Transportation Network Companies (Uber/Lyft/Others)	PRTC has the potential to partner with TNCs such as Uber, Lyft, Via, to help supplement or replace existing service and/or provide first/last mile connections to users of PRTC's services.	✔	Both		●		Case Study	Identified In Arlington's 10-year Plan; DART (Dallas, TX) Partnership (Non-Financial)
	Private Financing	Funding from philanthropic foundations or individuals.	✔	Both	●	●	●	Literature Review	↳ www.apta.com/resources/statistics/Documents/Caseforbusiness.pdf
	Expanded Advertising	Currently PRTC offers bus wrapping as advertisement. This could be expanded and additional locations for advertising could be examined including at bus shelters, inside the buses and at maintenance and transit center facilities.	✔	Existing	●	●		Case Study	Golden Gate Transit - Buses, Ferries, and Shelters
INTERNAL	Parking Fees	Potential to generate parking revenue at parking facilities.	✔	Both	●	●		Literature Review	WMATA Parking Garages
	Changing Bus Type	FTA and other organization have conducted research on the use of hybrids, CNG, or other alternative bus types and the potential cost savings and potential new revenue sources associated with these fleet conversions. Also there is the potential to look at smaller buses or vans for local service that would require less capital and operating expenditure.	✔	Expansion	●			Expert Interview	↳ www.transit.dot.gov/about/news/us-department-transportation-announces-266-million-funding-opportunity-improve-bus
	Additional Fare Increases	With the increase in the Federal commute-to-work benefit, Express Lanes tolls, and lack of affordable parking in the District, additional fare increases for OmniRide and Metro Direct Services are viable.	✔	Existing		●		Literature Review	NJ Transit Fare Expansion & Recent PRTC Increases
	Sale of Old Buses	Sell buses that are out of commission but are still usable or have usable parts.	✔	Both	●	●		Literature Review	PRTC currently uses this strategy
	Use of Buses for Charter Events	PRTC could examine the use of PRTC buses to be temporarily leased to a third party or operated by First Transit for special events in which >100% farebox recovery would be assumed. Potential events could include bus service to Jiffy Lube Live or other major weekend attractions.		Not applicable - Federal regulations against using buses for chartered uses					
LOCAL	Additional Local Tax Source - General Property Tax	General Property Taxes include real estate taxes, real and personal public service taxes, personal property taxes, and penalties and interest.	✔	Existing	●	●		Expert Interview; Case Study	Golden Gate Transit; Fairfax County Commercial Real Estate Tax
	Additional Local Tax Source - PWC "Charges for Services"	Charges for Services include court costs, Commonwealth Attorney fees, charges for correction and detention, mental health/mental retardation services, welfare and social services, libraries, sanitation and waste removal, education, parks and recreation, housing and community development, planning and community development, environmental management, public safety, internal service funds, medical insurance, and other items.	✔	Existing	●	●		Literature Review	↳ www.pwcgov.org/government/dept/budget/Documents/04-Revenues--FY17.pdf
	Additional Local Tax Source - PWC Other Local Taxes	Other Local Taxes include short term rental tax, local sales tax, consumer utility tax, bank stock taxes, business/professional/occupational license (BPOL) tax, motor vehicle licenses, taxes on recordation, hotel and motel tax, and franchise license tax.	✔	Existing	●	●		Literature Review	↳ www.pwcgov.org/government/dept/budget/Documents/04-Revenues--FY17.pdf
	Changes to Gas Tax (Increase or Floor)	Either increase gas tax or implementation of a floor for a minimum tax rate.	✔	Existing		●		Literature Review; Expert Interview	PRTC has contracted lobbyists to pursue this initiative
REGIONAL	NVTA Funding (70% Regional Funds)	Potential to use NVTA 70% (regional projects) funds for partnerships with other jurisdictions or transit agencies.	✔	Expansion	●		●	Literature Review	↳ www.thenovaauthority.org/wp-content/uploads/2015/09/HB-2313-Funding-Fact-Sheet.Revised-8.6.15.pdf
	Capital Investment to Offset Operating Expenses (Storage or Layover Facility)	PRTC could partner with other entities to invest in Capital improvements in the region that could help offset operating costs. One potential project would be investment in a layover/ storage facility location in DC or the inner core to reduce deadhead.	✔	Existing		●	●	Case Studies	Golden Gate Transit; MWC0G Midday Storage Study
	NVTA Funding (30% Local Funds)	Prince William County's share of the NVTA 30% (local projects) will be used for VRE.	✔	Existing		●		Literature Review	↳ www.thenovaauthority.org/wp-content/uploads/2015/09/HB-2313-Funding-Fact-Sheet.Revised-8.6.15.pdf
TOLLING	Toll Funding from Other Roadways	Through legislative approval and coordination with VDOT, I tolls could be implemented on other roadways within Prince William County that could provide additional funding to transit as well as other uses.	✔	Expansion	●	●	●	Case Study	↳ www.transform66.org
	NVTC I-66 Inside the Beltway	Beginning in 2017, PRTC has applied and been selected for funding for a new route. PRTC should continue to monitor this process and seek out opportunities to receive the maximum funding amounts.	✔	Expansion		●	●	Expert Interview	New PRTC Gainesville to the Pentagon Route
	Corridor Projects (I-66 and I-95/I-395)	Transform I-66 Outside the Beltway and the previous I-95 plans will and have provided funding directly for transit, for which PRTC will be a primary recipient. PRTC should continue to monitor this process and seek out opportunities to receive the maximum funding amounts.	✔	Expansion	●	●		Expert Interview	Transform I-66 Outside the Beltway: ↳ outside.transform66.org



For Strategies Not Leveraged by PRTC (Potential Implementation Timeframe)
 Immediate Short-term Long-term or Future Possibility

For Strategies Already Leveraged by PRTC (Extent of Use)
 Potential for Additional Leverage Used to Fullest Extent

Other
 Not currently applicable to PRTC

Figure 5 — Potential Funding Strategies (2 of 2)

For Strategies Not Leveraged by PRTC (Potential Implementation Timeframe)
■ Immediate ■ Short-term ■ Long-term or Future Possibility

For Strategies Already Leveraged by PRTC (Extent of Use)
■ Potential for Additional Leverage ■ Used to Fullest Extent

Other
■ Not currently applicable to PRTC



Type	Strategy	Description	Practicality	For Existing Services or Expansion	Potential Uses			Source	Examples/Reference	
			Can PRTC use it or not	Could this be applied to offset existing costs or only for new services	Capital	Operating	Project Specific	Literature review, case study, expert interview, other		
STATE	I-66 TMP	As part of the I-66 TMP, fund will be provided for 50% buy-down for existing transit services along I-66.	✓	Existing		●	●	Literature Review	In FY 18, I-66 TMP will provide fare buy-downs (50% on all I-66 Routes): outside.transform66.org/	
	Smart Scale (HB-2) Funding	The recent legislature in Virginia allows for an annual call of projects to compete for a funding pool. The Commonwealth has stated they are looking for more transit-related projects.	✓	Expansion	●	●	●	Literature Review	VRE Fredericksburg Line Capacity Expansion http://vasmartscale.org/about/default.asp	
	DRPT Demonstration Project Assistance	Supports innovative investments in all functional areas of public transportation.	✓	Expansion	●	●	●	Literature Review	DRPT Grant Program Application Guidance (FY 2017) bit.ly/DRPT-Grants-17	
	DRPT Technical Assistance	Supports planning or technical assistance to help improve or initiate public transportation related services.	✓	Expansion		●	●	Literature Review	DRPT Grant Program Application Guidance (FY 2017) bit.ly/DRPT-Grants-17	
	DRPT Capital Assistance	Supports costs borne by eligible recipients for public transportation capital projects	✓	Both	●			Literature Review	DRPT Grant Program Application Guidance (FY 2017) bit.ly/DRPT-Grants-17	
	DRPT Operating Assistance	Supports costs borne by eligible recipients for operating related public transportation expenses.	✓	Existing		●		Literature Review	DRPT Grant Program Application Guidance (FY 2017) bit.ly/DRPT-Grants-17	
	DRPT Public Transportation Intern Program	Supports increased awareness of public transportation as a career choice.	✓	Existing			●	Literature Review	DRPT Grant Program Application Guidance (FY 2017) bit.ly/DRPT-Grants-17	
	DRPT TDM Operating Assistance	Supports administration of existing or new local and regional Transportation Demand Management/ Commuter Assistance programs.	✓	Both		●		Literature Review	DRPT Grant Program Application Guidance (FY 2017) bit.ly/DRPT-Grants-17	
	DRPT Transportation Management Project Assistance	Supports Transportation Demand Management projects and programs that encourage the reduction of single occupant vehicle trips.	✓	Expansion		●		Literature Review	DRPT Grant Program Application Guidance (FY 2017) bit.ly/DRPT-Grants-17	
	DRPT Senior Transportation Program	Supports projects and programs that improve mobility for senior citizens.		Not currently applicable due to lack of specific service for seniors and individuals with disabilities						
FEDERAL	TIGER Grants (Opportunity Grant)	TIGER grants are competitive grants that provide funding for innovative, multi-modal and multi-jurisdictional transportation projects that promise significant economic and environmental benefits to an entire metropolitan area, a region, or the nation.	✓	Expansion	●		●	Literature Review	Regional Partnership for Bus Technologies: www.mwcog.org/transportation/tiger/	
	FTA Section 5312 - Public Transportation Innovation	Provides competitive funds to develop innovative products and services assisting transit agencies in better meeting the needs of their customers'	✓	Expansion			●	Literature Review	rip.trb.org/view/2016/P/1410364	
	FTA Section 5309 - Capital Investment Grants (CIG)	The discretionary CIG program provides funding for fixed guideway investments such as new and expanded rapid rail, commuter rail, light rail, streetcars, bus rapid transit, and ferries, as well as corridor-based bus rapid transit investments that emulate the features of rail.	✓	Expansion	●		●	Literature Review	Small Starts/New Starts: www.transit.dot.gov/sites/fta.dot.gov/files/docs/5309_Capital_Investment_Grant_Fact_Sheet.pdf	
	CMAQ Funding	CMAQ provides formula funds for areas in nonattainment or maintenance for ozone, carbon monoxide, and/or particulate matter; funds may be used for any transit capital expenditures otherwise eligible for FTA funding as long as they have an air quality benefit.	✓	Existing	●	●		Literature Review	www.fhwa.dot.gov/map21/guidance/guidecmaq.cfm	
	Capital Cost of Contracting (Preventative Maintenance)	Some FTA recipients turn to an outside source to obtain public transportation service, maintenance service or vehicles that the recipient will use in the provision of public transportation service. When recipient's contract for such service, FTA will provide assistance with the capital consumed in the course of the contract.	✓	Existing	●	●		Case Study	Gwinnett County Transit	
	FTA Section 5339 - Buses and Bus Facilities Grants Program	Competitive funds for States and transit agencies to replace, rehabilitate and purchase buses and related equipment and to construct bus-related facilities. Potential for additional funding if lower-emitting vehicles were to be used.	✓	Both	●	●		Literature Review	DRPT Grant Program Application Guidance (FY 2017) bit.ly/DRPT-Grants-17	
	FTA Section 5303 and 5304 - Metropolitan and Statewide Planning	Supports local, regional, and statewide transit planning projects.	✓	Both	●	●		Literature Review	DRPT Grant Program Application Guidance (FY 2017) bit.ly/DRPT-Grants-17	
	FTA Section 5307 - Urbanized Area Formula Grant	Supports operating and capital costs of transit operators in small urban areas.	✓	Existing	●	●		Literature Review	DRPT Grant Program Application Guidance (FY 2017) bit.ly/DRPT-Grants-17	
	FTA Section 5337 - State of Good Repair Grants	Formula funds that provide capital assistance for maintenance, replacement, and rehabilitation projects of existing high-intensity fixed guideway and high-intensity motorbus systems to maintain a state of good repair. Additionally, SGR grants are eligible for developing and implementing Transit Asset Management plans.	✓	Existing	●	●		Literature Review	DRPT Grant Program Application Guidance (FY 2017) bit.ly/DRPT-Grants-17	
	FTA Section 5310 - Enhanced Mobility of Seniors and Individuals with Disabilities	Supports the purchase of vehicles and equipment.		Not currently applicable due to lack of specific service for seniors and individuals with disabilities						
	FTA Section 5307(h) - Passenger Ferry Grant Discretionary Program	Provides competitive funding to public ferry systems in urbanized areas.		Competitive funding is available for existing or planned ferry programs, once programs are defined						
	FTA Section 5311 - Formula Grants for Rural Area	Formula funds that provide capital, planning, and operating assistance to states to support public transportation in rural areas with populations less than 50,000, where many residents often rely on public transit to reach their destinations.		Not applicable, population greater than 50,000						
	FTA Section 5324- Public Transportation Emergency Relief Program	Helps states and public transportation systems pay for protecting, repairing, and/or replacing equipment and facilities that may suffer or have suffered serious damage as a result of an emergency, including natural disasters such as floods, hurricanes, and tornadoes.		Funding is available in the case of a national emergency or major disaster						

Private

The strategies below represent potential partnerships with the private sector or other institutions.

Strategies Not Leveraged by PRTC

Transit Benefits Sales Pitch

Description

This funding strategy involves the development of a recurring program that visits major employers, elected officials, and key entities to promote the benefits of transit and seek out partnership opportunities. PRTC could also reach out to the public by hosting transit information nights or improving bus service advertisement. By promoting the benefits of transit, PRTC could encourage additional ridership, especially on OmniLink routes, therefore improving farebox recovery. This sales pitch would also support many of the other potential strategies.

Implementation

PRTC could immediately begin to implement this strategy by forming a marketing team or hiring individuals dedicated to transit and PRTC-specific outreach in the business community. Once this team is defined, a common vision and materials can be prepared to pitch to local businesses, organizations, and schools. Funds acquired through the use of this strategy are extremely flexible. They can not only be used to offset existing capital and operational expenses, but also to fund future projects.

Examples/References

NVTC has started an initiative called “Transit Means Business”¹ which focuses on the critical link between high quality transit and the Commonwealth’s ability to compete on the global economic stage. Transit Means Business supports the business community as it works with policymakers to identify and secure sustainable transit funding in order to meet the transportation needs of people and businesses throughout the state.

Partnerships with Major Employers/Public Institutions on Specific Routes

Description

Partnerships between PRTC and major employers such as corporate centers, universities, and hospitals to provide local service that caters to their needs while receiving financial support from these employers. These could be new routes or modifications to existing routes.

Implementation

This is a potential a short-term solution for PRTC. Time is required to develop the relationships and coordinate on potential service changes. Since potential partners will likely only contribute if their needs are met, funds acquired through the use of this funding strategy will probably be project specific and involve some sort of expansion of service. The transit benefits sales pitch can be utilized to identify potential partners.

¹ <http://www.novatransit.org/programs/tmb/>

Examples/References

The Transit Authority of Northern Kentucky (TANK) has recently started to work with individual businesses to provide service customized to meet their workforce needs. With financial support from many businesses, such as eBay and FedEx, to pay for transit service, TANK has developed a pilot model that allows them to test the demand for transit in new areas.

Loudoun County Transit has executed a Memorandum of Understanding (MOU) with George Washington University (GWU) to provide bus service to/from GWU from the County. The partnership generates operating revenue of approximately \$250,000 annually.

Leasing Real Estate to Other Uses

Description

PRTC could examine the potential to use land currently owned by PRTC for leasing to businesses. This would provide PRTC with additional monthly revenue without additional expenses. Prince William County could also examine the same potential to develop an alternative funding source for PRTC.

Implementation

This is generally a short-term solution for PRTC. Some time would be required to identify available land and seek out potential clients as well as negotiating deals. Since this leasing strategy does not necessarily require the development of new services or capital, revenue from the leasing of PWC/PRTC property will likely be used to offset existing expenses, but can be applied to both capital and operational uses.

Examples/References

Virginia Department of Transportation (VDOT) has several ways in which it generates revenue from the Department's assets. VDOT not only sells or leases property previously purchased for highway right-of-way, but it also leases property for cell towers to accommodate the needs of private sector companies. This resulted in \$3.2 million in additional revenue during the 2007 Fiscal Year. VDOT also receives additional revenue by leasing VDOT facilities to private vendors for the duration of a maintenance contract.

Partnerships with Transportation Network Companies

Description

PRTC has the potential to partner with Transportation Network Companies (TNCs), such as Uber and Lyft, to help supplement or replace existing service and/or provide first/last mile connections to users of PRTC's service.

Implementation

Partnerships with TNCs will likely require a short-term contract with potential for renewal. By using TNC service, PRTC's operational costs can be reduced, therefore classifying this strategy as geared towards operational improvements. However, this could result in the improvement of existing services or the creation of new ones, such as new location-specific routes. As of October 2016, PRTC has recently issued a Request for Information (RFI) to potential TNCs that may be interested in partnering.

Examples/References

This funding strategy has been identified in Arlington's 10-year Plan and is also currently being executed by Dallas Area Rapid Transit (DART). DART is currently partnered with Uber and is looking to expand to include both ZipCar and Lyft. It is also looking to establish integrated payments with TNCs and other shared mobility services through DART's GoPass mobile app.

Washington Metropolitan Area Transit Authority (WMATA) in DC is planning to release an RFP to TNCs to provide paratransit services as an alternative to MetroAccess and hopes to have service in place by Spring of 2017.

The Southeastern Pennsylvania Transportation Authority (SEPTA) in Philadelphia, PA initiated a partnership with Uber to offer 40 percent off rides to and from select regional rail stations in efforts to improve the customer's first/last time experience.

Private Financing

Description

PRTC has the potential to identify philanthropic foundations or individuals that are interested in maintaining transit service coverage or providing for-profit transit service. Another potential is to find a developer that is willing to pay for transit service that serves a proposed major development.

Implementation

This is a long-term or future possibility solution for PRTC as these foundations or individuals would be difficult to identify and the current trends in ridership do not indicate a potential to make a profit from operating service.

Examples/References

The American Public Transportation Association (APTA) has released a document entitled "The Case for Business Investment in Public Transportation"² which focuses on the issues critical to private investors as they consider the public transportation industry as an investment opportunity.

Strategies Already Leveraged by PRTC

Expanded Advertising

Description

PRTC buses currently use exterior bus wrapping as a main form of advertisement. However, additional locations for advertising, such as bus shelters, inside buses, and at maintenance and transit center facilities, could also be examined as an additional source of revenue.

Expansion Potential

PRTC could begin to implement this strategy immediately by contacting local businesses about advertisement opportunities and identifying additional locations for advertising. Additional revenue acquired through this funding strategy could be used for both operational and capital expenses.

² <http://www.apta.com/resources/statistics/Documents/Caseforbusiness.pdf>

Examples/References

Golden Gate Transit (GGT) provides regional fixed-route service in San Francisco, and in Marin and Sonoma counties. It receives a modest amount of revenue from advertising on and inside their commuter buses, inside the commuter ferries, and in some of their bus shelters.

Internal

Strategies Not Leveraged by PRTC

Parking Fees

Description

PRTC could potentially generate additional revenue by charging parking fees at the PRTC transit center. If PRTC develops new park-and-ride lots or other facilities in the future, these could be charged as well.

Implementation

PRTC could begin the process to charge for parking at the PRTC transit facility in the immediate term.

Examples/References

WMATA currently receives additional funds from parking revenue generated at WMATA parking facilities at 44 Metrorail stations. All 44 stations offer daily or hourly parking, while 36 stations offer reserved parking, where customers can purchase permits to park in reserved spaces.

Changing Bus Type

Description

FTA and other organizations have conducted research on the use of hybrids, CNG, or other alternative bus types and the potential cost savings and potential new revenue sources associated with these fleet conversions. Also, there is the potential to look at smaller buses or vans for local service that would require less capital and operating expenditure.

Implementation

Short-term

Examples/References

The FTA has recently announced the opportunity to apply for competitive grant funding for buses and bus facilities projects, with some money being allocated to the FTA's Low and No Emission (Low-No) bus program³. This program promotes the use of technologically-advanced and environmentally-friendly buses.

Strategies Leveraged by PRTC

Additional Fare Increase

Description

With the increase in the Federal commute-to-work benefit, Express Lanes tolls, and lack of affordable parking in Washington, D.C. additional fare increases for OmniRide and Metro Direct Services are viable.

³ <https://www.transit.dot.gov/about/news/us-department-transportation-announces-266-million-funding-opportunity-improve-bus>

Expansion Potential

PRTC recently instituted a fair increase of 5 percent on July 1, 2016 but could examine additional fare increases to both OmniLink and OmniRide buses. Due to heavy Federal commute-to-work benefit contributions and ridership characteristics, OmniRide bus routes would potentially see a greater increase in fares than OmniLink bus routes.

Examples/References

Faced with a similar problem, New Jersey Transit recently increased their bus and rail fares by approximately 9 percent in an effort to try to close the \$60 million funding gap. This marked the fifth increase for commuters since 2002, but the first in five years. In 2010, New Jersey Transit faced a funding gap of approximately \$300 million and increased fares by an average of 22 percent.

Sale of Old Buses

Description

This funding strategy involves the selling of buses that are out of commission but are still usable or have usable parts.

Expansion Potential

PRTC currently uses this strategy to its fullest potential.

Strategies Not Applicable

Use of Buses for Charter Events

Description

PRTC could examine the use of PRTC buses to be temporarily leased to a third party or operated by First Transit for special events in which >100 percent farebox recovery would be assumed. Potential events could include bus service to Jiffy Lube Live or other major weekend attractions.

Expansion Potential

Current federal regulations prohibit the use of transit buses that are purchased with federal funds for chartered uses.

Local

Strategies Not Leveraged by PRTC

Additional Local Tax Source – General Property Tax

Description

A certain portion of Prince William County general property taxes, including real estate taxes, real and personal public service taxes, personal property taxes, and penalties and interest, could be allocated to help offset the PRTC funding gap.

Implementation

This could be implemented in the immediate-term if there is political support for additional taxes.

Examples/References

Golden Gate Transit (GGT) currently receives a portion of their total funding from general property taxes as part of their Local Transportation Fund (LTF). Fairfax County also has a program that takes a portion of the county's commercial real estate tax and allocates it to transit services.

Additional Local Tax Source – PWC “Charges for Services”

Description

PRTC could gain additional revenue from charges for services, which include court costs, Commonwealth Attorney fees, charges for correction and detention, mental health/mental retardation services, welfare and social services, libraries, sanitation and waste removal, education, parks and recreation, housing and community development, planning and community development, environmental management, public safety, internal service funds, medical insurance, and other items.

Implementation

This could be implemented in the immediate-term if there was political support for additional taxes.

Examples/References

These tax revenues are described in the Prince William County Budget⁴.

Additional Local Tax Source – PWC Other Local Taxes

Description

Additional revenue can be acquired through local taxes, including short term rental tax, local sales tax, consumer utility tax, bank stock taxes, business/professional/occupational license (BPOL) tax, motor vehicle licenses, taxes on recordation, hotel and motel tax, and franchise license tax.

⁴ <http://www.pwcgov.org/government/dept/budget/Documents/04-Revenues--FY17.pdf>

Implementation

Immediate

Examples/References

These tax revenues are described in the Prince William County Budget.

Changes to Gas Tax (Increase or Floor)

Description

There is currently a 2.1 percent sales tax on motor fuels for localities that are part of the Northern Virginia Transportation District. An increase in the gas tax or the implementation of a floor for a minimum tax rate could increase revenue for PRTC.

Implementation

PRTC has retained lobbyists to attempt to raise this issue within the state legislature but has not had success to date.

Examples/References

California State Transit Assistance (STA) funds—state sales tax monies redistributed back to local jurisdictions—could be a model for the entire state of Virginia in the longer-term⁵.

The California Transportation Development Act (TDA) provides two major sources of funding for public transportation: The Local Transportation Fund (LTF) and the STA fund. These funds are for the development and support of public transportation needs that exist in California, and are allocated to areas of each county based on population, taxable sales, and transit performance. The TDA dedicates 0.25 percent of the state sales tax to public transit and is administered by an LTF created in each county. The TDA also extended a 5 percent state sales tax to gasoline and uses revenues gathered in this way to make up for losses to the general fund caused by the diversion of some of the state sales tax to public transit. Any additional money generated by the state sales tax on gasoline over and beyond the amount required to compensate for the 0.25% is known as "spillover" money and is supposed to go to public transit, but in recent years has been redirected to the general fund to compensate for California's dire budget problems.

⁵ http://www.sco.ca.gov/Files-ARD-Payments/Transit/statetransitassistanceestimate_1617_january16.pdf

Regional

Strategies Not Leveraged by PRTC

NVTA Funding (70 Percent Regional Funds)

Description

All of the taxes and fees collected under HB 2313 are sent to the NVTA. Once received by the Authority, those dollars are divided into one of two categories: 70 Percent Regional Revenue Funds and 30 Percent Local Distribution Funds. PRTC has the potential to use NVTA 70 Percent (regional projects) funds for partnerships with Prince William County or other jurisdictions on possible expansion projects.

Implementation

Applications for 70% funds occur annually so PRTC has the opportunity to partner with other agencies or jurisdictions in the short term. Projects must be included in the latest updates to TransAction 2040 or projects that have been evaluated by VDOT as part of the HB 599 process⁶.

Examples/References

The FY list of candidate projects for 70% funding includes several transit related projects⁷ such as a VRE parking expansion, the West End Transitway in Alexandria, Potomac Yard Metrorail Station, and Fairfax Connector bus purchases for service expansion.

Capital Investment to Offset Operating Expenses (Storage or Layover Facility)

Description

PRTC could partner with other entities to invest in Capital improvements in the region that could help offset operating costs. One potential project would be investment in a layover/storage facility location in DC or the inner core to reduce deadhead.

Implementation

This is a relatively short-term strategy but would require regional partnerships. The region has studied this possibility before in the Regional Bus Staging, Layover, and Parking Location Study⁸ which identified potential locations for storage and layover facilities.

Examples/References

Golden Gate Transit (GGT) struggles to raise farebox recovery for many of their commuter buses with significant “deadhead” times back to one of their three operating/maintenance facilities in San Rafael, Novato, and Santa Rosa. Because of the long drive and ever-present traffic congestion on Highway 101, GGT leases a mid-day storage facility in downtown San Francisco for some of their buses, which is cheaper than deadheading back with 70 empty buses.

⁶ <http://www.thenovaauthority.org/wp-content/uploads/2015/09/HB-2313-Funding-Fact-Sheet.Revised-8.6.15.pdf>

⁷ <http://www.thenovaauthority.org/wp-content/uploads/VIII-Approval-of-Projects-to-be-Evaluated-for-Consideration-in-the-FY2017-Program1.pdf>

⁸ <http://www.mwcog.org/file.aspx?A=Z9yrfIE2M11TmRDEsiRnpSNObqUHMmPucAVCCmp3NAY%3D>

Strategies Leveraged by PRTC

NVTA Funding (30 Percent Local Funds)

Description

30 Percent Local Distribution Funds will be distributed directly to individual NVTA member jurisdictions based on the revenues collected in the jurisdiction and may be used for capital improvements that reduce congestion, projects included in TransAction 2040 or other transportation capital improvements which have been approved by the most recent long range transportation plan adopted by the Authority, and public transportation projects.

Expansion Potential

Currently Prince William County uses its NVTA 30 Percent money to fund VRE so that the gas tax can be exclusively used for PRTC. Other jurisdictions could follow in this practice instead of having portions of the gas tax go to VRE and PRTC.

Tolling

Strategies Not Leveraged by PRTC

Toll Funding from Other Roadways

Description

Through legislative approval and coordination with VDOT, tolls could be implemented on other roadways within Prince William County or the region that could provide additional funding to transit as well as other uses.

Implementation

This is a longer-term or future possibility given the complexity of implementing tolling on new roadways, especially non-limited access roadways.

Examples/References

Major facilities in Maryland and Virginia are being tolled such as I-66, I-395/I395, and the Intercounty Connector in Maryland. The District of Columbia has outlined the potential to implement tolls on portions of the interstate and bridges entering the District as well as a potential downtown cordon charge in their long range transportation plan⁹.

Strategies Leveraged by PRTC

NVTC I-66 Inside the Beltway

Description

Beginning in 2017, PRTC has applied and been selected for funding for a new route from Gainesville to the Pentagon. PRTC should continue to monitor this process and seek out opportunities to receive the maximum funding amounts as well as additional call for projects. Tolling on Inside the Beltway is expected to begin in the Fall of 2017 so this route will be implemented in the short-term. Endorsed components of the Transform 66 Multimodal Project can be found on the NVTC website¹⁰

Expansion Potential

PRTC should continue to monitor the project and seek out additional calls for project. PRTC should emphasize documentation of the benefits of this new route in order to prove its effectiveness.

⁹ <http://www.wemovedc.org/>

¹⁰ <http://www.novatransit.org/i66multimodal/>

Implementation

Examples/References

Corridor Projects (I-66 and I-95/I-395)

Description

Transform I-66 Outside the Beltway and the previous I-95 plans will and have provided funding directly for transit, for which PRTC will be a primary recipient. PRTC should continue to monitor this process and seek out opportunities to receive the maximum funding amounts. Transform I-66, Outside the Beltway, proposes a robust amount of new and expanded service for PRTC beginning in 2021. Payments from the Concessionaire will cover significant portions of operating and capital cost for these routes. The plans for I-66 transit service are located on the internet¹¹ and the ongoing I-95/I-395 plan is developing recommendations for multimodal improvements that will be funded by a similar annual transit payment.

Expansion Potential

It will be important for PRTC to be involved in the process going forward and ensure that their operations and storage/maintenance capacity will be able to handle the increased levels of service. PRTC will play an important role in developing the specific operations plan for the new transit service.

¹¹ http://outside.transform66.org/meetings/final_tier_2_environmental_assessment_and_technical_reports.asp

State

Strategies Not Leveraged by PRTC

I-66 TMP

Description

As part of the I-66 Transportation Management Plan, funding will be provided for 50 percent buy-down for existing transit services along I-66 for PRTC. This will apply to all PRTC service from Prince William County including two Metro Direct routes and the Manassas and Gainesville OmniRide routes. It's estimated that the subsidy would generate a minimum 15 percent increase in ridership.

Implementation

This subsidy will go into effect upon the beginning of construction for Transform I-66 Outside the Beltway. Coordination with VDOT, DRPT and other project stakeholders will be necessary to monitor operations.

Examples/References

The I-66 TMP was finalized in August 2016 and outlines this subsidy and additional strategies for improving multimodal throughput on I-66 during construction.

Smart Scale (HB-2) Funding

Description

The recent legislature in Virginia allows for an annual call of projects to compete for a funding pool of tax dollars. Transportation projects are scored based on an objective, outcome-based process that is transparent to the public and allows decision-makers to be held accountable to taxpayers. Once the submitted projects are scored and prioritized, the Commonwealth Transportation Board (CTB) selects the best possible projects for funding. Although a variety of projects are welcome, the Commonwealth has stated that they are looking for more transit-related projects.

Implementation

PRTC could apply for projects in the next call for projects which will be the Fall of 2017.

Examples/References

Some examples of transit projects submitted for Smart Scale funding for FY 17 and FY 18 include¹²:

- Transit Accessibility Improvement (GRTC)
- Central Business District Circulator (Greater Lynchburg Transit Company)
- Park-and-Ride Improvements and Construction (multiple)
- Regional Commuter Express Bus (HRT)
- VRE Fredericksburg Line Capacity Expansion (NVTC)
- Richmond Highway GRT (Fairfax County)
- West End Transitway – Southern Towers Transit Facilities (City of Alexandria)

¹² <http://vasmartscale.org/projects/default.asp#Search>

- Acquisition of Transit Buses (Loudoun County)

DRPT Grant Programs

The following sections provide brief descriptions of the DRPT grant programs and outline any potential areas of expansion. The full list and information on DRPT grant programs can be found on the internet¹³.

DRPT Demonstration Project Assistance

The Demonstration Project Assistance State Aid Grant Program supports innovative investments in all functional areas of public transportation. Eligible recipients include local and state government transportation commissions and public service corporations.

PRTC does not currently receive funding from this grant program. If negotiations with TNCs develop into potential technology related projects or there is expansion related to the CAD/AVL system, this could be a potential grant program to consider.

DRPT Technical Assistance

This program supports technical assistance to help improve public transportation or commuter assistance related services. It can be used to conduct a wide range of planning and technical analysis that is needed as input into a decision making or evaluation process.

PRTC currently uses this grant program but use could be extended if there are major planning or technical analysis projects in the future.

DRPT Capital Assistance

DRPT Capital Assistance supports costs borne by eligible recipients for public transportation capital projects, such as the purchasing of new buses or the construction of new maintenance and transit facilities.

PRTC currently uses this strategy to its fullest extent.

DRPT Operating Assistance

DRPT Operating Assistance supports costs borne by eligible recipients for operating related public transportation expenses.

PRTC currently uses this strategy to its fullest extent.

DRPT Public Transportation Intern Program

This program is designed to promote and develop careers in public transportation and commuter assistance. Its goal is to provide interns with hands on experience in as many aspects of public transportation or commuter assistance management and operations as possible through direct exposure to activities and methods of public transportation and commuter.

PRTC currently uses this strategy to its fullest extent.

¹³ <https://olga.drpt.virginia.gov/Documents/forms/FY%2017%20OLGA%20Application%20Packet.pdf>

DRPT TDM Operating Assistance

This program supports the operating costs of existing or new local and regional Transportation Demand Management (TDM) Programs. The primary goal of these programs is to help decrease highway congestion and improve air quality by facilitating commuter mobility in high occupancy transportation modes.

PRTC currently uses this strategy to its fullest extent.

DRPT Transportation Management Project Assistance

This program supports new and/or expanded TDM services that reduce demand for single occupancy vehicles and initiatives at the state, regional and community level, using innovative approaches to reducing traffic congestion. TMP Assistance projects are generally not part of the regular operation of the TDM program, may be used to test new TDM programs or services and have a defined start and end date. TMP Assistance projects must be part of a TDM Plan.

PRTC currently uses this strategy to its fullest extent.

DRPT Senior Transportation Program

This program supports operating expenses for new transportation services for adults 60 years of age and older. The overall objective is to increase the quality and quantity of coordinated transportation services available for older adults.

Since PRTC does not have a dedicated paratransit service, PRTC is not currently eligible for this funding.

Federal

Strategies Not Leveraged by PRTC

TIGER Grants (Opportunity Grant)

Description

TIGER grants are competitive grants that provide funding for innovative, multi-modal, and multi-jurisdictional transportation projects that promise significant economic and environmental benefits to an entire metropolitan area, region, or the nation.

Implementation

PRTC could apply to this grant program in the short-term. There are many qualified applications from around the country so it is likely that PRTC would partner with other transit providers in the region (such as the example below) to make their application more competitive.

Examples/References

In 2010, the Transportation Planning Board (TPB), with PRTC as one of the implementing organizations, received 458.8 million under TIGER to invest in new technologies and physical infrastructure improvements aimed at making bus transit in the Washington region more reliable and convenient. The improvements were focused on 13 key transit corridors connecting major residential, commercial, and employment centers. Improvements included the creating of dedicated bus-only lanes and queue jump lanes and the commissioning of new fuel-efficient express commuter buses.

FTA Section 5312 – Public Transportation Innovation

Description

FTA Section 5312, the Public Transportation Innovation Grant Program, provides funding to develop innovative products and services assisting transit agencies in better meeting the needs of their customers. Eligible activities include the research, development, demonstration and deployment of projects, and evaluation of technology of national significance to public transportation.

Implementation

PRTC could apply for this grant program in the short-term following the development of a project or initiative.

Examples/References

PRTC does not currently receive funding from this grant program. If negotiations with TNCs develop into potential technology related projects, there is expansion related to the CAD/AVL system, or other technology related initiatives arise, this could be a potential grant program to consider.

FTA Section 5309 – Capital Investments Grant

Description

The discretionary Capital Investment Grants (CIG) program provides funding for fixed guideway investments such as new and expanded rapid rail, commuter rail, light rail, streetcars, bus rapid transit, and ferries, as well as corridor-based bus

rapid transit investments that emulate the features of rail. This is the FTA's primary grant program for funding major transit capital investments.

Implementation

This is a longer-term or future possibility due to the complexity of the projects.

Examples/References

CIG program includes familiar FTA programs such as Small Starts and New Starts for major transit projects¹⁴. There are and have been CIG projects in the National Capital Region to date but not in Prince William County.

Strategies Leveraged by PRTC

CMAQ Funding

Description

The CMAQ program provides a flexible funding source to State and local governments for transportation projects and programs to help meet the requirements of the Clean Air Act. It provides formula funds for areas in nonattainment or maintenance for ozone, carbon monoxide, and/or particulate matter. Funds may be used for any transit capital expenditures otherwise eligible for FTA funding as long as they have an air quality benefit.

Expansion Potential

PRTC currently uses CMAQ funding for a variety of uses. New initiatives in the future that benefit air quality such as the construction of the Western Maintenance Facility can utilize CMAQ funds.

Capital Cost of Contracting (Preventative Maintenance)

Description

Some FTA recipients turn to an outside source to obtain public transportation service, maintenance service, or vehicles that the recipient will use in the provision of public transportation service. When recipients initialize a contract for such service, FTA will provide assistance with the capital consumed in the course of the contract.

Expansion Potential

For PRTC to effectively leverage this funding stream, there would need to be a restructuring of the contract with first transit so that the contractor owned the buses and other capital assets. A more detailed cost-benefit analysis would need to be done to assess whether the increased funding would be worth the effort and resources to restructure the contract.

¹⁴ https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/5309_Capital_Investment_Grant_Fact_Sheet.pdf

FTA Section 5339 – Buses and Bus Facilities Grant Programs

Description

The Buses and Bus Facilities Grants program provides competitive funds for States and transit agencies to replace, rehabilitate, and purchase buses and bus-related facilities. Additional funding can potentially be obtained if lower-emitting vehicles were to be used.

Expansion Potential

PRTC currently receives funding through the 5339 program but there is the potential to gain increased funding if buses and bus facility projects that support low and zero-emission vehicles are used.

FTA Section 5303 & 5304 – Metropolitan and Statewide Planning

Description

The Metropolitan and Statewide Planning provides funding and procedural requirements for multimodal transportation planning in metropolitan areas and states. Planning needs to be cooperative, continuous, and comprehensive, resulting in long-range plans and short-range programs reflecting transportation investment priorities.

Expansion Potential

PRTC currently uses this strategy to its fullest extent.

FTA Section 5307 – Urbanized Area Formula Grant

Description

The Urbanized Area Formula Funding program makes federal resources available to urbanized areas and to governors for transit capital and operating assistance in urbanized areas and for transportation-related planning.

Expansion Potential

PRTC currently uses this strategy to its fullest extent.

FTA Section 5337 – State of Good Repair

Description

The State of Good Repair Grants Program provides capital assistance for maintenance, replacement, and rehabilitation projects of high-intensity fixed guideway and bus systems to help transit agencies maintain assets in state of good repair. Additionally, SGR grants are eligible for developing and implementing Transit Asset Management plans.

Expansion Potential

PRTC currently uses this strategy to its fullest extent.

Strategies Not Applicable

FTA Section 5310 – Enhanced Mobility of Seniors and Individuals with Disabilities

Description

The Enhance Mobility of Seniors & Individuals with Disabilities Grants program provides formula funding to states for the purpose of assisting private nonprofit groups in meeting the transportation needs of older adults and people with disabilities when the transportation service provided is unavailable, insufficient, or inappropriate to meeting these needs. Funds are apportioned based on each state's share of the population for these two groups.

Expansion Potential

Since PRTC does not have a dedicated paratransit service, this is not currently an eligible funding strategy.

FTA Section 5307(h) – Passenger Ferry Grant Discretionary Program

Description

The Passenger Ferry Grant program provides competitive funding for projects that support passenger ferry systems in urbanized areas. These funds constitute a core investment in the enhancement and revitalization of public ferry systems in the Nation's urbanized areas. Funds are awarded based on factors such as the age and condition of existing ferry boats, terminals and related infrastructure; benefits to riders, such as increased reliability, and connectivity to other modes of transportation.

Expansion Potential

Competitive funding would be available for an existing or planned ferry program, which PRTC currently does not have.

FTA Section 5311 – Formula Grants for Rural Areas

Description

The Formula Grants for Rural Areas program provides capital, planning, and operating assistance to states to support public transportation in rural areas with populations of less than 50,000, where many residents often rely on public transit to reach their destinations.

Expansion Potential

This strategy is not applicable to PRTC due to the population that it serves being greater than 50,000.

FTA Section 5324 – Public Transportation Emergency Relief Program

Description

FTA's Emergency Relief program was established under MAP-21, and enables FTA to provide assistance to public transit operators in the aftermath of an emergency or major disaster. This program helps States and public transportation systems pay for protecting, repairing, and/or replacing equipment and facilities that may suffer or have suffered serious damage as a result of an emergency, including natural disasters such as floods, hurricanes, and tornadoes.

Expansion Potential

This strategy is only applicable in the case of a national emergency or major disaster.

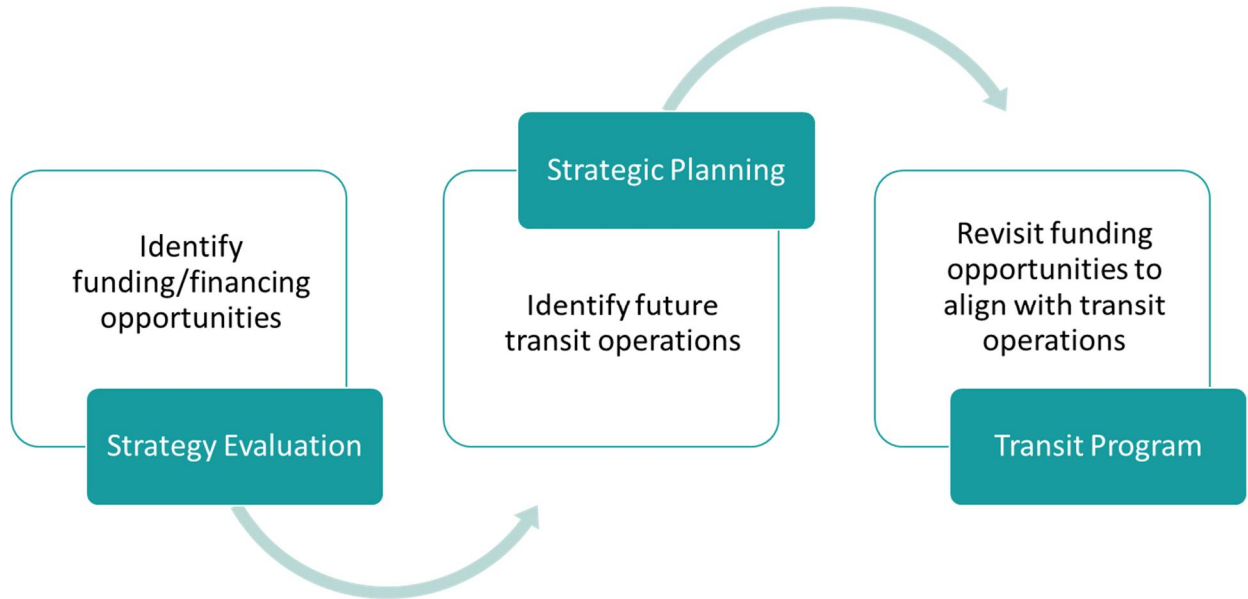
Conclusion

These potential strategies were presented to the Strategic Plan Steering Committee on August 23, 2016 and to the PRTC Commission at the September, 2016 meeting. The overall conclusion was that there were potential strategies on the list that PRTC could expand on in the future. Although there were no strategies that were identified that could be implemented in time to alleviate some of the FY 18 budget concerns, it was acknowledged that there are actionable steps forward. The Steering Committee and PRTC Commissioners. The next section describes the path forward, including how these strategies will be revisited in collaboration with Phase II of the strategic planning.

NEXT STEPS

Following the Phase II strategic planning elements, the strategies outlined in this report will be evaluated and revisited to align with the strategic planning initiatives. The graphic below shows the process that will take place following the development of the strategic recommendations.

Figure 6: Strategic Funding Plan Process



Potential Evaluation Framework

Although Phase I did not evaluate all of the potential funding strategies, there was a potential evaluation framework that was developed. The evaluation framework is essentially a benefit-risk analysis of each of the potential strategies. Each strategy would be scored for the following criteria and the scores would be averaged to create an overall benefit score and an overall risk score. The scores would be plotted on a graph and the strategies with the highest benefit and the lowest risk could be identified as the primary strategies. This process is shown below in Figure 7 and Figure 8.

Figure 7: Evaluation Process

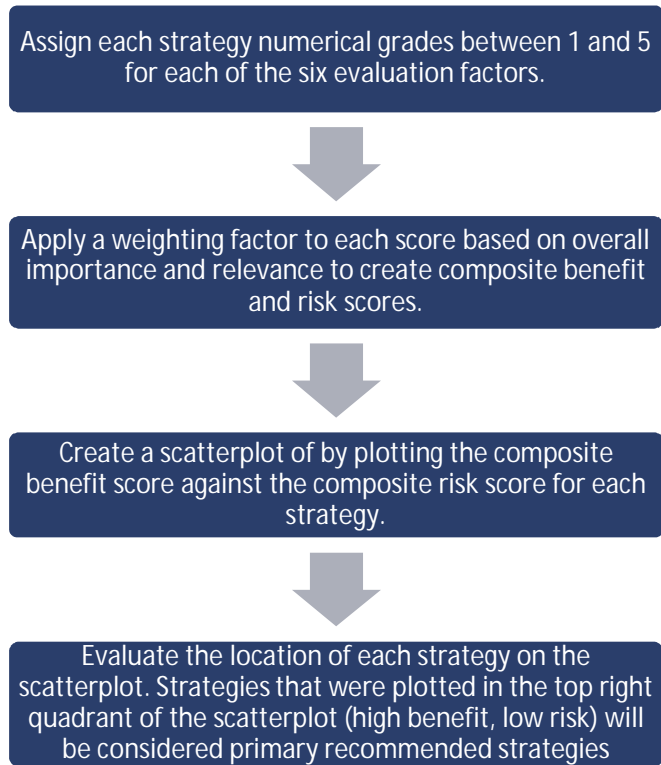


Figure 8: Sample Evaluation Scatterplot



Evaluation Criteria

The following represent potential evaluation factors to be used to calculate the overall scores for benefit and risks. The weighting of these criteria could be determined in coordination with PRTC staff and the executive steering committee.

Benefits

Potential Yield - Potential net yield is the estimated amount, in annual dollars, that could potentially be gained from implementing a particular funding strategy. Before the implementation of any funding strategy, a more detailed financial estimate would be required.

Innovation - The innovation evaluation factor is a qualitative measure of outside-the-box thinking and creativity associated with a particular strategy.

Flexibility - Funding flexibility is described as the ability to use funds for a variety of functions, as opposed to it being earmarked for a specific purpose or project. Strategies that would allow existing resources to be shifted to operating uses were also considered in this factor.

Risks

Implementation Effort - This evaluation factor measured the amount of effort that would be required to implement the particular funding strategy. During the evaluation process, effort was defined as any additional time, money, or personnel required up to the point that the money would be received.

Probability - For the purpose of the evaluation process, probability was seen as the relative chance of successfully obtaining additional new funding as a result of the funding strategy. Potential competition, political sentiment, and outside factors, such as external cooperation, were some of the elements considered while evaluating overall probability.

Source Sustainability - This evaluation factor refers to the relative assurance that the funding source being evaluated will be available for a long period of time.

Moving Toward Implementation

As discussed earlier, Phase II of the Strategic Plan will identify a renewed vision and philosophy for PRTC and revisit these potential funding strategies in light of any new recommendations. After the strategic recommendations and funding strategies are in place, the final step in the strategic plan would be to develop the implementation plan, including the Transit Development Plan (TDP) and Transportation Demand Management Plan (TDMP) which outline the short-term recommendations and detailed operational changes.

Technical Memorandum #1: Baseline Conditions

INTRODUCTION

This Baseline Conditions Technical Memorandum provides a summary of the key services provided by the Potomac and Rappahannock Transportation Commission (PRTC), documents existing funding sources and the extent to which each is used, and identifies specific needs that can be addressed by the forthcoming strategic plan recommendations.

Throughout the memorandum, the most recently approved PRTC budget (approved for FY 17 PRTC Budget on June 2, 2016 at the PRTC Commission Meeting) is used as a reference for the various funding amounts and sources.

EXISTING SERVICES AND ASSETS

This section provides an overview of the main services operated and assets maintained by PRTC.

Bus Services

Currently, PRTC predominately provides bus transit services, which can be classified into two main types – OmniRide (commuter focused) and OmniLink (locally focused).¹

OmniRide

OmniRide is PRTC's commuter bus service, which provides one-seat rides from various locations throughout Prince William County to major activity centers in the Washington metropolitan area region. OmniRide service is offered Monday through Friday, primarily during the peak periods, and runs from locations throughout Prince William County (along the I-95 corridor), and the Manassas and Gainesville areas (along the I-66 corridor) to destinations such as the Pentagon, Crystal City, the Rosslyn-Ballston corridor, downtown Washington D.C., Capitol Hill, the Washington Navy Yard, the Mark Center, and Tysons Corner.

Within OmniRide services, PRTC also operates Metro Direct, which links destinations in Prince William County with Metrorail Stations in Tysons Corner and Franconia-Springfield. As of June 2016, PRTC operates the following eight OmniRide routes and three Metro Direct routes shown in Table 1.

¹ A full map of PRTC bus routes can be found online: <http://www.prtctransit.org/system-map/index.html>

Table 1: Existing PRTC Routes

Corridor	Route Group	Origins & Destinations
I-95	Dale City OmniRide	Dale City – Downtown Washington, DC Dale City – Crystal City Dale City – Washington Navy Yard
	Lake Ridge OmniRide	Lake Ridge – Downtown Washington, DC Lake Ridge – Crystal City Lake Ridge – Washington Navy Yard
	Montclair OmniRide	Montclair – Pentagon/Downtown Washington
	South Route 1 OmniRide	Triangle/Dumfries/Woodbridge – Pentagon/Downtown Washington
	Rosslyn Ballston OmniRide	Dale City/Woodbridge - Pentagon/Rosslyn/Ballston
	Tysons Corner OmniRide	Woodbridge - Tysons Corner
	Prince William Metro Direct	Dale City/Woodbridge - Franconia-Springfield
I-66	Gainesville OmniRide	Gainesville - Washington, DC
	Manassas OmniRide	Manassas - Pentagon/Downtown Washington (with connections to Crystal City)
	Manassas Metro Direct	Manassas - Tysons Corner Metro Station
	Linton Hall Metro Direct	Gainesville - Tysons Corner Metro Station

In addition, the Cross-County Connector provides all-day service from Monday through Friday, connecting the PRTC Transit Center and the western part of Prince William County.

OmniLink

OmniLink is PRTC's local, demand responsive bus service that operates in eastern Prince William County and Manassas area. The six OmniLink routes are:

- Dale City OmniLink
- Dumfries OmniLink
- Manassas OmniLink
- Manassas Park OmniLink
- Woodbridge/Lake Ridge OmniLink
- Route 1 OmniLink

While all six OmniLink routes have standard fixed routes with established bus stops, users can also call PRTC's customer service center to schedule off-route trips. The availability of the off-route service is limited to destinations no more than ¼ of a mile off the standard fixed route, and it is available to anyone in the community (not only individuals with disabilities).

Under the current service model, OmniLink qualifies as a demand responsive service based on the requirements set by the Americans with Disabilities Act (ADA) statute and regulations. As such, unlike traditional fixed route transit services (as defined under the ADA regulations), PRTC does not need to provide additional ADA-mandated, complementary paratransit

service for people with disabilities who cannot, on account of their disabilities, use the fixed route system. (RSM, November 2015)

Other Services and Operations

In addition to the bus transit services, PRTC also administers:

- Vanpool Alliance, a vanpool program that is a joint venture among PRTC, the Northern Virginia Transportation Commission (NVTC), and the George Washington Regional Commission (GWRC). The Vanpool alliance ended FY 15 with 474 registered vanpools.
- OmniMatch, a ride-matching assistance and/or commuting incentives for those seeking to carpool or vanpool. OmniMatch also partners with Metropolitan Washington Council of Governments (MWCOG) Commuter Connection and other regional transportation organizations to offer additional commuter benefits and promote commuter programs such as SmartBenefits and Guaranteed Ride Home.
- Omni SmartCommute, an employer outreach program that provides assistance with the implementation of employee commute programs to businesses within the PRTC service area.
- The Virginia Railway Express (VRE), a commuter rail service operated in cooperation with NVTC (PRTC, July 2015), which provides rail service to the Washington DC metropolitan area from the Fredericksburg and Manassas areas primarily during weekday peak periods. VRE operates 30 trains from 18 stations and carry, on average, 20,000 passengers daily.²

Administration and Marketing

In addition to the direct services provided to the customers, PRTC incurs other operational expenditures that relate to administration and marketing. PRTC uses a third-party contractor, First Transit, to operate and maintain its bus services but conducts both route monitoring and customer service in-house. Marketing activities supported by PRTC staff primarily consists of in-person, online, or print advertisement of PRTC services. As of November 2015, PRTC has a staff of 55 funded positions.

Capital Assets

The main capital assets used to operate PRTC's bus transit services –the bus fleet, the PRTC Transit Center where all the buses are presently maintained and stored, and the planned second bus maintenance facility– are all PRTC-owned through funds from federal, state, and local sources (PRTC, July 2015).

Fleet

As of May 2015, PRTC's fleet consisted of 168 buses, comprising of three main types:

- 45-foot over-the-road motorcoaches (seats 57 passengers)
- 40-foot transit buses for intermediate distances (seats 43 passengers)
- 30-foot transit buses for local routes (seats 30 passengers)

These buses have a range of lifecycles. The following outlines the plan for replacement buses for the next six years (Prince William County, February 2016):

- FY 17: 16 OmniRide, 0 OmniLink
- FY 18: 18 OmniRide, 0 OmniLink
- FY 19: 8 OmniRide, 1 OmniLink

² <http://www.vre.org/about/>

- FY 20: 5 OmniRide, 0 OmniLink
- FY 21: 10 OmniRide, 16 OmniLink
- FY 22: 5 OmniRide, 0 OmniLink

All the buses used on the OmniRide routes undergo mid-life overhauls to maintain ride quality and reliability throughout the useful life of the bus. Typically, these mid-life overhauls allow buses can reach the end of the their useful life in a state of good repair with fewer break downs and service disruptions. This allows PRTC to keep them past the their FTA required useful life.

Mid-life overhauls are limited to the OmniRide fleet, which experience less wear-and-tear than the OmniLink fleet as it predominately operates on interstate roadways that are well-maintained. In other words, it is much more difficult to schedule a consistent major overhaul of the OmniLink fleet due to the more frequent stop-and-go operations and inconsistent local roadways conditions, which typically, leads to uneven and more frequent replacement of the fleet.

PRTC has recently implemented a computer-aided dispatch/automatic vehicle location (CAD/AVL) system as well as automated passenger counters (APC) on their buses and are currently (as of June 2016) in the process of testing and refining the technology.

PRTC Transit Center and the Planned Western Maintenance Facility

The PRTC Transit Center in Woodbridge, VA was constructed in 1996-7 and designed to house a fleet of 100 buses; however, over the past several years the Transit Center has been forced to operate in excess of its capacity. To relieve the operational pressure on the PRTC Transit Center, plans for a new Western Maintenance Facility have been completed but the construction and implementation has been put on hold since 2015 due to budget constraints. PRTC is currently pursuing alternative funding sources to complete this project, which would not only provide additional bus storage and maintenance capacity but would also reduce the deadhead distance traveled by buses that serve the I-66 corridor.

CURRENT FUNDING OVERVIEW

The following section presents a summary of the key elements of the funding structure supporting current PRTC operations. The summary provides information and/or assumptions on the sources, current amounts, and use and restrictions of the various funding streams.

Farebox

Source

Farebox revenue refers to the funds obtained from passengers that pay to use the services provided by PRTC, mainly OmniRide and OmniLink.

Current Amounts

In PRTC's fiscal year (FY) 2017 Budget, the combined farebox revenues of OmniRide and OmniLink services are projected to be \$10,887,400, which is approximately 31.6 percent of the total operating budget. This ratio of the farebox revenue to the total operating budget is referred to as the farebox recovery ratio. Approximately 92 percent of this farebox revenue is generated from OmniRide versus OmniLink.

The farebox recovery ratio of OmniRide services are much higher than those of OmniLink services, mainly due to the higher fares and the per revenue hour method of payment which spreads certain contractor costs (such as deadhead) across the services instead of assigning them directly to a respective service. According to the National Transit Database

(NTD) Report from 2014, the farebox recovery ratio of Commuter Bus (including OmniRide, Metro Direct, and Cross County Routes) was approximately 59 percent while local bus farebox recovery ratio was approximately 15 percent. However, PRTC currently reports the overall farebox recovery as a weighted average between the two services.

Use and Restrictions

The funds obtained through farebox revenues do not have any restrictions on how it must be used by PRTC. In other words, farebox revenue funds can be used to cover capital or operating costs but is used primarily to subsidize operational cost.

Federal Funding

Federal subsidies are principally derived from three recurring Federal Transit Administration (FTA) formula funding sources: the Section 5307 program; the Section 5337 program; and the Section 5339³ program. All three of these recurring formula funded programs are apportioned to the Washington D.C. urbanized area based on formulas driven by NTD statistics, and the FTA countenances swaps among transit provider in a region so long as they're mutually agreed upon and memorialized in a split letter signed by all the federal funding recipients in the region and sent to the FTA. (PRTC, July 2015)

Grant Programs

Section 5307 - Urbanized Area Formula Program

The Urbanized Area Formula Funding program (49 U.S.C. 5307) makes federal resources available to urbanized areas and to governors for transit capital and operating assistance in urbanized areas and for transportation-related planning. An urbanized area is an incorporated area with a population of 50,000 or more that is designated as such by the U.S. Department of Commerce, Bureau of the Census.⁴

PRTC currently uses 5307 funding for preventative maintenance with the exception of 1% for safety and 1% for associated transit enhancement.

Section 5337 - State of Good Repair Grants

Section 5337 is a formula grant that provides capital assistance for maintenance, replacement, and rehabilitation projects of existing high-intensity fixed guideway and high-intensity motorbus systems to maintain a state of good repair.⁵ Recently, Moving Ahead for Progress in the 21st Century (MAP-21) changed the definition of "fixed guideway" so that buses running on HOV lanes did not qualify and created a smaller "pot" of money. This change cost PRTC approximately \$1.3 million per year beginning in FY 13 (PRTC, July 2015). Another adjustment to the rules stipulates that HOT lanes converted from HOV lanes would no longer be eligible for the already smaller pot of money available for High Intensity Motorbus (HIM) funding. Due to the conversion on I-95 and the proposed conversion of I-66 this rule change would cost PRTC another \$0.8 million per year unless this definition is overturned.

This grant program can be used for capital assistance and preventative maintenance although PRTC is able to use this funding for operations due to the fact that preventative maintenance is part of the contract with First Transit, a line item in PRTC's operating budget. Currently PRTC uses 5337 funds for operating (preventative maintenance).

³ Prior to the FAST ACT, for reasons of administrative convenience, PRTC and WMATA had agreed that WMATA will retain PRTC's share of the region's Section 5339 funds, with PRTC being reimbursed on a dollar for dollar basis in the form of increased Section 5307 funds.

⁴ <https://www.transit.dot.gov/funding/grants/urbanized-area-formula-grants-5307>

⁵ <https://www.transit.dot.gov/funding/grants/state-good-repair-grants-5337>

Section 5339 - Buses and Bus Facilities Grants Program

The Grants for Buses and Bus Facilities program (49 U.S.C. 5339) makes federal resources available to states and direct recipients to replace, rehabilitate and purchase buses and related equipment, and to construct bus-related facilities including technological changes or innovations to modify low or no emission vehicles or facilities. Funding is provided through formula allocations and competitive grants. This grant is specifically designated for capital purchases. A sub-program provides competitive grants for bus and bus facility projects that support low and zero-emission vehicles.⁶

Congestion Mitigation and Air Quality Improvement Program (CMAQ)

CMAQ funding is available to reduce congestion and improve air quality for areas that do not meet the National Ambient Air Quality Standards for ozone, carbon monoxide, or particulate matter (nonattainment areas) and for former nonattainment areas that are now in compliance (maintenance areas). CMAQ funding can be used for both capital and operating costs as long as the project “is likely to contribute to the attainment or maintenance of a national ambient air quality standard, with a high level of effectiveness in reducing air pollution, and that is included in the metropolitan planning organization’s (MPO’s) current transportation plan and transportation improvement program (TIP)”.⁷

PRTC currently receives regular CMAQ funds and additional “CMAQ 2.5” funds due to the fact that Virginia has a nonattainment or maintenance area for fine particulate matter (PM_{2.5}), distributed based on a formula of population density.

Regional CMAQ money is allocated through the Northern Virginia Transportation Authority (NVTA) and typically received \$1.5 - \$2.0 million annually (this includes the state match discussed later in this memorandum). PRTC currently uses CMAQ funds for the commuter assistance program as well as commuter bus replacements. PRTC had also planned to use CMAQ money for the Western Maintenance Facility but this has been postponed.

The Surface Transportation Block Grant Program (Previously Surface Transportation Program)

The FAST Act converts the long-standing Surface Transportation Program into the Surface Transportation Block Grant (STBG) program acknowledging that this program has the most flexible eligibilities among all Federal-aid highway programs and aligning the program’s name with how FHWA has historically administered it. The STBG program promotes flexibility in state and local transportation decisions, and provides flexible funding to best address state and local transportation needs.⁸

PRTC has discretion to use these funds as they see fit. Currently in FY 17, PRTC did not receive any STBG funds.

⁶ <https://www.transit.dot.gov/funding/grants/buses-and-bus-facilities-grants-program-5339>

⁷ <http://www.fhwa.dot.gov/fastact/factsheets/cmaqfs.cfm>

⁸ <http://www.fhwa.dot.gov/fastact/factsheets/stbgfs.cfm>

Summary of Federal Funding By Uses

Table 2 summarizes the federal revenue by the way that PRTC uses the various federal funding streams. In general over the past years, the specific amounts of federal funding vary depending on the overall amount of the budget; however, there is a general trend toward declining federal revenue for PRTC given the elimination of bus service operating on the HOT/HOV lanes from the fixed guideway program as described above.

Table 2: Summary of Federal Funding (FY 17 Budget)

Funding Use	Federal Grant Programs	FY 17 Budget	Percent of Federal Funding
Bus Capital Improvements	5307, 5337, 5339, CMAQ	\$10,903,500	70.2%
Operating (Preventive Maintenance)	5307, 5337, 5339	\$4,315,600	27.8%
Employer Outreach	CMAQ	\$54,400	0.4%
Ridesharing Grants	CMAQ	\$240,000	1.5%
Safety & Security Enhancements	5307	\$19,500	0.1%
Subtotal Federal		\$15,533,000	100.0%

State Funding

The following grants from the Commonwealth of Virginia are included in the funding stream of PRTC for the FY 17 budget. These state grants are primarily divided into capital and operating uses.

Capital Assistance

Virginia Department of Rail and Public Transportation (DRPT) allocates capital assistance to provide funding for public transportation capital projects deemed to be eligible, reasonable, and appropriate through a formula developed by DRPT. These capital grants are funded based on a percentage of the total cost of the project. The following three main tiers of investments with associated ceilings for state match are used:

- Tier 1: Replacement and Expansion Vehicles (68 percent state match for eligible projects)
- Tier 2: Infrastructure or Facilities (34 percent state match for eligible projects)
- Tier 3: Other (17 percent state match for eligible projects)

Actual state funding tends to be significantly lower than these percentages due to the federal sources serving as an offset. In PRTC's FY 17 budget, approximately \$21.56 million of capital expenses are expected, with an expected state contribution of \$6.32 million (approximately 29.3 percent of capital funding).

Operating Assistance

State operating assistance is also formula funding, a large portion of which is allocated based on a transit system's eligible operating costs as a percentage of eligible transit operating costs statewide. A smaller portion of state operating assistance is allocated based on changes in a system's performance over time, comparing current metrics with previous rolling averages for the same metrics (PRTC, July 2015). DRPT has allocated \$4.86 million in state operating funds for PRTC in FY 17 from the general operating assistance program. An additional \$60,000 will be provided as a state CMAQ match for ridesharing.

Commuter Assistance Program

DRPT also provides a commuter assistance program grant. This Transportation Demand Management (TDM) program is a discretionary grant program that provides state funds to support up to 80 percent of the costs of TDM projects and other special projects that are designed to reduce single occupant vehicle travel. These funds are used to support vanpooling, ridesharing, and marketing and promotional efforts across the Commonwealth that encourage travel in shared ride modes (DRPT, 2015). In FY 17, PRTC anticipates receiving \$156,000 in commuter assistance funds that can be used solely for TDM efforts.

Special Project Funds

The Special Project funds from DRPT are used to award discretionary grants for public transportation demonstration projects, technical assistance projects, and public transportation training and internships. PRTC is receiving \$750,950 in FY 17 for operational use on OmniRide services on I-95 only. This fund is used to operate three routes (Woodbridge to Tysons, and two routes that serve the Mark Center) as well as an overall increase of approximately 16.5 daily revenue hours of service on existing I-95 routes.

Technical Assistance

Technical assistance grants provides additional support for non-capital and non-operating expenses such as planning, safety, or administration uses. According to the FY 17 Budget, PRTC will receive \$202,500 from the Commonwealth for technical assistance. This fund is designated specifically for use for a Comprehensive Long Range Strategic Plan, a Cyber Security Assessment, and a Financial Procedures Review (DRPT, 2015).

Other State Funds

The Commonwealth will also fund a portion of an intern program for \$30,300 in the FY 17 budget.

Summary of State Funding

Table 3 summarizes state funds anticipated to be received for FY 17 and identifies the uses and restrictions for these streams. Due to the formulaic nature of the state funding, the amount given to PRTC varies year-to-year depending on factors throughout the Commonwealth. However, there is a general trend of State transit funding being focused more on performance. State initiatives such as the I-95 Special Project Fund and the future I-66 Express Lanes funding, will continue to help support PRTC in the future.

Table 3: Summary of State Funding (FY 17 Budget)

Funding Stream	Designated Uses/Restrictions	FY 17 Budget (PRTC)	Percent of State Funding
State Capital	Capital	\$6,317,000	51.0%
State Operational Assistance (General)	General Operating	\$4,862,600	39.2%
State CMAQ Match	Ridesharing (Operating)	\$60,000	0.5%
State Commuter Assistance Program	Ridesharing (Operating)	\$156,000	1.3%
State Special Project (I-95 Operating)	Operating - I-95 Service Only	\$764,500	6.2%
State Technical Assistance	Technical Projects	\$202,500	1.6%
State Intern Program	Administration	\$30,300	0.2%
Subtotal State		\$12,392,900	100%

Local Funding

Local funding is provided by the PRTC member jurisdictions mainly in form of local subsidies. Local funds are required for two main reasons: 1) to meet the local match that is required to capture the federal and state formula funding that PRTC qualifies for, and 2) to meet the remaining PRTC needs that are not covered by funding from federal and state sources. In the FY 2017 budget, the main source of local funding is a 2.1 percent motor fuel tax levied on fuel sales that occur within the PRTC's member jurisdictions.

Motor Fuel Tax

In the FY 2017 budget, the funds generated by the 2.1 percent motor fuel tax is the only source of local funds supporting PRTC. The proceeds of the motor fuel tax are separated and accounted for by the PRTC's member jurisdictions. The use of fuel tax funds is dictated by the Transportation District Act which outlines what the funds can be used for. Any use of the fuel tax funds, even for PRTC subsidy, has to come before the commission in a resolution.

General Fund

Before 2008, Prince William County supplemented the funds generated from the 2.1 percent motor fuel tax with appropriations from the County's general funds. Funds from these two pools allowed a portion of the 2.1 percent motor fuel tax revenue to accumulate as a reserve fund. However, the use of general funds stopped in 2008 due to the recession and has not been restored. As the annual transit expense continues to exceed the funds that the 2.1 percent motor fuel tax yields annually, the County is in course to deplete all accumulated reserve funds by FY 2017.

Local Funds for PRTC Bus Service Operations

Currently, PRTC bus services are supported by local funds generated by the three member jurisdictions served by PRTC, Prince William County, Manassas, and Manassas Park. These jurisdictions, as well as Stafford County, Spotsylvania County, and City of Fredericksburg also contribute funding to administrative uses for PRTC.

OmniRide

Currently, Prince William County is responsible to cover 100 percent of the costs to operate the OmniRide service.

OmniLink

Prince William County is responsible to cover 100 percent of the costs to operate the OmniLink service routes in the eastern part of the County. The cost of operating OmniLink routes serving the western part of the County, which includes the cities of Manassas and Manassas Park, are shared by Manassas, Manassas Park, and Prince William County. The cost-sharing agreement is based on the location of residency of the OmniLink users, which is updated using periodic surveys.

Diminishing Motor Fuel Tax Funding

As the current 2.1 percent motor fuel tax is an ad valorem tax without a protective floor, the funds generated by it has dropped dramatically with the drop in global fuel prices since 2014.

It is estimated that the absence of a fuel tax floor pegged at the state level has resulted in a \$5 million a year loss in fuel tax revenue to Prince William County at current fuel prices. A statutory change that adds a protective floor to the 2.1 percent motor fuel tax could mitigate effect and the magnitude of the annual shortfall between annual transit expenditures and the yield of the motor fuel tax.

Local Capital Match

PRTC purchases capital items such as OmniRide and OmniLink buses, facilities, support vehicles and shop equipment using a combination of federal and state grants. Local capital match is the Prince William County contribution required as a condition of receiving the federal or state grant. Federal and state grants have different matching ratios depending upon the type of capital item being purchased. (Prince William County, February 2016)

Local Funds for VRE Service

Historically, local funding from all six of PRTC's member jurisdictions were used to sponsor VRE rail services, and all six also bear portions of the cost of PRTC's administrative budget.

For the FY 2017 budget, none of Prince William County's 2.1 percent motor fuel tax generated funds are used to support VRE Service. Prince William County's obligation to VRE would be covered by a direct transfer of the regional NVTA 30 percent funds from Prince William County to VRE. The other PRTC jurisdictions will still use motor guels tax revenue to fund VRE subsidies. As such, the funds generated by the 2.1 percent motor fuel tax will be reserved for the exclusive use of PRTC in the Proposed FY17-22 Five-Year Plan.

Summary of Local Funding by Uses

The following table summarizes local funds anticipated to be received for FY 17. In general the trend over recent years has been a decrease in availability of local funds due to the decreasing fuel prices and lack of a fuel price floor. However, the use of NVTA funds for VRE was a success for PRTC. It should be noted that Prince William County provides approximately 94.6 percent of the local funding for PRTC, including capital and operating.

Table 4: Summary of Local Funding (FY 17 Budget)

PRTC Member Jurisdiction	Admin.	OmniRide	OmniLink	Marketing	Vanpool	Total	Percent of Local Total
Operating Funds							
Prince William County	247,700	3,834,000	7,212,900	701,200	0	11,995,800	83.2%
Manassas	21,300	0	328,300	21,400	0	371,000	2.6%
Manassas Park	13,800	0	146,100	7,300	0	167,200	1.2%
Stafford County	74,500	0	0	0	0	74,500	0.5%
Fredericksburg	33,200	0	0	0	0	33,200	0.2%
Spotsylvania County	92,600	0	0	0	0	92,600	0.6%
Subtotal Operating Funds	483,100	3,834,000	7,687,300	729,900	0	12,734,300	88.3%
Capital Funds							
Prince William County	20,500	1,418,700	197,600	10,500	-	1,647,300	11.4%
Manassas	1,800	-	8,200	1,600	-	11,600	0.1%
Manassas Park	1,100	-	3,600	700	-	5,400	0.0%
Stafford County	6,200	-	-	-	-	6,200	0.0%
Fredericksburg	2,800	-	-	-	-	2,800	0.0%
Spotsylvania County	7,700	-	-	-	-	7,700	0.1%
Subtotal Capital Funds	40,100	1,418,700	209,400	12,800	-	1,681,000	11.7%
TOTAL	523,200	5,252,700	7,896,700	742,700	-	14,415,300	100.0%

Other Funding Sources

In addition to the federal, state, and local funding, PRTC also receives additional revenue in the form of the following:

- Interest – PRTC accounts for miscellaneous interest of \$2,000
- Advertising – PRTC accounts for \$100,000 of advertising revenue gained from adds on buses.
- Reimbursements from VRE - PRTC receives reimbursement for PRTC staff time spent on VRE related tasks. These tasks are primarily administrative such as grant coordination, payroll and personnel, and user surveys.
- Bond Proceeds (Tentative as of August, 2016) – Related to debt financing for bus purchases, revenue for the year that the buses are purchased is considered bond proceeds. This revenue would be paid back in debt service payments over the life of the debt. In FY 17, PRTC will receive approximately \$2.64 million in bond proceeds. However, this value is much higher than the next five years which are forecasted to have an average of \$464,000 per year.

Summary of Other Funding by Uses

Table 5 summarizes local funds anticipated to be received for FY 17. Bond proceeds vary year-to-year depending on the number of buses that need to be purchased each year. The rest of the elements are relatively constant annually.

Table 5: Summary of Other Additional Funding (FY 17 Budget)

Funding Source	Designated Uses/Restrictions	FY 17 Budget (PRTC)	Percent of Additional Funding
Interest	General	\$ 2,000	0.1%
Advertising	General	\$ 100,000	3.5%
Reimbursements from VRE	Administration	\$ 74,400	2.6%
Bond Proceeds	Capital Bus Purchases and Western Maintenance Facility	\$ 2,641,300	93.7%
Subtotal: Other Funding		\$ 2,817,700	100%

SUMMARY OF CURRENT FUNDING AND ANTICIPATED CHALLENGES

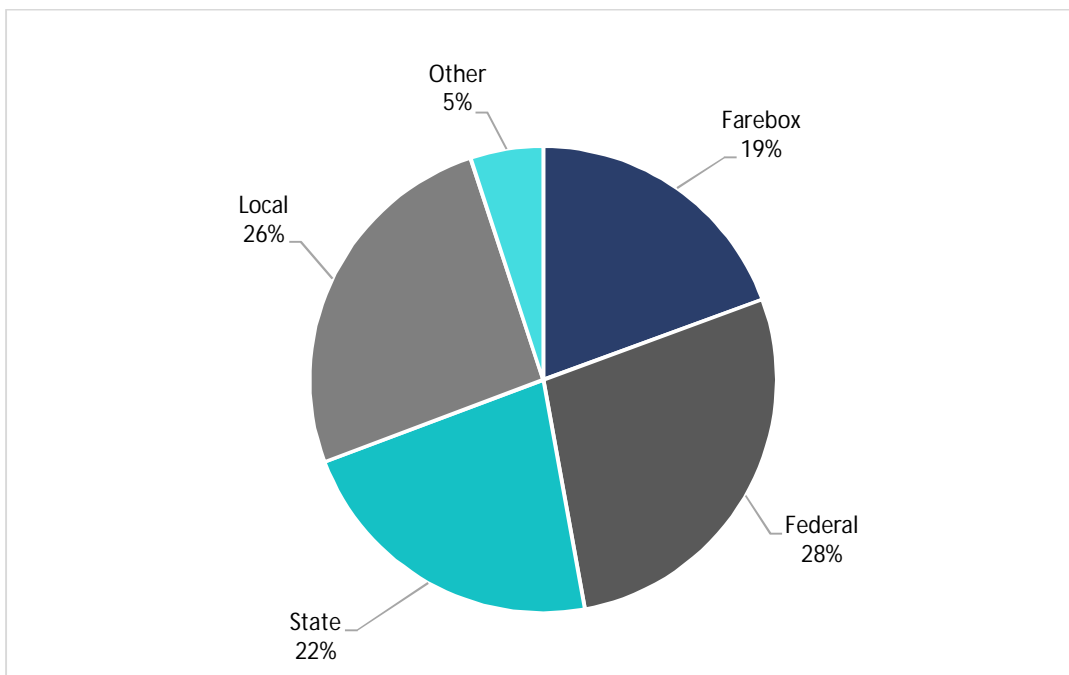
Summary of FY 17 Budget

The previous sections have described the individual elements that make up the revenue streams that support PRTC categorized by farebox, federal, state, local, and other funds. This section summarizes the FY 17 budget by showing the splits between these categories, documents changes from the FY 16 budget, and discusses the service cuts and savings that were identified to meet the original forecast gap.

Budget Breakdown

PRTC's FY 17 budget was adopted at the June 2016 PRTC Board meeting for the amount of \$56,046,300. This represents about 61.5 percent operating budget (including administration) and 38.5 percent capital expenses. The revenue breakdown by category is presented below in Figure 1. Previous sections in this report discuss the components of these categories.

Figure 1: PRTC FY 17 Budget - Anticipated Revenues



Changes from FY 16

Going into the FY 17 budget preparations, PRTC faced a significant deficit, specifically a \$3.7 deficit in local subsidies. In order to meet this deficit, PRTC made a number of adjustments including service cuts, fare increases, and administrative adjustments. In addition, in a significant change from FY 16, Prince William County was able to provide the NVTA 30 percent funding (for local needs) to VRE, which in turn allowed all of the subsidy from the motor fuel tax to go directly to PRTC.

Service Cuts & Fare Increases

Upon completing an in-depth assessment PRTC identified approximately 82 daily revenue hours of service reductions, which affected all routes, both commuter and local. This resulted in \$2.5 million in gross service cuts that yields approximately \$1.4 million in net savings, factoring in farebox recovery. It is anticipated that this will lose about 1,300

daily passenger trips, or approximately 125,000 annual passenger trips. Proposed fare increases for the different fare types will be an average of 5 percent increase over previous years. This fare increase is expected to continue annually in the years following FY 17. More detailed information on service cuts and fare increases can be found in the Prince William County FY 17 Budget Document, in the Transit Subsidy section.

Administrative Changes

A combined three percent cost of living/merit adjustments in FY 17 are provided for PRTC employees with the exception of the Interim Executive Director and Department Directors. This combined with other administrative savings totaled approximately \$200,000.

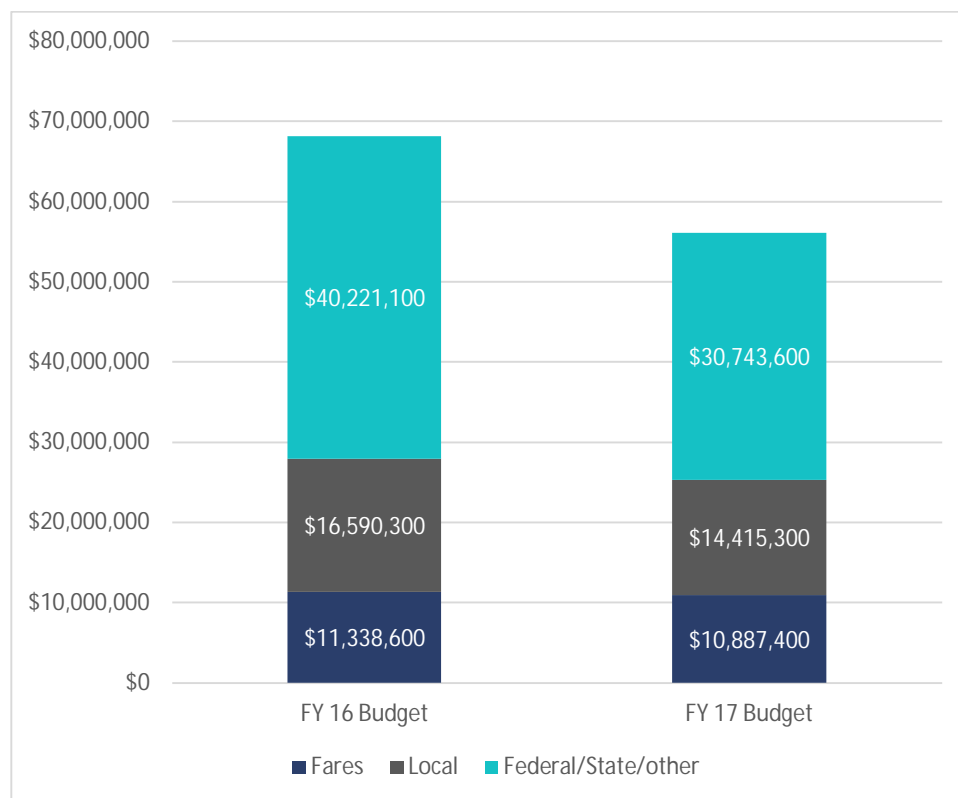
Change in VRE Funding Source

The proposed FY 17 budget provides a direct transfer from the County of \$5,968,406 in NVTA 30 percent funds to VRE. The 2.1 percent motor fuel tax will be reserved for the exclusive use of PRTC in the Proposed FY17-21 Five-Year Plan. This is a significant change because in the past, the motor fuel tax was shared between VRE and PRTC, and NVTA funds had not been used for transit.

Summary

With the changes described above, as well as increases in state and federal funding, PRTC was able to meet the budget needs for FY 17. Figure 2 below shows the decrease of approximately \$12 million in the budget for FY 17 as compared to the budget for FY 16.

Figure 2: Comparison of FY 16 and FY 17 Budgets



Current Challenges

PRTC has and will continue to face a number of significant challenges related to revenue streams that have resulted in reduced budgets, service cuts, and fare increases. The following section summarizes these main challenges.

Declining Fuel Tax Revenue and Lack of Protective Floor

Motor fuel prices have been declining nationwide for the past two years as the global oil supply continues to exceed demand. Unlike the state motor vehicle fuel tax, the 2.1 percent local motor fuel tax lacks a legislative floor. Declining gas prices have reduced local tax revenues to the point that the County's fuel tax fund balance will be virtually depleted during FY17. Gas prices are projected to remain at historically low levels for at least the next twelve months (Prince William County, February 2016). While legislative efforts continue to seek a local tax floor (the statewide fuels tax does include a floor as of 2013), this effort was unsuccessful in 2016..

General Fund Depletion

Local funding for PRTC from Prince William County is provided solely by the motor vehicles fuel tax. From 1995 to 2008, the County also provided a general fund supplement to support bus operations. This supplemental funding was suspended in 2008 due to the recession and has not been restored.

Declining Federal Funding

PRTC has lost \$1.9 million in federal formula funding since FY13 due to the elimination of bus service operated on the HOT/HOV lanes from the fixed guideway program (Prince William County, February 2016). This loss could become more severe with the implementation of the proposed Express Lanes on I-66. A more detail description of these changes in federal legislation is provided on page 5 of this report.

Declining Ridership

Ridership in the past two years (FY 14 and FY 15) has plateaued since the recession and has declined nominally from FY 14 to FY 15. Declining ridership leads to reduced farebox revenue. According to PRTC management, the decline in ridership is primarily due to the following factors:

- Substantial drop in the allowable employer-sponsored commuter benefit resulting in a fare increase for most riders (until this was reverted in December of 2015).
- Dramatic drop in fuel prices since summer of 2014 has made driving and HOV options more attractive.
- Disruptive effects of major roadway construction, on local roadways and I-95, impacting transit travel times and reliability (PRTC, July 2015).
- Increase in incidence of telework and alternate work schedules, particularly among federal government employees and contractors.

Difficult Legislative and Political Environment

With increasing public scrutiny on government spending and public programs, legislative changes that will levy additional funds (e.g., fees or taxes) or improve current funding mechanisms (e.g., motor fuel tax floor) at a local, state, and even at a federal level are unlikely in the near future. However, current and future PRTC engagement of the public and decision-makers remains important to raise public awareness on PRTC's efforts to improve operations and promote the benefits it provides the community and businesses.

CONCLUSIONS AND SUMMARY OF NEEDS

This technical memorandum summarizes the existing funding revenue sources, amounts, and uses as well as the current and anticipated challenges that faces PRTC. This section will summarize the findings of the technical memorandum and identify key needs that should be addressed with recommendations coming from the strategic funding plan.

1. Identification of additional funding to meet the anticipated shortfall of approximately \$2.1 million per year beyond FY 17. According to the Prince William County FY 17 Budget, the shortfall for FY 18 is approximately \$2.07 million. FY 19 has a large increase due to the anticipated Western Maintenance Facility and then the following years are all under \$1.9 million. The estimates of the actual annual gaps will be refined as time gets closer, however, they provide a general guidance on the deficit PRTC will face following FY 17. Figure 3, excerpted from the Prince William County FY 17 Budget, shows the six-year forecast for PRTC.

Figure 3: PRTC Six-Year Plan

PRTC Six-Year Plan						
	FY17 Proposed	FY18 Forecast	FY19 Forecast	FY20 Forecast	FY21 Forecast	FY22 Forecast
Bus and Admin Operations	\$32,792,800	\$34,729,500	\$36,559,200	\$39,450,000	\$43,067,700	\$43,957,900
Capital Expenditures	\$21,402,100	\$16,653,000	\$12,161,600	\$20,712,000	\$30,919,300	\$7,497,700
Virginia Railway Express	\$0	\$0	\$0	\$0	\$0	\$0
Sub-Total Expenditures	\$54,194,900	\$51,382,500	\$48,720,800	\$60,162,000	\$73,987,000	\$51,455,600
Recurring Revenues	\$34,420,735	\$32,874,277	\$34,852,512	\$51,073,589	\$55,314,624	\$40,706,539
One-Time Revenues	\$19,774,165	\$16,439,134	\$9,592,600	\$7,219,600	\$17,815,400	\$8,912,000
Sub-Total Revenues	\$54,194,900	\$49,313,411	\$44,445,112	\$58,293,189	\$73,130,024	\$49,618,539
Surplus (Deficit)	\$0	(\$2,069,089)	(\$4,275,688)	(\$1,868,811)	(\$856,976)	(\$1,837,061)
Cumulative Surplus (Deficit)		(\$2,069,089)	(\$6,344,777)	(\$8,213,588)	(\$9,070,564)	(\$10,907,625)

Source: Prince William County FY 17 Budget

2. Identification of additional grants/sources that can be used for operating purposes. In general, PRTC's most significant funding concerns are tied to operating costs rather than capital expenses. For the most part capital expenses are covered by state and federal grants, however, operating costs are heavily reliant on the diminishing motor fuel tax revenues. Although there is some flexibility to use Federal funds for operations (e.g., use of preventative maintenance or CMAQ funds), the deficit created by the falling motor fuel tax revenues creates the most significant funding gap that needs to be addressed.
3. Identification of innovative solutions to supplement PRTC's funding sources. A combination of increasingly limited federal and state funding options, low levels of motor fuel tax revenues, declining ridership, and current legislative and political environment (e.g., motor fuel tax floor), all significantly limit the traditional options that are feasible to supplement PRTC's current funding sources.

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INTRODUCTION

This memorandum provides an overview of current state of transit funding practices that are relevant to PRTC and a preliminary list of potential strategies that could help reduce PRTC's current funding gap. The summary of the relevant transit funding best practices were derived from case studies developed on four transit agencies and from interviews with transit and local funding experts in the Commonwealth of Virginia. The menu of potential funding strategies at the conclusion of this document was developed based on the information gathered from the baseline conditions assessment, best practices, knowledge of applicable grants/legislation, and additional industry insight.

SUMMARY OF TRANSIT AGENCY CASE STUDIES

The following section summarizes key takeaways from the four transit agency case studies that are applicable or relevant to PRTC. Complete case studies are included in Appendix 1.

Loudoun County Transit (LCT)

Transit Agency Overview

Loudoun County Transit (LCT) provides public transportation within Loudoun County, Virginia and to select commuting locations.

Services include:

- Commuter Bus Service: Peak period bus service from Park and Ride lots within Loudoun County to the Washington, D.C. region.
- Local Bus Service: Fixed route bus service within Loudoun County and to the Wiehle-Reston East Metrorail Station.
- Metro Connection: Bus service to/from Loudoun to/from the West Falls Church and Wiehle-Reston East Metro Stations.
- Paratransit: Americans with Disabilities Act (ADA) mandated bus service for persons with disabilities. The service is split between eastern section of Loudoun County, where it is provided by LCT, and the western section where it is provided by Virginia Regional Transit (VRT). VRT is a (501(c)3 company that serves rural parts of Loudoun County on demand and receive federal funding for operations. LCT provides paratransit services within a ¼ mile of their fixed route services, with no route deviations. LCT uses a reservation system and the same body-on-chassis vehicles as they deploy for their local bus service for their paratransit fleet.

Key Takeaways

During a telephone interview with Paul Mounier, Transit and Commuter Services Manager at Loudoun County Transit (LCT), several insights with potential application value for PRTC were revealed, including:

- LCT receives no federal funding because they feel it would be difficult to satisfy all of the required federal regulations if they availed themselves to these funds. Additionally, once the expansion of the Metrorail's Silver Line is completed into Loudoun County, LCT will be more actively engaged in the Washington Metropolitan Area Transit Authority's (WMATA) Compact, an agreement that will result in both fuel tax

revenues and LCT's 5337 formula funding (NTD) revenue being redirected to WMATA. As a result, LCT will be more involved in the ongoing review and revision of WMATA's Mass Transit Plan for the region.

- 100 percent of LCT's local funding presently comes through fuel tax revenues; however, in 2020, when Metrorail service begins in Loudoun County, local funding will have to come from the County's general fund and/or other local sources.
- LCT has executed a Memorandum of Understanding (MOU) with George Washington University (GWU) to provide bus service to/from GWU from the County. The partnership generates operating revenue of approximately \$250,000 annually.
- LCT also has an agreement with the City of Leesburg that generates about \$280,000 in operating revenue each year. Branded as the "Safe-T-Ride" program, it is a free short distance shuttle providing continuous service between locations on the east and west sides of the Route 15 Bypass.

Transit Authority of Northern Kentucky (TANK)

Transit Agency Overview

The Transit Authority of Northern Kentucky (TANK) has provided transit services to Boone, Campbell, and Kenton Counties as well as downtown Cincinnati since 1973. TANK offers several types of transit services, designed to meet the needs of the community, including:

- Commuter express routes and Park and Ride services that provide a direct connection from many suburban communities to downtown Cincinnati.
- Express routes that offer fast reverse-commute service from downtown Cincinnati to industrial areas and jobs in the southern areas of the region.
- TANK local services provide a link to jobs, school, and neighborhoods throughout Northern Kentucky.
- TANK also operates the Regional Area Mobility Program (RAMP), a complementary demand response service, required by the Americans with Disabilities Act (ADA).

Key Takeaways

During a telephone interview with Barry Harsaran, Manager of Finance at TANK, as well as a detailed review of TANK's audited financial statements with supplemental information for FY 2014 and FY 2015, several insights with potential application value for PRTC were revealed, including:

- TANK has started to work with individual businesses to provide service customized to meet their workforce needs. With financial support from many businesses to pay for transit service, TANK has developed a pilot model that allows them to test the demand for transit in new areas. TANK currently receives financial support from companies such as eBay and FedEx.
- The "Dixie Highway" enhancement project is improving the amenities of 25 bus stops in seven different cities including building state-of-the-art shelters with solar powered lighting systems and bike racks. TANK anticipates these enhancements will help boost ridership and allow bus riders to safely and securely ride to the bus stops and remedy some of the traditional "first and last mile" challenges many transit operators contend with.
- Over the past three years, TANK has enjoyed significant growth in reverse-commute ridership to the industrial parks in Hebron and Burlington (Kentucky), especially during the holiday season when the workforces at companies such as Amazon and FedEx expand.
- TANK's focus on workforce development in Northern Kentucky, and marketing campaigns such as their "Transit-Friendly Destinations" program also help encourage sustainable transportation habits among major employers and educational institutions in the region, such as Citibank and Northern Kentucky University.

Golden Gate Transit (GGT)

Transit Agency Overview

The Golden Gate Bridge Highway and Transportation District (operating Golden Gate Transit or GGT) provides the following services:

- Regional fixed-route bus service in San Francisco, and in Marin and Sonoma Counties.
- Bus service between San Rafael in central Marin and the El Cerrito del Norte and Richmond BART Stations in western Contra Costa County (the East Bay).
- Local bus service provided within Marin County under contract with Marin Transit.
- Ferry service to San Francisco (7 days/week) as well as special event ferry service to AT&T Park for San Francisco Giants baseball games.
- GGT operates service with six distinctive “fare zones” stretching from Fare Zone 1 in San Francisco to Fare Zone 6 in Santa Rosa. One-way adult fares range from \$4.75 to \$12.50.

Key Takeaways

During a telephone interview with Ron Downing, Director of Planning at GGT, several insights with potential application value for PRTC were revealed, including:

- First and foremost, Ron proved to be an exceptionally willing interview subject and offered his ongoing support as a resource to PRTC.
- While not of short-term application value, a conversation about California State Transit Assistance (STA) funds, state sales tax monies redistributed back to local jurisdictions, could be a model for the entire state of Virginia and will be shared with the Virginia Transit Association (VTA) to advocate on behalf of such legislation in Virginia. This web link shows the total funding allocations statewide along with allocations by county and transit operator if there are multiple transit operators within a County:
http://www.sco.ca.gov/Files-ARD-Payments/Transit/statetransitassistanceestimate_1617_january16.pdf
- The (California) Transportation Development Act (TDA) provides two major sources of funding for public transportation: the Local Transportation Fund (LTF) and the State Transit Assistance Fund (STA). These funds are for the development and support of public transportation needs that exist in California and are allocated to areas of each county based on population, taxable sales and transit performance. The TDA dedicates 0.25 percent of the state sales tax to public transit and is administered by a LTF created in each county. The TDA also extended a 5 percent state sales tax to gasoline and used revenues gathered in this way to make up for losses to the general fund caused by the diversion of some of the state sales tax to public transit. Any additional money generated by the state sales tax on gasoline over and beyond the amount required to compensate for the 0.25 percent is known as “spillover” money and is supposed to go to public transit, but in recent years has been redirected to the general fund to compensate for California’s dire budget problems.
- GGT estimates that between 50-to-66 percent of riders on their commuter services-focused buses and ferries receive the federal commute-to-work benefit for using “qualified transit” such as vanpools, commuter bus, rail and ferries to travel to and from work. While GGT implements regular fare increases (see next bullet point), they feel the base fare for their commuter-focused services should be “appropriately” priced in comparison to the maximum commute-to-work benefit which is currently \$255/month and increases about \$5 each year.
- Their five-year plan is predicated upon automatic fare increases every year on July 1st. All special event services, such as ferry service to AT&T Park, require GGT to cover 100 percent of their operating expenses through farebox recovery.
- GGT receives a substantial amount of federal funding through the FAST ACT including \$61,850,000 through 5307 Urbanized Area Formula Grants (NTD Reporting). GGT no longer has a vanpool program and

does not integrate the NTD reporting statistics from the third-party vanpools that operate throughout their service area.

- GGT does not receive any financial support from businesses or educational institutions in their service area to help pay for transit service.
- GGT does receive a modest amount of revenue from advertising on and inside their commuter buses, inside the commuter ferries, and in some of their bus shelters.
- Like PRTC, GGT struggles to raise farebox recovery for many of their commuter buses with significant “deadhead” times back to one of their three operating/maintenance facilities in San Rafael, Novato, and Santa Rosa. Because of the long drive (nearly 60 miles from San Francisco back to Santa Rosa) and ever-present traffic congestion on Highway 101, GGT leases a mid-day storage facility in downtown San Francisco for some of their buses and have some of their drivers take a shuttle back to San Rafael. As Ron observed, even if some of the drivers just “hang out” at the mid-day storage facility in San Francisco, “it is still much cheaper than deadheading back with 70 empty buses.”

Gwinnett County Transit (GCT)

Transit Agency Overview

Gwinnett County Transit (GCT) was formed in 2000 to provide express, local, and paratransit services for the people of Gwinnett County, including:

- Express bus service operate Monday through Friday, including six routes using the HOT lane on I-85. Park and Ride lots at I-985, Sugarloaf Mills (Discover Mills), and Indian Trail have been built or upgraded to provide free and convenient parking for bus riders.
- Local bus service operates five routes Monday through Saturday connecting neighborhoods and businesses to Gwinnett County’s cultural, shopping, and educational opportunities.
- Paratransit service for qualifying individuals with disabilities operates in conjunction with the local bus service.

GCT has been using compressed natural gas since the start-up of the transit service in late 2001. The 28 buses running the GCT local routes run on 100 percent CNG. Additionally, about half of the Georgia Regional Transportation Authority express fleet, which runs and refuels out of the GCT facility, uses CNG. In 2012, these buses used 509,137 gas gallon equivalents of fuel at a cost of only \$339,823. By using this natural gas alternative, Gwinnett County saved over 500,000 gallons of diesel fuel. Because of a procurement savings of about \$50,000 per vehicle, GCT’s recent vehicle acquisitions have been clean diesel buses. CNG tank replacement costs and several instances of CNG buses catching on fire have also led to the conversion to clean diesel-powered buses.

Key Takeaways

During a telephone interview with David Tucker, Deputy Director, Contracted Operations and Administration, and Karen Winger, Transit Division Director of Gwinnett County Transit (GCT), several insights with potential application value for PRTC were revealed, including:

- GCT makes extensive use of the Capital Cost of Contracting to leverage their local funding investments in operating and capital budgets. Described as “spending \$5 million to get \$15 million worth of product,” Tucker and Winger observed this practice maximizes the federal money Gwinnett County Transit receives and minimizes their local funding costs by leasing facilities and contracting for service provision equipment rather than purchasing and depreciating these assets. GCT has a service contract with Transdev where the contractor provides all maintenance and transit services (including the maintenance facility, drivers, customer service and some marketing support). Gwinnett County provides the vehicles and has to pay the cost of maintaining the maintenance and transfer facilities. An overview of the FTA’s Capital Cost of Contracting policy is attached to the complete case study for GCT in Appendix 1.

- GCT applied for and received funding through the following grants available through the FAST ACT:
 - Flexible Funding Programs – Surface Transportation Block Grant Program – 23 USC 133: approximately \$0.5 million
 - Grants for Buses and Bus Facilities Formula Program (5339 (a)): approximately \$700,000
 - Urbanized Area Formula Grants – 5307: approximately \$5,500,000
 - 5337: approximately \$1.3 million for HOT lane formula service on the I-85 Express Lanes. As with the I-95 Express Lanes in Prince William County, the I-85 Express Lanes are dynamically priced and range from .01 cent to .90 cents per mile. As demand for use of the Express Lanes increases, the toll amount rises to ensure that motorists using the Express Lanes experience more reliable trip times.
- GCT receives no funding from the state. They used to receive a range of \$500,000 to \$750,000 annually from the state that was used for operations. They have been able to obtain some MAP-21 operating funds to help overcome the loss of state funding.
- GCT has a route largely dedicated to serving Emory University employees although they do not receive any funding support from the university or have a memorandum of understanding with Emory. Because of severe parking problems in the area, all employees at Emory who use qualified transit to commute to and from the campus receive a tax-free commute-to-work benefit, and ridership to Emory and other employment centers where employees receive transit benefits is very strong. This is also the case at the Center for Disease Control (CDC) and among many of the employers in the Central Perimeter area of Atlanta.

SUMMARY OF TRANSIT FUNDING INTERVIEWS

Three individuals with expertise in transit funding and/or the Prince William County budgeting process were identified for informational interviews. These interviews served the purpose of gathering information on current practices around the Commonwealth and the country as well as obtain any input or suggestions specific to PRTC. The following section summarizes the key takeaways from these meetings as they relate to PRTC. All of the funding experts understand the critical nature of PRTC’s funding gap and were able to provide interesting perspectives as advice or guidance.

Jennifer Mitchell – Director, DRPT

Jennifer Mitchell is currently serving as the Virginia Department of Rail and Public Transportation (DRPT) director. Prior to joining DPRT she was an Assistant Vice President in the Strategic Consulting Practice of Parsons Brinckerhoff (PB), where she worked with state and local agencies to develop funding and implementation plans for several major capital projects in Baltimore, Honolulu, Los Angeles, and San Diego. She also advised agencies on project delivery strategies, including the analysis of public-private partnerships and long-term plans for transit, highways and port programs.¹

Summary of Key Findings

- State funding is generally trending towards being more focused on performance. Recent legislature such as House Bill 2 (HB2 or “Smart Scale”) has implemented processes that tie funding to project performance. Transit funding formulas have also recently changed so that a portion of the funding is based on performance rather than just need. It will be important to quantify the benefits of PRTC services

¹ <http://www.drpt.virginia.gov/about-us/our-staff/bio-for-jennifer-mitchell/>

to allow PRTC to be competitive if the Commonwealth distances itself from a general formula to a more selective performance based approach for a larger portion of the funds.

- The Commonwealth of Virginia will face a “transit capital funding cliff” in FY 2018. In 2007 the Commonwealth Transportation Board authorized \$3 billion total bond for transit funding. Approximately \$60 million annually of this was dedicated to capital needs. This funding is expected to decline by 62% after FY 18².
- PRTC should leverage funding associated with I-66 and I-95 Express Lanes Projects. This funding is proposed to be provided by the Commonwealth and/or the toll operators. It is likely that these funding streams will be reassessed on a recurring basis, be strictly for use in the designated corridor, and be tied to system performance.
- Fairfax County has enacted a commercial real estate tax dedicated for funding new transit service. This is one example of an alternative transit revenue source that could be used at the local level.
- Private sector represents a potential for partnerships. Selling the benefits of transit and developing partnerships with major employers could be an additional source of income in exchange for increased service or a new route. Director Mitchell noted that if new routes are developed and some public funding is used, the routes must be open to all users.
- Pursue advertising revenue and naming rights. Potential sources of advertising revenue include bus bays and naming rights to stations, services, or facilities.
- Critical to advocate for benefits of transit. In order for the county and businesses in the community to understand the benefits of transit, including the combination of local and commuter service. Director Mitchell suggested looking into the work that Hampton Roads Transit is doing to “sell” the benefits of transit.
- Prince William County is competing for the workforce of the future and transit can help. Having transit-friendly development tends to attract a younger generation of residents and research has shown that many employers are moving to more urban areas to cater to employee desires

Michelle Casciato – Budget Director, Prince William County

Michelle Casciato currently serves as the budget director for Prince William County. Michelle, and Bob Leibbrandt, who also provided input at the meeting, have dealt closely with PRTC in the past, working together to identify potential funding sources for PRTC from Prince William County. Prince William County currently provides approximately 95 percent of PRTC’s local funding.

- The most important tool for garnering support for transit is making the economic case. If members of the County Board and businesses owners see the financial benefits of transit, they are more likely to support transit initiatives. This is the message that will likely resonate most with decision makers.
- Lobbying to make a gas tax floor or increases in amounts is important but unlikely in this General Assembly period. The budget office saw decreasing fuel prices and the lack of a gas tax floor as a critical issue facing PRTC. However, the group was not optimistic that this issue would be addressed at this year’s General Assembly.
- It is important for PRTC to present the Prince William County Board with evidence of their efforts to lower the funding gap. Prince William County understands the efforts PRTC has made to lower the gap such as service cuts, fare increases, and administrative changes. The County is more likely to support PRTC if they understand the significance of the need and see that efforts are being taken proactively to resolve the funding issue.
- PRTC is in a very difficult situation financially. The new arrangement that provides the use of NVTA funding for VRE and allows the gas tax revenues to be used solely for PRTC was a significant achievement but there are still long-term fixes that are needed.

² http://www.ctb.virginia.gov/resources/2015/jan/pres/Presentation_Agenda_Item_2.pdf

- The County budget office and PRTC have a collaborative relationship. The County is committed to continue to work with PRTC to identify any potential additional sources of revenue for PRTC.

Kate Mattice – Acting Executive Director, NVTC

Kate Mattice is currently service as the Acting Executive Director of the Northern Virginia Transportation Commission (NVTC). Previously Kate worked at the Federal Transit Administration (FTA) as the Deputy Associate Administrator for Budget and Policy and the Deputy Financial Officer. NVTC is PRTC's counterpart in Northern Virginia in terms of transportation commissions. Although Prince William County is not a member of NVTC, PRTC was allowed to apply for funding through the I-66 Inside the Beltway Multimodal Projects effort.

- Make the business argument that local transit supports people getting to jobs. In Prince William County there are a lot of jobs, especially at major employment centers, which employees depend on local transit service to access. Without this service, there could be job losses for County residents.
- Analyze the cost of providing local service compared to the cost of providing welfare. As a follow-up to the above point, there may be potential to look at the financial implications of providing local service as compared to the cost of losing jobs and needing to provide welfare.
- Look for opportunities to diversify beyond a single tax source. As is seen with the fuel tax in Prince William County, it can be risky to have a single potential source of tax revenue for transit. A potential solution could be to look for a different revenue sources, even if it means lowering the contributions from the gas tax.
- Locals need to show a commitment to operating service. With most federal funding, a local match is needed. It is important to consider that even if more federal funds are received, PRTC and/or the state will have to continue to provide local matching funds.
- The key is to find operating funding. Federal CMAQ funding can be used for operating new service but most federal funding is capital only with the noteworthy exception of the Capital Cost of Contracting (see GCT case study).
- Examine real estate for opportunities to lease out land that is currently owned. The suggestion was made to look at land that is currently owned by PRTC or Prince William County and look into the potential to lease some of this space to generate additional income.

PRELIMINARY MENU OF NEW FUNDING STRATEGIES

The following represents a compiled list of potential funding strategies that could be used to gain additional revenue for PRTC. The strategies in the preliminary menu will be refined in the final portion of the Phase I project.

Note: Information in the table below is superseded by the list of strategies in the main report.

Source	Name	Description	Use (i.e., Capital or Operating)
Innovative/Private Sector	Transit Benefits Sales Pitch	Develop a recurring program that visits major employers, elected officials, and other key entities to promote the benefits of transit and seek out partnership opportunities. This sales pitch would support many of the other potential strategies.	Flexible
	Partnerships with Major Employers	Partnerships between PRTC and major employers such as corporate centers, universities, and hospitals to provide local service that caters to their needs while receiving financial support from these employers	Flexible
	Real Estate Lease	Examine potential to use land currently owned by Prince William County or PRTC for leasing to temporary business.	Flexible
	Expanded Advertising	Currently PRTC offers bus wrapping as advertisement. This could be expanded and additional locations for advertising could be examined including at bus shelters, inside the buses and at maintenance and transit center facilities	Flexible
	Partnerships with Transportation Network Companies (TNCs)	PRTC has the potential to partner with TNCs such as Uber, Lyft, Via, to help supplement or replace existing service and/or provide first/last mile connections to users of PRTC's services.	Flexible
Federal	Expanded CMAQ Funding	PRTC currently uses CMAQ funding for PRTC's commuter assistance program and commuter bus replacements but funding amounts, overseen by NVTA, could potentially be increased if the need is shown.	Flexible
	TIGER Grants	TIGER grants could be used on multi-jurisdictional multi-modal partnerships that promote significant economic and environmental benefits. Previously PRTC received a TIGER grant related to bus technology in Northern Virginia	Planning or Capital
	Capital Cost of Contracting	Some FTA recipients turn to an outside source to obtain public transportation service, maintenance service or vehicles that the recipient will use in the provision of public transportation service. When recipients contract for such service and the contractor owns the asset or facility, FTA will provide assistance with the capital consumed in the course of the contract.	Flexible

Source	Name	Description	Use (i.e., Capital or Operating)
State	Smart Scale (HB-2) Funding	The recent legislature in Virginia allows for an annual call of projects to compete for a funding pool. The Commonwealth has stated they are looking for more transit-related projects.	Flexible
	Corridor Projects (I-66 and I-95)	Transform I-66 Outside the Beltway and the previous I-95 plans will and have provided funding directly for transit, for which PRTC will be a primary recipient. PRTC should continue to monitor this process and seek out opportunities to receive the maximum funding amounts.	Operating and Capital
Regional	NVTA Funding	Currently some of Prince William County's share of the NVTA 30% (local projects) will be used for VRE. There is also the potential to use NVTA 70% (regional projects) funds for partnerships with other jurisdictions or transit agencies. One potential partnership could be a midday storage/layover facility in the inner core.	Flexible
	NVTC I-66 Inside the Beltway	Beginning in 2017, PRTC has applied and been selected (pending CTB approval) for funding for a new route. PRTC should continue to monitor this process and seek out opportunities to receive the maximum funding amounts.	Operations
	Capital Investment to Offset Operating Expenses	PRTC could partner with other entities to invest in Capital improvements in the region that could help offset operating costs. One potential project would be investment in a layover/ storage facility location in DC or the inner core to reduce deadhead.	Flexible

Source	Name	Description	Use (i.e., Capital or Operating)
Local	Additional Tax Source for transit funding	In order to diversify beyond just the gas tax revenues, Prince William County could examine a new tax source that would help fund PRTC, similar to a commercial real estate tax used by Fairfax County.	Operations
Internal	Additional fare increases	With the increase in the Federal commute-to-work benefit, Express Lanes tolls, and lack of affordable parking in the District, additional fare increases for OmniRide and Metro Direct Services are viable	Operations
	Analysis of Changing Bus Type	FTA and other organization have conducted research on the use of hybrids, CNG, or other alternative bus types and the potential cost savings with these fleet conversions. There is also potential to analyze the use of smaller buses or vans for local service as a possible cost-savings measure.	Flexible
	Use of Buses for Special Events	PRTC could examine the use of PRTC buses to be temporarily leased to a third party or operated by First Transit for special events in which >100% farebox recovery would be assumed. Potential events could include bus service to Jiffy Lube Live or other major weekend attractions. Legal and liability rules would need to be further examined.	Flexible