

RECOMMENDATIONS

The Revenue Advisory Board makes the following recommendations regarding revenues, transit capital program structure, and allocation of funds:

1. In order to meet the transit capital funding needs of the Commonwealth, replacement funding must be identified. Without replacement revenue, the transit capital program will be unable to maintain a state of good repair for existing transit capital assets.
2. As the General Assembly considers replacement funding for the transit capital program, the needs and economic impacts of WMATA should be considered. Ongoing studies related to the governance, operations, and financial management of WMATA should be contemplated in drafting potential legislative solutions for transit capital.
3. A combination of sustainable and dedicated revenue sources, including both state and regional sources, should be considered. It is critical that the majority of these funds should be generated by statewide sources, recognizing the statewide impact of transit services. Regional funds should be dedicated to transit needs and prioritized within the region of collection, with consideration of the additional impact that new revenue sources would have in addition to existing regional revenue sources.
4. Scarce transit capital resources may be prioritized by project, based on quantifiable measures. The Revenue Advisory Board has developed an illustrative prioritization process that may be considered with further input from the Commonwealth Transportation Board and the Transit Service Delivery Advisory Committee.
5. To support prioritization, the transit capital program should be split into two programs: i) State of Good Repair and Minor Enhancement; and ii) Major Expansion. A minimum of 80 percent of program funding should be allocated to State of Good Repair, with the Commonwealth Transportation Board having the discretion to move additional funding into State of Good Repair.
6. A new allocation process should provide a fair distribution of funding across the Commonwealth, with an understanding that certain areas of the state have greater transit capital funding needs than others. Transit agencies and local governments need to have a dependable and objective methodology. A single consistent match rate should be applied across asset types in order to provide greater predictability in funding, with State of Good Repair/Minor Enhancement projects matched at a higher rate than Major Expansion projects.

CONCLUSION

Without question, a long-term and sustainable investment in transit capital is critical for Virginia's economic vitality since public transportation plays a key role in i) congestion mitigation, ii) economic development, iii) environmental stewardship; and iv) mobility.

Without revenues to replace the proceeds from the expiring capital project revenue bonds, the Commonwealth will be unable to maintain the status quo by preserving a state of good repair for existing transit capital assets. Replacement sources should be specifically dedicated to transit capital to meet state of good repair needs but also to aid minor enhancement and major expansion needs. Selected sources should include a combination of statewide and regional sources that provide steady and reliable streams of revenue.

To ensure a primary focus on State of Good Repair, 80 percent of all funding should be directed to State of Good Repair and Minor Enhancement, with no more than five percent of these funds going to minor enhancements. The remaining percentage of the total funds would be allocated to Major Expansion projects. The Commonwealth Transportation Board should have the discretion to move funding from Major Expansion and Minor Enhancement into State of Good Repair based on funding needs. In order to determine what transit capital projects will receive funding according to this structure, the Revenue Advisory Board has reviewed and presented a prioritization structure for consideration. However, it must be reiterated that this prioritization structure will be more successful with replacement funds.

The Revenue Advisory Board strongly feels that the future success of transit agencies throughout the Commonwealth is dependent upon action by the General Assembly to resolve the loss of the Capital Project Revenue bond revenues. Millions of individuals yearly rely upon public transportation as the preferred or sole mode of transportation. Without strong and reliable transit agencies, the Commonwealth's citizens, tourism industry, and economy will suffer tremendously.