

Guiding Principles for Hampton Roads Transit Public Policy Initiatives

- Deploying services that commuters can depend on;
- Achieving and maintaining a State-of-Good Repair;
- Improving project and service delivery methods to efficiently connect communities across the region with transit infrastructure and services;
- Ensuring flexibility and diversity of funding sources and financing options, including new dedicated regional transit funding, with the ability to leverage resources to make each available dollar go farther;
- Balanced and equitable investments across modes and areas of the Commonwealth;
- Fostering innovation and data-driven decision making, incorporating new technologies, and using robust methods to evaluate and prioritize investments;
- Integration of transportation and land-use policies, plans and projects that foster private investments and expand access to safe and reliable transit for more segments of the Hampton Roads region;
- Connecting more workers to jobs, customers to businesses, and access to educational, retail, medical, recreational, and other opportunities that support quality of life and thriving local and regional economies.

Benefits of Public Transportation

- Nationwide, 71% of riders are employed and 7% are students;
- Home values in areas located near high-frequency public transit perform 43% better than other areas;
- 45% of Americans have no access to public transit;
- HRT services support over 20,300 jobs and \$548 million in employment income across the region;
- Transit supports consumer spending of \$93 million every year in Hampton Roads;
- HRT services provided more than \$8.8 million in safety and environmental benefits to Hampton roads;
- HRT services saves commuters \$13.5 million in vehicle operating costs;
- Transit Supports Industry and Growth with a Total Regional Output = \$1.5 Billion Annually (direct, Indirect, & Induced).

Transportation District Commission of Hampton Roads

PROPOSED – Summary of 2020 Legislative Policy Positions

State Positions:

REGIONAL DEDICATED FUNDING MODEL

The TDCHR supports the collaborative development of a new regional funding model to support priority regional public transit projects.

EMPLOYER TAX CREDITS FOR PUBLIC TRANSPORTATION

The TDCHR supports the creation of a state tax credit for employers who subsidize the cost of public transit commuting for their employees.

STATEWIDE TRANSIT CAPITAL FUNDING

The TDCHR supports state funding, to replace state bond funding that has exhausted during the past biennium, for transit state-of-good repair (SOGR) and transit expansion projects.

Federal Positions:

INNOVATION GRANTS FOR MULTIMODAL TRANSPORTATION

The TDCHR supports new financing programs for innovative pilot initiatives to meet needs of the commuting public.

FEDERAL STATE-OF-GOOD REPAIR (BUS)

The TDCHR supports increased federal funding for bus and bus facilities.

FEDERAL ENVIRONMENT PRESERVATION VIA PUBLIC TRANSIT USE

The TDCHR urges federal financial support for better transit travel options designed to reduce the number of single occupant vehicles on roadways thereby reducing congestion, air pollution, and stormwater runoff, while combatting climate change.

FEDERAL FUNDING AND SURFACE TRANSPORTATION REAUTHORIZATION

The TDCHR supports passage of new surface transportation authorization legislation called America's Transportation Infrastructure Act (ATIA) to ensure the solvency of the Highway Trust Fund (HTF) I Mass Transit Fund.

Transportation District Commission of Hampton Roads

PROPOSED - 2020 Legislative Policy Positions

State Positions:

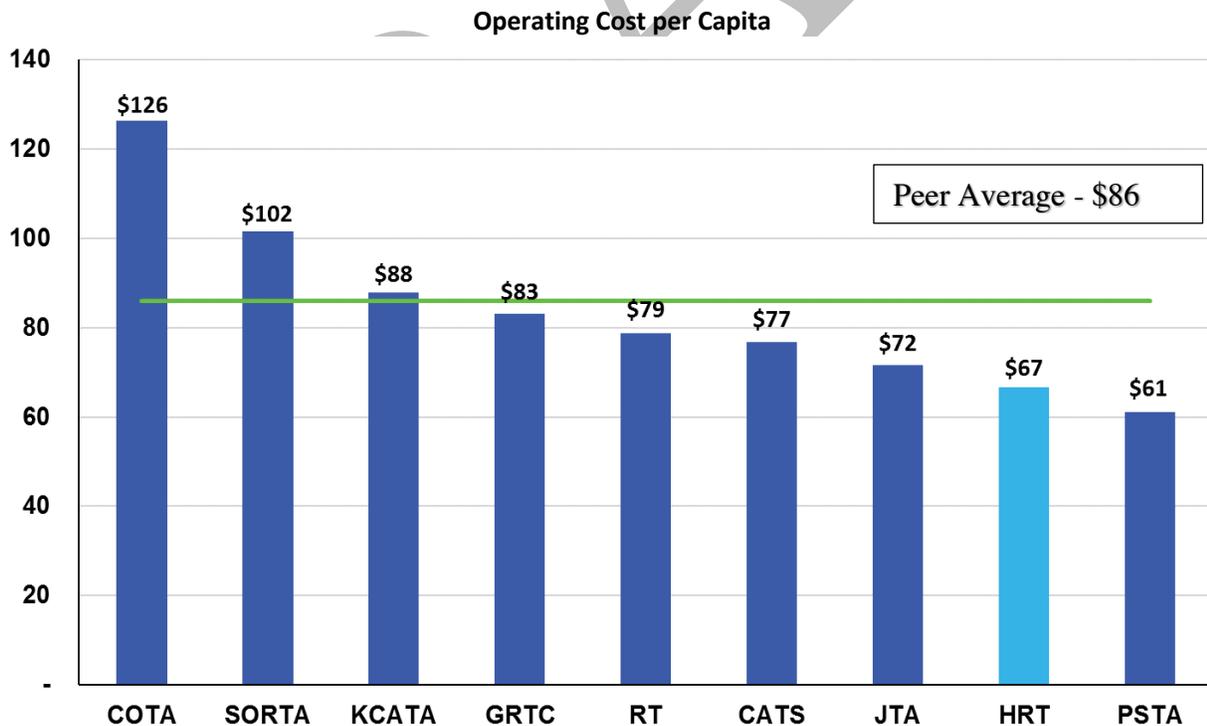
REGIONAL DEDICATED FUNDING MODEL

The TDCHR supports the collaborative development of a new regional funding model to support priority regional public transit projects.

The TDCHR has initiated efforts to transform transit across the region.

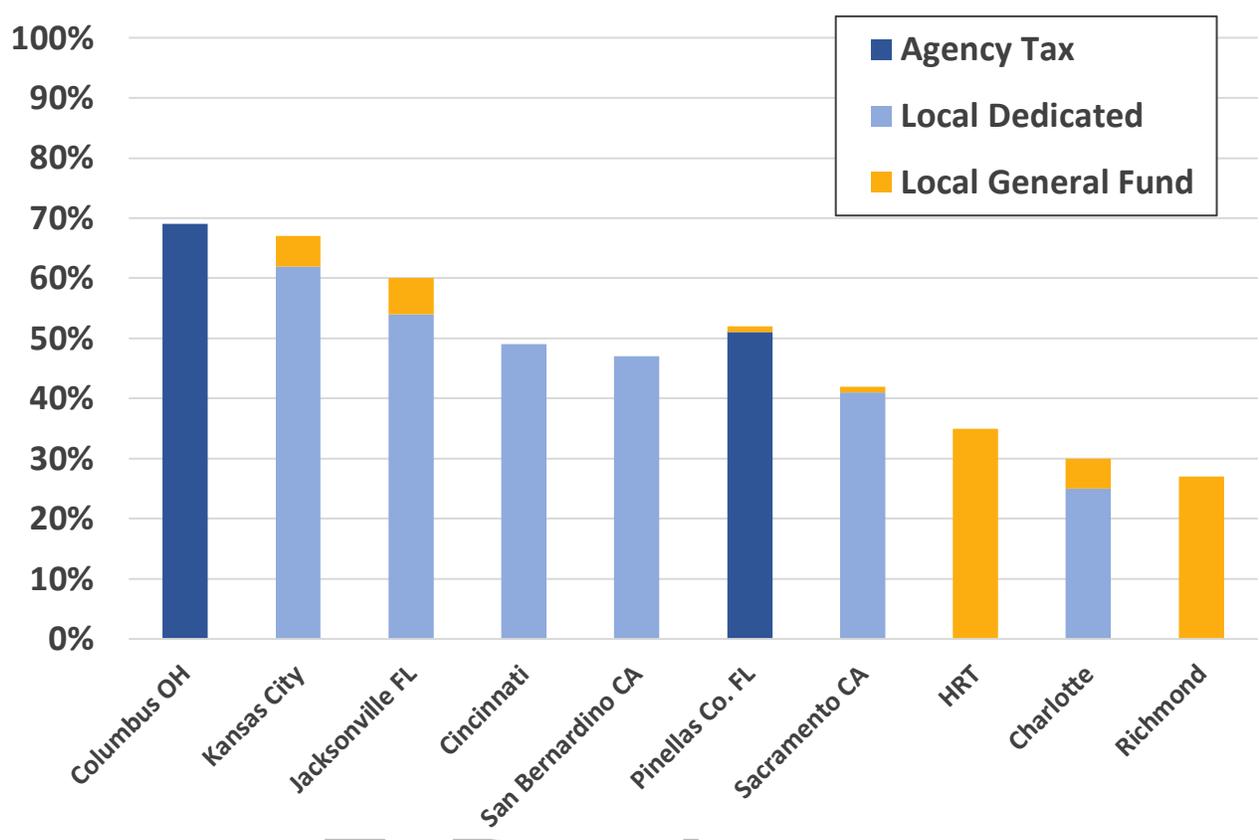
The region's bus network has not been significantly improved in decades. The route structure and frequency of Hampton Roads Transit (HRT) service within a given locality is determined by that locality rather than the TDCHR. While HRT attempts to link routes between cities where possible under this system, the frequency of service and hours of operation are set and funded by the local jurisdiction (out of their general fund revenues) often leading to non-existent or inefficient and ineffective inter-city connections.

This historic funding and planning method has resulted in HRT operating a collection of locally determined transit routes rather than a fully integrated and inter-connected regional transit system. Of 10 peer sized transit agencies, Hampton Roads Transit's operating cost are 20% below its peers average while offering 25% higher bus service per rider. The table below is illustrative.



As can be seen in the following chart, Hampton Roads is also the only region in the United States with a multi-modal transit system (bus, light rail and passenger ferry) that also does not have any dedicated funding source to support its overall transit operation or capital investments.

Share of Transit Agency Budget Provided from Local Sources; Source of Local Funds



Recognizing this, the 2018 Virginia General Assembly mandated the development of a regional transit planning process. The legislation specified that the planning process must include the identification and prioritization of projects, the establishment of performance benchmarks that incorporate state and federal requirements, the development and implementation of a regional subsidy allocation model, and the distribution of funds solely designated for transit and rail and that are administered by a regional body authorized by the Code to enter into agreements for the operation and maintenance of transit and rail facilities.

The TDCHR’s Transit Transformation Project is integral to this effort to establish consistent, high frequency cross-connection bus transit between cities in the region to and between major employment, education, health care, shopping and residential centers. It is expected to result in new data-driven regional service standards.

This will support consistency of service across the region, including a core system of connective regional routes that are supported by a network of localized bus routes and transit modes ranging from on-demand bus service and micro transit and to bicycles and scooters, all connected seamlessly through a user-friendly technology platform.

Implementing an improved regional transit structure will require the development of new funding options, as well as a new method for allocating the costs between the localities served by Hampton Roads Transit.

While the current method of allocating costs between the local jurisdictions is left to the discretion of the TDCHR and its local government members, the funding structure for the new regional network and its sources should be addressed in the Code of Virginia and include options for a new regionally derived, revenue source to supplement local funding.

Hampton Roads must take bold steps forward to position itself for success. Access to reliable transit has become a common theme across the country as major metropolitan areas seek to retain and attract residents and businesses, while improving their quality of life. It is a key element in effective land use planning for addressing the challenges of growth and, unique to many areas, it has become a factor in U.S. military basing decisions.

The region has made great strides over the past decade in addressing its highway, bridge and tunnel needs. Now it is time to build on those efforts by turning attention to the region's public transit needs.

EMPLOYER TAX CREDITS FOR PUBLIC TRANSPORTATION

The TDCHR supports the creation of a state tax credit for employers who subsidize the cost of public transit commuting for their employees.

Employees value commuter benefits provided by their employer. National research has found a growing interest and use of these benefits in recent years. The federal government is perhaps the largest provider of employee public transit commuter benefits through its "Federal Government Mass Transit Benefits Program" which reimburses qualified employees for certain commuting costs (up to a specified limit). There are many restrictions, such as benefits received may not exceed the actual cost incurred by the employee; over payment must flow back to the employer; and the employee must use the service for which the employer is paying at least 75% of the time.

For the private employer, providing such benefits used to be like money in the bank. Employers saved on federal payroll taxes while employees saved on federal income taxes. This changed somewhat with the Tax Cuts and Jobs Act signed into law on December 22, 2017 which made changes to the Qualified Transportation Fringe Benefits section of the federal tax code. Employers may still provide these tax-free benefits to employees for parking, transit and commuter highway vehicles; however, an employer can no longer deduct the expenses for providing these tax-free employee commuter benefits.

The Commonwealth does not provide any incentive for either public or private employers to provide these benefits. The public benefit of such policies is reduced traffic, parking needs, wear and tear on highways and increased farebox revenue for the transit agencies. For the employer, it helps attract and retain qualified employees. The Commonwealth should provide a state tax credit for employers who subsidize the cost of public transit commuting for their employees.

STATEWIDE TRANSIT CAPITAL FUNDING

The TDCHR supports state funding, to replace state bond funding that has exhausted during the past biennium, for transit state-of-good repair (SOGR) and transit expansion projects.

The Commonwealth needs steady and reliable revenues dedicated to the statewide transit capital program. In 2007, the Commonwealth Transportation Board authorized about \$3 billion in bonds for transportation projects, with a minimum 20 percent dedicated to transit capital. The Virginia Department of Rail and Public Transportation (DRPT) elected to receive funding from these Capital Project Revenue (CPR) bonds over a ten-year period (\$60 million annually). These bond revenues have expired, resulting in significant permanent decline in available funds. In response, the 2016 General Assembly established the Transit

Capital Project Revenue Advisory Board to examine state transit capital funding needs and identify potential solutions to meet these needs.

The TDCHR believes the Governor and General Assembly need to address this issue now. The inclusion of transit projects in the Smart Scale process has somewhat alleviated the loss of this bond funding, however we are gradually moving to a crisis situation.

Federal Positions:

INNOVATION GRANTS FOR MULTIMODAL TRANSPORTATION

The TDCHR supports new financing programs for innovative pilot initiatives to meet needs of the commuting public.

In today's era of technological change, public transportation continues as the backbone for connecting and building thriving communities. There is no other way to move large numbers of people quickly, safely, affordably and with a minimum of environmental impact.

As public transportation agencies across the nation embrace innovative concepts to remain fully integrated in an evolving market of mobility options, the TDCHR urges all levels of government to continue to support transit agencies in the pursuit of new avenues for advancing public transportation options.

Transit agencies have very limited resources to explore innovative service options. We urge Congress to consider funding programs offered by FTA similar to the Mobility-On-Demand (MOD) Sandbox Program as we continue to grow partnerships with micro transit companies, bike share programs and improving customer experiences.

FEDERAL STATE-OF-GOOD REPAIR (BUS)

The TDCHR supports increased federal funding for bus and bus facilities.

The TDCHR supports additional investments for the Bus and Bus Facility competitive grant program (5339b) in the FY 20 TIIUD Appropriations bill. The request is consistent with recent plus-ups included in the FY 18 and FY 19 THUD Appropriations bills.

FEDERAL ENVIRONMENT PRESERVATION VIA PUBLIC TRANSIT USE

The TDCHR urges federal financial support for better transit travel options designed to reduce the number of single occupant vehicles on roadways thereby reducing congestion, air pollution, and stormwater runoff, while combatting climate change.

We will explore possibilities in supporting environmental policy that can be utilized through robust public transportation options.

FEDERAL FUNDING AND SURFACE TRANSPORTATION REAUTHORIZATION

The TDCHR supports passage of new surface transportation authorization legislation called America's Transportation Infrastructure Act (ATIA) to ensure the solvency of the Highway Trust Fund (HTF) and Mass Transit Fund.

The Fixing America's Surface Transportation Act (FAST Act) is set to expire in September 2021. Without action on a replacement, the solvency of the federal Highway Trust Fund (HTF) and Mass Transit Fund is in jeopardy.

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