

Northern Virginia Vanpool Incentive Program



Presentation to:

**George Washington Regional Commission
&**

Fredericksburg Area Metropolitan Planning Organization

June 18, 2012



PROGRAM SUMMARY & PURPOSE



A joint venture of NVTC, PRTC, DRPT and GWRC / FAMPO with multiple aims:

- Induce increased vanpooling
- Improve air quality and relieve congestion
- Earn additional federal transit funds via National Transit Database (NTD) statistical reporting
 - To fund the program itself
 - To generate net revenue for other transportation investments

WHAT IS NTD?



- National Transit Database (NTD) is assemblage of data on all modes of transit, including vanpools if a region chooses to do so
- NTD is administered by Federal Transit Administration (FTA)
- Comprised of operations, usage, and cost data
- Data reported to the NTD generates 5307 funds to metropolitan areas based on transit revenue miles, passenger miles and other factors

HOW DOES A VANPOOL PROGRAM GENERATE ADDITIONAL 5307 FUNDS?



- Vanpool data must be collected, validated, and provided to the FTA thru the NTD
- FTA compiles all NTD data nationally on an annual basis, and uses the data to apportion each year's Section 5307 formula funding among metro areas over 200K
- The process has a 2½ year lag time from the time the data is collected to the time it figures in the apportionment, because it needs to be validated and analyzed by the FTA
 - For example, data provided to the FTA in October 2013 impacts the FY 2015 apportionment

HOW MUCH SECTION 5307 FUNDING DOES A VANPOOL GENERATE?



From	One-way mileage to Federal Triangle	Estimate of Monthly 5307 Revenue Generated
Fairfax City	19	\$447
Dale City	27	\$635
Manassas	31	\$729
Warrenton	47	\$1,105
Purcellville	49	\$1,152
Fredericksburg	52	\$1,223
Spotsylvania	63	\$1,481

PROGRAM PARTICIPATION



- Estimate produced by program design study team (VHB, Brian McCollom & Assoc., & Foursquare) based on
 - Analysis of American Community Survey (ACS) data to quantify existing vanpool population
 - Analysis of MWCOCG data for projection purposes
 - Focus group market research to test acceptance
- Estimate is that 50% of existing vanpools will be induced to participate in first year, with 10% annual growth thereafter capped (for financial analysis purposes) by existing vanpool population

QUESTION: *What if the estimate is too high – could the program end up “in the red”?*

ANSWER: *Well near impossible – even if the actual vanpool participation rate is only 25% of the estimate, the program is still in the black.*

PROGRAM ADMINISTRATION



- Program to be run as joint project of NVTC, GWRC / FAMPO and PRTC
- Memoranda of agreement developed between parties
- PRTC to act as administrative home
- Costs reimbursed by program

PROGRAM DESIGN



- Expense elements
 - Program administrative costs (2 FTEs)
 - Marketing (contracted)
 - Purchase of 2 ADA-compliant vans
 - Monthly payments (\$200) to vanpool owner / operator
 - ✦ Payment to vanpool operators for data collection and transmittal
 - ✦ Inducement for existing vanpools to join program

PROGRAM DESIGN



PRTC as the Administrator of the program will:

- Process payments to participating vanpools
- Receive and validate data
- Summarize data for report to National Transit Database
- Maintain database of vanpools having space for additional passengers
- Purchase 2 ADA compliant vans that will be available for the program

BRIDGE FUNDING



- Because of the 2¹/₂ year lag time, program requires “bridge funding” to underwrite expenses while Section 5307 funds are awaited
- PRTC has sought the bridge funding from VDRPT as part of FY 2013 grant cycle

BRIDGE FUNDING




	Primary Funding	Match			Total
		State	Local	Local Other	
CMAQ / State	240,000	60,000			300,000
CMAQ/RSTP / State	1,044,240	261,060			1,305,300
State Residual	312,000				312,000
	<u>1,596,240</u>	<u>321,060</u>	-	-	<u>1,917,300</u>
TEIF	900,000		225,000	675,000	900,000
Demonstration	556,988		139,247	417,740	556,987
	<u>1,456,988</u>	-	<u>364,247</u>	<u>1,092,740</u>	<u>1,456,987</u>
MTC (Bonds)	48,000		12,000		12,000
	<u>3,101,228</u>	<u>321,060</u>	<u>376,247</u>	<u>1,092,740</u>	<u>1,468,987</u>
Budget					5,059,000
Shortfall					167,725
Required local match					1,468,987
Total additional funding needed					<u>1,636,712</u>

Total Required
Bridge Funding

 Regionally
pledged
funds

 Already
Pledged
State funds

 Loan
Minimum

 Loan
Maximum

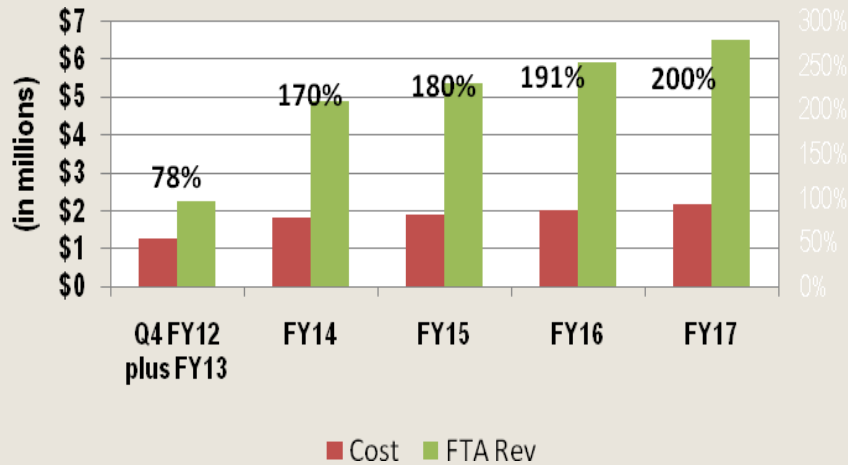
COSTS INCURRED & REVENUES EARNED BY FISCAL YEAR



	FY13 July 2012 through June 2013	FY14 July 2013 through June 2014	FY15 July 2014 through June 2015	FY16 July 2015 through June 2016	FY17 July 2016 through June 2017
Vans at end of period based on 50% participation, 10% annual growth rate	416	458	504	554	609
Revenue Miles	4,112,640	8,841,840	9,723,840	10,696,560	11,763,360
Passenger Miles	28,788,480	61,892,880	68,066,880	74,875,920	82,343,520
Operating Cost (NTD)	\$1,850,688	\$3,978,828	\$4,375,728	\$4,813,452	\$5,293,512
Monthly Payment	\$489,600	\$1,052,600	\$1,157,600	\$1,273,400	\$1,400,400
Administration	\$329,600	\$455,200	\$455,200	\$455,200	\$455,200
Marketing	\$298,000	\$300,000	\$300,000	\$300,000	\$300,000
Reporting Technology	\$50,000	\$0	\$0	\$0	\$0
Ridematching Technology	\$100,000	\$0	\$10,000	\$0	\$10,000
Cost	\$1,267,200	\$1,807,800	\$1,922,800	\$2,028,600	\$2,165,600
FTA Revenue Miles Apportionment	\$1,733,996	\$3,727,950	\$4,099,824	\$4,509,948	\$4,959,739
FTA Incentive Apportionment	\$520,924	\$1,148,225	\$1,267,359	\$1,399,810	\$1,545,839
FTA Total Apportionment	\$2,254,920	\$4,876,175	\$5,367,183	\$5,909,758	\$6,505,578
Net Revenues (Accrual)	\$987,720	\$3,068,375	\$3,444,383	\$3,881,158	\$4,339,978

PROGRAM COSTS VS. PROGRAM REVENUE

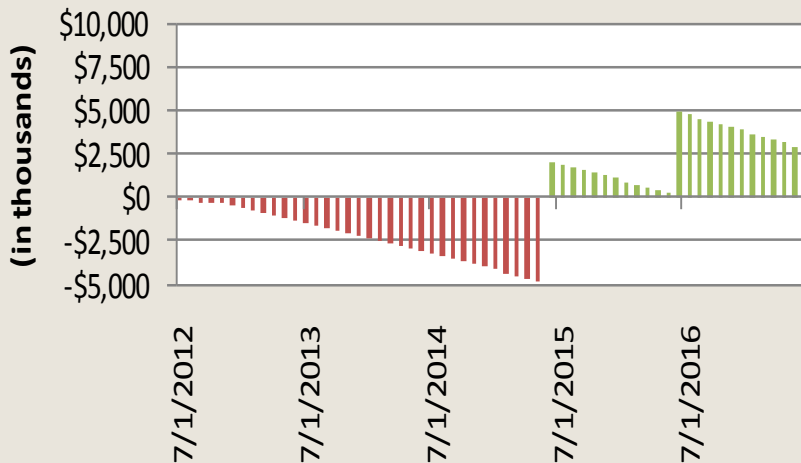
(Top chart & table not cash flow because program revenue lags)



FTA Revenue is distributed approximately two years after each fiscal year. Percentage reflects return on investment for each year's grant funding (realized approximately two years later upon FTA payment).

Fiscal Year	Costs	FTA Revenue	ROI
2013	\$1.27	\$2.26	78%
2014	\$1.81	\$4.88	170%
2015	\$1.92	\$5.37	180%
2016	\$2.03	\$5.91	191%
2017	\$2.17	\$6.51	200%

Cash Flow



Cumulative Costs and Revenues (in millions)

Fiscal year	Costs	FTA Revenue	Net Costs/Revenue
2013	\$1.27		-\$1.27
2014	\$3.08		-\$3.08
2015	\$5.00	\$2.26	-\$2.74
2016	\$7.03	\$7.14	\$0.11
2017	\$9.20	\$12.51	\$3.31

5307 FUNDS



- 5307 funding defrays program expenses once the Section 5307 revenue materializes (20% match requirement)
- Net 5307 earnings to be shared between NVTC, PRTC, and GWRC, based on miles driven within jurisdictional boundaries as a percentage of total reported miles.
- Earnings attributable to mileage in the WMATA compact area would be retained by WMATA.
- Earnings in other areas would be used for Section 5307-qualifying purposes, for projects of the governing bodies' choosing.

PROVISO



The following issue must be favorably resolved before a program is launched:

- Federal reauthorization retaining 5307 funds

Memorandum of Understanding (MOU)



PURPOSE

- Memorialize understandings reached by the organizations that conceived the program
- Provide a procedural framework for the conduct of the program
- Signatories
 - Northern Virginia Transportation Commission (NVTC)
 - Potomac and Rappahannock Transportation Commission (PRTC)
 - George Washington Regional Commission (GWRC)

Elements of the MOU



- Program budgeting and payment procedures
- Procedures for compiling / submitting National Transit Database (NTD) statistics
- Procedures for allocating program generated revenues & subsequent federal grant preparations
- Audit arrangements
- Risk management
- Financial obligations of program sponsors

Elements of the MOU (continued)



- Procurement procedures
- Program staffing
- Title to program assets
- Procedures for sponsor withdrawal from program
- Program organizational structure
- Program Advisory Board (PAB)

Program Organization



- PRTC the administrative home for the program
- PRTC's procurement policy governs purchasing practices
- A Program Advisory Board (PAB) created to help shape program budget & conduct
 - PAB views routinely communicated to program sponsors' governing boards
 - PAB members appointed by program sponsors
- Core program staff (2 FTEs at outset) with significant contract support (e.g., marketing)
- Vanpool owner / operators affiliate via a participation agreement

Fair Shares/Federal Grant Application Process



- Program expenses and repaid loan come off the top of program earnings; difference is “net earnings”
- Net earnings shared by WMATA, PRTC, and GWRC
 - WMATA’s share – vanpool miles traversing NVTC jurisdictions / total program vanpool mileage
 - GWRC share -- vanpool miles traversing GWRC jurisdictions / total program vanpool mileage
 - PRTC share – vanpool miles traversing Prince William, Manassas, & Manassas Park / total program vanpool mileage
 - All three share “system vanpool miles” earnings in same proportions as above
 - Calculations derived from FTA’s apportionment notice and associated vanpool statistics
 - Resultant shares accounted for in “split letter”

Fair Shares/Federal Grant Application Process



- PRTC serves as applicant for program funding, its share of the net earnings, and GWRC's share of the net earnings
 - GWRC advises PRTC how GWRC intends to use its net earnings
 - PRTC abides by that advice & prepares / submits application on behalf of GWRC
- GWRC becomes a sub-recipient, assuming responsibility for compliance with FTA requirements for GWRC projects, requiring
 - Execution of a sub-recipient agreement
 - Affirmation of local match
- FTA funds are reimbursable funds, meaning expense must be incurred before FTA funds can be tapped
 - Mechanics – expenses billed to PRTC, are paid by PRTC, & then PRTC draws on FTA grant and match sources to recoup expense

Risk Management



- While program is expected to be a revenue generator, it is necessary nonetheless to define how risks will be shared
 - Program sponsors shoulder risk in same proportions as their shares of net revenue from most recent reported fiscal year
- PRTC to punctually inform other program sponsors of potential revenue shortfall
- Sponsors to consult with one another on prospective remedies e.g.,
 - Program changes
 - Program termination
 - Supplemental appropriation
- Agreements with participating vanpools to stipulate that PRTC can terminate without future obligations

Program Sponsors' Financial Obligations



- **Program expenses**
 - Local match for those expenses qualifying for FTA funding (Section 5307 --the source of program earnings)
 - Expenses that don't qualify for FTA funding (if any)
- **Projects funded by program earnings**
 - PRTC and GWRC responsible for local match for their respective projects
 - WMATA responsible for local match for its projects
- **Revenue shortfalls (if any)**

Program Assets



- Jointly owned by program sponsors (after accounting for grantors' shares) in same proportions as shares of net earnings in year of acquisition
- Liquidation / disposal of assets requires
 - Approval of all the program sponsors' governing boards
 - Fulfillment of pay-back obligations (if any) to the grantors whose funds were used to make the purchases in the first place

Program Withdrawal by a Program Sponsor



- Each sponsor has the unilateral to do so
- Withdrawal is permissible annually
 - Notice no later than October 1st
 - Effective for the fiscal year beginning the next July
- Organization opting to withdraw has full responsibility for its share of expenses for fiscal year during which withdrawal notice is made

Anticipated Schedule



- **Summer / fall 2012 – pre-launch activities undertaken**
 - NTD reporting number sought from FTA
 - Staff recruitment
 - Procurements (e.g., ADA lift equipped vans, marketing services; hardware / software)
 - Marketing materials readied
 - Vanpool owner / operator participation agreement template finalized
- **January 2013 – program formally launched**
- **October 2013 – first submission of NTD statistics to FTA**
- **October 2014 – first time FTA’s apportionment notice incorporates vanpool NTD statistics in the Washington D.C. region (derived from fiscal year ending June 30, 2013 [FY 2013])**
- **Late winter / early spring 2015 – first time an application for Section 5307 funds includes program expenses (for program’s FY 2016 fiscal year)**
- **Summer 2015 – first time an awarded Section 5307 grant includes funding for program expenses**