



MERIT Program Review:

Summary of Findings and
Recommendations

December 9, 2025

Agenda

MERIT - Making Efficient and Responsible Investments in Transit

- MERIT Program Review Rationale, Timeline, and Progress to Date
- MERIT Operating Assistance: Summary of Findings and Recommendations
- MERIT Capital Assistance: Summary of Findings and Recommendations
- Public Comments and TSDAC Resolution
- DRPT Recommendation



MERIT Program Review Rationale, Timeline, and Progress to Date

Legislative Requirements of Program Review

Use of the Commonwealth Mass Transit Fund (§ 33.2-1526.1)

- 24.5% of the funds shall be allocated to support operating costs of transit providers and shall be distributed by the Board on the basis of service delivery factors, based on effectiveness and efficiency as established by the Board. Such measures and their relative weight shall be evaluated every three years and shall be finalized 6 months prior to the fiscal year of implementation.

Statewide Prioritization for the Commonwealth Mass Transit Fund (§ 33.2-214.4)

- DRPT, in conjunction with TSDAC, shall develop a process for the distribution of the funds allocated pursuant to subdivision D 1 of [§33.2-1526.1](#) and the incorporation by transit systems of the service delivery factors set forth therein into their transit development plans.
- Before redefining any component of the service delivery factors, the Board shall consult with the Director of DRPT, TSDAC, and interested stakeholders, and shall provide for a 45-day public comment period. <https://law.lis.virginia.gov/vacode/33.2-1526.1/>

Policy Considerations for MERIT Operating and Capital

- Stronger, more meaningful emphasis on performance-based metrics
- Standardized verification of effective agency asset utilization and need
- Additional incentives to promote operational efficiency, route optimization/innovation, and good grants management practices
- Develop metrics to evaluate the return on investment
- Incorporation of nation-wide best practices where appropriate

Goals:

1. Strive to remain best in class in our review/scoring/award of grant funds.
2. Deliver the most value and best outcomes for our customers as efficiently as possible.

CTB-TSDAC-DRPT Roles and Responsibilities

Roles and responsibilities of CTB, TSDAC, and DRPT must be consistent with § 33.2-214.4

CTB

- Sets priorities and adopts policies for implementation of the MERIT Operating formula and MERIT Capital prioritization process consistent with state code

TSDAC

- Works with DRPT and stakeholders to develop formula concepts and makes recommendations for MERIT Operating Assistance policy improvement

DRPT

- Develops technical guidance and definitions for implementation of the MERIT Operating formula

Timeline and Progress To-Date

Steps Completed To-Date:

- **March 2025:**
 - CTB Rail and Transit Subcommittee: Process Kickoff
- **April 2025:**
 - TSDAC: MERIT Operating & Capital Review Discussion
- **May 2025:**
 - TSDAC: Update on MERIT Operating & Capital Review
- **July 2025:**
 - CTB: Briefing on proposed ideas for MERIT Operating & Capital Changes
 - TSDAC: Briefing on proposed ideas for MERIT Operating & Capital Changes, Discussion, and Feedback
- **August 2025:**
 - TSDAC: Briefing on refined MERIT Operating & Capital Changes
- **September 2025:**
 - One-on-One meetings with TSDAC Members, Transit Service Providers, and other Stakeholders

- **October 2025:**
 - TSDAC: Review of feedback from stakeholders, proposed refinements, discussion, and feedback
 - October 6, 2025: Release for 45-day Public Comment
- **November 2025:**
 - November 20, 2025: End of 45-day Public Comment
 - TSDAC: Review Public Comment and provide final review and feedback on proposed changes

Next Steps:

- **December 2025:**
 - CTB presentation
- **TBD:**
 - Further deliberations by TSDAC
 - CTB review and approval by June 30, 2026



Evaluation of MERIT Operating Assistance: Summary of Findings and Recommendations

Current Operating Assistance Formula Challenges

- Current formula is **input-heavy** (50% operating cost) and not fully aligned with performance goals
- Trend-based adjustments are **complex** with multiple metrics moving independently, neutralizing each other
- Performance impact is **diluted** after multiple redistributions
- Multi-factor trend adjustments make allocations **unpredictable and highly variable** year-to-year
- Program structure **lacks transparency** and **does not consistently reward efficiency**.

Proposed Operating Assistance Formula Adjustments / Improvements

- Rebalance the sizing metrics:
 - 35% Operating Cost (proxy for service type + cost of living + service-area size)
 - 35% Ridership
 - 15% Vehicle Revenue Hours
 - 15% Vehicle Revenue Miles
- Establish a **dedicated Performance Set-Aside** using single-year absolute performance ratios:
 - 50% Passengers per Cost
 - 25% Passengers per Vehicle Revenue Hour
 - 25% Passengers per Vehicle Revenue Mile
- Eliminate trend-based calculations to create a **simpler, more transparent** method.
- Limit redistribution cycles so that performance is **not diminished** after agencies hit the 30% cap.

Benefits of Proposed New Operating Assistance Formula

- More **outcome focused** than current formula
- **Directly performance-based** and aligned with CTB policy goals with set-aside replacing trend-based adjustment of sizing
- **Improves predictability** by simplifying, reducing # metrics and increasing transparency
- Rewards agencies that **carry more riders per dollar** and operate efficiently.
- Provides a stable framework for future enhancements once PMT and mode-level data tools are improved.



Alternative Operating Assistance Allocation Approaches for Future Consideration

Future Considerations for MERIT Operating Assistance Formula

DRPT to study collecting additional data to better capture nuances between service patterns of Virginia agencies:

- Tiered Allocations by Mode (motor bus, paratransit, commuter bus, etc.)
- Tiered Allocations by Transit Agency Type (Large Urban, Small Urban/Rural)
- Passenger Miles Traveled (PMT)
- Locally Derived Income (LDI)
- Cost of Living



Evaluation of MERIT Capital Assistance: Summary of Findings and Recommendations

Current Capital Assistance Formula Challenges

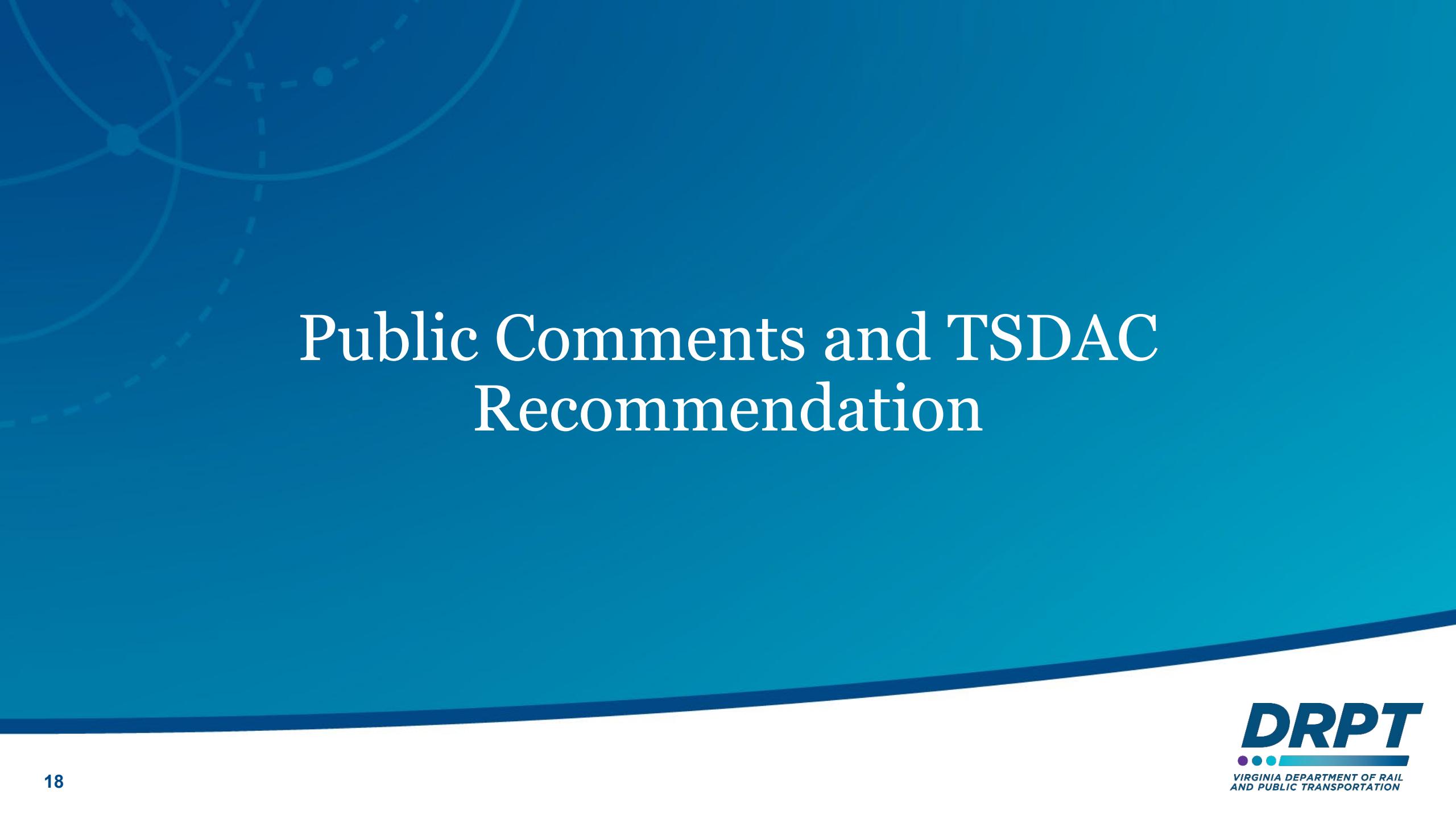
- Some projects don't fit neatly into existing categories/scoring methodologies
- Vehicle expansion projects can have different match ratios and scoring methodologies based on number of vehicles requested
- Some incentive scoring categories are not achieving intended results

Proposed Capital Assistance Formula Adjustments / Improvements

- Update project categorization
 - Add new subcategories for State of Good Repair projects
 - Add new subcategories for Major projects (projects with cost >\$3 million)
- Redefine vehicle expansion projects under one methodology
- Revise incentive point categories
 - Eliminate underutilized incentive categories and those that don't align with changing federal priorities
 - Add incentive categories for good grants management

Benefits of Proposed New Capital Assistance Formula

- Better aligns scoring methodology with type of project
- Formalizes existing DRPT processes
- Simplifies methodology for vehicle expansion projects
- Incentivizes agencies to progress grant funded projects



Public Comments and TSDAC Recommendation

Summary of Public Comments

- **Support for Potential Operating/Capital Changes**
 - Bay Transit: Fits rural door-to-door service model
 - Four County Transit: Aligns with cost-control priorities
 - Virginia Municipal League: Appropriate, meet statutory requirements and overdue on the capital side
- **Requests for Clarification & Data**
 - Virginia Transit Association, Williamsburg Area Transit Authority & Loudoun County
- **Concerns About Process & Timing**
 - Virginia Municipal League, Coalition for Smarter Growth, DASH, Arlington County: Urged more time for review and stakeholder engagement.
 - Virginia Transit Association, Community Transportation Association of Virginia: Requested additional time and called for greater transparency regarding process and outcomes.
 - Fairfax County: Unclear policy goals; suggested more discussion.
- **Funding Impact**
 - Virginia Association of Counties: Concern about revenue losses without increased funding.
- **Strong Opposition**
 - OmniRide: Requested inclusion of operators from concept development, unclear/flawed goals.

TSDAC Resolution and Context

Resolution:

“The Transit Service Delivery Advisory Committee, in order to provide a full evaluation of proposed adjustments in the MERIT operating and capital programs, requests that the Commonwealth Transportation Board delay consideration of any changes to the MERIT program until no later than June 30, 2026 so that TSDAC has the opportunity to review and comment on any proposed revisions.”

Additionally, TSDAC:

- Commended DRPT leadership, staff and consultants on the analysis and outreach
- Desires to review and make recommendations on operating and capital program changes as a package

DRPT Recommendation

Timeframe for CTB Action

- In light of the TSDAC's resolution seeking a delay, and considering the 10 months of work invested by DRPT staff, consultants, and stakeholders, DRPT recommends that the CTB resolve to take future action on the MERIT operating and capital assistance formula changes, **no later than the June 2026 Action Meeting**.
- This timeline requires DRPT to propose a formal recommendation for MERIT operating and capital assistance formula changes no later than the **May 2026 CTB Workshop Meeting**.
- This delay will allow additional time for evaluation while also ensuring the CTB is presented with an action item prior to the end of the fiscal year.

DRPT Recommendation to CTB

DRPT's formal recommendation to the CTB in May 2026 should:

1. Apply more outcome-focused and less input-focused metrics than the current formula
2. More directly address performance-basis
3. Incentivize cost-efficiency and reward agencies that carry more riders per dollar; and
4. Provide a stable framework for future enhancements once PMT and mode-level data tools are improved.



Questions?