



COMMONWEALTH of VIRGINIA

Commonwealth Transportation Board

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Agenda item # 9

RESOLUTION OF THE COMMONWEALTH TRANSPORTATION BOARD

January 6, 2026

MOTION

Made By: Mr. Lawson, Seconded By: Mr. Good

Action: Motion Carried, Unanimously

Title: Making Efficient and Responsible Investments in Transit Program Review

WHEREAS, subdivision D of 33.2-1526.1 of the Code of Virginia requires the Commonwealth Transportation Board to evaluate DRPT's transit operating assistance methodology (Making Efficient and Responsible Investments in Transit/MERIT) every three years; and

WHEREAS, any changes require consultation with the Virginia Department of Rail and Public Transportation (DRPT), the Transit Service Delivery Advisory Committee (TSDAC), and interested stakeholders and a 45-day public comment period, before being considered for approval; and

WHEREAS, Section 33.2-214.4 of the Code of Virginia provides that the Commonwealth Transportation Board shall develop a prioritization process for statewide capital projects funded pursuant to subdivision C of 33.2-1526.1 of the Code of Virginia; and

WHEREAS, DRPT and a team of consultants started the three-year review of both the MERIT operating formula and capital assistance prioritization process in March 2025 and worked with TSDAC and multiple stakeholders from March through November; and

WHEREAS, DRPT found the following challenges to the current operating assistance formula: it 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; and the program structure lacks transparency and does not consistently reward efficiency; and

WHEREAS, DRPT proposes a new operating assistance formula that is more outcome-focused; is directly performance-based and aligned with Board policy goals with a set-aside replacing trend-based adjustment of sizing; improves predictability and increases transparency for local transit providers; rewards agencies that transport more riders per dollar and operates efficiently; and provides a stable framework for future enhancements once passenger miles traveled and mode-level data tools are improved; and

WHEREAS, DRPT found the following challenges to the current capital assistance formula: some projects do not fit neatly into existing categories and scoring methodologies; vehicle expansion projects can have different match ratios and scoring methodologies based on the number of vehicles requested; and some incentive scoring categories are not achieving intended results; and

WHEREAS, DRPT proposes a new capital assistance prioritization process that better aligns scoring methodology with project type; formalizes existing DRPT processes; simplifies methodology for vehicle expansion projects; and incentivizes transit agencies to make progress on DRPT-funded projects; and

WHEREAS, during the 45-day comment period, some rural transit agencies voiced support for the formula changes, the majority of the public comment received voiced a desire for additional time to evaluate the proposed changes and more direct involvement in the process; and

WHEREAS, TSDAC, at its November 25, 2025 meeting, unanimously approved with one abstention the following 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”; and

NOW THEREFORE BE IT RESOLVED, the Commonwealth Transportation Board will delay action on the MERIT operating assistance formula and capital assistance prioritization process changes to no later than its May 2026 meeting; and

BE IT FURTHER RESOLVED, the Commonwealth Transportation Board directs DRPT to provide a formal recommendation to the Board no later than its April 2026 meeting that includes more outcome-focused criteria than the current formula and less input-focused criteria; is more directly performance-based; incentivizes cost-efficiency and rewards agencies that carry more riders per dollar; and provides a stable framework for future enhancements once passenger miles travelled and mode-level data tools are improved;

CTB Decision Brief

Making Efficient and Responsible Investments in Transit Program Review

Issue: The Code of Virginia requires that the CTB evaluate DRPT's transit operating assistance methodology ("MERIT Operating Assistance") every three years. Any changes require consultation with DRPT, TSDAC, and interested stakeholders, and shall provide for a 45-day public comment period, before being considered for approval.

Facts: DRPT and a team of consultants kicked off the three-year MERIT review in March 2025, meeting and consulting with the TSDAC and multiple stakeholders from March through November. Below is an overview of DRPT's evaluation of its MERIT operating and capital assistance methodologies:

MERIT Operating Assistance

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

- Rebalances sizing metric:
 - 35% Operating Cost (proxy for PMT + cost of living + service-area size).
 - 35% Ridership.
 - 15% Vehicle Revenue Hours.
 - 15% Vehicle Revenue Miles.
- Establishes 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.
- Eliminates trend-based calculations to create a simpler, more transparent method.
- Limits 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 and increases transparency for local transit providers.
- 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.

MERIT Capital Assistance

Current Capital Assistance Prioritization Process Challenges

- Some projects do not 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 do not achieve intended results.

Proposed Capital Assistance Prioritization Process Adjustments/Improvements

- Update project categorization.
- Add new subcategories for State of Good Repair projects.
- Add new subcategories for Major expansion projects (projects with cost >\$3M).
- 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 the Proposed New Capital Assistance Prioritization Process

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

The 45-day public comment concluded on November 20, 2025. While some rural transit agencies voiced support for the formula changes, the majority of public comment voiced a desire for additional time to evaluate the proposed changes and more direct involvement in the process. One transit agency, OmniRide, voiced strong opposition to the changes.

On November 25, 2025, the TSDAC unanimously approved the following resolution (with one abstention): "*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.*"

Recommendation: 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 formula and capital prioritization process changes, no later than the May 2026 CTB Action Meeting. This timeline requires DRPT to propose a formal recommendation for formula changes no later than the April 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's formal recommendation to the CTB should: 1) include more outcome-focused criteria than the current formula and less input-focused criteria; 2) should be more directly performance-based; 3) should incentivize cost-efficiency and reward agencies that carry more riders per dollar; and 4) should provide a stable framework for future enhancements once PMT and mode-level data tools are improved.

Action Required by CTB: The CTB will be presented with a resolution for a formal vote (in January), directing DRPT to submit its recommendations for MERIT operating formula and capital prioritization process changes no later than the April 2026 CTB Workshop Meeting, in alignment with the policy goals outlined in the Recommendation above.

Result, if Approved: If approved, the recommended MERIT operating formula and capital assistance prioritization process changes will be effective for DRPT's FY28 grant allocations.