



**Vermont
Public
Transportation
Association**

Non-Federal Match Study

Presentation to House & Senate Transportation Committees

January 17, 2024

Study Advisory Committee

- Jim Moulton, Tri-Valley Transit and Chair of VPTA
- Elaine Haytko, VPTA
- Ross MacDonald, VTrans
- Clayton Clark, Green Mountain Transit
- Randy Schoonmaker, Southeast Vermont Transit
- Ted Brady, Vermont League of Cities and Towns
- Josh Hanford, Vermont League of Cities and Towns
- Chris Company, Windham Regional Commission
- Ashley Manning, Advance Transit
- Jamie Feehan, Primmer Piper Eggleston & Cramer PC

Context and Purpose

- Sources for local funding for transit have been studied for more than 25 years, especially in Chittenden County
- Most recent studies
 - 2015 Legislative Study on local funding for transit (part of Act 40 study)
 - 2021 Transit Financing Study led by the Chittenden County RPC
- Section 15 of Act 62 (2023) called for
 - “a written recommendation on one or more funding sources for the nonfederal match required of public transit providers operating in the statewide transit system.”

Urgency for Action

- Crisis has been building for some time
 - Costs have been rising faster than federal support
 - Sharp increase in labor costs has exacerbated the gap
- Federal COVID relief funds pushed off the day of reckoning, but these funds are now being exhausted
- Needs are growing
 - Aging in Place
 - Opioid epidemic
 - Other health care access
 - Climate change
 - Employment access
- Transit is often “assumed” to be in place to address all of these societal burdens

Fiscal Forecast

- Key assumptions

- No significant expansion of operations
- State funding will not decrease from \$9.85 million in SFY 25 budget
- Flexing of federal highway funds will not decrease from \$23.5 million in SFY 25 budget

Statewide Fiscal Line Item	FY25	FY26	FY27
Federal and State Operating Funds	\$46,080,081	\$46,091,962	\$46,417,790
Operating Expense Net of Local Funds	\$46,434,640	\$48,832,279	\$50,110,829
Capital Expense from Formula Funds	\$1,907,618	\$0	\$0
Reserved ARPA/Urban Formula Funds	\$2,262,177	\$1,463,658	\$0
NET DEFICIT	\$0	(\$1,276,659)	(\$3,693,039)

- Key conclusions

- Reserved COVID relief funds fill gap for FY25 and some of gap for FY26
- No formula funds will be available for capital after FY25
- ***Without new revenue, services will need to be cut in FY26 and thereafter***

Needs for Additional Revenue

- Mobility for All service for all rural areas
 - Folds in other existing demand response programs (O&D, Medicaid, RJA)
 - Expands transit access to all Vermonters
- Reinvigoration of urban service
 - Enhancements in key corridors
 - Systemwide microtransit (subsumes ADA paratransit service)
 - Enhanced safety and security
- Capital investment
 - Lack of timely capital investment increases operating costs and future capital costs as well as degrading service quality and discouraging ridership
 - Fleet electrification is a state goal but is expensive for both vehicles and infrastructure
 - Aggressive pursuit of competitive federal grants needs to be matched with more state and local funds

Potential New Funding Sources

- Fourteen sources examined
 - Eight related to transportation
 - Six related to other sectors
- Evaluation process
 - To facilitate comparison, set rates/fees so that \$3 million would be generated
 - Rated all of the options based on
 - Equity
 - Stability
 - Administrative cost
 - Administrative burden (ease of implementation)
 - Acceptability
 - Connection to public transit
 - Considered both weighted and unweighted scores

Recommended Sources

- Vehicle Registration Fee
 - Add \$5 to existing \$91 (average) fee
 - Consider transition to *ad valorem* fee
- Retail Delivery Fee
 - Follow CO and MN in adding fee to deliveries, recognizing damage to roads
 - Initial fee of 40 cents per transaction of \$100 or more that includes items subject to sales tax
- Rental Car Tax
 - Increase tax by 1.5%
 - Impacts on non-residents and revenue in Chittenden County
- Utility Fee
 - Recognize growing share of electricity as motor vehicle fuel
 - Small fee to start: monthly fee of 40 cents per residential and \$2 per commercial customer

Goal for 2024 Session

- Set policy for expanded revenues
 - Transit agencies will be setting FY26 budgets in October 2024
 - Time needed to conduct research and studies for efficient revenue design
- Consider relationship between transit and roadway funding
 - Sustainability of T-Fund an ongoing concern
 - Potential for incentive program within State Aid for Town Highways program