



Public Transit Section

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To: The Senate Transportation Committee

From: Ross MacDonald, Public Transit Program Manager

Re: VTrans Funding Plan for GMT-urban

Please see below for a description of VTrans' funding plan with GMT-Urban.

- GMT was against \$2M in cuts last year. However, at the end of the process, they strengthened some of the efficiencies cited in the Small Transit Intensive Cities categories (or STIC Factors). They receive \$2.2M annually from these incentives, and only 10-13% of all similarly sized cities receive 4 or more STIC factors like GMT. These STIC incentives are largely possible due to VTrans' FHWA funds annually transferred directly to GMT-Urban's FTA account (\$4.9M in FHWA funds) and an additional \$2.2M in state funds for non-federal match.

- GMT is once again warning of service reductions in FY '27, and again, VTrans plans to work with their planners and determine what those cuts would look like and assess any potential impacts to the STIC factors.

- For FY '28, we run it back and again determine what can be reduced before impacting those STIC Factors. We do think there is a good chance those factors are unaffected in FY '27, but the \$2.7M currently projected shortfall in FY '28 will likely need to be addressed through VTrans' budget process.

- **The end goal is to keep GMT-Urban in the top 10%-13% of all similar sized cities and support service revisions up to that point.** We will then have arrived at the new "post-covid/post-inflation" budget number and the level of services we need to maintain to ensure we "federalize" the program to the extent possible (keeping those \$2.2M in incentive coming into the 5307 Urban budget).

This isn't an enviable position for anyone, but the roughly 20% increase in costs that were part of the 2018 "NextGen" study were never really sustainable. I personally think the GM at that time (Mark Sousa) may have thought he could build this level of service and convince (force?) the State/Legislature to increase the FHWA Flex and state funds, which was never negotiated or discussed with the Transit Program. Please let me know if anyone has further questions or requests. Thank you.