

**INTERIM REPORT OF THE  
JOINT SUBCOMMITTEE TO STUDY  
THE FINANCIAL NEEDS OF PUBLIC TRANSIT,  
RIDESHARING PROGRAMS  
AND OTHER MASS TRANSPORTATION ACTIVITIES  
TO  
THE GOVERNOR  
AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**HOUSE DOCUMENT NO. 15**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
1983**

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**Interim Report of the  
Joint Subcommittee to Study  
the Financial Needs of Public Transit,**

**Ridesharing Programs  
and Other Mass Transportation Activities  
To  
The Governor and the General Assembly of Virginia  
Richmond, Virginia  
December, 1982**

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## Summary

The Joint Subcommittee to Study the Financial Needs of Public Transit, Ridesharing Programs, and Other Mass Transportation Activities was created by the General Assembly by its passage in 1982 of House Joint Resolution No. 34 (See Appendix I). The Assembly charged the Joint Subcommittee, broadly, with a review of mass transit operations and programs across Virginia, and an assessment of their adequacy and financial viability. The Joint Subcommittee was asked to submit a final report prior to the 1984 Session of the General Assembly, with an interim report by December 31, 1982.

The Joint Subcommittee divided into four working subcommittees: the first dealing with the Washington Metropolitan Transit Authority (WMATA), the second with non-WMATA systems, the third with ridesharing programs and the transit needs of the handicapped, and the last with mass transit financing generally. These working subcommittees set about informing themselves as to the major issues, needs, and possibilities for action by the legislature within their particular spheres of specialization.

Concurrently with the activities of the four working subcommittees, the Office of the Secretary of Transportation, in conjunction with the Department of Highways and Transportation, retained the services of consultants to analyze and make recommendations concerning the Commonwealth's mass transit programs and their financial requirements. The Secretary of Transportation agreed to put the results of the consultant's study at the disposal of the Joint Subcommittee upon the work's completion in the spring of 1983.

In their reports to the full Joint Subcommittee, the working subcommittees attained a considerable degree of agreement as to what actions the Joint Subcommittee should recommend to the 1982 General Assembly for its immediate action and what items should be put on its agenda for 1983, following the presentation of the consultants' report. The full Joint Subcommittee unanimously agreed to recommend that the 1983 General Assembly amend the 1982-84 Budget to permit localities to spend funds, already appropriated to them for mass transit purposes, "...to support a maximum of 95% of the costs borne by the locality for the purchase of fuels, lubricants, tires and maintenance parts and supplies for public transportation." This amendment would have the effect of permitting localities to apply state funds, hitherto restricted to capital and administrative costs, to local transit's fuel and maintenance needs. Localities which had been unable to spend all the funds appropriated to them, because of the "capital" and "administrative cost" restrictions, would be able more flexibly to apply state funds to meet local transit needs.

## Findings and Recommendations

The most immediate problem confronting the Commonwealth's transit systems is how to be permitted to expend the funds appropriated by the 1982 Session of the General Assembly. Currently, none of the systems (except the Washington Metropolitan Transit Authority [ WMATA ] ) is able to expend all the funds appropriated in 1982 because of restrictions contained in the 1982 General Appropriation Act. Item 644 of that Act provides, in part, that:

B. Notwithstanding any other provision of law, from the funds available to the State Highway and Transportation Commission from the Highway Maintenance and Construction Fund for highway purposes, and after the costs of administration but before any of such funds are distributed and allocated for any road or street purposes, the Commission shall initially set aside, for Financial Assistance for Mass Transit, the amount herein appropriated. Funds allocated pursuant to Financial Assistance for Mass Transit may be paid to any local governing body, transportation district commission or public corporation in aid of the administration of public transportation and ridesharing services and capital costs of public transportation and ridesharing services, except as otherwise stated herein, but in no case of [ sic. ] operating subsidies, except as provided in Paragraph C12.

C. The amounts made out of this allocation may be used to support a maximum of 50% of the public transportation and ridesharing administrative costs borne by the locality. Further, these amounts may be used to support up to 95% of the local or non-federal share of capital projects costs for public transportation and ridesharing equipment, facilities, and associated costs.

Restriction of state aid to "capital costs" and "administrative costs" and the prohibition on provision of "operating subsidies" have left operating systems (except WMATA) with appropriated funds which they have been unable to spend. Several systems have just completed major bus purchases and do not, for the present, need these large amounts of aid for capital purposes , but they may desperately need the funds for other purposes. To alleviate this situation, the Joint Subcommittee unanimously recommends that the 1983 General Assembly amend Item 644 of the 1982-84 Budget to read as follows:

B. Notwithstanding any other provision of law, from the funds available to the State Highway and Transportation Commission from the Highway Maintenance and Construction fund for highway purposes, and after the costs of administration but before any of such funds are distributed and allocated for any road or street purposes, the Commission shall initially set aside, for Financial Assistance for Mass Transit, the amount herein appropriated. Funds allocated pursuant to Financial Assistance for Mass Transit may be paid to any local governing body transportation district commission or public corporation *for the purposes specified in paragraph C. in aid of the administration of public transportation and ridesharing services and capital costs of public transportation and ridesharing services, except as otherwise stated herein, but in no case of operating subsidies, except as provided in Paragraph C12.*

C. The amounts made out of this allocation may be used to support a maximum of 50% of the public transportation and ridesharing administrative costs borne by the locality. Further, these amounts may be used to support up to 95% of the local or non-federal share of project capital costs for public transportation and ridesharing equipment, facilities and associated costs. Further, these amounts may be used to support a maximum of 95% of the costs borne by the locality for the purchase of fuels, lubricants, tires and maintenance parts and supplies for public transportation.

For the purposes of this paragraph the term borne by the locality shall mean the local share eligible for state assistance consisting of costs in excess of the sum of fares and other operating revenues plus federal assistance received by the locality.

In the spring of 1983, the Joint Subcommittee will review the report of the consultants hired by the Office of the Secretary of Transportation and the Department of Highways and Transportation, and address itself both to questions raised in that report and also to concerns already presented to the Joint Subcommittee by its working subcommittees.

The significance of the Joint Subcommittee's work is underscored by figures supplied by WMATA which indicate that even if federal financial aid remains constant (a factor which is surely not to be relied upon), state funds for WMATA alone will need to grow 150% by 1990, and local funds for WMATA will have to grow by 400% over the same period of time.

## Joint Subcommittee Activities, 1982

The present study grew out a recommendation made by the Joint Legislative Audit and Review Commission (JLARC) in its report to the 1982 General Assembly, "Highway Construction, Maintenance and Transit Needs" (Senate Document No. 8, 1982, p. 74). The Joint Subcommittee to Study the Financial Needs of Public Transit, Ridesharing Programs, and Other Mass Transportation Activities was created by the General Assembly's passage of House Joint Resolution No. 34 (included as Appendix I). The Joint Subcommittee was charged with a broad review and evaluation of options aimed at providing mass transit programs to meet the Commonwealth's needs and ensuring adequate, stable, and reliable sources of revenue to fund those programs.

Appreciating the benefits, both in time saved and in expertise developed, which could be derived from a division of labor, Delegate Cleaves Manning, Chairman of the Joint Subcommittee, divided the full Joint Subcommittee into four working subcommittees: the first, specializing in the needs and problems of the Washington Metropolitan Area Transit Authority (WMATA), was chaired by Senator Adelard Brault, and included Delegate David Brickley, Delegate Earl Dickinson, and Delegate Robert Harris; the second, examining transit systems other than WMATA, was chaired by Dr. James Holley, III, and included Delegate Frederick Creekmore, Senator Stanley Walker, and Senator Douglas Wilder; the third, concerning itself with ridesharing programs and the transit needs of the handicapped, was chaired by Delegate Robert Ball, Sr., and included Mrs. Marian Jiggets, Mr. Curtis Payne, and Senator Charles Waddell. These working subcommittees were able, in the period of a few months, to bring numerous items to the attention of the full Joint Subcommittee.

Senator Brault's group's report to the full Joint Subcommittee stressed eight items:

1. The WMATA subcommittee felt it would be very useful for the full Joint Subcommittee to keep abreast of the work of the consultants which the Secretary of Transportation's Office was then in the process of hiring to study mass transit operations and finance in Virginia. The Secretary's Office offered to share with the full Joint Subcommittee any information and recommendations which the consultant might produce. The WMATA subcommittee felt failure to take advantage of this situation would result in a counter-productive duplication of effort.

2. The group also found that general state aid to local mass transit programs was being compartmentalized into two distinct categories: capital costs and administrative expenses. This, they felt, had prevented several systems from making the best use of total funds available to them by precluding the use of funds earmarked for capital projects for other expenses. If the Appropriations Act were amended to place funds intended to aid local mass transit in one (instead of two) larger, more flexible category, they concluded, several systems (not only WMATA) could reap significant benefits.

3. Any such amendment to the Appropriations Act could, at the same time, make it clear that "administrative costs" include (i) the cost of providing liability insurance for self-insuring systems and (ii) at least a major portion of the cost of maintaining capital equipment in operating condition (e.g., refurbishing of buses—as opposed to purchase of new buses). The present system was seen as providing funds usable only to buy new equipment.

4. The "Metro Compact," the WMATA subcommittee also reported, currently provides for compulsory arbitration of labor disputes for WMATA personnel. Virginia has long felt that the advantages which are supposed to follow from this (in minimizing service interruptions by precluding work stoppags) have been outweighed by the resultant high cost of Metro labor. (Metro bus drivers are presently reported to be earning average yearly salaries of \$25,000 with an additional 40 percent in fringe benefits.) Though legislation to remove the binding arbitration provisions from the Compact passed the Virginia General Assembly (1981 Chapter 378), the State of Maryland and the District of Columbia have not yet agreed to the change. The Joint Subcommittee and the General Assembly, Senator Brault's group urged, should lend their support to efforts to persuade Maryland and Washington of the practical wisdom of the Virginia position.

5. They also found that the appropriation of \$20,000,000 for WMATA by the 1982 General Assembly and the enactment of local ordinances in Northern Virginia to guarantee local shares of Metro costs have persuaded federal Transportation Secretary Drew Lewis to certify that Virginia does have a "stable and reliable" source of revenue for Metro purposes sufficient to permit

continued federal participation in payment of Metro construction costs. Whatever else the Joint Subcommittee might recommend that the General Assembly do to meet the future funding needs of Metro, care must be taken that none of these actions undermines present "stable and reliable" revenue sources, it was emphasized.

6. The working subcommittee reported that WMATA would not be able to open nearly completed Metro rail lines on schedule because of a shortage of rail cars to operate over those lines. Production of additional cars by the manufacturer of the present stock of cars had become impossible when that company went out of business. Additional cars from Metro's new supplier (Breda of Italy) had been delayed beyond the originally anticipated delivery date by a major equipment breakdown at Breda and by a strike at Westinghouse (the manufacturer of the cars' brakes). These delays will not only cause displeasure among those in Fairfax and Alexandria who were to be served by the new Metro rail lines, but will have an adverse impact on Metro's total finances (because Metro rail operations recover a greater portion of their costs from fares than do Metro bus operations). The subcommittee hoped that WMATA would do more to prevent future delays of this kind, and make vigorous efforts to ensure that contractors bear the cost of delays for which they are responsible.

7. Some of the expensive delays of putting Metro into full operation, it appeared, can be laid to the decision to use state-of-the-art equipment for the system. Metro's "fare card" system, its use of "married pair" rail cars (instead of powered cars only at the front and rear of trains), and several other factors have resulted in a commitment by WMATA to a rail system "on the cutting edge of transit technology." This decision should, perhaps, be reconsidered in the light of the urgent need to maximize system reliability and minimize costs. Some use of more time-tried technology could be considered where such use could result in money savings.

8. Cost projections produced by WMATA staff convinced both the WMATA subcommittee and the full Joint Subcommittee that in the long run additional funds will be needed to cover the costs of Metro operation. Even a completed Metro system operating at peak efficiency will experience a widening gap between its income from all sources and its total expenses. While it was felt to be premature, at this time, to recommend any specific solution either as to origin (state, local, or a combination), as to source (gasoline tax, parking or other fees, real estate-based taxes, or other), or as to dollar amount, it was estimated that state funds for WMATA alone will need to grow 150% by 1990, and local funds for WMATA will have to grow by 400% over the same period.

Dr. Holley's working subcommittee on non-WMATA operating systems, in spite of the wider geographical spread of its concern, was able to focus more sharply on a single issue which, they felt (and the full Joint Subcommittee subsequently agreed), merited the attention of the 1983 General Assembly. It appeared that the most immediate problem among transit systems throughout the Commonwealth was how to "free up" the funds that were appropriated for local transit programs by the last Session of the General Assembly. At that time of the subcommittee's deliberations, none of the transit systems outside Northern Virginia had been able to expend all of the funds appropriated because of the interpretation of the wording in the 1982 Appropriation Act. The Act provided that:

"Funds allocated pursuant to Financial Assistance for Mass Transit may be paid to any local governing body, transportation district commission or public corporation in aid of the administration of public transportation and ridesharing services and capital costs of public transportation and ridesharing services, except as otherwise stated herein, but in no case of [ sic. ] operating subsidies, except as provided in Paragraph C12.

C. The amounts made out of this allocation may be used to support a maximum of 50% of the public transportation and ridesharing administrative costs borne by the locality. Further, these amounts may be used to support up to 95% of the local or non-federal share of capital project costs for public transportation and ridesharing equipment, facilities, and associated costs."

The interpretation placed on the provision "...but in no case of [ sic. ] operating subsidies..." was such that most of the funds that had been appropriated were not being passed on to the transit systems.

Several proposals were made to remedy this situation. At the time of the working subcommittee's deliberations, the Virginia Association of Public Transit Officials had adopted a policy proposing:



1. That eligible administrative expenses be defined as the General Administration category (Account 160) as contained in the Urban Mass Transportation Industry Uniform System of Accounts and Records and Reporting System, which is in use throughout the U.S.;
2. That the Appropriations Act be amended to provide that 95% (instead of 50%) of the public transportation and ridesharing administrative costs be eligible for state aid; and
3. That the Maintenance category (Account 040) of costs, as contained in the Uniform System of Accounts, be eligible for state aid.

Since all the transit systems except WMATA faced the inability to expend appropriated funds (which could lead to a reduction of transit services in the areas) the subcommittee felt that the full Joint Subcommittee should propose an amendment to the 1982 Appropriations Act to allow these funds to be used.

When this immediate problem has been resolved, they urged, the full Joint Subcommittee should develop a proposal for a stable and reliable source of funding for public transportation generally.

The working subcommittee on ridesharing and transit needs of the handicapped, chaired by Delegate Ball, identified five areas of concern, but owing to the potential further insights which the consultants' report might add by the spring of 1983, declined to make any proposals for consideration by the 1983 General Assembly Session. They found, in general, that ridesharing programs are often a "forgotten" element of mass transit programs.

Even though ridesharing programs transport the greatest number of people for the smallest governmental cost of all the components of the Commonwealth's mass transit program, ridesharing programs have remained, by and large, low-priority items whose funding is uncertain from year to year. Ridesharing programs, the group concluded, need to become integral parts of local mass transit programs across the Commonwealth. Even though the amounts of money required for governmental support of ridesharing projects may be small (by comparison with other mass transit components), this fact should not be permitted to cause ridesharing programs to be ignored in the preparation of mass transit program budgets at the state or local level.

Those who are responsible for promoting ridesharing programs, the group told the full Joint Subcommittee, have been frustrated not only by a relative lack of funds (as are most transit programs), but they also have been hampered by being unable, from year to year, to anticipate what funds will be available to them. Some consideration should be given to ear-marking revenues derived from specific taxes, fees, fines, or programs specifically for ridesharing. It would be highly desirable if these fees or taxes would, themselves, be the sort which encourage ridesharing (e.g., parking lot and parking meter fees, bridge tolls, etc.).

Special transportation for the handicapped and elderly, members were reminded, should also be an integral part of a total mass transit program. Many citizens suffer from handicaps which make it impossible for them to use ordinary public transportation. Some of these persons can use public transportation if buses, subways, stations, and curbs are modified to meet their special needs. Others will require special door-to-door transportation no matter how much modification may be made to fixed-route systems and their equipment. Without special transportation, some persons will never be able to make use of rehabilitation and other programs designed for their benefit, and will certainly never be able to lead "normal" or "satisfying" lives.

All testimony before the working subcommittee supported the conclusion that special transportation is expensive and is likely to get even more expensive. Especially as federal aid is reduced, the per-person cost of any transit system is likely to be inversely proportional to the number of people using it. This is even truer of special transportation of the handicapped and elderly which may, at times, require special equipment or even special vehicles. Even though some costs are presently being exacerbated by abuses associated with "freeloading" and the federal prohibition on any "means test" for special transportation patrons, correction of these problems would not significantly reduce costs of these programs.

In summary, Delegate Ball's subcommittee concluded that special transportation, not unlike other components of public transit systems, needs a stable and reliable source of revenue. The lack of stable, dependable "income" to support the public cost of these programs has made planning

difficult and level of service unpredictable.

The working subcommittee on transit financing, chaired by Senator Walker, feeling that its area of responsibility overlapped that of the other three working subcommittees, received these groups' comments and recommendations with particular interest. It was the opinion of the finance subcommittee, one in which the full Joint Subcommittee unanimously concurred, that uncertainty as to the volume and timing of federal aid to public transit programs made it advisable for the full Joint Subcommittee to postpone discussion of broad state and local financing options until clearer indications were available from Washington as to the likely future course—both short-term and long-term—of federal policy.

The finance subcommittee was persuaded though, aided by the work of the Brault and Holley subcommittees, that urgent action on the part of the 1983 General Assembly was needed to permit localities to use the funds which the 1982 General Assembly had appropriated in aid of mass transit. The working committee endorsed, and the full Joint Subcommittee unanimously supported, a draft amendment to the 1982-84 Budget which would accomplish this goal. This proposal, developed by the Secretary of Transportation with the help of the Department of Highways and Transportation and the Virginia Association of Public Transit Officials (VAPTO), (and endorsed also by the Commonwealth's district transportation commissions) would amend Item 644 of the 1982 Appropriations Act (the 1982-84 Budget) as follows:

B. Notwithstanding any other provision of law, from the funds available to the State Highway and Transportation Commission from the Highway Maintenance and Construction fund for highway purposes, and after the costs of administration but before any of such funds are distributed and allocated for any road or street purposes, the Commission shall initially set aside, for Financial Assistance for Mass Transit, the amount herein appropriated. Funds allocated pursuant to Financial Assistance for Mass Transit may be paid to any local governing body, transportation district commission or public corporation *for the purposes specified in paragraph C. in aid of the administration of public transportation and ridesharing services and capital costs of public transportation and ridesharing services, except as otherwise stated herein, but in no case of operating subsidies, except as provided in Paragraph C12.*

C. The amounts made out of this allocation may be used to support a maximum of 50% of the public transportation and ridesharing administrative costs borne by the locality. Further, these amounts may be used to support up to 95% of the local or non-federal share of project capital costs for public transportation and ridesharing equipment, facilities and associated costs. *Further, these amounts may be used to support a maximum of 95% of the costs borne by the locality for the purchase of fuels, lubricants, tires and maintenance parts and supplies for public transportation.*

*For the purposes of this paragraph the term borne by the locality shall mean the local share eligible for state assistance consisting of costs in excess of the sum of fees and other operating revenues plus federal assistance received by the locality.*

It was unanimously agreed that this proposal would be the only legislative recommendation of the full Joint Subcommittee to the 1983 Session of the General Assembly.

Respectfully submitted,

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L. Cleaves Manning (Chairman)

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Charles L. Waddell (Vice Chairman)

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Robert B. Ball, Sr.

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Adelard L. Brault

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David G. Brickley

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James W. Holley, III

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Marian B. Jiggetts

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J. Curtis Payne

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Lawrence Douglas Wilder

## Appendix I

### HOUSE JOINT RESOLUTION NO. 34

Requesting a joint subcommittee to study the financial needs of public transit, ridesharing programs, and other mass transportation activities.

WHEREAS, James City County, JAUNT, Harrisonburg, Bristol, Winchester, Staunton, Charlottesville, Danville, Petersburg, Lynchburg, Roanoke, Richmond, the Peninsula Transportation District Commission, the Tidewater Transportation District Commission and the Washington Metropolitan Area Transit Authority provided over 116 million passenger trips to citizens of the Commonwealth in the 1980 fiscal year; and

WHEREAS, the Joint Legislative Audit and Review Commission found in its study of transportation programs that federal aid for the operating deficits of most public transit systems in Virginia has been eliminated and aid for the remaining systems is scheduled for elimination on July 1, 1984; and

WHEREAS, the Appropriations Act prohibits the use of state funds to subsidize transit system operations and the use of federal and state funds for ridesharing programs has been limited by the Department of Highways and Transportation; and

WHEREAS, the future of public transportation remains uncertain and should be monitored by the General Assembly and Governor so that they may formulate and consider an appropriate state response to federal action; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee is requested to study the financial needs of public transit, ridesharing programs, and other mass transportation activities. The joint subcommittee shall be composed of thirteen members: two members from the House Committee on Roads and Internal Navigation appointed by its chairman, two members from the House Committee on Finance appointed by its chairman, two members from the House Committee on Appropriations appointed by its chairman, two members from the Senate Committee on Transportation appointed by its chairman, two members from the Senate Committee on Finance appointed by its chairman, and three members appointed by the Governor to represent several public transportation interests in the Commonwealth.

The joint subcommittee shall consider, but not limit its review to, the following: (1) provision of direct state support for operating expenses of public transportation, (2) authorizing local governments to impose special taxes, or (3) other alternatives which would provide a stable and reliable source of funding for public transportation systems. The Public Transportation Division of the Department of Highways and Transportation and the Joint Legislative Audit and Review Commission are requested to assist the joint subcommittee in its study.

The joint subcommittee shall make an interim report to the Governor and General Assembly by December 31, 1982, and report its findings and recommendations prior to the 1984 Session of the General Assembly.

The cost of conducting this study shall not exceed \$14,300.