

Valley Regional Transit VRT Update and FY2023 Budget Request

Background

Since 2005 Meridian has supported intercounty services connecting Meridian to Nampa and Boise. These services are funded by Ada County, Caldwell, Canyon County, Nampa, Meridian and Boise. Also, because they operate out of the small urban area of Nampa and Caldwell their operations are also supported by federal funds.

In 2017 VRT began partnering with Harvest Transit to provide specialized service within Meridian to seniors and persons with disability.

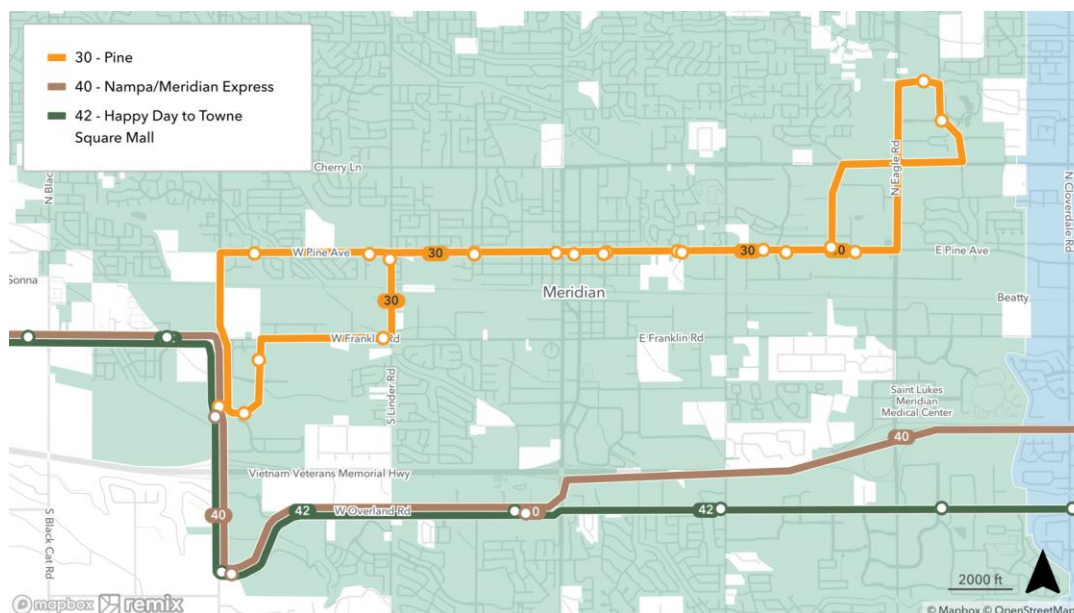
Since then VRT and the City of Meridian have worked on expanding the specialized services to include service to veterans and transportation to medical appointments.

In 2018 VRT began planning with the City of Meridian to bring public transportation to downtown Meridian and connect the employment centers at Ten Mile and the Village. This service will be more than a 150% increase in the amount of fixed route public transportation service provided in Meridian. In 2020 Meridian supported the necessary capital expansion to start this new service. COVID-19 has delayed its implementation until its planned start in FY2023.

Fixed Route Services

Figure 1 below shows the proposed routes and stops in Meridian for FY2023.

Figure 1: Map of Proposed FY2023 Fixed Route Services in Meridian



Currently, Meridian is served by two intercounty routes;

- 40 Nampa/Meridian Express which runs Monday through Friday during the rush hour with stops in Meridian along Overland Road
- 42 Happy Day to Towne Square Mall which makes eight trips throughout the day every Monday through Friday, connecting Caldwell, Nampa, Meridian and Boise.

VRT recommends starting the 30 Pine service on October 3, 2022. The route launch was postponed in October 2022 due to effects of the pandemic. We believe the metrics in ridership, employees returning to offices, multifamily housing units and other development factors, and gas prices all lead to the recommendation to launch the service in the fall. This service will connect Ten Mile Crossing, Downtown Meridian, the Scentsy and Blue Cross of Idaho campuses and Kleiner Park.

VRT is currently planning the roll-out and marketing of this new service and will coordinate with City of Meridian on opportunities to increase public awareness of this new service. These outreach efforts can include getting a bus in the Meridian Dairy Days parade, reaching out to residential and commercial developers at Ten Mile Crossing, Downtown Meridian, and Kleiner Park, Scentsy and Blue Cross of Idaho to promote the services and market it to their residents and employees.

Specialized Services

In addition to the fixed route services in Meridian, VRT provides support to three other specialized transportation options. Those services include:

- Harvest Transit which provides free transportation for seniors, persons with disabilities and veterans from 9 a.m. to 3 p.m. Monday through Saturday within a designated service area in Meridian.
- Rides2Wellness which provides shared-ride transportation to participating medical appointments. Rides must be scheduled 2 days in advance.
- Meridian Veterans Shuttle which provides transportation to Veterans in Meridian to the Veterans Hospital in downtown Boise.

FY23 Preliminary Budget Summary

Local contributions are pooled together with other local and federal funds to deliver all the services of Valley Regional Transit. The degree to which local contributions are leveraged depends on the type of expense (capital vs operating, specialized vs fixed route), and the availability of federal funds. For example, federal funds typically require at least 20% local match for capital expenses, while fixed route operations can be matched at 50%.

Table 1 below illustrates how Meridian's contribution is one part of a proposed preliminary \$33.7M budget for FY2023 and supported contributions from other jurisdictions, federal funds and directly generated and auxiliary funds.

Table 1: FY2023 Proposed Budget Revenues and Expenses

FY23 Proposed Budget Summary	
Expenses	\$ 33,747,053
Revenues	
Fares/Passes	\$ 815,340
Federal Relief	\$ 0
Federal Formula	\$ 14,997,120
Auxiliary Local	\$ 640,000
<i>Sub Total Federal and Directly Generated Revenues</i>	<i>\$ 16,452,460</i>
Local Contributions	\$ 17,294,592
<i>Meridian Share (included in total local revenues)</i>	<i>\$ 884,918</i>
Grand Total Revenues	\$ 33,747,053

City of Meridian Funding Requests

Fiscal year 2021 and 2022 funding requests represent budgets and service levels built to maintain service levels and keep local funding requests stable through the pandemic. This was made possible by funding provided through the Coronavirus Aid, Relief & Economic Security Act (CARES), and American Rescue Plan Act (ARPA). Table 2 reflects results of the cost allocation model without these additional funds applied. Table 3 provides historical contributions per signed cooperative agreements with the additional funds applied.

Table 2: Baseline Requests for Comparison

Cost Allocation Outputs	FY22 Baseline Request	FY23 Baseline Request
General Assessment	\$ 67,526	\$ 70,588
Service Assessment	\$ 507,040	\$ 609,623
Capital Assessment	\$ 12,869	\$ 25,804
Special Assessment	\$170,000	\$ 170,000
Reserve Assessment	\$ 0	\$ 8,903
Total Request	\$ 757,436	\$ 884,917

Table 2: Annual Funding Requests

Approved Agreements	FY20	FY21	FY22
General Assessment	\$ 49,324	\$ 61,953	\$ 67,526
Service Assessment	\$ 99,349	\$ 206,351	\$ 325,252
Capital Assessment	\$ 0	\$ 0	\$ 12,869
Special Assessment	\$ 169,184	\$ 173,414	\$ 170,000
Total Provided	\$ 317,857	\$ 442,706*	\$ 575,647
*Later adjusted to \$272,284 to reflect delayed start of new service.			

The FY2023 funding request is proposed not to exceed \$884,917. This amount supports existing intercounty and specialized transit services, new local fixed route services, cash reserve contributions and matching funds for capital projects. Funding requests have grown due to several reasons.

- New assessments were introduced into the cost allocation methodology as VRT moves to a more sustainable revenue profile, reflecting each jurisdiction's fair share of costs. Capital assessments were not introduced until the FY22 budget cycle, and reserve assessments were not introduced until the current FY23 budget cycle. Service Assessments represent the best indicator in changes to operating budgets and available revenue.
- Requests to support 30 Pine route was introduced at a partial year rate in FY2021 and full year rate in FY2022.
- Projected fare revenue remains conservative as ridership recovers from pandemic related lows.
- FY2023 operating cost increases are due to labor, health insurance, battery leases, parts and fuel.

Ridership Review

Although COVID 19 continues to suppress ridership across VRT's services, we are starting to see ridership return. We have seen fixed route ridership grow systemwide for the last two quarters. Table 4 below shows the change in ridership over the first two quarters of FY2022. We expect ridership will continue to grow slowly as we continue to recover from the impacts of COVID 19.

Table 4: Quarterly Ridership Changes

	FY2021		FY2022			
	Q1	Q2	Q1	% Δ	Q2 (prelim)	% Δ
Fixed Route Total						
System Total	228,385	214,333	242,012	6.0%	253,884	18.5%
40*	2,731	2,782	2,960	8.4%	3,257	17.1%
42*	5,200	4,743	5,352	2.9%	4,799	1.2%
Specialized						
Harvest	1,950	2,242	3,339	71.2%	3,600	60.6%
Rides 2 Wellness*	1,734	1,314	1,151	-33.6%	1,364	3.8%
Meridian Senior Center	250	292	809	223.6%	678	132.2%
Veterans Transportation	-	-	24	N/A	14	N/A

*Routes 40, 42 and Rides 2 Wellness service all serve more than just Meridian. Meridian's estimated share of ridership on these services is 20%, 16% and 53% respectively.

Ridership Projections

Transit services typically take anywhere from 12 to 24 months to “mature.” Travel behaviors can be slow to change and the maturation process allows time for the public to become aware of and begin to utilize the new service. This can be particularly true when introducing new service in areas that have never had service before.

Using similar routes, VRT has prepared ridership projections for the new service but it is unclear how much COVID-19 will impact those estimates. Ridership projections for the new service was based on experience with similar routes but ridership projections can be unreliable in the best of times coming out of COVID

	Q1 FY 2022	Q4 2022	Q4 2023	Connected and mature
Fixed Route				
30	600	900	3,500	7,500