



- (3) Authorize the City Manager to apply for this State Aid Grant and enter into any necessary agreements with the Commonwealth of Virginia to accept this grant.

**BACKGROUND:** In 2020, the General Assembly passed HB 1414, the Transportation Omnibus, which among other provisions, created the Transit Ridership Incentive Program (TRIP). TRIP is a new statewide grant program that provides funding to transit agencies to improve the regional connectivity of urban areas and increase statewide ridership by supporting the deployment of zero and subsidized fare programs. For FY22, the General Assembly dedicated \$20M to TRIP projects, including \$12.5M allocated to zero and subsidized fare programs. The TRIP Zero-Fare and Low-Income Programs aim to increase ridership, accessibility, and equity within the transit system. Applicants may propose providing subsidized or entirely free passes to low-income populations, eliminating fares on high-capacity corridors, or deploying an entirely zero-fare system. DASH's FY 2022 budget reflects City Council's funding decision to operate fare-free and began operation with zero fares on September 5, 2021.

**DISCUSSION:** The TRIP program guidelines approved by the Commonwealth Transportation Board allow for a flexible balance between state and local funding, with a maximum state share of 80% in the first year, an expectation of a declining state share after that, and a maximum funding duration of three years (FY 2022 to FY 2024). In the program's fourth year (FY 2025), the grantee must commit to providing 100% of the funding to remain fare free with DRPT's support and monitoring. This is consistent with its goal of funding projects with a solid local financial commitment. For example, to obtain three fiscal years of TRIP Zero Fare funding, the City must commit to four fiscal years of free fares on DASH (FY 2022 to FY 2025) with the understanding that TRIP funding will not be available in the last year (in the City's case, this would be FY 2025).

Zero-Fare grant applications will be prioritized according to the following criteria:

- Impact on Ridership, 30 points
- Applicant Commitment, 30 points
- Implications for Equity and Accessibility, 30 points
- Project Schedule and Readiness, 10 points

In the spring of 2020, the City conducted a study that examined the benefits and costs of DASH going fare-free, in addition to means-tested free or discounted programs for low-income individuals on both DASH and WMATA services. The study projected DASH ridership increasing from nearly three million annual trips in FY 2022 to just under 6.5 million trips in

FY 2025 with a fare-free program. Considering both foregone fare revenue and the capital and operating costs of collecting fares, the costs range from \$2.6 million (\$2.2 million over the status quo scenario) in FY 2022 to \$5.5 million (\$5.0 million over status quo) in FY 2025. These cost increases account for ridership returns post-covid and ridership gains from the New DASH Network and free fares. Staff proposes an application of up to \$8 million, but expects a maximum grant of approximately \$7.2 million.

**FISCAL IMPACT:** The application assumes a minimum four-year commitment (FY 2022 to FY 2025) to fare-free operation on DASH, the first three of which will be partially funded by TRIP. If awarded and accepted, the City will be required to fund the difference between the expected fare revenue and the TRIP program funds. The total costs and expected funds are as follows:

- Total cost of subsidizing fare-free service on DASH: approximately \$18.5 million
- Maximum funds expected from TRIP: approximately \$7.2 million (Application will be up to \$8 million)
- Local funds will increase in FY 2023, FY 2024, and FY 2025

The City Council has already committed \$1.47 million for this first year (FY 2022). Should the City be selected as a grantee, the actual annual state funding awarded will be negotiated between the City and DRPT. In addition to the funds provided by the program, the City would be obligated to provide additional local support for the last three fiscal years of the four-year period (FY 2023 to FY 2025).

**ATTACHMENTS:**

Attachment 1: Resolution

Attachment 2: Alexandria Transit Company (DASH) Board Resolution of Support

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