Overview of Primary Cost Drivers for Transit

Allan Fye, Deputy Director

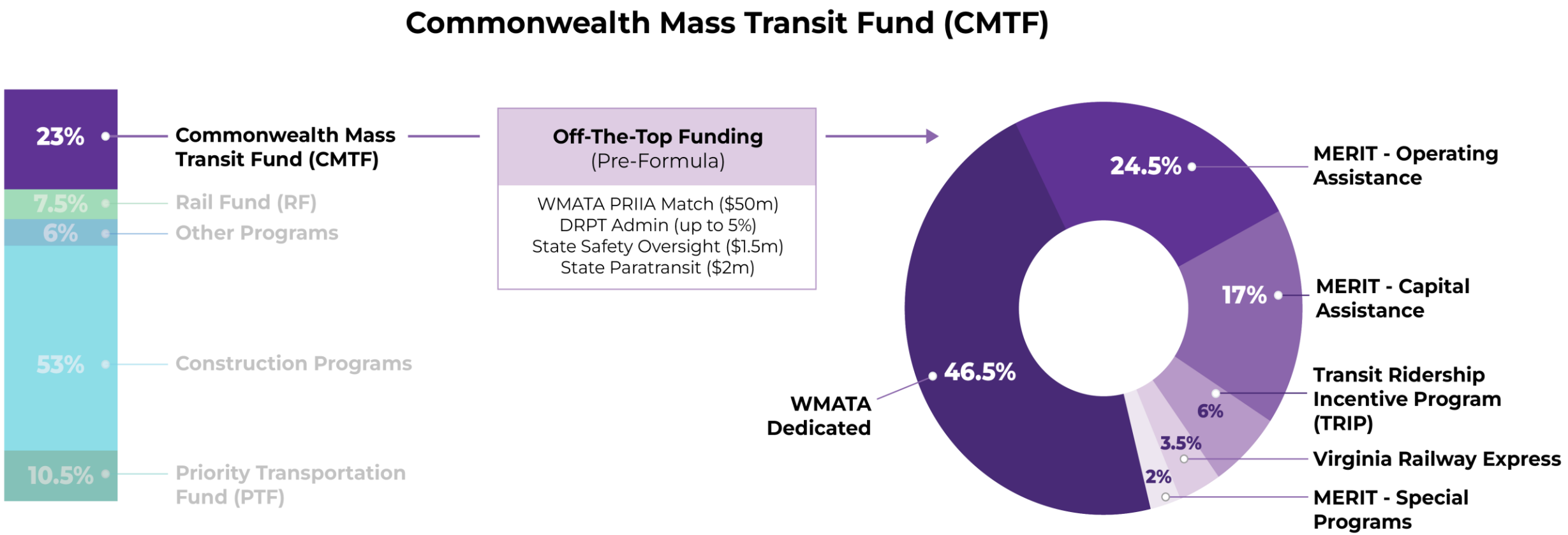
November 18, 2026

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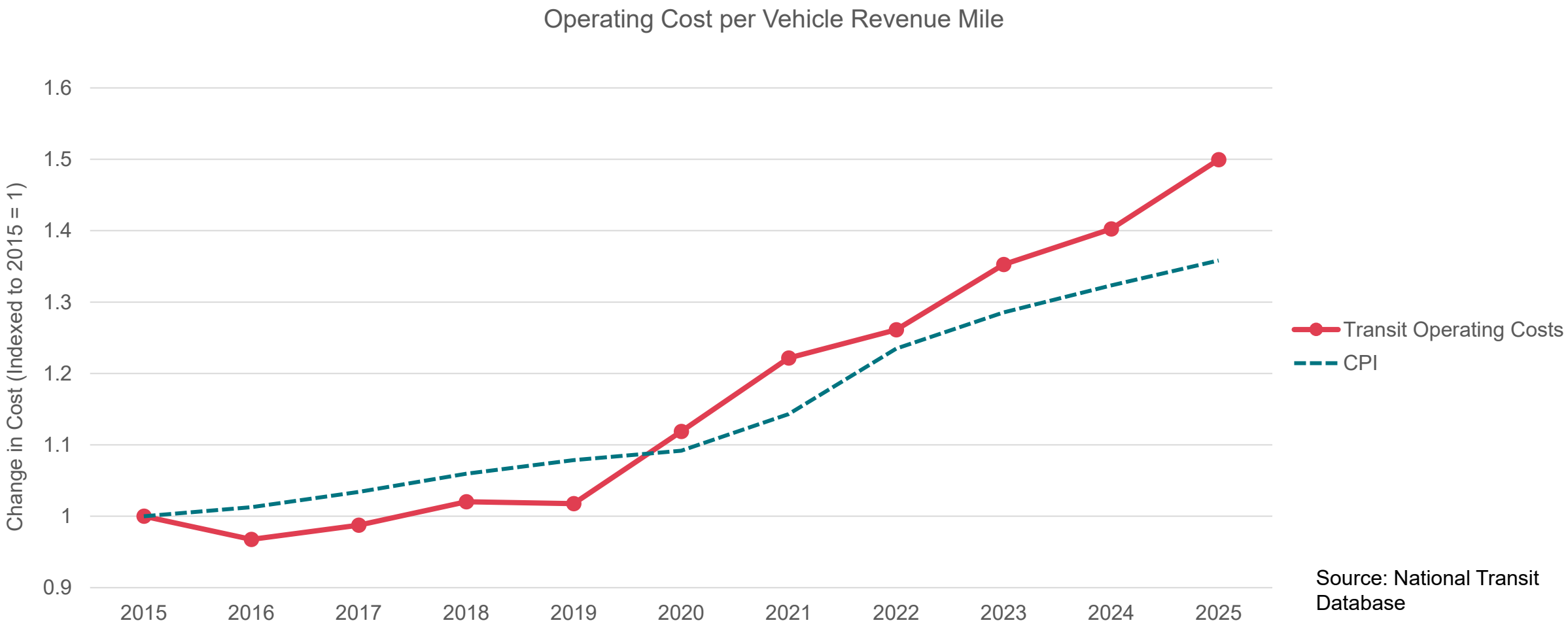


Recap: Commonwealth Mass Transit Fund (CMTF)

Transit funding distribution established by §33.2-1526.1

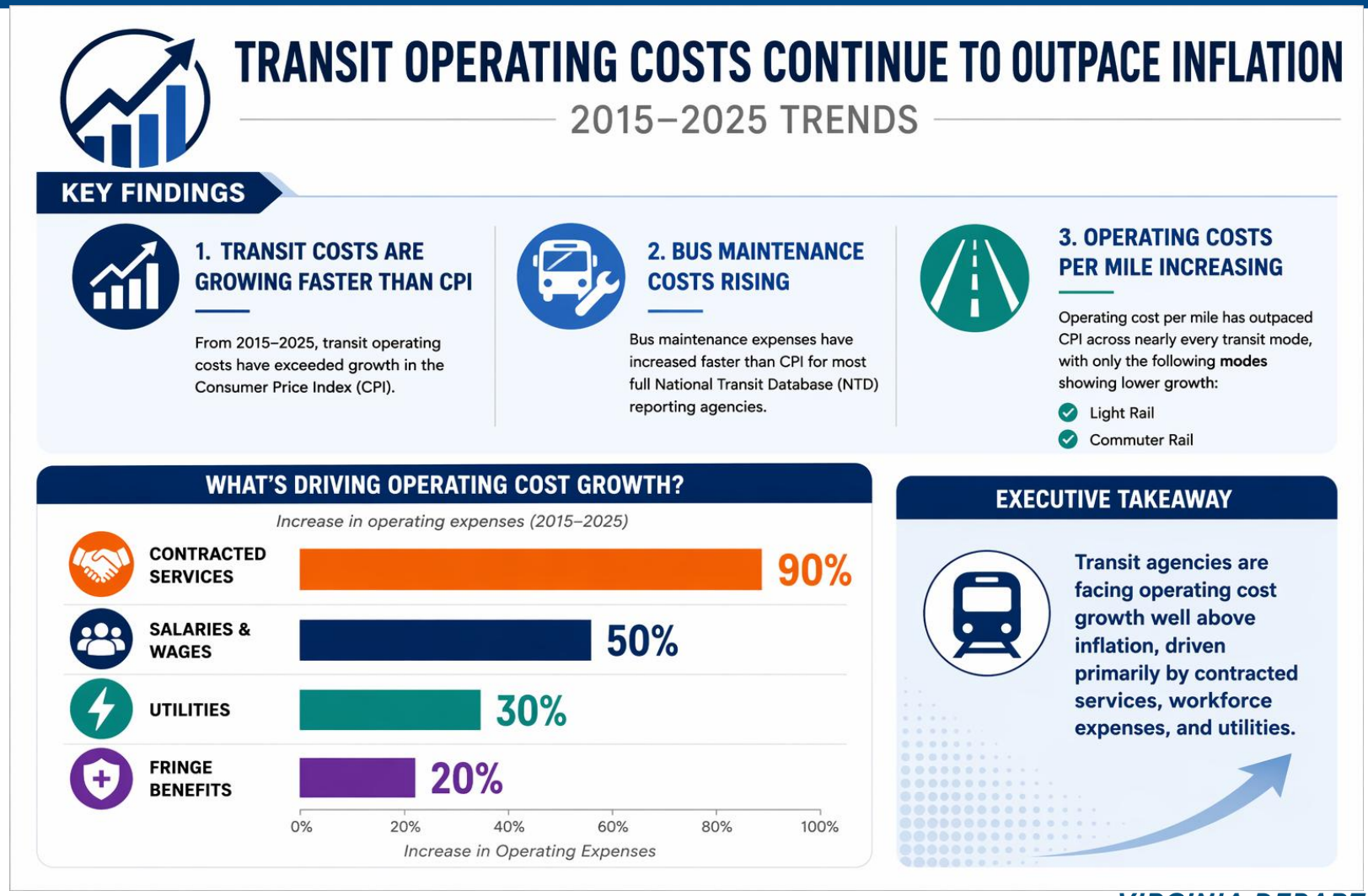


Transit Operating Costs are Increasing Faster than Inflation



Source: National Transit Database

Transit Operating Costs are Increasing Faster than Inflation



From 2015-2025, transit fuel costs was the only operating cost category to decrease in Virginia.

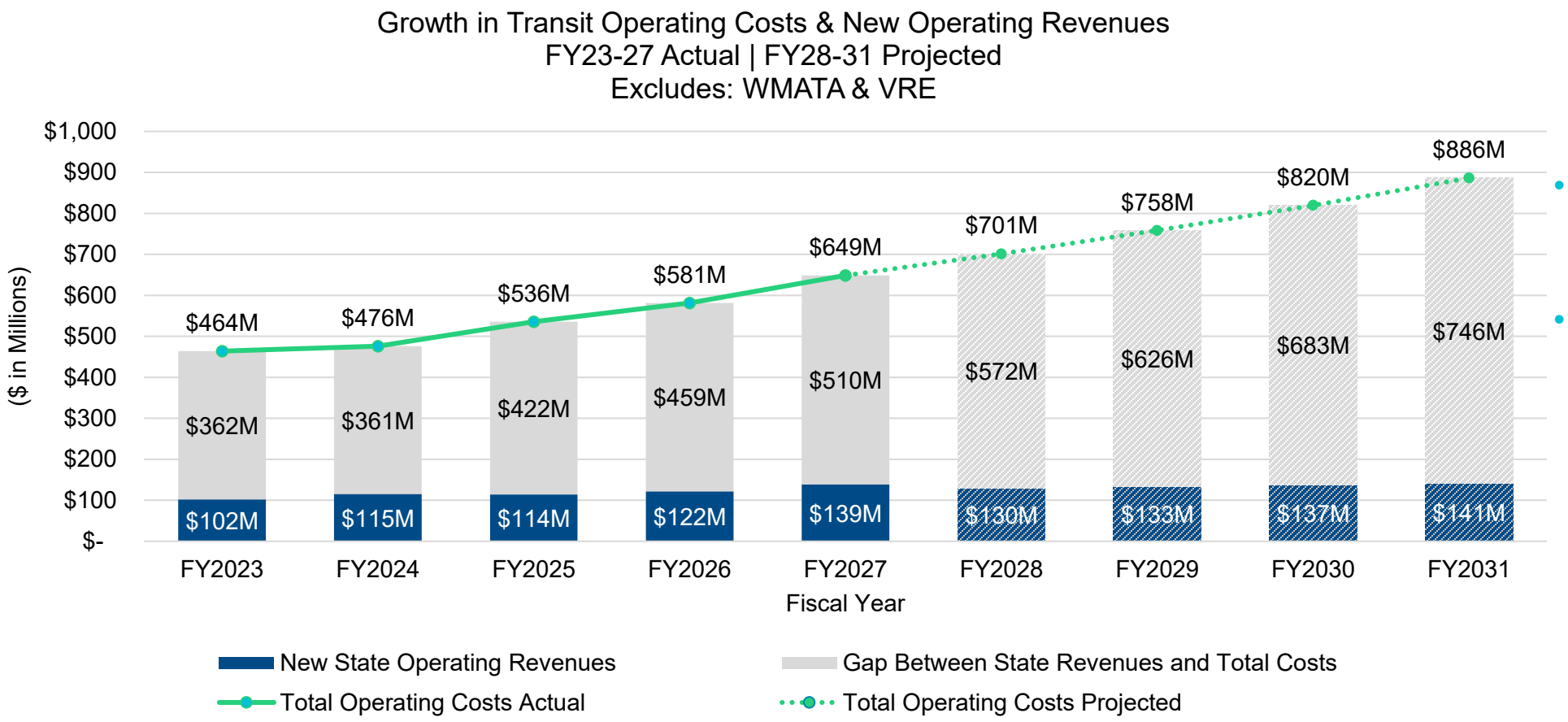
*Most data used are from the NTD, which records data from recipients of Federal Transit Administration funds. Most small urban and rural providers are not required to provide the same level of detail as large urban transit providers.

*Consumer Price Index is defined as Urban Consumer Price index, which includes food and fuel costs.

Recent Fuel Cost Increases are Impacting Transit

- **Fuel costs typically account for 5-12% of operating budgets**
  - Many transit agencies purchase fuel in bulk; others purchase at the pump
  - Rural transit providers have higher relative fuel expenditures
- **Many transit agencies projected flat fuel costs when budgeting for FY27**
  - From 2015-2025, transit fuel costs was the only operating cost category to decrease in Virginia, per NTD Full Reporters Data
  - Recent fuel cost spikes are not accounted for in the latest available NTD data
- **Transit agencies lack the ability to absorb short-term spikes**
- **Federal uncertainty adds unpredictability and impacts local planning**

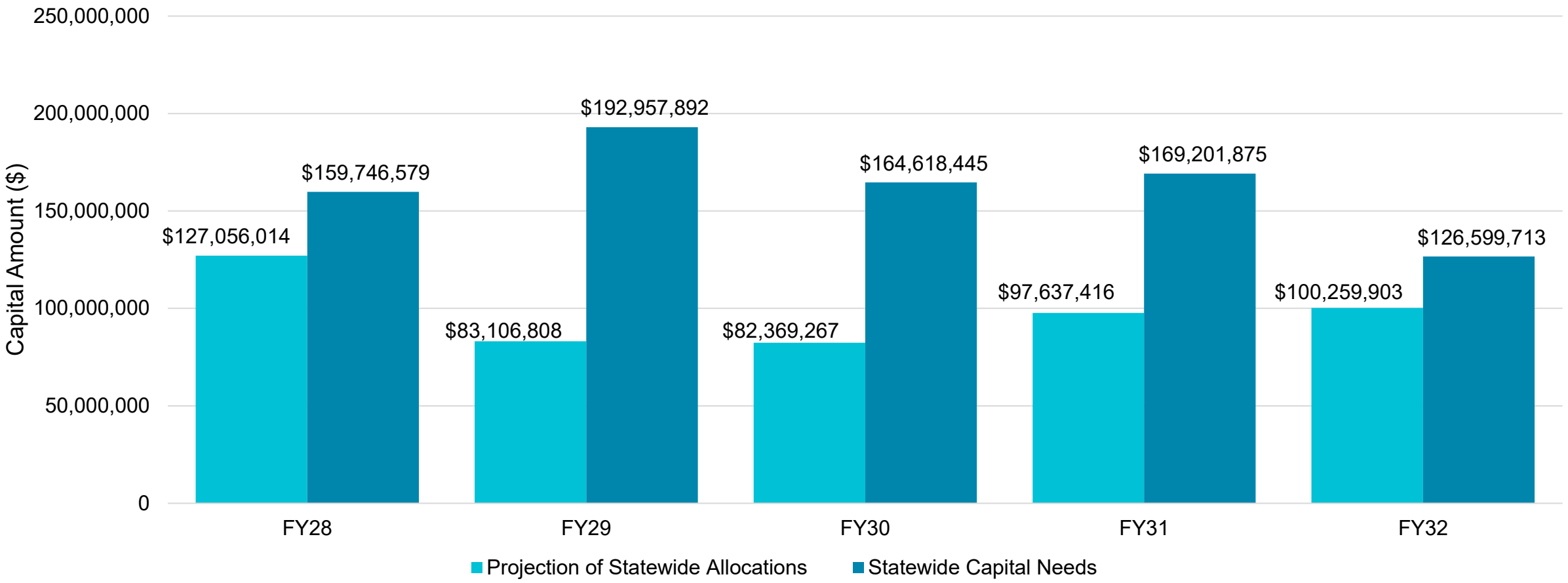
Growth in Operating Costs vs State Transit Revenues



- In FY27 Statewide Operating supports 21% of overall costs
- By FY32 Statewide Operating is projected to support only 15% of all operating costs

* Actual Total Operating Costs based on audited expenses 2 FYs Prior (i.e. FY27 costs based on FY25)
** Projected Total Operating Costs estimated using the avg. cost growth rate over the past 5 FYs (+8%)

Projected Statewide Capital Needs
Five-Year Looked Ahead



**FY28 includes carryover funding and additional funding due to FY27 $19M infusion of general funds*

Growing Capital Costs of Purchasing Transit Vehicles, 2022-2026

DRPT Maintains Statewide Purchasing Contracts for Transit Vehicles

PROCUREMENT COSTS ARE RISING ACROSS TRANSIT VEHICLE CATEGORIES

Recent price increases under DRPT statewide purchasing contracts

LARGEST INCREASE

+91.7%

BODY-ON-CHASSIS VEHICLES

Largest increase among statewide transit vehicle contracts



PRICE INCREASE BY VEHICLE CATEGORY

Body-on-Chassis Vehicles	+91.7%
Medium-Size Transit Bus	+56.1%
Transit Van	+46.0%
35'-40' Transit Bus	+14.5%
Minivans	+8.5%

KEY TAKEAWAY

Vehicle procurement costs are rising significantly across multiple transit vehicle categories, with body-on-chassis vehicles experiencing nearly **double the increase** of medium-size transit buses and more than **ten times** the increase seen in minivans.

What DRPT is Hearing

- ***DRPT hosted peer learning sessions and roundtables throughout the summer and fall to hear from transit agencies***
- **Transit operators**
  - Transit agencies are having trouble retaining operators and mechanics, who leave for higher paying jobs
  - Wages and benefits have increased to retain employees
- **Transit vehicles**
  - Costs have soared
  - New technology, safety requirements, and customer expectations have resulted in more expensive transit vehicle costs
- **Fuel**
  - Some transit agencies purchase fuel in bulk, but bulk savings are being eroded by price increases
  - Smaller transit agencies lack the budget flexibility to adapt to fuel changes
- **Budget flexibility**
  - Transit agencies seek to save where they can, but cost pressures in wages, fuel, maintenance, and insurance are unavoidable

Conclusions

Transit agencies are providing more service as demand for public transportation increases

Costs for transit operations are increasing, with many cost pressures outside of a transit agencies control

Ferry and light rail operations present unique operational and maintenance needs for HRT

State funding support for operating and capital expenses are only one part of the funding equation – federal, regional, and local funding provide the majority of budgets

Questions?

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Resource: National Transit Database (NTD)

Federally funded agencies

All report operating expenses by function.

- **Vehicle operations**
- **Vehicle maintenance**
- **Non-vehicle maintenance**
- **General administration**

Full reporters

Break these out further by:

Wages and benefits	Operator salaries and wages Other salaries and wages Fringe benefits
Services and supplies	Service costs Fuel and lubricants Tires and tubes
Other expenses	Utilities Casualty and liability Taxes

15 Virginia transit agencies are full reporters. These include Section 5307 recipients with rail or bus rapid transit service or fleets of more than 30 vehicles. Smaller providers are not “full reporters.” NTD also collects vanpool data; data are used for FTA transit funding