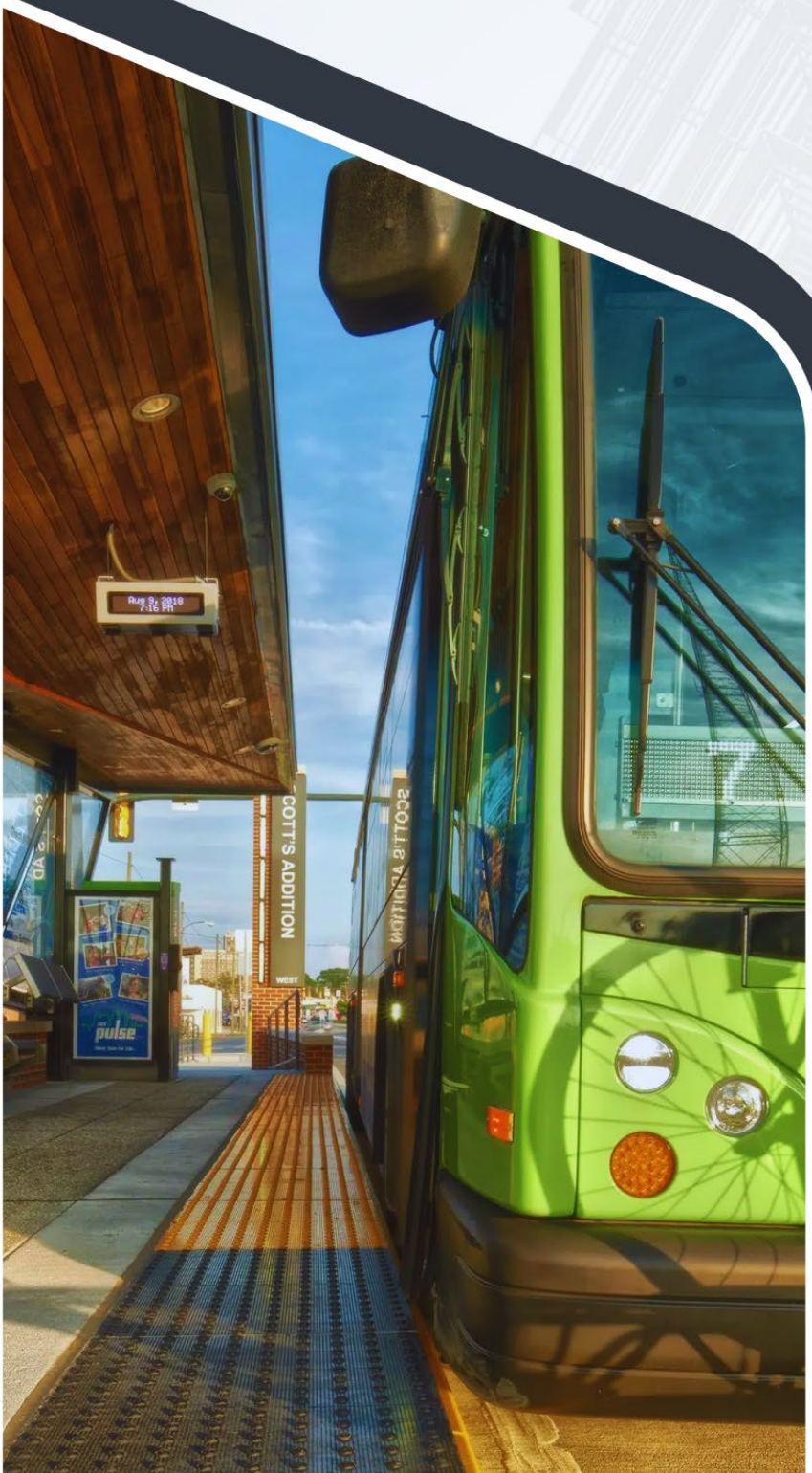
PlanRVA
Where the region comes together to look ahead.

OPEN ACCESS TRANSIT

FUNDING SUSTAINABILITY PLAN



Prepared By :
InfraStrategies LLC
June 2026

InfraStrategies

As the largest transit provider in the region, GRTC is the primary focus of this analysis because understanding the implications of Open Access transit at this scale is essential to regional decision-making. At the same time, PlanRVA recognizes the invaluable role of other providers—including rural, demand-response, paratransit, microtransit, and other specialized services—in connecting residents to essential destinations and meeting specific rider needs. Opportunities for improved interconnection among services/providers requires further study and analysis.

We view the Open Access transit program and the GRTC's articulated objectives to address the region's growing transit needs through sustained zero fares and expansion of services as a promising step toward increased regional cooperation. In anticipation of a future GRTC operating shortfall without a change in revenue sources over the next four years, PlanRVA can play a central convening, technical, and leadership role in moving the region from analysis to implementation of highlighted near-term funding opportunities.

Strategies included in this report such as including steering the use of bus lane and bus stop enforcement revenue, investigating Park & Ride monetization, re-engaging tertiary institutions, and advancing joint development revenue policy, while also positioning Open Access transit sustainability within broader state and regional funding discussions can be considered in future conversations.

The key findings from this report are summarized below:

1. **GRTC's Open Access transit program has evolved from a temporary pandemic response into an established feature of GRTC's service.**

GRTC suspended fares in March of 2020 and transitioned to an "Open Access" policy which has persisted long after the emergency conditions of COVID ended. As of the writing of this report, it will remain in place through at least fiscal year (FY) 2027. Evidence of this shift includes the program's continuation well beyond the pandemic emergency period, the integration of Open Access transit costs into broader FY27 operations and financial planning, the pursuit of long-term replacement funding strategies, and the framing of fare-free transit as a tool to advance regional mobility, ridership, and equity goals rather than solely a public health intervention.

2. **The funding sources that historically sustained GRTC's fareless service are largely transitional, non-recurring, or externally dependent.**

Major funding sources, including the state's Transit Ridership Incentive Program (TRIP), Congestion Mitigation and Air Quality (CMAQ) program funds, institutional contributions (notably Virginia Commonwealth University), and federal COVID relief dollars are now expiring or declining. GRTC's current financial outlook relies on reserve drawdowns to keep pace with projected operating cost growth over the next five years. Without new, dedicated, and recurring funding sources, the Open Access transit program will remain vulnerable to ongoing fiscal pressures.

3. **Peer fare-free programs are supported by durable, locally controlled revenue sources**

Fare-free programs at peer agencies are typically supported by recurring, locally-controlled revenue sources, such as dedicated sales taxes, general fund contributions, and employer/institutional partnerships.

4. **Measuring GRTC's Open Access transit cost solely as foregone fare revenue understates the program's relationship to GRTC's broader operating costs.**

GRTC's program has historically been costed at approximately $6.8 million annually, calculated as foregone fare revenue net of avoided fare enforcement costs. This does not functionally capture changes in service level or cost of service, and future funding plans should consider the widening structural operating gap facing GRTC overall and not only replacing fare revenue.

5. **Other operators, such as Hanover DASH and Bay Transit, also temporarily suspended fare collection during the pandemic, but have since reinstated standard fare collection.**

Compared to GRTC, Hanover DASH's fare revenues are a much smaller share of their overall funding sources; however, they are considered critical for ensuring Hanover DASH can meet its portion of any local match requirement. Comparatively, Bay Transit has acknowledged that eliminating fares would have a minimal revenue impact, but views obtaining the consensus of the twelve counties to eliminate fares as a complex endeavor. Additional engagement is needed to better understand goals and objectives for operators aside from GRTC.

6. **Federal *discretionary* funding is unlikely to provide a durable long-term operating solution.**

Most federal discretionary transit funding programs are oriented towards capital and planning activities, or to support short-term innovative pilots. While federal COVID relief and certain grant programs helped sustain Open Access transit in its early years, many of these sources are expiring. The 2026 Surface Transportation Reauthorization remains under negotiation, creating additional uncertainty around future federal transit operating support.

7. **Local sources that are under the region's control are most promising.**

Potential near-term options for the Richmond region include mobility-related taxes and fees, expanded public-private partnerships, and value-capture tools. Longer-term strategies include modest increases to general purpose taxes and fees. All will require coordinated action among PlanRVA member jurisdictions, state partners, and private

stakeholders to establish a durable funding plan aligned with Open Access transit's demonstrated value to the region.

8. **The evaluation of zero fare transit is best viewed through a regional lens.**

A regional perspective can create opportunities to engage a broader set of beneficiaries, funding partners, and mobility providers. Approaching Open Access transit as a regional investment strategy not only expands the universe of potential alternative revenue sources, but can also allow for the consideration of more integrated, cost-effective, and connected transit solutions across the region. While PlanRVA's Rural Transportation Analysis provided key insights into the demand and need for additional transit service within the region, additional study on opportunities to integrate existing transit services can enhance the impact, affordability, and sustainability of operations.

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Appendix 33

I. Introduction

Originally implemented in March 2020 as a public health response to COVID-19, the Open Access transit program has since become a core feature of GRTC's transit system, advancing regional mobility, equity, and ridership goals. In addition, the dedicated revenue stream to support zero fare operations, enabled through the establishment of the Central Virginia Transportation Authority, ignited the opportunity to explore service options beyond GRTC's traditional fixed route service in the whole of the CVTA (PlanRVA) footprint. This resulted in the launch of microtransit pilot zones in Ashland/Hanover, Powhatan and parts of Henrico and Chesterfield previously not served through fixed route service.

This report consolidates an evaluation of the financial outlook of the Greater Richmond Transit Corporation (GRTC)'s Open Access transit program over the next five years with a review of potential funding options the agency may pursue to ensure sustainability of the service in future years. First, we look at the full portfolio of funding sources that GRTC has drawn from in the past five years to support its operations. Using ridership and cost data collected by PlanRVA staff, in coordination with GRTC, we estimate the current cost of providing Open Access transit service. Building on this foundation, the analysis projects the cost of sustaining the program over the next five years by incorporating other forecasted expenses and existing revenue sources. We then evaluate opportunities and challenges associated with the expansion of Open Access transit regionally by analyzing the provision of service by Hanover and Bay Transit. Lastly, we review potential new funding sources (as well as the expansion of existing sources), including investigating how peer fare-free programs are sustained. We then evaluate each potential new source to identify the most promising for regional stakeholders to consider in the near term and long term.

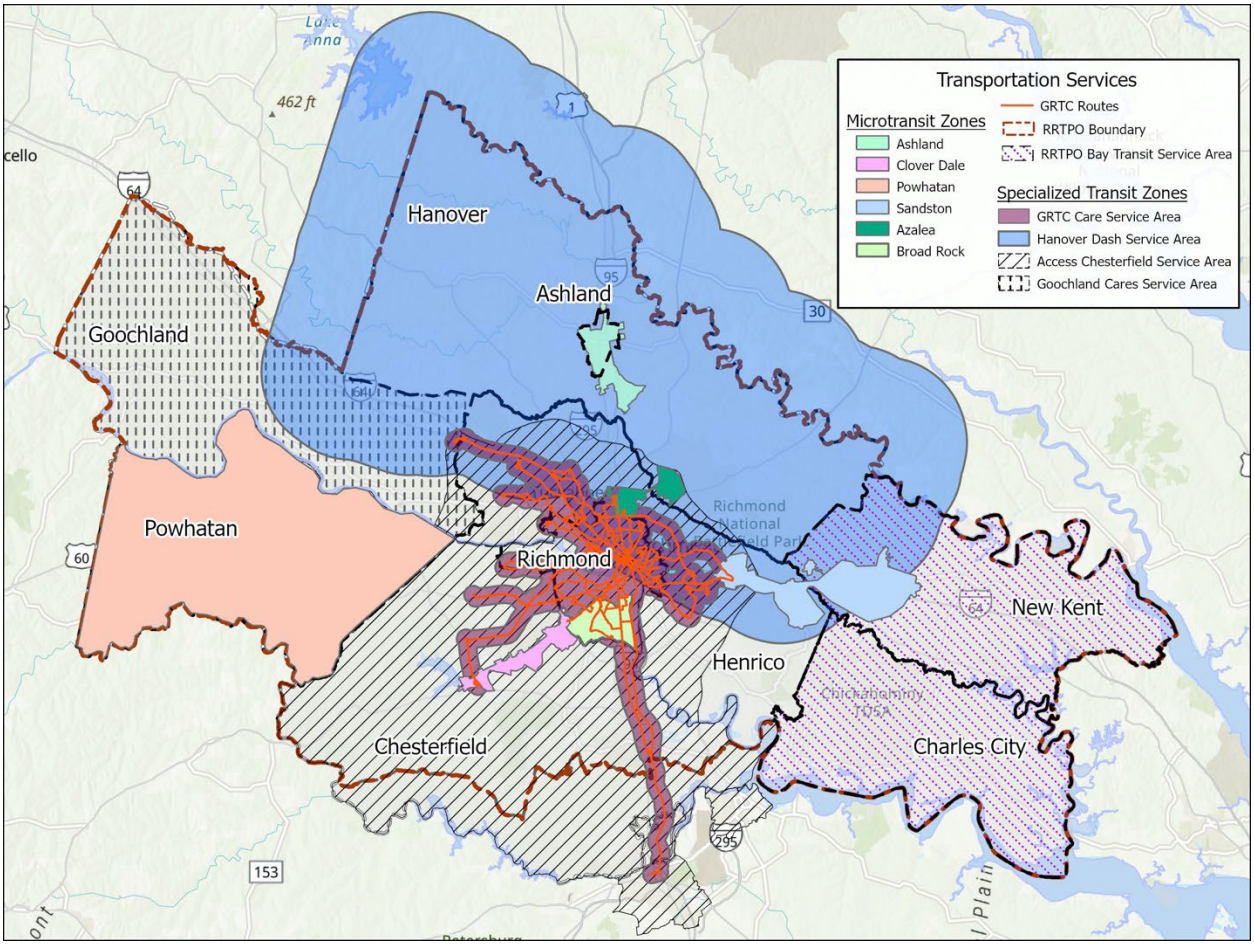
II. Background

PlanRVA

The Richmond Regional Planning District Commission (known as PlanRVA) serves as the regional convener and planning agency for nine localities across the Richmond metropolitan area, including the Town of Ashland; the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, and Powhatan; and the City of Richmond. PlanRVA also functions as the region's federally designated Metropolitan Planning Organization (MPO), which is responsible for coordinating long-range transportation planning and prioritizing federal transportation investments across the region. A number of PlanRVA's partner agencies deliver transit services tailored to the distinct needs of commuters, tourists, seniors, individuals with disabilities, and other

community members. Figure 1 provides a non-exhaustive map of transit services in the metropolitan area, with markers showing the counties served.

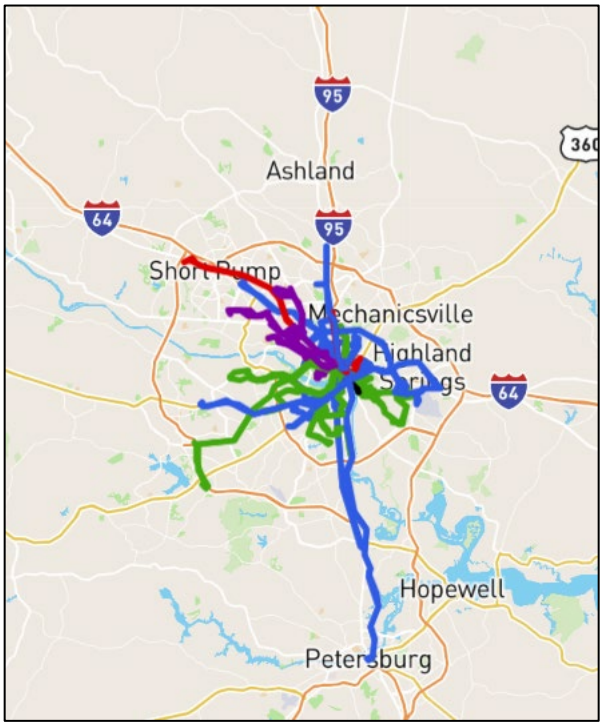
Figure 1: Transit Providers within PlanRVA Region by County



Greater Richmond Transit Corporation (GRTC)

GRTC is the largest transit operator in the Richmond metropolitan area, and handles short-to-mid range transit planning. It serves the City of Richmond as well as parts of Henrico, Hanover, Powhatan, and Chesterfield counties in central Virginia. Its Board of Directors consists of nine members, three from each jurisdiction, representing City of Richmond, Chesterfield County, and Henrico County. GRTC's service area spans 322 square miles across 31 bus routes; 4 express, 26 local routes, and 1 bus rapid transit route, "Pulse BRT". GRTC also provides paratransit and micro transit. The agency serves an annual ridership of over 12 million people,[1] with an average of 37,000 weekday trips.[2]

Figure 2: Service Area of GRTC

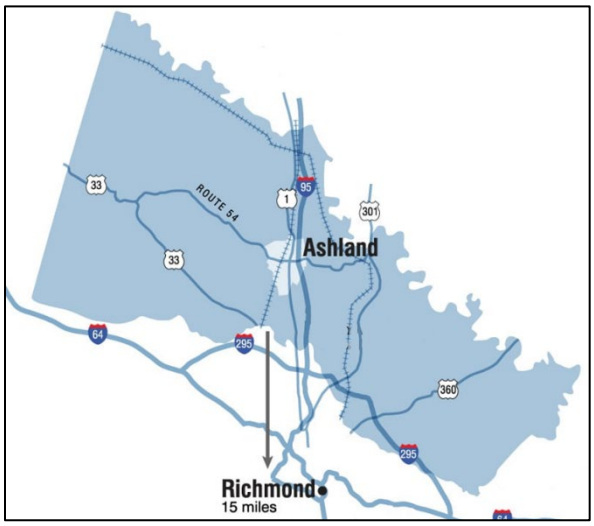


GRTC went fareless beginning in March of 2020, when riders' payment was eliminated to minimize contact between customers and operators. The last fares charged were $1.50 for local routes (including for Pulse BRT), $2.00 for express routes, and $3.00 for paratransit rides. Small discounts to commuters were provided through unlimited 7-day and 30-day trip passes. GRTC continues to charge a $6 base fare for its CARE On-Demand micro transit service, with additional charges for trips over six miles.

[1] 2026 GRTC Board Retreat 9/29/25 Presentation

[2] American Public Transportation Association Public Transportation Transit Ridership Report, Q2 2025

Figure 3: Service Area of Hanover Dash



Hanover DASH

Hanover DASH is the paratransit service serving Hanover County's elderly and disabled population. Hanover DASH is administered as a division of the Community Resources Department of Hanover County government. The program serves more than 1,000 registered residents. Registration is limited to Hanover County residents over the age of 65, or those with short or long-term disabilities. DASH provides "door-to-door" service to medical appointments, places of employment, government buildings, entertainment, and other needs – provided the agency is given 24 hours-notice for pick-ups. While its official service area is limited to Hanover County, the agency allows trips up to 7 miles beyond county lines. In FY25-26, Hanover County delivered over 28,000 trips charged at a flat rate of $5.00 per one-way trip.

Bay Transit

Figure 4: Service Area of Bay Transit



Bay Transit is a nonprofit division of Bay Aging, which provides public transportation across 12 counties in eastern Virginia, encompassing the Northern Neck and Middle Peninsula regions. In fiscal year 2022, Bay Transit recorded 130,711 annual unlinked passenger trips, operating 72 revenue vehicles over 1.4 million miles and 61,000 hours of service.[3] The service area includes Urbanna, VA, where Bay Transit operates the Urbanna Trolley – which follows a 30-minute loop connecting key attractions and amenities across the town. In 2019, ridership on the Urbanna Trolley surged after Bethpage Camp-Resort sponsored fare-free rides, highlighting the positive impact of eliminating fares on local transit use. Bay Transit offers a range of services, including $2 base fare demand-response transportation, Bay Transit Express microtransit, which provides $1 per-trip rides in

[3] Transit Development Plan for Bay Transit (FY25-34)

Gloucester Bay, and season free trolley service. For longer trips, the New Freedom demand-responsive paratransit program offers rides up to 50 miles for a $5 fare and charges $10 for trips over 50 miles. These services are designed to enhance mobility for seniors, individuals with disabilities, and the general public, ensuring equitable access to transportation across the region.

III. GRTC's Historical Operating Fund Sources

This section describes each of the primary funding sources that GRTC has relied on for operations for the past five fiscal years based on published budget documents.

Central Virginia Transportation Authority (CVTA)

Table 1: CVTA Revenues (Year of Expenditure - Millions of Dollars)

FY23	FY24	FY25	FY26	FY27	Average
$22.2	$22.9	$24.4	$30.3	32.5	$26.5

Source: GRTC FY 2027 Draft Budget

The Central Virginia Transportation Authority (CVTA) was established by the Virginia General Assembly in 2020[4] to create new funding opportunities for key transportation projects across the region.[5] CVTA funding is sourced from a regional 0.7% sales and use tax, a 9.3 cents per gallon wholesale gas tax, and a 9.4 cents per gallon diesel fuel tax. Legislation requires that GRTC receives 15% of the total funds annually; 50% is returned to the 9 localities that belong to CVTA, proportional to tax revenue raised; and 35% goes toward Regional Transportation Projects to be selected by the Authority for investment.

Virginia Department of Rail and Public Transportation (DRPT)

Table 2: DRPT Revenues (Year of Expenditure - Millions of Dollars)

FY23	FY24	FY25	FY26	FY27	Average
$19.4	$17.5	$20.3	$19.1	20.9	$19.5

Source: GRTC FY 2027 Draft Budget

The Department of Rail and Public Transportation (DRPT) funds a portion of operating expenses for eligible public transportation services from the Commonwealth Transportation Fund (CTF). DRPT employs a performance-based approach under the Making Efficient and Responsible Investments in Transit (MERIT) program to allocate operating assistance funds to each transit agency. The program covers no more than 30% of the total operating expenses incurred by public transportation operators.

[4] Chapter 37 of Title 33.2 (Highways and Other Surface Transportation Systems).

[5] Prior to passage of this legislation, GRTC was funded primarily by three municipal governments: the City of Richmond, the County of Henrico, and the County of Chesterfield. The allocation of funding responsibility was determined by negotiation, without statute or formula to guarantee each entity's contributions.

DRPT's performance-based allocation methodology for operating assistance considers sizing factors (50% cost, 30% ridership, 10% revenue vehicle hours, 10% revenue vehicle miles) and performance metrics (ridership per hour, cost per passenger, etc.) GRTC has historically received about 15% of its operating expenses.

Municipal Contributions

Table 3: Municipal Contributions (Year of Expenditure - Millions of Dollars)

Municipalities	FY23	FY24	FY25	FY26	FY27	Average
City of Richmond	**$7.4**	**$9.0**	**$9.1**	**$9.3**	**$12.0**	**$9.0**
Henrico County	**$4.0**	**$4.2**	**$4.4**	**$4.5**	**$5.3**	**$4.5**
Chesterfield County	**$0.2**	**$1.2**	**$1.3**	**$2.5**	**$2.2**	**$1.5**

Source: GRTC FY 2027 Draft Budget

These three jurisdictions annually fund GRTC through their general funds. All three municipalities depend on residential property taxes for between half and two-thirds of their general fund revenues. Sales taxes account for the next largest share, particularly for the County governments, with a smaller amount from fees for service and intergovernmental transfers. The legislation which authorizes and allocates CVTA funding (Code of Virginia § 33.2-3712) also mandates that each municipality's baseline municipal contributions reflect a 50% reduction from their FY20 budgeted amounts for GRTC. However, starting in FY23, this amount is indexed for an annual adjustment based on the CPI-U.

DRPT Transit Ridership Incentive Program (TRIP) Zero Fare Grant

Table 4: TRIP Grant Revenues (Year of Expenditure - Millions of Dollars)

	FY23	FY24	FY25	FY26	FY27	Average
State Share	**$4.5**	**$2.5**	**$4.6**	**$0.0**	**$0.0**	**$2.3**
VCU Match	**$1.3**	**$1.2**	**$1.2**	**$0.1**	**$0.0**	**$0.8**
GRTC Match	**$0.0**	**$1.5**	**$1.0**	**$0.0**	**$0.0**	**$0.5**

Source: GRTC FY 2027 Draft Budget

The Transit Ridership Incentive Program (TRIP) is a state grant program administered by DRPT that supports transit agencies in two ways: increasing regional connectivity (especially in urban areas with population over 100,000) and reducing barriers to transit access for low-income riders via zero- or reduced-fare initiatives. The program funds projects across four categories — zero/reduced fare, regional connectivity, public safety, and passenger amenities/facilities. GRTC received its final allocation under the program in

FY2025. Virginia Commonwealth University (VCU), a local tertiary institution, has historically provided $1.2 to $1.3 million annually, before a significant reduction to just $0.1 million in FY2026.

GRTC Appropriation of Prior Year Surplus/Earned Interest

Table 5: Appropriation of Prior Year Surpluses (Year of Expenditure - Millions of Dollars)

FY23	FY24	FY25	FY26	FY27	Average
$0.5	$0.6	$0.6	$5.0	$1.9	$1.7

Source: GRTC FY 2027 Draft Budget

This category represents leftover funding from prior year's appropriations to GRTC's General Fund. Use of these funds up to the amount listed is authorized to meet shortfalls in current year revenues.

Congestion Mitigation and Air Quality (CMAQ) – Formula Funds

Table 6: CMAQ Revenues (Year of Expenditure - Millions of Dollars)

FY23	FY24	FY25	FY26	FY27	Average
$0.0	$0.0	$0.0	$2.0	$0.0	$0.4

Source: GRTC FY 2027 Draft Budget

DRPT administers Virginia's CMAQ formula funds from the Federal Highway Administration (FHWA), with its allocation determined according to regional transportation planning priorities. In May 2026, DRPT determined that CMAQ funding that was allocated for use by RideFinders to support fareless would be returned to the Transportation Planning Organization (TPO) general fund with the intention of those funds being put towards the total cost of the Western BRT Pulse Expansion.

Federal Transit Administration 5307 Flex

Table 7: Federal Transit Administration 5307 Flex Funds Realized (Year of Expenditure - Millions of Dollars)

FY23	FY24	FY25	FY26	FY27	Average
$1.0	$11.4	$5.0	$13.4	11.0	$8.4

Source: GRTC FY 2027 Draft Budget

The Urbanized Area Formula Funding program (49 U.S.C. 5307) provides federal resources to urbanized areas for transit capital, operating assistance, and transportation-related planning. In urbanized areas with populations of 200,000 or more, funds are apportioned directly to a locally designated recipient who applies for and receives the federal funds. Eligible activities include capital-related studies, capital investments, crime prevention, and mobility management. Preventive maintenance (PM) and certain Americans with Disabilities Act (ADA) complementary paratransit service costs are considered capital costs. The federal share for capital expenditure cannot exceed 80% of the net project cost. PM and ADA costs are included in the operating budget.

Federal COVID Relief

Table 8: Federal COVID Relief Funds Realized (Year of Expenditure - Millions of Dollars)

FY23	FY24	FY25	FY26	FY27	Average
$2.0	$1.7	$0.3	$1.8	1.5	$1.5

Source: GRTC FY 2027 Draft Budget

Funds from the American Rescue Plan Act (ARPA) were received to aid in COVID-19 recovery efforts. The budget includes the allocation of these funds for eligible operating expenses under the program. However, these funds were a one-time allocation and have been fully expended.

Operating Expense Reimbursement Grants

Table 9: Operating Expense Reimbursement Grant Funds Realized (Year of Expenditure - Millions of Dollars)

	FY23	FY24	FY25	FY26	FY27	Average
VDOT	$0.0	$0.0	$4.3	$3.8	$0.0	$1.6
State	$0.7	$2.0	$8.5	$8.4	$9.7	$5.9
Federal	$0.9	$4.8	$4.1	$5.2	$1.6	$3.3

Source: GRTC FY 2027 Draft Budget

Total state and federal reimbursement amounts to GRTC can be reconciled to the breakdown in the FY27 budget of the 17 grants to the agency administered by DRPT. These grants provide operating reimbursements for agency hours devoted toward the planning and design of major capital project, the largest of which are the Permanent Downtown Transfer Station, Western Pulse BRT Extension, and the West End Transfer Station. In aggregate, the FY27 budget does not disclose the specific grants or programs that comprise the 'VDOT' line item.

Community Partners/ Advertising

Table 10: Community Partners / Advertising Revenues (Year of Expenditure - Millions of Dollars)

FY23	FY24	FY25	FY26	FY27	Average
$0.4	$0.6	$0.6	$0.6	$1.0	$0.6

Source: GRTC FY 2027 Draft Budget

GRTC has seen continued growth in its advertising program, which includes selling advertising revenue from its fleet, infotainment screens, benches, shelters, and offering DTS and Pulse sponsors. Their Community Partnership (TAP) program encompasses a Community Foundation Partnership and Fundraising component.

City of Petersburg

Table 11: City of Petersburg Municipal Contribution Revenues (Year of Expenditure - Millions of Dollars)

FY23	FY24	FY25	FY26	FY27	Average
$0.2	$0.2	$0.2	$0.2	$0.2	$0.2

Source: GRTC FY 2027 Draft Budget

GRTC provides one express route (95x) for service to Richmond and Petersburg. The City of Petersburg provides subsidies for this route.

Other Sources

Table 12: Revenues from Other Sources (Year of Expenditure - Millions of Dollars)

FY23	FY24	FY25	FY26	FY27	Average
$1.1	$1.0	$1.0	$1.1	$1.1	$1.1

Source: GRTC FY 2027 Draft Budget

Other sources include interest income from investments, leased employees to RideFinders, and charter revenue.

IV. GRTC's Open Access Transit Program Costs and Funding Sources

GRTC's Open Access transit policy began in 2020, as an effort to minimize contact between riders and operators during the COVID-19 pandemic. Key supporting legislation came in the form of the 2020 General Assembly establishing TRIP in Virginia Code § 33.2-1526.3. This legislation expressed two distinct goals: to improve regional connectivity of urban areas with a population in excess of 100,000 and to reduce barriers to transit use for low-income riders. GRTC received TRIP funding in December 2021 and has relied on these funds along with local contributions to sustain the program.

GRTC has historically measured the cost of the program as a function of the cost of fare enforcement subtracted from the transit agency's fare revenue level in 2019. Following this methodology, the cost of the program has traditionally been calculated as a function of the variables in Box 1 below. This has placed the net cost of the program at a constant $6.8 million since its introduction.

Box 1: GRTC Open Access Transit Program Cost Function

$8m (2019 fare revenues) minus $1.2m (the cost of fare enforcement) =
$6.8m (net cost of the Open Access Transit Program)

Fixing fare revenue at 2019 levels is attributed to external advice from the agency's transportation consultant, indicating that future ridership for fare-enforced service was

unlikely to exceed this level at any time in the foreseeable future. GRTC has historically used a $1.2 million estimate of fare enforcement costs in both budget and grant documentation. This sum includes the costs associated with the department's fare enforcement contract, hardware, software, and warranties, fare media, the RPS Pass Program, security, and armored transport, TVM cash servicing, and other dedicated staffing.

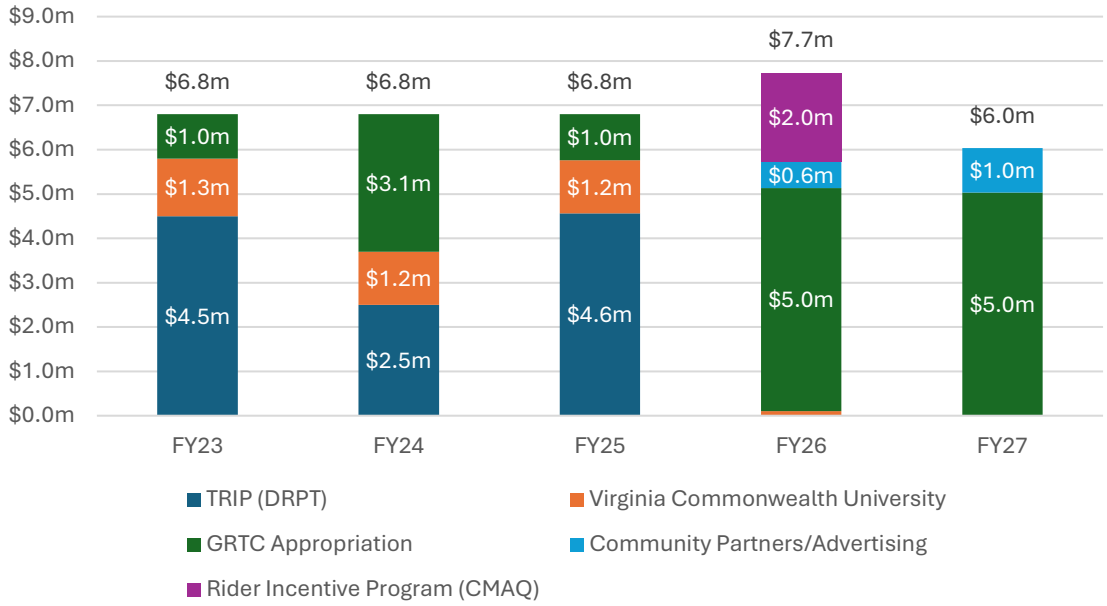
One noted drawback of GRTC's approach to measuring the cost of the program (identified in Box 1) is that it does not functionally capture changes in service level or cost of service. In 2019, fare revenues effectively covered 20% of GRTC's total operational costs**.** An alternative program cost approach that captures the impact of service levels changes would be one that applies a fixed fare recovery target to the agency's cost of operations. This factor would provide sensitivity to changes in specific agency costs as well as broader inflation.

GRTC has historically drawn on funding from several sources to meet the cost of the program. Historically, the largest external source of funding for GRTC's Open Access transit program has been the TRIP Grant, providing $8 million in funding for the program between FY23 and FY25. GRTC itself has provided the majority of the local match, contributing $8.5 million over the same period out of its operating reserves. Virginia Commonwealth University (VCU), a local tertiary institution, has historically provided $1.2 to $1.3 million annually, before a significant reduction to just $0.1 million in FY2026. Explaining this decision, a spokesperson for the University expressed that the original intent of VCU's contribution to the transit agency was to cover fares for its students. With GRTC offering Open Access transit to the general public, the University has framed its contribution as payment for a service that others now receive for free.[6]

GRTC also pursued $2.5 million in federal funds through CMAQ and its FY26 budget showed $2 million from this funding source. CMAQ funding is partially allocated by the Commonwealth Transportation Board and the Richmond Regional Transportation Planning Organization (RRTPO). The funding from CMAQ was ultimately reallocated to support new BRT service due to legislative restrictions which restrict operational uses of these funds to support new transit services. Figure 5 shows the funding sources that have historically been allocated to the Open Access transit program.

[6] Mirshahi, Dean "VCU not committed to future funding for GRTC's $0 fares". VPM.com

Figure 5: GRTC Open Access Transit Program Funding Sources



Source GRTC FY 2027 Draft Budget and InfraStrategies Calculations

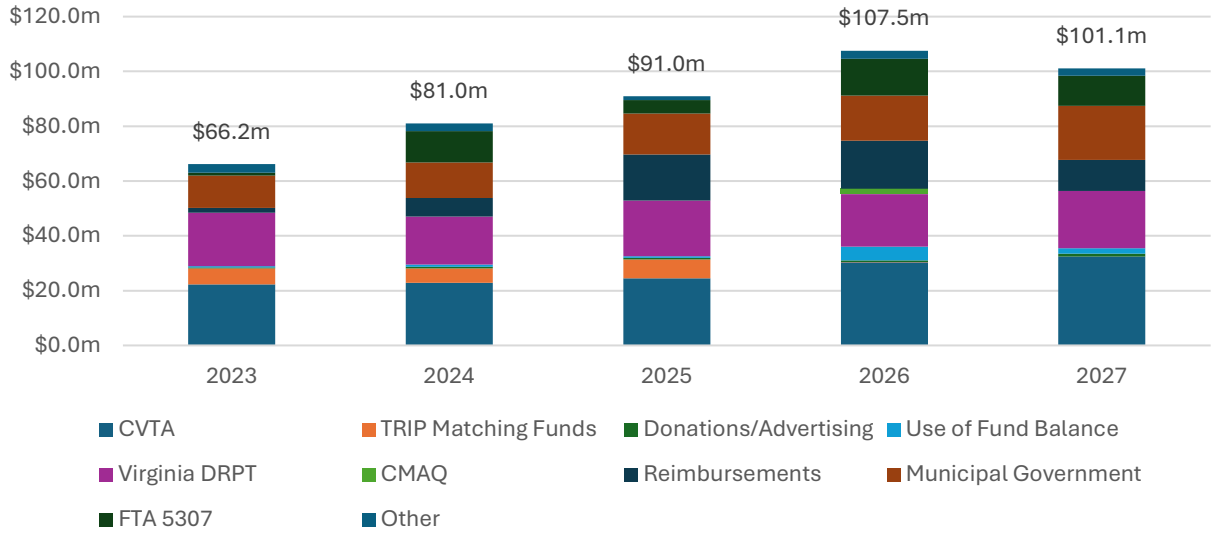
V. Financial Outlook for GRTC's Open Access Transit Program

Although the GRTC Board has placed some constraints on the use of agency funds to support the Open Access transit program going forward, this analysis sought to evaluate GRTC's broader financial capacity to support the program. The FY27 budget was the first to omit a breakout of Open Access transit as a standalone program; instead, focusing on overall operational costs. The FY27 budget shows $101.1 million in revenues against an equal sum of expenditures. Most budgeted revenues (98%) come from a broad category of operating contributions from federal, state and local governments, as well as the use of a roughly $2 million projected surplus from prior years.

CVTA[7] contributes the largest share of these funds, followed by DRPT and the Federal Transit Administration (FTA) through the Section 5307 Urbanized Area Formula Grant program. GRTC's FY27 budget revenues represent a 6% decrease from the prior year, driven largely by the reduction in grant funded projects and associated reimbursements. Figure 6 provides a breakdown of GRTC's operating revenue sources, over its past two budget cycles (FY26 and 27) and the most recent years of actuals (FY23-25).

[7] The Central Virginia Transportation Authority (CVTA) was established in 2020 to oversee new dedicated transit funding in the region. Funding is sourced from a regional 0.7 percent sales and use tax, a 7.6 cents per gallon wholesale gas tax, and a 7.7 cents per gallon diesel fuel tax. GRTC receives 15% of the total funds.

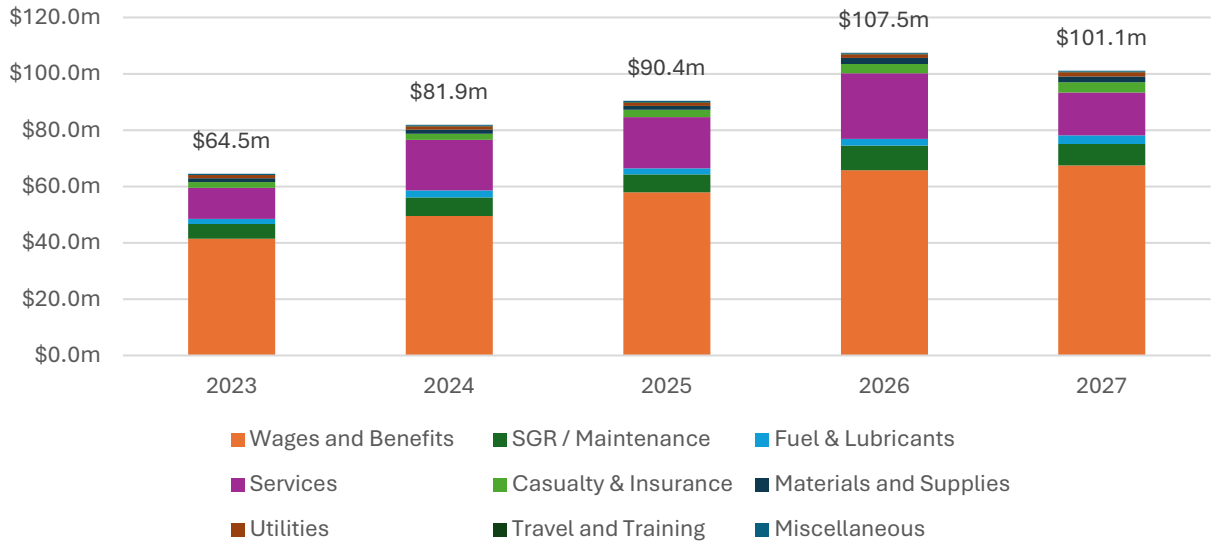
Figure 6: GRTC Operating Revenues



Source: GRTC FY 2027 Draft Budget Book

Figure 7 also shows the breakdown of GRTC's $101.1 million in operating expenses. Year over year cost increases are driven mainly by higher wages and benefits and increased vehicle maintenance costs. However, these are broadly offset by a large reduction in level of spending on grant-funded projects from $12.1 million FY26 to $4.7 million.

Figure 7: GRTC Operating Expenditures

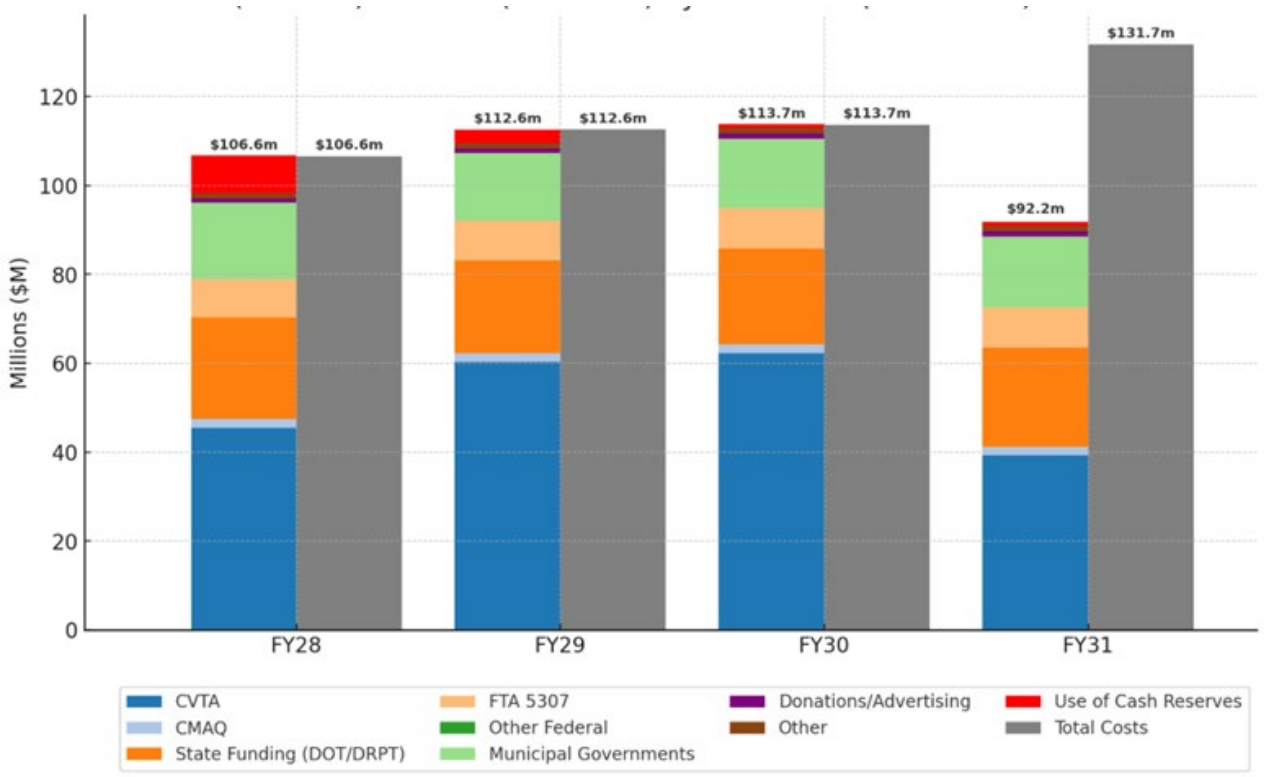


Source: GRTC FY 2027 Draft Budget Book

GRTC also provided its four-year (FY28-FY31) operating revenue and cost outlook, as shown in Figure 8. In the first three fiscal years of this projection, GRTC operating revenues

are expected to increase at an annual average rate of 3.25%-- matching the pace of growth in operating costs. However, as in the FY27 budget, fiscal balance is reliant on drawdowns from GRTC's cash reserves and prior year surpluses. Approximately $13 million in cash reserves are projected to be spent down between FY28 and FY31 to support operations. The agency will face a binding constraint on the amount of prior year funds it can draw down, following the Board's adoption of a reserve policy during FY26.

Figure 8: GRTC 4-Year Operating Outlook



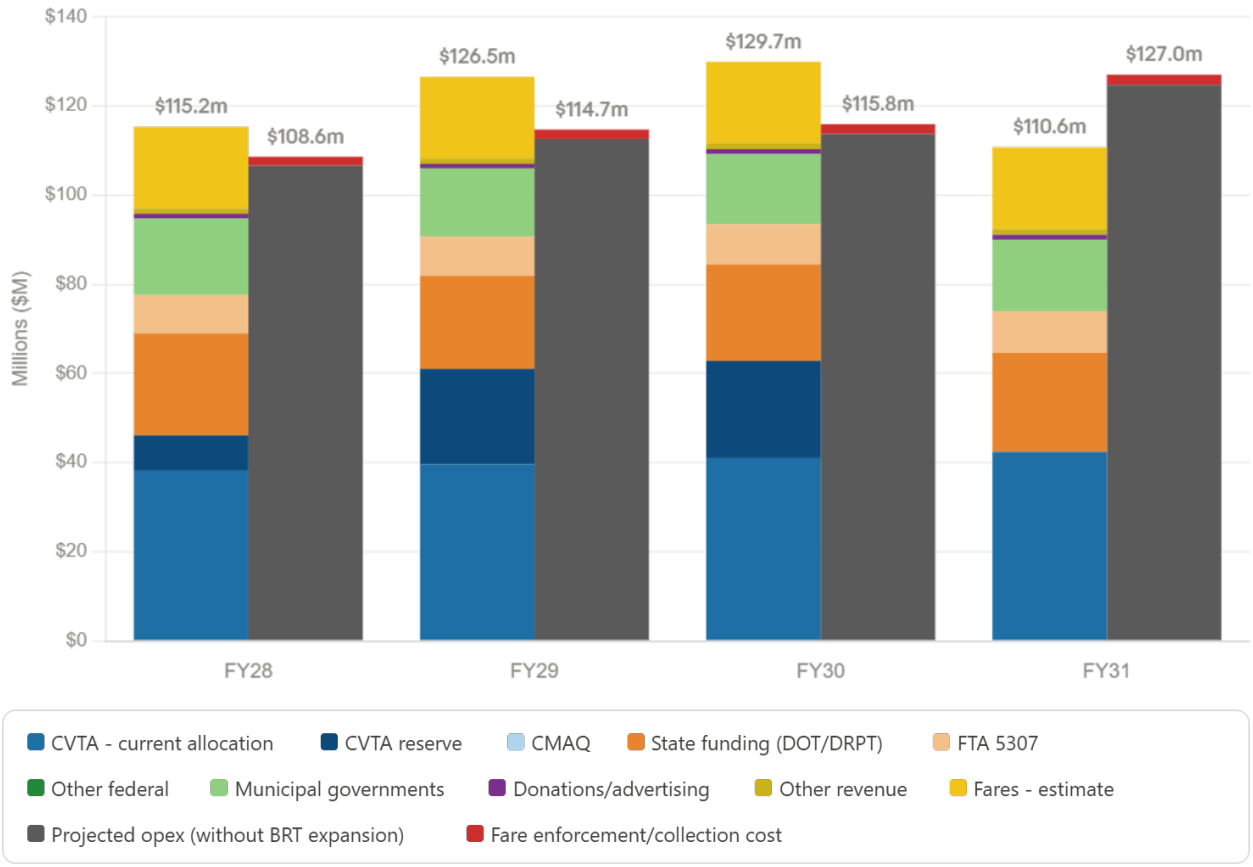
Source: FY26 GRTC Board Retreat Presentation

Fiscal pressures on the agency appear to compound in FY31, when GRTC's operating revenues are projected to decline by 19%. This is driven largely by the reduction in ability to draw-down CVTA funds (declining from $62 million in FY30 to $39 million in FY31 with the projected exhaustion of CVTA reserves). GRTC's operating costs continue to increase over the same period, from $114 million in FY30 to $131 million – meaning GRTC will face a $40 million funding gap in operations in FY31.

The rising costs of operations will put considerable pressure on GRTC's existing funding sources. Furthermore, not all of the sources of funds included in Figure 8 are guaranteed to be made available when required. For example, the use of CVTA and General Fund cash reserves are subject to Board approval as well as reserve requirements. The total exhaustion of these reserves may not be feasible nor fiscally prudent. Another iteration of the outlook which excludes the use of general fund reserves, includes the estimated

revenues and expenditures from the restoration of fares at current ridership levels, incorporates CVTA's May 2026 contribution estimates, and excludes the cost of BRT expansion in FY31[8], is shown in Figure 9. This estimate shows that even if the GRTC were to reintroduce fares in FY28, without any loss to its current ridership, it would still face a fiscal cliff in operations within four years.

Figure 9: 4-Year Outlook for GRTC with Modifications



Several other revenue options to help fill this gap were proposed at GRTC's 2026 Board Retreat, including a 0.1% increase in the Retail Sales & Use Tax and a 0.1 cent increase in the regional fuel taxes which fund the CVTA. Taken together, these policies may generate up to an additional $36 million dollars to meet the shortfall. However, adoption of these measures will depend on buy-in from GRTC's state and regional partners.

[8] The GRTC Board voted against BRT service expansion at its retreat, reducing projected FY31 operating expenditures by approximately $7 million.

VI. Opportunities to Expand Open Access Transit Regionally

In alignment with the mandate outlined by the MERIT grant, the project team engaged with regional agencies to strategize around the perceived opportunities and challenges associated with expanding fare-free service. These conversations highlighted the commonalities in agencies' experience with fare-free service during the pandemic, and their openness to reinstating the policy if supported by a stable, recurring funding source. Transit managers identified several operational concerns, such as the increase in no-show rates during fare-free periods and lack of other means by which to raise their local matching funds for federal grants. Agencies also expressed interest in exploring revenue opportunities with health care systems and medical facilities, given the importance of paratransit in providing access to medical care.

Hanover DASH

Engagement with Hanover DASH was a critical step in understanding the financial and operational considerations weighing on the decision of other regional agencies to adopt fare-free policies. While Hanover DASH did not provide official financial documentation (i.e., adopted budget or comprehensive annual financial report), its leadership noted that the largest source of funding for Hanover DASH's operations is the FTA Section 5310 – Enhanced Mobility of Seniors and Individuals with Disabilities formula grant.

The program received approximately $900,000 from Section 5310 in FY26, increasing markedly from just $187,000 in FY2020. For eligible capital and operation expenditures, the federal government covers 80% of the agency costs. The state has historically covered 16% of the non-federal share of eligible costs, with Hanover DASH (Hanover County) responsible for the remaining 4%.

Therefore, while a much smaller share of the overall funding sources, fare revenues remain critical for ensuring Hanover DASH can meet its portion of the local match requirement. DASH currently charges a $5 flat rate to riders, each way – a reduction from $6 in 2023, driven by strong financial performance. Given the estimate of 29,000 rides in the FY26 fiscal year, paratransit fares are expected to generate $149,000 in revenues.

Table 13: Hanover Dash Trips by Ride Type - FY24 to FY27 Projected

	FY24	FY25	FY26 (projected)	FY27 (projected)
Ambulatory	15,546	20,306	27,600	33,100
Wheelchair Accessible Vehicle	2,015	2,096	2,200	2,300
Total	**17,561**	**22,402**	**29,800**	**35,400**

Source: Response to Request for Information (Hanover DASH) on 9/30/25 and re-validated on 5/4/2026; IS Fare Revenue Calculations

Hanover DASH contracts with UZURV (a private transportation network company) to provide paratransit service using approved company owned/branded vehicles or wheelchair accessible vans. In FY24 and FY25, this operating arrangement provided for a cost per ride of approximately $30.25 for ambulatory riders. As shown in Table 13, approximately 10% of Hanover DASH trips required wheelchair accessible vehicles in FY25, which averaged a higher $60.10 per ride on average in FY25. Hanover DASH has not historically calculated an official farebox recovery rate, though Table 14 suggests the agency has typically achieved between 14% and 15% farebox recovery.

Table 14: Hanover DASH Revenues and Costs by Ride Type – FY24 to FY27

	FY24	FY25	FY26 (projected)	FY27 (projected)
Fare Revenues	87,805	112,010	149,000	177,000
Operating Expenditures	590,012	727,424	967,120	1,258,076
Ambulatory Service	*474,881*	*603,697*	*834,900*	*1,105,540*
Wheelchair Service	*114,843*	*123,727*	*132,220*	*152,536*
Farebox Recovery	**15.5%**	**15.4%**	**15.4%**	**14.1%**

Source: Response to Request for Information (Hanover DASH) on 9/30/25 and re-validated on 5/4/2026; IS Fare Revenue Calculations

Hanover DASH temporarily eliminated paratransit fares during the pandemic, as ridership declined, and was able to maintain fare-free service through 2021. Rising inflation and fuel costs toward the end of the pandemic, combined with rebounding ridership were cited as reasons for the return to fare collection. One operational challenge that emerged during the fare-free period was an increase in customer no-shows and cancellations. To consider implementing fare-free service again in the future at any point, management highlighted that there must be some means of replacing the existing revenue from fares, as well as an alternative buy-in mechanism that encourages riders to only book rides they are confident that they will take. Hanover DASH does not currently issue an immediate warning letter, but frequent no-show offenders are highlighted by UZURV and flagged for deregistration.

Bay Transit

Bay Transit suspended the collection of fares during the pandemic and re-instated fares in April of 2022. Bay Transit's reporting to the National Transit Database, coupled with other public documents like its FY25-34 Transit Development Plan, allow for some consideration of the broad financial picture at the agency, and the outlook for fare-free transit in the Northern Neck and Middle Peninsula region.

Table 15: Bay Transit Historical Operating Revenues

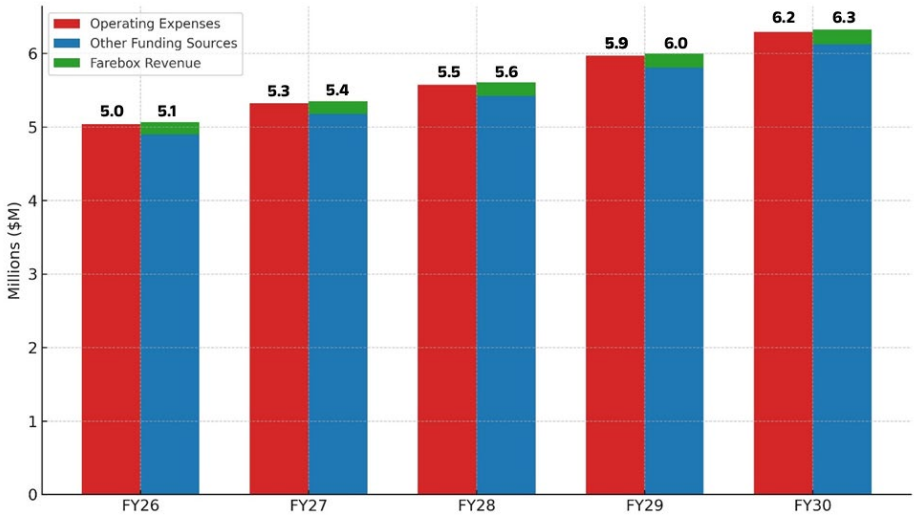
	FY21	FY22	FY23
Passenger Fares	$3,506	$78,900	$132,407
Other Revenue	$35,055	$36,616	$33,993
Federal Transfers	$3,415,089	$2,246,428	$1,340,733
State Transfers	$188,718	$1,253,432	$1,340,733
Local Transfers	$141,383	$891,939	$1,006,997
Total Operating Revenues	**$3,793,751**	**$4,507,315**	**$4,775,158**

Source: FY25-34 Transit Development Plan

Bay Transit's operating revenues primarily come from federal, state, and local intergovernmental transfers. Over the last three fiscal years, federal funding has included: FTA Formula Grants for Rural Areas (5311), CARES Act Rural Area Program Funds (5311), American Rescue Plan Act of 2021 Rural Area Program Funds (5311), and the USDOT Mobility Innovation Program. CARES ACT and American Rescue Plan resources were part of emergency funding packages for transit agencies during and following the COVID-19 pandemic, thus their expiration explains the gradual decline in federal funds to the agency, year-over-year.

Fare revenues have historically accounted for two to three percent of Bay Transit's operating revenues over the last two fiscal years. Other sources of income earned by the agency include advertising, leased space, and philanthropy. Donations from the Colonial Beach Chamber of Commerce ($2,000 per year) and the Bethpage Camp Resort ($1,500 per year) have been sufficient to provide fare-free service on the summer-only Colonial Beach Trolley and the Urbanna Trolley routes operated by Bay Transit. Together with fare revenue, these sources contribute three to four percent to Bay Transit's overall operating budget.

Figure 10: Bay Transit Projected Operating Revenues vs. Expenditures FY26-30



Source: FY25-34 Transit Development Plan

In its 10-year operating forecast, Bay Transit projects that a consistent 2.7% of operating expenditure will be recovered through fares. The costs of collecting fares within the Bay Transit system were not explicitly broken out in the Transit Development Plan and may suggest an opportunity for further study. Of the operating expenditure that is not covered by the farebox, the agency estimates that 50% will be met by federal funds, 30% by the State, and 20% by other local contributions.

Bay Transit's costs have risen significantly, with the cost per passenger trip increasing from $19 in FY2014 to just over $35 in FY25. In its FY25-35 Transit Development Plan, while it acknowledged minimal revenue impact from eliminating fares along with boosting ridership and operational efficiency, the complexity of shifting to the elimination of fares would require the agreement of the twelve counties Bay Transit serves, and a replacement funding source. Thus, while Bay Transit has demonstrated a willingness to institute fare-free service where there is sufficient financial support, its Transit Development Plan notably did not highlight reduced or zero fare among the six major priorities that emerged from community outreach.

VII. Funding Options Review

Methodology

The funding options review for this plan focused on identifying revenue sources for the continued operations and potential expansion of GRTC's Open Access transit program. Greater focus was placed on non-federal sources for this study, since most discretionary federal grant sources are for capital and planning activities, or to support piloting novel

operational concepts and proofs of concept. Additionally, there is still uncertainty surrounding ongoing negotiations of the 2026 Surface Transportation Reauthorization.

All sources identified were categorized into five groups based on shared characteristics (Table 16). The review identified and evaluated 17 funding options (Table 17). To identify the most promising sources, we then evaluated each of the 17 sources against seven criteria (Table 18). **Appendix A** provides detailed analysis for each funding option, grouped by category and sorted alphabetically.

Table 16: Categories of Funding Sources

Category	Description
General Purpose Taxes and Fees	Broad-based taxes and fees on non-transit specific goods and services
Mobility Related Taxes and Fees	Taxes and fees on transit or transportation related services
Private Sector Participation	Agreements with the private sector to contribute or offset costs of service
Value-Capture/District Based Tools	Mechanisms to recover a portion of the increased private property value created by the investment in public transit
Intergovernmental	Opportunities for funding from existing state and federal programs

Table 17. All Funding Sources Analyzed

General Purpose Taxes and Fees	Mobility Related Taxes and Fees	Private Sector Participation	Value Capture/ District Based Tools	Intergovern-mental
Real Property Tax Increase	GRTC Park & Ride Monetization	Tertiary Contributions	Joint Development	Commonwealth Transportation Fund
Personal Property Tax Increase	Fares on Premium Services	Philanthropic Donations	Land Value Tax	
Retail Sales and Use Tax Increase	Parking Excise Tax		Vacant/Unimproved Land Fee	
Local Income Tax	TNC/Ride-Hailing Fee			
Graduated Payroll Tax	Retail Delivery Fee			
	Bus Lane and Bus Stop Enforcement Fines			

Table 18. Evaluation Criteria Table

Criteria	Description
Revenue Potential	The estimated amount of revenue a source may yield.
Legality	The legal authority required to implement the source.
Stability/Predictability	The annual predictability of the source.
Political Support	The overall political dependence of the source.
Connection to Transit	The relationship between the funding source and public transportation.
Partnerships	Required partnerships or coordination with other entities.
Tax Burden	The proportionate impact of the mechanism across income levels.

Other Zero Fare Programs by Revenue Sources

Across both full and partial zero fare programs in the state of Virginia and nationally, transit agencies generally sustain fareless service through locally controlled, recurring revenue sources—most common are dedicated sales taxes, utility or transit operations fees, city or county general fund contributions, and/or mill levies. Some systems layer these with dedicated state-level sources, such as Massachusetts' 2022 Fair Share Amendment and Oregon's .1% statewide payroll tax. A small group relies on institutional partnerships with universities, hospitals, business districts, or major employers, especially in college towns and mid-sized cities. Agencies also supplement funding (or are considering supplementing funding) with advertising, sponsorships, and parking revenue. Tables describing the funding makeup of specific zero fare or partial zero fare programs can be found in **Appendix B**.

Near-Term Opportunities

Near-term opportunities, shown in Table 19, represent viable funding sources that could contribute to continued Open Access transit operations. These sources have anticipated shorter implementation timelines and have some barriers to access.

Table 19. Summary of Near-Term Opportunities

Category	Name	Estimate Annual Revenue	Authority to Implement
Mobility Related Taxes and Fees	Bus Lane & Bus Stop Enforcement Fines	$3-4M	GRTC
Mobility Related Taxes and Fees	GRTC Park & Ride Monetization	$130,000 - $340,000	GRTC
Private Sector Participation	Tertiary Contributions	$1M	GRTC
Value Capture	Joint Development	$1M	GRTC

Bus Lane & Bus Stop Enforcement Fines

This entails revenue from fines charged to individuals who illegally park in bus lanes and at bus stops. Bus-mounted cameras capture violations for review before citations are issued. Successful pilots and early programs nationwide demonstrate the efficacy of utilizing technology to capture vehicles illegally parked in transit zones and collect fines. There is a

strong nexus with improving transit performance. Drivers in DC face $100 fines for blocking dedicated bus lanes. NVTC is considering a similar concept across Northern Virginia jurisdictions. Chesterfield has recently launched a school bus stop-arm camera violation program with $250 penalties.

SB583 recently passed in the Virginia Senate and House authorizing public transit agencies to utilize technology to enforce certain parking or stopping regulations. However, it does not include any language around revenue uses or revenue sharing and this will need to be determined. We estimate a rough order of magnitude revenue potential between $3-$4 million annually, based on the Chesterfield pilot.

GRTC Park & Ride Monetization

GRTC can institute parking fees for customers to use any of the seven GRTC-owned Park & Ride lots, which are currently free. Additionally, GRTC can consider leasing excess lot space to nearby organizations. There are several models for introducing pricing to GRTC-owned lots, including demand-based, flat-rate, or time-based. On a longer-term horizon, GRTC can consider developing its parking facilities to offer more amenities and consider properties for future mixed-use development with revenue generation. Charging for parking has a strong nexus with accessing transit and enables the recovery of property maintenance costs, although any improvement will require capital costs. A rough order of magnitude estimate for parking revenues is low, estimating $130,000 - $340,000 annually assuming 20 – 50% occupancy, based on current conditions.

Tertiary Contributions

This is a funding contribution from tertiary organizations that rely on transit service as a core service offering for their constituents, such as a university or community college. In our research of peer fareless programs, we've found that these programs sustain themselves through sizable contributions from local universities and other institutions of higher education.

For example, Charlottesville Area Transit (CAT) operates a free fare service to the greater Charlottesville area that is sustained in part from a University of Virginia contribution. Fairfax City's CUE Bus operates fare free service and George Mason University increased its contribution by 3% in 2026 to help offset the cost of student and staff ridership. Outside of Virginia, Chapel Hill Transit has offered free rides for over 20 years, supported in part by UNC Chapel Hill. Mountain Line in Missoula operates a zero-fare system, and the University of Montana is one of its biggest financial contributors.

While VCU has historically contributed $1.2-$1.3 million annually to GRTC before reducing its contribution in FY26 and pursuing a dedicated contracted shuttle service, the Richmond area is home to several other universities and institutions of higher education including University of Richmond, Virginia Union University, Virginia State University, Randolph Macon College, Reynolds and Brightpoint Community Colleges.

Joint Development

Joint development is a form of public-private partnership wherein a private developer either implements a real estate or infrastructure improvement directly or contributes money to a public sector sponsor to offset the public infrastructure costs of its development. The revenue potential of a joint development project can vary greatly given its relation to parcel-specific land values. GRTC and City of Richmond's Economic Development Authority have already initiated the process of developing a 3-acre Downtown Transfer Hub and Mixed-Use Development with issuing a request for qualifications (RFQ) in November 2025 for an experienced development team.

While WMATA has successfully structured joint development agreements in Northern Virginia, the Richmond area may yield lower revenues. Further, the zero-fare program requires a recurring payment stream, and developers tend to favor non-recurring payment structures for joint development. We estimate this roughly to $1 million dollars annually, based on WMATA joint developments in Northern Virginia.

Future Opportunities

Potential future opportunities, shown in Table 20, are funding sources that may not currently be viable or easily accessible, but are worth pursuing for sustaining future Open Access transit operations in the long term.

Table 20. Potential Future Funding Opportunities

Category	Name	Estimate Annual Revenue	Authority to Implement
Mobility Related Taxes and Fees	TNC/Ride-Hailing Fee	$23.3 million statewide	State
Mobility Related Taxes and Fees	Retail Delivery Fee	$215 million statewide	State
Value Capture	Land Value Tax	A $0.06 increase in land tax rate could generate $6.9 million under a split-rate system.	City of Richmond
General Purpose Taxes & Fees	Real Property Tax Increase	A $0.015 increase in the tax rate in Richmond could generate $6.8 million annually.	Municipality

General Purpose Taxes & Fees	Personal Property Tax Increase	A rate increase of $0.435 per $100 in Richmond could generate $6.8 million annually.	Municipality

TNC/Ride-Hailing Fee

This is a per-trip or percentage-of-fare fee imposed on trips provided by transportation network companies (TNCs) like Uber or Lyft. This encourages mode-shift and has a nexus to reducing congestion, which helps improve transit performance. Rideshare also tends to be utilized by less price-sensitive consumers, compared to transit riders.

Virginia HB 1179 (Tran) proposed a 4.3% tax on the gross proceeds derived from fares charged by TNC for transporting passengers in Virginia, with estimates of $23.3 million revenue statewide. The proposal would have directed revenues to the Commonwealth Mass Transit Fund (CMTF) to support transit agencies across Virginia. While the bill was stayed in committee, it remains part of the broader funding conversation.

Retail Delivery Fee

This is a per-trip delivery fee upon each retail delivery made in a prescribed area. While a retail delivery fee does not encourage transit use, it does have a nexus to congestion management, which helps improve transit operations. Virginia HB 1179 (Tran) proposed a $0.50 delivery fee on every retail delivery statewide, with estimates of $214 million revenue statewide. Under this proposal, revenues would flow into the CMTF, increasing funding available to transit agencies through the existing state allocation framework. While the bill was stayed in committee, it remains part of the broader funding conversation.

Land Value Tax

A Land Value Tax (LVT) is a property tax that, unlike traditional property taxes, does not consider any value of improvements on the land, but rather taxes only the value of the land itself. This essentially shifts the tax burden off of multifamily housing and commercial properties and onto vacant land, surface parking lots, and underdeveloped or abandoned property. Many of these types of properties exist in downtown or urban spaces. It is considered a more progressive tax, and helps tie transit to land use. Under Virginia's current code, Richmond is already allowed to enact a land value tax; however, the City has yet to adopt an ordinance to implement split-rate taxation. A $0.06 increase in land tax rate could generate $6.9 million under a split-rate system.

Real Property Tax Increase

This would be an increase in the ad-valorem tax on real estate. The City of Richmond, Henrico County, and Chesterfield County all make annual contributions to GRTC through their general funds, which are funded primarily through real property taxes. Richmond's 2026 adopted fiscal plan warns that Richmond continues to be a locality with above average fiscal stress, which limits its available revenue options. Richmond has more tax-exempt real estate than any locality in the region; its tax-exempt properties are two to five times that of Chesterfield, Hanover, and Henrico. Henrico's rate is the lowest among the 10 largest localities in Virginia. However, in October 2025, Richmond voted to keep real estate tax rate unchanged after a proposed reduction to lower the rate by .04 cents per $100 of assessed value. Henrico recently reduced its rate by 2-cents, and Chesterfield has lowered its rate for the fourth year in a row. A $0.015 increase in the tax rate in Richmond (currently $1.20 per $100) could generate $6.8 million annually.

Personal Property Tax Increase

This would be an increase in the ad-valorem tax on motor vehicles. The City of Richmond, Henrico County, and Chesterfield County all make annual contributions to GRTC through their general funds, in which personal property taxes make up a significant portion. Virginia state code expressly authorizes counties and independent cities to levy an ad valorem tax on personal property and allows local governing bodies to set the amount and terms. There is no rate limit, although the first $20,000 in value must be taxed at a lower rate. Personal property taxes are considered less regressive than Sales and Use taxes as a vehicle value can be loosely correlated with income. However, in 2025, Henrico reduced its rate to $3.35 per $100 and in 2024, Chesterfield lowered its rate to $3.35 per $100. A rate increase of $0.435 per $100 in Richmond could generate $6.8 million annually.

Existing Sources to Monitor

Existing sources to monitor are those that have been the subject of recent state, regional, and local discussions and any changes would affect GRTC's operations.

Commonwealth Transportation Fund

In 2024, the Virginia General Assembly established a Joint Subcommittee through Senate Joint Resolution 28 to study long-term, sustainable funding sources and cost-containment strategies for public transit agencies in Northern Virginia. In November 2025, the Subcommittee formally submitted its recommendations to legislators. One of the recommendations included authorizing additional revenues to CTF and/or the CMTF. This would provide additional statewide funding for all public transit agencies in the Commonwealth.

Central Virginia Transportation Authority

CVTA funding is currently sourced from a regional 0.7% sales and use tax, a 7.6 cents per gallon wholesale gas tax, and a 7.7 cents per gallon diesel fuel tax. GRTC receives 15% of the total funds; 50% is returned to the 9 localities that belong to CVTA, proportional to tax revenue raised; and 35% goes toward Regional Transportation Projects. On March 31, 2026, the Hanover County Board of Supervisors sent a letter to GRTC Board of Directors requesting to begin discussions around reallocating its contribution to CVTA directly to its DASH program, citing increases in operation expenses from $100,000 to $1,000,000.

VIII. Recommended Next Steps

1. **Shape bus lane and bus stop enforcement revenue policy.**

PlanRVA and GRTC have the opportunity to engage early in discussions around how revenues from automated bus lane and bus stop enforcement will be allocated. Given the direct connection to transit speed, reliability, and customer experience, there is a strong case for revenues to be reinvested into GRTC operations and improvements that support Open Access transit service.

2. **Conduct a net-revenue study of GRTC Park & Ride monetization.**

PlanRVA can support GRTC by evaluating the revenue potential, operating costs, customer impacts, and implementation requirements for charging for parking or leasing excess capacity at GRTC Park & Ride facilities. This study can update GRTC's 2019 analysis, assess current supply and demand, and identify whether parking monetization can generate meaningful recurring revenue without discouraging transit use.

3. **Connect statewide TNC and retail delivery fee bill proposals to Open Access transit program sustainability.**

Future state bill proposals for TNC fees or retail delivery fees should be considered as a potential mechanisms to help sustain fare-free transit in the Richmond region. PlanRVA and GRTC should clearly articulate how these sources can support mobility, congestion management, and continued access to fareless service.

4. **Engage tertiary institutions and major regional anchors.**

PlanRVA and GRTC can pursue a renewed institutional partnership strategy with universities, community colleges, health care systems and medical facilities, and other major anchors that benefit from access to fare-free transit. These conversations should highlight how fareless programs nationally are sustained largely by contributions from these organizations.

5. **Develop a policy for reinvesting joint development revenues.**

As GRTC advances its joint development opportunities, it should consider adopting a policy that directs some portion of recurring revenues towards its transit operations. This will help ensure that value created by transit-supportive development is reinvested back into operations of the system.

6. **Monitor proposed changes to CTF and CVTA funding.**

PlanRVA and GRTC should closely monitor any proposed changes to the Commonwealth Transportation Fund (CTF), Commonwealth Mass Transit Fund (CMTF), and Central Virginia Transportation Authority (CVTA), since changes to these sources will materially affect GRTC's long-term operating outlook. Continued engagement with state and regional partners is important to ensure that Open Access transit program sustainability is considered within these funding discussions.

7. **Engage Bay Transit on the costs and benefits of fare collection.**

PlanRVA should continue efforts to engage Bay Transit to better understand and evaluate the net cost of fare collection, including farebox equipment, administrative burden, enforcement, and customer impacts. This can help determine whether fare-free service is financially or operationally viable for Bay Transit.

Appendix

A. All Funding Options Reviewed

General Purpose Taxes and Fees	Mobility Related Taxes and Fees	Private Sector Participation	Value Capture/ District Based Tools	Intergovern-mental
Real Property Tax Increase	GRTC Park & Ride Monetization	Tertiary Contributions	Joint Development	Commonwealth Transportation Fund
Personal Property Tax Increase	Fares on Premium Services	Philanthropic Donations	Land Value Tax	
Retail Sales and Use Tax Increase	Parking Excise Tax		Vacant/Unimproved Land Fee	
Local Income Tax	TNC/Ride-Hailing Fee			
Graduated Payroll Tax	Retail Delivery Fee			
	Bus Lane and Bus Stop Enforcement Fines			

Mobility Related Taxes and Fees

Institute Parking Fees at GRTC Park & Rides

Definition

Institute parking fees for customers to use any of the seven GRTC-owned Park & Ride lots, which are currently free, or consider leasing excess lot space to nearby organizations.

REVENUE

$130k - $340k per year, assuming 20% to 50% occupancy

CRITERIA RATING

- ○ Revenue Potential
- ○ Tax Burden
- ● Connection to Transit
- ◑ Stability/Predictability
- ● Legal
- ● Partnerships
- ● Political Support

Pros

- ✓ There are several models for introducing pricing: demand-based parking, reservations for a fee, leasing lot space to nearby organizations, developing facilities with more amenities to provide justification, adding mixed use development, etc.
- ✓ Strong nexus with accessing transit
- ✓ Enables recovery of property maintenance costs

Cons

- × Facilities may not have enough demand currently to justify charging a fee
- × Any improvement of the facility will require capital costs
- × Requires a net-revenue study to estimate revenue potential after enforcement and capital expenses

O&M? Y

Existing? N

16

Mobility Related Taxes and Fees

Implement Fares on Premium Services like LINK Microtransit

Definition

Implement fares on premium GRTC services like LINK Microtransit, while keeping fixed route services zero fare.

REVENUE

$220k - $352k for fares between $2.50-$4.00

CRITERIA RATING

- ○ Revenue Potential
- ◑ Tax Burden
- ● Connection to Transit
- ◑ Stability/Predictability
- ● Legal
- ● Partnerships
- ● Political Support

Pros

- ✓ Microtransit riders *may* be higher income than fixed route riders. If this is the case, GRTC would not be cross-subsidizing higher cost trips for fewer riders.
- ✓ Microtransit service operates at a higher cost per ride than fixed route service.

Cons

- × Introducing fares will likely suppress ridership on microtransit, but could shift to other GRTC services
- × In 2025, LINK had 88,218 rides. Implementing even a $2.50 fare on microtransit will not meaningfully close GRTC's Zero Fare funding gap.

O&M? Y

Existing? N

17

Mobility Related Taxes and Fees
Parking Excise Tax

Definition

A tax imposed on the privilege of using a parking space in a private surface lot or commercial parking garage within a district.

REVENUE

Rates between 6-31% nationwide

Pros

- ✓ Successful case studies nationwide (i.e., IL Statewide Parking Excise Tax)
- ✓ Encourages mode-switch; potentially increasing ridership
- ✓ Progressive in nature; affects higher-income vehicle owners
- ✓ Proposed 2026 state legislation to impose a 10% tax on gross receipts for parking in public commercial lots in certain Northern Virginia localities, demonstrating legislative interest.
- ✓ Virginia Tax Commissioner has ruled that charges for parking only are not subject to the state retail sales tax.

Cons

- × Tax burden is on end user but may still face organized opposition from lot/garage owners
- × Would require revenue-sharing agreement with GRTC or to put towards municipal contributions

CRITERIA RATING

- ○ Revenue Potential
- ◑ Tax Burden
- ◑ Connection to Transit
- ◑ Stability/Predictability
- ◑ Legal
- ○ Partnerships
- ◑ Political Support

O&M? Y

Existing? N

18

Mobility Related Taxes and Fees
TNC/Ride-Hailing Fee

Definition

Per-trip or percentage-of-fare fee imposed on trips provided by transportation network companies (TNCs) such as app-based ride-hailing services.

REVENUE

A 4.3% TNC tax would bring in $23.3M statewide.

Pros

- ✓ Encourages mode-shift, reducing traffic congestion
- ✓ Rideshare tends to be utilized by less price-elastic consumers (relative to transit riders)
- ✓ HB1179 (Tran) bill proposed additional revenues that would be directed to the CMTF, including a statewide 4.3% tax on the gross proceeds derived from fares charged by transportation network companies for transporting passengers in Virginia. This suggests some political interest.

Cons

- × HB1179 (Tran) was left in committee, which means no additional advance this year.
- × Richmond area is not a direct beneficiary of the new proposed regional revenues in HB1179.
- × The bill also changes statewide allocations, which may affect Richmond's share

CRITERIA RATING

- ● Revenue Potential
- ○ Tax Burden
- ● Connection to Transit
- ◑ Stability/Predictability
- ◑ Legal
- ○ Partnerships
- ◑ Political Support

O&M? Y

Existing? N

Mobility Related Taxes and Fees

Retail Delivery Fee

Definition

Per-trip delivery fee upon each retail delivery made in any county or city located within the PlanRVA district.

Pros

- ✓ HB1179 (Tran) bill proposed additional revenues that would be directed to the CMTF, including a $0.50 delivery fee on every retail delivery statewide. This suggests some political interest.
- ✓ Nexus to congestion management

Cons

- × Does not encourage transit use.
- × HB1179 (Tran) was left in committee, which means no additional advance this year.

REVENUE

A 50-cent fee on each package delivered is estimated to bring in $214M statewide.

CRITERIA RATING

- Revenue Potential
- Tax Burden
- Connection to Transit
- Stability/Predictability
- Legal
- Partnerships
- Political Support

O&M? Y

Existing? N

Mobility Related Taxes and Fees

Bus Lane & Bus Stop Enforcement Revenue

Definition

Revenue from fees charged to individuals who illegally park in bus lanes and at bus stops. Bus-mounted cameras capture violations for review before citations are issued.

Pros

- ✓ SB583 recently passed in Senate and House authorizing public transit agencies to utilize bus obstruction monitoring systems to enforce certain parking or stopping regulations
- ✓ Successful case studies nationwide demonstrate efficacy of utilizing bus-mounted cameras to capture vehicles illegally parked in transit zones.
- ✓ Strong nexus with improving transit performance
- ✓ Chesterfield has recently launched a school bus stop-arm camera violation program with $250 penalties

Cons

- × SB583 does not include language around revenue uses or revenue sharing and this will need to be determined

REVENUE

$3-4M annually, based on Chesterfield pilot

CRITERIA RATING

- Revenue Potential
- Tax Burden
- Connection to Transit
- Stability/Predictability
- Legal
- Partnerships
- Political Support

O&M? Y

Existing? N

General Purpose Taxes & Fees
Real Property Tax Increase

Definition

An increase in the ad-valorem tax on real estate. The City of Richmond, Henrico County, and Chesterfield County all make annual contributions to GRTC through their general funds, which are funded primarily through real property taxes.

Pros

- ✓ Richmond's 2026 adopted fiscal plan warns that Richmond continues to be a locality with above average fiscal stress, which limits its available revenue options. Richmond has more tax-exempt real estate than any locality in the region. Its tax-exempt properties are two-five times that of Chesterfield, Hanover, and Henrico.
- ✓ Henrico's rate is the lowest among 10 largest localities in Virginia.

Cons

- × In Oct. 2025, Richmond voted to keep real estate tax rate unchanged after a proposed reduction to lower the rate by .04 cents per $100 of assessed value.
- × Henrico recently reduced its rate by 2-cents.
- × Chesterfield has lowered its rate for the fourth year in a row.

REVENUE* A $0.015 increase in the tax rate in Richmond could generate $6.8M annually

RATES
$1.20 per $100 - Richmond
$0.83 per $100 – Henrico
$0.89 per $100 - Chesterfield

CRITERIA RATING
- Revenue Potential
- Tax Burden
- Connection to Transit
- Stability/Predictability
- Legal
- Partnerships
- Political Support

O&M? Y

Existing? Y

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General Purpose Taxes & Fees
Personal Property Tax Increase

Definition

An increase in the ad valorem tax on motor vehicles. The City of Richmond, Henrico County, and Chesterfield County all make annual contributions to GRTC through their general funds, in which personal property taxes make up a significant portion.

Pros

- ✓ Virginia state code expressly authorizes counties and independent cities to levy an ad valorem tax on personal property and allows local governing bodies to set the amount and terms
- ✓ Not subject to a rate limit; although first $20,000 in value must be taxed at a lower rate
- ✓ Considered less regressive than a sales and use tax as vehicle value can be loosely correlated with income

Cons

- × In 2025, Henrico reduced its rate to $3.35.
- × In 2024, Chesterfield had a historic reduction from $3.60 to $3.35, the lowest rate since 1976 and the lowest rate when ranked among peer localities.
- × House Joint Resolution 14 proposes a constitutional amendment that would exempt one personally owned, non-commercial motor vehicle from state and local personal property taxes.

REVENUE Rate increase of $0.435 per $100 in Richmond could generate $6.8M annually

RATES
$3.70 per $100 - Richmond
$3.35 per $100 – Henrico
$3.35 per $100 - Chesterfield

CRITERIA RATING
- Revenue Potential
- Tax Burden
- Connection to Transit
- Stability/Predictability
- Legal
- Partnerships
- Political Support

O&M? Y

Existing? Y

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24

General Purpose Taxes & Fees
Retail Sales and Use Tax Increase

Definition

A tax imposed on the retail sales, lease, or rental of tangible personal property or on the use of such property when sales tax was not paid at purchase.

RATE

0.1% increase in rate could generate between $24.6M and $27.2M

Pros

- ✓ The Central Virginia Transportation Fund is sourced from a regional 0.7% sales and use tax. GRTC receives 15% of the total funds.
- ✓ Richmond, Henrico, and Chesterfield also make annual contributions to GRTC through their general funds, in which 1% of the 6% of local sales and use tax collected on each purchase makes up a significant portion.
- ✓ Virginia state code expressly authorizes any city or county to levy a retail sales tax.
- ✓ HB 900 proposes lowering the state portion of the sales and use tax by 0.3% and creating a 0.2% regional sales and use tax to fund transportation in NoVA.

Cons

- × Virginia state code expressly authorizes any city or county to levy a general retail sales tax *at the rate of one percent.*
- × The Richmond region is not currently included in HB 900.
- × Considered a regressive tax, since lower income households pay a higher share of their income in sales taxes than higher-income households

CRITERIA RATING

- ● Revenue Potential
- ○ Tax Burden
- ◑ Connection to Transit
- ◑ Stability/Predictability
- ◑ Legal
- ○ Partnerships
- ◑ Political Support

O&M? Y

Existing? Y

25

General Purpose Taxes & Fees
Local Income Tax

Definition

Every county has a local income tax in which localities set their own rates, but the state collects and distributes it to lower the burden of collection for localities.

REVENUE

$67M - $103M from a local 1% add on to state's top 5.75% top individual income tax rate

Pros

- ✓ Progressive in nature, rate increases according to earnings
- ✓ Northern Virginia localities had this option from 1989-2013 before the law was repealed. 15 other states permit this.
- ✓ Recent precedents for change to local tax authority (e.g. constitutional amendment to allow certain veterans and surviving spouses to forego paying taxes on homes)

Cons

- × No immediate legal pathway
- × Does not encourage transit use

CRITERIA RATING

- ● Revenue Potential
- ● Tax Burden
- ○ Connection to Transit
- ● Stability/Predictability
- ○ Legal
- ○ Partnerships
- ○ Political Support

O&M? Y

Existing? Y

26

General Purpose Taxes & Fees
Graduated Payroll Tax

Definition

A local payroll tax imposed on employers and self-employed individuals whose employees work within the transit service district. The tax is based on a percentage of wages earned inside the district.

Pros

- ✓ Oregon has a statewide transit tax of .10% of wages that employers must withhold and remit. Transit agencies like Lane Transit District and TriMet rely on the payroll tax as one of their largest revenue streams for operations.
- ✓ The Richmond region is home to seven Fortune 500 company headquarters and an additional five Fortune 1,000 companies

Cons

- × No immediate legal pathway
- × Employers may pass-through their share of any payroll tax; negatively impacting wages

REVENUE

Depends on structure; potentially equivalent to income tax (ie. $67M to $103M)

CRITERIA RATING

- Revenue Potential
- Tax Burden
- Connection to Transit
- Stability/Predictability
- Legal
- Partnerships
- Political Support

O&M? Y

Existing? N

27

Value Capture
Joint Development

Definition

Revenues generated from private development of GRTC or City-owned land through ground leases, station-area retail, air rights, etc.

Pros

- ✓ GRTC and City of Richmond's Economic Development Authority have already begun process of developing 3-acre Downtown Transfer Hub and Mixed-Use Development with issuing an RFQ in November of 2025 for an experienced development team
- ✓ WMATA has successfully structured joint development agreements in northern Virginia

Cons

- × Zero Fare requires a recurring payment stream; developers favor non-recurring payment structures for joint development
- × Richmond-area joint development opportunities may yield lower revenues than in northern Viriginia

REVENUE

Up to $1M dollars annually; based on WMATA joint developments in NoVA

CRITERIA RATING

- Revenue Potential
- Tax Burden
- Connection to Transit
- Stability/Predictability
- Legal
- Partnerships
- Political Support

O&M? Y

Existing? N

29

Value Capture
Land Value Tax

Definition

Splits property tax system in two, raising the tax rate charged against the land (Land Value) while cutting taxes on homes, buildings, and other structures (Improvement Value).

Pros

- ✓ Raises the taxes that people pay on undeveloped, underdeveloped, or abandoned properties and encourages improving on these lots
- ✓ Considered more progressive than a traditional property tax
- ✓ Under Virginia's current code, Richmond is allowed to enact a land value tax, and previous representatives have authored bills in the General Assembly
- ✓ Ties transit to land use

Cons

- × 2025 House Joint Resolution 451 to allow the Department of Housing and Community Develop to study the tax implications of allowing localities to implement a land value tax failed

REVENUE

$0.06 increase in land tax rate could generate $6.9M under a split-rate system

RATES

$1.20 per $100 - Richmond
$0.83 per $100 – Henrico
$0.89 per $100 - Chesterfield

CRITERIA RATING

- ○ Revenue Potential
- ● Tax Burden
- ◑ Connection to Transit
- ◑ Stability/Predictability
- ○ Legal
- ○ Partnerships
- ◑ Political Support

O&M? Y

Existing? N

30

Value Capture
Vacant/Unimproved Land Fee

Definition

Owners must register vacant or unimproved parcels and pay an annual fee that escalates over time.

Pros

- ✓ Several models for this: can be flat annual fee per parcel, fee per square foot, escalating fee the longer land remains vacant or unimproved
- ✓ Can be easier politically than a land value tax
- ✓ Helps to discourage land speculation, excessive parking, and encourage development
- ✓ Transit-supportive land use policy and ability to provide frequent, fast transit in a dense environment

Cons

- × Richmond already has ability to tax land and improvements separately, granted by SB 725 (2020); however, Richmond has never adopted an ordinance to implement split-rate taxation
- × Inspection and administrative burden limits revenue potential under some existing models

REVENUE

Benchmarks suggest between $90k and $240k annually

CRITERIA RATING

- ○ Revenue Potential
- ● Tax Burden
- ◑ Connection to Transit
- ◑ Stability/Predictability
- ● Legal
- ○ Partnerships
- ◑ Political Support

O&M? Y

Existing? N

31

Private Sector Participation
Tertiary Contribution

Definition

Funding contribution from tertiary organizations that rely on transit service as a core service offering for their constituents, such as a university or community college

REVENUE

$1.2M (previous FY2019 VCU contribution)

CRITERIA RATING

- Revenue Potential
- Tax Burden
- Connection to Transit
- Stability/Predictability
- Legal
- Partnerships
- Political Support

O&M? Y

Existing? Y

Pros

- ✓ Other zero-fare programs inside and outside of Virginia rely on contributions from local tertiary institutions to sustain operations
- ✓ The Richmond area is home to several aside from VCU, including University of Richmond, Virginia Union University, Virginia State University, Randolph Macon College, Reynolds and Brightpoint Community Colleges.

Cons

- × Virginia Commonwealth University (VCU), a local tertiary institution, has historically provided $1.2 to $1.3 million annually, before a significant reduction to just $0.1 million in FY2026.

Private Sector Participation
Philanthropic Contribution

Definition

GRTC's Transit Access Partnership (TAP) allows individuals and organizations to make tax-deductible donations through RideFinders, a registered 501(c)(3) nonprofit division of GRTC, to maintain service.

REVENUE

$2M+ estimated annually by GRTC

CRITERIA RATING

- Revenue Potential
- Tax Burden
- Connection to Transit
- Stability/Predictability
- Legal
- Partnerships
- Political Support

O&M? Y

Existing? N

Pros

- ✓ Can serve as bridge funding to close short-term operating gaps
- ✓ Can help buy time ahead of longer-term public funding solutions
- ✓ Can potentially be faster to deploy with less administrative burden
- ✓ Can help support equity or social justice related issues, like Zero Fare service

Cons

- × Unpredictable revenue stream that does not provide multi-year certainty or guaranteed cash flow
- × Requires significant staff time to build and nurture relationships with prospective donors

34

Intergovernmental

Commonwealth Transportation Fund (CTF)

Definition

The Department of Rail and Public Transportation (DRPT) funds a portion of operating expenses for eligible public transportation services from the CTF. DRPT employs a performance-based approach under the Making Efficient and Responsible Investments in Transit (MERIT) program to allocate operating assistance funds to each transit agency. The program covers no more than 30% of the total operating expenses incurred by public transportation operators. GRTC has historically received about 15% of its operating expenses.

Pros

- ✓ In November 2025, SJR 28, a joint subcommittee submitted a recommendation to authorize additional revenues to the Commonwealth Transportation Fund (CTF) and/or the Commonwealth Mass Transit Fund (CMTF). This would provide additional statewide funding for all public transit agencies in the Commonwealth.

Cons

- × The subcommittee was focused on the Northern Virginia area and aside from the statewide recommendations, did not focus on the Richmond area.

REVENUE

GRTC receives on average about $19.1M annually through MERIT

CRITERIA RATING

- Revenue Potential
- Tax Burden
- Connection to Transit
- Stability/Predictability
- Legal
- Partnerships
- Political Support

O&M? Y

Existing? Y

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B. Zero Fare Programs by Revenue Sources

Below are tables dedicated to specific zero fare or partial zero fare programs, organized first by agencies within the state of Virginia and then those outside the state of Virginia. We relied on the National Transit Database for 2024 statistics related to service area population, service area, annual unlinked passenger trips, operating expense, operating expense per unlinked passenger trip. Other sources include the specific annual budget books for each locality and other sources where mentioned.

Zero Fare Programs in Virginia

Charlottesville Area Transit + Jaunt Paratransit Service	Charlottesville, VA and counties of Buckingham, Fluvanna, Louisa, Nelson and rural Albemarle
Service Area Population	85.755
Service Area	38 sq miles
Service Type	Downtown trolley, local bus, microtransit
Annual Unlinked Passenger Trips (2024)	1,353,061
Operating Expense (2024)	$11,068,960
Operating Expense per Unlinked Passenger Trip	$8.18
Description	• Starting in 2020, CAT began operating fare free service • In 2021, received a $1,066,620 TRIP grant to maintain fare free until June 2026
Zero Fare Revenue Sources	• University of Virginia contribution • Advertising revenues • Albemarle County contribution • City of Charlottesville contribution • State grant (TRIP)
Source	CAT FY 2026 Budget

CUE Bus	Fairfax City, VA
Service Area Population	22,565
Service Area	6 sq miles
Service Type	12 buses on a fixed route system
Annual Unlinked Passenger Trips (2024)	1,002,134
Operating Expense (2024)	$5,322,053

Operating Expense per Unlinked Passenger Trip	$5.20
Description	• Fare-free service throughout the City of Fairfax began in FY22 using ARPA funding to offset revenue shortfall
Zero Fare Revenue Sources	• George Mason University increased their contribution by 3% in 2026 to help offset cost of student and staff ridership • Transportation Tax Fund (12.5 cents per $100 of assessed value on all commercial and industrial properties) • DPRT TRIP grant (expiring soon) • General Fund
Source	City of Fairfax FY26 Adopted Budget

DASH	Alexandria, VA
Service Area Population	159,200
Service Area	16 sq miles
Service Type	Citywide bus service and King Street Trolley
Annual Unlinked Passenger Trips (2024)	5,351,810
Operating Expense (2024)	$39,409,524
Operating Expense per Unlinked Passenger Trip	$7.04 bus $49.88 Demand Response
Description	• Launched full zero fare service in 2021 after suspending fares for one year during pandemic • In 2024, received **no** federal government provided operating funds
Zero Fare Revenue Sources	• City General Fund, Transportation Improvement Program, NVTA 30% Fund, DRPT and NVTC grants, and non-city sources including state aid through NVTC Trust. • The Transportation Improvement Program (TIP) Fund comprises the City's reserved real estate tax revenue of 2.2 cents, earmarked to fund transportation and transit capital infrastructure, along with associated operating expenses
Source	DASH Free Fares Program Annual Report 2023

FXBGO!	Fredericksburg Regional Transit

Service Area Population	113,716
Service Area	242 sq miles
Service Type	Regular weekday bus service in City and Counties; weekday dedicate VRE feeder service; Friday evening and Saturday and Sunday service centered on University of Mary Washington during academic eyar
Annual Unlinked Passenger Trips (2024)	332,441
Operating Expense (2024)	$4,363,980
Operating Expense per Unlinked Passenger Trip	$13.13
Description	• As of Feb 28, 2022, operates fare free service • Initially received a grant from DRPT "TRIP" to pay for zero fare, but current grant expires in February of 2026 and continuation of fare free service is being evaluated • FXBGO! estimates any future farebox revenue would cover between 2-2.5% of operating costs
Zero Fare Revenue Sources	• DRPT TRIP grant • Is considering seeking additional contributions from other local jurisdictions, including the City, County, and University of Mary Washington to cover some of the lost revenue
Source	FY26 Adopted Budget July 2025 Public Transit Advisory Board Minutes

Partial Zero Fare Programs in Virginia

Loudoun Transit and Commuter Services	Loudoun County, VA
Service Area Population	420,959
Service Area	516 sq miles
Service Type	Local bus, commuter bus, paratransit, and new on-demand microtransit pilot
Annual Unlinked Passenger Trips (2024)	690,676
Operating Expense (2024)	$25,095,465
Operating Expense per Unlinked Passenger Trip	$27.92 Commuter Bus $93.41 Demand Response $37.78 Bus

Description	• In July 2025, launched a new fareless pilot service "Transit on Demand" which operates on-demand microtransit within a defined 5-6 mile service area • Paratransit rides within the zone are also free • Continue to collect fares for bus and commuter bus services
Zero Fare Revenue Sources	• Transportation District Fund: real property tax revenue from Metrorail Tax District, County General Fund (equivalent to $0.02 of the real property tax rate)
Source	FY 2026 Adopted Budget

Zero Fare Programs Outside Virginia

Area Regional Transit (ART)	St. Lucie County, Florida
Service Area Population	358k
Service Area	572 sq. miles
Service Type	8 bus routes, 3 microtransit zones, paratransit
Annual Unlinked Passenger Trips (2024)	733,058
Operating Expenses (2024)	$12.2M
Operating Expense per Unlinked Passenger Trip	$51.10 for Demand Response $6.23 for bus
Description	• Fare-free transit service began as a pilot program for students only in 2015. • Pilot was expanded to **all** riders in 2017 with grant support from Board of County Commissioners and FDOT. • 2020 study conducted by FDOT recommended 2-year extension of program
Zero Fare Revenue Sources	County General Fund
Source	St Lucie County FY25 Adopted Budget

Chapel Hill Transit	Chapel Hill, North Carolina
Service Area Population	80,218
Service Area	62 sq miles
Service Type	21 routes
Passenger Trips (2024)	3,885,139
Operating Expense (2024)	$28,898,560

Operating Expense per Unlinked Passenger Trip	$67.76 demand response $6.53 bus
Description	• Has offered free rides for over 20 years. • Exceptions are fares for specific routes to Hillsborough and the Tar Heel Express service provided for athletic and other special events for the University.
Zero Fare Revenue Sources	• Funded by UNC Chapel Hill, town of Chapel Hill, and town of Carrboro on a contractual basis. • Other funding sources include taxes, vehicle taxes ($15 vehicle tax for transit), federal operating assistance, state operating assistance, Advertising, and Grants • In 2021, Chapel Hill paid $5.5M, Carrboro paid $1.9M, and UNC-Chapel Hill paid $8.5M
Source	Chapel Hill 2025-2026 Adopted Budget Transit Fund

Corvallis Transit System (CTS)	Corvallis, Oregon
Service Area Population	67,306
Service Area	14 sq. miles
Service Type	Fixed route bus
Annual Unlinked Passenger Trips (2024)	1,020,099
Operating Expense (2024)	$4,379,944
Operating Expense per Unlinked Passenger Trip	$4.29 for bus
Zero Fare Revenue Sources	• City “Transit Operations Fee” on utility bills for individual households and businesses • State funding from .1% tax on employees managed by ODOT (Small Transit Intensive Cities Funding)
Description	Implemented full fare-free transit in 2011
Source	FY24 Budget for City of Corvallis

Detroit People Mover	Detroit, Michigan
Service Area Population	92,477
Service Area	3 sq miles
Service Type	Automated, elevated rail system that runs in one-way loop around Downtown Detroit

Annual Unlinked Passenger Trips (2024)	1,040,277
Operating Expense (2026)	$20.6M
Operating Expense per Unlinked Passenger Trip	$19.82
Description	• Standard fare was 75 cents until the People Mover switched to free fare as a pilot program with a presenting sponsor in 2024 and continue fare free in 2025 with a goal to make it permanent
Zero Fare Revenue Sources	• Corporate sponsorship
Source	Detroit News, "Detroit People Mover to remain fare free for 2025, extended hours." Jan. 5, 2025 FY26 Adopted Budget for City of Detroit

Intercity Transit	Olympia, Washington
Service Area Population	206,183
Service Area	101 sq miles
Service Type	21 bus routes, door-to-door paratransit, vanpool
Annual Unlinked Passenger Trips (2024)	4,589,073
Operating Expense (2024)	$69,763,188
Operating Expense per Unlinked Passenger Trip	$19.24 Commuter Bus $124.82 Demand Response $11.39 Bus $14.28 Vanpool
Description	• 5-year zero fare program started in 2020 covering bus and paratransit service • Extended to January 2028 • Still charges flat rate fares for vanpool
Zero Fare Revenue Sources	• Use funds from a 0.4% increase in sales and use tax passed in Nov. 2018 to maintain, improve, and expand public transportation services • Revenues from vanpool fares • Revenues from Amtrak Depot operations
Source	Intercity Transit FY24 Adopted Budget

Merrimack Valley Transit	Haverhill, Massachusetts
Service Area Population	398,382
Service Area	225 sq miles

Service Type	Local and intercity bus, paratransit (demand response), seasonal beach bus
Annual Unlinked Passenger Trips (2024)	2,950,920
Operating Expense (2024)	$25,087,768
Operating Expense per Unlinked Passenger Trip	$42.78 Demand Response $7.27 Bus
Description	• Adopted fareless in March 2022, originally funded through federal COVID 19 relief funds • 3 years later, adopted permanently
Zero Fare Revenue Sources	• Sustained using state funding from Massachusetts Fair Share Amendment passed in 2022, which provided a 60% increase in operating funds • Fair Share Amendment is an additional 4% on portion of personal annual income over $1M that goes towards transportation and public education
Source	MVRTA FY24 Financial Statement MeVA Fare Free Evaluation and Business Case

Mountain Line (Missoula Urban Transportation District)	Missoula, Montana
Service Area Population	76,955
Service Area	70 sq miles
Service Type	12 Fixed Routes
Annual Unlinked Passenger Trips (2024)	1,298,724
Operating Expense (2024)	$14,114,272
Operating Expense per Unlinked Passenger Trip	$46.72 Demand Response $8.61 Bus
Description	• Operates a zero fare system since 2015, beginning with a 3-year demonstration project that was funded by key community and local government partners • University of Montana and City were biggest contributors, followed by 12 other community partners, including hospitals and medical centers, public schools, department for aging, downtown and parking associations, shopping mall, and affordable housing provider.

Zero Fare Revenue Sources	• Mill levy increased approved in 2020 • Missoula County financial assistance • Advertising
Source	Missoula Urban Transportation District 2023 and 2024 Audited Financial Statements

RideConnect (Cache Valley Transit District)	Cache Valley, Utah
Service Area Population	113k
Service Area	33 sq. miles
Service Type	Fixed route, paratransit, and on-demand service
Annual Unlinked Passenger Trips (2024)	1,495,652
Operating Expense (2024)	$9,594,519
Operating Expense per Unlinked Passenger Trip	$37.51 for Demand Response $5.59 for bus
Description	• Fare free since 1992 • Evaluates zero fare policy every 5 years and looks at qualitative and quantitative impacts of charging fares
Zero Fare Revenue Sources	Local .3% sales tax dedicated to transit service
Source	Cache Valley Transit District FY25 Budget

Sun Tran	Tucson, Arizona
Service Area Population	788,356
Service Area	335
Service Type	Sun Tran buses, the Sun Link streetcar, Sun Van disability services, Sun Express commuter routes and Sun On Demand rideshare service (41 fixed routes)
Annual Unlinked Passenger Trips	17,970,113
Annual Operating Expense (2024)	$101,219,745
Operating Expense per Unlinked Passenger Trip	$44.17 Demand Response $4.66 Bus $3.12 Streetcar
Description	• Fares have been free for past five years and in August 2025, voted to continue offering fare free transit.

	• City of Tucson is currently considering an increase on parking meters and surface parking to help offset operating expenses for the Sun Link streetcar, which operates primarily through a tourism district
Zero Fare Revenue Sources (2024)	• Tucson's general fund covers 9% of the city's transit costs (compared to 0% in Phoenix, 2.7% in Mesa and 0% in Tempe) • Also paid for by $8M sponsorship revenue, $2.5M advertising revenue, RTA, general fund, and other revenue
Sources	SunTran FY24 Annual Report

Partial Zero Fare Programs Outside Virginia

North Central RTD	New Mexico
Service Area Population	295,718
Service Area	10,115 sq miles (rural)
Service Type	26 Fixed route bus, rideshare, paratransit
Annual Unlinked Passenger Trips (2024)	121,967
Operating Expense (2024)	$5,652,331
Operating Expense per Unlinked Passenger Trip	$48.64 Bus $33.75 Demand Response
Description	• Service is free on 26 fixed routes • Microtransit is $1.00 flat fare
Zero Fare Revenue Sources	• Regional Transit Gross Receipts Tax (one-eighth of one percent) since 2008
Source	2024 Annual Financial Report

MBTA	Boston, MA
Service Area Population	2,682,227
Service Area	664 Sq Miles
Service Type	• 3 select Local Bus Routes (23, 28, and 29) plus paratransit service within ¾ mile of routes 23, 28, and 29 • Fare-free Silver Line (SL1) service from Logan Airport Terminals operated in partnership with Massport

Annual Unlinked Passenger Trips (On Select Routes)	• The three fare-free bus routes collectively reported greater increases in ridership from Fall 2021 to Fall 2022 than the bus system as a whole, and use of The RIDE within the program area also grew faster than The RIDE system ridership as a whole
Operating Expense (On Select Routes)	N/A
Description	• In August 2021, began with six-month fare free pilot for Route 28, then in March 2022 expanded to Route 23, 28, and 29 and extended until March 2026 • Bus routes along some of the highest ridership corridors with over half of riders on those routes considered low income.
Zero Fare Revenue Sources	• Initially funded from City of Boston using ARPA funding • Sustained using state funding from Massachusetts Fair Share Amendment passed in 2022 (additional 4% on portion of personal annual income over $1M that goes towards transportation and public education.)
Source	Cost Analysis of Fare Free Bus