

Commission on Local Government

Estimate of Local Fiscal Impact

2025 General Assembly Session | 1/16/25

In accordance with the provisions of 30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of legislation impacting local governments.

SB919: Private companies providing public transportation services; employee protections. (Patron: Saddam Azlan Salim)

Bill Summary: Private companies providing public transportation services; employee protections. Requires the governing body or transportation district commission of any county or city that contracts with a private company to provide transportation services to (i) require such company to provide any employee of such company providing such services compensation and benefits that are at a minimum equivalent to the compensation and benefits provided to a public employee, as defined in the bill, with a position requiring equivalent qualifications and (ii) if a county or city within such transportation district has adopted an ordinance or resolution authorizing collective bargaining by employees of such county or city, require such company to enter into and adhere to a collective bargaining agreement.

Local Fiscal Impact: Net Additional Expenditure: ___x___ Net Reduction of Revenues: ___x___

Summary Analysis:

Number of Localities Responding: 4 Cities, 11 Counties, 2 Towns, 1 Other

Localities estimated a negative fiscal impact ranging from \$800,000 to \$4 million over the biennium.

Localities that contract with other service providers to offer transportation services stated that the costs of their contracts were likely to increase, and those costs would ultimately be passed on to localities. However, it was difficult to determine exact costs because final outcomes would be subject to negotiation processes.

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Net Increase in Expenditures: Itemized Estimates by Responding Localities

Locality	Nonrecurring Expense - Operating		Nonrecurring Expense - Capital		Nonrecurring Expense - Other		Total Increase in Expenses (Biennium Total)	Response Totals	
	FY26	FY27	FY26	FY27	FY26	FY27			
Albemarle County	0	0	0	0	0	0	2,000,000	Cities:	4
Augusta County							0	Counties:	11
Bedford County							0	Towns:	2
Charlotte County							0	Other:	1
Chesterfield County							800,000	Total:	18
City of Alexandria						0	0		
City of Richmond							0		
City of Virginia Beach™							0		
City of Winchester							0		
Fauquier County							0		
Mecklenburg County							0		
Northern Neck PDC							0		
Prince George County							0		
Prince William County							0		
Rappahannock County							0		
Town of Christiansburg							0		
Town of Rocky Mount							0		
Wise County							0		

Locality	Expenditure Narrative by Responding Localities
Albemarle County	The County currently contracts with Jaunt to provide transportation services to its residents. If the proposed legislation passes, Jaunt's operational costs would likely increase due to being required to pay employees more, and these increased operational costs would eventually be passed on to the County. Additionally, while County employees may not currently unionize, if they ever were granted the ability to do so, then Jaunt employees would also be able to unionize. This would likely increase Jaunt's operational costs even further, resulting in even higher operational costs being passed on to the County. These costs, which are currently incalculable, would be dictated by the outcomes of the required bargaining processes, making it nearly impossible to predict or manage the financial strain it would place on the County's budget.
Augusta County	County is part of regional transportation system run by planning district commission who hires an outside contractor. If there is a differential in health insurance benefits the increase will be part of the local contribution to the system. Expected to be nominal.
Bedford County	County does not contract with a private company to provide public transportation services.
Charlotte County	
Chesterfield County	Mobility services in the County provide transportation services to older individuals in need, people with disabilities, and low-income individuals for employment and medical services through agreements with private vendors. While the exact compensation levels of the private employees are not available, it is anticipated that the additional requirements under SB919 will result in higher labor costs for these vendors to match county employee compensation. These increased costs would likely be passed on to the locality. Total expenditures for this program are projected to be \$4 million this fiscal year. Assuming a 10% increase in employee compensation that gets passed on to the locality, the fiscal impact on the program would be \$400,000 on an annual basis.
City of Alexandria	The fiscal impact is unquantifiable at this time; however, the legislation as proposed is anticipated to substantially increase the City's expenditures. Fiscal impacts include increasing costs for the City, but without the ability to provide oversight of the private company offering a service and the level of output of their employees. This bill could also substantially increase cost of various contracts for transportation providers.
City of Richmond	The fiscal impact is indeterminate.
City of Virginia Beach	
City of Winchester	
Fauquier County	This bill has no financial impact for Fauquier County.
Mecklenburg County	Our County does not contract with a private company to provide a system of public transportation; therefore, this proposed bill is inapplicable to our circumstances, and accordingly, would impose no additional cost to our current operations.
Northern Neck PDC	Planning district does not provide public transportation.
Prince George County	This proposed legislation does not apply to Prince George County.

Locality	Expenditure Narrative by Responding Localities
Prince William County	This bill would impact OmniRide. If passed, it will make it more expensive on those contracts, which will ultimately cost the locality/commission more as PWC helps to fund OmniRide.
Rappahannock County	No expense for Rappahannock County. This is unneeded legislation because the same perceived benefit could be self-actuating without law. Private contractors are hired by localities at an arm's length after competitive procurement. Each private entity is welcome to bid the value they desire in open competition against other private entities in a collusion free environment. No private company is forced to bid at cost levels that provide less than their desired pay for their employees.
Town of Christiansburg	The Town of Christiansburg contracts with Blacksburg Transit for public transportation services, not a private provider.
Town of Rocky Mount	
Wise County	