



Durham-Orange Light Rail Transit Project Update to Orange County Assembly of Governments

November 17, 2016

Status of Durham-Orange LRT

- Entry into Engineering
- Financial Plan and Funding Needs
- Addition of NCCU Station



Entry Into Engineering

- On-schedule to complete submittal to FTA by December 31, 2016
 - Anticipated approval by FTA is by the end of February, 2017
- Biggest issue remaining is Financial Plan
 - FTA funding assumptions change
 - Funding Gap Remains
 - 30% of Non-New Starts funding must be committed
 - Revenues dedicated in the Plan meet this requirement
 - Remainder must be planned
- Entry into Engineering Schedule is Critical
 - FTA has required D-O LRT to be in Engineering by March or must drop out of New Starts Program
 - Project expenses incurred when project is not in the process are not eligible for future FTA reimbursement
 - Cost to date for project are reimbursable upon obtaining Full Funding Grant Agreement (FFGA)

State and Federal Transit Funding Changes Since Approval of Plan

Bus Service

- State: 7.5%
- Local: 92.5%

Vehicles, Bus Stops, Park and Rides

- Federal: 80% → 38%
- State: 10% → 8%
- Local/Other: 10% → 54%

Light Rail, Commuter Rail

- Federal: 50% → 50%
- State: 25% → 10%
- Local/Other: 25% → 40%

Bus Rapid Transit

- Federal: 50% → 70%
- State: 25% → 0%
- Local/Other: 25% → 30%

Hillsborough Train Station

- State: 90% → 91%
- Local: 10% → 9%

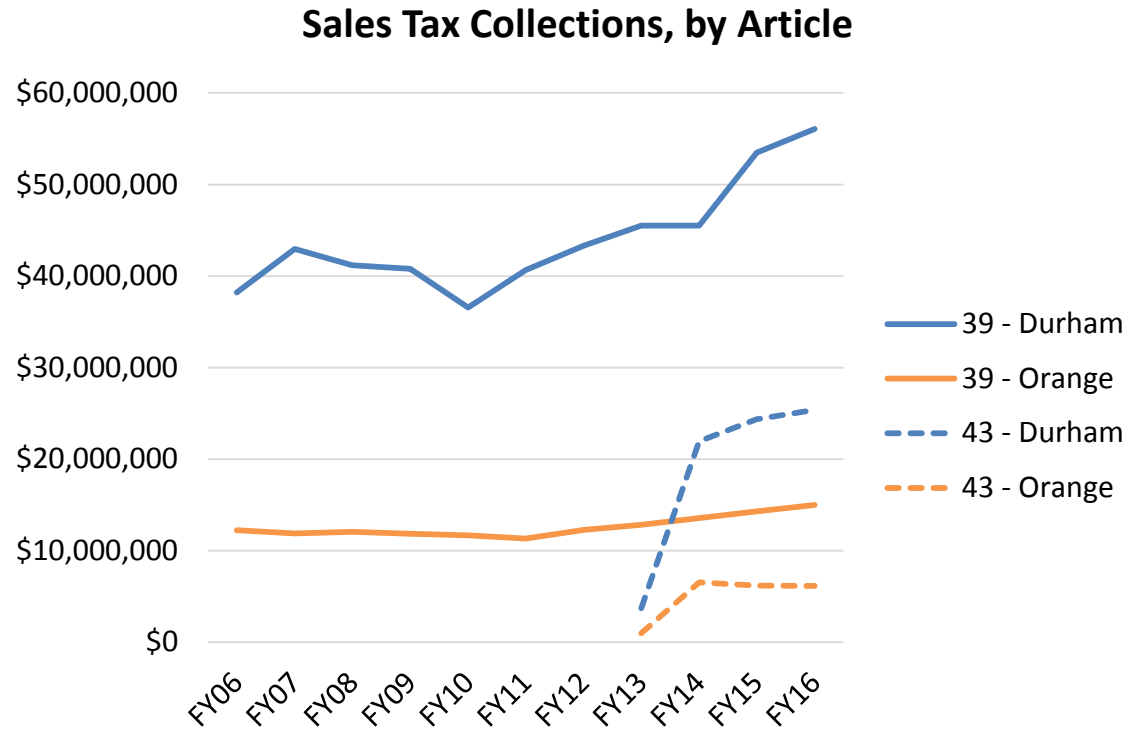
Local Transit Revenues (Shared by Bus and Rail)

Revenue Source	10-year CAGR*	Long-Term Average Annual Growth Rate Assumption**
Sales Tax	Orange County – 5.7% Durham County – 5.3%	Orange County – 5.0% Durham County – 4.6%
\$3 and \$7 Vehicle Registration Fees	Region – 2.6%	Orange County – 3.3% Durham County – 2.7%
Vehicle Rental Tax	Region – 6.6%	Region – 4.8%

* Article 39 receipts used as proxy for Article 43 sales tax; \$5 vehicle registration fee used as proxy for \$3 and \$7 vehicle registration fee

** Analysis by Dr. Michael Walden, North Carolina State University (2014)

Sales Tax by Article



D-O LRT Capital Funding Sources

Capital Funding Source	Total Capital Funding Share
Federal	50%
State	25% <u>10%</u>
Local / Other	25% 40%
<i>Portion of Transit Revenues Already Committed</i>	<i>\$455.7M YOE (% TBD*)</i>
<i>Debt Proceeds Already Committed</i>	<i>\$161M YOE (% TBD*)</i>
<u><i>Additional Revenues Needed</i></u>	<u><i>\$ TBD (% TBD*)</i></u>
Total	100.0%

* Updated capital cost estimate anticipated mid-November

Financial Model Notes

1. Both scenarios use forecasts developed by Dr. Walden in 2014
2. Baseline Scenario assumes FTA disbursements of \$125 million per year
3. Scenario One reduces FTA disbursements to \$100 million per year
4. All Scenarios assume 10% State participation

*turned off in the scenarios here presented

Funding Gap

**Gap = Lowest projected cash
balance in system cash flow**

- Assumes maximum borrowing while maintaining minimum 1.15x net debt service coverage ratio (DSCR)
- Assumes reserves have been fully funded (operating, debt service, capital asset management)
- Funding for expanded Bus Operations, revised Chapel Hill BRT project, and NCCU Station included in analysis

Base Case (FTA Cap = \$125 mil/year)

- NCCU extension
- BRT cost of \$125.8M (YOE)
- Walden 2014 Forecast

Observations:

- No funding gap
- Minimum cash balance in 2028 = \$0.8M (prior to value engineering or any additional revenues)
- Minimum net DSCR – 1.15x
- Maximum net DSCR – 12.37x

Scenario #1 (FTA Cap= \$100 mil/year)

- NCCU extension
- BRT cost of \$125.8M (YOE)
- Walden 2014 Forecast

Observations:

- Funding gap in 2028 – \$200M (prior to value engineering or any additional revenues)
- Minimum net DSCR – 1.15x
- Maximum net DSCR – 5.28x

Ways to Resolve the Funding Gap

Scenario 1: 10% State Funding, Walden 2014 Forecast, \$100M FTA Cap

Private

In-Kind Right-of-Way	\$13 M - \$29 M
Foundations/Endowments/ Private Capital	
Duke	
UNC	\$25 M
NCCU	
Foundations	
Donations	
Total	\$38 M - \$54 M

Public

In-Kind Right-of-Way	
State \$4.1 M	
Local \$600k	
Federal \$225k	\$5 M
Other Federal Funds	
CMAQ + STP	
\$2 M/year x 10 years	\$20 M
Additional Local Funds	
Durham – 77%	
\$13.5 M/yr x 10 yrs	
(\$135 M)	
Orange/Chapel Hill – 23%	
\$4.0 M/yr x 10 yrs	
(\$40M)	
Total	\$175 M
	\$200 M

Note: Additional funds needed beginning in 2020.

Next Steps

- Obtain approval from Orange County Board of County Commissioners to submit financial plan to FTA that includes planned additional local funding at December 5, 2016 meeting.
 - *“Subject to and contingent upon any authorizations required by Orange County, including the Orange County Board of Commissioners, Orange County agrees to cooperate with the municipalities within the county and work together to identify, develop, and implement additional funding mechanisms to directly support the D-O LRT Project by October, 2019.”*
- *Obtain similar approvals from Durham (November 29, 2016) and the DCHC MPO (December 14, 2016).*
- Continue to work with local partners to define details of additional local revenue sources to have available for reference prior to approving Final Design phase of General Engineering Consultant contract in April 2017.
- Note: No additional local funds will be spent on the D-O LRT Project prior to receiving a Full Funding Grant Agreement (FFGA) from FTA in 2020.







Timeline

	Dec 2016	April 2017	June 2018
GoTriangle Action	Complete DOLRT application to Engineering Phase	Sign contract, begin DOLRT Engineering Phase	Apply to include DOLRT in President's Budget
Local Gov't Action	Provide non-binding letter of intent to work w/GoTriangle to identify funds to complete DOLRT	Review/Approve updated county Transit Plans with planned revenue assumptions	Commit any local funds agreed to be part of DOLRT financial plan
Staff Working Group	Work with GoTriangle to refine County Transit Plan Assumptions	Present revised plan to elected officials w/GoTriangle	Review Plan Progress
Private Partners	Provide non-binding letters of intent for land/other commitments	Additional commitments identified	Sign agreements to make commitments official

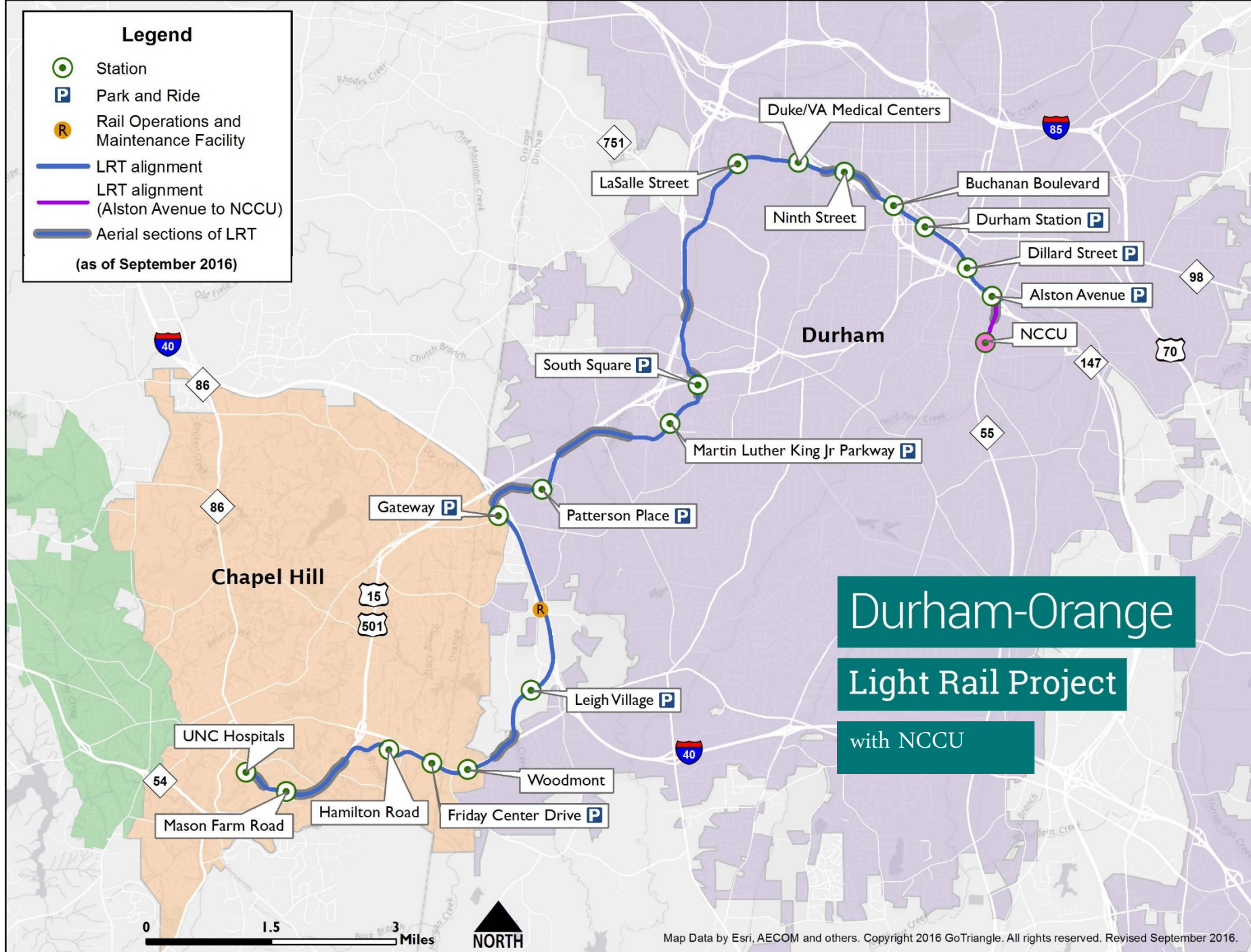
NCCU Station

- FTA issued a combined Final Environmental Impact Statement/Record of Decision (FEIS/ROD) on the D-O LRT Project in February, 2016
- In response to comments, FTA and GoTriangle committed to look at some specific refinements including analyzing the feasibility of extending the alignment to NCCU
 - Early analysis indicated that the extension is feasible
 - FTA determined that a Supplemental Environmental Assessment (EA) would be required

Legend

-  Station
-  Park and Ride
-  Rail Operations and Maintenance Facility
-  LRT alignment
-  LRT alignment (Alston Avenue to NCCU)
-  Aerial sections of LRT

(as of September 2016)

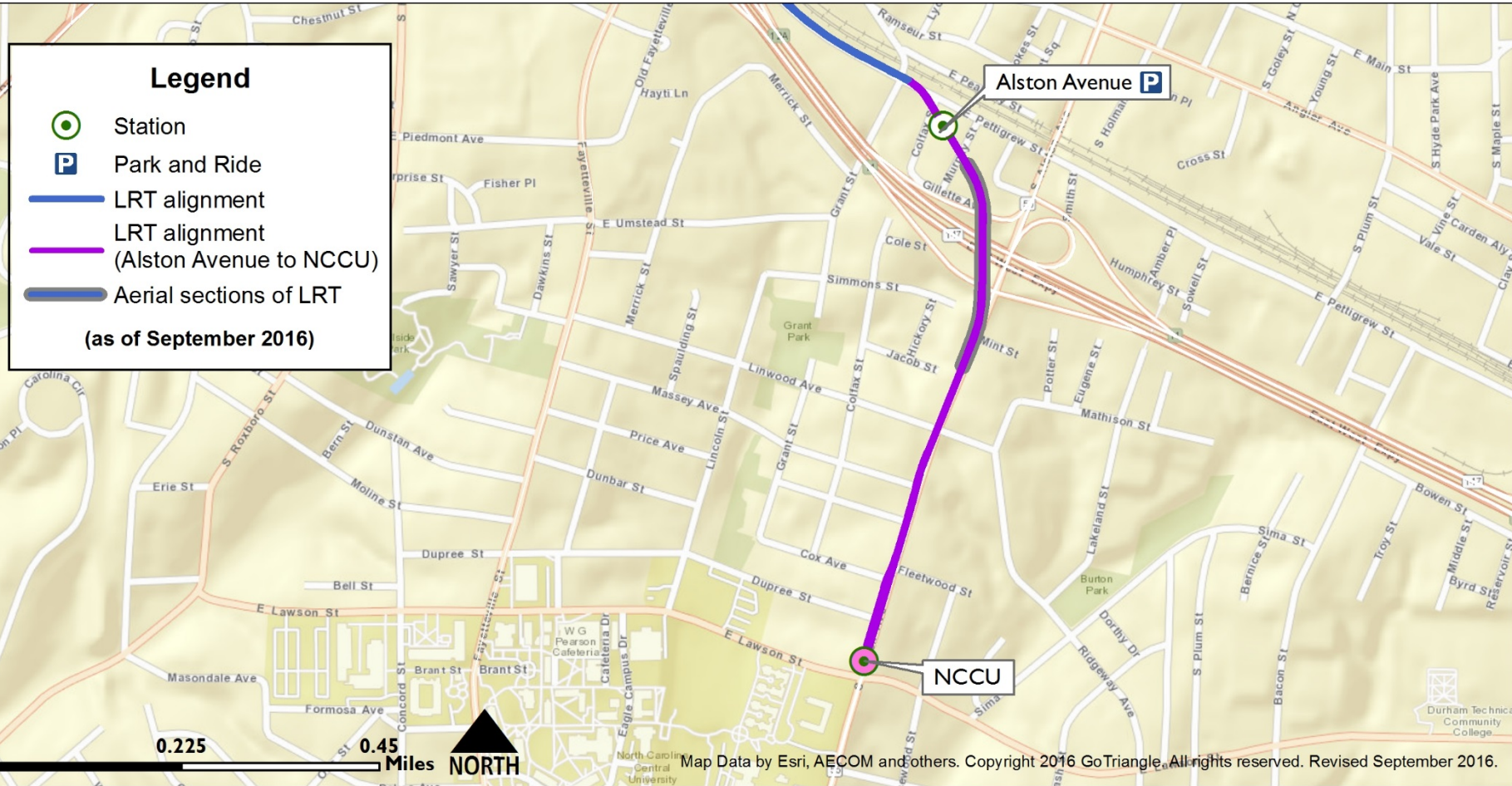


Durham-Orange

Light Rail Project

with NCCU

Proposed NCCU Station Location





Proposed NCCU LRT Station

Conceptual Rendering, subject to change

Current Activities

- The Supplemental EA on the NCCU LRT Station Refinement is now available for Public Review and Comment until Dec 7, 2016
 - <http://ourtransitfuture.com>
 - NCCU James E. Shepherd Memorial Library
 - Main Branch of the Durham Public Library
 - GoTriangle's Administrative Office
- DCHC MPO to vote on Metropolitan Transportation Plan Amendment to include NCCU Station on December 14, 2016



Questions