



DRAFT ORANGE  
COUNTY TRANSIT PLAN  
**OVERVIEW of  
DRAFT PLAN**

Carrboro Board of Aldermen Meeting  
4/4/2017

# Exceptional Transit Can Transform Communities

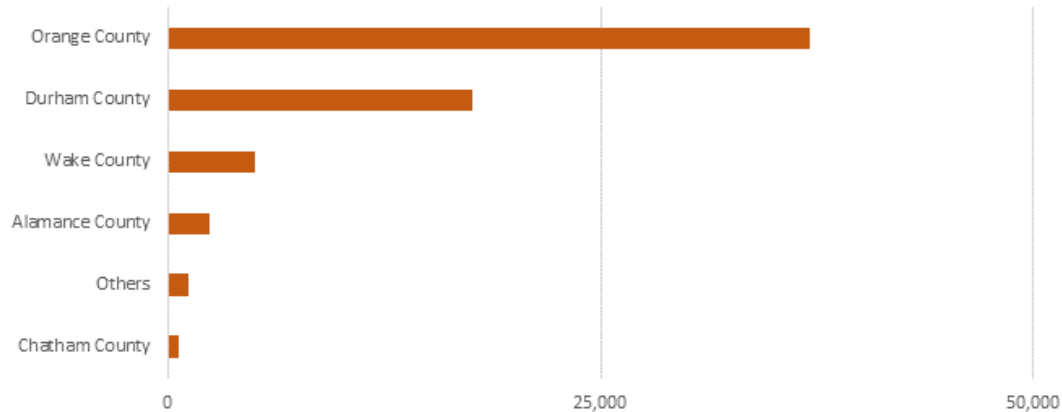


- **Provides Access to Jobs and Housing**
  - Mobility for those who don't drive and choice for those who don't want to drive
- **Provides Capacity in Congested Traffic Corridors**
  - More travel options allow more people to get to and from our downtowns and universities
- **Spurs Economic Competitiveness**
  - Attracts companies who are recruiting talent
- **Grows the Economy**
  - Every \$1 invested creates \$4 in economic returns: new jobs and businesses, expanded tax base
- **Helps Plan Our Future**
  - Guides how and where we develop, protecting open space, creating walkable places
- **Active Living and Better Health**
  - Studies show transit users are healthier and happier; air and water are cleaner

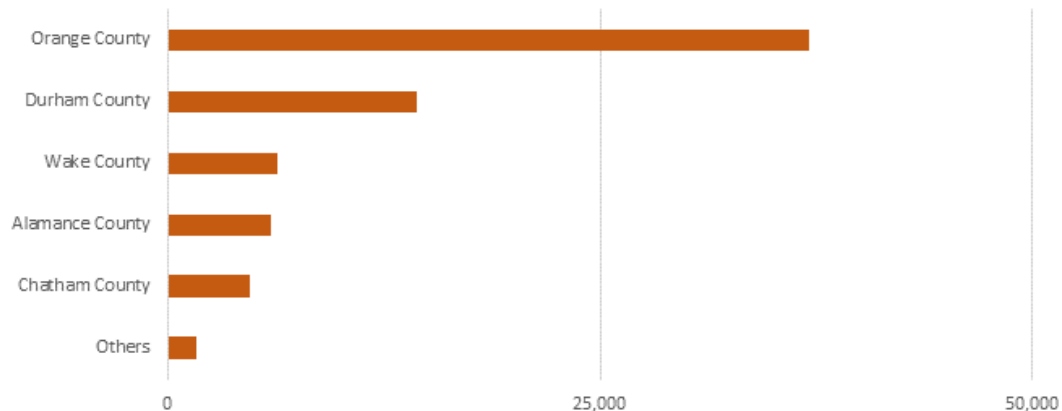
# Regional Transit Vision



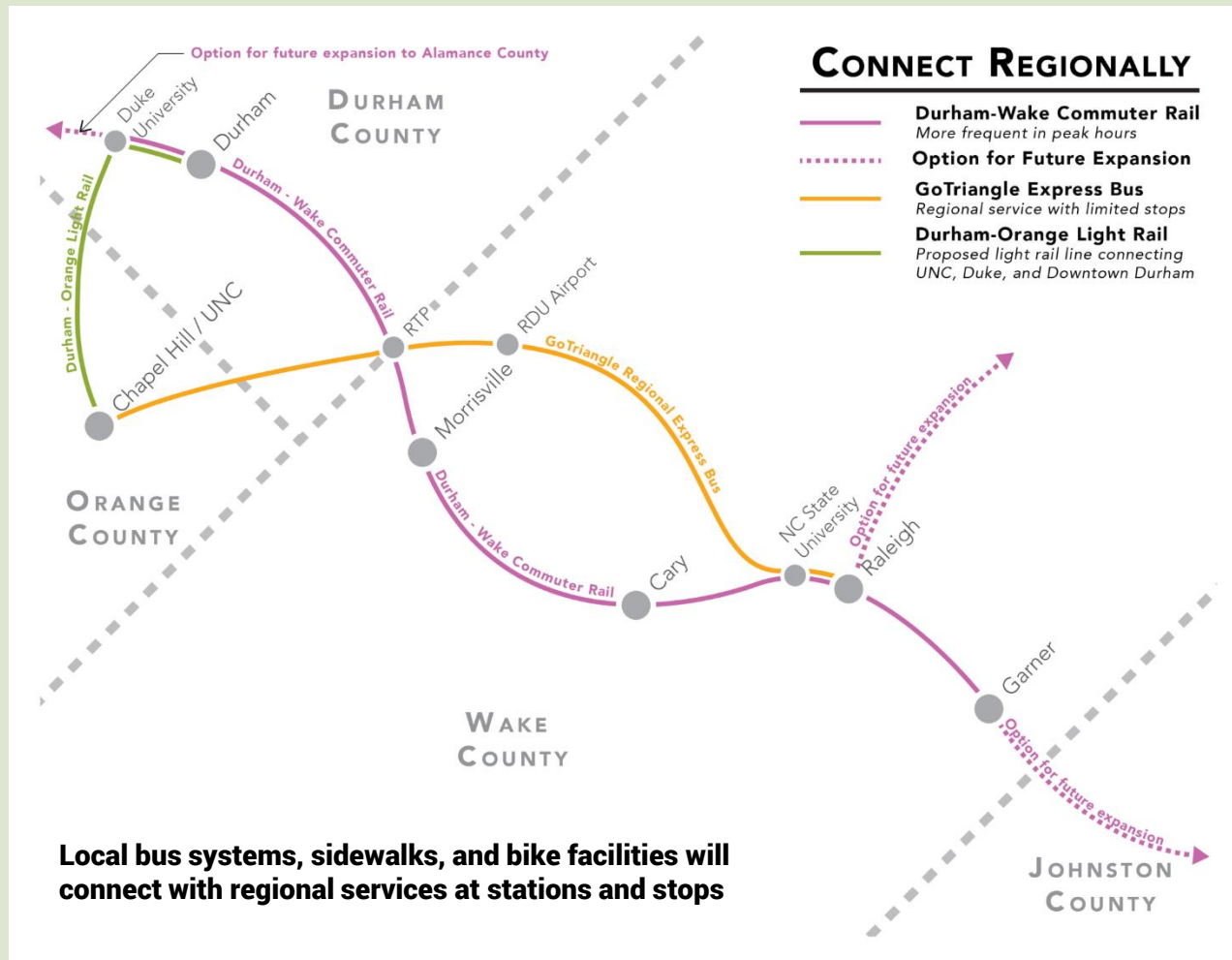
Where Orange County residents commute to work



Where Orange County employees live



# Regional Transit Vision



# Original Plans



**GOALS**

**PROMISED PROJECTS &  
SERVICES**

# Original Adopted Plans



- Original Bus & Rail Investment Plans adopted:
  - Durham: June 2011
  - Orange: October 2012
- New Transit Taxes Levied:
  - Pre-existing Vehicle Rental Tax
  - New Sales Tax in April 2013
  - Additional \$3 Vehicle Registration Fee
  - Additional \$7 Vehicle Registration Fee

# Goals of Orange Transit Plan



- Improve Overall Mobility and Transportation Options in the Region
- Provide Geographic Equity
- Support Improved Capital Facilities
- Support Transit Supportive Land Use
- Provide Positive Impact on Air Quality

# Goals of Durham Transit Plan



- Positively Impact Traffic Congestion and Air Quality
- Support Local Land Use Policies
- Connect More Residents With Job and Educational Opportunities
- Expand Transit Capacity in Corridors with High Current Bus Ridership
- Provide Better Regional Connections to Other Cities and RDU Airport



# 2012 Orange County Transit Plan



- 35,300 Revenue Hour Expansion of Bus Service & Associated Buses in First 5 Years
- Durham-Orange Light Rail Transit Project
  - 50,000 annual hours of high quality rail transit service
- Bus Facility Improvements
  - Unspecified bus stop, access, and facility improvements
- MLK Bus Lanes / North-South BRT Project in Chapel Hill
  - Eubanks Park-and-Ride to UNC
- Hillsborough Train Station

# 2011 Durham County Transit Plan



- 50,000 Annual Revenue Hour Expansion of Bus Service & Associated Buses in First 5 Years
- Durham-Orange Light Rail Transit Project
  - 50,000 annual hours of high quality rail transit service
- Bus Facility Improvements
  - 200 Bus Stops
  - Walking Access to Bus Stops
  - Park-and-Rides
  - Neighborhood Transit Centers
- Wake-Durham Commuter Rail
  - 5 AM Commute Trips – 1 Mid-Day Trip – 5 PM Commute Trips – 1 Evening Trip

# Implementation Since 2013



# Orange Plan Implementation



- **Bus Service**
  - Orange County adopted a 5-Year Transit Plan
  - Nearly 23,700 revenue hours of bus service are funded
    - ✦ 6,400 new Chapel Hill Transit (CHT) service hours
    - ✦ ~6,000 pre-existing CHT service hours supported with transit taxes
    - ✦ 2,250 pre-existing Orange Public Transportation (OPT) service hours supported with transit taxes
    - ✦ 2,250 new OPT service hours
    - ✦ 6,700 new GoTriangle service hours
- **Bus Facility Projects Defined, Not Implemented**

# Orange Plan Implementation



- **Durham-Orange Light Rail Transit Project**
  - Completed Project Development phase in February 2016
  - Revised Locally Preferred Alternative to include extension to North Carolina Central University in December 2016
  - Awaiting permission to enter Engineering phase
- **North-South BRT Project in Chapel Hill**
  - Project scope extended south to Southern Village
  - Completed Alternatives Analysis phase in April 2016
  - Authorized to enter Project Development in Nov 2016
- **Hillsborough Train Station**
  - 91% funded through State Transportation Improvement Program
  - NCDOT Rail Division leading environmental work

# Durham Plan Implementation



- **Bus Service**
  - Over 41,000 revenue hours of bus service are funded
    - ✦ 24,350 new annual GoDurham service hours
    - ✦ 9,000+ pre-existing annual GoDurham service hours supported with transit taxes
    - ✦ 7,640 new annual GoTriangle service hours
    - ✦ 7,500+ additional annual County ACCESS demand-response trips
- **Vehicles**
  - GoDurham has ordered 5 buses
  - GoTriangle has ordered 2 buses
  - County ACCESS has received 1 van
- **Bus Facility Projects Defined, Not Implemented**

# Durham Plan Implementation



- **Durham-Orange Light Rail Project**
  - Completed Project Development phase in February 2016
  - Revised Locally Preferred Alternative to include extension to North Carolina Central University in December 2016
  - Awaiting permission to enter Engineering phase
- **Wake-Durham Commuter Rail**
  - Delayed from original plan due to delay in Wake County plan adoption
  - North Carolina Railroad conducted Capacity Study to evaluate 8-2-8-2 service
  - Planning to begin in spring 2017 consistent with Wake Plan

# Changes to Funding



**FEDERAL  
STATE  
LOCAL**



# Federal Funding



- 2012 Plan Assumptions
  - 80% Funding for Bus Vehicles and Facilities
  - 50% Funding for D-O-LRT and North-South BRT in each year that the costs are incurred
- FTA Clarified \$100 M Annual Reimbursement Cap
- Laws Changed in 2012 and 2015
  - MAP-21 (2012) ended discretionary grant programs for buses and facilities; retained New Starts/Small Starts grant programs
  - FAST Act (2015) authorized through 2020

# State Funding



- **2012 Plan Assumptions**
  - 10% Funding for Bus Vehicles and Facilities
  - 25% Funding for D-O-LRT and North-South BRT
- **Laws Changed in 2014, 2015, and 2016**
  - 2014 Strategic Transportation Investment (STI) law created new project scoring system for funding decisions and capped transit funding at 10% of all funding
  - 2015 introduced a cap of \$500K for light rail projects
  - 2016 replaced \$500K cap with 10% project cap for rail projects

# Local Funding



- Reduced State and Federal Funding Require Additional Commitment of Local Transit Taxes
  - FY 2016 tax revenues
    - ✦ \$30.27 M in Durham / \$8.06 M in Orange
  - Original Plans' sales tax growth forecasts
    - ✦ Durham Plan assumed 3.6% average
    - ✦ Orange Plan assumed 3.5% average
  - Moody's Base Case forecasts
    - ✦ 4.33% average in Durham County
    - ✦ 3.71% in Orange County

# Local Funding



- More Borrowing Against Anticipated Revenues
  - Grant Anticipation Notes to manage slower federal funds
  - Short-term Limited Obligation Bonds during D-O LRT construction
  - Long-term TIFIA loan drawn down during D-O LRT
- D-O LRT Cost-Share Agreement
  - Current agreement executed in 2012 - 77.05% Durham / 22.95% for project costs
    - ✦ Extension to North Carolina Central University in Durham
    - ✦ Change from 5 to 4 stations in Orange County through environmental process decision
    - ✦ Orange does not maintain a positive cash flow for Orange County
  - Re-negotiation of cost-share is ongoing; draft plan assumptions are starting point for discussion
    - ✦ 82% Durham / 18% Orange for project costs; 80% / 20% for operating and maintenance costs

# Draft 2017 Plans



## KEY DRAFT PLAN ASSUMPTIONS

# Preliminary Cost-Share in Draft Plans



Key Inputs	M
Capital Cost Reduction	0% ( <u>no shortfall</u> )
Sales Tax Growth	Moody's Base through 2046; 4.33% in Durham and 3.71% in Orange through 2062
State Funding	10%
FTA New Starts Share	50%
D-O LRT Project Construction Period	2020-2028
Minimum Net DSCR	1.15
Bus Investments	Original Plan Deliverables (with updated cost and funding assumptions from Staff Working Group)
North-South BRT – TD Share	\$6.1 M
Durham-Wake Commuter Rail	Planning Study Funded
Capital Cost Split	82 / 18
Shared Borrowings Split	82 / 18
Operating Cost Split	80 / 20
State of Good Repair Split	80 / 20

# D-O LRT Project Cost Updates



## D-O LRT Project Cost Updates (2016 Millions)

	2011 Plan <sup>1</sup>	2017 Plan <sup>2</sup>
Level of Design	0%	30%
Original Scope (UNC-Alston Ave)	\$1,605	\$1,668
Joint Development (Optional)	n/a	\$101
North Carolina Central University (NCCU)	n/a	\$108
Finance Charges through End of FFGA	n/a	\$61
<b>Total</b>	<b>\$1,605</b>	<b>\$1,877</b>

<sup>1</sup> \$1,378 in 2011 dollars, escalated to 2016 dollars at 3.1 percent annually

<sup>2</sup> \$1,598 in 2015 dollars, escalated to 2016 dollars at 3.1 percent annually

**Cost Estimates Include 30% Contingency**

# D-O LRT Project Cost Updates



## D-O LRT Project Cost Updates (YOE Millions)

	2011 Plan	2017 Plan
Construction Completion Date	2026	2028
Original Scope (UNC-Alston Ave)	\$1,823	\$2,126
Joint Development (Optional)	n/a	\$130
North Carolina Central University	n/a	\$133
Finance Charges through End of FFGA	n/a	\$88
<b>Total</b>	<b>\$1,823</b>	<b>\$2,476</b>

**Cost Estimates Include 30% Contingency**



# Draft 2017 Plans



## **FUNDING PROJECTS & SERVICES**

# Funding Orange Projects and Services



- Fund original service expansion levels
  - Additional 5,000 - 6,500 hours of new CHT service
  - Additional 800 -1,600 hours of new GoTriangle service
  - Additional 2,200 - 4,100 hours of new OPT service
- Increase local funding for Vehicles and Bus Facilities
  - 2012 Plan had \$669 K in local funding for \$6.7 M in projects
  - Draft Plan has \$5.4 M in local funding for \$10.0 M in projects

# Funding Orange Projects and Services



- Increase local funding for D-O LRT
  - 2012 Plan had combined local funding of \$405.7 M; Orange share of \$104.6 M
  - Draft Plan has combined local funding commitment of \$906 M; starting assumption Orange share of \$163.1 M
- Maintain original funding level for MLK Bus Lanes / North-South BRT
  - \$6.1 M commitment is retained; through Project Development, Chapel Hill will pursue other options for other state and local revenues
- Maintain funding level for Hillsborough Train Station

# Funding Durham Projects and Services



- Fund original service expansion levels
  - Continuation of expanded levels of GoDurham service
  - Additional 7,700 hours of new GoTriangle service
  - Continuation of expanded levels of County demand-response service
- Increase local funding for Vehicles and Bus Facilities
  - 2011 Plan had \$1.5 M in local funding for \$15 M in projects
  - Draft Plan has \$11 M in local funding for \$19 M in projects

# Funding Durham Projects and Services



- Increase local funding for D-O LRT
  - 2011 Plan had combined local funding of \$405.7 M; Durham share of \$301.1 M
  - Draft Plan has combined local funding commitment of \$906M; starting assumption Durham share of \$742.9 M
- Funding for Wake-Durham Commuter Rail planning is included for FY2018
  - Future Plan updates will specify Durham's share of commitments to complete the project

# Draft 2017 Plans

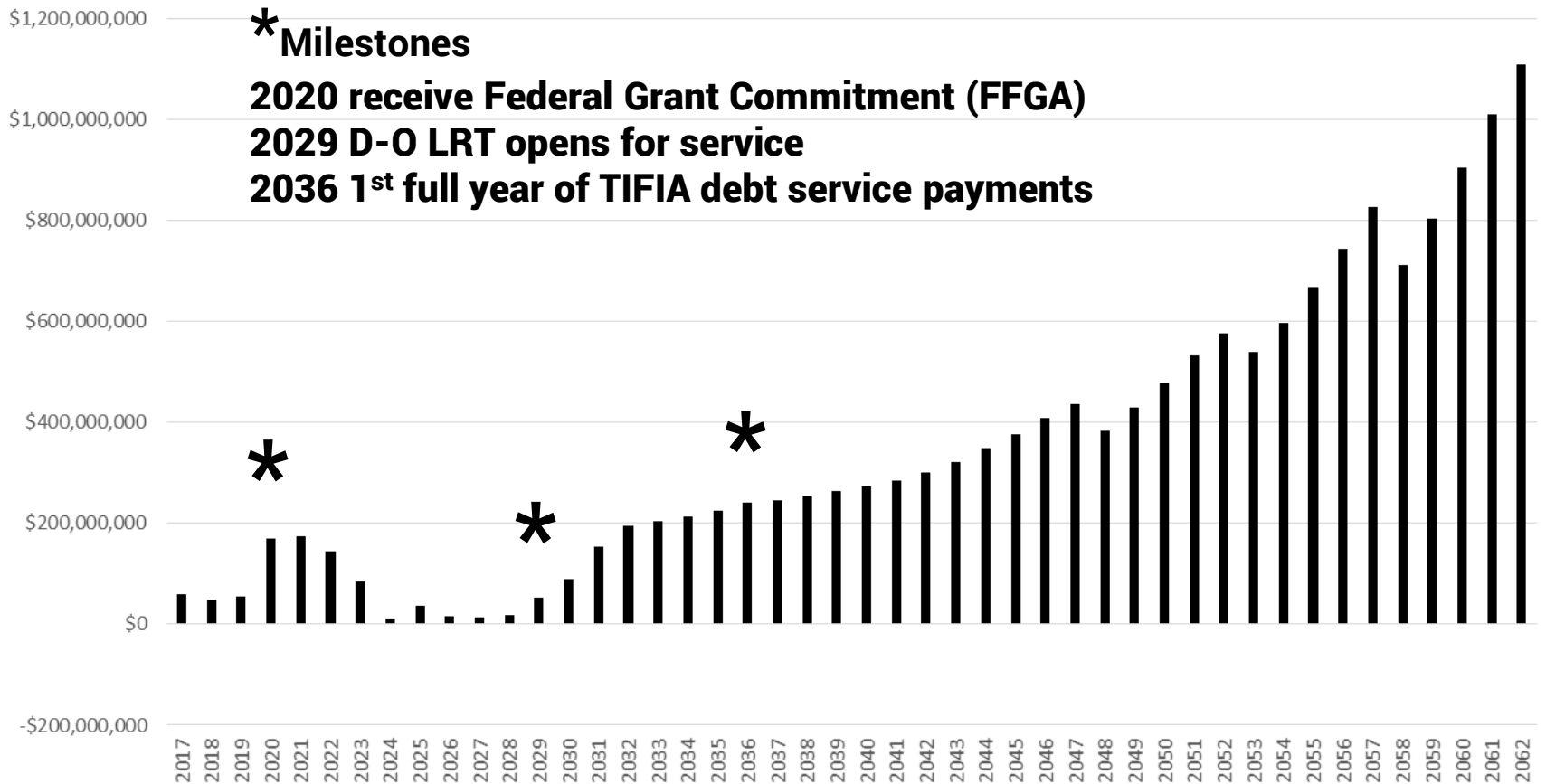


## PROJECTED CASH FLOW RESULTS

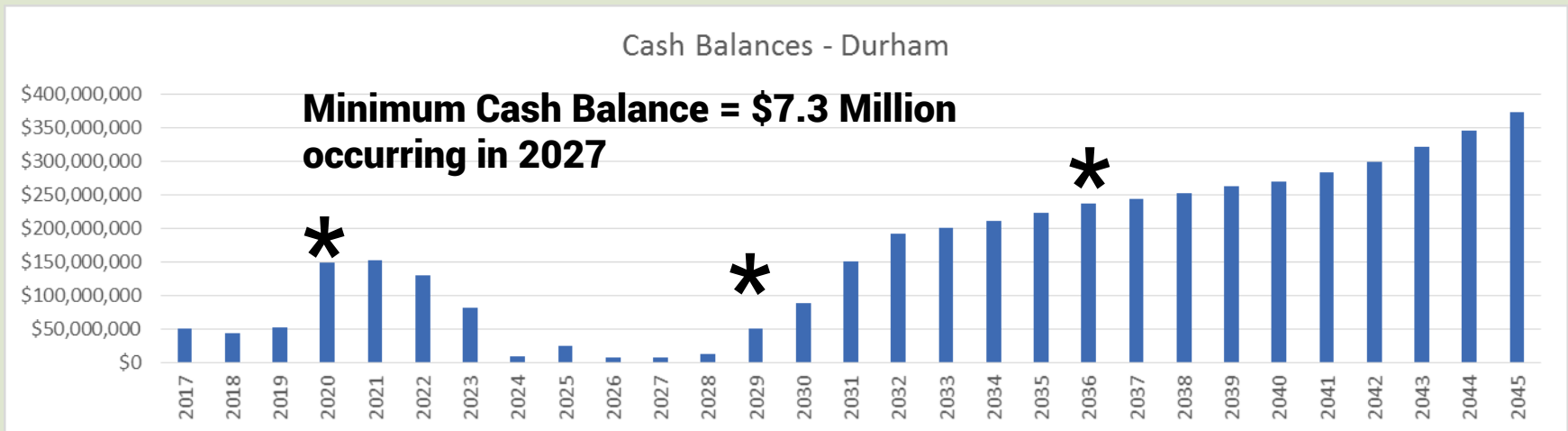
# Cash Balances



Cash Balances - Total



# Cash Balances



## \*Milestones

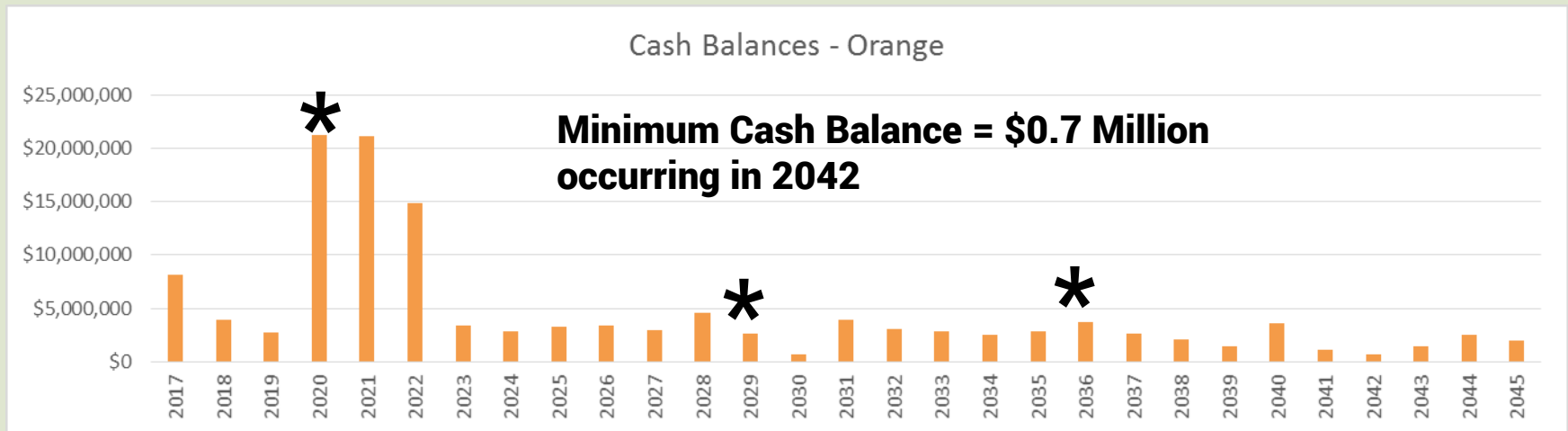
**2020 receive Federal Grant Commitment (FFGA)**

**2029 D-O LRT opens for service**

**2036 1<sup>st</sup> full year of TIFIA debt service payments**



# Cash Balances



## \*Milestones

**2020 receive Federal Grant Commitment (FFGA)**

**2029 D-O LRT opens for service**

**2036 1<sup>st</sup> full year of TIFIA debt service payments**

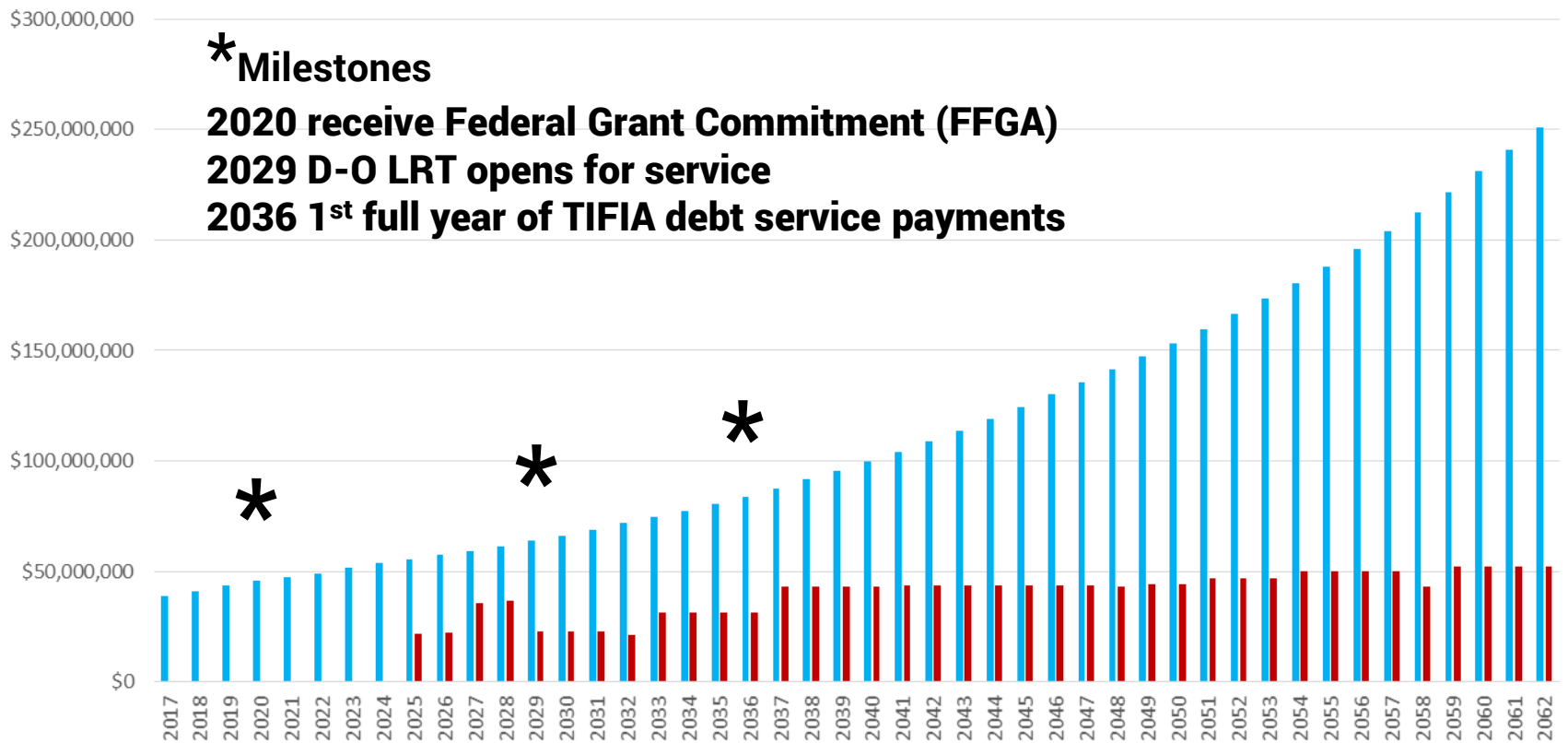
# Revenue vs. Debt Service



Revenue vs. Debt Service

■ Dedicated Local Revenues (Annual Receipts)

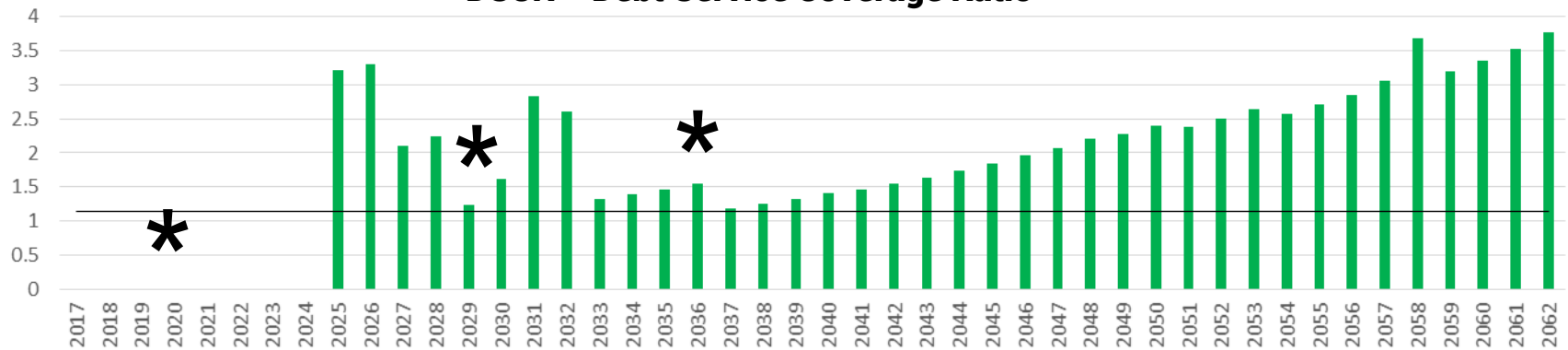
■ Debt Service on LOBs/TIFIA (Annual Expenditures)



# Net Coverage Ratios

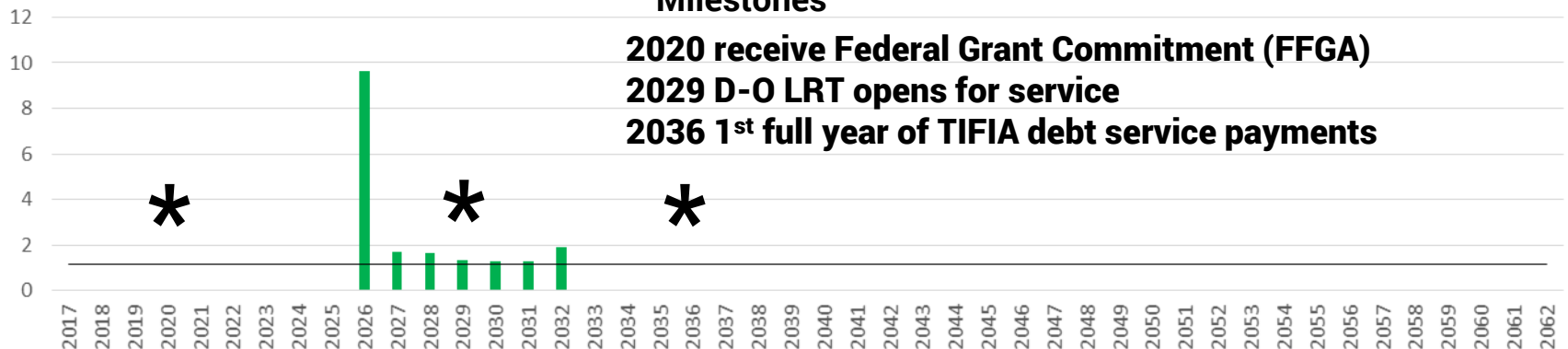


DSCR - LOBs & TIFIA  
**DSCR = Debt Service Coverage Ratio**



\* DSCR - GANs  
**\* Milestones**

**2020 receive Federal Grant Commitment (FFGA)**  
**2029 D-O LRT opens for service**  
**2036 1<sup>st</sup> full year of TIFIA debt service payments**



# Local Share of Capital Cost



	Durham	Orange	Total
Capital cost (no finance charges)	<b>\$783 M</b>	<b>\$172 M</b>	<b>\$955 M</b>
Construction and partial financing costs (cost submitted to FTA)	<b>\$808 M</b>	<b>\$180 M</b>	<b>\$988 M</b> <b>(Tax District</b> <b>Share \$906 M*)</b>
Total capital and financing costs	<b>\$1,481 M</b>	<b>\$339 M</b>	<b>\$1,820 M</b>

\*The Tax District share of these costs is lower, because it assumes in-kind right-of-way donations and grants for the joint development component of the project.

# Draft 2017 Plans



**MEETING ADDITIONAL NEEDS**

# Identifying Additional Orange Needs



- Growing service levels at rate of job growth
  - Connecting services to light rail stations in 2029
- Expanding transit fleet with service levels
- Continuing to improve or expand facilities
- Fully funding North-South BRT

# Meeting Additional Orange Needs



- Short-range transit planning to prioritize services and facilities
- 30,000 – 45,000 “Rail Dividend” service hours to redeploy in 2029
- \$670 K minimum cash balance in 2042
- \$1.9 M in unallocated cash balances in 2045 with starting cost-share agreement

# Identifying Additional Durham Needs



- Growing service levels at rate of job growth
  - Connecting services to light rail stations in 2029
  - Addressing travel demands to intensifying downtown
- Expanding transit fleet with service levels
- Continuing to improve or expand facilities
- Wake-Durham Commuter Rail



# Meeting Additional Durham Needs



- Short-range transit planning to prioritize services and facilities
- 12,000 – 35,000 “Rail Dividend” service hours to redeploy in 2029
- \$7.3 M minimum cash balance in 2027
- \$374.7 M in unallocated cash balances in 2045 with starting cost-share agreement

# Draft 2017 Plans



## MITIGATING RISKS

# Identified Risks



- Cost Overruns
- Federal Funding Availability and Schedule
- State Funding Availability and Schedule
- Sales Tax Growth Assumptions

# Mitigating Risks



- 30% contingency
- Modeled impacts of Moody's lower growth forecast
- Value engineering and cost-cutting identified
- Pursuing land donations and private contributions
- Building in process through cost-share agreement of quarterly reports to Parties, and coming together if risks materialize to decide on course of action

# 2017 Draft Plans



## **ONGOING IMPLEMENTATION ACTIVITIES**

# Ongoing Implementation Activities



- Regular Meetings of Staff Working Group
- Multi-Year Operating and Capital Improvement Programs updated annually
- Annual Budgets
- D-O LRT Cost Sharing Agreement
- Other Project-Specific Agreements
- Periodic Updates to County Transit Plan

# 2017 Draft Plans



**PUBLIC COMMENT PERIOD**

# Public Comment Period



- Draft Plans to be released on March 30 for 21-Day Period
- 2 Public Information Sessions for each Plan
- Presentations to all local governments
- Public hearings held by each county and DCHC
- Staff Working Groups recommend final plans on April 21