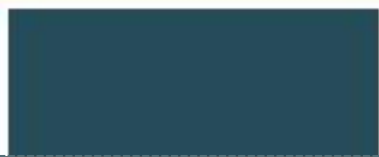




DRAFT ORANGE
COUNTY TRANSIT PLAN
**OVERVIEW of
DRAFT PLAN**
Orange County Board of County Commissioners
4/18/2017

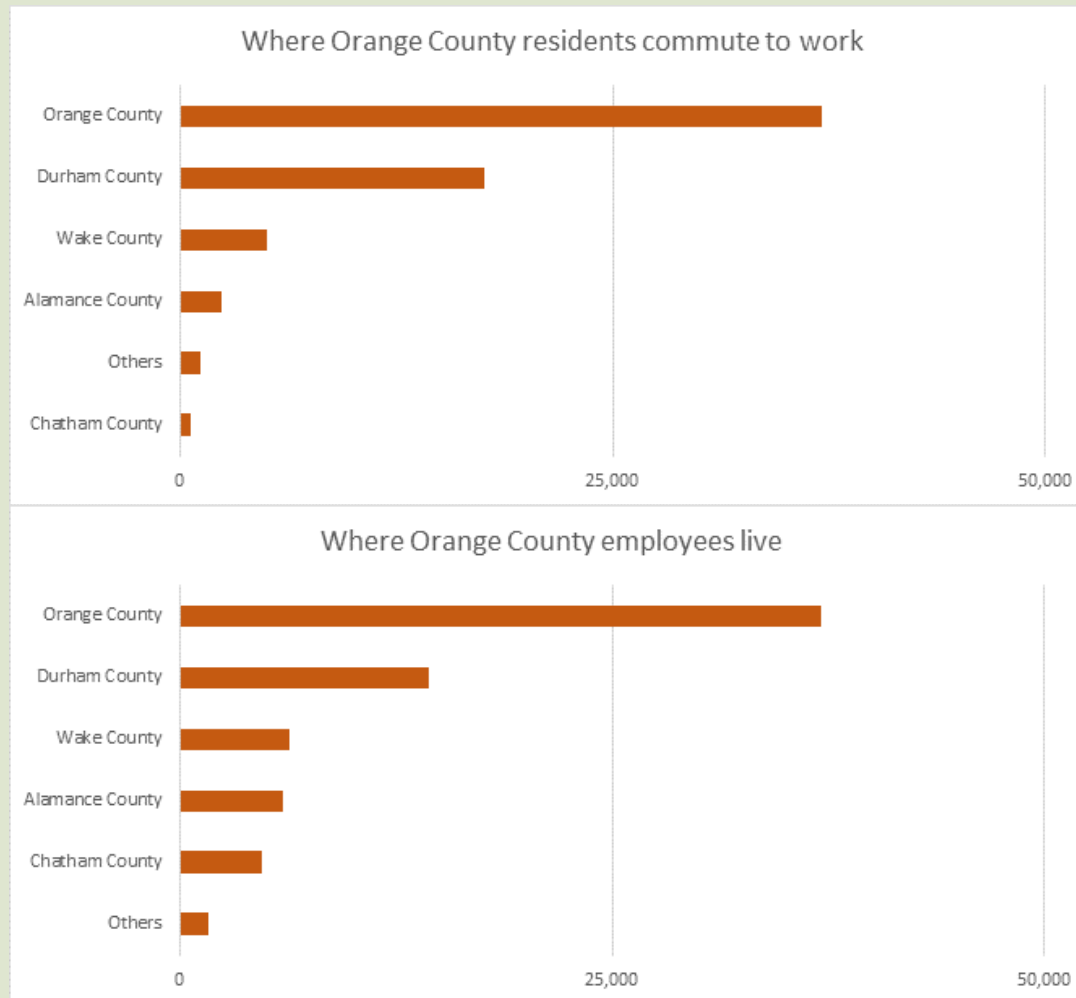


Exceptional Transit Can Transform Communities

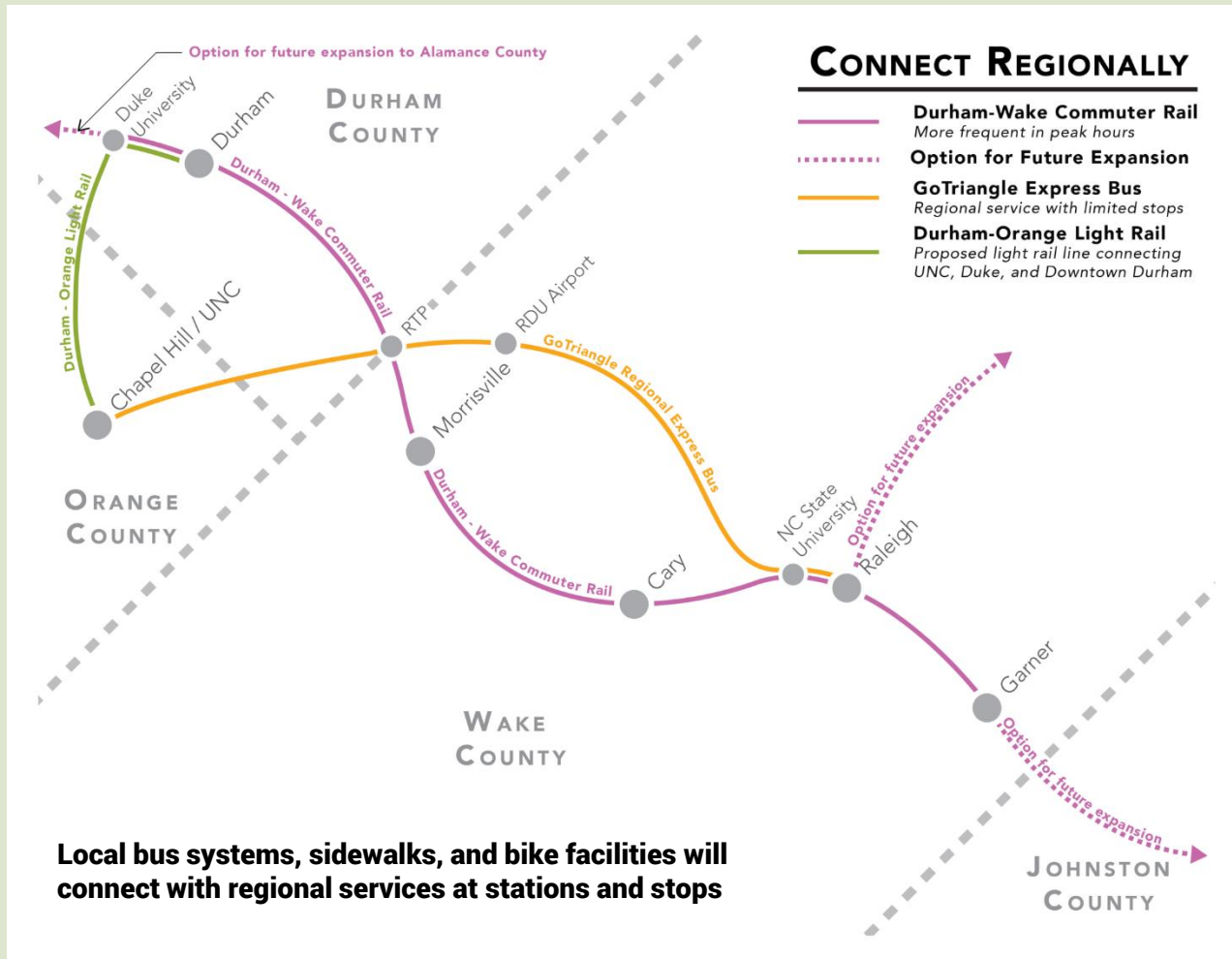


- **Provides Access to Jobs and Housing**
 - Mobility for those who don't drive and choice for those who don't want to drive
- **Provides Capacity in Congested Traffic Corridors**
 - More travel options allow more people to get to and from our downtowns and universities
- **Spurs Economic Competitiveness**
 - 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



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
 - 34,400 revenue hours of bus service are funded, with a higher transit tax share of funding compared to 2012 Plan
 - ✦ 12,200 new Chapel Hill Transit (CHT) service hours
 - ✦ 7,600 pre-existing CHT service hours supported with transit taxes
 - ✦ 1,100 pre-existing Orange Public Transportation (OPT) service hours (Hillsborough Circulator) supported with transit taxes
 - ✦ 5,100 new OPT service hours
 - ✦ 8,400 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
 - FY16 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 (repaid by grants)
 - Short-term Limited Obligation Bonds during D-O LRT construction
 - Long-term TIFIA loan drawn down during D-O LRT construction
- **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

D-O LRT Project Cost Updates



D-O LRT Project Cost Updates (2016 Millions)

	2011 Plan ¹	2017 Plan ²
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
Total	\$1,605	\$1,877

¹ \$1,378 in 2011 dollars, escalated to 2016 dollars at 3.1 percent annually

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

Cost Estimates Include 30% Contingency

D-O LRT Project Cost



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 (Requested by FTA for Reimbursement)	Not specified	\$88
Total Cost of Construction and Financing Charges through End of FFGA	\$1,823	\$2,476
Total Cost of Construction and Financing through End of Debt Repayment	Not specified	\$3,302
Total Local Transit Tax Revenues through End of Debt Repayment (Excludes Grants and Fares)	Not specified	\$5,270

Draft 2017 Plans



FUNDING PROJECTS & SERVICES

Funding Orange Projects and Services



- **Fund original service expansion levels**
 - Additional 7,200 hours of new CHT service
 - Additional 1,200 hours of new GoTriangle service
 - Additional 2,200 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**
 - 2012 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
 - 2012 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

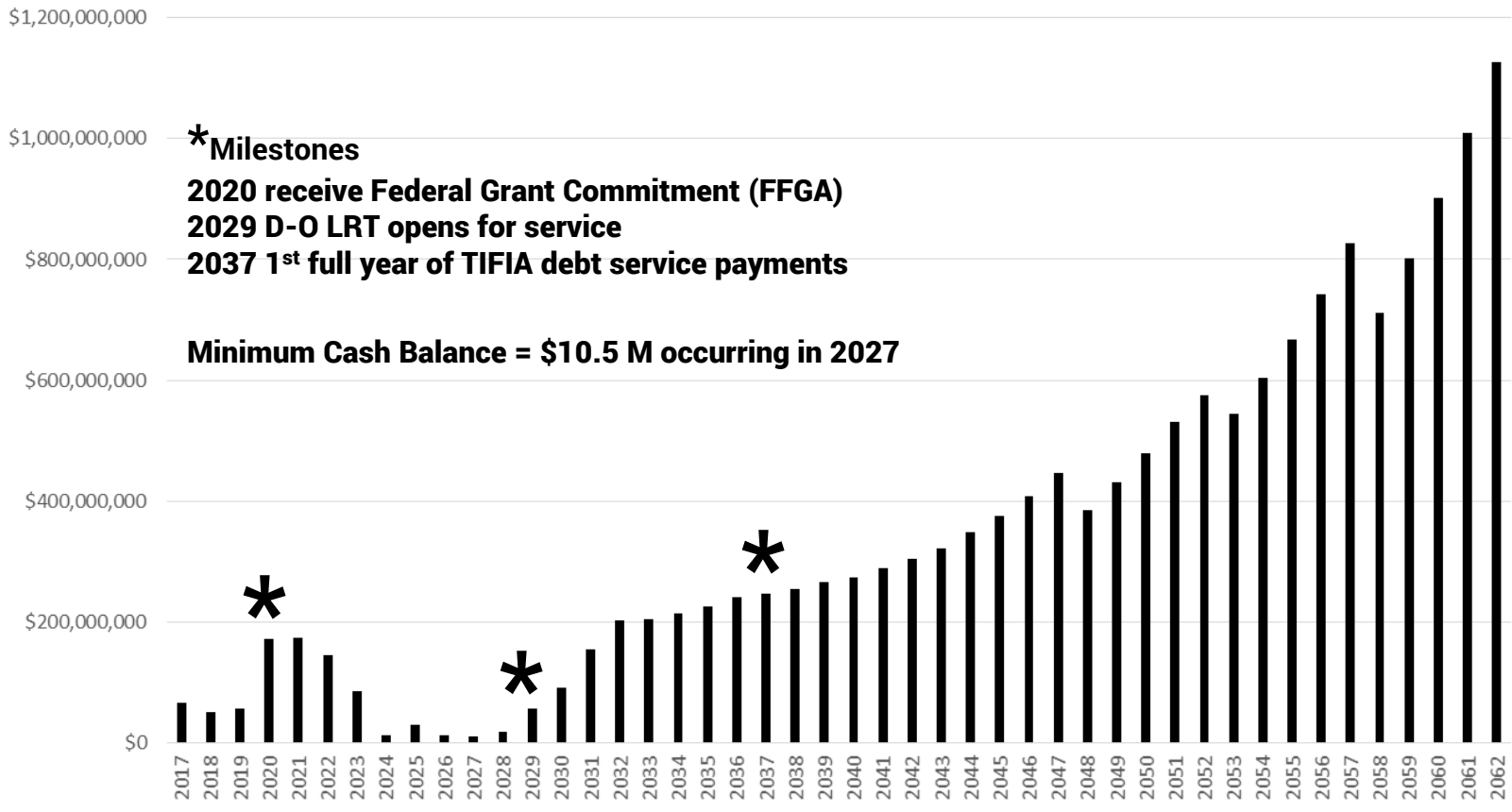


PROJECTED CASH FLOW RESULTS

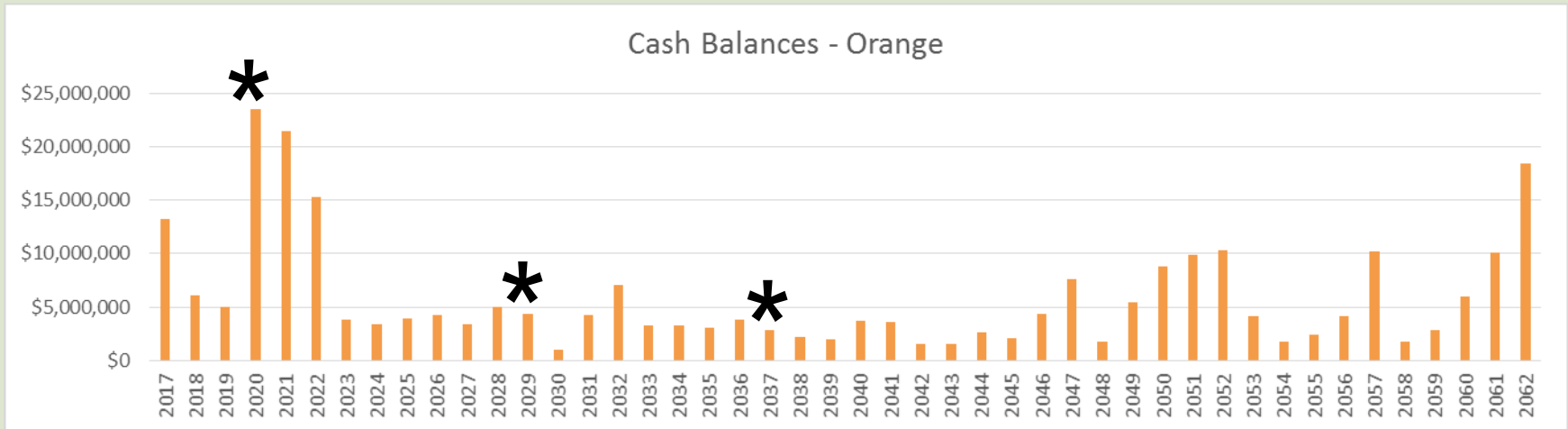
Cash Balances



Durham and Orange Transit Plan Cumulative Cash Balances - Total



Cash Balances



***Milestones**

2020 receive Federal Grant Commitment (FFGA)

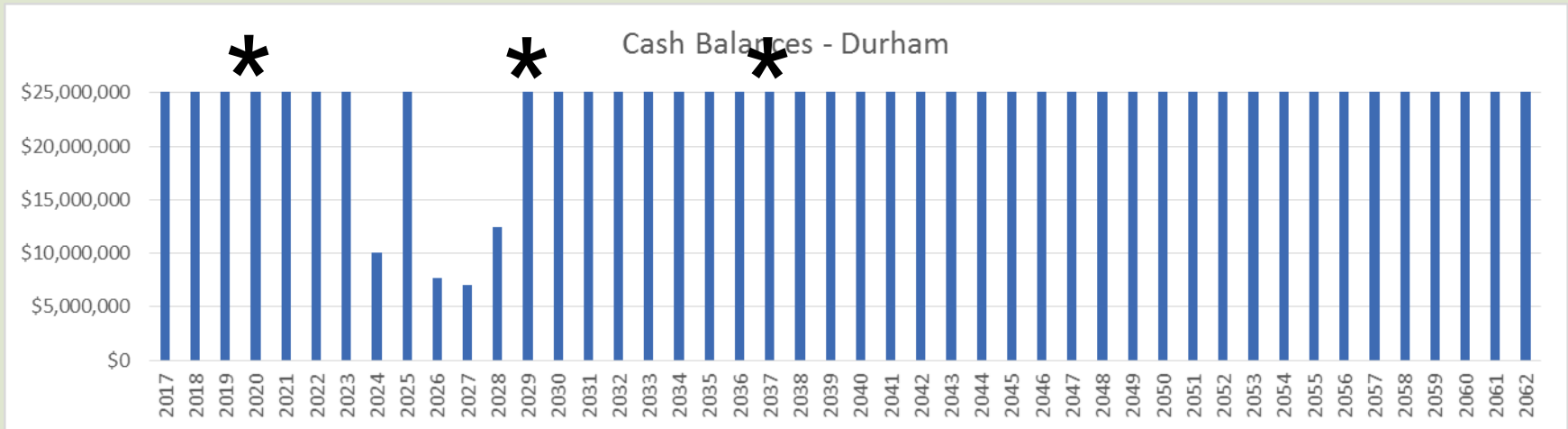
2029 D-O LRT opens for service

2037 1st full year of TIFIA debt service payments

Minimum Cash Balance = \$1.05 M occurring in 2030

Cash balances are higher in updated cost share scenarios

Cash Balances



*Milestones

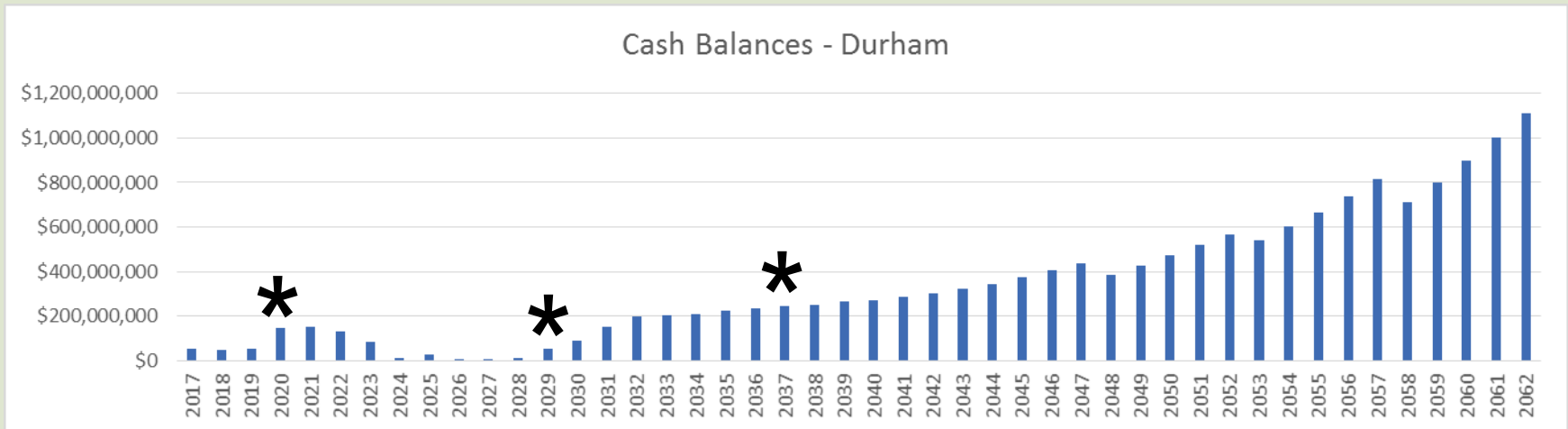
2020 receive Federal Grant Commitment (FFGA)

2029 D-O LRT opens for service

2037 1st full year of TIFIA debt service payments

Minimum Cash Balance = \$7.1 M occurring in 2027

Cash Balances



*Milestones

2020 receive Federal Grant Commitment (FFGA)

2029 D-O LRT opens for service

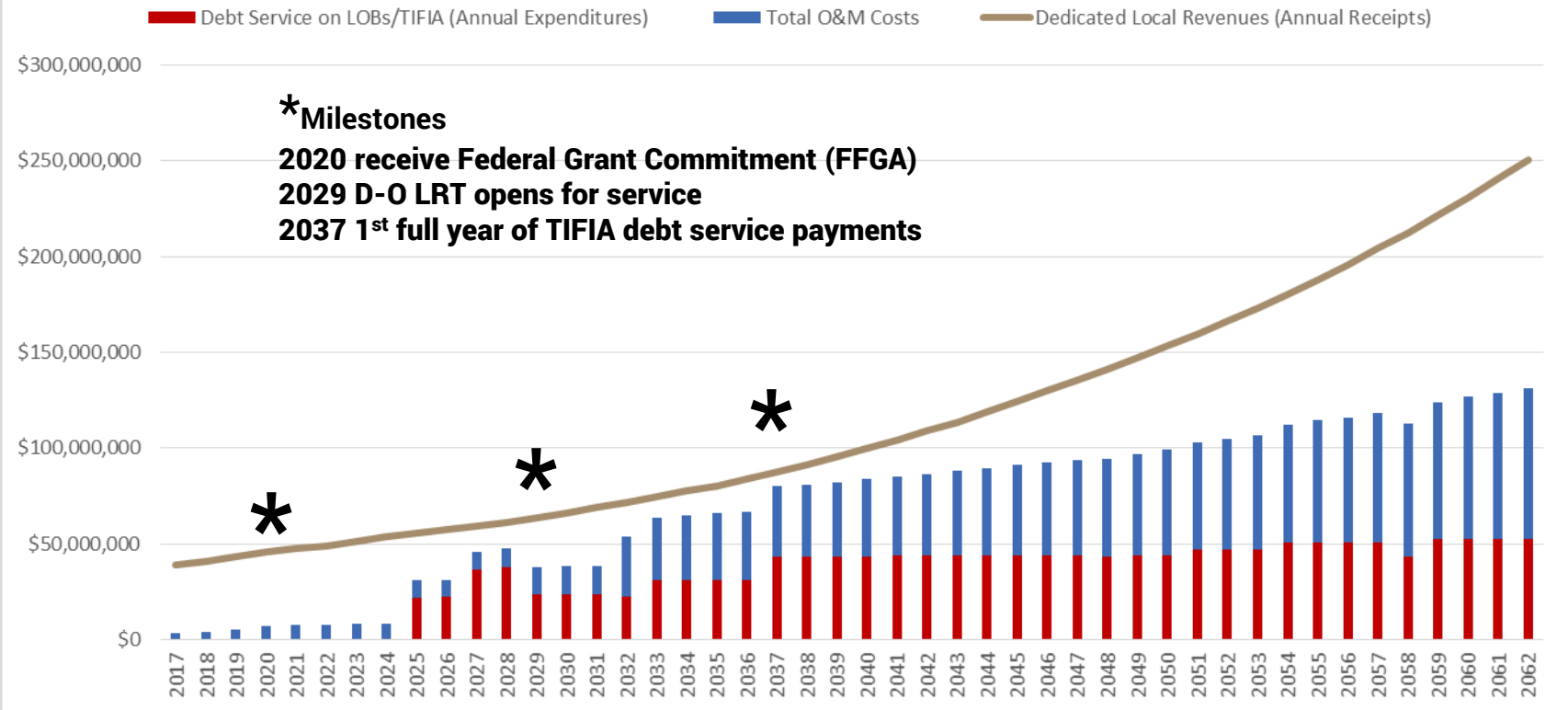
2037 1st full year of TIFIA debt service payments

Minimum Cash Balance = \$7.1 M occurring in 2027

Revenue vs. Debt Service



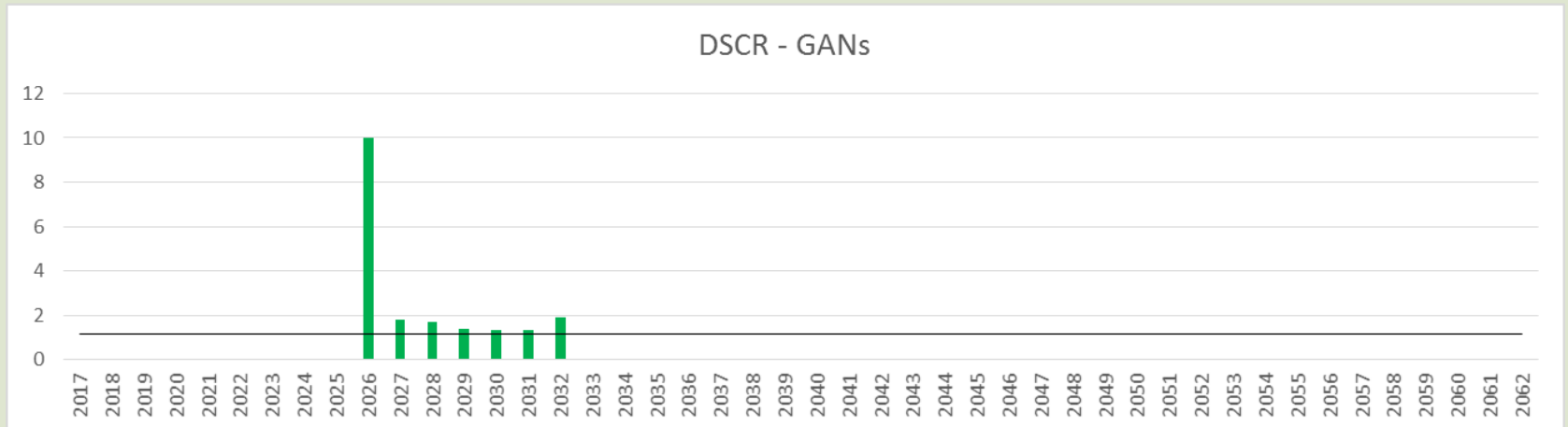
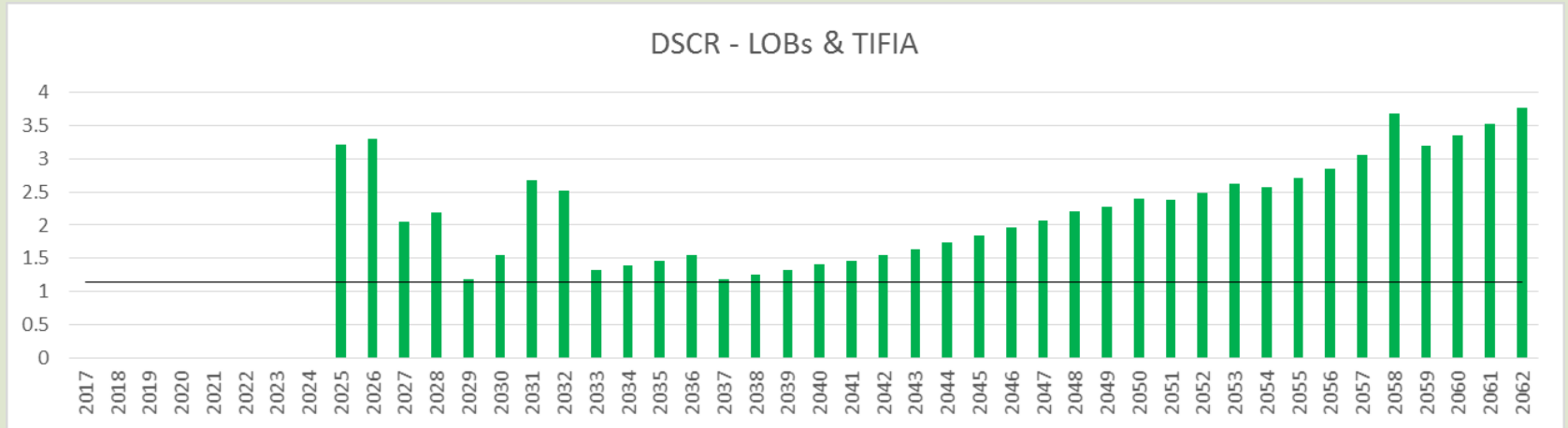
Dedicated Local Revenues vs. Debt Service and O&M
(Durham and Orange Transit Plans Combined)



Net Coverage Ratios



DSCR = Debt Service Coverage Ratio



Local Share of Capital Cost



	Durham	Orange	Total
Capital cost (no finance charges)	\$783 M	\$172 M	\$955 M
Cost of Construction and Financing Charges through End of FFGA (Requested by FTA for Reimbursement)	\$808 M	\$180 M	\$988 M (Tax District Share \$906 M*)
Total Cost of Construction and Financing through End of Debt Repayment	\$1,481 M	\$339 M	\$1,820 M

*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
- \$1.05 M minimum cash balance in 2030

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
- \$7.1 M minimum cash balance in 2027

Exploring Affordability of CRT



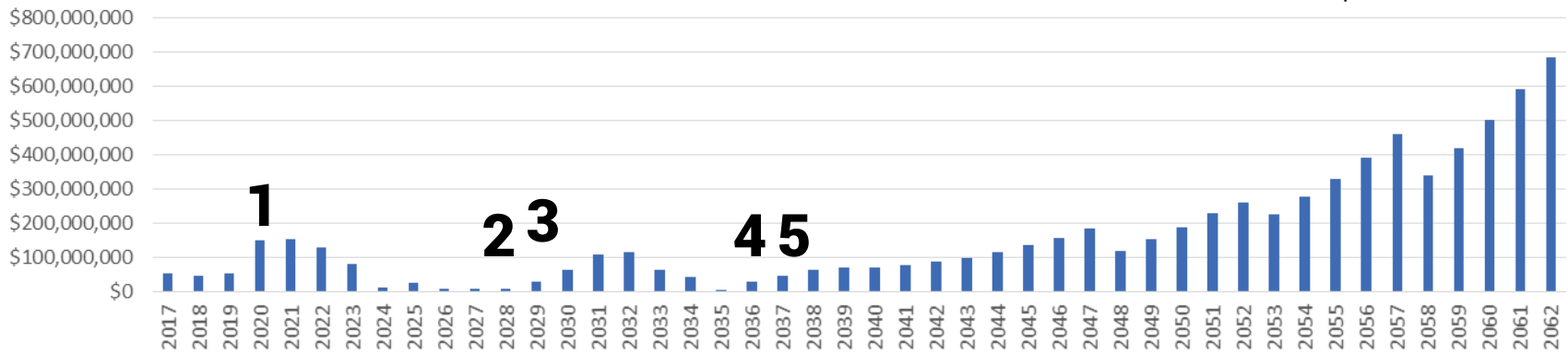
Key Inputs	0
CRT State Funding	0%
CRT FTA New Starts Share	50%
CRT Project Development and Construction Period	2028-2036
CRT Capital Cost Split (D / W / Other) *	20 / 67 / 13
CRT Operating Cost Split (D / W / Other)	20 / 67 / 13

Wake-Durham Commuter Rail



Cash Balances - Durham

**Minimum cash balance:
\$0.1 M in FY 2035**



1. LRT Construction Begins (FY 2020)
2. CRT Project Development Begins (FY 2028)
3. LRT Service Begins (FY 2029)
4. Full Long-Term Debt Service (TIFIA Loan) Begins (FY 2036)
5. CRT Service Begins (FY 2037)

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 submit final plans to Boards on April 21 for consideration