



# Durham Transit Plan

# Durham County Transit Plan Financial Metrics and Development of the Recommended Plan


March 2022



# Development of the Recommended Transit Plan

- 1 Analyze Outreach Results
- 2 Outreach Results and Technical Analysis used by Technical Team in Development of Financially Constrained Preferred Alternative
- 3 Public Comments on Preferred Alternative
- 4 Final Transit Plan Adoption

# Development of the Recommended Transit Plan

- Understanding the sensitivity of the financial model to changes and agreement on key assumptions of the Financial Model
  - Understanding the impact of current increases in bus operating costs in the Financial Model
  - Understanding the impact of future additional administrative costs
  - Understanding the implications of the cost-share for Commuter Rail and confirmation of the cost to Durham in the recommended plan
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# Current Status of Durham Transit Plan Financial Policies and Modeling

- Current Interlocal Implementation Agreement (ILA) does not specify a role for the County or MPO in financial management of the plan.
- There is no adopted policy for financial management.
- The Financial Model is developed and run by GoTriangle as the Tax District Administrator
- The Durham County Board of Commissioners, DCHC MPO Board, and GoTriangle Board approve the Financial Plan through their approval of the Durham Transit Plan every 4 years.
- The Staff Working Group recommends the annual work program. The annual work program is only approved by GoTriangle Board.

# Underway - Transit Plan Governance Study

- Durham and Orange Counties need new Interlocal Implementation Agreements and new policies and procedures to reflect the priorities of the new transit plans
- Core Principle: Increase Community Trust
- New ILA to be recommended with the final Transit Plan
- New policies to be recommended and adopted
- Recommendation:
  - Include a stronger role for the County in financial management of the plan
  - Develop and adopt a Financial Policy consistent with the new plan

# Key Assumptions of the Financial Model

Recommendations from Durham County ([change](#)):

- Sales Tax Revenue Growth – Moody’s Baseline forecast, average 4.5%+ growth.
  - Wake uses 4% growth.
- Debt Service Coverage – 1.25
  - Net operating revenues to debt service (lowest coverage to achieve an A or higher rating).
- Reserves
  - Operating Reserve – 3 months
  - Capital Reserve – [increase to 5% of the 10-Year CIP](#) (\$16.2M)
    - [Consistent with Wake County for Commuter Rail borrowing](#)
  - Revenue Reserve – [increase to \\$10M](#) (\$10M)
    - [Mitigate for potential recessions and lower sales tax revenue growth](#)
- [Total Change](#) (\$26.2M)

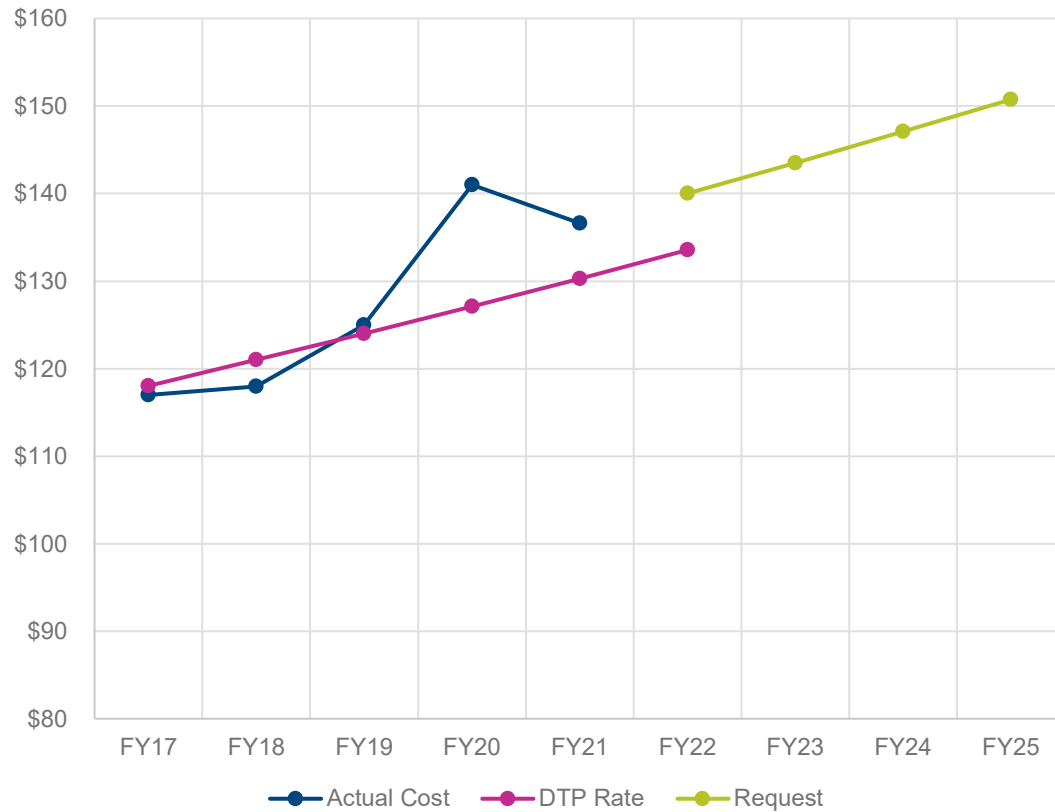
# Key Assumptions of the Financial Model

Recommendations from transit operators (change):

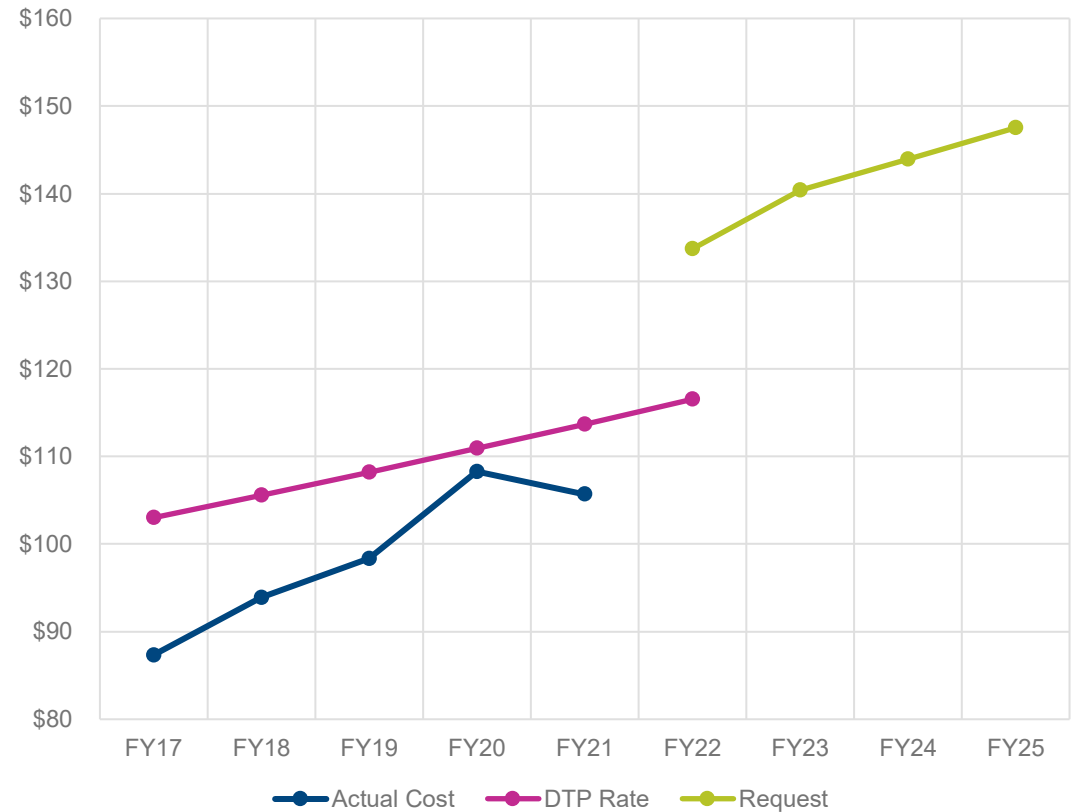
- Cost Escalation
  - Operating Projects – 4.8-20% in FY23, 2.5% onward
    - FY23 cost increase reflects the wage increase for bus drivers, fuel costs, etc.
  - Capital Projects – 4%
- Total Change
  - (\$23M) for committed projects
  - (at least \$50M) for future projects

# Bus Operating Costs

GoTriangle Cost Per Hour



GoDurham Cost Per Hour



GoDurham operating costs are under review and subject to change



# Administrative Costs

FY22 Approved Work Plan	GoTriangle	DCHC MPO	Durham County	City of Durham
Tax District Administration	\$415,800			
Transit Plan Administration	\$1,130,500	\$58,200	\$205,900	
Project Implementation	\$477,000			
Total	\$2,023,300	\$58,200	\$205,900	\$0

- FY23 Requests
  - City of Durham – 3 positions for Project Implementation
  - GoTriangle – 0.25 positions for Tax District Administration
  - Durham County – TBD based on Governance Study
  - DCHC MPO – No new positions or costs anticipated
- Placeholder: Continuation of existing administrative costs + 4.5 additional positions

# Commuter Rail Cost-Share

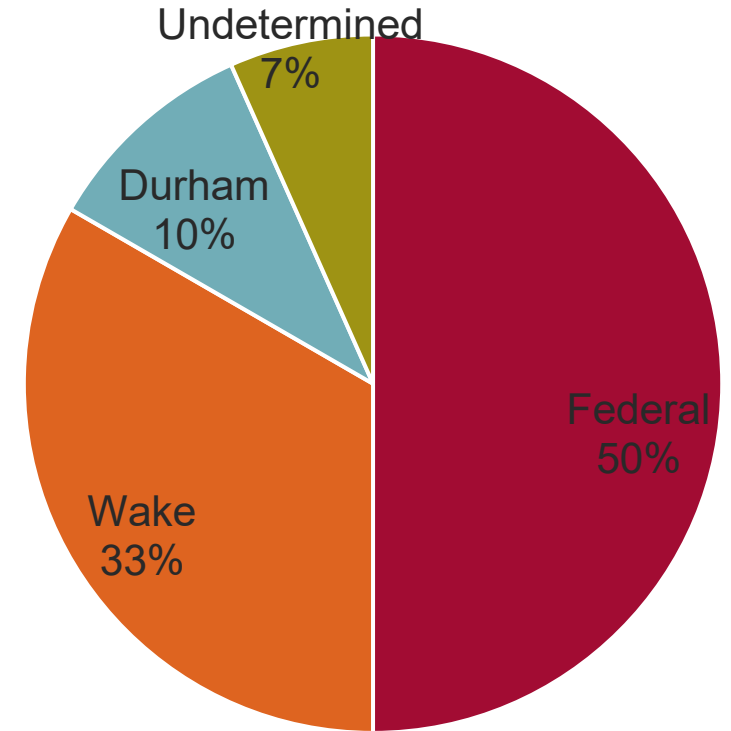
Project Capital Cost                    \$1.95B  
 Annual Operating Cost                \$41M starting mid-2030

Increasing Durham County’s cost-share from 20 to 33% of the non-federal share would result in an increase from \$387.8M to \$649M, and a cut to ~50% of the new services and projects in the draft Durham Transit Plan.

## Recommendation:

- Durham Transit Plan – remain at \$387.8M (20% of the non-federal share)
- Do not support Wake upfront advance scenarios

Current Adopted Transit Plans



## Development of the Recommended Plan

- Release in spring, engagement in summer, and approval in fall.
- Desire coordination with engagement and decision-making on Commuter Rail.

## FY 2023 Work Plan & Transit Plan Amendment

- “All respondents support getting more improvements more quickly.”
- Focus expected to be on bus operations improvements subject to current capacity to expand bus service.
- Likely will require an amendment to the current Transit Plan.

# Schedule

	Durham Transit Plan	Commuter Rail Study	FY23 Work Plan & DTP Amendment
March	Financial Metrics Update to Boards	Downtown Durham Update & Engagement	Staff Develop Draft Work Plan & DTP Amendment
April		Engagement	Release Draft Work Plan & DTP Amendment for public comment
May	Release Recommended Plan		Update & Approval of DTP Amendment by BoCC and MPO, Finalization of Work Plan
June	Engagement		Approval of Work Plan & DTP Amendment by GoTriangle
July	Engagement		
August	Approval of Final Plan	Resolutions of Support Cost-Share Agreement	