

2045 MTP – Preferred Option

-- Rail Transit Financing --

Background

The MPO has proposed extending the Durham-Orange Light Rail Transit (D-O LRT) to Carrboro and the Commuter Rail Transit (CRT) to Hillsborough in the last decade of the 2045 Metropolitan Transportation Plan (MTP). This document explores the financial and planning implications of including these extensions in the 2045 MTP.

Extensions are in the CTP

The DCHC MPO adopted the Comprehensive Transportation Plan (CTP) in May 2017 and these two rail extensions are included in the CTP. It can be assumed that if these extensions are not included in the 2045 MTP, planning protections such as the reservation of land for rail right-of-way can be enforced based on the CTP.

Costs

The assumed costs are:

- D-O LRT extension is \$120 million based on the Federal Transit Authority (FTA) Standard Cost Category (SCC) workbook. This new cost estimate is more refined than the \$75 million value used in the release of the Preferred Option.
- CRT extension is \$160 million based on cost estimates for the other section of the CRT. This new cost estimate will replace the \$173 million value used in the release of the Preferred Option.

Financing the DO-LRT Extension

Federal Small Starts or New Starts programs can finance the majority of the cost to extend the Durham-Orange Light Rail Transit (D-O LRT) to Carrboro. Small Starts has total project and federal grant limitation of \$300 million and \$100 million, respectively, while the New Starts does not have any designated limits. The State contribution can be the current 10% STI (Strategic Transportation Investments) limit. Or, the 2045 MTP can assume that the STI limit reverts back to a higher State contribution such as 25%, which the State invested in two Charlotte passenger rail projects.

In any case, the local contribution would be 10%, or \$12 million. This amount seems within the funding capacity of the local jurisdictions. This level of funding effort might be, for example, a 13-year “Penny for Transit” property tax addition that would raise \$9 million from Chapel Hill and \$3 million from Carrboro.

LRT extension to Carrboro:

Source	Amount	Assumptions
Small Starts or New Starts (federal)	\$78 million or \$96 million	65% or 80% of total project cost.
State (STI)	\$30 million or \$12 million	25% or 10% of total project cost
Local	\$12 million	10% from local jurisdictions
Total	\$120 million	

Financing the CRT Extension

The federal New Starts or Small Starts programs could finance the majority of the cost to extend the Commuter Rail Transit (CRT) to Hillsborough. Small Starts has a grant limitation of \$100 million that will impact the CRT financial formula. The State contribution could be the current 10% STI (Strategic Transportation Investments) limit, or would be 25%, which assumes changes to the STI law.

The two tables below use different federal and state funding assumptions to create the high-low range of local contribution. The first table has the high local contribution, 28%, or \$44 million. The second table has the low local contribution, 10%, or \$16 million. Again, these local funding amounts seem within the funding capacity of the local jurisdictions. For example, this level of funding effort would be equivalent to:

- \$0.01 property tax addition, for 5 years in Durham County (~\$14 million) and for 20 years in Orange County (~\$30 million); yields \$44 million.
- \$0.01 property tax addition, for 2 years in Durham County (~\$5 million) and for 7 years in Orange County (~\$11 million); yields \$16 million.

CRT extension to Hillsborough:

Source	Amount	Assumptions
<u>Small Starts</u> (federal)	\$100 million	Small Starts has \$100 million federal share maximum
State (STI)	\$16 million	10% of total project cost maximum, which is a current STI restriction
Local	\$44 million	"Penny for Transit" property tax addition, for 5 years in Durham County (~\$14 million) and for 20 years in Orange County (~\$30 million)
Total	\$160 million	

CRT extension to Hillsborough:

Source	Amount	Assumptions
<u>New Starts</u> (federal)	\$104 million	65% federal share
State (STI)	\$40 million	25% of total project cost maximum, which is an assumed STI change
Local	\$16 million	"Penny for Transit" property tax addition, for 2 years in Durham County (~\$5 million) and for 7 years in Orange County (~\$11 million)
Total	\$160 million	