

Council Budget Questions and Requests for Information
2019-20 Council Retreat
Question #15

QUESTION: I'd like to better understand how transit fits into our budget picture? For example - significant gap (capital and operating) for funding BRT. How does the County's new transit funding plan relate to our needs for BRT? Do we need to advocate for more \$ in/from the transit tax to support out bus/BRT system? (1/2 cent sales tax - how much do we act that does NOT go to DOLRT?)

RESPONDENT: Brian Litchfield, Transit Director

RESPONSE:

North South Bus Rapid Transit (NSBRT) Project

The current cost estimates for the North-South Bus Rapid Transit (NSBRT) project are \$123.2M - \$134.7M (YOE). The cost estimates will be better refined and updated as the project moves through Environmental and 30% Design over the next 12-15 months (FTA Project Development) and we will also determine if there is a reasonable plan for scaling the project.

The current financial plan assumes 80% (\$98.5M - \$100M) of project funding to come through federal sources (e.g. FTA Small Starts) and 20% (\$24.6M - \$34.1M) from non-federal sources. The non-federal share of the project ranges from \$12.3M - \$17M. The current Orange County Transit Plan (https://gotriangle.org/sites/default/files/publications/orange-county-transit-plan_170424_app.pdf) allocates \$6.1M to the project, leaving a gap of \$6.3M - \$10.9M. The plan does not allocate funding for the operation of the North South BRT service. There does not appear to be additional capacity within the Orange County Transit Plan over the next several years.

Orange County Transit Plan (OCTP) Funding Overview

The Orange County Transit Plan (OCTP) is funded by four (4) dedicated revenue streams:

- Half-cent Sales and Use Tax
- Five-Percent Vehicle Rental Tax
- Three-Dollar increase to GoTriangle Regional Vehicle Registration Fee
- Seven-Dollar County Vehicle Registration Fee

All four sources have statutory requirements related to how funds can be obligated and/or used. Additionally, funding in the OCTP is predicated on the cost-sharing agreement between Durham County and Orange County for the Durham-Orange Light Rail Transit (D-O LRT) project that dictates the following:

- Project capital costs:
 - Durham: \$738.4 million (YOE)
 - Orange: \$149.5 million (YOE)
- Operating expenses (through June 30, 2036)

	2012 Plan	2017 Plan		
Cost Category	Orange Share of Tax District Spending	Orange Share of Tax District Spending (Plan extends to 2045)		
	2013 - 2035	<i>2017 - 2035 only</i>	<i>2036 - 2045 only</i>	2017 - 2045
Bus Service Operations	\$82.7 M	\$77.2 M	\$62.9 M	\$140.1 M
Bus Purchases	\$1.8 M	\$11.5 M	\$4.5 M	\$16.0 M
Bus Facilities	\$0.7 M	\$5.6 M	\$2.5 M	\$8.1 M
Administrative Expenses	Not programmed	\$0.7 M	\$0.5 M	\$1.2 M
Hillsborough Train Station	\$0.9 M	\$0.7 M	\$0.0 M	\$0.7 M
North-South BRT Project	\$6.1 M	\$6.1 M	\$0.0 M	\$6.1 M
North-South BRT Operations & Maintenance	Not programmed	Not programmed	Not programmed	Not programmed
D-O LRT Project Capital Cost	\$104.6 M	\$149.5 M	\$0.0 M	\$149.5 M
D-O LRT Operations & Maintenance (Orange Share) ¹	\$29.6 M	\$30.9 M	\$54.7 M	\$85.7 M
Total Funds for Projects and Services	\$225.5 M	\$282.2 M	\$125.1 M	\$407.3 M
Minimum Cash Balance	\$4.1 M	\$3.8 M	\$14.4 M	\$3.8 M
Unallocated Reserves in Final Year of Period	\$45 M	\$16.7 M	\$14.7 M	\$14.7 M

- Durham: 80 percent
- Orange: 20 percent
- Operating expenses (after June 30, 2036) and State of Good Repair costs
 - Durham: 81 percent
 - Orange: 19 percent

The chart on the following page provides a summary of how the funds in the currently adopted OCTP are distributed between projects consistent with cost-sharing agreement between the County's and the requirements on the funding sources. The currently adopted OCTP shows around 57 percent of the fund plans being programmed for capital and operating associated by the D-O LRT project. Funds are also allocated to bus service improvements (34%), bus and bus facilities (5%), NSBRT (1.4%) and other projects.

Advocating for Additional OCTP Funds for NSBRT

Staff continues to look for opportunities to use OCTP funds for the NSBRT project. Once the obligations for the D-O LRT project and other projects funded in the plan are met, there is little to no capacity within the plan. At a minimum the OCTP is required to be updated every four years – with the next update coming in 2021 – which may provide an opportunity for further discussions.

It may also be helpful to note that the Council, prior to the adoption of the current OCTP, formally requested that Orange County fully fund the local match for the NSBRT project. I have attached a PDF version of the letter from Mayor Hemminger to the County for your information.

Summary of OCTP Funding from the adopted 2017 Plan:

¹ The planned date of opening for light rail service has shifted from 2026 in the 2012 Plan to 2028 in this 2017 Plan.

² The minimum cash balance from the 2012 plan is reported in 2011 dollars.