

GoTriangle  
Planning & Legislative Committee  
February 22, 2017 2:30 pm-3:45 pm

I. Call to Order and Adoption of Agenda

Action Requested: Adopt agenda.

*(1 minute Will Allen III)*

II. Approval of Minutes

Action Requested: Approve minutes.

*(1 minute Michelle Dawson)*

January 25, 2017

III. Status of the Durham and Orange Transit Plans' Update

*(20 minutes John Tallmadge)*

Memo - Status of Updates to Transit Plans

Presentation

IV. 501(c)(3) Discussion

*(20 minutes Shelley Blake)*

V. Adjournment

*(Will Allen III)*

**GoTriangle Board of Trustees  
Planning & Legislative Committee Meeting Minutes  
January 25, 2017**

Board Room, The Plaza, 4600 Emperor Blvd., Suite 100  
Durham, NC

**Committee Members Present:**

Will Allen III, Committee Chair	Ellen Reckhow
Mary-Ann Baldwin	Wendy Jacobs
Vivian Jones	

**Committee Members Absent:**

Jennifer Robinson (excused)	Jim Crawford Jr.
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Committee Chair Will Allen III called the meeting to order at 2:04 p.m.

**I. Adoption of Agenda**

**Action:** On motion by Jones and second by Reckhow the agenda was adopted. The motion was carried unanimously.

**II. Approval of Minutes**

**Action:** On motion by Jones second by Baldwin the Committee approved the minutes of the November 14, 2016, meeting. The motion was carried unanimously.

**III. Schedule for Updates to the Durham & Orange County Transit Plans**

John Tallmadge reviewed the process and timeline for updates to the Durham and Orange County transit plans. He said the goal is to complete final recommendations by March 27 so each of the boards have for their April meeting cycles. He said the Committee would receive an overview in February of the draft proposal and all the governing bodies would be receiving multiple updates and presentations on the proposal before adoption.

**IV. Joint Development and the D-O LRT Project**

Patrick McDonough shared a joint development prospectus, which is attached and hereby made a part of these minutes. He explained that the document outlines nice potential opportunities for joint development along the D-O LRT corridor. He stated that the purpose is to get a joint development line item in the D-O LRT project budget to make certain expenses eligible for a 50% Federal reimbursement. The application submitted in December included \$90 million for such activities. McDonough said it is not a required component, but is being pursued because Durham and Chapel Hill have consistently indicated putting affordable housing near transit is critically important and it relates to our strategic

plan and mission statement to promote sound growth patterns. He added that as the contracts for engineering are initiated later this spring, joint development needs to be integrated into the design. GoTriangle will be writing a joint development policy and using resources from the TOD grant to assist with this process.

McDonough then discussed two sites and the potential joint development concept: affordable housing and transit parking near the Alston Avenue station along with commercial or community service facilities and affordable housing and parking near the Hamilton Road station in Chapel Hill along with a credit union branch and other retail.

**V. Organizational Structure Consulting Services RFP**

General Manager Mann stated that one of the key tasks in the strategic plan for this year is to examine the organization and prepare ourselves to grow in order to manage the D-O LRT project and the Wake County Transit plan. He said this would involve examining the organizational structure and roles and responsibilities of key positions. He said four firms responded to a competitive procurement and the selection committee selected The Novak Consulting Group, for a not to exceed cost of \$95,000. He stated that it falls within his authority and does not require Board approval.

**VI. Adjournment**

**Action:** Chair Allen adjourned the meeting at 2:54 p.m.

\_\_\_\_\_  
Will Allen III, Committee Chair

Attest:

\_\_\_\_\_  
Michelle C. Dawson, CMC  
Clerk to the Board of Trustees

## MEMORANDUM

**TO:** GoTriangle Planning & Legislative Committee  
**FROM:** Regional Services Development  
**DATE:** February 15, 2017  
**SUBJECT:** **Status of Updates to the Durham and Orange County Transit Plans**

### Action Requested

Staff requests that the Committee receive a report and provide comments on the status and schedule for updates to the Durham and Orange County Transit Plans.

### Background and Purpose

Per the Interlocal Implementation Agreements executed by GoTriangle, DCHC, and both Durham and Orange Counties, the adopted Bus and Rail Investment Plans for each county are due for detailed review and update. Each agreement established a Staff Working Group that was charged with conducting the reviews and proposing updates.

The two Staff Working Groups have been meeting jointly to review the existing plans and consider changes. The original schedule agreed upon by the working groups proposed the release of a draft plan in February with final approval by the governing boards in April. However, the Staff Working Groups have recognized that there is a need for more time to review and vet all projects, services and assumptions and to revisit and re-negotiate the cost-share agreement for the construction and operation of the Durham-Orange Light Rail Transit (D-O LRT) Project. The financial model used to develop the financial plan is being modified by GoTriangle's financial consultant to provide the ability to better evaluate county-specific elements of the transit plans. This updated model is expected to be available in mid-March

To better accommodate the need for full vetting of assumptions and re-negotiation of the cost-share agreement, the Staff Working Groups have proposed releasing a draft of the plan updates in mid-April, with final approval from the governing boards in June and July. This schedule is still intended to allow for transit plans' governing boards to signal to GoTriangle's Board of Trustees whether they are supportive of GoTriangle advancing the engineering work on D-O LRT.

This agenda item provides information about the revised schedule for the transit plan updates, including the schedule of governing board input and the impact on the D-O LRT Project.

### **Financial Impact**

The financial impact of the updates to the Durham and Orange County Transit Plans will be included in the materials presented with the draft updates beginning in February.

### **Attachments**

- Slide deck overview of status of plan updates

### **Staff Contact(s)**

John Tallmadge, [jtallmadge@gotriangle.org](mailto:jtallmadge@gotriangle.org), 919.485.7430



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# County Transit Plan Updates

P&L Committee  
February 22, 2017

# County Transit Plans

- Original Bus and Rail Investment Plans adopted in 2011 and 2012
- GoTriangle Financial Plan for Durham-Orange Light Rail Transit Project submitted to Federal Transit Administration in December 2017
- Updated County Transit Plans (in progress)

# Orange and Durham County Plans

- Orange County
  - 35,300 revenue hour expansion of bus service & associated buses in first 5 years
  - Durham-Orange Light Rail Project
  - \$7 Million in bus capital project improvements
  - North-South BRT Project in Chapel Hill
  - Hillsborough Train Station
- Durham County
  - 50,000 revenue hour expansion of bus service & associated buses
  - Durham-Orange Light Rail Project
  - \$15 Million in bus capital project improvements
  - Wake-Durham Commuter Rail



# Implementation Status

## Orange County

- Nearly 25,000 revenue hours of bus service have been implemented (including amount spent on existing service)
- Durham-Orange Light Rail Project – GoTriangle has completed Project Development Phase and received EIS and Record of Decision; FTA authorization to enter Engineering phase is pending
- Bus capital project improvements have been defined by not implemented
- North-South BRT Project - Chapel Hill has completed an Alternatives Analysis and received FTA authorization to enter Project Development phase
- Hillsborough Train Station – NCDOT has included State funding in STIP and taken responsibility for Environmental Study

# Implementation Status

## Durham County

- Nearly 37,400 revenue hours of bus service have been implemented (including amount spent on existing service), plus additional demand-response trips have been funded through Durham County ACCESS
- Durham-Orange Light Rail Project – GoTriangle has completed Project Development Phase and received EIS and Record of Decision; FTA authorization to enter Engineering phase is pending
- Bus capital project improvements have been defined by not implemented
- Wake-Durham Commuter Rail – Delayed from original plan due to delay in Wake County adopting a plan and passing a sales tax referendum; Planning to start this Spring

# Why We are Updating Plans

## **Every four years**

- Interlocal Agreement (Paragraph 8) calls for a detailed review of plan every four years (adopted March 2013)

## **Material changes**

- Increase in cost of capital project (including financing) of more than 10% prior to entering final design
- Proposed elimination or addition of any fixed guideway capital project

The County Transit Plans require approvals by County BOCC's, DCHC Policy Board and GoTriangle Board of Trustees

# Update to County Transit Plans

- Staff Working Group is reviewing changes
  - Bus Services and Vehicles
  - Bus Capital Projects
  - Major Capital Projects
  - Revenue and Finance Assumptions

# Costs are Changing

## **Bus Service**

- Operating Costs

## **Vehicles, Bus Stops, Park and Rides**

- Project Identification
- Scope Refinement
- Inflation

## **Light Rail**

- Extension to NCCU
- Later Opening Year

## **Bus Rapid Transit**

- Extension to Southern Village
- Scope Refinement
- Later Opening Year

## **Hillsborough Train Station**

- Later Opening Year

# Revenues are Changing

## Bus Service

- Federal/State/Fares: 22.4% → 7.5%
- **Local: 77.6% → 92.5%**

## Vehicles, Bus Stops, Park and Rides

- Federal: 80% → 38%
- State: 10% → 8%
- **Local/Other: 10% → 54%**

## Light Rail

- Federal: 50% → 50%
- State: 25% → 10%
- **Local/Other: 25% → 40%**

## Bus Rapid Transit

- Federal: 50% → 70%
- State: 25% → 0%
- **Local/Other: 25% → 30%**

## Hillsborough Train Station

- State: 90% → 91%
- **Local: 10% → 9%**

## Commuter Rail

- Federal: 50%
- State: 25% → 10%
- **Local/Other: 25% → 40%**

- Review expense assumptions in original plan and current FTA Financial Plan
- Agree on proposed changes to service/ project scope descriptions and spending by year
- Agree on assumptions about revenues and financing
- Develop public involvement strategy and schedule
- Coordinate government relations

# Plan Update Schedule

## February – Early April

- Fully vet proposed changes
- Enhance Financial Model capability to answer questions
- Discuss/negotiate cross-county cost-share agreement

## Mid-April – Release Draft Plans including presentation to all Boards

## Mid-April – Late May

- Public comment period

## June

- Present Final Recommended Plan Updates for Board consideration



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# Questions



# Financial Plan Submitted to FTA

- Defined the financial assumptions for a “Base Case”
- Identified the impacts of “Sensitivity Cases” and potential mitigation strategies

# What is the Base Case?

- Includes all of the elements from the Original Orange County Bus and Rail Investment Plan
  - GoTriangle’s existing and expansion bus services and capital investments
  - Local share of CHT and OPT’s expansion bus services and capital investments per the D-O Transit Plans, funded at a higher level than in the original D-O Transit Plans
  - North-South Corridor Bus Rapid Transit (N-S BRT) Project, managed by Chapel Hill Transit
  - D-O LRT Project
  - Hillsborough Train Station
  - NCCU Station
- Does not include:
  - Durham-Wake Commuter Rail Project

# What is the Base Case?

- The base case is the expected scenario for costs and revenue growth
  - Expected sales tax growth as provided by Moody's
  - More conservative financing cost than previously presented and significantly higher than available today
  - State participation at 10%

# The Original D-O LRT Project Cost has increased by 4% since 2011

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

	2011 Plan <sup>1</sup>	Feb. 2016 New Starts Plan <sup>2</sup>	Feb. 2017 New Starts Plan
Level of Design	0%	30%	30%
Original Scope (UNC-Alston Ave)	\$1,605	\$1,648	\$1,668
Joint Development (Optional)	n/a	n/a	\$101
North Carolina Central University (NCCU)	n/a	n/a	\$108
Finance Charges through End of FFGA	n/a	\$194 <sup>3</sup>	\$61
<b>Total</b>	<b>\$1,605</b>	<b>\$1,842</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

<sup>3</sup> \$189 in 2015 dollars, escalated to 2016 dollars at 3.1 percent annually

Cost Estimates Include 30% Contingency

# Refined Financial Plan Model Eliminates Gap

- Previously identified revenue sources (sales tax and vehicle registration fees) completely fund Durham-Orange Light Rail Project
- Gap elimination applies to the Base Case



A2

# How was the Gap Eliminated?

- Refinements to Financial Plan for more efficient borrowing
  - Short-term cash flow financing replaced with medium-term Limited Obligation Bonds (LOBs)
  - LOBs changed from a single issuance to 3 separate issuances to reduce interest cost and provide cash flow relief
  - TIFIA principal payment deferred an additional 3 years
- Increased assumed interest rates to a more conservative 4% for the LOBs and 5% for the TIFIA Loan

**Slide 17**

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Author, 1/23/2017

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# Accounting for Uncertainties

- Significant contingency in D-O LRT capital cost
- Cash Reserves for Operating and State of Good Repair
- Sensitivity Analyses requires some additional local revenue or cost mitigation
  - 10% capital cost increase for D-O LRT Project (similar to 0% state funding share)
  - Lower-than-expected sales tax revenues
  - Higher than anticipated interest rates



# Accounting for Uncertainties

- Working with local government partners and Funding and Community Collaborative to develop plan to address sensitivity scenarios
  - Financial Summit held 1-18-17
  - Continuing work with Staff Working Group to update County Transit Plans – draft update expected mid-April