



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 Recommended Plan

3

Public Comments on Recommended Plan

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)

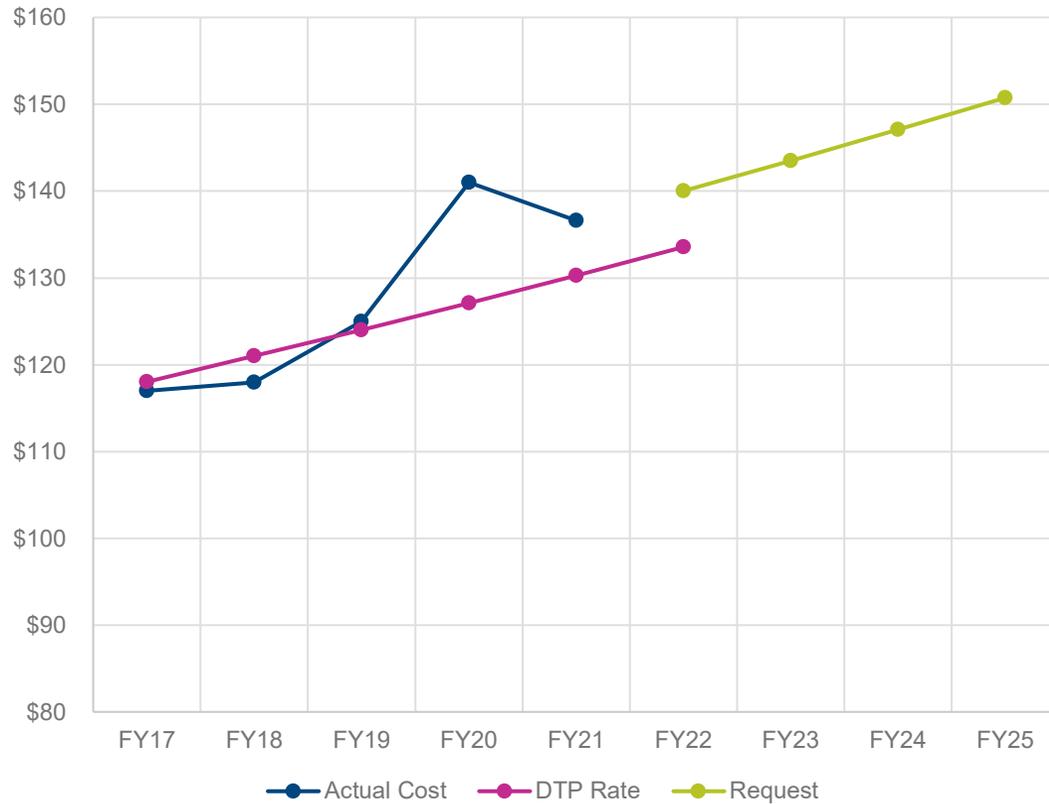
Key Assumptions of the Financial Model

Recommendations from transit operators (change):

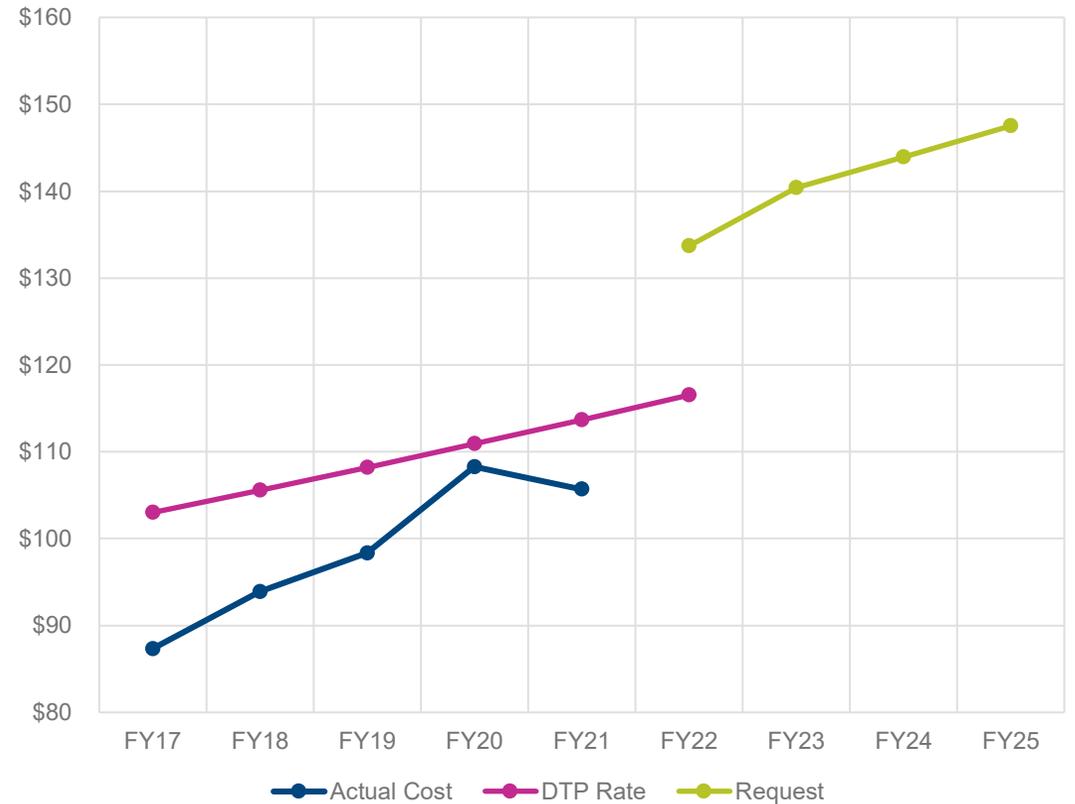
- Cost Escalation
 - Operating Projects – 7.4-20.5% from budgeted FY22 to FY23, 2.5% onward
 - FY23 cost increase reflects the wage increase for bus drivers, fuel costs, etc.
 - Capital Projects – 4%
- Total Change
 - (\$23M) for committed projects
 - (at least \$50M) for future projects

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 Program	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

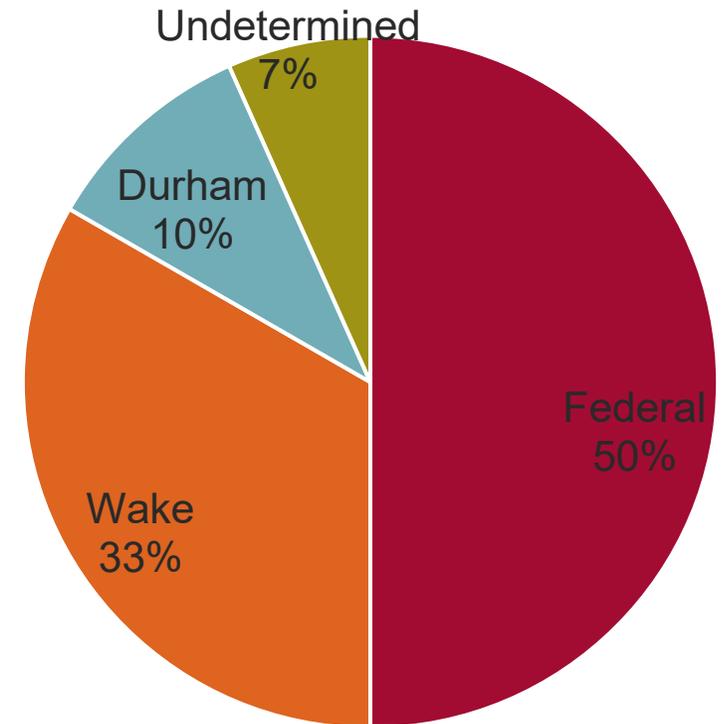
Project Capital Cost	\$1.95B
Annual Operating Cost	\$41M starting mid-2030

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 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 Program & 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.
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Schedule

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