

# Financial Plan

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## Background and Assumptions

The MPO created and reviewed three financial projections in the Alternatives Analysis: Constrained; Moderate; and, Optimistic (formerly known as Aspirational). The Preferred Option uses the Optimistic financial projection, and breaks out the Costs and Revenues by the funding decades, i.e., 2025, 2035 and 2045.

It is important to note that the financial plan abides by the North Carolina STI (Strategic Transportation Investment) legislation and policy in the first two decades, i.e., 2025 and 2035. In the third decade, 2045, the financial plan assumes that statewide and national policy would recognize the need for urban areas to invest more in transit, bicycle and pedestrian projects to create a more sustainable transportation system. As a result, a larger portion of funding would be available for these non-highway projects, and state and federal programs would contribute at a larger portion of the total costs for transit projects.

The text below provides notes for the financial table that follows the text. There are two graphs after the financial table that present major financial themes.

## Cost Table

### Roadways and Alternative Transportation

The roadway costs are broken out by the three North Carolina STI (Strategic Transportation Investment) funding tiers to abide by the current state policy. The highway costs mostly use TIP estimates, recent feasibility studies, or the 2016 NCDOT highway cost workbook to calculate the individual project cost.

Maintenance costs are based on the STI and NCDOT statewide plan.

The estimated alternative transportation costs are shown for Bicycle and Pedestrian, Transportation Demand Management (TDM), Intelligent Transportation Systems (ITS), and Transportation System Management (TSM). These programs do not have individual projects listed in the 2045 MTP and thus the program cost is a single estimate rather than the sum of the listed projects. The assumed STI tier is also shown in parenthesis in the program title.

### Transit

The transit costs and revenues are based on the Durham County Transit Plan and the Orange County Transit Plan that were recently updated in 2017. The costs are broken out by existing and new/expanded services because of the policy of those plans and the funding restrictions of the revenue sources.

### Additional Transit

Two fixed guideway extensions in the Preferred Option are included in the Comprehensive Transportation Plan (CTP) that the MPO adopted in May 2017. However, these extensions are not in the current Durham County Transit Plan (2017) and Orange County Transit Plan (2017). The costs include:

- D-O LRT extension is \$120 million based on the Federal Transit Authority (FTA) Standard Cost Category (SCC) workbook.
- CRT extension is \$160 million based on cost estimates for the section of the CRT that is included in the Durham County Transit Plan.

## **Revenue Table**

### STI/Local/Private

The STI revenues are based on the Optimistic financial scenario and abide by the STI requirements and methodology throughout the entire 2045 MTP.

Maintenance revenues match the costs. Local funding are estimates based on the current 2040 MTP and a modest growth rate. CMAQ funding is based on the STI. Private funding is mostly summed from the 2045 MTP highway projects that are expected to be constructed by private concerns.

### Transit

The transit costs and revenues are based on the Durham County Transit Plan and Orange County Transit Plan that were recently updated in 2017. However, the rail extensions will need funding that is not currently included in the county plans. The following revenue sources are recommended:

#### D-O LRT Extension (\$120 million total cost)

- A federal Small Starts grant would provide \$78 million (65% of total). Small Starts has a total project and a federal grant limitation of \$300 million and \$100 million, respectively.
- The state would provide \$30 million (25% of total).
- The local jurisdiction would provide \$12 million (10%). This amount is within the funding capacity of the jurisdictions as demonstrated by taking into consideration the some potential revenue options. One option might be a 13-year, \$0.01 property tax addition in Chapel Hill and Carrboro that would yield the needed revenue. Other options include the use of excess revenues that would be realized from conservative revenue forecasts in the county plans, or even a minor increase to the transit sales tax rate.

#### CRT Extension (\$160 million total cost)

- A federal Small Starts grant would provide \$100 million (62% of total). Small Starts has a grant limitation of \$100 million.
- The state would provide \$40 million (25% of total).
- The local area would provide \$20 million (13%). This amount is certainly within the funding capacity of the local governments. Consider that a \$0.01 property tax addition in Durham County and Orange County would yield the needed local revenue in 2 years and 9 years, respectively. Other options include the excess revenues that would be realized from the conservative revenue forecasts in the county plans, or even a minor increase to the transit sales tax rate.

It bears noting that these examples of local funding sources are to demonstrate that the jurisdictions and counties have the capacity to provide the local match at the scale indicated. The eventual revenue source would not be identified until those projects are well into the detailed planning and public input phases.

### **Balance Table**

This table is a tool to help guide changes in the project lists and financial plan during the public input period of the Preferred Option. It shows the balance (i.e., revenue minus cost) by STI tier and decade. The values in parenthesis are negative, meaning that the costs are greater than the revenues. This table shows two issues might need resolution before adoption of the 2045 MTP. There is a \$139 million statewide budget deficit and a \$195 million regional budget surplus in the last decade, i.e., 2045.

2045 Metropolitan Transportation Plan  
Preferred Option -- Financial Plan

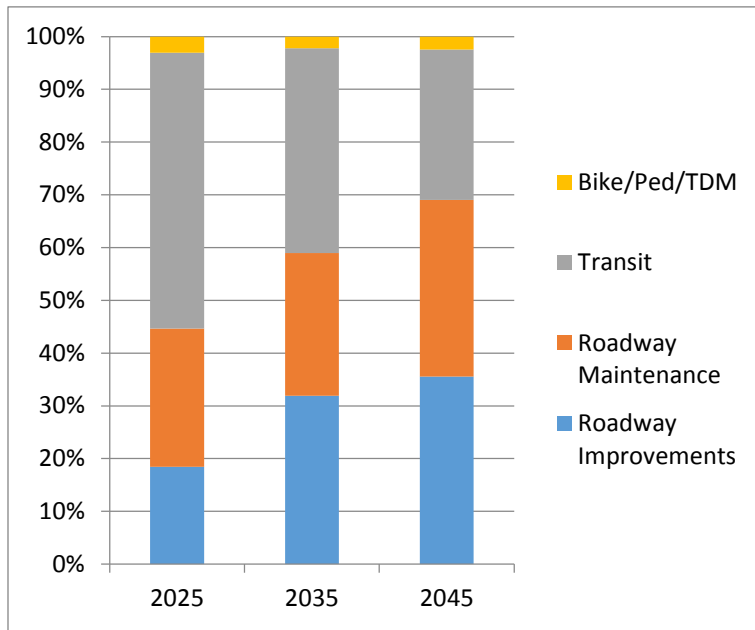
<b>COSTS</b>	Uses Optimistic Financial Projection			
	(in millions \$)			
<b>Roadways &amp; Alternative Transportation</b>	<b>2025</b>	<b>2035</b>	<b>2045</b>	<b>Total</b>
Roadways (statewide)	480	1,048	1,090	2,618
Roadways (regional)	24	192	138	354
Roadways (division)	53	167	209	429
Maintenance (all)	874	1,242	1,409	3,525
Bicycle & Pedestrian (division)	90	90	90	270
Transportation Demand Management (division)	13	13	13	38
Intelligent Transportation Systems (statewide)	20	20	20	60
Transportation System Management (all)	40	40	40	120
<b>Total Roadway and Alternate</b>	<b>1,592</b>	<b>2,812</b>	<b>3,009</b>	<b>7,414</b>
<b>Transit</b>				
Continued Transit Funding to Support <u>Existing</u> Services	386	482	482	1,350
Funding for <u>New/Expanded</u> Transit Services	1,261	1,207	471	2,939
<b>Additional Transit</b>				
Transit funding match, etc. (regional)	95	96	-	191
Extend CRT from West Durham to Hillsborough (regional)	-	-	160	160
Extend LRT from Chapel Hill to Carrboro (regional)			120	120
<b>Total Transit</b>	<b>1,742</b>	<b>1,785</b>	<b>1,233</b>	<b>4,760</b>
<b>Total Costs</b>	<b>3,334</b>	<b>4,597</b>	<b>4,242</b>	<b>12,173</b>
<b>REVENUES</b>				
<b>STI/Local/Private</b>				
<b>STI (statewide)</b>	<b>2025</b>	<b>2035</b>	<b>2045</b>	<b>Total</b>
STI (statewide)	542	898	981	2,421
STI (regional)	132	373	423	928
STI (division)	122	228	256	606
Maintenance (all)	874	1,242	1,409	3,525
Toll Revenue (statewide)	0.1	196	-	196
Local Funding (bicycle/pedestrian) (division)	35	20	20	75
Local Funding (roadway) (division)	25	25	25	75
Private Funds (division)	27	30	24	81
CMAQ Funding (division)	17	18	15	49
<b>Total STI/Local/Private</b>	<b>1,773</b>	<b>3,029</b>	<b>3,153</b>	<b>7,956</b>

2045 Metropolitan Transportation Plan  
Preferred Option -- Financial Plan

<b>Transit</b>				
Continued Transit Funding to Support Existing Services	386	482	482	1,350
Funding for New/Expanded Transit Services	1,261	1,207	471	2,939
Small Starts (LRT and CRT extensions)	-	-	178	178
Local Funds (LRT and CRT extensions)	-	-	32	32
<b>Total Transit</b>	<b>1,647</b>	<b>1,689</b>	<b>1,163</b>	<b>4,499</b>
<b>Total Revenues</b>	<b>3,420</b>	<b>4,719</b>	<b>4,316</b>	<b>12,454</b>
	(parenthesis are negative values)			
<b>BALANCE</b>	<b><u>2025</u></b>	<b><u>2035</u></b>	<b><u>2045</u></b>	<b><u>Total</u></b>
Statewide	32	15	(139)	(92)
Regional	(7)	65	195	253
Division	61	41	18	120
<b>Total Balance</b>	<b>86</b>	<b>121</b>	<b>74</b>	<b>281</b>

## Graphics

The bar chart below shows the percent of the total investment by mode for each of the three decades. Transit investments are relatively larger in the first two decades because of the large capital investments in light rail and commuter rail.



The pie graph below shows the percent of total investment, i.e., 2025, 2035 and 2045, by mode. Roadway improvements and roadway maintenance are the same. The transit, bicycle, pedestrian and TDM investment is less than one-half of the total, 42%. It is difficult to get these investments higher and continue to mostly abide to the STI funding restrictions.

