

Durham Orange Joint Staff Working Group

Meeting Agenda

September 12, 2018

1:00 pm – 2:30 pm

Durham City Hall, Transportation 4B

- 1. Call to Order/Roll Call**
- 2. Approval of Meeting Minutes**
- 3. Open Issues**
 - a. DOLRT Light Rail Update– John Tallmadge GoTriangle**
Attached – Memo with three attachments related to the DOLRT project and current activities.
 - b. GoForwardNC – Mike Charbonneau, GoTriangle**
 - c. Policies and Procedures - SWG discussion**
 - i. Policy Committee - Aaron Cain (see notes attached)**
 - ii. Finance Committee - Mindy Taylor**
- 4. New Business**
- 5. Adjournment**

**Durham- Orange Joint Staff Working Group
August 8, 2018 Meeting Minutes**

Roll Call:

GoTriangle: John Tallmadge
DCHC MPO: Aaron Cain, Meg Scully (Alternate)
Orange County: Travis Myren, Theo Letman (Alternate)
Durham County: Evan Tenenbaum
SWG Admin: Mo Devlin, recorded minutes

Item 2. Approval of July Meeting Minutes

Discussion - Aaron requested text change to clarify that the SWG has two groups or committees (Policy-related subjects, Finance-related.) Aaron moved, 2nd by Theo Letman, approved unanimously.

Item 4. New Business

Light Rail - John Tallmadge provided an update about DOLRT. GoTriangle is working towards a September project filing with FTA of September 8th. GoTriangle is meeting with a group of County Commissioners on August 10, 2018 (Reckhow, Jacobs, Marcopolis, Dorosin). They will be discussing taking steps to move project forward and how these steps effect the County Transit Plans.

Evan asked for more information to understand to if these conversations include the possibility of a new cost share agreement to make up differences created by state funding cap. John said that Durham is willing to use sales tax funds to cover the difference but that it is not yet decided by board. Durham and GoTriangle are not sure yet what the action is by Durham and if it needs to happen before September 8, 2018. The general strategy is to have items go just one time at board, so they are trying to determine the best timing for that.

John said he will forward information and talking points, and would consider if they need to accelerate sending this out to get talking points onto Commissioner Agendas.

Item 3. Finance Committee Update- Mindy Taylor provided an update about the committee's work. They met with Wake County counterparts and GoTriangle staff on 8/3/18, with the goal of using Wake and GoTriangle Policy and Procedures as a template for Durham and Orange. The Finance Committee had not received existing documents as of August 8th, so were delaying the next meeting until a later date.

Adjourned at 1:42 to Policy Committee Only

3a. GoTriangle Update regarding DOLRT

Memo

To: Durham and Orange Staff Working Groups
From: John Tallmadge, GoTriangle as forwarded by Mike Charbonneau
Date: September 12, 2018

Dear Staff Working Group Members,

As you know, Durham and Orange counties' light-rail project continues to move through the final design or engineering phase and toward application for a full funding grant agreement from the Federal Transit Administration. The project remains eligible for a federal investment of about \$1.25 billion, or 50 percent of the project cost. The financial plan previously assumed that \$247.6 million for the light-rail project would come from the State of North Carolina. Based on changes in the last legislative session, this amount is now limited to \$190 million which equals about 7.7 percent of the project cost.

In response, Durham County recently proposed an updated Cost Sharing Agreement in which an additional \$57.6 million in voter-approved, dedicated transit revenue will be used to close part of the funding gap. Another \$102.5 million is still planned to come from other public and private sources including property donations through the GoTransit Partners Capital Campaign. On behalf of the two counties, GoTriangle is working with our partners toward having all non-federal and non-state funds committed for the light-rail project by December 31, 2018 to meet targets for the Federal Transit Administration application process. To meet this target, there are some additional items the staff working group needs to take action on in the coming weeks.

Please see attached a list of SWG next steps from GoTriangle's John Tallmadge. Also attached are some key messages about the current funding process and a copy of the joint letter from Durham and Orange counties about the updated cost sharing agreement.

3a. Updated light-rail Cost Sharing Agreement key points

- The financial plan assumed that \$247.6 million for the light-rail project would come from the State of North Carolina. Based on changes in the last legislative session, this amount is now limited to \$190 million.
- Durham and Orange counties are proposing an updated Cost Sharing Agreement in which an additional \$57.6 million in voter-approved, dedicated transit revenue from Durham County will be used to close that gap.
- Those funds are required by law to be used only for transit projects and would not impact any other areas of the county budget. The \$57.6 million is available within the transit plan and this change continues to accommodate all bus service and existing transit projects in the current Durham County plan.
- The light-rail project remains eligible for approximately \$1.25 billion in federal funding, 50 percent of the project cost, and up to \$190 million in state funding.
- **Another \$102.5 million is still planned to come from other public and private sources including property donations through the GoTransit Partners Capital Campaign.**
- GoTriangle is working with our partners toward having all non-federal and non-state funds committed for the light-rail project by December 31, 2018 to meet targets for the Federal Transit Administration application process.

3a. DOLRT Update

Joint Statement on the Proposed Durham-Orange Light Rail State Funding Gap Solution

Orange County and Durham County are parties to a Cost Sharing Agreement for the Durham-Orange Light Rail Transit Project that specifies the amount of funding that each party is expected to contribute to the project. This Agreement also contains a decision making framework to respond to unexpected material changes in either revenues or expenditures.

The most current financial model for the light rail project relied on a State contribution of ten percent (10%) or \$247.6 million. In June, the North Carolina General Assembly placed several limitations on the Light Rail Project including limiting the maximum State contribution to \$190 million. This limitation created a funding shortfall of \$57.6 million.

Consistent with the terms of the Cost Sharing Agreement, representatives from the Orange County and Durham County Boards have been meeting throughout the summer to discuss potential solutions to the \$57.6 million State funding shortfall. The parties closely reviewed their current financial commitments, and Durham County examined any unused dedicated transit revenue capacity.

Durham County's dedicated transit revenues are robust and sufficient to cover the revenue shortfall, and the negotiating team agreed to present this solution to their respective governing boards for approval in advance of a project progress report due to the Federal Transit Administration in early September. Wendy Jacobs, Chair of the Durham County Board of Commissioners emphasized the importance of this collaboration, "Durham County continues to remain committed to working closely with our Orange County partners for the successful implementation of the Durham Orange Light Rail Project which will provide an important transportation option and better connect the people of our communities to jobs, healthcare and education."

The negotiated funding solution is recognized in two letters, one from the Chair of the Durham County Board of Commissioners and one from the Chair of the Orange County Board of Commissioners. The Durham County Board of Commissioners is scheduled to consider their letter on August 27, 2018. Orange County's letter will be included on the September 4, 2018 agenda. Mark Dorosin, Chair of the Board of Orange County Commissioners, expressed his appreciation for the proposed funding solution, "We appreciate the collaborative and cooperative support of our colleagues in Durham, and are encouraged that we've been able to come up with a positive strategy for keep the Durham-Orange Light Rail project moving forward."

Final funding commitments are required prior to the approval of a full funding grant agreement by the Federal Transit Administration. Both Durham and Orange County are committed to formally amending the Cost Sharing Agreement and each County's Transit Plan to codify the change in funding commitments later this year.

3a. DOLRT Update

Next Steps for Staff Working Group

- At the September meeting of the Staff Working Group, we will have an agenda item to discuss changes to the Plans that would need to be made to reflect the proposed changes to funding for the Light Rail Project.
- The Staff Working Group will need to confirm whether the proposed changes would be a material or non-material change to the Plan.
- Approval of changes to the Plans must be made no later than the submittal of the Full Funding Grant Application to FTA in March 2019.
- In parallel, the Counties and GoTriangle will be revising the Cost-Share Agreement to reflect the changes to funding commitments.

3c. i. Policy Committee Notes

NOTES FROM SWG POLICY COMMITTEE MEETING

August 8, 2018

The policy committee met to discuss Carryover policies. Carryover was defined by the Policy Committee as:

The amount of funding that was apportioned in previous fiscal years but is unspent at the end of the previous fiscal year. Apportioned is defined as transit plan revenues assigned to project sponsors as found in the financial model.

The Policy Committee was tasked with answering three policy questions:

- 1) When will carryover funds be available to project sponsors?
- 2) Do carryover funds remain dedicated to the original project sponsor, or do they go back into a “general pool” at some point that all project sponsors could access?
- 3) If carryover funds remain available to the original project sponsor, must they be programmed for the originally intended project, or can they be moved to another project? Can carryover funds be moved from capital to operating expenses, and vice versa?

The Policy Committee developed the following draft policies regarding Carryover:

Capital

- GoTriangle will develop a project-specific capital account for each project in the plan
- GoTriangle will develop a reserve fund for each county
- Multiyear capital projects will have the entire amount go into a project-specific capital account that can be drawn on at any time throughout the life of the project
 - There will be no carryover since the entire planned amount will be dedicated to that particular project
 - Upon completion, any leftover funds (surplus) will go into a reserve fund for other capital projects within that county
- Single-year capital projects must use the funds within the planned year. If the funds are not utilized, then:
 - A budget amendment must be submitted to the SWG to move the funds to a different year (may require an amendment to the plan, to be discussed by the Policy Committee at a later date); or
 - If a budget amendment is not submitted to the SWG, at the conclusion of the project’s plan year, unspent funds are directed to a reserve capital fund that can be used for other capital projects within that county

3c. i. Policy Committee Notes (cont.)

Operations

The Policy Committee recommended two separate policies for each county that would eventually become one:

- In Durham County, any operations carryover funds as of the end of FY18 are directed to a reserve fund for Durham County, that can be used for any operational or capital project within the county in FY19 and beyond
- In Orange County, all operational carryover funds remain with the project sponsor through the end of FY19. At the end of FY19, any operations carryover funds are directed to a reserve fund for Orange County, that can be used for any operational or capital project within the county same policy as Durham.

However, since we are already well into FY19, and a reserve fund has not been established for Durham County and this policy has yet to be adopted by the SWG, my suggestion is that we have both counties follow the Orange County policy. From a practical standpoint, I think that will be a lot easier to administer. We can discuss further at our next meeting.