OUR FINANCIAL PLAN

The Financial Plan component of the 2030 Long Range Transportation Plan provides a comparison of projected revenues and estimated financial needs from 2005 through 2030 – this is a 26-year period. The purpose of the Financial Plan is to analyze whether the DCHC MPO has the financial capacity to implement the 2030 LRTP, and to comply with federal regulations that require the Plan to be financially feasible. For every project, there must be a reasonable source of funding available to implement that project. Also, the counties comprising the DCHC MPO planning area have been designated as non-compliant for ozone pollutants based on recent changes to the National Ambient Air Quality Standards. As a result, federal regulations require the financial plan to address the specific financial strategies required to ensure the implementation of projects and programs to achieve air quality conformity.

Costs

In Figure 41, the estimated costs are divided into the same six components in which the project plans are presented:

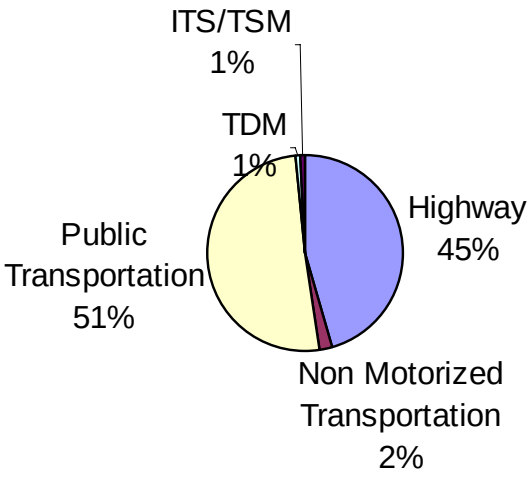
1. Highway;
2. Fixed guideway;
3. Bus transit;
4. Non-motorized transportation (bicycle and pedestrian projects);
5. Transportation Demand Management (TDM); and,
6. Intelligent Transportation Systems (ITS)/Transportation System Management (TSM) projects.

Figure 42 is a pie chart showing the percentage of total costs contributed by each plan component. All costs are in constant year 2005 dollars ($). The total cost estimate is $6.1 billion.

Figure 41
2030 LRTP Cost Summary

No.	Cost Components	Cost Estimate (2005 dollars)
1	**Highway**	
1.1	Improvement	$2,046,651,720
1.2	Maintenance	$741,618,431
	Total Highway Program	**$2,788,270,151**
2	**Public Transportation -Transit/Fixed guideway/Rail**	
2.1	Bus Transit Cost	$2,035,664,600
2.2	High capacity Transit	$102,257,642
2.3	Fixed guideway (New Starts)	$952,909,728
2.4	Rail Right-of-Way Corridor Protection	$13,575,623
	Total Public Transportation	**$3,104,407,593**
3	**Non Motorized Transportation**	
	Bicycle Facilities	$112,459,968
	Sidewalks & Pedestrian Walkways	$20,383,000
	Total Non-Motorized Transportation	**$132,842,968**
4	**TDM**	**$49,785,750**
5	**ITS/TSM**	**$56,680,000**
	TOTAL 2030 LRTP Costs	**$6,131,986,462**

Figure 42
Plan Component Costs as Percent of Total Costs



REVENUES

The 2030 LRTP must identify revenue sources to pay for the proposed projects and there must be a reasonable expectation that these revenue sources will be realized. The MPO used historical revenue data to project future revenues. The most notable characteristic among the various revenue projections is the assumption that annual revenues will continue to increase in real terms (i.e., outpacing economic inflation). This assumption is based on historical information. Figure 43 demonstrates a steady increase in State and federal highway construction and maintenance revenue for Durham, Orange and Chatham Counties. From 1990 through 2002, the construction and maintenance revenues increased by 266 percent (eleven percent annual) and 60 percent (four percent annual), respectively. Figure 44 shows the operations and capital revenue for the transit systems increased 174 percent and 382 percent, respectively, from 1996 through 2002. Both the highway and transit revenue growth have far outpaced the approximately 1.5 percent annual population growth rate during the same period.

Figure 43
Annual State and Federal Highway Revenue
(Chatham, Durham and Orange Counties)
(in millions $)

Year	Construction	Maintenance
1990	$27	$12
1991	$35	$13
1992	$32	$11
1993	$46	$12
1994	$61	$12
1995	$63	$12
1996	$58	$13
1997	$66	$14
1998	$65	$17
1999	$78	$10
2000	$70	$15
2001	$79	$14
2002	$98	$20
Totals	**$776**	**$175**

Population annual growth rate = 1.5 percent
Highway construction revenue annual growth rate = 11 percent
Highway maintenance revenue annual growth rate = 4 percent

Figure 44
Annual Operating and Capital Revenue for Transit Systems

Year	TRANSIT SYSTEM							
	CHT		DATA		TTA		TOTAL	
	Op.	Cap	Op.	Cap	Op.	Cap	Op.	Cap
1996	$4,955,545	N/A	$5,119,228	N/A	$3,425,222	N/A	**$13,499,995**	**N/A**
1999	$5,133,046	N/A	$5,290,444	N/A	$3,973,344	N/A	**$14,396,834**	**N/A**
1998	$5,535,680	$381,400	$5,841,213	$447,974	$4,194,517	$3,911,347	**$15,571,410**	**$4,740,721**
1999	$6,316,700	$3,538,366	$6,830,173	$625,964	$4,198,339	$7,481,429	**$17,345,212**	**$11,645,759**
2000	$5,787,596	$1,771,510	$7,121,585	$2,211,258	$5,159,413	$1,791,829	**$18,068,594**	**$5,774,597**
2001	$6,329,200	$1,727,859	$7,278,362	$2,239,866	$2,957,723	$6,078,031	**$16,565,285**	**$10,045,756**
2002	$7,928,029	$7,665,164	$9,431,679	$20,247	$6,247,875	$10,429,900	**$23,607,583**	**$18,115,311**
Totals	$41,985,796	$15,084,299	$46,912,684	$5,545,309	$30,156,433	$29,692,536	$119,054,913	$50,322,144
						Total Operating & Capital =		**$169,377,057**

Population annual growth rate = 1.5 percent
Transit operations revenue annual growth rate = 10 percent
Transit capital revenue annual growth rate = 40 percent

The MPO accepted that the growth for these revenue sources would outpace population and economic inflation growth for several reasons. At the state level, the population and vehicles miles traveled will continue to grow steadily, and thereby bolster gasoline tax revenues. Historically, vehicle miles traveled tends to outpace population growth by approximately 60 percent. At the federal level, North Carolina is likely to become less of a "donor state" in terms of federal funding contribution when the next omnibus transportation legislation is enacted. This change in donor status will result in our state capturing a larger proportion of federal funding. Finally, federal transportation funding is likely to continue growing in real terms given the increasing demand to maintain the existing transportation infrastructure and build additional capacity to alleviate congestion.

In addition to identifying the forecasted growth of the various revenue sources, it is also important to understand the types of projects each source can fund. The following section describes the restrictions for using the different revenue sources.

Highway/Enhancement

- The state highway trust fund (loop funds) estimate is based on the cost of proposed projects in the draft 2030 LRTP that are eligible for trust funding.
- The bulk of federal funding that the FHWA administers is commonly destined to highway related projects. However, the MPO can "flex," or transfer some of these funds, such as the STP and CMAQ, to transportation projects related to transit, bicycles, or pedestrians.
- The Capital Improvement Program (CIP) funds must be used on projects in the municipality or county in which the funds are generated.
- Private funding includes development impact fees that are not already accounted for in the CIP, and investments made by private developers and companies to adjacent public infrastructure such as intersection improvements, road widening, and right-of-way dedication.

Bus Transit Capital

Transit funding must be used on eligible transit projects. Federal transit funding occurs through formula grants and capital program grants.

Bus Transit Operating and Maintenance

Besides state and federal grants, and local contributions, this revenue includes passenger fares.

Fixed guideway Capital and Fixed guideway Operating and Maintenance

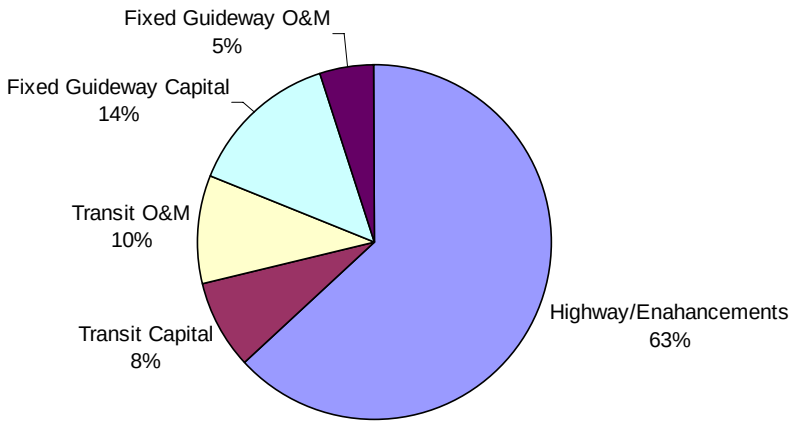
These estimates are drawn from the feasibility, major investment, and other studies that have been conducted in the planning process for these projects. These revenues represent one-third of the total for the TTA Phase I project – approximately one-third of the stations and track mileage are in Durham County.

Using historical data starting with the year 1990, we estimated revenue for five traditional revenue sources and summarized these estimates in Figure 45. Unless otherwise noted in the "bulleted" information presented above, we used the projection formula that best matched actual data trends. Figure 46 is a pie chart showing the percentage of the total traditional revenue contributed by each of the five sources.

Figure 45
Revenue Estimates

	Funding Sources / Types	Revenue Estimate (2005 dollars)
1	**Highway /Enhancement**	
1.1	Federal /State (NHS, STP, NCDOT, etc.)	$2,463,247,434
1.2	State Highway Trust Fund (loop projects)	$468,097,000
1.3	Local (e.g., Capital Improvement Program)	$348,671,109
1.4	Private	$126,949,659
	Total highway/enhancement revenue	**$3,406,965,201**
2.1	**Transit Bus**	
	Capital	
2.11	Federal FTA	$324,596,899
2.12	State - NCDOT	$20,287,309
2.13	Local	$60,861,927
	Total bus transit capital	***$405,746,134***
	Operating & Maintenance (O & M)	
2.14	Federal FTA	$65,076,878
2.15	State - NCDOT	$110,558,122
2.16	Local	$255,549,132
2.17	Fare	$131,643,283
	Total bus transit operating & maintenance	***$562,827,415***
	Total bus transit revenue (capital, operating & maintenance)	**$968,573,550**
2.2	**Fixed Guideway Transit (TTA phase 1 and US 15-501)**	
	Capital	
2.21	Federal FTA	$386,820,727
2.22	State - NCDOT	$193,410,363
2.23	Local	$193,410,363
	Total fixed-guideway transit capital	***$773,641,453***
	Operating & Maintenance (O & M)	
2.24	Federal FTA	$47,053,937
2.25	State - NCDOT	$37,070,630
2.26	Local	$86,421,801
2.27	Fare	$124,555,171
	Total fixed guideway operating & maintenance	***$295,101,540***
	Total fixed guideway revenue	**$1,068,742,992**
	Total Transportation Plan Revenue	**$5,444,281,743**

Figure 46
Funding Source as Percentage of Total Revenue



COST AND REVENUE COMPARISON AND NON-TRADITIONAL REVENUE

Under current federal transportation legislation, often referred to as TEA-21, long-range transportation plans must be fiscally constrained. In other words, revenues must match costs within a reasonable tolerance level, and there must be a well-founded expectation that proposed revenues will be realized.

Given the preceding total cost and revenue projections, costs will exceed revenues by almost $558 million. In order to provide adequate funding to implement the 2030 LRTP projects, the plan identifies three sources of non-traditional revenue described below. It is important to note that non-traditional revenues are not limited to these three sources. Additional revenue sources might be implemented within the timeframe of this long-range plan as state legislation and the administrative and political feasibility of sources changes. Among the sources currently being pursued are the following:

- A Retail Motor Fuels Tax is expected to generate $356,159,793 over a 23-year period, from 2008 through 2030. This revenue projection assumes a five percent tax on the $1.40 non-tax value of a gallon of fuel, and a 1.4 percent annual growth rate to account for expected population growth.

- A phased implementation of a Vehicle Registration Fee is expected to generate $124,435,835 over a 23-year period, from 2008 through 2030. This revenue projection assumes an additional $10 fee from 2008 through 2009, $15 fee from 2010 through 2019, and a $20 fee from 2020 through 2030. It also assumes a 1.4 percent annual growth rate to account for expected population growth.

- Bonds will provide $70,039,000 and $14,007,800 for capital, operating and maintenance costs of the Triangle Parkway. Triangle Parkway tolls will pay the bond debt.

The total revenue from these non-traditional sources is estimated to be almost $565 million throughout the 23-year period, from 2008 to 2030, leaving an estimated surplus of approximately $7 million. Figure 47 provides a summary of these total revenue and cost estimates.

Figure 47
Cost and Revenue Comparison and
Non-Traditional Revenue Sources

	COST & REVENUE COMPARISON	2005 Dollars
1	Total Transportation Cost Estimates	$6,131,986,462
2	a) Total historical revenues	$5,444,281,743
	b) Total expected revenue increases based on changes to State and	$130,000,000
	federal transportation legislation; $13 million/year, 2021 to 2030	
	Shortfall	-$557,704,719
	NON TRADITIONAL REVENUE SOURCES	
	(Includes all Durham County and part of Orange County in MPO boundary)	
A	Motor (Gasoline) Fuel Tax -	$356,159,793
	Five percent on non-taxed portion of gas retail cost ($1.40 non-tax per gallon)	
	Revenue period is 2008 to 2030, and uses ~1.4 percent annual growth	
B	Vehicle Registration -	$124,435,835
	$10 from 2008 to 2009; $15 from 2010 to 2019; $20 from 2020 to 2030	
	Uses ~1.4 percent annual growth for vehicles	
C	Triangle Parkway Toll Financing	$84,046,800
	Bonds to provide $70,039,000 capital and $14,007,800 operating and maintenance funding based on tolls fromTriangle Parkway	
	Total Non Traditional Revenue Sources	$564,642,429
	TOTAL REVENUE (traditional & non-traditional)	**$6,138,924,172**
	Difference -- Surplus	**$6,937,710**

We have a reasonable expectation that these non-traditional revenue sources will be realized. Foremost, the North Carolina General Assembly has recently initiated several legislative commissions to study the state's transportation needs and provide recommendations for meeting these needs – these recommendations are likely to support initiating new revenue sources:

- The Blue Ribbon Study Commission on Urban Needs was created in 2004, and is to study innovative financing approaches to alleviate urban congestion, and local revenue options.

- The North Carolina Turnpike Authority was created in 2002, and currently is working to select three toll-road projects in North Carolina. Many leaders within the Triangle region have strongly promoted the Triangle Parkway (NC 147 extension in the 2030 LRTP) to be one of the selected toll-road projects.

- The Highway Trust Fund Committee is studying the cost, revenue and project implementation facets of North Carolina Highway Trust Fund, which is designed to build the intrastate highway systems and urban "loops."

Besides these ongoing developments in the North Carolina General Assembly, the Triangle region and other North Carolina communities have a history of implementing special revenue sources for transportation projects:

- The Triangle region (Durham, Orange and Wake Counties) has a rental car tax that produces approximately $7 million per year for TTA bus and passenger rail projects.
- The Durham City Council approved an increase to the vehicle registration fee from $5 to $10, producing $650,000 in annual revenue. The additional revenue, which begins accruing October 2004, will pay for free senior fares and the extension of bus routes to certain public schools.
- The Charlotte area has a sales tax that produces approximately $50 million annually, and the North Carolina Board of Transportation and General Assembly have ensured that the required state match has kept pace with this large revenue source.

There are strong regional efforts underway that initiate and support local revenue sources for transportation projects. The Regional Transportation Strategy (RTS) is composed of the mayors from the Triangle's four largest municipalities and nine other transportation organizations including the DCHC MPO and CAMPO. The RTS goal is to develop a long-term strategy for meeting the transportation needs of the Triangle and identify options for funding the facilities needed to meet those needs. Another organization, the Regional Transportation Alliance (RTA) seeks to identify and implement regional mobility solutions and promote funding strategies to support these solutions. The RTA is a non-profit, privately funded organization created by business and community leaders, and has been functioning since 1998.

Besides the promising revenue sources from taxes and the Triangle Parkway, the proposed I-40 High Occupancy Vehicle lanes (HOV) has great potential as a revenue source. The NCDOT and two regional MPOs, i.e., DCHC MPO and CAMPO, have taken the steps to initiate a financing and development plan for the I-40 HOV project as a logical follow-on to the recently completed I-40 HOV/CMS feasibility study. The proposed plan will include several financing options, among which will include the use of High Occupancy Toll lanes (HOT). HOV/HOT lanes permit use by vehicles with the required number of occupants (i.e., HOV), or by vehicles that pay a toll (i.e., HOT). The HOV/HOT lanes have been successfully implemented in the United States, producing substantial toll revenue.