

8. Financial Plan

Federal regulations require the 2035 LRTP to be fiscally-constrained. This requirements means that the cost of the various highway, transit and other transportation facilities must be covered by state, federal, local, private and other transportation revenues that can be reasonably expected to be available. The Financial Plan provides a comparison of projected revenues and costs from 2009 through 2035 – this is a 27-year period – to demonstrate the balance between costs and revenues.

This financial plan section presents a variety of cost and revenue tables that have been summarized to permit a unified presentation of financial data from both MPOs. Alternative presentations of this financial data are available on the MPOs' web sites.

8.1 Costs

The two MPOs used the same costs assumptions for the major parts of the plan, including:

- Highway: Used the 2009 highway estimates spreadsheet from the North Carolina Department of Transportation, and data from the I-40 HOV Study and North Carolina Turnpike Authority for projects related to those entities.
- Bus Transit: Used a spreadsheet model with standard hourly operating, maintenance and vehicle costs (by type of vehicle).
- Light Rail Transit: Used rail transit cost/revenue model maintained by the Triangle Transit.
- Travel Demand Management (TDM): Used costs estimates from the regional plan administered by the Triangle J Council of Governments.
- Intelligent Transportation Systems (ITS): Used cost estimates from a Triangle regional plan.

The costs are for the period 2009 through 2035, and are shown in dollar values for the year 2009. On the next page, Figure 8.1 presents the DCHC MPO and CAMPO costs. The CAMPO total is \$13.5 billion and the DCHC MPO total is \$8 billion, depicting a fairly even transportation investment between the two MPOs given the fact that the CAMPO planning area has a little more than a 50% greater population than the DCHC MPO.

Visit the approved 2035 LRTP sections of the DCHC MPO and CAMPO Web sites for alternative breakdowns of the 2035 LRTP costs.

8.2 Revenues

Traditional Revenues

The 2035 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 MPOs used historical revenue data to project future revenues and also made informed assumptions as to how current revenue programs and trends might change in the future given state and federal proposals to change transportation financing. The revenues are calculated for the years 2009 through 2035. Cost inflation for highway, transit and other transportation projects and services is growing at a pace that is faster than the revenue stream, i.e., government budgets. Therefore, a 4% annual discount rate is applied to the revenues, as indicated, to account for the loss of purchasing power. The three tables, Figures 8.2.1 through 8.2.3 present the revenue assumptions for highways, bus transit and light rail transit.

Figure 8.2.4 presents the revenue for DCHC MPO and CAMPO.

Figure 8.1: DCHC MPO and CAMPO Costs

DCHC MPO -- Cost Category	Time Period			Total
	2009-15	2016-25	2026-35	
Roadways - Total	\$ 588	\$ 1,534	\$ 1,566	\$ 3,687
Roadways	\$ 16	\$ 699	\$ 1,305	\$ 2,020
Tolled roads (excluding I-40 HOT)	\$ 157	\$ -	\$ -	\$ 157
Non-tolled trust fund urban loops	\$ 155	\$ 487	\$ 41	\$ 684
Maintenance	\$ 260	\$ 347	\$ 220	\$ 827
Light Rail and Commuter Rail - Total	\$ 156	\$ 1,280	\$ 477	\$ 1,913
Bus - Total	\$ 330	\$ 688	\$ 917	\$ 1,935
Other - Total	\$ 68	\$ 232	\$ 261	\$ 561
Pedestrian/Bicycle	\$ 42	\$ 153	\$ 173	\$ 368
Transportation Demand Management	\$ 7	\$ 13	\$ 13	\$ 33
Intelligent Transportation Systems	\$ 6	\$ 21	\$ 23	\$ 50
Transportation System Management	\$ 13	\$ 46	\$ 52	\$ 111
Total	\$ 1,142	\$ 3,733	\$ 3,221	\$ 8,096

CAMPO -- Cost Category	Time Period			Total
	2009-15	2016-25	2026-35	
Roadways - Total	\$ 2,042	\$ 3,308	\$ 3,821	\$ 9,171
Roadways	\$ 668	\$ 1,939	\$ 2,615	\$ 5,222
Tolled roads (excluding I-40 HOT)	\$ 925	\$ 645	\$ 366	\$ 1,936
Non-tolled trust fund urban loops	\$ -	\$ -	\$ -	\$ -
Maintenance	\$ 449	\$ 724	\$ 840	\$ 2,013
Light Rail and Commuter Rail - Total	\$ 458	\$ 1,560	\$ 610	\$ 2,628
Bus - Total	\$ 356	\$ 568	\$ 535	\$ 1,459
Other - Total	\$ 80	\$ 114	\$ 132	\$ 326
Pedestrian/Bicycle	\$ 30	\$ 49	\$ 49	\$ 128
Transportation Demand Management	\$ 17	\$ 28	\$ 28	\$ 73
Intelligent Transportation Systems	\$ 22	\$ 37	\$ 37	\$ 96
Transportation System Management	\$ 11	\$ -	\$ 18	\$ 29
Total	\$ 2,936	\$ 5,550	\$ 5,098	\$ 13,584

Note: Totals in both tables might differ slightly from sum of subtotal because subtotals are rounded to nearest million

Figure 8.2.1: Highway Revenue Assumptions

Item	CAMPO Assumptions	DCHC Assumptions
Capital - Federal / State	NCDOT revenue model for gas taxes and fees (2008 to 2035). Uses 4% inflation factor	NCDOT revenue model for gas taxes and fees (2008 to 2035). Uses 4% inflation factor
Maintenance -- Federal/State/Other	Approximately 39% of all highway revenues	Approximately 39% of all highway revenues
Highway Trust Fund ("Loop" projects)	NCDOT revenue model for gas taxes and fees (2008 to 2035). Uses 4% inflation factor	Projects identified in legislation, thus revenues equal to costs.
Toll roadway	Tolls, bonds and state gap funding) are to finance; thus revenue equal to costs.	Tolls, bonds and state gap funding) are to finance; thus revenue equal to costs.
Local (Capital Improvement Program)	Staff forecast	Consultant revenue model
Private	Staff forecast	Revenue equals full cost of private roads and 20% of new roadway in which right-of-way is currently being reserved and dedicated.

Figure 8.2.2: Bus Transit Revenue Assumptions

Item	CAMPO Assumptions	DCHC Assumptions
Capital -- Federal & State	Computed trend for each transit system; Uses 4% inflation factor.	Computed trend for each transit system; Uses 4% inflation factor.
Operations, Maintenance, Planning -- Federal & State	Computed trend for each transit system; Uses 4% inflation factor.	Computed trend for each transit system; Uses 4% inflation factor.
Local	Computed trend for each transit system; Uses 4% inflation factor.	Computed trend for each transit system; Uses 4% inflation factor.
Fares	Computed trend for each transit system; Uses 4% inflation factor.	Current fares plus growth factor based on travel demand model
Private Capital – (university systems)	Computed trend for each transit system; Uses 4% inflation factor.	Private systems will cover own costs, thus revenues equal costs.
Private Operations – (university systems)	Computed trend for each transit system; Uses 4% inflation factor.	Private systems will cover own costs, thus revenues equal costs.

Bus Transit Revenue Notes:

1. Prior year data in the National Transit Database (NTD) was used to compute transit revenue trends.
2. Triangle Transit costs and revenues were apportioned at 60% for CAMPO and 40% for DCHC MPO.

Figure 8.2.3: Light Rail Transit Revenue Assumptions

Item	CAMPO Assumptions	DCHC Assumptions
Capital -- Federal & State	Federal is 33% and State is 25% of total capital costs	Federal is 33% and State is 25% of total capital costs
Operations, Maintenance, Planning -- Federal & State	Federal is 7.6% and State is 10% of total operations costs	Federal is 7.6% and State is 10% of total operations costs
Local & Private	Annual amount, starting in 2016, for special tax districts around rail transit stations and contributions from developers and universities	\$5 million per year, starting in 2016, for special tax districts around rail transit stations and contributions from developers and universities
Fares	Farebox recovery equals 20% of operations costs	Farebox recovery equals 20% of operations costs
Bond Proceeds	Issue bonds for revenue to support system construction and capitalization. Transit system will net surplus (bond proceeds minus debt payment) before year 2035	Issue bonds for revenue to support system construction and capitalization. Transit system will net \$21 million surplus (bond proceeds minus debt payment) before year 2035

Figure 8.2.4: DCHC MPO and CAMPO Revenues

DCHC MPO -- Revenue Category	Time Period			Total
	2009-15	2016-25	2026-35	
Roadways - Total	\$ 962	\$ 1,479	\$ 893	\$ 3,334
Traditional Funding	\$ 424	\$ 644	\$ 632	\$ 1,700
Tolled roads (excluding I-40 HOT)	\$ 157	\$ -	\$ -	\$ 157
Non-tolled trust fund urban loops	\$ 122	\$ 487	\$ 41	\$ 650
Maintenance	\$ 260	\$ 347	\$ 220	\$ 827
Light Rail - Total (1)	\$ 138	\$ 907	\$ 422	\$ 1,467
Bus - Total	\$ 359	\$ 554	\$ 571	\$ 1,484
Total	\$ 1,459	\$ 2,939	\$ 1,886	\$ 6,284

CAMPO -- Revenue Category	Time Period			Total
	2009-15	2016-25	2026-35	
Roadways - Total	\$ 1,747	\$ 2,616	\$ 1,980	\$ 6,343
Traditional Funding	\$ 353	\$ 1,225	\$ 1,045	\$ 2,623
Tolled roads (excluding I-40 HOT)	\$ 925	\$ 645	\$ 366	\$ 1,936
Non-tolled trust fund urban loops	\$ -	\$ -	\$ -	\$ -
Maintenance	\$ 469	\$ 746	\$ 569	\$ 1,784
Transit - Total (1)	\$ 410	\$ 958	\$ 457	\$ 1,825
Total	\$ 2,157	\$ 3,574	\$ 2,437	\$ 8,168

Note: Totals in both tables might differ slightly from sum of subtotal because subtotals are rounded to nearest million

(1) These revenue sources can include special tax districts around rail transit stations and contributions from developers and universities.

New Revenue Sources

The current transportation funding programs will not produce enough revenue to finance the highway, bus transit, light rail transit and other transportation needs in the Triangle. Therefore, the MPOs have assumed New Revenue Sources to close this funding gap and presented this information in a separate table. The MPOs have a reasonable expectation to realize these new revenue sources based on the many local and statewide commissions that have studied transportation financing and recommended new funding sources. In fact, many solid steps have already been taken:

- In April 2009, the North Carolina House passed the Congestion Relief and Intermodal 21st Century Transportation Fund (House Bill 148). The legislation permits a local voter referendum to increase the sales tax to raise revenues for transit systems. The half-cent sales tax increase permitted in Wake, Durham and Orange counties by this legislation is used to calculate new revenue sources in the 2035 LRTP.
- The Triangle Region has a rental car tax that produces approximately \$7 million annually to fund Triangle Transit services and studies;
- Several municipalities, such as the City of Durham and Town of Chapel Hill, have pushed for and received increases in the vehicle registration fee;
- The North Carolina Turnpike Authority (NCTA) was created in 2004 and is currently working to build the Triangle Expressway; and,
- 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.

It is important to note the following background information on the New Revenue Sources proposed in the 2035 LRTP:

- Many of these new revenue options would require legislation from the North Carolina General Assembly and/or the U.S. Congress. The MPOs are not empowered to invoke these tax and revenue program changes.
- The 2035 LRTP envisions a level of effort to increase revenue for highways and transit that is similar to that depicted in the Plan. The exact type and mechanism for increasing these revenues, e.g., sales tax, is not a certainty.

On the next page, Figure 8.2.5 presents the assumptions for New Revenue Sources.

Figure 8.2.5: New Revenue Sources

Item	CAMPO Assumptions	CAMPO Amount	DCHC Assumptions	DCHC Amount
Sales Tax #1 (or equivalent)	Level of effort equivalent to a 1/2 cent sales tax increase in 2011 for transit. Revenue increases commensurate with population. Requires legislation from N.C. General Assembly.	\$ 1,576	1/2 cent sales tax increase in Durham and Orange counties, and 1/4 cent increase in Chatham County; from 2011 through 2035; and, revenue increases commensurate with population. Requires legislation from N.C. General Assembly.	\$ 755
Sales Tax #2 (or equivalent)	Level of effort equivalent to a 1/2 cent sales tax increase in 2016 for roads. Revenue increases commensurate with population. Requires legislation from N.C. General Assembly.	\$ 1,140	Not applicable for DCHC MPO	\$ -
Regional, Local, and Private support	In addition to the 1/2 cent level of effort, some municipalities have agreed to contribute to certain road projects considered vital to their area.	\$ 1,258	(Included in local highway revenue for DCHC MPO)	\$ -
New State and/or Federal Infrastructure Programs	New state/federal funding for NC Strategic Highway Corridors (may include toll revenue or a change in funding levels/distribution methodology). Average of \$53M/year from 2016 to 2035.	\$ 1,060	Average of \$19 million per year, from 2016 through 2035. Requires new state/federal funding program, or change in funding levels or distribution methodology.	\$ 380
Financing Package for I-40 High Occupancy Vehicle/Toll Lanes	(Included in program above -- New State and/or Federal Infrastructure Programs)	\$ -	Includes toll revenue, bonding based on future toll revenue, and State gap funding	\$ 579
Car Registration Fee	\$10 car registration fee increase in 2011. Revenue increases commensurate with population. Requires legislation from N.C. General Assembly.	\$ 185	\$10 car registration fee increase in Chatham, Durham and Orange counties; from 2011 through 2035; and, revenue increases commensurate with population. Requires legislation from N.C. General Assembly.	\$ 107
Rail Bonds	Debt Financing to pay for initial rail construction.	\$ 585	(Included in light rail transit revenues)	\$ -
Total		\$ 5,804		\$ 1,820

Note: Total may differ slightly from sum of subtotals because subtotals are rounded to nearest million