

**OTP**

office of transportation planning

# Financial



# CIP Funding Basics

- Four main City revenue sources
  - Bond Sales
  - Thoroughfare Facility Fees
  - Assessments
  - Powell Bill Reimbursement
- Other revenue
  - Federal/MPO Grants
  - Private Development



# Transportation Bond History

- 1987: 9 street projects = \$40 million
- 1998: 9 street projects = \$45 million
- 2000: 14 street projects = \$45 million
- 2005: 7 street projects, signal system project match, traffic calming = \$60 million
- 2011: 2 street projects, 3 greenway projects, transit facilities, resurfacing, sidewalks = \$40 million



# Bonds

- No set schedule for issuing debt
- Bonds can be unpredictable
  - Raleigh's approval rates range between 63%-78%
- Bond referenda are typically accompanied by a property tax increase to offset the additional debt load
- Bond referenda are not project-specific, but projects are marketed with bond materials



# Thoroughfare Facility Fees

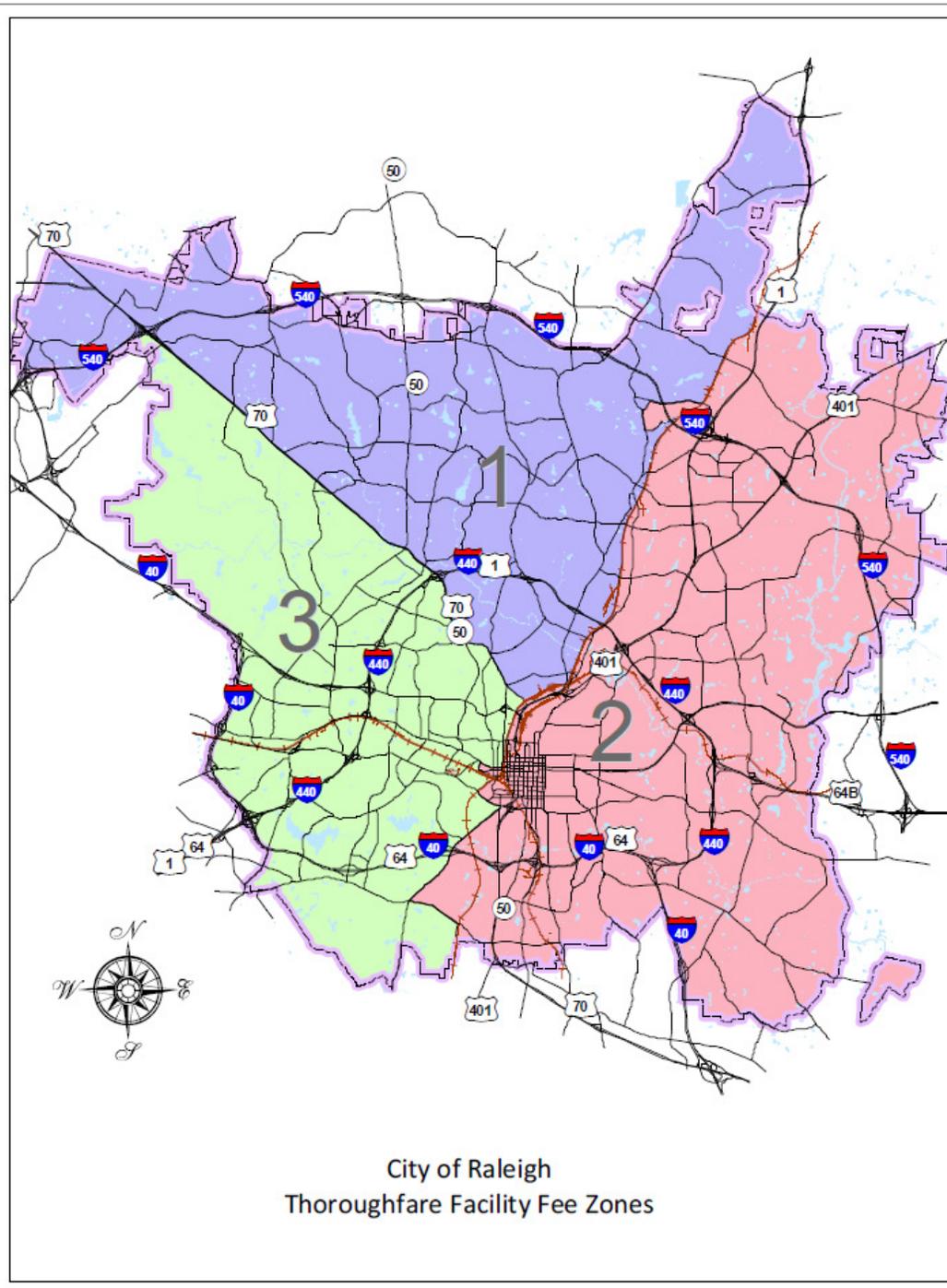
- Fee levied on new development to offset traffic impacts on public street system
- Enacted in 1987, comprehensively updated in 2005
- Based on the City's cost to provide street capacity per user



# Thoroughfare Facility Fees

- Must be used for street capacity improvement projects
- Must be spent with an equitable geographic distribution
- A portion of revenues are used to reimburse developers for public street improvements
- Majority of this revenue now used for debt service





- City is divided into three benefit zones:
  - 1) North
  - 2) Southeast
  - 3) Southwest
- Law requires even geographic distribution of projects by zone
- Private development reimbursements also dictated by zone, funding availability

# Powell Bill

- State reimbursement to cities based on centerline mileage of city streets
- Cannot be used for bike, ped, or streetlight improvements
- HB 819 Impacts
  - “Hold Harmless” clause not accurate; formula is unchanged, but available funds reduced
  - Expecting a short-term loss of \$500k in FY15



# Assessments

- Assessments for street improvements provide revenue for transportation program
- Sidewalk assessments terminated in 2011
- Flexible funds, primary source for transit operations capital in CIP
  - Bus replacements (10-20% local match funds)



# Other sources

- Federal Grants
  - Staff has applied for various types of federal grant funding through CAMPO, FHWA, and FTA
    - Congestion Mitigation & Air Quality (CMAQ)
    - Transportation Alternatives (formerly Enhancement)
    - Surface Transportation Fund – Direct Attributable Funds
    - ARRA/Stimulus Funds
    - New Start/Small Start Transit Funds
  - Funds are helpful but come with strings attached
    - Environmental documentation (EIS, EA/FONSI, etc.)
    - Tight timeframes for encumbering funds
    - Federal government can dictate service requirements (FTA)



# Recent Projects with Federal Funding

- Falls of Neuse Road Widening & Realignment
- Citywide Signal System Upgrade
- 2011 Sidewalk Projects
- Creedmoor Road Sidewalks
- Lake Wheeler Sidewalk & Turn Lane Improvements
- Downtown Pedestrian Safety Improvements
- Citywide Bicycle Improvements



# Candidate Projects for Federal Funding

- Capital Boulevard Improvements (Spring Forest to Old Wake Forest) – STP-DA
- Bike Sharing Program Implementation – CMAQ



# Alternative Funding Sources

- Value Capture
  - Tax based, utilizes additional revenue generated by new development to pay for supportive infrastructure
  - TIF Financing, Synthetic TIF, Business Improvements Districts are variations of value capture
- Other fees
  - Solid Waste Fee
    - \$1 = \$1.4 million of annual revenue



# Property Taxes

- FY14 Property Tax Projection = \$194,000,000
- Current Property Tax Rate = \$0.3826
- Value of 1 Cent = \$5,070,569 per year



# Bonding and Debt Service

<b>Principal</b>	<b>Annual Level of Debt Service</b>	<b>Incremental Property Tax</b>	<b>Annual Impact to Median Property</b>
\$25,000,000	\$1,732,078	0.34¢	\$6.43
\$50,000,000	\$3,464,156	0.68 ¢	\$12.86
\$75,000,000	\$5,196,234	1.02 ¢	\$19.29
\$100,000,000	\$6,928,312	1.37 ¢	\$25.91
\$125,000,000	\$8,660,390	1.71 ¢	\$32.34
\$150,000,000	\$10,392,468	2.05 ¢	\$38.77
\$175,000,000	\$12,124,546	2.39 ¢	\$45.20
\$200,000,000	\$13,856,624	2.73 ¢	\$51.62

Median Home Value = \$189,101

(source: City of Raleigh Finance Dept.)



# Operating Budget Impacts

- Analysis includes capital costs, effects on debt, and associated tax rate increases
- Operating impacts resulting from these capital investments and any associated the tax rate increases needed to cover those impacts are not included
- Staff is working to define operating impacts for capital investments and can provide additional details in the near future



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# Funding Scenarios



# Existing and Planned Commitments

- TIER 1:
  - Buck Jones Road Widening (\$4 Million)
    - Design complete
  - Mitchell Mill Road Widening (\$13 Million)
    - Design complete
  - TOTAL = \$17 Million



# Existing and Planned Commitments

- TIER 2:
  - Sandy Forks Road Widening (\$9 Million)
    - Design underway
  - Hillsborough Street Improvements Phase II (\$6 Million)
    - Design underway
  - TOTAL = \$15 Million



# Existing and Planned Commitments

- TIER 3:
  - NCDOT Project Participation (\$10 Million)
    - Capital/Peace, Capital/Wade, Avent Ferry/Lake Johnson
  - Union Station Funding (\$5 Million)
  
  - TOTAL = \$15 Million
  
- **TOTAL TIER 1 + TIER 2 + TIER 3 = \$47 Million**



# “Transit Heavy” Option

- New Bern BRT Project (\$35 Million )
- Top 5 Major Street Projects by Transit Ranking (\$50 Million)
- Buck Jones Road (\$4 Million)
- Hillsborough Street Phase II (\$6 Million)
- Streetscape Projects (\$5 Million)
- Tier 3 Projects (\$15 Million)
  
- **TOTAL = \$115 Million**
  - Does not fund Sandy Forks or Mitchell Mill



# “Delay Reduction” Option

- Top 5 Major Street Projects by Congestion Ranking (\$67 Million)
- Tier 1 Projects (\$17 Million)
- Tier 3 Projects (\$15 Million)
- Sandy Forks Road (\$9 Million)
  
- TOTAL = \$108 Million
  - Does not fund Hillsborough Street Phase II



# “Balanced” Option

- New Bern BRT Project (\$10 Million)
- Tiers 1,2 & 3 (\$47 Million)
- 4 major widening projects by Overall Ranking
  - Western, Old Wake Forest North, Jones Franklin A, Six Forks (\$53.1 Million)
- 2 minor widening projects
  - Pleasant Valley, New Hope Church, (\$9.6 M)
- Sidewalk projects (\$4 Million)
- Streetscape projects (\$4 Million)
  
- Total = \$127.7 Million



# 10-Year Strategy

- Issue bonds every four years
  - 2013, 2017, 2021
  - Improve project & program predictability
- Consider an annual general fund allocation of \$10 Million for next year's CIP
  - This year's CIP is accounted for using bond funds, one-time general fund transfer for transit
  - Will address deficiencies in resurfacing, transit capital programs
  - Results in 2 cent property tax increase

