

SECTION 7: Implementation: Building the Regional Transit Vision Plan

Drawing up a plan is only the first step toward having a regional transit system. Successfully implementing the plan will take a broad regional effort that addresses three significant challenges that the region will need to address in bold and creative ways in order to achieve success: funding, land use, and leadership and governance. Or, put another way: dollars, development and decision-making. The voters, business community, local and state elected officials, and transportation agencies and service providers need to understand the issues before us and stand ready to confront difficult choices as a region. The Special Transit Advisory Commission (STAC) recognizes the challenges to realizing the complete vision plan, yet believes the region cannot and must not wait to begin to build it. In fact delays on major construction projects are very costly: financial models show that for a \$700 million project, inflation on construction materials adds \$60 million to the cost for every year of delay.

Dollars

Currently, the Triangle region's transit services are supported by a combination of various types of funding including the general funds of local municipalities and counties, university student fees, state and federal program funds, state grants, farebox revenue and, for regional bus service, a \$5 vehicle registration fee. These existing revenue streams generally cover current levels of transit service, although many local transit providers have substantial unfunded needs, and currently do not have a funding source to cover the expanded service that will be needed to keep pace with population growth.

In the Triangle, the only existing revenue stream currently dedicated to regional transit capital investments is a 5% tax on rental vehicles, which was implemented in 1995.

This section discusses the challenges of realizing the Regional Transit Vision Plan. It sets forth a strategy for implementation that focuses on developing new revenue sources, strengthening the connection between land use and transit and identifying areas where leadership will be needed.

It currently generates approximately \$8 million per year which is not sufficient to fund major capital transit investments. Based on the magnitude of investments that will be needed to support the region's growth and economy, it became very clear during the STAC process that additional funding sources would have to be identified. Therefore, in addition to reasonably expected state and federal funding, the STAC recommends that the Metropolitan Planning Organizations (MPOs) pursue the following regional funding mechanisms:

- ½ cent sales tax dedicated to transit investments (5 cents for every \$10)
- Increase the vehicle registration fee dedicated to transit by \$10 (the current \$5 vehicle registration fee for transit has remained unchanged since it was implemented in 1992)
- Continue all existing transit funding mechanisms

Financial models demonstrate that the revenues generated by these mechanisms are adequate to build the complete Regional Transit Vision Plan. The figures below show the projected revenues from each of the recommended mechanisms and cost estimates for each component of the recommended transit investments. If all assumptions in the financial model materialize, the difference between total revenues

SECTION 7: Implementation

(\$9.3 Billion) and total expenditures (\$8.2 Billion) may be programmed for other transit investments. See Appendix G for additional information and details on the financial model.

Experience has demonstrated that locally-generated revenue is a critical component for success. The local funding mechanisms listed above make major transit investments feasible. They also demonstrate to potential state and federal funding partners that the region is committed to building the system, enhancing opportunities to obtain outside funding.

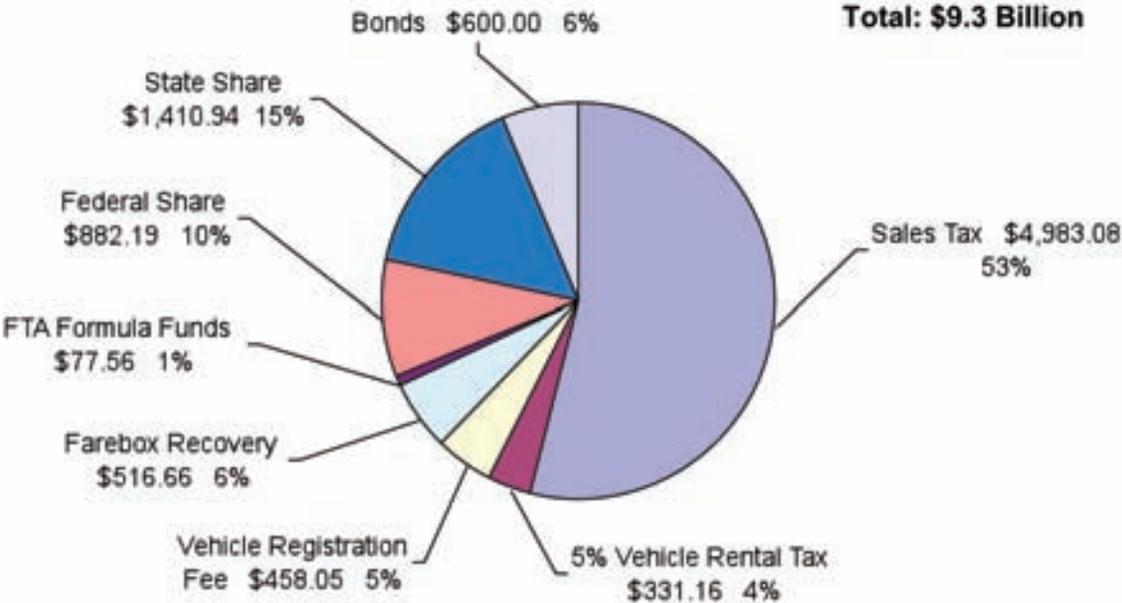
Financing will also be required to cover the early costs of constructing the regional transit system. The initial estimate is that borrowing a minimum of \$600 million will be required with debt service over 30 years (estimated total cost \$800 million). This is another instance in

which a robust local funding stream will enhance financing opportunities particularly related to securing very favorable bond ratings. Financing a portion of the plan will also allow the region to pursue construction projects sooner. This means that the region begins to realize the benefits of the system earlier.

Some argue that sales taxes are regressive and unfairly penalize lower income households. However, with implementation of enhanced region-wide bus service, these households will be among the first to realize the benefits from the Regional Transit Vision Plan. It is these lower income households who are most in need of transportation options and relief from the rapidly rising costs of auto dependency. From this perspective it is regressive not to provide these households with a high-quality regional transit system.

Assumed amount of revenues raised, by source, through the year 2035.

All amounts are inflated to Year of Expenditure. Interest on cash balances not included.
Source: Triangle Transit



SECTION 7: Implementation

In addition to local and regional sources, the MPOs should vigorously pursue additional revenue from state and federal sources including:

- State funds for capital investments and for operations and maintenance
- Federal funds for capital investments
- State and federal formula funds, some of which are already available

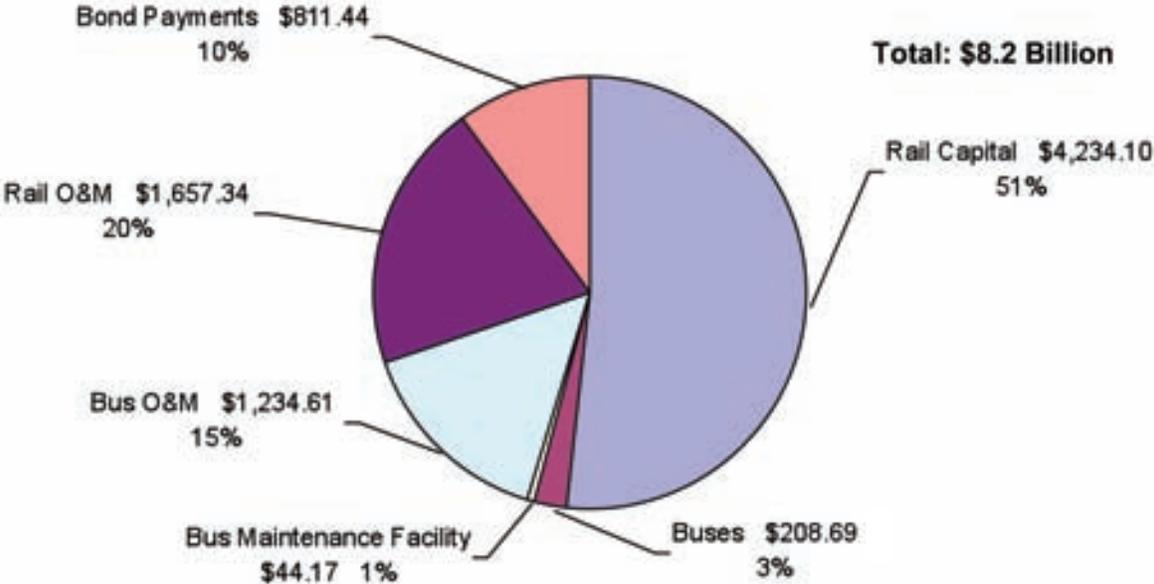
Federal regulations require MPOs to update their Long Range Transportation Plans (LRTPs) every four years. Because LRTPs must be “fiscally constrained”, sufficient funding to cover the projects within the Plan must be available or reasonably expected to become available within the time covered by the plan. Therefore, each of the funding sources recommended by the STAC will be carefully evaluated by the MPOs during the

LRTP process to determine the likelihood of adoption by the region — from authorization by the legislature, to approval by voters and implementation by the counties. This is especially critical given our region’s high-growth environment where other public investment needs may be in competition for the same potential revenues.

In addition to these funding strategies, local governments should consider using ad valorem tax mechanisms to generate funds for fixed guideway projects. Broadly defined, these mechanisms capture the increased tax revenue anticipated from higher property values related to the transit investment, and use that increased revenue to fund construction of transit infrastructure. One type of ad valorem revenue is the establishment of tax increment financing (TIF) districts. TIF districts capture the future increase revenue

Cost elements of Regional Transit Vision Plan, through the year 2035.

All amounts are inflated to Year of Expenditure. No data on current bus service included.
Source: Triangle Transit



SECTION 7: Implementation

from property tax in designated districts, such as around transit stations. A portion of that future increased tax revenue is dedicated to paying off the debt of constructing the transit project. TIF mechanisms are already authorized under North Carolina law. Another option is a special tax district around transit stations for a transit-oriented development project, also already authorized by state law. This can be used in conjunction with or as an alternative to TIFs. By increasing locally collected funds dedicated to transit, this approach could focus a greater share of regionally collected funds on local transit needs.

In North Carolina, the authority to propose local funding mechanisms resides with the state legislature, but much of the responsibility for decisions whether to establish various local funding mechanisms rests with local decision makers. Depending on local economic and political conditions, local governments may choose alternative funding sources from those specifically recommended by the STAC. Before considering alternatives, local decision makers should evaluate whether those

alternatives will generate comparable amounts of revenue; under-funding the Regional Transit Vision Plan will mean lower quality service for residents and inefficiencies in operations, less likelihood of securing outside funding and favorable financing, and an inability to build a coherent system that will service current users well and attract new riders.

Decisions and Development

One of the challenges of implementing a regional plan is that, while North Carolina has regional bodies authorized to operate airports, manage water supply, develop and operate regional public transportation and other public infrastructure and resources, there are no provisions for a regional decision-making body with legally binding authority over regional transportation and land use. Currently each of the municipalities and counties within each MPO jurisdiction participates in transportation planning and decisions. The MPO Transportation Advisory Committee (TAC) meetings provide an opportunity for elected and appointed officials to discuss and approve the funding of transportation projects. The

The Charlotte Experience

In November 2007, Charlotte Area Transit System opened the LYNX Blue Line: a 9½ mile Light Rail Transit System (LRT) operating between I-485 at South Boulevard and Uptown Charlotte. Before LRT service began, \$1.6B in residential and commercial investment along the corridor had emerged and property values increased 121% since 2000. The \$463 M project was paid for with revenues from the ½ cent sales tax which was approved by over 53% of voters in Mecklenburg County in 1998 and now generates over \$70 M per year. In November 2007, a referendum to repeal the tax, which has also been used to expand bus service, was held. Mecklenburg County voters voted by a 70% to 30% margin to retain the tax.

LYNX LRT daily ridership is averaging 12,000 trips, exceeding the 9,100 daily ridership forecast for the initial year of service. In addition to serving commuters, the LYNX LRT system is transporting thousands of fans to Bank of America Stadium and Time Warner Cable Arena, both of which are located in Uptown Charlotte, along with major hotels, restaurants, cultural and entertainment centers.

SECTION 7: Implementation

Triangle J Council of Governments also provides an opportunity for discussion and cooperation related to many regional resource and infrastructure issues including transportation and land use. Just as the Research Triangle Region has been a leader in North Carolina in shaping land use patterns to protect the major investments made in water supply infrastructure such as Falls Lake, Jordan Lake, Cane Creek, Lake Michie and the Little River Reservoir, so too we need bold leadership to shape land use patterns to shape investments in creating a new transit infrastructure for the region.

To implement a truly regional transit infrastructure plan the region needs to build on these cooperative efforts, and reshape our governance structures to better address issues that are increasingly regional in scale. Although it is beyond the scope of the STAC's work to propose sweeping changes to the governmental framework in our region, the STAC has identified opportunities for taking a regional approach to transit.

The STAC recognizes that the Triangle already has a regional transit agency: Triangle Transit, which can and does fulfill many of the roles needed to advance regional public transportation initiatives. However, to be able to implement the STAC's goals for transit in the region, some adjustments to its structure and responsibilities are needed. The STAC recommends this regional transit authority:

- Be governed by a board of elected officials, rather than unelected appointees, to promote greater accountability to voters and local communities
- Establish regional transit plans
- Determine transit investment priorities

- Approve funding and supporting efforts to seek approval from voters to establish new funding mechanisms.
- Oversee design, construction and operation of the regional transit system

In all these activities, the regional transit authority will need to work closely with the MPOs.

A high degree of coordination among the regional and local transit agencies will also be needed to build a well-coordinated region-wide system. An example of the specific ways that transit agencies can work together was the Triangle Region Transit Consolidation-Implementation Plan. This project was undertaken in 1995 when the mayors of Cary, Chapel Hill, Durham and Raleigh initiated a study to identify opportunities for a higher degree of coordination between regional and local transit agencies. The plan was completed in August 2003 and looked at the four municipal bus systems, the regional bus system, and the North Carolina State University's Wolfline. The plan included a timetable for consolidating services and functions, to the greatest extent possible, under a single regional system, by December 2007. After deliberating the plan, none of the municipalities adopted a resolution to implement the plan. Instead, a list of demonstration activities and tasks were agreed to in order to provide the most seamless public transportation service possible in the region, without merging staffs or consolidating operations. In September of 2005, the mayors of Durham, Raleigh, Chapel Hill and Cary and the Chair of the Triangle Transit Board of Trustees signed a Memorandum of Understanding to implement those demonstration activities, some of which have been completed, including:

SECTION 7: Implementation

- Launching the GoTriangle brand for the family of transit and ridesharing services in the region, with a joint information center and Web site
- Establishing a complete, regional fare structure
- Regional bus stop signs and bus-stop amenities including shelters, benches, etc.
- Joint procurement of equipment
- Joint farebox maintenance shop and paint shop
- Developed the Mayors' Regional Bus Expansion Plan (more information on this plan is included in Appendix F)

The STAC recommends that the complete list of activities be pursued, and that the participating agencies identify additional joint activities to make it easier for current and potential transit users to understand, access and use the various local bus services. By including the routes and service enhancements that were identified by the local transit

agencies in the Mayors' Regional Bus Expansion Plan, the STAC supports this plan and provides a framework for funding it. The STAC also recommends that Wolfline and Duke University Transit identify strategies that would enhance the integration of student transit service with local transit service.

At the MPO level, there are a number of ways to address governance and transportation decision making. Some feel strongly that the MPOs should be merged. If our region had one MPO, some concurrent efforts could be eliminated and perhaps planning and decision-making might be streamlined. However, merging the MPOs would not eliminate the barriers to cooperation and coordination in transportation decision making. There are more fundamental issues to tackle such as the differences among communities in terms of land use and historical patterns of planning and development supportive of transit; a willingness or unwillingness to pay

Express Service to Wake Forest: An Example of a Town-Transit Partnership

The proposal to initiate regional bus service between Raleigh and Wake Forest provides an example of how transit agencies and local governments can share the cost of expanded service.

In response to increasing congestion faced by the rising number of commuters between Wake Forest and Downtown Raleigh, a cost sharing proposal that would cover the \$375,000 required to fund express bus service is being considered. Funding is anticipated to be provided by Triangle Transit, the City of Raleigh, a federal Jobs Access Reverse Commute (JARC) grant program and through farebox revenues. To complement this service the Town of Wake Forest is also considering local service that would be linked to the express bus service. The Town is considering providing the matching funds for this \$170,000 project. Additional funding is being sought through the federal New Freedom Grant program. The proposal is now under consideration by the local government decision-making bodies.

SECTION 7: Implementation

for public services through taxes; differing levels of need for different types of transportation projects and competition for transportation dollars. Still the Triangle must address its transportation as a region, with transportation and land use issues that require working at the regional level, not just at the MPO level. The MPOs' efforts to increasingly integrate and coordinate their plans and planning processes are evidenced by the creation of the STAC, but opportunities for further collaboration remain.

The STAC process has advanced this coordination by providing a single Regional Transit Vision Plan for both MPOs. Just as the STAC was a truly regional body, with members from across the Triangle, the staff from the various sponsoring agencies that provided the analysis, presentations, maps and documents for the STAC has become a regional working group focused on transit issues. The vigor and breadth of knowledge in this working group should be harnessed to continue to move the Regional Transit Vision Plan forward through implementation. Therefore the STAC recommends the two MPOs evaluate the potential for deepening their cooperative relationship by merging or co-locating technical and administrative staff. This could enhance regional information sharing, technical analyses and decision making. This may, in the longer term, move the region towards having a single MPO as the region's transportation planning and implementation needs change over time. The STAC challenges the two MPOs to seek out greater opportunities for synergy and collaboration, and to consider adopting a new institutional framework that will support a more coherent strategy for resolving regional transportation issues.

Beyond the regional transit authority, transit agencies and the MPOs, there are a number of other organizations and agencies whose

jurisdiction, responsibilities and / or operations will influence the successful implementation of the Regional Transit Vision Plan. These interested parties and key interface issues include:

- **Research Triangle Foundation (www.rtp.org):** Implementation of the Foundation's 2020 goal to lead RTP and the Triangle region to become the world's leading regional center of innovation, technology commercialization and quality job creation. Strengthening physical connections between RTP and RDU
- **Raleigh-Durham Airport Authority (www.rdu.com):** Phased implementation of the RDU Master Plan which includes terminal area and landside development, consolidation of rental car operations and an on-airport automated people mover. Expanding public transit access to include an airport rail link
- **CSX (www.csx.com) and Norfolk Southern Railroads (www.nscorp.com):** Operation of freight and Amtrak passenger rail service on the NCR and CSX rail corridor. Collaboration on the design and implementation of rail transit operations within railroad corridors.
- **North Carolina Railroad (NCR) (www.ncrr.com):** Completion of the Shared Corridor Track Expansion Study which is being undertaken by NCR to determine track expansion feasibility, costs and standards for commuter (rush hour) rail service. Collaboration on the design and implementation of rail transit operations within railroad corridors.
- **North Carolina Department of Transportation (www.ncdot.org):** Collaboration with transit and freight

SECTION 7: Implementation

operators and with the MPOs on the design and implementation of transportation projects in the region. Assistance in the identification and acquisition of funding for transportation improvements.

- **North Carolina Turnpike Authority (www.ncturnpike.org):** Facilitation of transit access on turnpike facilities.

The coordinated efforts of the region's major employers, universities and other institutions; business, environmental and community interest groups will be equally essential for the success of regional transit.

Building a system that meets the STAC's goals for regional transit, which include shaping land use will also require addressing governance and decision making. Changing our land use patterns to be more transit-oriented is a daunting challenge, not because there is opposition to creating these kinds of places, but because our land use decision making and decision making related to major transit investments occur in such different settings, with different goals and objectives and unfold on different time scales. Reconciling major transit investments with local land use planning will be a crucial on-going requirement. Other regions have developed mechanisms that provide incentives for communities to plan for transit-oriented development and consequences for those that do not. They facilitate partnering with developers who build transit oriented developments, and encourage major employers to locate along major transit corridors.

In order to build momentum for the Vision Plan, the STAC proposes the development of an incentive plan for local governments. This

plan would provide guidance and motivation for local governments who want to enhance transit service for their communities. Incentives should clearly tie regional transit service with local governmental commitment to transit-oriented development and providing infrastructure for transit stations and stops. The incentive plan should:

- Encourage communities to be proactive in planning and building in a way that will support transit operations and build ridership
- Encourage the consistent application of transit-oriented land use policies already in place
- Promote local government involvement in building and maintaining park and ride lots and other transit infrastructure
- Revising zoning ordinances to promote denser, mixed-use development along corridors and at transit stops and stations
- Planning and building better infrastructure for bicycle and pedestrian access to transit facilities

Implementing the Regional Transit Vision Plan will require leadership at all levels of government. Local, county and state governments need to recognize and promote the importance and benefits of committing to major investments in transit, including a commitment to funding, at the regional level. Leadership among citizens who recognize the value of having a high quality, regional system is also needed. Such leaders should be encouraged to reach out to their co-workers, neighbors, community groups, planning boards and local governments to explain the benefits and value of a regional transit system. Community leaders, including those who have served on the STAC, can play an important role in educating the public and decision makers and by participating in the LRTP process.

SECTION 7: Implementation

The Future of the STAC

The STAC recognizes the delivery of the final report does not complete their effort. As the plan moves toward implementation, members of the STAC are in an excellent position to become advocates for transit and for the Regional Transit Vision Plan. STAC members can continue to serve an advisory function to local governments, the MPOs and the sponsoring organizations. Therefore the STAC welcomes the opportunity to communicate the importance and urgency of investing in transit to the voters and decision makers in our region, especially at the public outreach events during the LRTP process. STAC members are committed to continuing to serve the region as “transit ambassadors”, reaching out to the public, community organizations, local government bodies and the media. The STAC intends to organize a “speakers’ bureau” to accomplish this.

In turn, the STAC strongly believes that the MPOs should accept all their recommendations and integrate them into their upcoming LRTP process. The STAC recognizes that Transportation Advisory Committees of the DCHC MPO and the Capital Area MPO have a critical role in implementing the STAC recommendations. As the governing bodies that develop and approve the LRTPs and that approve transportation funding levels for projects in the Triangle, the STAC’s recommendations for transit must be approved by the TACs in order to be implemented. The STAC requests that their recommendations be given full and fair consideration, keeping in mind the importance of making decisions that move the region closer to attaining the goals for the Regional Transit Vision Plan.

The STAC also recognizes that, over time, the Vision Plan will no doubt need to be revised to reflect changing conditions in the region. STAC members could play a valuable role in updating the plan while maintaining continuity of the ideas

and goals that underlie the recommendations in this report.

The STAC also charges the MPOs to take the lead in developing a plan for fiscal equity that reflects local government needs and realities. Because the taxing authority resides with local governments, there will be calls for distributing projects according to a strict formula that equates the amount of transit investments with the amount of revenue raised in each county. This approach will lead to a fragmented, less attractive and less cost-effective system. Rather than agreeing to a strict formula, the STAC recommends the MPOs first consider the goals for the system, recognizing that the benefits will be regional in nature and are not defined by county boundaries any more than our economy and travel patterns stop at our county lines.

The STAC anticipates that local government officials will recognize that the Regional Transit Vision Plan will enhance the opportunities and quality of life for all residents. Local governments should recognize that providing transit is part of their public service responsibility, similar to police and fire protection. And it is important to emphasize that although the Regional Transit Vision Plan includes support for local bus routes, local responsibility for funding these services and systems will continue, especially to keep service levels proportionate to the needs of our growing population. By fully supporting the plan through active involvement in implementation, local governments can play a role in keeping our economy vibrant and promoting higher quality of life for all residents.

The Regional Transit Vision Plan is ambitious, and although the entire plan may not be built until 2035, it can be built. The STAC exhorts the region to take a long-range, regional perspective and seize the opportunity to fully implement this “game-changing investment” in our future.

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