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

<table>
<thead>
<tr>
<th>Principal</th>
<th>Annual Level of Debt Service</th>
<th>Incremental Property Tax</th>
<th>Annual Impact to Median Property</th>
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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
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/Pace, 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