



Transportation

To: Durham Board of County Commissioners
From: Ellen Beckmann, Transportation Director
Subject: Durham County FY27 Annual Transit Work Program Update
Date: May 4, 2026

Background

In 2011, the Durham Board of County Commissioners (BOCC) authorized a referendum for a half-cent sales tax to expand public transit in Durham County. Voters approved the tax in November 2011. Along with a \$7 Vehicle Registration Tax approved by the BOCC and a \$3 Vehicle Registration Tax approved by the GoTriangle Board, these revenues are managed by GoTriangle as part of the Tax District Administration. Under state legislation, these funds must support public transit improvements identified in the Durham County Transit Plan, which is approved by the BOCC, the GoTriangle Board of Trustees, and the Triangle West Transportation Planning Board (Triangle West). An Interlocal Agreement (ILA) first adopted in 2013 and updated in 2023 by the three governing boards outlines the roles and responsibilities of each agency in administering these revenues.

Since that time, several significant updates have occurred. First, in spring 2023, the Durham County Transit Plan was updated and adopted, replacing the 2017 plan. The 2023 Transit Plan strategically programs transit revenues and centers on four primary themes:

- Improve the Current System
- More Projects Sooner
- Connect the Region with Quick and Reliable Service
- Better Experience at Stops and Stations

Second, a new ILA was adopted in 2023. This updated agreement strengthens collaboration among the governing bodies, enhances interagency coordination, and improves project reporting and accountability. It also requires the Annual Transit Work Program to be approved by both the BOCC and the GoTriangle Board of Trustees and adds the City of Durham as the fourth member

of the Staff Working Group (SWG). The SWG serves as the administrative and advisory body to the ILA partners. Durham County was designated as the SWG Administrator.

A third major change in 2023 was the rescission of the Vehicle Rental Tax. GoTriangle notified the governing boards that, beginning July 1, 2023, revenues from this tax would remain within the Tax District and would no longer be included in the Annual Transit Work Program.

FY27 Draft Work Program and Partner Budget Priorities

Due to a decline in sales tax revenues, the draft FY27 Work Program included limited new projects this year and focuses on sustaining existing operating expansions and advancing the next phases of current capital projects. The Multi-Year Operating and Capital Improvement Plans were updated to delay four future projects. These adjustments ensure that projects through 2040 remain financially feasible while maintaining financial model assumptions consistent with the adopted financial policy.

Per policy, we are required to maintain at least \$10M in excess liquidity in the financial model. The model reaches its lowest point in FY35 at approximately \$15M, leaving only about \$5M available for project allocations.

Given the revenue shortfall, seven budget priorities were submitted by the partners for consideration by the governing boards:

1. City of Durham
 - a. GoDurham Bus Operations and Maintenance Facility – Fay Street - \$28.6M
 - b. Paratransit Bus Operations and Maintenance Facility – Junction Road - \$39.5M
2. Durham County
 - a. Annual Work Program Improvements - \$50k
3. GoTriangle
 - a. Route DRX Improvements - \$4.4M cumulative through 2040
 - b. Route 800 Improvements - \$3.6M cumulative through 2040
 - c. Service Planning Staff - \$1.1M cumulative through 2040
4. Triangle West
 - a. Staff Working Group Participation - \$460k cumulative through 2040

As described in April, Durham County staff recommended to the BOCC that any available excess liquidity be used to fully fund existing Transit Plan projects and not for expansion services, projects, or staff. Of the budget priorities, staff recommend that the City of Durham's Paratransit Operations and Maintenance Facility be prioritized for funding. A coordinated funding solution with the City will be necessary for the \$28.6M funding gap. Future investment income is recommended as a source of funding for this project.

March City of Durham Request

In March, after the Draft Work Program was released for public comment by the Staff Working Group, the City of Durham also requested one-time assistance in FY27 to address the shortfall in its Transit Fund. A presentation was provided at the joint City/County meeting on April 14. Since then, Durham County staff have been reviewing the request and gathering additional information from the City to determine what financially and legally viable options exist.

The City will present their request at the work session.

As of May 1, it is Durham County staff's understanding that the City is requesting **\$8.217M** in one-time FY27 capital funding for FY27 vehicle replacement and sidewalk expenses. If so, this can be added to the final Work Program without requiring any exceptions to adopted policies. Other options had been considered, but these options were determined to not be feasible under the adopted Durham Transit Plan agreements and policies.

The vehicle replacement costs are estimated at **\$5.037M** and would be for a combination of replacement buses, replacement paratransit vehicles, electric bus charging equipment and installation, and repowering and refurbishing existing buses. These costs are for the "baseline" fleet that is the City's financial responsibility as all expansion vehicle costs are already funded by the Transit Plan. All buses are used interchangeably on all routes so replacing baseline vehicles also has an indirect positive impact on the reliability of expansion services. This funding would be a one-time exception to the Transit Plan's typical practice for baseline fleet costs.

The sidewalk costs are **\$3.180M** for five sidewalk construction projects that were identified in the City's 2017 Bike+Walk Plan and had been planned to use City funding. The sidewalks are on Old Oxford Road, Holloway Street, Hillsborough Road, Clayton and Freeman Roads, and Corporation Street. Most of these streets are on bus routes and bus stop and crossing treatments would be included. While the Transit Plan has been used to fund the construction of bus stops and select sidewalks, it has not been intended to fund all sidewalks or displace City funding. This funding would be a one-time exception to the Transit Plan's typical practice for sidewalks.

As of May 1, it is Durham County staff's understanding that the City is proposing the following options for adding financial capacity to the model for these requests. If so, both options could be incorporated into the final Work Program without requiring any exceptions to adopted policies.

1. Program existing excess liquidity in the current financial model – **Adds up to \$5M**
 - This would not leave any funding for any of the Partner Budget Priorities described above.
2. As requested by the City, delay FY27 operating expansions to begin in FY28 – **Saves up to \$2.6M**

- Since most of these services were also funded in FY26, delaying the expansions also saves up to \$3.6M of FY26 funding. However, these FY26 funds are obligated in the financial model until the year is closed out.

The City has proposed these two options for adding financial capacity. If these are not acceptable, there may be other options that have not been fully considered yet. For example, there is likely other funding that has been proposed in FY27 that will not be used, both capital and operating. In FY25, the City had about \$30M in carryover capital funding and \$3M in unused operating funding. There are also options to make cost-neutral CIP adjustments to advance future planned funding for vehicles and sidewalk/bus stop projects to FY27. However, the City has not endorsed these possible cost-neutral adjustments.

Action Requested

We are rapidly approaching the deadline to finalize the Recommended FY27 Work Program. The proposed draft is a viable option to move forward for approval. However, if the governing boards intend to fund any of the submitted priorities or the one-time assistance request, a solution must be identified as soon as possible so that necessary adjustments can be incorporated and released to the governing boards for approval according to the revised schedule. There is no time to consider any additional requests from the City or other project sponsors.

If the City's proposal is accepted, the proposal will need to be refined to confirm that it fits within the final FY27 Work Program financial model or costs will need to be reduced to fit. The City's proposal should not affect other project sponsors' current or future planned projects. As the request has recently changed, the City is responsible for confirming that all potential reimbursements will be approved by GoTriangle.