



## Transportation

**Date:** April 6, 2026  
**To:** Durham Board of Commissioners  
**From:** Ellen Beckmann, Transportation Director  
**Subject:** Draft FY27 Work Program

This memo represents Durham County staff's analysis of the Draft FY27 Work Program and recommendations for the Board of Commissioner's consideration. It has not been reviewed or endorsed by other members of the Staff Working Group.

### Summary

Durham County staff recommend:

- As described in January, changes to the long-range plan require approval by three governing boards. If a change is desired, the Board will need to request that a Transit Plan amendment be initiated by staff for the boards' considerations.
  - The Annual Work Program process and schedule is designed to facilitate the adopted long-range plan and is not designed to make major changes to the long-range plan.
  - We also lack a definition of what constitutes reasonable flexibility versus a major change. In the absence of this clarity, Durham County staff are taking a conservative approach to promote coordinated decision-making among the three boards, ensure thoughtful consideration of long-term funding impacts, and provide sufficient opportunities for public and stakeholder engagement.
- Focus on fully funding existing Transit Plan projects.
  - There are significant funding gaps on three capital projects that require a coordinated solution with the City of Durham, the pursuit of federal and state grants, and/or phasing the projects.
  - There is uncertainty surrounding current bus operations costs. Staff should be directed to analyze the operating cost per service hour to ensure that existing financial policies are being applied consistently and to verify that all transit operators are treated equitably and reimbursed for eligible expenses.

- Work Program Budget Priorities:
  - Prioritize directing available funding to the City of Durham’s Paratransit Operations and Maintenance Facility. However, its funding gap far exceeds the available funding. This requires a coordinated solution with the City of Durham.
  - Defer all staffing requests to the outcome of the Staffing Study.
  - Defer bus operations expansions until after the bus operating cost per hour analysis is complete and new bus operations expansions have been evaluated and prioritized in a Bus Plan.
  
- Direct County staff to propose an Investment Income Policy that prioritizes using future investment income to address funding gaps in high-priority capital projects.
  
- Support GoTriangle’s efforts to holistically review regional projects and develop cost share recommendations.

## **Analysis and Recommendations for Final Work Program**

### **Revenues and Expenses**

While the FY7 revenue forecast limited our ability to add new projects without altering the long-range vision, it is important to note that prudent budgeting and long-term planning also ensured that no existing projects required reduction or elimination. This funding source was originally designed to support large, long-term projects and the enabling legislation requires a multi-year financial plan adopted by all three boards, intentionally making significant annual changes difficult. Because the half-cent sales tax is an economically unstable revenue source that we currently do not currently have the legislative authority to increase, staff recommend continuing to manage the budget conservatively in alignment with adopted financial policies and the long-range plan.

Additionally, the Durham County Transit Plan budget has expanded rapidly over the past three years, with many projects from the 2023 Plan being accelerated. Numerous funded projects have not yet been fully implemented, and transit riders will continue to see increased service and new initiatives in FY27. In FY25, only 34% of appropriated funding was spent, leaving substantial authorized but unused appropriations. While much of this is tied to multi-year capital projects, there were also operating projects that experienced delays. Although we anticipate that this slowdown in aggressive expansion will be temporary, there remain many projects with sufficient carryover funding, along with \$26 million in new appropriations to continue progress in FY27.

### **Focus on Fully Funding Existing Projects Before Funding Expansions and New Requests**

The Staff Working Group Administrator asks project sponsors each year to update their project costs and schedules, which are reflected on the project sheets. This process helps ensure that we identify potential cost increases early enough to make necessary adjustments to the CIP.

There are several capital projects with unfunded future year costs. Notably, the following:

- City of Durham Paratransit Operations and Maintenance Facility - \$28.6 million unfunded
- City of Durham Bus Operations and Maintenance Facility - \$39.5 million unfunded
- City of Durham Fayetteville Transit Emphasis Corridor - \$22 million unfunded

Durham County staff recommend that the City provide additional information regarding their commitment of City CIP funding, their plans to pursue state or federal grants along with contingency strategies if those grants are unsuccessful, and/or their willingness to phase the projects. Without alternative funding sources, completing these projects presents a significant risk.

The Staff Working Group Administrator also asks transit agencies to review and update their budgeted cost per hour so that the bus operating costs can be aligned with the actual cost per hour in both the current budget and the Multi-Year Operating Program (MYOP). While neither GoTriangle nor the City requested an increase, GoTriangle's actual bus operating cost per hour exceeded the budgeted amount for several consecutive years, with FY25 coming in 7% higher. Delayed service expansions and subsequent budget transfers, permitted under current financial policies, have allowed GoTriangle to be fully reimbursed at actual cost. GoTriangle staff have indicated they expect cost to stabilize in FY27. However, if the FY27 actual costs remain at FY25 levels (\$176 per hour), GoTriangle projects will be underfunded, as the budget currently assumes \$173 per hour.

The City of Durham has not confirmed its actual cost per hour for the past three years, which is not consistent with the adopted financial policy. Durham County staff have urged the City and the GoTriangle Tax District Administration to review their reimbursement practices and ensure that FY26 operations comply with adopted policies. Durham County is not responsible for ensuring the City's compliance.

Because transit operations represent the largest expenditure in the Work Program, Durham County staff recommend additional analysis of the bus operating cost per hour and consideration of potential financial policy updates. This would help ensure full reimbursement of eligible costs and equitable practices among all operators. If not conducted sooner, this analysis could be incorporated into the Durham Transit Plan Update.

### **Recommendations for the Work Program Budget Priorities**

Durham County staff will explore alternative approaches for implementing the **Annual Work Program Improvements** project, including working with the County's Information Systems and Technology Department or coordinating with GoTriangle staff. While funding for an outside consultant could be beneficial, **Durham County staff recommend deferring this request.**

Both GoTriangle and Triangle West TPO submitted requests for **additional staffing support**. GoTriangle's request seeks to shift funding for existing Transit Service Planning staff to the Durham Transit Plan. These positions are currently supported by the Wake Transit Plan and GoTriangle, with a request

pending to the Orange Transit Plan. Triangle West's request seeks additional staff time and resources for their participation in the Staff Working Group.

The GoTriangle request had been submitted previously as part of an amendment. Durham County staff opposed the amendment because it would have redirected approved funding from GoTriangle and Wake Transit to the Durham Transit Plan. While supporting the service planning function through the Durham Transit Plan may be reasonable, there are broader funding inequities among the three counties that remain unaddressed. **Durham County supports a holistic review of these inequities to ensure all counties' concerns are evaluated fairly.** GoTriangle has begun initiating those discussions, but the effort is ongoing.

The approved FY26 Q3 Amendments included funding a Staffing Study and additional staff time at Triangle West to manage this project. The Staffing Study originated after the City of Durham submitted a request for additional staff through an amendment. This request did not advance, but prompted the Staff Working Group members to recognize the need to examine existing staffing levels and provide recommendations for evaluating future requests equitably. Triangle West is currently proceeding with procurement for this study. **Durham County staff recommend delaying all new staffing requests until the findings of the study are available.**

GoTriangle also requested two bus service expansions: additional hours to improve service reliability on **Route 800** between Durham, RTP, and Chapel Hill, and increased frequency on the **DRX** between Durham and Raleigh. The Route 800 request represents an annual increase of \$216,877, or 34%, and requires approval from both the Durham and Orange Transit Plans. The DRX request represents an increase of \$265,559 in FY27 (half-year) and \$544,396 in FY28 (full year), amounting to a 142% annualized increase, and requires approval from both the Durham and Wake Transit Plans. These cost estimates are based on the current budgeted cost per hour, which may be lower than the actual cost per, as described earlier.

Neither request is included in the adopted Transit Plan or Multi-Year Operating Program. Alternative operational adjustments, such as schedule modifications or reallocation of hours between GoTriangle routes, may help achieve reliability improvements on Route 800, but a systematic analysis has not yet been completed. In FY26, the Durham Transit Plan funded a major operating expansion on Route 700 between Durham and the Regional Transit Center, where riders can transfer to buses to Raleigh. It is still too early to assess how this expanded service is affecting ridership or whether it will influence ridership on the DRX. The adopted 2023 Plan does anticipate future GoTriangle service expansion on Route 400 between Durham and Chapel Hill, and at the time, this was identified as a higher priority than other needs. Adding the Route 800 and DRX expansions may jeopardize the ability to fund the planned Route 400 expansion in the future.

In the FY26 Work Program, GoTriangle requested and received \$350,000 to develop a Bus Plan to guide future bus expansion projects for both GoTriangle and GoDurham. The Bus Plan would provide an opportunity to evaluate the effectiveness of recent service expansions, identify needed improvements, incorporate public engagement, and prioritize investments within available resources. The Bus Plan is

supplemental to the Transit Plan and provides a finer level of specific bus service recommendations for the next 1-4 years. Durham County and GoTriangle staff have discussed this project, but GoTriangle has not proceeded with contracting yet. **Durham County staff support the development of the Bus Plan and recommend deferring the proposed bus service expansions at this time to allow for adequate analysis and prioritization of resources through the Bus Plan process.**

The City of Durham requested full capital funding for both the **GoDurham Paratransit Operations and Maintenance Facility (PBOMF) and Bus Operations and Maintenance Facility (BOMF)**. In the 2023 Transit Plan, these projects were funded at a combined total of \$5 million with the understanding that additional funding would need to come from federal, state, or local sources. At that time, the City recommended the \$5 million request because they preferred to allocate more funding toward bus operating expansions.

In the FY25 Work Program, the City updated the cost estimates to \$10 million for the PBOMF and \$50 million for the BOMF. With higher revenues available, the Transit Plan increased its contribution from \$5 million to \$30 million, half of the total cost, again with the understanding that the remaining funding would be identified externally. In FY26, the City used \$2 million of this allocation to acquire the site for the PBOMF.

For the FY27 Work Program, the City submitted updated cost estimates and requested full Transit Plan funding for both facilities, including full design appropriations in FY27. The PBOMF is now estimated at \$39 million (in addition to the \$2 million already spent), and the BOMF is estimated at \$61 million. The Draft FY27 Work Program allocates \$10.5 million to the PBOMF and \$17.5 million to the BOMF, maintaining the overall Transit Plan contribution of \$30 million but distributing it differently between the two projects. This leaves a funding gap of \$28.6 million for the PBOMF and \$39.5 million for the BOMF.

Because the City did not follow federal requirements for site acquisition, the PBOMF is no longer eligible for federal funding, significantly limiting options to close this gap. The BOMF remains eligible for federal funding, and some of its costs may be reimbursable through the Central Durham Bus Rapid Transit (BRT) project. However, this remains uncertain and depends partly on whether additional operating expansion will be required for the BRT corridor, which already has a high level of bus service. The FY26 Work Program funded 10-minute frequencies on the Holloway corridor, which already meets BRT-level service. No federal applications have been submitted or awarded to date.

Both facilities are critical for continued bus expansion. Durham County staff are very concerned about the scale of the funding gaps and the likelihood of securing federal funding within the project delivery schedule. To date, it is our understanding that no City CIP funding has been committed. **Durham County staff recommend that the City provide information on what City funding can be committed to these facilities, as well as their strategy for pursuing grants. Based on this information, Durham County staff may recommend programming the remaining \$5 million to the PBOMF, which has the earlier schedule and the fewest alternative funding options.**

**Durham County staff also recommend adopting a policy that dedicates any investment income to funding gaps on prioritized capital projects.** The fund balance generates investment income each year, and once prior-year income is confirmed, it is added to the fund balance and programmed to projects. However, because investment income is unpredictable, future earnings are not included in the revenue model. It functions as an annual “bonus” that can only be programmed one year at a time. Consistent with sound financial practice, one-time revenue should be used for one-time expenses, such as capital projects, rather than ongoing operating expenses. The City of Durham has a similar budget policy that dedicates investment income to capital funding gaps.

In FY25, investment income totaled \$7.4 million. With an adopted policy, the Transit Plan could potentially accumulate meaningful funding over the next few years to help reduce the PBOMF’s \$28.6 million funding gap, However, it is unlikely that investment income alone would be sufficient to close the gap within the City’s current delivery schedule, which anticipates construction completion by FY29. The City has indicated a similar schedule on the BOMF, which has a \$39.5 million gap. **City, state, or federal funding would still be required.**