

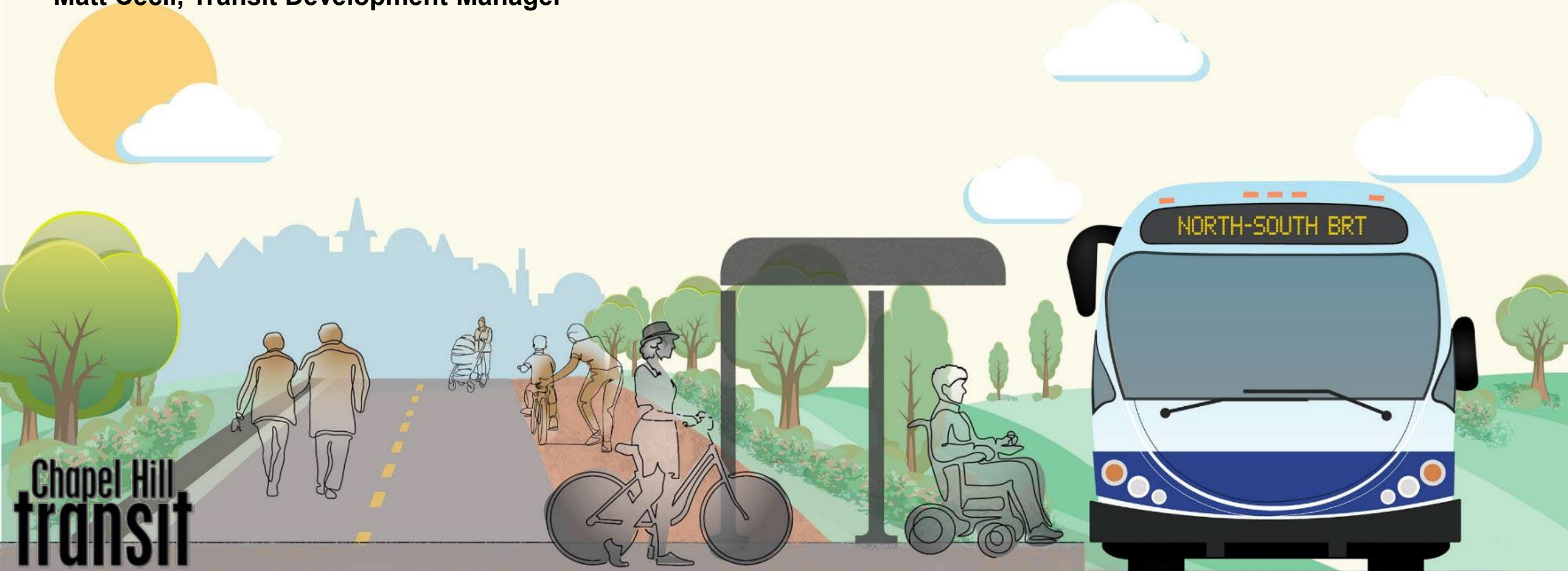
PROJECT UPDATE

June 14, 2023

Brian Litchfield, Transit Director

Caroline Dwyer, AICP Transit Planning Manager

Matt Cecil, Transit Development Manager



Chapel Hill
transit

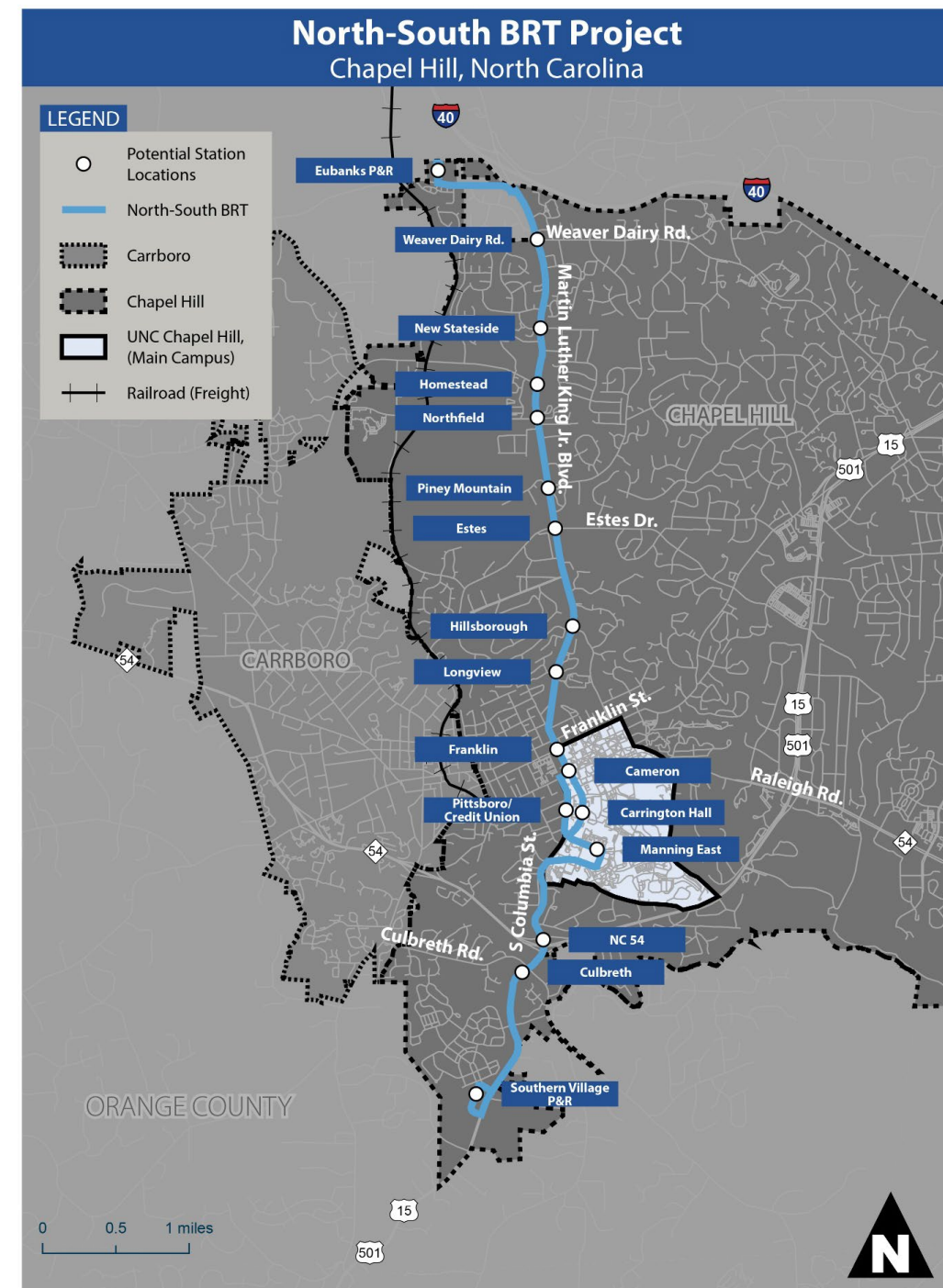
AGENDA

- Summary
- Project Overview & Timeline
- Updated Cost Estimate
- Options Evaluated
- Staff Recommendation & Next Steps



SUMMARY

- Detailed NSBRT cost estimates last calculated in 2021
- Significant and unanticipated inflation and cost increases have impacted project funding assumptions
- Staff have identified options reducing costs while maintaining the project's benefits, viability, and schedule
- This is an informational update describing that process and staff's next steps

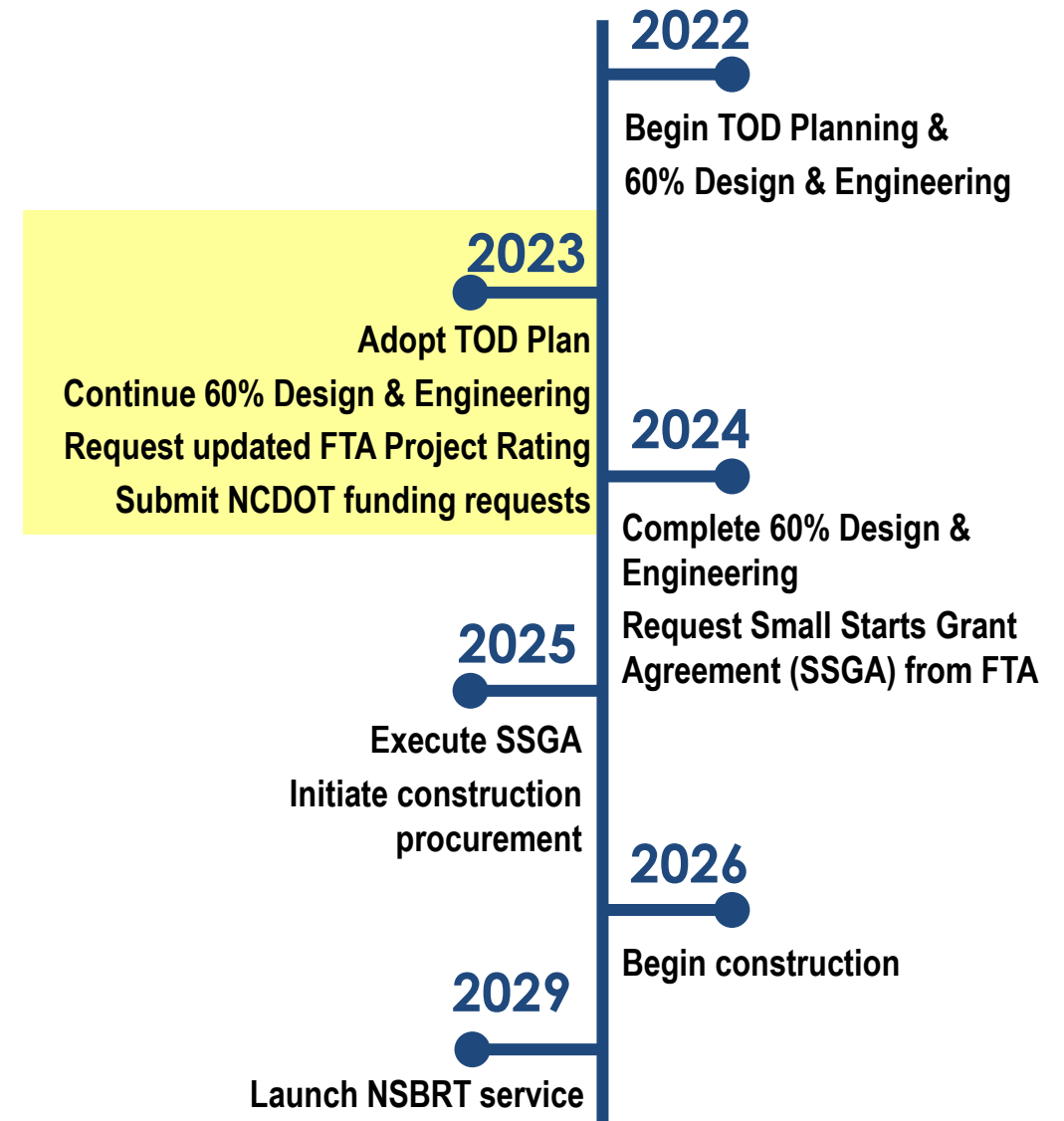


NORTH-SOUTH BUS RAPID TRANSIT (NSBRT)



- 8.2 total miles including ~ 6 miles of curb-running lanes exclusively for transit
- Eubanks Road Park & Ride to Southern Village Park & Ride
- 14 high-capacity BRT buses arriving every 7-minutes at peak
- World class stations with cutting edge amenities
- Multiuse path connecting to Everywhere-to-Everywhere greenway network
- Faster, more reliable transit connections to local and regional employment centers

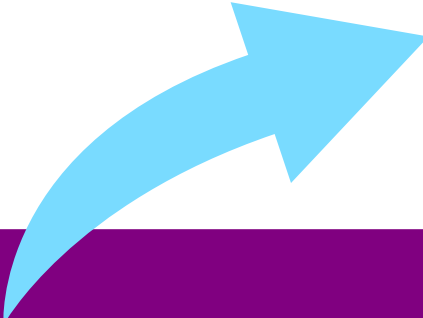
PROJECT TIMELINE



WHAT DRIVES OVERALL PROJECT COST?



**Highly sensitive to inflation
and cost increases**

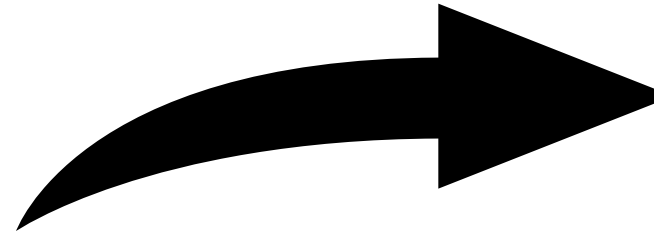


	% of 2023 Cost *
Construction	50%
Right of Way	13%
Vehicles	15%
Professional Services	14%
Contingency	8%**
Total	100%
* of base year total project cost	

- Construction-related expenditures currently account for about 50% of estimated project cost
- FTA requires capital projects to include a very large contingency allocation (33% of the project's base year cost)

WHAT'S DRIVING INCREASES?

	Change from 2021	% of Increase
Inflation	+\$28.8M	68%
Increased NCDOT bid prices (i.e., roadway drainage)	+\$5M	11.7%
Vehicles (all-electric fleet)	+\$3.8M	8.9%
(2) New Longview Stations	+\$2.8M	6.8%
Misc.	+\$1.9M	4.6%
TOTAL INCREASE	\$42,487,052	100%



Estimated Inflation Rate		
	2019	2023
2019	3.10%	1.80%
2020	3.10%	2.10%
2021	3.10%	8.00%
2022	3.10%	6.00%
2023	3.10%	5.00%
2024	3.10%	4.00%
2025	3.10%	3.50%
2026	3.10%	3.50%
2027	3.10%	3.50%
2028	3.10%	3.50%
2029	3.10%	3.50%

- **INFLATION** accounts for 68% of the cost increase (\$28.8 million)
- **INCREASED COST OF CONSTRUCTION, LABOR, AND MATERIALS** in all categories
- **TIME** 2 years added to project timeline (moved launch year from 2025 (in 2021) to 2029 (in 2023))
- **VEHICLES** assumed launching with an all-electric fleet
- **STATIONS** added pair at Longview Street serving

UPDATED PROJECT COST ASSUMPTIONS



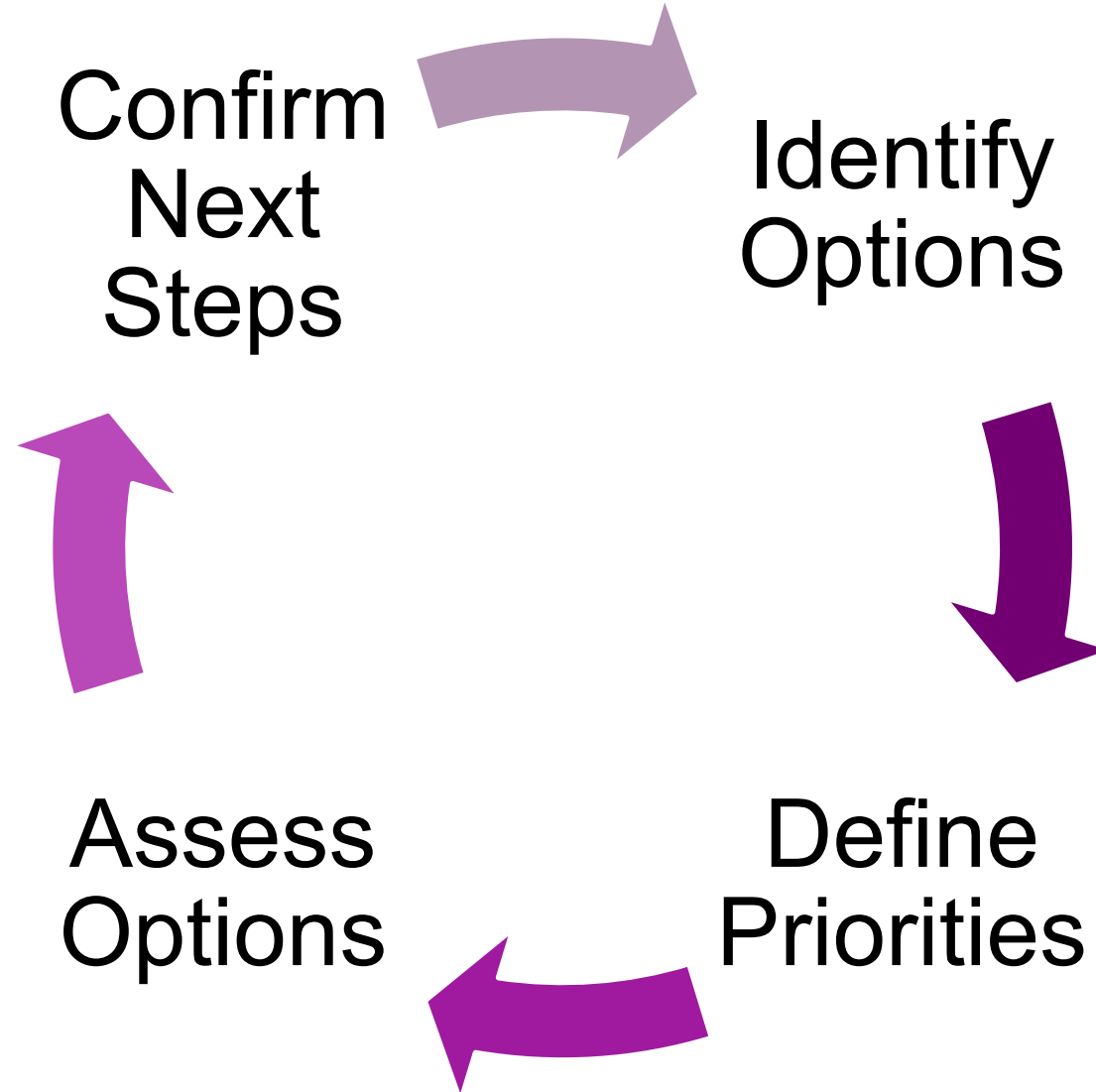
	2021	2023
Total Project Cost*	\$155M	\$197M
Anticipated Service Launch Date	2025	2029
Federal Transit Administration (FTA) Small Starts Grant (Assumed “Federal Share”)	\$124M (80% of total cost)	\$150M (Maximum allowed)
<u>Required</u> Non-federal Share (Assumed “Local Match”)	\$31M	\$47M
<u>Committed</u> Non-Federal Share (County Transit Plan + Transit Partners contribution (estimated))	\$31.1 (\$29.1M + \$2M)	\$31.1 (\$29.1M + \$2M)
Non-federal (Local) Funding Gap	\$0	\$16.6M

* At year of expenditure (YOE), 2029

WHAT DOES THIS MEAN FOR NSBRT?

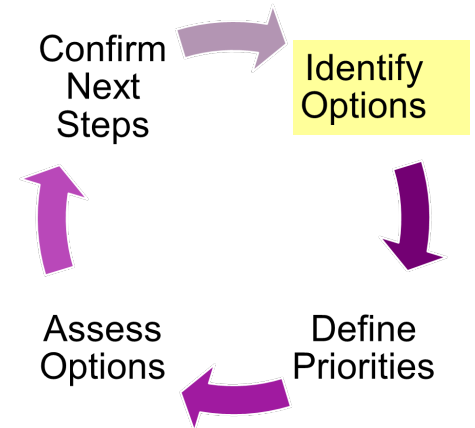
- Cost increases have created a \$16.6 million gap in non-federal (local) funding
- **Does not impact August 2023 request for updated FTA Project Rating** (requires 50% (\$23.5M based on 2023 cost estimates) of non-federal (local) revenue to be committed; NSBRT currently has \$31.1M committed)
- **Could impact planned 2024 request for FTA Small Starts Grant Agreement** which requires commitment of 100% (\$47M, using 2023 cost estimates) of non-federal (local) revenue
- **NCDOT funding *may* cover cost increases**, but availability/amounts will not be confirmed until early 2024; staff are currently coordinating with local and regional partners on state NSBRT funding requests (submitted in September 2023)
- **Transit staff have identified immediate next steps** to reduce costs and maintain project benefits, viability, and schedule

PROCESS



PROCESS: IDENTIFY OPTIONS

Staff considered three approaches to manage cost increases prior to submitting an FTA grant request in 2024:



REDUCE PROJECT COSTS

EXAMPLES:

- **Transit vehicles** (type, number)
- **Multiuse path** (MUP) (scope, specifications)
- **Stations** (number, amenities, design)
- **Corridor guideway design** (number of lanes, type of lanes)

GENERATE REVENUE

EXAMPLES

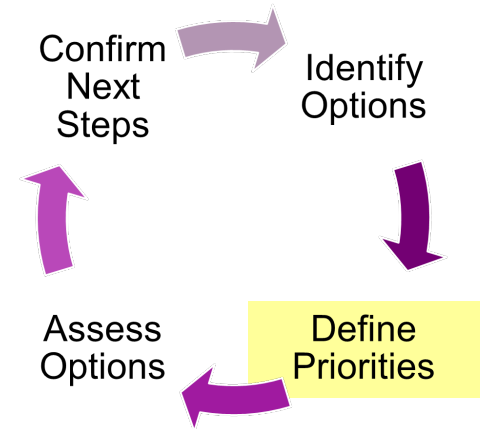
- **Sponsorship** (BRT naming rights, station sponsorship)
- **Debt financing** (commercial or inter-county loan)
- **Identify additional non-federal funding:**
 - State
 - Local (Transit Partners)
 - Private

WAIT

EXAMPLES:

- Delay requesting FTA grant agreement until additional funding can be identified
- Pause project indefinitely until additional funding is identified, or costs decrease

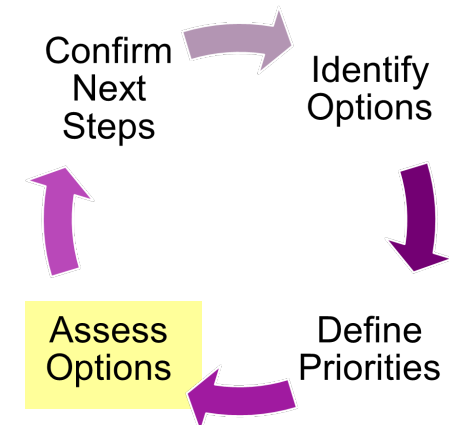
PROCESS: DEFINE PRIORITIES



Staff prioritized options and strategies:

- Minimizing negative impacts to users, operations, and project viability
- Maximizing cost savings and/or revenue generation
- Resulting in predictable outcomes (versus uncertain outcomes)
- Maintaining or reducing the project's timeline
- Leaving opportunities to revisit, if additional resources are identified

PROCESS: ASSESS OPTIONS



	REDUCE PROJECT COSTS	DELAY FTA GRANT REQUEST	GENERATE REVENUE
IMPACTS	Range from none to substantial	Uncertain	Uncertain
MAXIMIZE SAVINGS/ REVENUE	High	Uncertain	Uncertain
PREDICTABILITY	High	Low	Low
MAINTAIN TIMELINE	High	Low	Uncertain



	IMPACT METRICS				
	PROJECT RATING	POTENTIAL SAVINGS	OPERATIONS	ENVIRONMENTAL REVIEW	USER EXPERIENCE
Vehicles (Launch with diesel buses instead of all-electric fleet)	Minimal	\$8-9M	Minimal	None	Minimal
Multiuse path (MUP) One side of MLK only; complete sidewalk network on other side	None	\$8-12M	None	Minimal	Minimal
Stations (Remove 2 stations at Longview St.)	None*	\$2.5-3.5M	None	Minimal	Moderate
Corridor guideway design (Operate BRT in mixed traffic south of Culbreth/ Mt. Carmel Church)	Substantial	\$7-10M	Substantial	None	Substantial

* Not included in 2019 Project Rating Request

NEXT STEPS

1.

CONTINUE SEEKING ADDITIONAL NON-FEDERAL FUNDING: In addition to cost-saving actions, staff will continue investigating and pursuing revenue-generating mechanisms, including NCDOT SPOT 7.0 funding, sponsorships, local tax levies, and/or fees
2.

REDUCE PROJECT COSTS TO MAINTAIN PROJECT DEVELOPMENT TIMELINE

i.

Revise vehicle assumptions: Launch NSBRT with diesel buses

ii.

Adjust scope of multiuse path (MUP): Plan for MUP on one side of MLK (side TBD, based on ROW and other considerations) and complete the sidewalk network on other side; strengthen greenway connections and improve pedestrian connections along and across MLK
3.

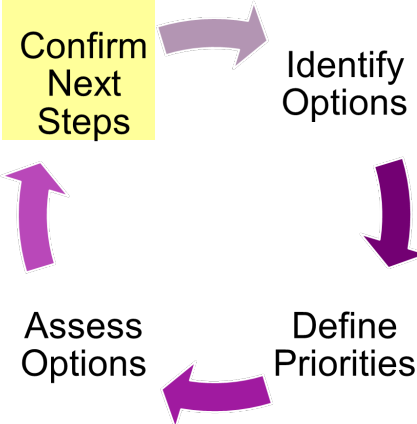
RESTORE PROJECT ELEMENTS WHEN FEASIBLE

i.

Restore electric fleet if/when additional local funding is committed (i.e., state SPOT 7.0) and/or replace diesel vehicles with electric during normal replacement cycle

ii.

Restore bidirectional MUP if additional local funding is committed or by pursuing alternative sources



	IMPACT METRICS				
	PROJECT RATING	POTENTIAL SAVINGS	OPERATIONS	ENV. REVIEW	USER EXPERIENCE
Revise BRT Vehicles	Minimal	\$8-9M	Minimal	None	Minimal
Adjust scope of multiuse path (MUP)	None	\$8-12M	None	Minimal	Minimal

RECAP | NEXT STEPS

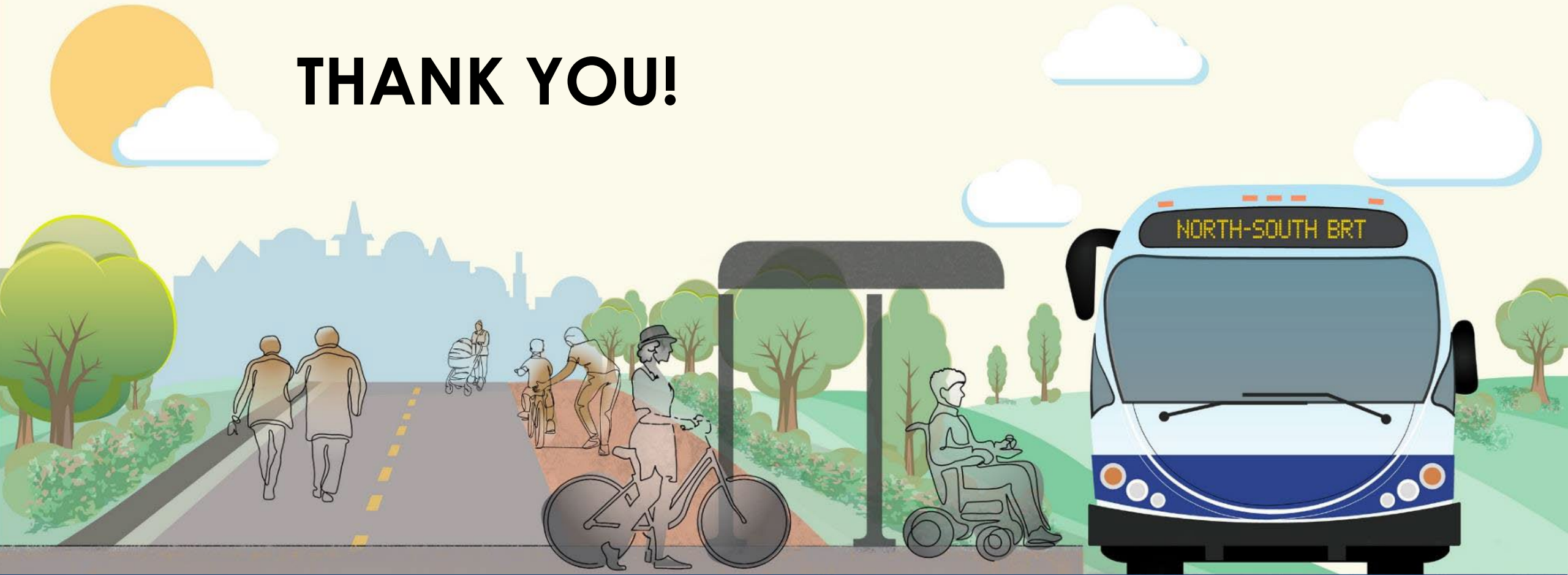
- Significant and unanticipated inflation and cost increases have impacted project funding assumptions since they were last estimated in 2021
- Staff have identified and assessed options reducing costs while maintaining the project’s benefits, viability, and schedule
- This informational update describes the decision-making process and next steps, prior to Town Council’s summer break

BALANCE SHEET

	COST	EST. SAVINGS
Total Project Cost*	\$197M	
FTA Small Starts Grant (maximum request)	(\$150M)	
Committed Non-Federal (Local) Share (County Transit Tax + est. Transit Partners contribution)	(\$31.1M)	
Revise BRT Vehicles		(\$8-9M)
Rescope multiuse path (MUP)		(\$8-12M)
BALANCE	\$16.6M	(\$16-21M)

* Year of Expenditure (YOE), 2029

THANK YOU!



Brian M Litchfield
Director
Chapel Hill Transit
blitchfield@townofchapelhill.org

Matt Cecil
Transit Development Manager
Chapel Hill Transit
mcecil@townofchapelhill.org

Caroline Dwyer, AICP
Transit Planning Manager
Chapel Hill Transit
cdwyer@townofchapelhill.org