

01-25-2023 Town Council Meeting

Responses to Council Questions

ITEM #5: Authorize the Town Manager to Enter into a Bus Financing Agreement with the Transit Partners and Issue a RFP for Debt Financing the Purchase Of New Buses

Council Question:

What portion of the \$900,000 annual expense for bus financing will be Chapel Hill's responsibility?

Staff Response:

The estimated payment of \$900,000 is included in the adopted Transit budget and the Transit Partners will need to continue this investment for the term of the debt (similar to the approach we used in 2016/17 for 16 buses). The Town's share of the estimated payment will be around 35% or \$315,000, with the difference being covered by the University of North Carolina at Chapel Hill and Town of Carrboro. The final cost and term will be determined following a review of proposals.

Council Question:

The memo says that Transit Partners needs to purchase 7 replacement buses each year. Does that mean that TP is planning to assume \$900K in new debt each year for the foreseeable future? What are our expectations for getting grant money to cover some of these capital costs?

Staff Response:

Transit needs to replace on average seven (7) buses each fiscal year to maintain a reliable and efficient transit fleet - along with replacing demand response and other service vehicles and meeting other capital needs. This is needed to maintain the existing fleet and does not include buses/vehicles for new or expanded services identified in the Short Range Transit Plan.

Transit will continue to aggressively pursue federal, state and local grant opportunities (for example - since 2016 we have replaced 49 buses and 33 of those were done with grant funds). However, Transit Partner contributions and/or debt-financing may be necessary to cover the costs of buses/vehicles not covered by grant funding.