

# **DURHAM COUNTY TRANSIT POLICIES AND PROCEDURES MANUAL**

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Triangle Tax District  
Durham County – Transit  
Financial Policies and Procedures Manual

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## Durham Operating Fund Balance and Liquidity Policy and Guidelines

Purpose: As administrator of the Triangle Tax District, GoTriangle will maintain sound financial practices including minimum fund balance and liquidity requirements.

### Fund Balance and Liquidity Policy:

It is the policy of the Triangle Tax District to maintain both minimum fund balance and cash reserve requirements. Based on the funding sources and responsible fiscal management, the Durham Operating Fund will maintain a fund balance to be used as a resource for expected and unexpected, but agreed upon, financial demands and to demonstrate strong liquidity to credit rating agencies as well as federal and state governments. This information will be used to support applications for additional funding towards Durham County Transit projects, including applications for the issuance of debt, and request federal and state grant resources.

A minimum of 90 days unrestricted cash must be maintained in the Durham Operating Fund

Cash is defined as 'on-deposit' in the bank account.

The policy should be administered under the following requirements:

All restricted, committed, assigned and unassigned fund balance, as defined in Governmental Account Standards Board (GASB) Statement 54, may be used in the calculation of the minimum fund balance requirement.

Funds may only be spent in accordance with the external guidelines and enabling legislation as defined in Article II of the Durham County Transit Governance ILA.

Idle funds as defined in N.C.G.S. 159-30 will be invested in accordance with applicable North Carolina General Statutes and GoTriangle's investment guidelines.

### Procedures:

The Durham County Transit Financial Model for the Durham Operating Fund will include projections of fund balance and annual expenditures. Annual reporting will be provided by GoTriangle to the SWG, Durham County Board of Commissioners, DCHC MPO Policy Board and GoTriangle Board of Trustees, which will allow a review of budget compared to actuals for the Durham Operating Fund. Additionally, this annual review will ensure that sufficient fund balance will be available at year end to meet the adopted reserve requirement as defined above. The Durham County Transit Annual Work Program will include funds allocated, if needed, to maintain the Durham Operating Fund balance to meet financial policy guidelines. To demonstrate progress and compliance with this policy, GoTriangle will include a calculation of this liquidity measure within the statistical section of its Annual Comprehensive Financial Report ("ACFR").

### Durham Capital Fund Balance Policy and Guidelines

Purpose: As administrator of the Triangle Tax District, GoTriangle will maintain sound financial practices including minimum fund balance requirements.

Capital Fund Balance Policy: It is the policy of the Triangle Tax District to maintain a minimum capital fund balance. Based on the nature of the funding sources and responsible fiscal management, the

Durham Capital Fund will maintain a fund balance to act as a resource for capital project funding shortfalls.

The target fund balance for the Durham Capital Fund will be five percent (5%) of a 10-year rolling horizon timeframe to further inform the Durham County Transit Multi-Year Vision Plan's Capital Improvement Plan (CIP).

The policy should be administered under the following requirements:

In addition to the reserve of the 5% of the CIP reserve the Durham County financial plan will also keep a minimum \$10 million balance in the projected cash flows of their financial model.

The five percent (5%) fund balance will be separate and apart from project contingency budgeted as a part of individual projects appropriated in the Durham Capital Fund.

Idle funds as defined by N.C.G.S. 159-30 will be invested in accordance with applicable North Carolina General Statutes and GoTriangle's investment guidelines.

**Procedures:**

Projections of the fund balance as a percentage of the Durham County Transit Annual Work Program's CIP will be maintained, demonstrating future compliance with this policy. To demonstrate progress and compliance with this policy, GoTriangle will include a calculation within the statistical section of its ACFR.

# Durham County Transit Billing, Payment and Reimbursement Policy and Guidelines

**Purpose:** As administrator of the Triangle Tax District, GoTriangle will be responsible for the billing, payment and reimbursement of funds that support approved expenditures as part of the Durham County Transit Multi-Year Vision Plan.

**Policy:** It is the policy of the Durham Operating Fund and the Durham Capital Fund and participating local governments and other entities to maintain strong billing, payment and reimbursement practices.

## Guidelines:

Transit expenditures by the participating local governments and other entities are to be budgeted annually and recommended by the SWG and adopted by the Durham County Board of Commissioners and GoTriangle Board of Trustees.

The adopted budget ordinances for the Durham Operating Fund, the Durham Capital Fund, and the operating/capital funding agreements with the participating partners are the controlling documents for billing, payments, and reimbursement.

Dollars appropriated in the Durham Capital Fund are appropriated pursuant to Section 13.2 of N.C.G.S. Chapter 159 and therefore do not lapse at the end of the year and are available for reimbursement requests for the duration of the respective project unless subsequently amended by Board action or project closeout.

Reimbursement payments made for expenditures in conjunction with appropriations from the Durham Operating Fund and the Durham Capital Fund will be made to the participating local governments and other participants after the GoTriangle Finance Department has received a request for reimbursement using the pre-established Durham County Transit template and associated required documentation. GoTriangle's reimbursement requests will be paid following review by the Staff Working Group Administrator. All other reimbursement requests will be reviewed by GoTriangle. Upon approval, GoTriangle will send payment to all parties.

Payments will be made in accordance with the North Carolina Local Government Budget and Fiscal Control Act.

Submissions for reimbursement may be done as often as is efficient and effective for the local participating entity; however, disbursements from GoTriangle are recommended to be completed quarterly but will be no more frequent than on a monthly basis.

Advance payments and/or establishment of a working capital fund for specific circumstances may be considered by GoTriangle.

The request for reimbursement and supporting documentation should be submitted either in writing or by electronic means as specified in the terms of the operating and capital agreements.

Reimbursement requests will include a statement signed by the requesting agency's Finance Officer or designee, stating funds were spent in accordance with the adopted Annual Transit Work Program and associated laws, rules and regulations, and the request for funds includes items due and payable.

Projects that involve federal funding agreements may require additional documentation and review that will be incorporated in future project agreements.

## Debt Policy and Guidelines

Purpose: As administrator of the Triangle Tax District, GoTriangle may issue debt to support approved capital projects in the Durham County Transit Multi-Year Vision Plan. It is the goal of the SWG that debt issuances will strive to obtain favorable ratings available for transit financing. The debt policy outlines the requirements and criteria set forth to achieve this goal and to advance the Durham County Transit Multi-Year Vision Plan.

### Debt Policy:

It is expected that debt will periodically be issued by GoTriangle in support of the Durham County Transit Multi-Year Vision Plan under the following requirements:

Any debt to be issued will be reviewed and recommended by the SWG, approved by the Durham County Board of Commissioners, and approved and authorized by the GoTriangle Special Tax Board (pursuant to N.C.G.S. 160-167).

Per North Carolina Law, debt issuances will be approved by the Local Government Commission.

Debt service payments will be made in accordance with the North Carolina Local Government Budget and Fiscal Control Act.

Any proposed debt issuance will be evaluated using prospective revenue expenditure amounts, as modeled in the Durham County Transit Financial Model, which is mutually agreed to by the SWG. The Durham Transit Financial Model assumptions will be agreed to annually by the SWG through coordination efforts defined in the Governance ILA.

### Debt Guidelines:

Debt issuances that are incorporated as part of the financial model will be modeled using the following guidelines:

It is the goal that all rated debt issued on behalf of approved capital projects in the Durham County Transit Multi-Year Vision Plan will obtain a rating no lower than A1 (Moody's) or A+ (S&P/Fitch) and preferably in a double-A category.

Actions recommended by the SWG, or adopted by the Durham County Board of Commissioners and GoTriangle Board of Trustees shall not diminish the financial health of Durham Operating and/or Durham Capital Funds.

Debt will be issued to ensure sufficient flexibility to meet future obligations outlined in the Durham County Transit Multi-Year Vision Plan and to take advantage of opportunities based on market conditions.

The gross debt service coverage ratio will not go below 2 times (2X) gross revenue to annual debt service, excluding short-term principal payments.

Gross revenue is defined as Durham County Locally Dedicated Transit Funding Sources as stated in Section 2 of the Durham County Transit Governance ILA, plus additional farebox revenue attributed to services funded by Durham County Locally Dedicated Transit Funding Sources plus any federal capital funds expected.

The debt service coverage (i.e., the ability to pay debt service after operations) will not go below 1.25 times (1.25X) annual debt service excluding principal payments on short-term debt.

Debt service coverage is defined as Durham County Locally Dedicated Transit Funding Sources, plus additional fare box revenue attributed to services funded by Durham County Locally Dedicated Transit Funding sources, plus any federal capital funds expected, less the sum of expenses for tax district administration, and transit operations.

Upon the full funding of reserves, any cash that maintains the Durham Transit plan in accordance with above mentioned rules may be used as cash funding for capital projects to provide additional sources of funding for capital projects to minimize debt levels. Future bonds issued will conform and adhere to

Additional bonds test contained in bond documents, and

Debt service coverage ratios of the Durham Operating Funds and Durham Capital Funds Debt Policies

A Debt Service Reserve Fund ("DSRF") will be established for debt issuances where the DSRF creates a lower cost of funds and does not exceed the minimum amount permitted under federal tax law.

Investment of bond proceeds will be in accordance with all applicable North Carolina statutes and federal tax law.

Debt will be structured in a manner consistent with the useful life of related projects, not to exceed a final maturity of 35 years. Principal amortization will be level debt service or faster, except for deferrals of principal in connection with construction period financing or short-term financing related to future receipt of federal and/or state funds.

Debt issued in support of the Durham County Transit Multi-Year Vision Plan will be authorized under N.C.G.S. 160A-20. Alternative debt instruments may be evaluated and utilized subject to recommendation by the SWG and approved by the Durham County Board of Commissioners and GoTriangle Board of Trustees.

If a project sponsor seeks repayment for debt issued outside of the Durham County Transit Multi-Year Vision Plan it will be paid after all debt service and operating expenses of the plan have been paid and will subordinate to as debt issued by Tax District Administration. Debt payments reimbursed to the project sponsor will be identified as a yearly capital project and included in all Capital Improvement programs (CIP) upon initial approval.

Select SWG voting members or designated representatives of SWG voting agencies (if/when applicable) will participate in the following:



RFP and/or selection process of:

Financial Advisor; Investment Consultant for GoTriangle (as necessary)

Underwriter(s); Bond Counsel; and any other necessary roles related to GoTriangle debt financing in support of the Durham County Transit Multi-Year Vision Plan

Providing assistance as needed for guidance associated with debt issuances to include interactions with rating agencies.

## Increased Cost of Existing Services (ICES)

**UPDATE Spring 2023 – Parties and Implementation Partners will refer to legacy language from prior Transit Governance ILA to define how operators can seek funding to support increased cost of services. This language is shown below.**

The Durham County Multi-Year Vision Plan (Plan) provides that all funding for bus services will be appropriated as set forth in the Plan. The use of these bus service funds is limited to support of *new* bus services *above and beyond* the existing transit system services in place on January 15, 2013.

Notwithstanding the foregoing, a Calculated Amount, as defined below, of the annual bus service funds provided in the Plan may be used by GoDurham to pay for the Increased Cost, as defined below, of existing bus service operations each year. The “Calculated Amount” which may be used for this purpose shall be an amount equal to or less than one-half of the prior year total receipts from the Durham County local vehicle registration fee of \$7.00 permitted by Article 52 of NCGS Chapter 105. For the 2014 and 2015 fiscal year’s actual receipts for vehicle registration fees in Durham County as acceptable to the parties and to GoDurham. For purposes of this paragraph, “Increased Costs” shall be the increase in the annual per hour Operating Cost for bus service, as defined below, multiplied by the annual revenue hours of bus service provided by GoDurham as of January 15, 2013. “Operating Cost” shall include the costs of bus operations, maintenance, supervision and administration bus shall not include capital costs for facilities or vehicles.

**The scenarios below are drafted for future consideration by parties and implementation partners upon the next deliberation of the Multi-Year Transit Vision Plan.**

Purpose: Transit operators in Durham County are able to use one Locally Dedicated Transit Funding Source (the County Vehicle Registration Tax, pursuant to N.C.G.S. 105-570, which is levied at \$7.00 per year) to supplement projected increased costs of existing, or baseline, services that were in operation prior to the passage of the County’s ½ cent sales tax dedicated to public transportation investment.

ICES Policy: An equitable formula is to be used in determining annual allocations of available funds from the projects County Vehicle Registration Tax for each fiscal year to all operators providing services within Durham County (GoDurham & GoTriangle).

Variables include:

- Total Revenue Service Hours for Fixed Route Bus Services, per provider, at the end of FY2012
- Total Expenditures for Fixed Route Bus Services, per provider, at the end of FY2012
- Average annual historical cost escalation rate, per provider, from FY2012 to current fiscal year
- Mutually agreed upon cost escalation rate for upcoming fiscal year

Step one: Calculate ratio of Fixed Route Bus Revenue Service Hours operated by each agency in Durham County at the end of FY2012.

NOTE: GoTriangle will need to account for estimated number of hours of revenue service and associated costs operated ONLY within Durham County at end of FY2012.

Step two: Apply the ratio of each operator's revenue service hours to the upcoming fiscal year's County Vehicle Registration Tax projected amount. These three individual ratios will be applied in Step five.

Step three: calculate the estimated increased cost of services from FY2012 by escalating Total Expenditures for Fixed Route Bus Services, per provider, at the end of FY2012 (see NOTE for GoTriangle above) using the average annual historical cost escalation rate, per provider, from FY2012 to current fiscal year.

Step four: Through agency coordination, a mutually agreed upon escalation rate will be used to calculate the upcoming fiscal year's projected costs for the continuation of baseline services from FY2012.

Step five: Apply the ratios realized in Step two to each operator's projected costs calculated in Step four. This will indicate level of funding needed to support those FY2012 baseline services and associated increased cost of those services in the upcoming fiscal year.

*Option A (maintaining existing cap of 50% of \$7 tax source):*

IF the sum of ICES calculated for the upcoming fiscal year for each agency in step five is greater than 50% of the available amount of funding projected to be available from the County Vehicle Registration Tax funding source, then each agency and its governing jurisdiction are responsible for funding for the balance from other local funding sources not already dedicated to supporting local public transportation investments.

If the sum of ICES calculated for the upcoming fiscal year for each agency in step five is less than the available amount of funding projected to be available from the County Vehicle Registration Tax funding source, then the SWG will advise the Tax District and associated governing bodies on appropriate allocation into reserves.

*Option B (Increasing cap option to 75% of \$7 tax source)*

IF the sum of ICES calculated for the upcoming fiscal year for each agency in step five is greater than 75% of the available amount of funding projected to be available from the County Vehicle Registration Tax funding source, then each agency and its governing jurisdiction are responsible for funding for the balance from other local funding sources not already dedicated to supporting local public transportation investments.

If the sum of ICES calculated for the upcoming fiscal year for each agency in step five is less than the available amount of funding projected to be available from the County Vehicle Registration Tax funding source, then the SWG will advise the Tax District and associated governing bodies on appropriate allocation into reserves.

*Option C (removing cap, allowing access to full amount of annual \$7 tax source)*

IF the sum of ICES calculated for the upcoming fiscal year for each agency in step five is greater than the available amount of funding projected to be available from the County Vehicle Registration Tax funding source, then each agency and its governing jurisdiction are responsible for funding for the balance from other local funding sources not already dedicated to supporting local public transportation investments.

If the sum of ICES calculated for the upcoming fiscal year for each agency in step five is less than the available amount of funding projected to be available from the County Vehicle Registration Tax funding

source, then the SWG will advise the Tax District and associated governing bodies on appropriate allocation into reserves.

## Carryover Policy

### Capital

- Durham County Tax District will work towards development and maintaining a capital reserve fund
- Capital project allocations as defined by the transit plan will be reserved and can be drawn on throughout the life of the project as per annual work plan programming
- Capital fund dollars appropriated within the annual programming are available for reimbursement requests for the duration of each project unless subsequently amended by Board action or until project closeout
  - Upon project closeout, any leftover funds (surplus) will be released and made available for future capital projects upon recommendation from the Durham County Staff Working Group

### Operating

- Dollars appropriated in the operating fund will lapse at the end of the year as of June 30
- Any unutilized operating funds will be returned to the operating fund balance for future programming

## Bus Operating Cost Per Hour Policy

Transit agencies will be reimbursed for the following cost categories:

- Operations
- Fuel
- Maintenance
- Supervision of operators, safety, and maintenance staff

No overhead may be charged to the Tax District as part of bus service operations including service planning, financial management, management of contracts with operators or interlocal agreements, capital purchases, leasing of facilities, non-operations facility maintenance, etc. Those costs may be requested and paid for through other Transit Plan projects subject to approval of the Transit Plan and Annual Work Program.

The approval of the annual work program will include an estimated cost per hour for each agency. This cost per hour should be consistent with the transit agency's overall cost per hour paid through other funding sources. As such, the Transit Plan and local funding growth rates should be consistent when controlling for any new or expanded services. If any agency requests an increase that exceeds 2.5% compared to the previous year's Work Plan, transit agencies will be encouraged to submit a second quarter amendment that will include documentation to the Staff Working Group to verify their budgets meet this policy and be included as part of the recommendation of the amendment request. If the increase is recommended by the Staff Working Group, the revised cost per hour will be the starting point plus 2.5% increase for the following years cost per hour.

Reimbursements will be made based on the estimated cost per hour for quarters 1, 2, and 3. Quarter 4 will include a reconciliation based on the actual annual cost per hour. Transit agencies are expected to complete the Durham Transit Reimbursement year-end reconciliation template that is included in the reimbursement template. The cost per hour that is listed in the reconciliation template should be consistent with other funding source cost per hours across the transit agency's network.

GoTriangle will use a consistent cost per hour across all three County Transit Plans (i.e., Durham, Orange & Wake Counties).

## Exhibit A: GoTriangle Financial Policies & Procedures (for reference)

[INSERT GOTRIANGLE FINANCIAL POLICIES & PROCEDURES DOCUMENT AS EXHIBIT A]



**GoTriangle Investment Guidelines**

**Exhibit A**



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## **3.0 FINANCIAL**

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### **3.10 INVESTMENT POLICY & PROCEDURE**

#### **3.10.1 Investment Policy**

- A. TTA shall remain 100% invested at all times with the exception of moneys held for petty cash or moneys held in a compensating balance account. (100% invested refers to actual investments as well as the use of interest bearing checking accounts).
- B. G.S. 159-30(c) authorizes TTA to invest in obligations of the United States of America or obligations fully guaranteed both as to principal and interest by the United States of America; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances; and the North Carolina Capital Management Trust, a money market fund.
- C. Eligible deposits and investments are limited to those restricted by the federal government (refer to the North Carolina Department of the State Treasurer Policies Manual, Cash Management tab, beginning with page 16). The guidelines state that proper diversification of the investment portfolio must be achieved in order to minimize risks brought on by economic and market changes.
- D. Collateralization for deposits shall be in accordance with Title 20, Chapter 7 of the North Carolina Administrative Code (NCAC). All deposits for TTA shall be fully protected through deposit insurance and eligible collateral securities pursuant to 20 NCAC 7. The Financial Reporting Manager shall notify the TTA depository when an account is opened that the moneys deposited are public funds subject to collateralization and shall file a "Public Deposit Status Report" with each depository and the State Treasurer promptly after June 30. The Financial Reporting Manager shall maintain a file of the list of financial institutions using the Pooling Method from the Department of the State Treasurer. There shall be a signed escrow agreement with a third party escrow agent for each Dedicated Method depository that holds uninsured deposits, unless the escrow agent is the Federal Home Loan Bank or the Federal Reserve

Bank. The Financial Reporting Manager shall request and receive timely confirmations of collateral pledged by Dedicated Method institutions. A file of all pledges of collateral and a record of pledged securities per Dedicated Method depository shall be maintained by the Financial Reporting Manager. There shall be no releases or substitutions of collateral securities resulting in a decrease in the market value of securities pledged by Dedicated Method depositories without prior approval by the Chief Financial Officer. The Financial Reporting Manager shall request and receive a statement of collateral pledged from each Dedicated Method institution at least quarterly including the total par and market value of the securities.

- E. The Chief Financial Officer shall be responsible for obtaining custody and providing safekeeping of securities and deposit certificates according to G.S. 159-30(d). All securities purchased by TTA shall be delivered (or book entered) to the Authority's custodian and placed in its custody account in the name of TTA. All such custodial agreements shall be between TTA and the custodian in the name of TTA. Certificates of deposit purchased by TTA shall be delivered to the Financial Reporting Manager.
- F. The Financial Reporting Manager shall ensure proper diversification of the investment portfolio in order to minimize risks brought on by economic and market changes.
- G. Diversification by Financial Institution:
  - 1. No more than 50% of TTA's moneys shall be invested in any obligation that does not bear the full faith and credit of the United States of America.
  - 2. No more than 50% of TTA's total moneys shall be placed with a single financial institution.
  - 3. No more than 25% of the overall portfolio shall be invested in the securities of a single issuer, except for the U.S. Treasury or U.S. backed instruments (i.e. GNMA's)
  - 4. No more than 10% of the portfolio shall be invested in a regular savings account.
  - 5. No more than 10% of the portfolio shall be invested in overnight securities or in highly marketable, short-term securities which can be quickly sold to meet liquidity needs.

**H. Diversification by Classes of Securities:**

<b>Type of Security</b>	<b>Maximum percentage</b>
U.S. Treasury Certificates, Bonds, Notes, and Bills.	100% of Portfolio
Obligations of U.S. Government-sponsored entities (Instrumentality)	75% of Portfolio
Collateralized Governmental Mortgage Obligations of Government sponsored enterprises (i.e. Freddie Mac or Fannie Mae)	10% of Portfolio
Collateralized Governmental Mortgage Obligations of Ginnie Mae	40% of Portfolio
North Carolina State and Local Bonds	50% of Portfolio
Certificates of Deposit	100% of Portfolio
Commercial papers, Bankers Acceptance	25% of Portfolio
NCCMT Certified Mutual Funds	100% of Portfolio
Repurchase Agreement	As required for overnight cash flow, or 25%
Ginnie Mae Pools	50% of Portfolio

**I. Maturities Schedule:**

1. Short Term Portfolio: No less than \$500,000 of the total investment portfolio shall mature within seven days. No less than 25% of the portfolio shall mature in 90 days.
2. Intermediate Term Portfolio: the average maturity of the portfolio shall not exceed five years.
3. Long Term Portfolio: The average maturities of this portfolio shall not exceed twenty years. Any exceptions must be approved by the Chief Financial Officer. Reasons for exceptions may include anticipated higher market yields.

Note: The North Carolina Capital Management Trust (NCCMT) maintains this level of diversification for issuers and industries; therefore, a unit of government's investment with the NCCMT would not be subject to these limits.

**J. The Financial Reporting Manager shall constantly monitor the investment portfolio and make adjustments as necessary.**

- K. The Financial Reporting Manager shall review daily the cash position of TTA and decide what moneys can be deposited or invested for certain periods of time. If any deposits or investments are to be made, the Financial Reporting Manager will make this determination and then institute a bidding process for TTA's moneys as follows:
1. For eligible investment vehicles, the Financial Reporting Manager shall solicit offers from an approved list of financial institutions and broker/dealers. The Financial Reporting Manager shall review the various offers and determine the appropriate investment vehicle, considering such factors as the safety of the investment, the rate, and the maturity. All interest rates shall be quoted on a discount basis. For securities purchased by TTA, the Financial Reporting Manager shall instruct the seller that securities are to be delivered to TTA's escrow agent, who will disburse moneys. The Financial Reporting Manager will be responsible for notifying the financial institution that placed the highest bid.
  2. Wire transfers, both incoming and outgoing, shall be handled by an individual other than the person receiving the telephone quotes (usually the Chief Financial Officer). Wires will be processed by the institution's deadline with written confirmation forwarded the next business day. These confirmations will be documented by the Financial Reporting Manager and delivered to the Chief Financial Officer for review.
  3. An individual shall be assigned by the Chief Financial Officer to monitor the safekeeping of securities, both owned by TTA and pledged for TTA's deposit. Once securities are escrowed, this individual shall receive timely written confirmations from the safekeeping agent acknowledging delivery of the specified securities. These confirmations shall be recorded and forwarded to the Chief Financial Officer for review.

#### **3.10.2 Investment Procedure**

- A. The Chief Financial Officer determines moneys available for investment, usually in the form of excess cash either in the checking account or in the North Carolina Capital Management Trust, or proceeds from the maturity of a security. The Financial Reporting Manager calls approved financial institutions and gets quotes on desired securities. Quotes with pertinent information such as CUSIP number, coupon rate, maturity value, etc. are faxed to the Financial Reporting Manager. The Financial

Reporting Manager submits these quotes to the Chief Financial Officer for review.

- B. The Chief Financial Officer evaluates the purchase options and yields, and checks to see if they are in accordance with the desired portfolio mix as specified in the policy above. Securities are typically purchased by TTA in blocks of \$500,000 and \$1,000,000.
- C. When a decision has been made on the purchase, the Financial Reporting Manager calls the financial institution to purchase the instrument at the quoted price. A total cost of the purchase is obtained which, if relevant, will include accrued interest paid to the previous holder. Also at this time, arrangements are made for the settlement date of the purchase. The financial institution executes the electronic purchase and delivers the certificates to TTA's custodial bank where they are held in trust.
- D. If funds are not readily available in the money market account with the custodial trust for settlement then the Financial Reporting Manager must wire funds from another TTA account (i.e. the checking account or the general investment account held with the North Carolina Capital Management Trust). Funds must be wired from the North Carolina Capital Management Trust by 12:00 noon and from the financial institution by 4:00 p.m. This transaction is documented on a wire transfer form [see Exhibit 3-C], which is also used as the source to record the journal entry to the general ledger.
- E. The Financial Reporting Manager notifies, by telephone, the custodian's trust department that a security has been purchased and gives them the total cost, settlement date, date that funds will arrive (if applicable), and identifies the sender of the funds. The contact at the trust department calls their operation center to advise of the incoming wire.
- F. The Financial Reporting Manager prepares a letter to the trust operations department for notification of the purchase. The letter is first faxed and later mailed. One copy is sent to the contact at the trust department and one copy is retained for file purposes and for support documentation for the wire transfer.
- G. A confirmation is sent to the Financial Reporting Manager by the financial institution from which the security was purchased and is retained in TTA's file. The custodian's month-end statement will reflect the purchase transaction.

- H. An investment schedule is maintained by the Financial Reporting Manager, which depicts the cash and investment portfolio, along with expected income and other pertinent information (i.e. maturity date, CUSIP numbers, etc.) This schedule is used to record the interest accruals to the general ledger and to reconcile to the general ledger.
- I. A semi-annual report, entitled Report of Cash & Investments [see Exhibit 3-D], is filed in January and July to report the investment portfolio and market values to the NC Local Government Commission for compliance purposes. The Financial Reporting Manager is responsible for completing and filing this form. The form is reviewed and signed by the Chief Financial Officer.

## **Durham County Transit Work Program Amendment Policy**

Following the adoption of the Durham County Transit Annual Work Program, project sponsors and Durham County Transit lead agency staff may need to make changes to the scope or budget for approved Durham County Transit Annual Work Program implementation elements; to add or remove implementation elements from an applicable Work Program; or to make changes to other components of Durham County Transit Annual Work Programs, such as the controlling components of project funding agreements that tie to Durham County Transit Annual Work Program implementation elements (i.e., agreement periods of performance or reporting requirements), financial model assumptions that support the applicable Work Program, or scopes of work or funding amounts for future programmed implementation elements. The policies and procedures for making these changes are outlined below.

**Amendment Requests:** Requests should be submitted to the SWG Administrator using a Durham County Transit Annual Work Program Amendment Request Form in accordance with the published annual amendment schedule.

### **Amendment Types:**

1. The following Work Program amendment scenarios shall be classified as **Minor Amendments**:
  - a. An amendment that requires a transfer between budget ordinance appropriations but requires less than a 20% change to a project appropriation for projects equal to or less than \$250,000;
  - b. Changes to any adopted financial assumptions supporting the applicable Work Program that does not have significant impact on the overall revenue or expenditure forecast which is defined to be no more than one percent (1%) over the life of the plan;
  - c. Changes in reporting requirements for performance on implementation elements authorized in the applicable Work Program;
  - d. Changes in funding amounts less than \$250,000 for implementation elements programmed in future fiscal years;
  - e. Any other change that does not meet any of the criteria of a Minor Amendment is a Major Amendment.
2. The following Work Program amendment scenarios shall be classified as **Major Amendments**:
  - a. A project requested to be added to the Work Program.
  - b. A project requested to be removed from the Work Program.
  - c. Changes to any adopted financial assumptions supporting the applicable Work Program that does have significant impact on the overall revenue or expenditure forecast which is defined to be over one percent (1%) over the life of the plan;

- d. Changes in scope for implementation elements programmed in current and future fiscal years;
  - e. Any amendment that requires a transfer of funds between capital or operating funding categories.
  - f. Any change that requires a change in budgeted reserves or fund balance.
1. Scenario where no amendment is required:
    - a. Transfers within the same budget ordinance (i.e., within a capital or operating funding category) appropriation and insignificant scope changes are permitted without amendment. Changes of this type will include the project sponsor submitting the Durham Transit Work Program Budget Ordinance Transfer Form and shall be disclosed as part of the established Annual (year-end) reporting process.

Any changes to project funding allocations, and all requested Work Program amendments, shall comply with the adopted Triangle Tax District - Durham County Transit Financial Policies and Procedures.

**Multiple Amendments to Single Project:**

If more than one amendment is requested for a single project in the adopted Operating Budget over the course of a fiscal year, its classification as a Minor versus Major amendment will be based on the cumulative change caused by all applicable amendments over the course of that fiscal year.

If more than one amendment is requested for a single project in the adopted Capital Budget over the life of the project, regardless of fiscal year, its classification as a Minor versus Major amendment will be based on the cumulative change caused by all applicable amendments over the life of the project.



**Removal of Work Program Projects:**

If a project sponsor determines that a project or implementation element included in the operating or capital budgets of an annual Work Program will not commence in the subject fiscal year or will not continue from a previous fiscal year, as budgeted, the project sponsor shall request that the project be removed from the annual Work Program.

If the project will commence in the subject fiscal year or continue from a previous fiscal year, as budgeted, but will not make use of Triangle Tax District – Durham Operating Fund or Durham Capital Fund revenues, the project sponsor is encouraged to notify Tax District staff of the change but is not required to request removal of the project from the annual Work Program unless it is determined by Tax District staff that the originally budgeted funding for the project is necessary to fund another Work Program amendment.

If a project sponsor determines that a project or implementation element included in the operating or capital budgets of an annual Work Program will not make use of the full amount of funds originally budgeted, the project sponsor is encouraged to submit an amendment request reducing the originally budgeted amount to a more realistic amount.

**Annual Work Program Amendment Schedule:**

The Staff Working Group (SWG) Administrator, with input from the Durham SWG and additional GoTriangle staff, will develop an annual Work Program Amendment Schedule that sets amendment request submission deadlines and public review periods for the upcoming fiscal year. There are three amendment cycles detailed on the schedule: 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarter of the fiscal year .

The schedule will generally be consistent with DCHC MPO's Transportation Improvement Program (TIP) amendment schedule in the event that Durham County Transit project amendments require TIP action. The SWG may take exception outside the typical amendment cycle, through coordination with the MPO, where there is a need to maintain eligibility for federal or state funding.

## **Appendix: Roles and Responsibilities**

### **Role of the SWG Administrator and Durham County Transit Lead Agencies**

Per the Transit Governance ILA (2023), two of the three ILA parties have responsibilities as it relates to Work Program Amendment facilitation. They are Durham County and GoTriangle. They execute the work required to ensure that Durham County Transit processes and SWG assigned tasks are completed in accordance with applicable laws, regulations, policies, and other guidance. Both agencies play a role in processing Work Program amendment requests and updating the Durham County Transit Annual Work Program Amendment Policy.

The SWG Administrator will:

- Develop the annual Work Program Amendment Schedule.
- Update the Work Program amendment request form as needed.
- Manage the Durham County Transit Annual Work Program Amendment Policy update process
- Collect and review amendment request forms for completeness and/or technical issues
- Work closely with project sponsors to address questions and resolve technical issues pertaining to amendment requests.
- Compile an initial amendment list that includes known information for each submitted request and will update the list as new or additional information becomes available.
  - The list shall clearly be grouped by amendment requests pertaining to operating projects/implementation elements versus those pertaining to capital projects/implementation elements and shall indicate whether the requests are Minor or Major.
- Prepare and present Work Program amendment request information, including GoTriangle financial slides, for review and consideration of the SWG, the Durham County Board of Commissioners, and GoTriangle Board of Trustees at appropriate decision-making points. Durham County and GoTriangle staff representing their individual boards will independently determine appropriate staff resources to provide recommendation(s) at any respective Board meetings.
- Open a public-review period for quarterly amendment requests.
  - A review period of no less than 21 days for Major amendments.
- Work with County and GoTriangle engagement staff to develop public notice content and materials and then post on the GoForward/SWG website, share with SWG partners and otherwise support the engagement effort.
- Include an engagement summary report with the recommended amendment list for Durham County and GoTriangle governing board consideration.
- Forward all approved amendments and a list of actions that need to be taken to GoTriangle's Tax District for processing.
- Track authorized amendments and by September each year, update the Durham County Transit Annual Work Program database (if/when applicable), publish updated annual Work Program documents on the GoForward/SWG websites.

GoTriangle staff will:

- Review submitted amendment requests to assess financial impacts of proposed changes.
- Model financial scenario options, when needed, and present them to the SWG for review and discussion.
- Work with SWG Administrator/County staff to finalize financial dispositions for review and

consideration.

- Produce slides detailing the financial impacts of requested amendments, submit them to the SWG Administrator to be incorporated into a master presentation file, and present the information for review and consideration of the SWG.
- Work with the SWG Administrator, County and GoTriangle to develop public notice content and materials and then post on the GoForward, County and GoTriangle web pages, share with Durham County Transit stakeholders and the community.
- Collect online analytics and performance data, public comments or questions, and other relevant information from the engagement period and provide it to the SWG Administrator for inclusion in the engagement summary report.
- Work with the SWG Administrator to make any needed adjustments to the financial components of the amendment list and slides prior to presentation to the governing boards.
- Process all approved Work Program amendment requests which may include changes to budget ordinance(s), changes to project agreements or other administrative actions.
- Ensure that links to the annual Durham County Transit Annual Work Program documents on the GoForward, County and GoTriangle websites are working and directed at the updated Work Program document(s) in September each year.

#### **SWG Review and Recommendation:**

SWG Administrator will consult with the SWG Chair regarding inclusion of Work Program amendment request items on SWG meeting agendas. Time allocated for each SWG presentation is set by the Chair and published on each agenda. SWG Administrator will provide the amendment request item description to be published on the agenda, will submit a master presentation file for discussion during the meeting, and will provide the most current amendment list, associated amendment request forms for SWG review and discussion.

The SWG can choose to re-categorize an amendment from Minor to Major, can recommend an adjustment, attach contingencies, or otherwise recommend a modification to an amendment request, and will make a recommendation to the Durham County Board of Commissioners and GoTriangle Board of Trustees for approval or disapproval of Work Program amendment requests.

SWG Administrator shall document the recommendation of the SWG including specific details and concerns that led to a recommended modification or disapproval of an amendment request.

#### **Governing Board Review and Adoption:**

The Durham County Board of Commissioners and the GoTriangle Board of Trustees shall review the amendment list, disposition(s) and SWG recommendation and consider authorizing the Durham County Transit Annual Work Program amendment requests. No amendments are authorized prior to board actions approving them. SWG Administrator will coordinate with Durham County and GoTriangle staff to ensure timely placement of Work Program amendment recommendations on agency agendas. Durham County and GoTriangle staff representing their individual boards will independently determine appropriate staff resources to provide recommendation(s) at any respective Board meetings.

#### **Adjustments to Roles and Responsibilities**

Changes to the roles and responsibilities described within this appendix are classified as an administrative modification that can be implemented without requiring an amendment to the Durham County Transit Annual

Work Program Amendment Policy, but must be agreed upon by the impacted agency, or other body which may require a process to formalize.

## **BYLAWS AND OPERATING PROCEDURES**

### **DURHAM STAFF WORKING GROUP**

#### **ARTICLE I – NAME**

The name of this organization shall be the Durham Staff Working Group, hereinafter referred to as the “Durham SWG”.

#### **ARTICLE II – PURPOSE**

Article III of the Transit Governance Interlocal Agreement (Governance ILA) for the implementation of the Durham County Transit Multi-Year Vision Plan established the Durham SWG for the following purposes:

- To coordinate the ongoing planning and implementation aspects of the Durham County Transit Multi-Year Vision Plan as defined in the “Transit Governance Interlocal Agreement Between Research Triangle Public Transportation Authority, Durham-Chapel Hill-Carrboro Metropolitan Planning Organization, and Durham County,” hereinafter referred to as the “ILA,” fully executed by the three parties on April 20, 2023.
- To serve in a structured advisory role to the Durham County Board of Commissioners, the Research Triangle Public Transportation Authority (GoTriangle) Board of Trustees and the Durham-Chapel Hill-Carrboro Metropolitan Planning Organization (DCHC MPO) Board in their decision-making responsibilities outlined in the ILA related to the implementation and ongoing maintenance of and updates to the Durham County Transit Multi-Year Vision Plan.
- To review the Durham County Transit Multi-Year Vision Plan at least every four years and recommend changes to the managers and governing boards of Durham County, GoTriangle, and the Durham-Chapel Hill-Carrboro Metropolitan Planning Organization (DCHC MPO).
- To prepare and make recommendations to the Durham County Board of Commissioners and GoTriangle’s Board of Trustees for the Annual Transit Work Program.
- To prepare and communicate mid-year and annual progress reports on implementation of the Durham County Transit Multi-Year Vision Plan.
- To evaluate Work Program amendments as submitted and determine appropriate course of action to facilitate review and action, as defined in the Durham County Transit Work Program Amendment Policy, by managers and/or boards of Durham County, GoTriangle, and the Durham-Chapel Hill-Carrboro Metropolitan Planning

Organization (DCHC MPO).

### **ARTICLE III - RESPONSIBILITIES**

As specified in the ILA, the responsibilities of the SWG shall include:

- Identification of one or more party(ies) to the ILA to serve as lead agency(ies) for each of its responsibilities enumerated in Section 3.03 of the ILA
- Developing or delegating to one or more agencies the development of the detailed elements of a multi-year service implementation plan, as defined in the ILA
- Developing or delegating to one or more agencies the development of templates containing minimum standards for project status and financial reports for the Durham County Transit Major Funds
- Receiving, reviewing, and providing feedback on Q1, Enhanced Q2 Report, Q3 and annual financial plan and project status reports relating to the Durham County Transit Work Program
- Designating or delegating to one or more agencies the designation of agencies responsible for each respective implementation element, as defined in the ILA
- Developing or delegating to one or more agencies the development of a strategy or incorporating or accounting for public outreach, involvement, and communication for the Durham County Transit Work Program.
- Developing or delegating to one or more agencies the development of an articulated strategy for each implementation element, as defined in the ILA, or agreement, which shall include scope, geography, purpose and goals, processes for allowing amendments, and processes for addressing Significant Concerns, as defined in the ILA
- Developing an ongoing schedule for completion of work products for which it is responsible for producing.

### **ARTICLE IV – MEMBERS**

#### **Section 1 – Number and Qualifications:**

As specified in the Interlocal Implementation Agreement for the implementation of the Durham County Transit Multi-Year Vision Plan dated April 20, 2023, a technical committee called the Staff Working Group is to be formed to facilitate implementation. Further, it is within the authority of the SWG's initial membership to expand the committee's permanent voting and non-voting membership to include additional members deemed necessary to fully execute the responsibilities of the SWG outlined in the ILA. An expansion of permanent voting membership shall be considered an amendment to the bylaws subject to provisions of Article VI of these bylaws. Each

members agency's representative(s) shall be by action of the designated authority of each member. The Durham SWG shall include as voting members:

Alternative 1:

Primary ILA Signatories:

- |                                    |                    |
|------------------------------------|--------------------|
| A. Durham County                   | (1 representative) |
| B. Durham-Chapel Hill-Carrboro MPO | (1 representative) |
| C. GoTriangle                      | (1 representative) |

Additional Party to SWG:

- |                   |                    |
|-------------------|--------------------|
| D. City of Durham | (1 representative) |
|-------------------|--------------------|

**TOTAL**

**4 representatives**

Representatives and alternates will be designated by the chief executive officer, or her/his designee, of each represented agency. Designations will be made in writing and submitted to the staff person appointed to provide administrative support to the Durham SWG (hereinafter, "SWG Administrator"). The SWG Administrator may not be appointed to the SWG to represent the party for which they work.

In addition to voting members, the following agencies shall have one (1) non-voting representative participate in meetings:

- a. Duke University
- b. North Carolina Central University
- c. Durham Technical Community College
- d. Triangle J Council of Governments
- e. Research Triangle Park Foundation

Non-voting members of the SWG shall be authorized to attend regular and special meetings of the SWG and may participate in discussions and deliberations on items coming before the SWG for its consideration. An expansion of non-voting membership shall be considered an amendment to these bylaws subject to Article VI and may be executed by a simple majority vote of SWG members. The agency responsible for administering the SWG shall maintain an updated list of all designated representatives from both voting and non-voting members at all times.

## **Section 2 – Terms of Representation**

There shall be no limitation on the length of time a voting member may serve on the SWG subject to the authorization to do so by the respective agency's designated authority.

## **Section 3 – Alternates**

Each member agency's designated authority may appoint an alternate to its primary representative(s) provided each alternate also meets the same qualifications of membership. The alternate member may serve as a full voting member during any meeting at which that agency's representative (s) is/are not in attendance. Alternates must also be appointed by action of the

designated authority of each member in the same manner as regular voting members. Proxy and absentee voting are not permitted. The SWG Administrator shall maintain an updated list of all designated alternate representatives from both voting and non-voting members at all times.

## **ARTICLE V – OFFICERS**

### **Section 1 – Officers Defined:**

The Durham SWG shall, upon majority vote of its present and eligible voting members, appoint one voting member to act as Chair and one voting member to act as Vice-Chair. Chair and Vice Chair cannot be from the same jurisdiction for more than two consecutive terms.

### **Section 2 – Elections:**

The Chair and Vice Chair shall be elected annually at the last regularly scheduled meeting of the fiscal year. The newly elected Chair and Vice-Chair shall take office immediately upon being elected.

### **Section 3 – Terms of Office:**

The term of office shall be one year. The Chair is limited to two consecutive terms. Each officer shall hold office until his/her successor has been duly elected or until his/her earlier death, resignation, disqualification, incapacity to serve, or removal from the Committee by his/her chief executive officer.

### **Section 4 – Duties of Officers:**

The Chair shall call and preside at meetings and appoint subcommittees. For meetings held jointly with the Orange and Durham Staff Working Groups (SWG) or Wake County Transit Planning Advisory Committee (TPAC), the responsibility for calling and presiding at the meetings shall alternate between the two groups each year. The Chair shall coordinate with the SWG Administrator in the development of meeting logistics, meeting agendas, and summary meeting notes of the SWG's proceedings. The SWG Administrator will maintain a current copy of these Operating Procedures as an addendum to the Interlocal Implementation Agreement, to be distributed to the public upon request.

In absence of the Chair, the Vice-Chair shall preside and complete all other duties of the Chair.

## **ARTICLE VI – MEETINGS**

### **Section 1 – Clerk of the Committee**

The SWG Administrator shall serve as the clerk of the SWG and an impartial (non-voting) member of the SWG. They shall provide or otherwise delegate routine administrative services for the SWG, as needed, and will be responsible for taking summary minutes of the SWG's proceedings and also documenting all associated actions at each meeting. The SWG Administrator shall maintain a current copy of these Bylaws, to be distributed to the Durham County Board of



Commissioners, DCHC MPO Board and the GoTriangle Board of Trustees as required by the ILA and to the public upon request. When a vote is called by any voting member of the SWG, the SWG Administrator shall facilitate that vote as the impartial person administering the group. This allows the Chair and/or Vice Chair to cast votes in their appropriate role.

## **Section 2 – Regular Meetings:**

At the first regular meeting of each fiscal year (July 1 – June 30), in addition to electing a Chair and Vice Chair, the SWG shall adopt a regular meeting schedule. Meetings may be held jointly with the Orange County SWG or Wake County TPAC. Meeting notices and agendas are to be distributed in sufficient time for them to have been received by each Durham SWG member no later than three business days prior to the meeting. Regular meetings may be canceled by the Chair should there be insufficient business on the Durham SWG's tentative agenda. SWG meetings shall adhere to North Carolina Public Meetings Laws (as referenced in N.C.G.S. 143-318.9:18)

## **Section 3 – Special Meetings:**

Special meetings may be called by the Chair or at the request of the majority of the eligible voting members. At least seven (7) days notice shall be given.

## **Section 4 – Quorums:**

A quorum shall be when three fourths (3/4) majority of SWG voting members appointed by the Parties to these Bylaws are present for a SWG meeting.

## **Section 5 – Attendance:**

Each member shall be expected to attend each regular meeting and each special meeting provided at least seven (7) days notice is provided. Attendance and voting through virtual access or phone call is allowable. A voting member may have an alternate to serve in her/his absence provided that: (1) the SWG Administrator is notified prior to the meeting who the voting member is; and (2) the alternate has been previously approved by the chief executive officer of the agency represented. This notification shall authorize the alternate to act as a present and eligible voting member in the member's absence. Meetings are open to attendance by the public.

## **Section 6 – Agenda:**

The agenda is a list of considerations for discussion at a meeting. Items on the agenda originate as a carryover from previous Durham SWG meetings or are placed on the agenda prior to its distribution by any voting or non-voting member of the Durham SWG in coordination with the SWG Administrator. Additional items may be placed on the regular agenda following discussion of the last item on the regular agenda, as long as a majority concurrence of the present and eligible voting members is received. Items may be placed on the agenda by citizens with majority concurrence of the eligible voting members. Agendas are to be distributed to the voting members and designated alternates of the SWG by the SWG Administrator no less than seven (7) days prior to the date the meeting is to be held.

## **Section 7 – Voting Procedures:**

The Durham SWG will strive to reach consensus on recommendations. However, the Chair or any member may call for a vote on any issue, provided that it is seconded and within the purposes set

forth in Article II and provided the issue is on the agenda as outlined in Section 5 of this article. During joint meetings of the Durham and Orange SWGs or Wake County TPAC, votes are to be held separately by each county SWG. Each voting member of the Durham SWG shall have one vote. Voting members who are participating virtually or by phone are permitted to vote. A majority vote of the members (or their authorized alternates) present and eligible to vote shall be sufficient for approval of matters coming before the Durham SWG. The Chair is permitted to vote, however, non-voting members and unauthorized alternates are not permitted to vote. In the absence of any direction from these Operating Procedures, Robert's Rules of Order will designate procedures governing voting.

## **ARTICLE VI – AMENDMENTS TO BYLAWS & OPERATING PROCEDURES**

Amendments to these Operating Procedures of the Durham SWG shall require the affirmative vote of all four of the Durham SWG's eligible voting members, provided that written notice of the proposed amendment has been received by each member at least seven (7) days prior to the meeting at which the amendment is to be considered and provided that such amendment does not conflict with the letter or fundamental intent of the Interlocal Implementation Agreement governing this document. In the event of any conflict, the Interlocal Implementation Agreement shall carry precedence over these Operating Procedures.

Approved by the Durham Staff Working Group on \_\_\_\_\_

Approved by the Durham County Board of Commissioners on \_\_\_\_\_

Approved by the GoTriangle Board of Trustees on \_\_\_\_\_

Approved by the DCHC MPO Policy Board on \_\_\_\_\_