



# Durham & Orange Counties Transit Plan Governance Study

Governing Boards Review & Approval of the  
Policies and Procedures Manual  
Spring 2023



# Presentation Outline

- › **Reminder of Accomplishments since Fall 2021**
- › **Comprehensive Participation Agreement (CPA)**
- › **Policies & Procedures Manual (PPM)**
  - › *Financial Policies & Procedures*
  - › *Work Program Amendment Policies*
  - › *SWG Bylaws*
- › **Road to CPA & PPM Adoption**
- › **Action Requested**



# Reminder of Accomplishments

## The study set out on a path to:

- › Create a clear, operationally efficient governance structure that ensures that Durham & Orange Counties' priorities are funded and implemented with the County transit taxes and fees.
- › Form new levels of accountability, which includes development of an equitable set of processes, seeking to gain further community trust.



## Reminder of Accomplishments

### Partners from Counties, Regional Partners and Local Municipalities engaged in:

- › 15 Elected Official & Staff Listening Sessions
  - › 1 Elected Official Workshop
  - › 5 Staff Workshops
  - › Several Formal/Informal Legal Reviews
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- › Which ultimately enabled the **successful adoption** of 2 NEW Transit Governance Interlocal Agreements for each Durham and Orange Counties.



# Comprehensive Participation Agreement

Formally invites the local municipalities in each County to be a party to transit plan implementation efforts. It also recognizes the ex-officio (non-voting) members of each County's SWG as 'Implementation Partners' that will require future coordination through specific project agreements when appropriate.





# Comprehensive Participation Agreement

## Critical elements include:

- › Clear Definitions
- › SWG Details Incorporated
- › Article defining Eligibility for County Transit Tax Revenue Funding
- › Supplantation/Supplementation Emphasis
- › Built-In Waivers of Non-Compliance with CPA



# Comprehensive Participation Agreement

- › Article defining Eligibility for County Transit Tax Revenue Funding
  - › Requirements for Inclusion in the County Transit Work Program
  - › Implementation (*requirements for global/capital or global/operating agreements*)
  - › Grace Period for Legacy Projects (*a 1-year 'clock' for all active projects prior to FY24 to enter into project agreements or lose funding eligibility*)
  - › Capital Improvement Program (CIP) Review
  - › Good Faith Effort Clause



# Financial Policies & Procedures

Serves the Parties and Partners as a comprehensive manual regarding relevant financial policies and procedures for the purposes of transit plan implementation. The document includes:

- › Operating Fund Balance and Liquidity Policy and Guidelines
- › Billing, Payment and Reimbursement Policy and Guidelines
- › Debt Policy and Guidelines
- › Increased Cost of Existing Services (ICES)
- › Carryover Policy
- › Bus Operating Cost Per Hour Policy
- › Exhibit – GoTriangle Financial Policies & Procedures





# Financial Policies & Procedures

- › Operating Fund Balance and Liquidity Policy and Guidelines
  - › Policy of the Triangle Tax District to maintain both minimum fund balance and cash reserve requirements.
    - › *A minimum of 90 days unrestricted cash must be maintained in the County Operating Fund*
- › Capital Fund Balance Policy and Guidelines
  - › Policy of the Triangle Tax District to maintain a minimum capital fund balance.\*
    - › *Target fund balance will be 5% of a 10-year rolling horizon timeframe*

*\*Durham County will also keep a minimum \$10M in addition to the 5% CIP reserve*



# Financial Policies & Procedures

- › Debt Policy and Guidelines
  - › Debt may be periodically issued by GoTriangle in support of County Transit Plan Implementation efforts
  - › Any debt sought to be issued by GoTriangle is reviewed/recommended by the SWG and approved by the County BOCC and GoTriangle BoT



# Financial Policies & Procedures

- › Debt Policy and Guidelines
  - › Gross debt service coverage ratio will not go below 2X gross revenue to annual debt service (excluding short-term principal payments)
    - › *This is the measure of COSTS versus the borrowers GROSS Revenue*
  - › Debt service coverage (i.e., ability to pay debt service after operations) will not go below 1.25X annual debt service (excluding principal payments on short-term debt)



# Work Program Amendment Policies

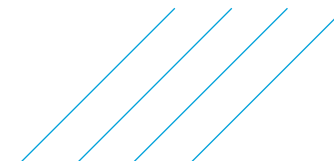
- › Serves the Parties and Partners as a comprehensive and clear set of thresholds to define a minor vs major amendment, and associated protocols as to who would need to approve such amendments during prescribed amendment cycles.



# Work Program Amendment Policies

## › Minor Amendment Definitions:

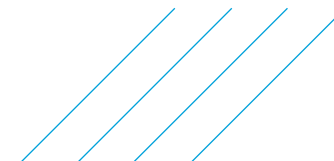
- › An amendment that requires a transfer between budget ordinance appropriations but requires less than a 20% change to a project appropriation for projects equal to or less than \$250,000;
- › Changes to any adopted financial assumptions supporting the applicable Work Program that **does not have significant 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;
- › Changes in reporting requirements for performance on implementation elements authorized in the applicable Work Program;
- › Changes in funding amounts less than \$250,000 for implementation elements programmed in future fiscal years;
- › Any other change that does not meet any of the criteria of a Minor Amendment is a Major Amendment.



# Work Program Amendment Policies

## › Major Amendment Definitions:

- › A project requested to be added to the Work Program.
- › A project requested to be removed from the Work Program.
- › 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;
- › Changes in scope for implementation elements programmed in current and future fiscal years;
- › Any amendment that requires a transfer of funds between capital or operating funding categories.
- › Any change that requires a change in budgeted reserves or fund balance.





# Work Program Amendment Policies

## › Additional Details:

- › There are 3 amendment cycles for parties and partners through which to consider submitting amendments in each fiscal year (2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarters).
- › Public review of amendment requests will be for no less than 21 days each quarter.
- › The SWG Administrator will facilitate collection and dissemination of amendment requests through appropriate documentation/templates; upon review/recommendation by the SWG, the SWG Administrator will then facilitate agenda/material development for County and GoTriangle governing boards review/approvals.



# Staff Working Group Bylaws & Operating Procedures

- › Serves the Parties and Partners as the formal set of bylaws and clear set of operating procedures for how the SWG is to function, elect officers, and foster collaboration throughout each year to achieve annual work program development needs for transit plan implementation.



## Road to CPA and PPM Adoption

- › **Durham/Orange Counties, DCHC MPO & GoTriangle will be asked to review/take action to approve:**
  - › Comprehensive Participation Agreement(s)
  - › Financial Policies & Procedures
  - › Work Program Amendment Policies
  - › SWG Bylaws & Operating Procedures
  
- › **Local Municipalities will be asked to review/take action to approve:**
  - › Comprehensive Participation Agreement for respective County



## Action Requested

- › Recommend board approval of the Durham and Orange County Transit Governance documents:
  - › Comprehensive Participation Agreement
  - › Financial Policies and Procedures
  - › Work Program Amendment Policies
  - › SWG Bylaws and Operating Procedures







# Durham & Orange Counties Transit Plan Governance Study

Staff Contact

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