

## Could this state move put the brakes on the Durham-Orange light-rail project?

The Herald-Sun By Tammy Grubb, Dawn Bumgartner Vaughan and Colin Campbell May 29, 2018

DURHAM – A revised state budget could bring the region's long-planned \$3.3 billion Durham-Orange light rail project to a halt.

The budget, released Monday night, would require GoTriangle and Durham and Orange counties to have all the local and federal money for the light-rail project before seeking state funding.

The problem is that the federal grant program — expected to pay for half the project — requires them to have a commitment for all the local and state money.

A “classic Catch-22,” N.C. Sen. Mike Woodard, a Durham County Democrat, tweeted.

"Anyone who cares about this project, believes [in] this project, has to be concerned right now," said Durham City Council member Charlie Reece.

The 17.7-mile light-rail line could have 18 stations running from UNC Hospitals in Chapel Hill to Duke and N.C. Central universities in Durham. The cost for building the light-rail line is estimated at \$2.47 billion for construction and roughly \$830 million in interest on debt.

The federal government is expected to pay just over \$1.2 billion, with another \$247 million from the state. GoTriangle officials have said not getting state or federal money could stop the project, which is in the N.C. Department of Transportation's evaluation process now.

Republican leaders expect to bring the revised budget to a vote this week. If enough Republicans vote for the plan, it could pass and survive any veto from Democratic Gov. Roy Cooper.

Local governments have already spent roughly \$148 million on consultants and studies for the light-rail project.

The project will bring jobs, reduce traffic congestion and pollution, and leverage a "huge amount" of federal dollars, Reece said.

"I think given where we are now, our focus needs to be on helping the General Assembly understand the benefits of the project and ... find a solution that meets everyone's needs here," he said.

### Motives questioned

Penny Rich, Orange County Commissioners vice chairwoman, was quick to call out the General Assembly's motives.

They don't “like anyone who is liberally and progressively minded,” said Rich, who also is a member of the regional Durham-Chapel Hill-Carrboro Metropolitan Planning Organization.

“It's a disaster,” she said. “To not think about every repercussion of not allowing this to move forward is just a lack of leadership. It's the spiteful mentality.”

The revised state budget would not affect state funding for commuter rail or bus-rapid transit projects.

State Rep. Verla Insko, an Orange County Democrat, said the original revision also included commuter rail, but that was removed “to protect the Wake and Mecklenburg Republicans.”

Both Wake County and Charlotte have commuter rail projects in their future transit plans. Charlotte also has a light-rail system in place now and just opened an extension from uptown to UNC-Charlotte. (CONTINUED...)

The economic repercussions from the proposed budget change could run deep, Rich and Orange County Commissioner Mark Marcoplos said, costing thousands of good jobs and potentially major companies like Amazon and Apple that want to expand in places that offer transportation options.

"You would think this would be right in [the Republican leaders'] wheelhouse," Marcoplos said. "That they would want to make this happen for the state of North Carolina."

The move also make it hard for companies to trust the state, he added.

"It's not only just the transportation aspect of it, but it's the fact that there's no certainty when we don't have a democratic process anymore," he said. "Why would anybody trust what North Carolina government will do?"

### **'Detrimental' to project**

The budget changes are disappointing, GoTriangle General Manager Jeff Mann said Monday night. He noted that the light-rail project has been scored favorably twice by the state.

"We are assessing next steps, but the amended budget certainly appears to be detrimental to the light-rail project because federal law requires a commitment of 50 percent in state, local and other funds before the Federal Transit Administration commits the other half for any large transit project in the United States," he said.

The light-rail project is more than halfway through the federal engineering and final design phase, and could be submitted later this year for full funding in 2019-20 from the federal New Starts program.

The local funding for the project includes a half-cent sales tax and vehicle registration and car rental fees. Plans call for construction to begin in 2020, with the rail service starting in 2028.

N.C. Sen. Floyd McKissick Jr., Durham County Democrat, tweeted late Monday night that the state budget had, in three lines, "placed in jeopardy the future funding of the light rail system between Durham [and] Chapel Hill which has broad support. We will lose 1.2 billion in fed funds [and] 20,000 jobs as a result of this change."

Zack Hawkins, who won the Democratic primary for retiring N.C. Rep. Mickey Michaux's House seat, retweeted McKissick's comment with "#savelightrail."

### **Not dead yet**

Despite the concerns, Marcoplos, who also serves on GoTriangle's board of directors, said he's not ready to declare the project dead.

"I wouldn't throw dirt on the grave until the patient's heart stops beating," he said.

This is not the first time the state legislature has put financial hurdles in front of the light-rail project.

The original light-rail plan in 2012 expected the state to pay 25 percent of the project's construction cost, and in 2013, the legislature passed the Strategic Transportation Investment Law. That law let the NCDOT to think about how to use state money more efficiently for statewide and regional projects, while providing flexibility to meet local needs.

The resulting Strategic Mobility Formula decides which projects get into the 10-year State Transportation Improvement Program. The project scored well in that process, GoTriangle officials said, with the state proposing \$138 million for the project's first 10 years in 2015.

However, state lawmakers repealed the funding commitment later that year and capped state funding at \$500,000. (CONTINUED...)

The legislature lifted the cap in June 2016, but limited state funding for any light-rail project to 10 percent of the total cost.

### **Rationale questioned**

McKissick questioned legislative staff attorney Luke Gillenwater on Tuesday.

"How do you get a project before the feds for consideration without doing the scoring and without doing the organization that is required and necessary for the feds to fund it?" he said. "It's my understanding and it's been longstanding federal practice that those are things that are necessary to be accomplished first."

"There's some ambiguity as to exactly what's required by the federal government," said Gillenwater said. "This isn't taking them [light-rail projects] completely away from state funding."

"Did you speak with the federal government and people within the Department of Transportation in making that determination?" McKissick asked.

"I have not spoken with anybody from the federal government or GoTriangle," Gillenwater responded.

"When I see this type of language, particularly when I think back to the \$500,000 cap, it gives me reasons to believe that it's directed to perhaps undermine the ability of the project to move forward," McKissick said.

The 10 percent cap faced a challenge last year in the House, but the Senate didn't go along with the change. The project received another high score from the NCDOT earlier this year, making it potentially eligible for up to 10 percent funding.

Michaux later got a rationale for the provision from Senate budget writer Harry Brown, R-Onslow.

"I guess the issue that we're dealing with in transportation is that transportation dollars are starting to fall a little bit because you're having less car sales, gas tax revenue," Brown said.

Under the current process, in which state funding is set aside to await federal funding, "you'll have whatever that dollar amount may be sitting on the sideline and you can't spend it on anything else," Brow explained. "I don't think anyone thinks that's a smart use of your dollars."

### **'Final stage of a huge investment'**

Wendy Jacobs, chairwoman of the Durham County Board of Commissioners, said she's hopeful there will be some type of remedy to amend the language in the budget to "allocate state funds ahead of time so they are 100 percent tied to federal funding, and if the funds don't come through, they are for other projects."

"We're at the final stage of a huge investment of the federal government coming into the state that will benefit the entire state," Jacobs said. "There are suppliers and businesses in rural counties, in many counties from across the state, who will be able to work on this."

Jacobs said it's important to keep in mind that "the state investment will be repaid many times over."

She also does not think light-rail funding is a partisan issue.

"There are people on all sides of the aisle who are really trying to come up with a solution to this, who recognize how import this light-rail project is not just for our region but the entire state. We all pay taxes, federal taxes, every person in North Carolina, and this \$1.25 billion comes back into our community, and if it's not spent in North Carolina, it's going to be spent somewhere else," Jacobs said. (CONTINUED...)

## The bottom line

In summary:

As proposed, the revised state budget would not let GoTriangle show the Federal Transit Administration that it has all the local and state money committed to start light-rail construction.

That could prevent GoTriangle from submitting a final grant application to the FTA later this year for the light rail project. Missing the FTA deadline could delay federal funding and construction.

The revised state budget might not necessarily kill the project. Durham and Orange officials have suggested a separate bill could be filed that asks for as-yet unspecified "technical corrections." Such a bill might let the state approve money for the project but use it for other projects if the federal money doesn't come through.

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## Catch-22: Triangle Democrats upset over light-rail funding hit

WRAL.com By Travis Fain, WRAL statehouse reporter May 29, 2018

Raleigh, N.C.— New budget language that holds back state funding for the planned passenger rail line between Durham and Chapel Hill was written to make the most of shrinking federal transportation dollars, Republican budget writers said Tuesday.

It also drives a nail into the project, which has already cost local taxpayers \$88 million and may never see the \$1.2 billion in federal funding it depends on, Democrats complained during one of the few open forums planned before the budget passes this week.

Rep. Grier Martin, D-Wake, said the budget section withholding the state's planned funding for the project is clever enough to doom the plan without being explicit. Martin said that, back when he was a committee chairman, this was "the type of wording I would have used if I wanted to kill a project."

"That was not the intent," state Sen.

Brent Jackson, R-Sampson, a key Republican budget writer, replied during a joint meeting of the House and Senate appropriations committees.

The budget doesn't eliminate the \$240 million-plus the state once planned for the project, but it says the federal funding has to be in place first. Since the federal funding is, in part, dependent on state and local funding matches, this "certainly appears to be detrimental" to the planned light rail line, GoTriangle General Manager Jeff Mann said in a statement Monday night.

Democratic lawmakers from Orange and Durham counties said the Republican majority has now attached a Catch-22 to the project: No state funding without federal funding when there's no federal funding without the state support.

Republican leaders referred questions on the true impact of the move to legislative staff who helped craft the budget. Staff attorney Luke Gillenwater said during the meeting that there is "some ambiguity."

"I don't believe that's a certainty," Gillenwater said when asked whether the budget would kill the project. "Again, there's ambiguity." (CONTINUED...)

"Wouldn't it be better to leave it out until that ambiguity is gone?" asked Rep.

Mickey Michau, D-Durham. GOP budget writers said they don't want to tie up more than \$200 million for a project that may not come off. State Sen.

Harry Brown, R-Onslow, another key budget negotiator, said the state can't afford to leave that money "sitting on the sidelines."

If the federal funding comes through, "we'll take a hard look at it and try to find some dollars," said Brown.

House Transportation Committee Co-Chairman John Torbett, R-Gaston, acknowledged that federal transportation planners tend to be a bird-in-hand group when it comes to funding matches, but he also said federal infrastructure funding plans are up in the air and that, "nobody knows about funding for anything" right now.

This project is slated to run about 18 miles from Chapel Hill to Durham, connecting UNC Hospitals to North Carolina Central University and points in between, including the University of North Carolina at Chapel Hill and Duke University. Durham and Orange counties have already spent some \$88 million planning the line and funding the environmental studies needed to get this far in the federal application process.