

C-TRAN

Board of Directors: IBR and LRT O&M Funding Update

January 22, 2025



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C-TRAN Revision to MLPA Condition

Strike current A 2 language

~~C-TRAN will not be responsible for any costs for operations and maintenance of LRT in Vancouver or Clark County, including any new park and rides that may be constructed as part of the project. Items such as co-located station maintenance, security, and other operational support items may be considered by C-TRAN and its Board. If the IBR team recommends a scenario – beyond co-located station costs or security – where C-TRAN through the agency, any PTBA funding or tax initiative managed by the agency for fiscal responsibility of LRT operation and maintenance in any form, the C-TRAN Board of Director's approval of this MLPA will be immediately rescinded.~~

Proposed language for A 2

C-TRAN may participate in funding the operations and maintenance of the bi-state transit, including any new park-and-rides that may be constructed or co-located station maintenance, security, and other operational support as agreed to and part of the project.



IBR and LRT O&M Funding Update

Agenda

1. IBR SDEIS/FEIS Update
2. FTA Capital Investment Grant Process overview
3. C-TRAN Sales Tax Funding – Current options for funding LRT O&M



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Interstate Bridge Replacement Current Status

- Draft Supplemental Environmental Impact Statement published Sept 20, 2024.
- DSEIS 60-day comment period closed Nov 18, 2024
- Final Supplemental Environmental Impact Statement Mid-2025
- FTA Rating Submittal early/mid-2026



Interstate Bridge Replacement

FTA Capital Investment Grant (CIG) program

- Longstanding discretionary/competitive FTA grant program with history of investing in transformative transit infrastructure around the country (and in this region)
- Lots of rules and procedures...
- New Starts Ratings - projects rated using FTA CIG Policy Guidance and Annual Reporting instructions
- * **IBR hopes to secure \$1 billion from FTA CIG grant**



Interstate Bridge Replacement

Capital Investment Grant (CIG) program

- Discretionary & Competitive Federal Grant Program
- Roughly \$4.6 billion appropriated each year, through Bipartisan Infrastructure Law.
- Historical average federal share for projects in the program = 50%
- Demand for funds exceeds supply – 29 projects in current pipeline.
- * **Impact of new Administration is potentially significant.**



Interstate Bridge Replacement

Capital Investment Grant (CIG) program

- Three distinct phases:
 - 1) Project Development: FTA approved IBR's request to begin this phase in September 2023. This phase is time limited to two years and is scheduled to expire in September 2025.
 - 2) Engineering: Design work that results in 100% final design. This also includes executing a Full Funding Grant Agreement with FTA at the very end. **This is when all LRT O&M funding must be committed (3-4 years from now).**
 - 3) Construction



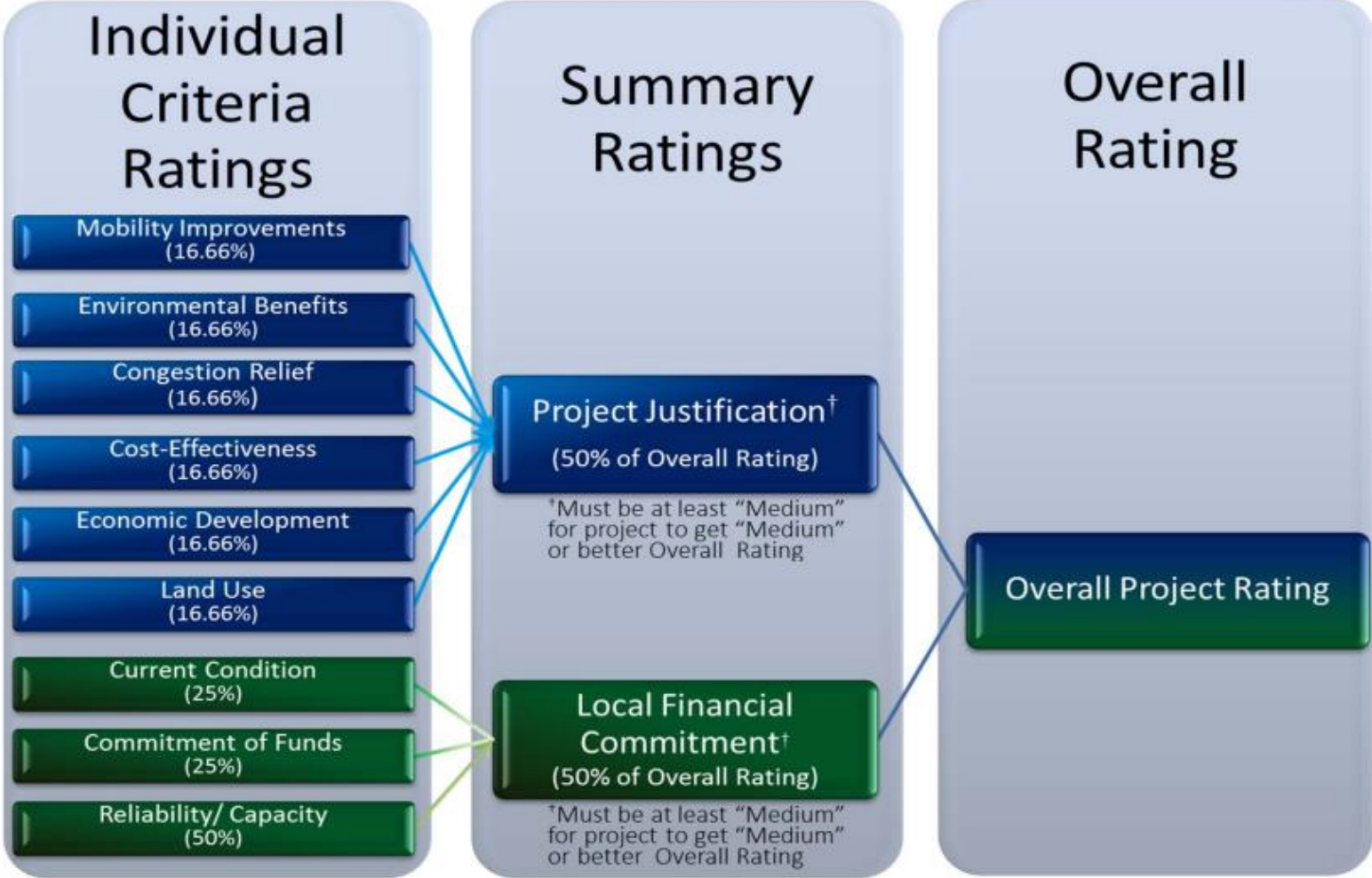
Interstate Bridge Replacement

Capital Investment Grant (CIG) program

- All proposed projects must go through a multi-year, multi-step development process outlined in the law.
- FTA is required to evaluate and rate CIG projects on statutorily defined **project justification** and **local financial commitment**.
- Project must receive at least a “Medium” overall rating to advance through the steps in the process and receive a construction grant award (FTA requires annual updates with updated ratings).



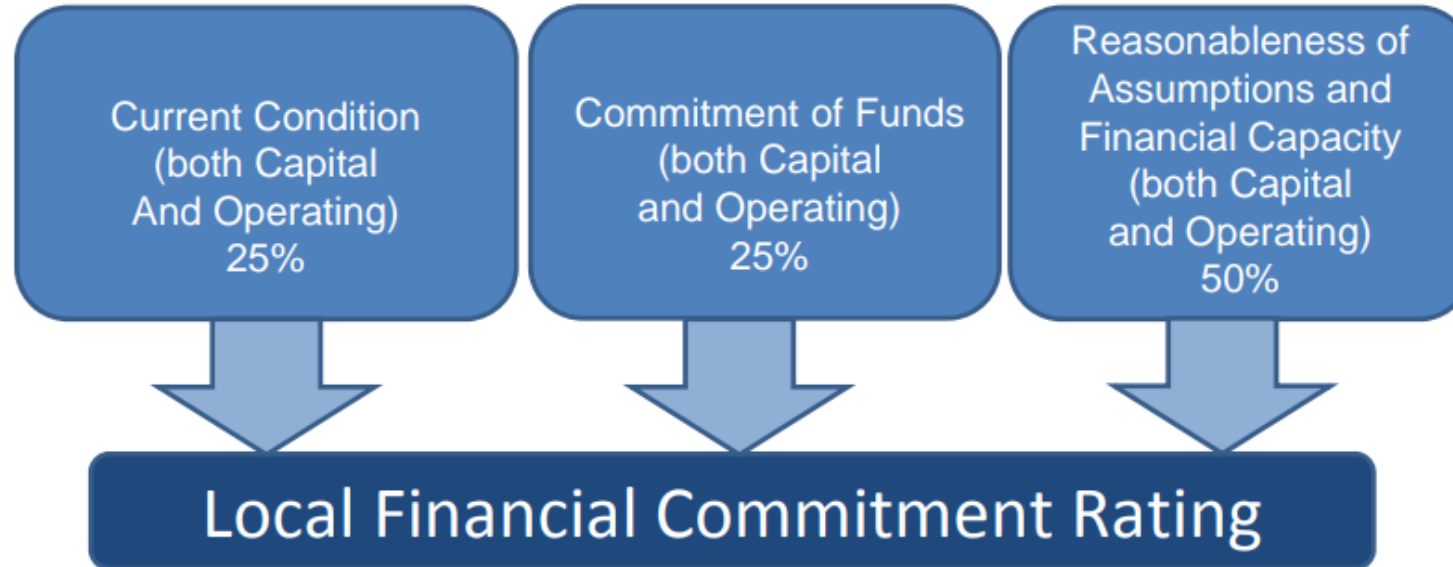
New and Small Starts Project Evaluation and Rating under MAP-21



Courtesy of FTA



Local Financial Commitment



To encourage overmatch, projects proposing less than 50% Section 5309 share will have their local financing commitment rating raised one level



Courtesy of FTA

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Interstate Bridge Replacement

Capital Investment Grant (CIG) program

- IBR does not have a CIG rating and will not until it's first submittal packet that is currently scheduled for early/mid 2026.
- Before that submittal occurs, two key updates will take place:
 1. Capital Cost update for both LRT and the total project.
 2. Transit ridership update (current project ridership data based on 2019 pre-pandemic Metro regional model)



Interstate Bridge Replacement O&M Cost Framework

- Boundary = limits of service (Expo to Evergreen)
- Geographic split = state line
 - Light Rail (LRT) = 55% Oregon/45% Washington O&M cost split
 - LRT guideway on MLPA is 9,690 ft long
 - The State Line is 5,300 ft north of EXPO station
 - Oregon 5,300 ft. / 9,690 ft = 0.547 **(55%)**
 - Washington 4,390 ft. / 9,690 ft = 0.453 **(45%)**
 - Express Bus = 62% Oregon/38% Washington O&M cost split
 - 101 & 105 combined Express bus total route miles is 54.1 miles
 - Washington 20.382 mi/54.1 mi = 0.375 **(38%)**
 - Oregon 33.791 mi/54.1 mi = 0.625 **(62%)**



Interstate Bridge Replacement

Opening Day O&M Cost

- Based on 2019 Modified Locally Preferred Alternative (MLPA) Travel Demand forecast; Service headways
- Costs are escalated to Opening Day FY2033 dollars at an average inflation rate of 4.5%
 - TriMet Light Rail O&M escalated cost = \$20,238,570
 - C-TRAN Express O&M escalated cost = \$1,551,920
 - Total Light Rail + Express Bus O&M cost = **\$21,790,490**



Interstate Bridge Replacement O&M Cost SDEIS

- Applies estimated fare recovery of 25%
 - \$21.8M - \$5.45M (25%) = \$16.35M
- TriMet share
 - \$8,348,411 (OR LRT only)
 - \$ 721,643 (OR Express Bus only)
 - \$9,070,054 Total FY2033
- WA funding source share
 - \$6,830,518 Total FY2033 (WA LRT only)
- C-TRAN share
 - \$ 442,297 Total FY2033 (WA Express Bus only)

LRT & Express Bus Split	
WA LRT Share (45%)	\$6,830,518
OR LRT share (55%)	<u>\$8,348,411</u>
FY2033 LRT Costs	\$15,178,929
WA Express Bus share (38%)	\$442,297
OR Express bus Share (62%)	<u>\$721,643</u>
FY2033 Express Bus Costs	\$1,163,940
Total FY2033 IBR O&M	\$16,342,869
Washington Share of all O&M	45%
Oregon Share of all O&M	55%



C-TRAN Sales Tax Funding Overview

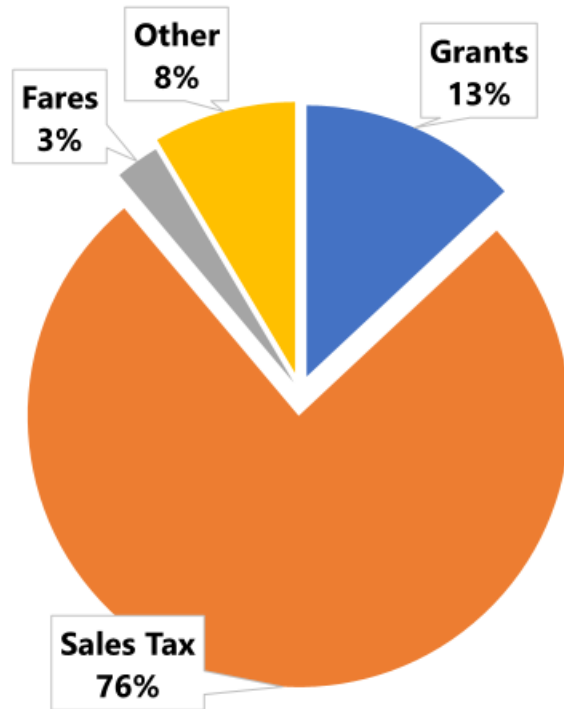
- RCW 82.14.045 (Sales and Use taxes for public transportation)
- Voter approval required for all public transit agencies in the state of Washington, including C-TRAN (up to 0.9% - 9 cents on \$10 purchase)
- C-TRAN currently collects 0.7% (0.2% voter approved authority remains)
 - 1980 – Voters approved 0.3% sales tax (county-wide plus state match)
 - 2005 – Voters approved a 0.2% increase to make it 0.5%
 - 2011 – Voters approved a 0.2% increase to make it 0.7%



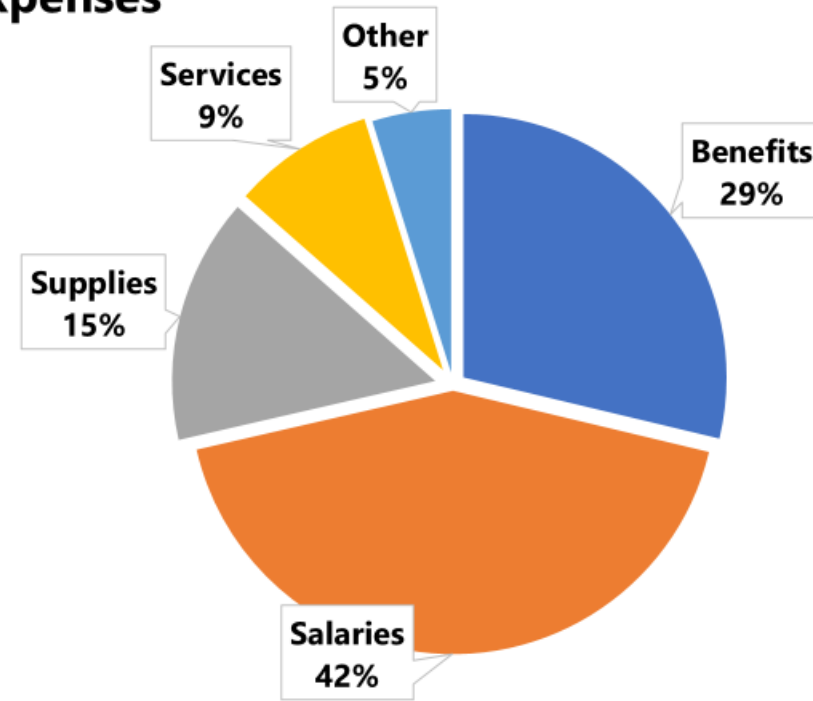
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Funding snapshot

2023 Revenue



2023 Expenses



C-TRAN Sales Tax Funding Overview

- C-TRAN 2045 Plan still in development assumes seeking voter approval for the final 0.2% for both service preservation and improvements throughout the PTBA.
- Current projections show this could be in the next 6-7 years as that may be the point when revenue will not be sufficient to meet the level of transit service.
- Both financial and service concepts continue to be developed and staff is looking at a full day Board workshop likely in Q2 2025 to provide more information.

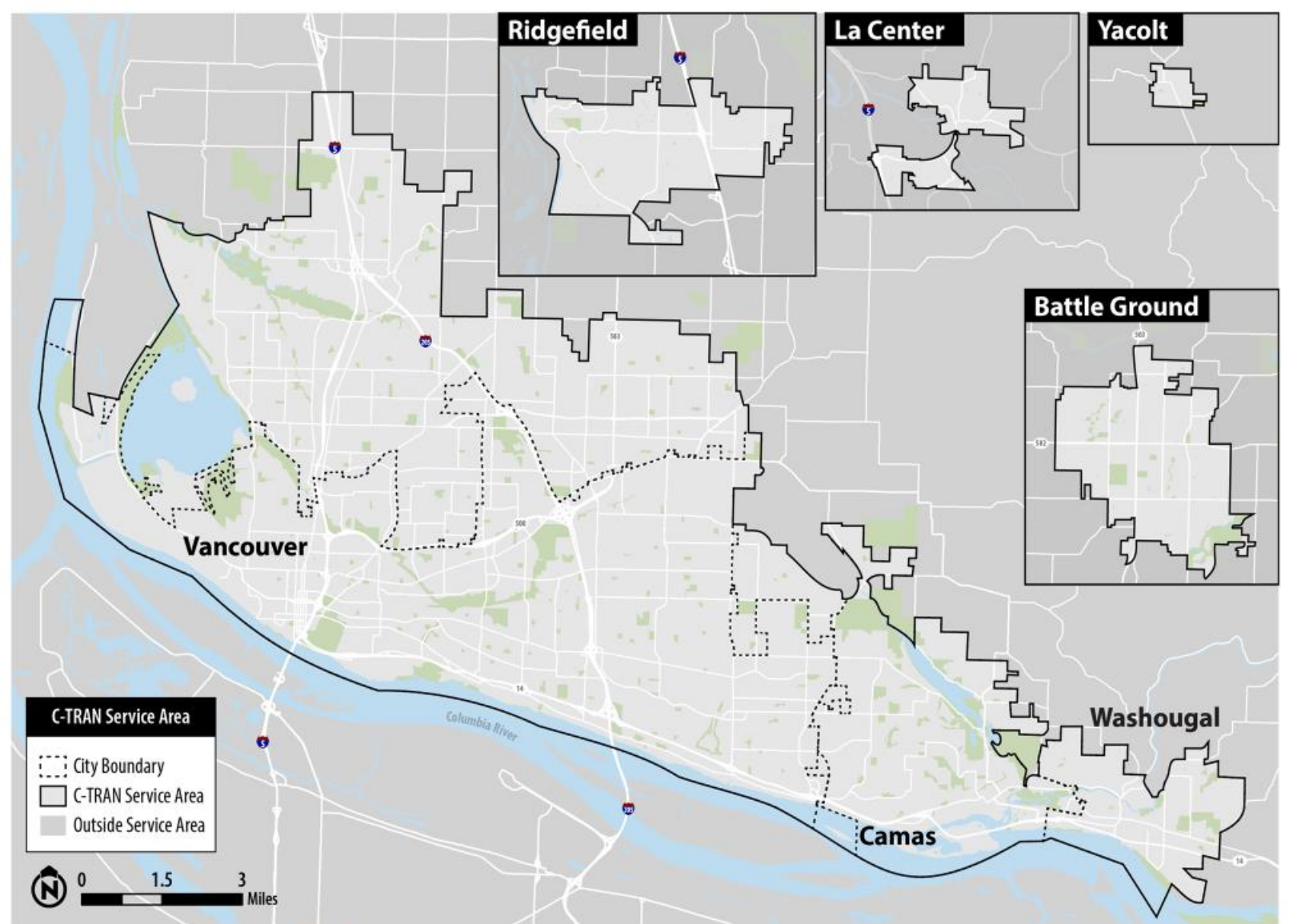


C-TRAN LRT O&M Existing Options

1. RCW 82.14.105 – Seek voter approval for a 0.1% or a 0.2% sales tax increase as noted and discussed in the previous slides.
2. RCW 81.104.170 – High Capacity Transit Sales Tax
 - Voter approved PTBA wide sales tax up to 0.9%
3. RCW 81.104.200 – High Capacity Transit Sales Tax
 - Voter approved “sub-district” sales tax up to 0.9%
 - This provides an option of not taxing the full PTBA, rather a smaller geographic area which could include the city of Vancouver or other variations as well.



C-TRAN Service & Taxing Boundary



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Recommended Next Steps

- There is no pressing need to advance a specific LRT O&M funding strategy at this time.
- As we move into 2025, we will be able to better assess how the FTA CI&G program will be administered with a new Administration.
- The LRT O&M and capital costs will be updated once new ridership modeling is completed.
- C-TRAN will be able to advance and hopefully complete its C-TRAN 2045 Plan.





Questions?



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Table 2: Financial Plan Rating Standards

	High	Medium High	Medium	Medium Low	Low
Current Capital and Operating Condition (25% of local financial commitment rating)	<ul style="list-style-type: none"> • Average bus fleet age under 6 years. • Current ratio exceeding 2.0 • Bond ratings less than 2 years old (if any) of AAA (Fitch/S&P) or Aaa (Moody's) • Historical positive cash flow. No cash flow shortfalls. • No service cutbacks in recent years. 	<ul style="list-style-type: none"> • Average bus fleet age under 6 years. • Current ratio exceeding 1.5 • Bond ratings less than 2 years old (if any) of AA (Fitch/S&P) or Aa3 (Moody's) or better • Historical positive cash flow. No cash flow shortfalls. • No service cutbacks in recent years. 	<ul style="list-style-type: none"> • Average bus fleet age under 8 years. • Current ratio exceeding 1.2 • Bond ratings less than 2 years old (if any) of A (Fitch/S&P) or A3 (Moody's) or better • Historical positive cash flow. No cash flow shortfalls. • Only minor service adjustments in recent years 	<ul style="list-style-type: none"> • Average bus fleet age under 12 years. • Current ratio exceeding 1.0 • Bond ratings less than 2 years old (if any) of BBB+ (Fitch/S&P) or Baa (Moody's) or better • Historical positive cash flow. No cash flow shortfalls. • Major service cutbacks in recent years. 	<ul style="list-style-type: none"> • Average bus fleet age of 12 years or more. • Current ratio less than 1.0 • Bond ratings less than 2 years old (if any) of BBB (Fitch/S&P) or Baa3 (Moody's) or below • Recent historical cash flow problems. • Major service cutbacks in recent years.
Commitment of capital and operating funds (25% of local financial commitment rating)	<ul style="list-style-type: none"> • At least 75% of the Non-Section 5309 capital funds are committed or budgeted. • At least 75% of the funds needed to operate and maintain the proposed transit system in the opening year of the project are committed or budgeted. 	<ul style="list-style-type: none"> • At least 50% of the Non-Section 5309 capital funds are committed or budgeted. • At least 50% of the funds needed to operate and maintain the proposed transit system in the opening year of the project are committed or budgeted. 	<ul style="list-style-type: none"> • At least 30% of the Non-Section 5309 capital funds are committed or budgeted. • At least 30% of the funds needed to operate and maintain the proposed transit system in the opening year of the project are committed or budgeted. 	<ul style="list-style-type: none"> • At least 10% of the Non-Section 5309 capital funds are committed or budgeted. • While no additional operating and maintenance funding has been committed, a reasonable plan to secure funding commitments has been presented. 	<ul style="list-style-type: none"> • Less than 10% of the Non-Section 5309 capital funds are committed or budgeted. • The applicant does not have a reasonable plan to secure operating and maintenance funding.
Reasonableness of capital and operating cost estimates and planning assumptions/capital funding capacity (50% of local financial commitment rating)	<ul style="list-style-type: none"> • Financial plan contains very conservative planning assumptions and cost estimates when compared with recent historical experience. • The applicant has access to funds via additional debt capacity, cash reserves, or other committed funds to cover cost increases or funding shortfalls equal to at least 50% of estimated project cost and 50% (6 months) of annual system wide operating expenses. 	<ul style="list-style-type: none"> • Financial plan contains conservative planning assumptions and cost estimates when compared with recent historical experience. • The applicant has access to funds via additional debt capacity, cash reserves, or other committed funds to cover cost increases or funding shortfalls equal to at least 25% of estimated project cost and 25% (3 months) of annual system wide operating expenses. 	<ul style="list-style-type: none"> • Financial plan contains planning assumptions and cost estimates that are consistent with recent historical experience. • The applicant has access to funds via additional debt capacity, cash reserves, or other committed funds to cover cost increases or funding shortfalls equal to at least 15% of estimated project cost and 12% (1.5 months) of annual system wide operating expenses. 	<ul style="list-style-type: none"> • Financial plan contains optimistic planning assumptions and cost estimates when compared to recent historical experience. • The applicant has access to funds via additional debt capacity, cash reserves, or other committed funds to cover cost increases or funding shortfalls equal to at least 10% of estimated project cost and 8% (1 month) of annual system wide operating expenses. 	<ul style="list-style-type: none"> • Financial plan contains planning assumptions and cost estimates that are far more optimistic than recent history suggests. • The applicant has a reasonable plan to cover only minor (< 10%) capital cost increases or funding shortfalls. • Projected operating cash balances are insufficient to maintain balanced budgets.



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