

Attachment D of TPAC Agenda Packet for April 17, 2024

The Wake Transit Financial Policies Workgroup met on April 3 2024. Staff from the City of Raleigh, Town of Cary, Town of Apex, Wake County, North Carolina State University, CAMPO, and GoTriangle took part in a discussion focused on the adequacy of the current 2.5% Inflationary Rate assumed in the Wake Transit Financial Policies and Guidelines. A copy of the presentation given by Tax District Administration (TDA) staff has been saved to the Workgroup folder on the Wake Transit Sharepoint site.

Highlights from the meeting and presentation:

- The 2.5% benchmark was developed in the 2016 Wake Transit Plan Investment Strategy Report created by Jarrett Walker/Kimley Horn
- The 2.5% rate has continued to be used in the Wake Transit financial model and was included in the 2021 Wake Transit Plan Update
- The United States Federal Reserve Open Market Committee reaffirmed their judgement in January 2024 that inflation at the rate of 2 percent is consistent over the longer run with the Federal Reserve’s statutory mandate
- The North Carolina Department of Revenue is projecting a 2.2% increase in State and Use Tax for FY25
- PFM Advisors provided TDA staff a presentation showing historical trends and projections of CPI from Bloomberg at 2.3% and the Federal Reserve showing inflation in the 2.25% to 2.5% range.

After review and consideration, the TDA recommended maintaining the standard 2.5% inflationary rate contained in the current policy and to allow requests for any increases in a particular fiscal year to be submitted as part of the annual Wake Transit Work Plan development process.

- o Voting record to approve the recommendation was made by: City of Raleigh, Town of Apex, Wake County, North Carolina State University, CAMPO, and GoTriangle.
- o The Town of Cary agreed with the recommendation, but reaffirmed that more discussion may be needed on applying known increases to future years of the model.
- o CAMPO agreed but asked to see the trend for Wake Transit inflation rate over time in addition to seeing the state and federal data.

TDA staff will be scheduling the next workgroup meeting soon to discuss the other two discussion items assigned to the group.

Specialized	Feb-July	Consideration.		
		Review and recommend a procedure for advancing Wake Transit revenues to projects when there is an intent/commitment to pay the funds back to the program, update the Wake Transit Financial Policies accordingly for TPAC consideration.		x
Specialized	Feb-July	Review and recommend a procedure for returning Wake Transit allocated funds when outside funds are received for the subject project, update the Wake Transit Financial Policies for TPAC consideration.	x	x
Specialized	Feb-July		x	x

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