

APPENDIX C

Recommended Financial Assumptions for Wake Transit Plan Update

Throughout the June-October 2020 timeframe, CAMPO and its Wake County Transit Plan implementation partners reassessed a number of financial assumptions for the delivery of the Wake County Transit Plan through the 2030 horizon year. This was in response to adverse economic impacts to revenue collections that were realized after the onset of the COVID-19 pandemic, as well as the uncertainty associated with the pandemic’s future impacts. Preceding the onset of the pandemic, revenue collections for FYs 2018 and 2019 were much higher than originally anticipated, and market conditions suggested a more optimistic than originally anticipated future outlook. Consequently, Wake County Transit Plan implementation partners adjusted revenue assumptions for future years upward from what was assumed in the original Wake County Transit Plan and balanced those revenues with additional expenses or assumed increases in expenses for projects already included in the plan.

The reassessment completed in conjunction with the Wake County Transit Plan Update revisited and adjusted specific assumptions for revenue growth and for major capital project expenditures through the evaluation of five (5) scenarios ranging from very conservative to liberal/optimistic. These scenarios represented a range of potential outcomes within which the future financial reality for delivery of the Wake County Transit Plan is most likely to fall based on knowns and educated projections for unknowns. The following summary documents the final financial assumptions selected from the five (5) scenarios by the Wake County Transit Plan implementation partners to carry forward as the assumptions that will be used to support the Wake County Transit Plan Update. A summary table representing the five (5) scenarios evaluated is also included as **Exhibit 1** to this appendix.

REVENUE ASSUMPTIONS

Following are the final recommended Wake Transit revenue assumptions for fiscal year (FY) 2021 for all of the assumed local revenue sources. These assumptions are expressed in terms of a percentage (%) growth or decline rate from actual FY 2020 collections for each corresponding revenue source for each respective month.

FY 2021 Local Revenue Assumptions - % Change from FY 2020

Month	Sales Tax	Vehicle Registration Tax	Vehicle Rental Tax	Month
July	-6.5%	Actual	Actual	July
August				August
September				September
October				October
November	-5.0%	2.0%	-15.0%	November
December				December
January				January
February				February
March	5.7%	7.0%	Previous 8-Month Average	March
April				April
May				May
June				June

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Following are the projected collection amounts for each local revenue source for each respective month using the assumptions provided above:

FY 2021 Assumed Revenue Collections

Month	Sales Tax	\$7 Vehicle Registration Tax	\$3 Vehicle Registration Tax	Vehicle Rental Tax
July	\$6,916,168	\$657,867	\$281,814	\$221,742
August	\$7,205,712	\$608,678	\$260,787	\$259,128
September	\$7,692,878	\$489,733	\$209,815	\$284,267
October	\$8,069,355	\$579,233	\$248,151	\$290,685
November	\$7,947,755	\$505,641	\$216,642	\$372,722
December	\$8,748,790	\$534,529	\$229,041	\$302,818
January	\$6,548,932	\$585,666	\$250,880	\$325,295
February	\$6,487,524	\$511,452	\$219,087	\$273,670
March	\$8,097,317	\$540,224	\$231,457	\$291,291
April	\$6,668,962	\$450,179	\$192,821	\$291,291
May	\$7,813,630	\$505,942	\$216,758	\$291,291
June	\$9,426,284	\$590,624	\$253,044	\$291,291
TOTAL	\$91,623,306	\$6,559,766	\$2,810,298	\$3,495,490
TOTAL (All Revenue Sources)	\$104,488,870			

Following are the recommended Wake Transit revenue assumptions for fiscal year (FY) 2022 for all of the local revenue sources. These assumptions are expressed in terms of a percentage (%) growth or decline rate from FY 2021-assumed collections for each corresponding revenue source for each respective month.

FY 2022 Local Revenue Assumptions - % Change from FY 2021

Month	Sales Tax	Vehicle Registration Tax	Vehicle Rental Tax	Month
July	3.0%	2.0%	2.5%	July
August				August
September				September
October				October
November				November
December				December
January	3.5%	2.0%	2.5%	January
February				February
March				March
April				April
May				May
June				June

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Following are the projected collection amounts for each local revenue source for each respective month using the assumptions provided above:

FY 2022 Assumed Revenue Collections

Month	Sales Tax	\$7 Vehicle Registration Tax	\$3 Vehicle Registration Tax	Vehicle Rental Tax
July	\$7,123,653	\$671,024	\$287,450	\$227,286
August	\$7,421,884	\$620,852	\$266,003	\$265,606
September	\$7,923,664	\$499,527	\$214,011	\$291,373
October	\$8,311,435	\$590,817	\$253,114	\$297,952
November	\$8,186,187	\$515,753	\$220,975	\$382,040
December	\$9,011,254	\$545,220	\$233,622	\$310,388
January	\$6,778,145	\$597,379	\$255,898	\$333,427
February	\$6,714,588	\$521,682	\$223,469	\$280,512
March	\$8,380,723	\$551,028	\$236,086	\$298,573
April	\$6,902,375	\$459,183	\$196,678	\$298,573
May	\$8,087,107	\$516,061	\$221,094	\$298,573
June	\$9,756,204	\$602,436	\$258,105	\$298,573
TOTAL	\$94,597,218	\$6,690,962	\$2,866,504	\$3,582,878
TOTAL (All Revenue Sources)	\$107,737,562			

Following are the recommended assumptions for each local revenue source for FYs 2023-2030. The assumptions are expressed in terms of a percentage (%) growth rate from assumed collections for the prior FY.

FYs 2023-2030 Revenue Growth Assumptions

FY	Sales Tax Assumption	Vehicle Registration Tax Assumption	Vehicle Rental Tax
2023	5%		
2024			
2025			
2026			
2027	4%	2%	2.5%
2028			
2029			
2030			

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Following are the projected local revenue collection amounts for FYs 2021-2030 using the assumptions provided above:

FYs 2021-2030 Projected Collections

FY	Sales Tax	\$7 Vehicle Registration Tax	\$3 Vehicle Registration Tax	Vehicle Rental Tax
2021	\$91,623,306	\$6,559,766	\$2,810,298	\$3,495,490
2022	\$94,597,218	\$6,690,962	\$2,866,504	\$3,582,878
2023	\$99,327,079	\$6,824,781	\$2,923,834	\$3,672,450
2024	\$103,300,162	\$6,961,277	\$2,982,311	\$3,764,261
2025	\$107,432,169	\$7,100,502	\$3,041,957	\$3,858,367
2026	\$111,729,455	\$7,242,512	\$3,102,796	\$3,954,827
2027	\$116,198,634	\$7,387,362	\$3,164,852	\$4,053,697
2028	\$120,846,579	\$7,535,110	\$3,228,149	\$4,155,040
2029	\$125,680,442	\$7,685,812	\$3,292,712	\$4,258,916
2030	\$130,707,660	\$7,839,528	\$3,358,566	\$4,365,389
TOTAL	\$1,101,442,705	\$71,827,611	\$30,771,979	\$39,519,656
TOTAL (All Revenue Sources)	\$1,243,561,951			

A comparison of these new local revenue projections generated in October of 2020 to projections produced in early 2020 as part of the Draft FY 2021 Wake Transit Work Plan, before the onset of the COVID-19 pandemic, is provided below:

Comparison of Early 2021 Projections Vs. October (2021) Projections

Projection	Sales Tax	\$7 Vehicle Registration Tax	\$3 Vehicle Registration Tax	Vehicle Rental Tax
Early 2021	\$1,192,453,000	\$74,360,000	\$31,854,000	\$50,602,000
October 2021	\$1,101,442,705	\$71,827,611	\$30,771,979	\$39,519,656
Variance	-\$91,010,295	-\$2,532,389	-\$1,082,021	-\$11,082,344
% Change	-7.6%	-3.4%	-3.4%	-21.9%
TOTAL VARIANCE	-\$105,707,049			
TOTAL % CHANGE	-7.8%			

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EXPENDITURE ASSUMPTIONS

Following are final recommendations for expenditure assumptions for the Wake Transit-funded major capital/high-capacity projects to be implemented through FY 2030.

Major Capital Project Expenditure Assumptions

Expenditure Component	Recommendation
Bus Rapid Transit (BRT) Total Cost Assumption	Assume updated costs and schedules from most recent feasibility findings for most reasonably implementable BRT alternatives with 70% dedicated runningway (western, southern, northern)
Commuter Rail (CRT) Total Cost Assumption	Upper limit of cost range (i.e., \$1.8 billion) assuming 2/3 Wake share (i.e., \$1.2 billion)
Capital Reserve Requirements	Set reserve requirement for BRT to 10%, keep reserve requirement for all other capital projects at 5%
Federal Participation in BRT and CRT	50% federal participation for CRT; 50% federal participation for southern and northern BRT corridors and 60% for western BRT corridor
State Revenue for BRT	Assume State Revenue for BRT (i.e., \$115 million through 2031)

EXHIBIT 1

Wake Transit Financial Scenarios Through FY 2030

Financial Component		Scenario 1: Very Conservative	Scenario 2: Conservative	Scenario 3: Moderate-Low	Scenario 4: Moderate-High	Scenario 5: Optimistic
BRT and CRT		Assume updated costs and schedules for most expensive BRT alternatives and upper limit of CRT cost curve	Assume updated costs and schedules for most reasonably implementable BRT alternatives (100% runningway) and midpoint of CRT cost range	Assume updated costs and schedules for most reasonably implementable BRT alternatives with 70% dedicated runningway (western, southern, northern) and midpoint of CRT cost range	Assume costs and schedules for most reasonably implementable BRT alternatives with 70% dedicated runningway and midpoint of CRT cost range	Assume costs and schedules for most reasonably implementable BRT alternatives with 50% dedicated runningway and midpoint of CRT cost range
Reserve Requirements		Set reserve requirement for BRT and CRT to 10%, keep reserve requirement for other capital projects at 5%	Set reserve requirement for BRT and CRT to 10%, keep reserve requirement for other capital projects at 5%	Set reserve requirement for BRT and CRT to 10%, keep reserve requirement for other capital projects at 5%	Keep reserve requirements as they were	Keep reserve requirements as they were
Federal Participation in CRT/BRT		Set CRT to 45% federal participation; retain 50% for all BRT corridors	Keep CRT and BRT federal participation assumption at 50% for each	Keep 50% federal participation for CRT and 50% for eastern, northern, and southern BRT corridors but change to 60% for western BRT corridor	Keep 50% federal participation for CRT and 50% for eastern and northern BRT corridors but change to 60% for western and southern BRT corridors	Keep 50% federal participation for CRT and 50% for eastern BRT corridor, but change to 60% for southern BRT corridor and 70% for western BRT corridor
State Revenue for BRT		No State revenue for BRT	Assume State revenue for Morrisville-Clayton BRT but delay by 2 years	Assume State revenue for Morrisville-Clayton BRT on current STIP schedule	Assume State revenue for Morrisville-Clayton BRT on current STIP schedule	Assume State revenue for Morrisville-Clayton BRT on current STIP schedule
Updated Sales Tax Growth		FY 21: -7.3% from FY 20 FY 22: 2.5% from FY 21 FY 23: 2.75% from FY 22 FYs 24-30: 3% per year	FY 21: -7.3% from FY 20 FY 22: 2.5% from FY 21 FY 23: 2.75% from FY 22 FYs 24-30: 3% per year	FY 21: -7.5% from FY 20 (but higher FY 20 base) FY 22: 3% from FY 21 FYs 23-25: 3.5% per year FYs 26-30: 4% per year	FY 21: -5% from FY 20 FY 22: 3.5% from FY 21 FYs 23-30: 4% per year	FY 21: 0% from FY 20 FYs 22-24: 4% per year FY 25: 4.3% per year FYs 26-28: 4.5% per year FYs 29-30: 5% per year
Reduction in Tax Collections Compared to Draft FY 21 Work Plan (FYs 21-30)		-\$280M	-\$277M	-\$236M	-\$192M	-\$101M
Output	Operating	Cut \$32.5M of recurring expenses starting in FY 22	Cut \$21.5M of recurring expenses starting in FY 22	Cut \$15.3M of recurring expenses starting in FY 22	Cut \$12.6M of recurring expenses starting in FY 22	+\$1.7M of recurring expenses starting in FY 28
	AND	AND	AND	AND	AND	AND
	Capital	FYs 21-27*	Cut \$226M	Cut \$226M	Cut \$221M	Cut \$221M
	FYs 21-30**	Cut \$157M Postpone \$69M until FY 28	Cut \$93M Postpone \$133M until FY 28	Cut \$38M Postpone \$183M until FY 28	Cut \$58M Postpone \$163M until FY 28	+\$88M

*FYs 21-27: What happens when we keep all originally assumed expenses in their respective originally programmed years.

**FYs 21-30: What happens when we use three additional years to rebalance what was previously already programmed.

Note: This table does not include adjustments made to the assumptions for collections of vehicle rental and vehicle registration taxes. Assumptions for collections of those revenue sources have also been modified for each scenario, with the results for each reflected in the output for each scenario.