



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

**DATE:** APRIL 2, 2014

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** RASHAD M. YOUNG, CITY MANAGER/s/

**DOCKET TITLE:**

Consideration of a Grant Application to the United States Department of Transportation (USDOT) TIGER Discretionary Grants Program.

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**ISSUE:** Consideration of a resolution and grant application for United States Department of Transportation (USDOT) TIGER Discretionary Grants funding for construction of the Potomac Yard Metrorail station.

**RECOMMENDATION:** That the City Council authorize the City Manager to:

1. Submit the grant application and the resolution to USDOT for funding in the amount of \$25 million for the Potomac Yard Metrorail Station. Applications are due on April 28, 2014.
2. Execute all necessary documents that may be required under this program.

**BACKGROUND:** On March 3, 2014, the USDOT issued a Notice of Funding Availability for discretionary funds for National Infrastructure Investments (TIGER). Funds are to be awarded on a highly competitive basis for projects that will have a significant impact on the nation, a region, or a metropolitan area. The FY 2014 Appropriations Act appropriated \$600 million to be awarded for the program, which is a small fraction of what it will take to fill the nation's unmet transportation infrastructure needs. It is highly likely that submitted TIGER grant applications will be over-subscribed with a large number of qualifying, viable projects not selected for TIGER funding. The federal government plans for the TIGER program to have an annual appropriation, so if the City is not successful in the 2014 period of funding, it can reapply in subsequent years.

The TIGER program is a competitive grant program. Eligible projects include highway, bridge, transit, pedestrian, passenger and freight rail, port infrastructure, and intermodal projects. The USDOT has indicated that priority will be given to projects that use federal funds to complete an overall financing package. Projects can increase their competitiveness by demonstrating significant non-federal financial contributions. As described in the Notice of Funding Availability, the five primary selection criteria, which are based on the

priorities in the USDOT's Strategic Plan, are:

- State of Good Repair: "improving the condition of existing transportation facilities and systems, with particular emphasis on projects that minimize life-cycle costs and improve resilience."
- Economic Competitiveness: "contributing to the economic competitiveness of the United States over the medium- to long-term, and creating and preserving jobs."
- Quality of Life: "increasing transportation choices and access to transportation services."
- Environmental Sustainability: "improving energy efficiency, reducing dependence on oil, reducing greenhouse gas emissions, addressing stormwater through natural means, avoiding and mitigating environmental impacts and otherwise benefitting the environment."
- Safety: "improving the safety of US transportation facilities and systems for all modes of transportation and users."

Secondary selection criteria are the use of innovative strategies with respect to both technology and financing, and partnership, which can include collaboration with local and regional partners, integration of transportation with other public service efforts, or showing that a project is the result of a robust planning process.

Projects must also demonstrate "project readiness." The evaluation of project readiness will include technical and financial feasibility and evidence that all pre-construction activities will be complete to allow grant funding to be obligated by September 30, 2016 and expended by September 30, 2021. Based on the current Potomac Yard Metrorail project schedule, if a Build alternative is selected, the City anticipates award of a design-build contract by WMATA by June 2016 and construction completion by the end of 2018, in advance of both statutory deadlines.

**DISCUSSION:** The Potomac Yard Metrorail Station is a key transit project outlined in the City's 2008 Transportation Master Plan and is vital to the full redevelopment of Potomac Yard. The project will help maintain Alexandria's position as an attractive location in the region and contribute to economic competitiveness. It will improve quality of life by increasing transportation choices and access to transit, and will help to reduce reliance on automobiles, thereby enhancing environmental sustainability. In addition, the project makes use of innovative technology and demonstrates the City's commitment to robust planning and collaboration with regional partners. The financing package for the project makes use of significant non-federal sources, such as real estate taxes from Potomac Yard tax base growth, special tax district real estate tax revenue, and developer contributions, which will increase its competitiveness according to the federal guidance. This project is therefore well-qualified to receive federal funding through the TIGER program, but competition will determine if TIGER funding is granted.

Staff is recommending that the City request an additional \$25 million capital grant for the Potomac Yard Metrorail Station. The \$25 million capital grant would be used for design and construction of the Potomac Yard Metrorail Station, which is expected to start construction in 2016.

**FISCAL IMPACT:** The current financing plan for the Potomac Yard Metrorail Station assumes that the bulk of the capital cost will be paid for using new Potomac Yard-generated tax revenues and developer contributions. The FY2015 CIP also assumes \$69.5 million in Northern Virginia Transportation Authority (NVTA)-granted 70% funds. NVTA has not yet considered the City's request. A \$25 million TIGER capital grant would help ensure that there are sufficient funds to finance the Metrorail station's costs. These Metrorail station costs are currently being updated and the financial models being re-run. When the most recent Potomac Yard Metrorail station financing plan was completed in 2010, although no federal or state funding was assumed (because it

couldn't be assured), it was agreed that federal and state funds would be sought as opportunities arose.

**STAFF:**

Mark Jinks, Deputy City Manager

Richard J. Baier, P.E., LEED AP, Director, T&ES

Jerome Fletcher, Special Assistant to the City Manager

Christopher Bever, Acting Assistant Director, Office of Management and Budget

Sandra Marks, Acting Deputy Director, T&ES

Antonio Baxter, Division Chief, Strategic Management Services, T&ES

Marti Reinfeld, Division Chief, Transit Services, T&ES

Lee Farmer, Principal Transportation Planner, T&ES