



Legislation Details (With Text)

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City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 6, 2016
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Consideration of a Grant Application to the United States Department of Transportation (USDOT) TIGER Discretionary Grants Program for the Potomac Yard Metrorail Station.

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

RECOMMENDATION: That the City Council:

1. Authorize the submission of a \$20 million grant application for a United States Department of Transportation (USDOT) TIGER Discretionary grant for the Potomac Yard Metrorail Station; and
2. Authorize the City Manager to execute all necessary documents that may be required under this program.

BACKGROUND: On February 23, 2016, the USDOT issued a Notice of Funding Availability for discretionary funds for Transportation Investment Generating Economic Recovery (TIGER) Competitive Grant Program Funding. 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 Consolidated Appropriations Act 2016 appropriated \$500 million to be awarded for the program. Since 2009, TIGER has provided

nearly \$4.6 billion to 381 projects in all 50 states, the District of Columbia and Puerto Rico. Demand has been overwhelming, and during the previous seven rounds, the Department received more than 6,700 applications requesting more than \$134 billion for transportation projects across the country (29 times the funds available).

Eligible projects for TIGER Grants include highways, bridges, 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 Opportunity, 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, 2019 and expended by September 30, 2024. The grant application submission deadline is April 29, 2016.

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. 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 revenues, and developer contributions, which will increase its competitiveness according to the federal guidance. Therefore, the project is well-positioned in meeting TIGER program criteria although it is very important to note that funding is awarded on a highly competitive basis and due to many other criteria.

The City applied for \$25 million in 2014 and \$50 million in 2015, but was not awarded. Based on the 2016 guidelines, TIGER grant projects can apply for a minimum of \$5 million to a maximum of \$100 million. In addition, no state may receive more than 20 percent of the available funds (or \$100 million). Factors that support the City's proposed application for \$20 million would be emphasis on criteria including project phasing, cost/benefit analysis and percentage of available local funds. Given the intense national competition the City's TIGER application is a long-shot, but worth pursuing nonetheless. The USDOT may also award funding at amounts lower than requested. If awarded, TIGER funding would be used for design and construction purposes.

FISCAL IMPACT: The current financing plan for the Potomac Yard Metrorail Station assumes that funding for the capital cost will be paid for using new Potomac Yard-generated tax revenues and developer contributions. The FY 2016 CIP also assumes \$69.5 million in Northern Virginia Transportation Authority (NVTA)- grant funds. Based on preliminary NVTA scoring criteria, the project was ranked highly among regional projects for potential future funding. In 2015, the project was awarded a \$50 million loan from the Virginia Transportation Infrastructure Bank, which lowers the cost of borrowing over the long-term. The City is also in the process of applying for a loan through the federal Transportation Infrastructure Finance and Innovation Act (TIFIA) program. A \$20 million TIGER capital grant would lower the total amount that would need to be financed through City General Obligation bond issuance and would help ensure that there are sufficient funds to finance the Metrorail station's costs.

The TIGER grant requires a minimum 20 percent local match. At \$20 million, the TIGER grant would pay for approximately 7.5 percent of the estimated project cost of \$268.1 million. The remaining 92.5 percent of the costs would be covered by the anticipated NVTA funds, developer contributions, special tax district revenues, and net new tax revenues, all of which are eligible to count towards the local match.

ATTACHMENTS: None.

STAFF:

Emily A. Baker, Deputy City Manager
Karl W. Moritz, Director, P&Z
Yon Lambert, AICP, Director, T&ES
Mitchell Bernstein, P.E., Acting Director, DPI
Morgan Routt, Director, OMB
Kendel Taylor, Director, Finance
Carrie Sanders, Acting Deputy Director, T&ES
Jeffery Farner, Deputy Director, P&Z
Ramond Robinson, Division Chief, Transit Services
Lee Farmer, AICP, Principal Transportation Planner, T&ES
Jason Kacamburas P.E., CCM, Potomac Yard Metro Coordinator, DPI
Daphne Kott, P.E., Civil Engineer IV, DPI