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Title: Consideration of a Resolution to Support Grant Applications to the Virginia Department of Rail and Public Transportation (DRPT) for FY 2020 State Aid Grant Programs. [ROLL-CALL VOTE]

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Attachments: 1. 19-1507_Attachment 1 - Resolution, 2. 19-1507_Attachment 2 - Letter of Support, 3. 19-1507_Attachment 3 - TC Endorsement Letter for the FY2020 DRPT Grant Application, 4. 19-1507_After Items

Date	Ver.	Action By	Action	Result
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City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 16, 2019

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Consideration of a Resolution to Support Grant Applications to the Virginia Department of Rail and Public Transportation (DRPT) for FY 2020 State Aid Grant Programs. [ROLL-CALL VOTE]

ISSUE: Consideration of a Resolution (Attachment 1) to Support Grant Applications to the Virginia Department of Rail and Public Transportation (DRPT) for the FY 2020 State Aid Grant Programs.

RECOMMENDATION: That the City Council:

1. Receive and approve the submission of up to \$85,000,000 in grant applications by February 1, 2019;
and
2. Authorize the City Manager to apply for State Aid Grants through the Northern Virginia Transportation

Commission (NVTC) and enter into any necessary agreements with the Commonwealth of Virginia and or NVTC to accept any of these grants.

BACKGROUND: In 2018, there were numerous changes related to mass transit in the Commonwealth as well as administrative changes for revenues associated with mass transit.

The 2018 General Assembly passed HB 1539, which requires the Commonwealth Transportation Board (CTB) to allocate state aid for operating assistance solely based on performance metrics beginning in FY 2020. Also, DRPT, in conjunction with the Transit Capital Project Revenue Advisory Board, developed a prioritization framework to state aid for capital assistance based on three categories: State of Good Repair, Minor Enhancement and Major Expansion.

DRPT's intent was to implement a statewide prioritization process, similar to SMART SCALE, for the use of funds allocated pursuant to § 33.2-365 of the State Code, or allocated to the Commonwealth Mass Transit Fund established pursuant to subdivision A 4 of § 58.1- 638. The new proposal was adopted for FY 2020 Capital and Operating Assistance Grant Programs, for the development of a Six-Year Improvement Program, and for transit capital expenditures adopted annually by the CTB.

DISCUSSION: As a result of HB 1539, the City is modifying the process used to request State Aid Grants administered by DRPT which have historically been managed administratively by the NVTC. These funds provide support for transit (WMATA, DASH and DOT/Paratransit) and Transportation Demand Management (TDM) programs, projects and services. The City has developed a list of six projects (one operating, five capital) based on the guidelines and criteria outlined in the DRPT Grant Program Application Guidance:

FY 2020 Operating Assistance State Aid

City of Alexandria Operating Assistance (\$20.2 million): Operating assistance to jurisdictions is allocated via a proportion of total expenses. The City will submit \$20.2 million in transit expenses and - based upon historical trends and the existing formula - can expect to receive approximately 15% to 20% (i.e., \$3 million to \$4 million) in return. Any funds received from DRPT for the City will be held by the Northern Virginia Transportation Commission (NVTC), until such time as the City uses these funds to pay for WMATA annual operating subsidies. In effect, these funds are already “baked in” the City’s WMATA operating budget funding plan. The DRPT is in the process of revising its existing formula to a performance-based approach that considers several different performance metrics (including ridership) over a three-year period. It is currently unclear how this revision will impact the City fiscally, except to note that ridership will be a major consideration for receipt of state operating assistance.

FY 2020 Capital Assistance State Aid

Potomac Yard Metro Southwest Entrance (\$50 million): On November 13, 2018, the State announced \$50 million in federal CMAQ funds for the Potomac Yard Metro station as part of the incentive package based on the projected increase in ridership due to the new Amazon HQ2 corporate headquarters and Virginia Tech Innovation Campus. Funding was listed in the final state partnership package presented to Amazon in late October 2018 and would not have been available without the increased ridership projected to accompany Amazon’s move to the area and the Innovation Campus. The State instructed the City to apply for DRPT aid as a swap for CMAQ funds. Under this plan the City will receive the \$50 million earlier, and avoid federal CMAQ grant requirements. The program requires a 50 percent match (of which 4% is a required local match and would come from current committed funds for this project). The City will use the current project funding as a match toward the Transit Capital Assistance Grant. The City intends to receive 100% of the cost to construct with the

total project cost increasing from \$320 million to \$370 million.

Metroway Extension (\$1 million): As part of the Amazon HQ2 announcement, the State also listed \$5 million in CMAQ funds to extend the Crystal City/Potomac Yard Metroway on Richmond Highway from East Glebe Road to Evans Lane. This project would not be implemented until approximately 2028 due to the retail center's redevelopment time table. The City is requesting up to \$1 million (out of the \$5 million) to initiate design earlier than the CMAQ dollars would be available. The project is also based on a projected increase in ridership associated with Amazon HQ2 and Virginia Tech. State Aid Transit Capital Assistance grant requires a 50 percent match (of which 4% is a required local match and would come from current committed funds for this project). The City will use the current project funding as a match toward the Transit Capital Assistance Grant. This grant would provide the City with 100% of the design cost (\$1 million) to advance design to 30% plans. If the total project cost exceeds the state-committed funding, the City will need identify additional funding (including potential developer contributions).

DASH Bus Replacements (\$8.3 million): The City proposes to apply for State of Good Repair capital assistance grant and Volkswagen (VW) Mitigation Trust funds to convert up to six (6) of new replacement buses from Clean Diesel to Zero Emissions Battery. The City in 2018 began purchasing Clean Diesel replacement buses to replace older buses that are beyond their expected life and do not meet current accessibility or emissions control standards. This additional funding would allow DASH to use VW Mitigation Trust funds to purchase zero emission, battery-electric powered buses instead of clean diesel. This approach is consistent with plans previously shared with Council about the DASH transition to electric buses. These State Aid Transit Capital Assistance funds incorporate the VW Mitigation Trust funds to pay for 100% of the cost difference between purchasing a new clean diesel bus and a battery-powered electric bus, including associated charging equipment and installation costs. The total project cost for six electric buses and related charging infrastructure is \$8,260,000, of which \$4,690,000 is the electric cost differential funded by the VW Mitigation Trust.

DASH Fleet Expansion (Spare Ratio) (\$3.5 million): The City proposes to apply for Minor Enhancement funding to purchase five (5) additional low emission diesel buses. These buses are for existing DASH service and intended to restore the DASH fleet spare ratio to industry standards. Based on Federal Transit Administration and American Public Transit Association guidance, a 20% spare ratio is regarded as industry standard. A higher ratio may be warranted for agencies that have older fleets, recurring mechanical problems, or those that are considering the implementation of unproven technologies such as battery-electric buses. Currently, DASH has a spare ratio of approximately 12% and frequently struggles to meet its afternoon bus pull-out requirements. With five additional buses in FY 2020, DASH would increase its spare ratio to roughly 18 percent. This funding is a State Aid grant under Minor Expansion of which 68% is reimbursed by the State to the NVTC account. The FY 2019 replacement schedule has been placed on hold until FY 2020 to take advantage of the VW Mitigation Trust Funds. For this reason, DASH will request to use savings from the FY 2019 fleet replacement funds as the match to expand its fleet size with the intent of improving its spare ratio.

DASH Hybrid Bus Powertrain Reconditioning (\$900,000): The City is proposing to submit a capital assistance grant request for the refurbishment, reconditioning, or replacement of any powertrain component that is necessary to ensure full 12-year lifespan of Diesel-Electric Hybrid buses. This includes but is not limited to all components relating to powertrain such as diesel motor, battery packs, hybrid drive units, transmissions, etc. The City is proposing to purchase up to \$900,000 of these components in FY 2020 and FY 2021. This is a State Aid Transit Capital Assistance grant that is not 100% reimbursable. Any funds received from DRPT will be credited to the Northern Virginia Transportation Commission (NVTC), which the City uses to pay for WMATA subsidies. Historically, the City has received approximately 15% to 20% for powertrain reconditioning or refurbishment requests. These replacement parts are purchased using NVT 30% funds, and of the \$900,000

request, the grant will pay up to 20% or \$180,000.

FISCAL IMPACT: If approved by DRPT, funds would require formal adoption by the Commonwealth Transportation Board and incorporation into the state's Six Year Program in spring 2019. Funds would be available on or after July 1, 2019.

ATTACHMENTS:

Attachment 1: Resolution

Attachment 2: Letter of Support for Potomac Yard Metro Station

Attachment 3: Transportation Commission Letter of Support

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