



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 20, 2015

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 Proposed Potomac Yard Metrorail Station.

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 authorizes the City Manager to:

1. Submit the grant application and the resolution to USDOT for funding in the amount of \$50 million for the Potomac Yard Metrorail Station; and
2. Execute all necessary documents that may be required under this program.

BACKGROUND: On April 4, 2015, 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 FY 2015 Appropriations Act appropriated \$500 million to be awarded for the program. In 2014 \$600 million in TIGER grants were awarded to 72 projects nationwide out of 797 eligible grant applications totaling \$9 billion (15 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 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, 2017 and expended by September 30, 2022. The grant application submission deadline is June 5. Pre-applications were due on May 4 and the City submitted a pre-application contingent on Council approval of a locally preferred build alternative on May 20, as well as contingent on approval by Council on May 28 to file the application.

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. Given the 2014 TIGER grant competition, there are likely to be many more TIGER-criteria meeting project applications submitted than can be funded, so the City’s probability of receiving TIGER funding is not high.

The City applied for \$25 million in 2014, but was not awarded. Based on the 2015 guidelines, TIGER grant projects can apply for a minimum of \$10 million to a maximum of \$125 million per state, which is a change from the previous year of \$25 million maximum per project. Other factors that support the City’s current application for \$50 million would be emphasis on criteria including project phasing, cost/benefit analysis and percentage of available local funds. 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 FY2015 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. The project was recently awarded a \$50 million loan from the

Virginia Transportation Infrastructure Bank, which lowers the cost of borrowing over the long-term. A \$50 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 \$50 million, the TIGER grant would pay for approximately 18.6 percent of the estimated project cost of \$268.1 million. The remaining 81.4 percent of the costs would be covered by the anticipated NVTAF funds, developer contributions, special tax district revenues, and net new tax revenues.

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