

ALAMEDA-CONTRA COSTA TRANSIT DISTRICT



STAFF REPORT

MEETING DATE: 12/11/2019

Staff Report No. 19-381

TO: AC Transit Board of Directors
FROM: Michael A. Hursh, General Manager
SUBJECT: STIP Grant Programming Request

ACTION ITEM

RECOMMENDED ACTION(S):

Consider adoption of Resolution No. 19-037 authorizing the General Manager, or his designee, to file and execute documents with the Alameda County Transportation Commission (ACTC) and the Metropolitan Transportation Commission (MTC) for 2020 State Transportation Improvement (STIP) funds for the Replacement of Transbay Buses.

STRATEGIC IMPORTANCE:

Goal - Financial Stability and Resiliency

Initiative - Financial Efficiency and Revenue Maximization

This application will redirect committed funding to help ensure that the District receives the funds in a timely manner.

BUDGETARY/FISCAL IMPACT:

This action will not change the amount of the \$13,125,000 of grant funds that was previously committed to the District. The delay in being able to receive these grant funds for the East Bay Bus Rapid Transit (BRT) Project is one of the reasons the District recently contracted for the \$35 million line of credit. This action will re-direct the funds to an eligible bus purchase. This will allow grant funds originally intended for the bus purchase to be instead used to repay the line of credit. The bus purchase and BRT Project will both have the same amount of non-District Capital funds as originally intended.

BACKGROUND/RATIONALE:

Through its predecessor agency the Alameda County Congestion Management Agency (ACCMA), ACTC made a \$40 million commitment to the BRT project, of which STIP funding was expected to be the majority source. ACTC programmed \$5 million in the 2012 STIP cycle, \$8 million for the BRT project in the 2014 cycle, and \$13.125 million in the 2018 cycle for the BRT Project. The first two STIP programming actions were successful and the District has received the funding.

For the final \$13.125 million piece of the commitment, ACTC, MTC, the District's state lobbyist, and Caltrans

collectively determined that the California Transportation Commission (CTC) would likely not approve the allocation of the 2018 cycle programming. The CTC does not usually approve allocations that it deems are for cost overruns on a project phase. Since the BRT Project is depending on this funding, and ACTC has already committed it to the Project, staff sought another method of obtaining the funds.

The delay in being able to receive this funding along with the cost increases of the BRT Project above existing grant funds were the primary reasons the District contracted for a \$35 million line of credit. With the line of credit the District can continue to pay the expenses of the BRT Project while it works out the delivery of the STIP funding.

The solution agreed upon by the District, ACTC, and MTC is to redirect the STIP funding to a different eligible project that the CTC will approve. This other project needs to have other grant funding that can then be repurposed to pay off the line of credit. The large amount of funds needed points to a bus purchase as the most likely candidate. Bus purchases also have the advantage of being relatively simple to apply for and manage within the STIP funding process requirements. Staff has identified the upcoming purchase of the remaining 14 45-foot coach buses and remaining five 42-foot double-decker buses as good candidates - collectively the project is named "Replacement of Transbay Buses".

This resolution will accompany the District's application for programming of the project in the upcoming 2020 STIP cycle. While programming of a project in a cycle generally means placement in the last two years of the five-year cycle, MTC and ACTC staff will make all attempts to program the project in unused capacity in earlier years of the cycle. If programming capacity cannot be identified for all of the funds as early as the District needs for the bus purchases, further actions may be needed. This action is the necessary first step, and staff will return to the Board if needed.

ADVANTAGES/DISADVANTAGES:

The advantage to approving the action is that it will allow the District to receive the committed grant funds through an eligible project in a generally timely manner, depending on the STIP programming capacity of the region.

The disadvantage to this action is that it adds a layer of complexity to the bus purchase project. The programming capacity of the region's STIP allocation is also not guaranteed in the immediate years that the District desires. This would most likely not delay the repayment of the line of credit, but could delay the bus purchase if a suitable cash flow and advance purchase scenario cannot be identified, or if yet another exchange of funds cannot be immediately effected.

ALTERNATIVES ANALYSIS:

The main alternative discussed was a swap of the STIP for other local funds with a different non-AC Transit project within the region. District and ACTC/MTC staff were not able to identify a suitable project for this type of swap. Further alternatives were discussed for the type of project to reprogram the STIP funds to. The bus purchase identified is the best candidate for reprogramming funds in the near term. Bus purchases are generally the only District projects that have enough eligible funding to effect a swap of \$13.125 million.

PRIOR RELEVANT BOARD ACTION/POLICIES:

SR 13-295 - Application for STIP Funding for BRT SR 15-112 Request Allocation for STIP Funds for BRT

ATTACHMENTS:

1. Resolution 19-037

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In Collaboration with:

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Approved/Reviewed by:

Claudia L. Allen, Chief Financial Officer