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TO: Mayor and Council

FROM: Steven D. Powers, City Administrator

DATE: April 9, 2012

SUBJECT: Fuller Road/High Speed Rail Station Budget Questions

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1. What are the implications of accepting the Federal Rail Administration (FRA) grant, that is, what will be required of the city? Will matching funds be required? If yes, at what amount?

The City will be required to complete the work identified under the grant. The primary responsibilities include completing an environmental assessment (EA) report to the satisfaction of the Federal Rail Administration. Once that is substantially complete the City will be responsible to prepare a complete set of preliminary engineering for the preferred alternative identified in the EA. The grant is based on an 80% federal and 20% non-federal funding ratio. Matching funds are required in the amount is \$701,600 per the overall planning project scope of \$3.508M. The FY 2013 City Administrator's Recommended Budget includes a General Fund authorization of \$307,781 to complete the 20% grant match.

2. Will the City be allowed to apply grant funds retrospectively? That is, will the FRA allow the city to reimburse itself from grant funds for expenses already incurred in planning for the project, for example the draft environmental assessment, that is not a full assessment?

The project is funded under the FRA's Notice of Funding Availability (NOFA) dated March 2011. Under the NOFA the funding period extends from February 17, 2009, to September 2017. Clearly, work on the project and completed within the time period is eligible for tasks outlined in our funding application. That understanding provided the basis for the City's application as described in response to question Number 1, above. It is understood the draft environmental report, would require additional effort, that is why we applied for funding for that effort. The FRA's determination of the eligibility for in-kind expenses for the non-federal share will be made after the City provides the FRA evidence of our efforts to date including financial reporting of the efforts already completed.

3. Are the funds encumbered by a specific site? That is, will the funds be allowed for preliminary engineering and environmental assessment only at the Fuller Road site, or could they be applied to assessment and planning at the existing depot site or any other potential location?

Site selection still needs to be performed. Environmental assessment (EA) does not mean a particular site has been selected. The grant will fund the completion of an EA, subject to FRA's standards and criteria, within the City of Ann Arbor. The EA must include consideration of the existing facility and the City's list of potential alternatives. Our draft EA outlined many such alternatives including but not limited to the Fuller Road Site. The project moves forward to the Preliminary Engineering (PE) Phase of work when the EA is acceptable to the FRA.

4. Is there a timing issue related to use of the FRA grant? That is, is there a requirement for use of the grant funds within a specified time period? If the funds are not used, what happens?

As described above the funds remain available to September 2017. If the City does not complete the grant work, the funds would go unspent. It might also reflect poorly on the City as an applicant in future rounds of funding from the USDOT. The USDOT awards many grants under a variety of competitive programs. Project sponsors that can demonstrate their effectiveness in completing projects are generally viewed in a positive light. A good example is the Stadium Boulevard Bridges. We received a discretionary grant and are moving forward with the project in a timely manner.

5. Since the project has changed because the UM no longer plans to build a parking structure on the site, is there a change in how the grant can/will be applied? Does the FRA consider this to be the same project?

The Project still falls within the effort described in the current application. The City applied for funding for an EA and PE for a new train station. Although our initial application anticipated a relationship with the UM for other uses at the station location, our FRA grant was specific to the elements needed to support a train station - the station building, related platforms, track work, and parking to ensure the station would function now and for the foreseeable future. City staff has no indication that FRA views our project differently since the UM partnership has been set aside. The existing Ann Arbor AMTRAK station is not well equipped to address current and future demands. The EA and PR will allow for a detailed review of the elements of the station and how to best move forward within a changing rail transportation environment.

The grant application included financial support from the UM. The City Administrator's FY 2013 Recommended Budget includes funding to allow the planning grant to proceed regardless of whether the UM chooses to provide financial support.

6. Are there any further expenditures in process or planned for this project and, if so, what are the expenditures and what is the funding source?

Engineering, site work, and construction costs will be established towards the end of the planning grant. The grant includes funds for preliminary engineering. Preliminary engineering will provide reasonable estimates. The estimates would be used to develop a funding plan. The funding plan for Phase II will require a 20% match. State, local & other entity funding (except federal) may all qualify,

7. What has been expended for the Northside Interceptor Sanitary Sewer Relocation and Water Main? \$1,421,632.67