

CITY COUNCIL AGENDA MEMO

SUBJECT

Ordinance amending the 2015-2021 General Capital Investment Program (CIP) Plan to add two new projects, modify the scope of existing projects, and increase multiple project budgets by a total of \$8,526,000, and the 2015-2016 General CIP Fund appropriation to increase by \$6,193,000 to provide the funding necessary for project eligibility for a federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan.

FISCAL IMPACT

This Ordinance makes necessary budget adjustments to fund phases of work for the projects identified as being funded with a low-interest, federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan. With the exception of the funding needed to progress work to the level necessary for NEPA approval; and, if necessary, to prepare one project phase for construction within 90 days of loan closing, TIFIA funding will offset the funds requested in 2017 unless otherwise directed by Council. The near term funding will be provided by greater than anticipated revenues in 2015, including Real Estate Excise Tax, Impact Fees, and general taxes.

The 2015-2021 General CIP Plan will be amended to add two new projects and to increase multiple project budgets by a total of \$8,526,000 and the 2015-2016 General CIP Fund appropriation will be increased by \$6,193,000 to reflect the projected amount to be spent in 2016.

The following table provides the adjustments for each project.

| CIP Plan No. | Description | Current Budget | Amendment | | | Total Amended Budget |
|------------------------|--|----------------|---------------------|---------------------|---------------------|----------------------|
| | | | 2016 Amount | 2017 Amount | Total Amount | |
| PW-R-169 | 124th Ave NE - 12th to Spring Blvd | \$ 1,574,129 | \$ 1,704,000 | \$ - | \$ 1,704,000 | \$ 3,278,129 |
| PW-R-170 | 130th Ave - NE 20th St to BelRed | \$ 253,352 | \$ 1,500,000 | \$ 1,035,000 | \$ 2,535,000 | \$ 2,788,352 |
| PW-R-173 | NE Spring Boulevard (Zone2) - 120th Ave NE to 124th Ave NE | \$ 3,400,618 | \$ - | \$ - | \$ - | \$ 3,400,618 |
| PW-R-174 | NE Spring Blvd (Zone 4) - 130th Ave NE to 132nd Ave NE | \$ 3,396,962 | \$ 900,000 | \$ 600,000 | \$ 1,500,000 | \$ 4,896,962 |
| New Project PW-R-190 | 124th Ave NE - NE 8th to NE 12th Street | \$ - | \$ 1,369,000 | \$ 100,000 | \$ 1,469,000 | \$ 1,469,000 |
| New Project PW-R-191 | 124th Ave NE - Ichigo Way (NE 18th St) to Northup Way | \$ - | \$ 720,000 | \$ 598,000 | \$ 1,318,000 | \$ 1,318,000 |
| Total Amendment | | | \$ 6,193,000 | \$ 2,333,000 | \$ 8,526,000 | |

STAFF CONTACTS

Toni Rezab, Acting Director 452-7863

Finance

Dave Berg, Director 452-6468

Ron Kessack, Assistant Director 452-4631

Transportation

POLICY CONSIDERATION

Council Priorities

- Establish a long range financial strategy that includes options that respond to the future operating and capital needs of the City;
- Continue to execute on our transportation capital plans for future growth and mobility of the City, including projects in Downtown, BelRed, Wilburton and other growth areas;

TIFIA Eligibility

Eligibility conditions of the TIFIA program include the requirement that the individual projects constructed with TIFIA proceeds be included within the State Transportation Improvement Program (STIP) and that the project(s) be approved under the National Environmental Policy Act (NEPA). The process to meet each of these TIFIA eligibility conditions have requirements of their own. First, to be included in any state's STIP, the USDOT/FHWA requires that a project or phase of the project must be included within the fiscally constrained TIP of the Metropolitan Planning Organization (Title 23 Code of Federal Regulations (CFR) Part 450). In Bellevue's case, this is the Puget Sound Regional Council (PSRC) TIP. The reference to "fiscally constrained" indicates that the project or phase must be fully funded – the phase can include only the design (or PE) phase. Second, to receive federal approval under NEPA, the project or at least one subsequent phase of the project must be fully funded. "Subsequent phase" can mean either the property acquisition or construction (ROW or CN) phases.

DIRECTION NEEDED FROM COUNCIL

- ☒ Action
- ☐ Discussion
- ☐ Information

BACKGROUND

In April, Council adopted a set of 2-year priorities which, in part, included capital projects and long-range financing:

- Establish a long range financial strategy that includes options that respond to the future operating and capital needs of the City;
- Continue to execute on our transportation capital plans for future growth and mobility of the City, including projects in Downtown, BelRed, Wilburton and other growth areas;

On June 6, staff briefed Council on the status of the pursuit of a TIFIA (Transportation Infrastructure Finance and Innovation Act) loan as one of the near-term solution that would enable the City to accelerate certain projects in the BelRed area, fueling anticipated area redevelopment. It is important to note that TIFIA is not grant funding, it is a loan with favorable terms for the City. The City must repay the loan in accordance with the terms of issuance. These funds, in combination with revenue sources like impact fees on new development, respond to community priorities around congestion relief and new development paying its share of infrastructure needed to support growth. In turn, that infrastructure investment pays off in the form of an increasing contribution to base tax revenues for future operating and other needs.

On June 6, Council directed staff to return with a budget amendment to allow continuation of the TIFIA application. The amendments to the CIP are described in more detail below:

124th Avenue NE Corridor – NE 8th Street to Northup Way (PW-R-169, PW-R-190, PW-R-191)

For the 124th Avenue NE corridor, the segment between NE Spring Boulevard and NE Ichigo Way are fully funded for PE, ROW and CN and are included within the Regional TIP and STIP. This was enough to secure the federal NEPA approval for the whole corridor between NE 8th Street and Northup Way. To have the segments between NE 8th Street and NE Spring Boulevard and between NE Ichigo Way and Northup Way included in the Regional TIP and STIP, only the PE phases will need to be fully funded.

Budget Allocation Needed: \$4,491,000

130th Avenue NE Corridor – BelRed Road to NE 20th Street (PW-R-170)

For this project both the PE and ROW phases will need to be fully funded to be included in the STIP and to be eligible for NEPA approval.

Budget Allocation Needed: \$2,535,000

NE Spring Boulevard Zone 4 – 130th Avenue NE to 132nd Avenue NE (PW-R-174)

The north half of the planned roadway is fully funded for PE, ROW and CN, but the south half is unfunded. In this case, new, full funding will be required for the PE phase of the south half, but no additional funding will be required to receive NEPA approval as the north half is already funded.

Budget Allocation Needed: \$1,500,000

NE Spring Boulevard Zone 2 – 120th Avenue NE to 124th Avenue NE (PW-R-173)

This project is already included in the STIP due to the federal funding secured for the PE phase of Zones 1 and 2. Zone 1 is fully funded for RW and CN, so the City was able to secure the NEPA approval for both segments.

Budget Allocation Needed: \$0

If TIFIA is not secured, timing and expenditures for all of the above projects will need to be reconsidered and the Council will have the opportunity at that point to amend the CIP to reflect only existing funds.

Staff is currently preparing the first Step of the TIFIA application process with a Letter of Interest, and targeting completion in July 2016. The City anticipates the earliest closing of a TIFIA loan either late this year or early in 2017. There are several off-ramps for Council consideration as the process moves forward. For instance, staff will be back with required debt authorization via ordinance for Council direction during Step 4, the application process.

- Step 1: Project Sponsor submits Letter of Interest on a rolling basis
- Step 2: If requested by DOT, Project Sponsor provides additional information, Preliminary Rating Opinion Letter and \$100,000
- Step 3: Upon invitation, Project Sponsor makes oral presentation to DOT
- Step 4: Upon invitation from DOT, Project Sponsor submits completed application
- Step 5: DOT Notifies Project Sponsor regarding completeness of application no more than 30 days after receipt
- Step 6: DOT staff prepare evaluation and make recommendation to DOT Credit Council
- Step 7: DOT Credit Council provides recommendation to the Secretary who makes final determination
- Step 8: DOT notifies Project Sponsor regarding project approval no more than 60 days after delivery of Notice Regarding Application Completeness

- Step 9: DOT issues Term Sheet, Executes Credit Agreement, and Obligates Funds
- Step 10: DOT disburses funds upon satisfaction of conditions set forth in Credit Agreement

EFFECTIVE DATE

If approved this Ordinance becomes effective on June 30, 2016.

OPTIONS

1. Adopt the Ordinance amending (1) the 2015-2021 General Capital Investment Program (CIP) Plan to add two new projects, modify the scope of existing projects, and increase multiple project budgets by a total of \$8,526,000, and (2) the 2015-2016 General CIP Fund appropriation to increase by \$6,193,000 to provide the funding necessary for project eligibility for a federal Transportation Infrastructure and Innovation Act (TIFIA) loan.
2. Do not approve the Ordinance and provide alternative direction to staff.

RECOMMENDATION

Option 1.

MOTION

Move to adopt Ordinance 6295 amending (1) the 2015-2021 General Capital Investment Program (CIP) Plan to add two new projects, modify the scope of existing projects, and increase multiple project budgets by a total of \$8,526,000, and (2) the 2015-2016 General CIP Fund appropriation to increase by \$6,193,000 to provide the funding necessary for project eligibility for a Transportation Infrastructure and Innovation Act (TIFIA) loan.

ATTACHMENT

Ordinance No. 6295