

Transportation Committee

Business Item
Item: 2010-302
Revised

Meeting date: September 13, 2010

Council Meeting: September 22, 2010

ADVISORY INFORMATION

Date:	September 9, 2010
Subject:	Authorization to Execute Grant Agreement with SouthWest Transit
District(s), Member(s):	All
Policy/Legal Reference:	2010 Capital Program
Staff Prepared/Presented:	Arlene McCarthy, MTS Director (651-602-1754) Amy Vennewitz, Deputy Director (651-602-1058) Sean Pfeiffer, Financial Analyst (651-602-1887)
Division/Department:	Metropolitan Transportation Services (MTS)

Proposed Action

That the Metropolitan Council authorize the Regional Administrator to execute a grant with SouthWest Transit (SWT) for up to \$800,000 for the purchase of one double-decker bus.

Background

SouthWest Transit will be opening the Market Street Station in Chanhassen in 2011. As part of the expanded service to and from this location, it is necessary to expand SWT's fleet. SouthWest has requested to purchase a double-decker bus which will be used to run peak service to and from downtown Minneapolis and the University of Minnesota.

See attached September 7, 2010 letter from SouthWest Transit responding to questions asked at the August 23, 1010 Transportation Committee.

Rationale

This grant allows regional transit providers and transit capital sponsor agencies to fund transit capital projects using Congestion Mitigation and Air Quality (CMAQ) and Regional Transit Capital (RTC) funds distributed by the Metropolitan Council.

Funding

The funding for this grant includes \$640,000 (80%) of CMAQ funds designated for regional fleet expansion and \$160,000 (20%) of RTC match funds which are already included in the 2010 Authorized Capital Program.

Known Support / Opposition

No known opposition.

September 7, 2010

Robert McFarlin
Transportation Committee Chair Person
Metropolitan Council
390 Robert Street N
St. Paul, MN 55101

Dear Chair McFarlin:

I understand that some questions related to SouthWest Transit's (SWT) procurement of an Alexander/Dennis double-deck bus were asked at the last Transportation Committee meeting. The purpose of this letter is to provide information in an effort to answer the questions raised.

The double-deck vehicle is the fifth and final vehicle SouthWest Transit is planning to purchase from the "exchange" agreement we have with the Metropolitan Council.

Under the terms of the agreement, SouthWest Transit relinquished its CMAQ grant totaling \$4,365,000 (Federal share of 10 coach buses) in return for the Metropolitan Council providing both the federal and local funding needed to purchase four MCI coach vehicles and one double-deck bus. (See attached memo and e-mail from Arlene McCarthy.)

The double-deck vehicle will be purchased through a piggyback option SWT has received from Community Transit of Snohomish County, Washington. All applicable federal requirements have been met per review of both SWT legal counsel and the Metro Transit procurement manager, including the "Buy America" and spare ratio requirements.

The base price for the Snohomish vehicle is \$774,837. While we are still in the final stages of specifying the vehicle components, we do not believe the final cost will exceed the \$800,000 remaining in the CMAQ grant. (Note: the \$774,837 price includes the pre-2010 engine that does not meet all current clean air standards)

SWT's need for the expansion vehicle has been substantiated by the 15 minute increment analysis of the current and future SWT service reviewed and approved by Met Council staff. Next fall (2011) SWT will also open a new Park and Ride in the City of Chanhassen. The ability to provide service to this new facility will be greatly enhanced by the addition of the expansion vehicles SWT hopes to bring in over the next 6-12 months.

The double-deck bus has the ability to carry up to 100 people, and will be used every day during both the AM and PM peak periods when SWT typically needs to insert doubleheaders (two buses) to meet demand. By having the ability to transport more

people in one vehicle, we will also have the ability to impact/mitigate some of the congestion due to increased bus traffic along the Marquette and 2nd Avenue corridors.

As the Central Corridor construction begins along Washington Ave. in the spring of 2011, this vehicle will be instrumental in providing SWT the ability to carry more riders using only one bus.

While this vehicle has the ability to carry more people it does not cost more to operate. Up to 100 passengers can be transported by only one driver with the fuel cost remaining virtually the same as any standard transit vehicle, including the coach, articulated and 40' bus.

As for price comparisons, the cost per ambulatory seat breakdown by bus type is as follows:

- A hybrid diesel-electric 40 foot bus costs \$570,390 divided by 42 ambulatory seats equals \$13,580 per seat.
- An artic cost approximately \$647,000 divided by 60 ambulatory seats equals \$10,783 per seat.
- A coach bus costs \$505,000 divided by 57 ambulatory seats equals \$8,859 per seat.
- The double deck base price is \$775,000 divided by 73 ambulatory seats equals \$10,616 per seat.

Finally, the purchase of a double deck bus will provide the opportunity for the region to demonstrate if this type of vehicle would be successful in other transit operations, much like the coach vehicle first purchased by SWT in 2000 and which is used by all providers that deliver long haul express service.

Thank you and the other members of the Committee for your consideration. Please contact me if you have any further questions.

Sincerely,



Len Simich
CEO

cc: Craig Peterson, Metropolitan Council
Arlene McCarthy, Metropolitan Council
Luanne Major, Metropolitan Council
Tom Furlong, SWT Commission Chair



MEMORANDUM

TO: SouthWest Transit Commission

FROM: Len Simich

DATE: May 21, 2010

SUBJECT: CMAQ Grant Transfer with the Metropolitan Council

REQUESTED ACTION

That the Commission authorize its CEO to execute an exchange agreement with the Metropolitan Council where as SouthWest Transit would give up its current (2010) CMAQ Grant equaling \$4,365,600 which was to go towards the purchase of 10 coach vehicles (total grant/project amount = \$5,470,000 consisting of \$4,365,600 in federal grant funds and \$1,091,400) in return for the Metropolitan Council providing both the funding and local match amount needed for SouthWest to purchase four MCI coach vehicles and one Double Deck vehicle with a total value (federal and local match) estimated to be around \$3 million dollars (4 @ \$550,000 and 1@ \$750,000).

BUDGET IMPACT

\$600,000 local match budget impact/saving to SouthWest Transit.

SouthWest giving up approximately \$2 million in federal funding (SW CMAQ grant = \$4,365,600. M.C. CMAQ grant – federal portion only \$2,400,000)

BACKGROUND

SouthWest Staff has been working over a year on securing expansion vehicles awarded to the agency under a competitive grant process in 2006/07. The additional vehicles are needed to reestablish service to the new Chanhassen Station (former Market Park and Ride) in the fall of 2011.

When the grant was written in 2006, SouthWest Transit had been experiencing double digit ridership increases. Because of these increases and with the new Chanhassen Station coming online, it was determined a total of ten additional vehicles would be needed to meet service demands.

With the downturn in the economy that has had an impact on both our ridership levels and operating budget, staff now believes five vehicles will be sufficient to handle it's ridership needs including growth through at least the next two years (2012/13). It should also be noted that our current

budget/revenue projections through 2012 wouldn't allow for more than five additional buses to be brought into our system without either an influx of new money (MVST, supplemental, or farebox, other revenue source) or if we totally depleted all of our operating reserves.

In the year 2012, SouthWest Transit has already secured another CMAQ grant for fifteen vehicles should the demand and budget to support service expansion be available.

With the new Policies currently being developed/enacted by the Metropolitan Council, SouthWest had to prove to the Council it had both the need and the funding to put the five new vehicles into service. SouthWest provided the Council a 15 minute increment analysis of our current service showing we didn't have excess capacity already in our system to absorb the additional passengers we anticipate generating from our new station; a spare ratio analysis showing SouthWest was at our in lower than the 20% spare ration allowed by the FTA; and a projected budget through the year 2012 which indicated we had the ability to fund the new service plan. Supporting information attached to this memo.

Another factor that played into staff's recommendation is the Metropolitan Council's new policy on expansion. The Council has determined only those areas that they have deemed expansion should take place (Central Corridor, Cedar AVE and I-35 BRT; Northstar Commuter Rail; Hiawatha LRT) will local match funds (RTC) be provided by the Council for the purchase of vehicles. In other words, if we were to keep our CMAQ grant, all local match funding would have to come through our capital reserve balance.

If the exchange occurs, the Council plans to approach the TAB about amending our grant to allow them to purchase additional LRT vehicles. Following the recommendation is a series of communication e-mails between the Metropolitan staff and me on this matter.

RECOMMENDATION

That the Commission authorize its CEO to execute an exchange agreement with the Metropolitan Council where as SouthWest Transit would give up its 2010 CMAQ Grant equaling \$4,365,600 in return for the Metropolitan Council providing both the funding and local match amount needed for SouthWest to purchase four MCI coach vehicles and one Double Deck vehicle with an estimated value of \$3 million dollars.

From: Len Simich
Sent: Tuesday, May 18, 2010 2:07 PM
To: 'McCarthy, Arlene'
Cc: 'Vennewitz, Amy'
Subject: RE: Follow-up on CMAQ "swap" conversation

Arlene and Sean;

Attached you will find information for our meeting on Monday. The first is our projected budget analysis through the year 2012 which includes adding back service to Chanhassen (Market P&R) once the ramp is completed next fall (2011) and adding back a small fraction of local service (summer/seasonal) and special event (Twins and State Fair) .

The Budget Analysis should also satisfy the earlier budget request made by Sean and Amy last week.

The other attachments are those things we previously covered with you (15 minute increment/use analysis; spare ratio analysis) but I thought I'd resend so you have everything in one place.

Let me know if I missed anything. I look forward to discussing this with you further on Monday.

From: McCarthy, Arlene [mailto:arlene.mccarthy@metc.state.mn.us]
Sent: Saturday, May 15, 2010 7:33 AM
To: Len Simich
Subject: RE: Follow-up on CMAQ "swap" conversation

Len,

You are correct in that using MTS CMAQ for your 5 buses is independent (can occur regardless) of the potential CMAQ scope change by TAB. There is no guarantee that TAB will agree to a scope change and, as you note, it will take some time.

So, yes, once we get our plan to use MTS CMAQ "memorialized" you can move ahead with your procurement. We should chat next week (I will call you) on how we want to document this, but we should be able to take care of this by the end of the month considering your Board's meeting date.

I will have LuAnne schedule a meeting for us to go over your operating plan. Next week is very busy for me so this likely will need to occur the week of May 24.

Arlene

From: Len Simich [LSimich@swtransit.org]
Sent: Friday, May 14, 2010 9:10 AM
To: McCarthy, Arlene
Subject: RE: Follow-up on CMAQ "swap" conversation

Arlene,

One other clarification needed. As you are aware time is of the essence if we are to have the new vehicles in place by the time the new Chanhassen Ramp opens. Should my Commission agree to this (which I plan on taking this to them at their May 27th meeting), and should the Council agree with our budget operating plan and budget for the new vehicles/service (which we will be ready to present next week – let me know when you would like to sit down again), I assume we can move ahead with the order of the MCI's and begin work on either an RFP or assignment of options related to the Double Decker?

The issue I'm getting at is I hope this arrangement doesn't hinge on getting the transfer and scope change through the TAB which could set this project back months. Please let me know if my assumptions are correct. Thanks.

From: McCarthy, Arlene [mailto:arlene.mccarthy@metc.state.mn.us]
Sent: Thursday, May 13, 2010 6:03 PM
To: Len Simich
Subject: RE: Follow-up on CMAQ "swap" conversation

Len,

Thanks for the additional information (attached) on the estimated cost of the five buses. The total cost of the five buses - four MCIs and one double-decker - is estimated between \$2.835M and \$2.945M (depending on the engines) including local match.

Please see my responses to your questions below. Let me know if you have further questions.
Arlene

From: Len Simich [mailto:LSimich@swtransit.org]
Sent: Monday, May 03, 2010 3:53 PM
To: McCarthy, Arlene
Subject: Follow-up on CMAQ "swap" conversation

Hello Arlene,

I have spoke to my Chair and Vice Chair and both have agreed to have me pursue your offer regarding the "swap" our 2010 CMAQ grant for the ability to purchase 5 vehicles off the "open" Council CMAQ grant which would also include the RTC/local match of 20%.

I know we previously discussed the following, but just so we are all on the same page, please let me know if the following assumptions are correct should we agree to the swap:

- The ability to have the 20% local match provided is still dependent upon the Legislature awarding the Council RTC (bond authority) this session.

Yes; this is correct. The RTC language is still advancing at the Legislature so we remain hopeful in securing the 2010 RTC authority.

- SouthWest Transit would have the authority to procure the vehicle type and the equipment/ancillary items necessary (i.e. as identified in the draft 2010 Vehicle Fleet Policy). SouthWest would like to procure 5 total vehicles. 3-4 MCI vehicles it currently has options remaining on, and 1-2 Double Decker vehicles that we previously spoke. The Double Decker vehicles would meet all buy America standards (they are currently being used by other properties in both the State of Washington and Nevada). Placing one - two double decker vehicles into our operation will provide us the opportunity to reduce operating expenses on those trips when we need to run double headers; provide the agency with a unique marketing opportunity; and allows the "region" the opportunity to test out the vehicle to see if other services may benefit from a similar vehicle type in the future.

Yes, standard procurement options would apply. If SWT is looking at a "piggy back" procurement, then the Council would want to be heavily involved similar to a joint procurement.

Before procurement can begin, we need to go over your operating funding plan for these expansion buses. Let me know when you are ready to meet and we will set something up.

Under this agreement where we would be giving up 5 vehicles (i.e. giving up our 10 vehicle CMAQ grant in return for 5 vehicles under the Council's open grant), is there any assurance you can make now in regards to the local match related to the vehicles we have already been awarded a CMAQ grant for in 2012 (up to 15 vehicles)? I know the match is always subject to legislative authorization, but a sign of support from the Council would go a long way with my Commission.

I understand this request, but unfortunately the Council cannot make any expansion commitments at this time given the volatility of transit funding. As you know, the state continues to face deficits in the next biennium and our "one time" cuts proposed earlier are likely to be made permanent cuts before the session is out.

Lastly, I just want to make sure that SWT is OK with the Council potentially approaching TAB for a scope change from buses to light rail vehicles for your 2010 CMAQ grant. We would do the same with a MTS CMAQ grant for which we do not have expansion operating funds. Otherwise, both of these CMAQ grants will be forfeited back to the region.

I look forward to your response. Thanks.