

W Committee of the Whole

Executive Summary
Item: 2007-196

Meeting date: May 16, 2007
Metropolitan Council Meeting May 23, 2007

ADVISORY INFORMATION	
Date:	May 10, 2007
Subject:	Cooperative Funding Agreement for Central Corridor LRT Preliminary Engineering with Ramsey and Hennepin County Regional Railroad Authorities
District(s), Member(s):	All
Policy/Legal Reference:	MN Laws 2006, Chapter 258, Section 17, subd(4) Met Council, RCRRA and HCRRA Memorandum of Understanding
Staff Prepared/Presented:	Brian Lamb, General Manager, 612-349-7510 Mark Fuhrmann, Deputy General Manager, 612-349-7513
Division/Department:	Metro Transit

Proposed Action/Motion

That the Metropolitan Council authorize the Regional Administrator to negotiate and execute the Cooperative Funding Agreement for Central Corridor Light Rail Transit Preliminary Engineering with the Ramsey and Hennepin County Regional Railroad Authorities (RCRRA and HCRRA).

Issue(s)

- Regional Railroad Authority advance funding commitments greater than their prescribed funding shares upon project completion.
- Regional Railroad Authority funding contingent on certain conditions.

Overview and Funding

The Metropolitan Council, Ramsey and Hennepin County Regional Railroad Authorities executed a Memorandum of Understanding (MOU) regarding the future funding of the Central Corridor Transitway on August 29, 2006 to positively respond to MN State Laws, Chapter 258, Section 17, subd(4) providing \$7.8 million to the Council to conduct environmental studies, Preliminary Engineering and design. The MOU requires that RCRRA and HCRRA be responsible for at least one-third of the state and local match to federal New Start funding. Specifically, Ramsey County Regional Rail Authority will be responsible for 70% of the local share or 11.67% of the overall project capital cost and Hennepin County Regional Rail Authority will be responsible for 30% of the local share or 5.0% of the overall project capital cost.

The estimated cost for Preliminary Engineering during 2007 and 2008 is \$45 million. There is currently \$20.8 million available for PE from federal and state sources. There are no new state funds authorized as of this writing. Therefore, the Regional Railroad Authorities will be required to commit \$24.2 million for the PE phase under this cooperative agreement. The RCRRA will be required to commit approximately \$16.9 million and the HCRRA will be required to commit approximately \$7.3 million. In the event there is new legislation passed into law by the 2007 legislature that authorizes additional state funds for Preliminary Engineering work on the Central Corridor LRT, the required RCRRA and HCRRA funding commitments for PE under this cooperative agreement will be reduced.

The Federal Transit Administration's New Starts project development process involves many steps including but not limited to Preliminary Engineering prior to securing a Full Funding Grant Agreement (FFGA). Limited federal funds are available in the steps leading to the FFGA. The result is that state and local monies must be advanced in disproportionately larger shares in the early stages of a project to enable project activities to be funded and completed in a timely manner. In order for projects to advance, state and local funding partners by necessity must agree to provide more of their contributions earlier in the project. Upon project completion, local contributions will reconcile with their required allocated contributions per the Memorandum of Understanding.

As the Met Council prepares to make award to a consultant team to provide engineering services for the project, Preliminary Engineering will begin in earnest. A key activity early in PE includes determining the final scope of the project whose cost will generate a "medium" Cost Effective Index thus qualifying the project for federal funds in the Full Funding Grant Agreement. The current project budget estimate of \$932 million is too rich to qualify for federal funds. Therefore, the Council must explore scope to reduce the budget estimate during PE that will have a material affect to reduce the Cost Effectiveness Index. The Council will not accept funding from the Regional Railroad Authorities that is contingent upon certain scope elements being included that are required to be constructed as part of the project.

Authority to negotiate and execute the Cooperative Funding Agreement for Preliminary Engineering is being sought now as this agreement will need to be in place prior to the Council executing a contract in June with a recommended consultant team for engineering services for Preliminary Engineering.