

COUNCIL ACTION FORM

SUBJECT: CYRIDE LADDERS OF OPPORTUNITY GRANT

BACKGROUND:

On June 4, 2014, the Federal Transit Administration unexpectedly released a Notice of Funding Availability for a nationally competitive grant application process to distribute “left-over” discretionary funds, totaling approximately \$100 million, allocated under the SAFETEA-LU transportation bill. This new grant is called “Ladders of Opportunity.” This bill allows for discretionary allocation of funds to transit systems of 85% funding for buses. This is an unexpected and final grant opportunity for smaller transit systems to address capital needs, specifically for bus and facility needs, since subsequent transportation bills do not allow for the purchase of buses under discretionary programs. Applications for this funding must be submitted no later than August 4, 2014.

As part of a transit system’s application, it must demonstrate community support for its project. Therefore, the Ames City Council is being asked to approve a resolution supporting CyRide’s grant request. CyRide has requested similar support from Iowa State University, the ISU Government of the Student Body, Story County, the Ames Chamber of Commerce, the Ames Convention and Visitor’ Bureau, several human service agencies, and Iowa’s Senators and Representative. In total, it is hoped that at least 15 letters from various organizations/individuals can be secured prior to the grant’s submission.

Grant Project

Staff has developed a proposed bus expansion project in the table below to purchase up to four additional articulated buses to efficiently address CyRide’s record ridership levels. CyRide had more than 6.6 million rides this past fiscal year, which was a 12% increase from the previous year. The exact award will be determined by the FTA and will most likely be less than requested due to the federal agencies requirement that all projects be scalable.

| Bus # | Bus Type | Federal Dollars | Cumm. Fed. Dollars | Local Dollars | Cumm. Local Dollars |
|--------------|-----------------|------------------------|---------------------------|----------------------|----------------------------|
| 1 | 60’ Bus | \$637,500 | \$637,500 | \$112,500 | \$112,500 |
| 2 | 60’ Bus | \$637,500 | \$1,275,000 | \$112,500 | \$225,000 |
| 3 | 60’ Bus | \$637,500 | \$1,912,500 | \$112,500 | \$337,500 |
| 4 | 60’ Bus | \$637,500 | \$2,550,000 | \$112,500 | \$450,000 |

Local Funding

CyRide currently has \$125,000 per year for used bus purchases programmed in the City's Five-Year Capital Improvements Plan (CIP). Since buses purchased under this grant would not be manufactured and delivered until the summer of 2017, and most likely span two budget years (2016/17 and 2017/18), this grant would fund the last two years of this plan with new buses requiring 15% local match as opposed to CyRide providing 100% local dollars for used, 18-year old buses.

If CyRide is fortunate enough to receive full funding for four buses, a State of Iowa Revolving Loan could be secured for the currently unprogrammed additional local match. This is a no interest loan available to transit systems for bus capital that can be repaid over a five-year period. CyRide would require \$200,000 additional in local match that could be repaid at a rate of \$50,000 per year. If this situation occurs, these commitments will be reflected in the next update of the CIP.

The Transit Board of Trustees considered the submission of a grant under this funding opportunity and determined that it could positively benefit CyRide in the future. The Board allowed staff to determine the type of bus to request in the grant (40' or 60' articulated buses) up to a maximum local match commitment of \$450,000. Since that Board meeting, staff has determined that articulated buses will provide the greatest efficiency for CyRide's service.

ALTERNATIVES:

1. Support CyRide's submission of a Ladders of Opportunity grant application for the purchase of four new articulated buses, committing up to \$450,000 in local match.
2. Support CyRide's submission of a Ladders of Opportunity grant application for fewer buses.
3. Do not support a Ladders of Opportunity grant application for new buses.

MANAGER'S RECOMMENDED ACTION:

This is the last foreseeable opportunity to purchase new buses with federal funding assistance. With CyRide's rapid expansion, a strong application can be developed for consideration of funds to support CyRide's efforts. With the local dollars needed to match the grant currently programmed in the CIP and with the possibility of a no-interest loan to spread out its local match requirement if a full-funding award is provided, staff believes that this grant opportunity would place CyRide in a better position to meet future service needs.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby supporting CyRide's submission of a Ladders of Opportunity grant committing up to \$450,000 in local match dollars if the grant is fully funded.