

COUNCIL ACTION FORM

SUBJECT: SETTING THE DATE FOR PUBLIC HEARING TO ENTER INTO AGREEMENTS WITH THE IOWA DEPARTMENT OF TRANSPORTATION FOR LOANS TO FUND THE INTERMODAL FACILITY

BACKGROUND:

In late March, Federal Transit Administration (FTA) staff indicated that Iowa's congressional delegation had secured an additional grant for the Intermodal Facility that could be used to increase the TIGER grant budget. However, this new transit grant (called "Section 5309") requires a 20% local match.

Additionally, timing on the federal grant dollars will create a cash flow issue for CyRide as funds from the grant cannot be drawn down until it is approved (anticipated for July or August of 2010), even though expenses can occur today to be reimbursed after grant approval. The tight schedule for this project requires the design team to continue to work on the project before this approval is received later this summer.

To resolve the issue of the delay in receipt in funding under the second grant, and to keep design work moving forward, a State Department of Transportation no-interest revolving loan program can be used to provide the dollars needed to meet immediate commitments as follows:

Local Match

The total Intermodal budget, including both grants, is detailed below.

<u>Funding Source</u>	<u>Dollars</u>
TIGER Grant (100%)	\$8,463,000
Section 5309 (80%)	350,000
Local Match for Section 5309 (20%)	<u>87,500</u>
TOTAL	<u>\$8,900,500</u>

As a result of the requirements of this new grant, the local community will need to identify the funding source for the \$87,500 local match requirement. **The City of Ames/CyRide could enter into a first contract with the Department of Transportation for a 5-year loan in the amount of \$87,500, and repay \$17,500 of the loan each year beginning in 2010-2011. Funding for this repayment would be included in CyRide's annual budget.**

Project Cash Flow

The following schedule was submitted to the FTA on April 19, 2010.

Milestone	Estimated Date
Final Design Completed	September 30, 2010
Construction Documents Completed*	December 31, 2010
Ready to Advertise Notice	January 2, 2011
Construction Bids Released	January 3, 2011
Construction Award	March 3, 2011
Notice to Proceed to Contractor	March 15, 2011
Construction Start	April 1, 2011
Construction Substantial Completion	June 1, 2012
Occupancy	June 1, 2012

*Submittals will be sent to FTA at 50% and 95% completion.

Based on this aggressive schedule, the design team will be working on the Intermodal project prior to the grants being approved and the start of the draw down of federal funding. While CyRide has pre-grant approval to incur expenses under the TIGER grant, it cannot ask for reimbursement until formal grant approval is received, sometime in July or August of 2010. As a result, the design team will have **completed most of the design before CyRide can be reimbursed**, thereby creating a cash flow issue.

A second contract with the Iowa Department of Transportation for use of the no-interest revolving loan could be entered into for \$350,000 and immediately repaid when the federal grant is approved and CyRide is able to draw funds from the grant. Therefore, this is anticipated to be a short-term loan for several months with an expiration date of December 31, 2010.

ALTERNATIVES:

1. Adopt a resolution setting June 15, 2010, as the date of public hearing for two loan agreements with the Iowa Department of Transportation to fund the Intermodal Facility project.
2. Consider other dates for the public hearing.
3. Do not enter into loan agreements with the Iowa Department of Transportation for the Intermodal Facility, and find other ways to finance the work which must be accomplished prior to the receipt of federal grant funds.

MANAGER'S RECOMMENDED ACTION:

These two proposed loan contracts with the Iowa DOT provide very favorable terms compared to other funding alternatives. The Intermodal Facility cannot move forward without immediate funding for the design work which must be done immediately. The project would be in jeopardy of losing the federal TIGER grant funding, if this funding cannot be secured.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby adopting a resolution setting June 15, 2010, as the date of public hearing for two loan agreements with the Iowa Department of Transportation to fund the Intermodal Facility project.

It should be emphasized that the recommended date for this hearing (June 15) will be during a Council workshop. Waiting until our last regularly scheduled in June will result in a delay in completing the design of our facility in a timely manner.