

# CLARK HILL

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## MEMORANDUM

TO: Birmingham City Commission and the Troy City Council

FROM: Dan Beattie, Alan Canady, Chris Wagner

DATE: March 17, 2009

SUBJECT: Funding for Troy/Birmingham Transit Center

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Clark Hill PLC was retained by the City of Birmingham and the City of Troy in mid-December, 2008, to advance up to \$7 million in construction funding for the Troy/Birmingham Multi-Modal Transit Center. The first quarter of our work with the cities coincides with a significant transition of federal power, as well as the passage of unprecedented federal legislation to aid recovery from a deep economic recession.

One of the pillars of the American Recovery and Reinvestment Act (ARRA), often referred to as the federal stimulus bill, is federal investment of more than \$150 billion in supplemental federal funding for community infrastructure, including close to \$47 billion for roads, bridges, rail and transit projects through the U.S. Department of Transportation (DOT). To date, federal commitments for the State of Michigan from these funds total slightly more than \$1 billion for 'shovel ready' projects with up to a 100-percent federal funding cost share. In most cases, all transportation funds under ARRA must be obligated by September 30, 2010; priority is given to projects that can be completed within three years and are located in economically distressed areas.

There are generally two types of funding available -- formula and competitive funding. DOT's Federal Highway Administration released formula highway apportionments to states on March 3rd. The Federal Transit Administration released its apportionments on March 5th. Michigan is actively organizing its investment priorities under ARRA, including in the transportation arena, and has established a web site as a citizen portal about anticipated investments throughout the state: <http://www.michigan.gov/gov/0,1607,7-168-52827---,00.html>. The Multi-Modal Transit Center is listed in the state 'inventory of requests' submitted by governmental and non-governmental organizations as well as citizens statewide. Altogether, this inventory includes over 16,000 requests valued at more than \$49 billion.

While USDOT continues to develop and release guidance for formula and potential competitive funding recipients, most communications to date stress several actions that should be well underway, including:

- Ensuring proposed projects are included in local and state transportation improvement plans (TIP and STIP)

- Preparing drafts of potential funding applications, including key budget and activity milestones
- Preparing any required environmental review required under the National Environmental Policy Act (NEPA), Sec. 106 Historic Preservation Act review, Sec. 4(f) Department of Transportation Act review, and conformity with the National Ambient Air Quality Standards (NAAQS) to comply with the Clean Air Act

### **Formula Programs Under ARRA**

#### **FEDERAL HIGHWAY PROGRAM**

- \$847.2 million to Michigan
- \$99.82 million of \$139.4 million in urban area funds are sub-allocated to Detroit MSA.
- Spending decisions for all projects in this region are subject to approval by SEMCOG as Metropolitan Planning Organization (MPO), as well as by the Michigan Department of Transportation (MDOT), consistent with federal transportation improvement plan requirements.
- It is possible to 'flex' some highway dollars for transit programs under the Surface Transportation Program.
- 3 percent of funds must be set aside for transportation enhancements (\$25.4 million in Michigan)

#### **TRANSIT CAPITAL ASSISTANCE**

- \$135 million for Michigan
- 80 percent is apportioned to urban areas; exact agency apportionments (ie. to SMART and DDOT) have not been announced.
- SMART and SEMCOG funding approval required for urban area funds impacting Oakland County (MDOT approval not required).

#### **REAPPORTIONED OR REDISTRIBUTED FUNDS**

- Highway and transit funds not obligated by deadlines set by ARRA will be reapportioned (highway) or redistributed (transit) for other ready projects
- Amount is unknown -- redirection actions expected in fall of 2009 and spring of 2010.

### **Competitive Programs Under ARRA**

#### **SUPPLEMENTAL DISCRETIONARY GRANTS FOR A NATIONAL SURFACE TRANSPORTATION SYSTEM**

- \$1.5 billion to be awarded by Secretary of Transportation to states, local governments and transit agencies
- Transit, passenger and freight rail projects eligible
- Up to \$200 million can be awarded for TIFIA credit assistance
- A focus on projects that need federal funds to complete a financing package -- "gap funding"
- Maximum state award of \$300 million; individual project award sizes of \$20-300 million (minimum can be waived by Secretary)

**AMTRAK**

- \$1.3 billion in a grant to National Passenger Rail Road Corporation (Amtrak).
- Awarded March 13
- Not more than 60 percent of funding can be applied to Amtrak's Northeast Corridor
- Initial announcement includes \$60 million for Michigan-related improvements for positive train control between Kalamazoo and Portage, IN
- Working to determine feasibility of applying to Amtrak for station improvement funds.

**CAPITAL ASSISTANCE FOR HIGH SPEED RAIL CORRIDORS AND INTERCITY PASSENGER RAIL SERVICE**

- \$8 billion for competitive awards by DOT
- Intercity passenger rail capital projects and congestion projects
- Funds available until September 30, 2012
- Only states may apply.

**FTA ENERGY AND GREENHOUSE GAS DISCRETIONARY (TIGGER)**

- \$100 million competitive solicitation -- awards to public transit agencies
- Criteria to be determined
- Priority for projects that reduce a project's energy consumption or the proportion of a system's energy usage.

**Federal Fiscal Year 2010 Appropriations**

- Applications submitted on cities' behalf to Senators Levin, Stabenow and Rep. Peters for up to \$7 million.
- Federal earmarks have decreased as a share of overall annual funding in past few years; Obama Administration and Congressional leaders have taken additional actions to limit and credential Congressional funding requests.
- FY 2009 appropriations signed into law earlier this month; included roughly \$30 million in transportation related earmarks for Michigan -- most transit earmarks are under \$1 million.

**State Budget Actions**

MDOT will receive 75 percent (approximately \$637 million) of expected federal formula funding for highways while the remaining 25 percent (about \$213 million) will go to local agencies in compliance with Act 51, which provides transportation dollars to MDOT, county road commissions, and cities and villages for the maintenance and construction of roads and support of public transit systems. As mentioned earlier, an even greater share of federal transit dollars will be sent directly to urban transit systems.

We are continuing to work with MDOT and the Appropriations Subcommittees in an effort to secure Transit Center funding from available state funds, both from any available stimulus dollars or annual appropriated funds. Early meetings with elected leaders, as well as legislative and executive branch staff, have focused on educating them about the purpose and status of the project and identifying funding solutions that would include timely state support to meet the Transit Center's tight construction time frame.

The Senate Transportation Subcommittee is in the process of preparing the State Transportation Budget. It is expected to make its recommendations to the full Appropriations Committee on March 24. The Transportation Budget will then be reported to the State Senate. Once approved, the Budget will then be sent to the State House for further consideration.