

CENTRAL CITY LINE PROJECT UPDATE AND SMALL STARTS EVALUATION & RATINGS APPLICATION

UPDATED & REVISED 4/20/17

EXECUTIVE SUMMARY

The Central City Line (CCL) is a proposed 6-mile long high performance Bus Rapid Transit (BRT) improvement in central Spokane that meets the Federal Transit Administration's (FTA) definition of "corridor-based BRT." Operated by the Spokane Transit Authority (STA), the new line will offer frequent service provided by 60-foot battery-electric BRT vehicles. The need for a central city circulator was first identified in 1999 as part of planning for the future of downtown Spokane, and evolved through subsequent studies and alternatives analysis to the present CCL project. The CCL is an essential component of the *STA Moving Forward* plan, serving as the flagship High Performance Transit project of several new lines. STA has engaged the public throughout development of the project, including a diverse Steering Committee comprised of many local and regional stakeholders, to guide and shape the project.

STA is currently engaged in the project development phase of the CCL, in addition to establishing station locations, completing environmental documentation, and preparing a federal Small Starts grant submittal. Small Starts is a federal capital improvement grant program administered by the FTA; eligible projects are those with total cost under \$300 million and requesting less than \$100 million in Small Starts funding. STA has prepared an application that addresses the Small Starts criteria, including Project Justification (50% of rating) and Local Financial Commitment (50% of rating) criteria. STA is requesting \$53.4 million in Federal Small Starts funds, of a total estimated project cost of \$72 million. Other capital funds have already been secured and committed for the project. CCL operations will be funded through farebox revenue and tax revenue from STA Proposition 1, approved by voters last fall. If the FTA selects the CCL for funding, the project will be recommended for inclusion in the fiscal year 2019 federal budget with construction completed by 2021.

The STA Board is being asked to approve a resolution to (1) authorize the Chief Executive Officer to submit the Small Starts application to FTA and (2) authorize STA to enter the next phase of project development. With the Board's permission, STA will submit a Small Starts application to FTA in April 2017 for an initial review and rating, followed by any revisions to the submittal as necessary later in the year before the Fall 2017 deadline. The next stage of project development will include finalizing the Small Starts grant agreement in late 2018 or early 2019, completing design, completing environmental documentation, and formalizing memoranda of understanding with project partners, including the City of Spokane, Avista, Gonzaga University and the Community Colleges of Spokane.

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PROJECT DEFINITION

The CCL is a proposed 6-mile long high performance bus rapid transit (BRT) improvement in central Spokane, WA that meets FTA's definition of "corridor-based BRT." Operated by STA, the new line will offer frequent service provided by 60-foot battery-electric BRT vehicles. The CCL is the flagship project of STA's High-Performance Transit Network and *Moving Forward* strategic plan.

PROJECT OVERVIEW

The CCL concept began in 1999 with the completion of the *Plan for a New Downtown* for the City of Spokane, which identified the need for a streetcar circulator in downtown. Subsequently, the *Spokane*

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Streetcar Feasibility Study (2006) assessed the effectiveness of a streetcar system as a transportation and economic development tool. In 2008, the City of Spokane adopted the *2008 Fast Forward Spokane: Downtown Plan Update* which confirmed the need for greater transit service in Spokane's downtown area. In 2010 (updated in 2013), the STA adopted *Connect Spokane: A Comprehensive Plan for Public Transportation* which established a framework for Spokane's High Performance Transit Network, envisioning a network of premium, frequent, all-day transit service to connect activity, employment, and educational centers throughout the region. The CCL is a major component and flagship project of that High Performance Transit vision.



Starting in 2010, STA and the City of Spokane evaluated 11 route/alignment options and eight propulsion methods for the CCL. Both STA and the City of Spokane adopted a “locally preferred alternative (LPA)” in 2011 for the route and propulsion system after a thorough analysis process, including comprehensive stakeholder and public outreach. The LPA originally included a rubber-tired zero-emissions Modern Electric Trolley vehicle using overhead catenary wires, but was revised in 2012 to electric bus – advances in technology meant that the battery-operated electric bus mode could meet project objectives at a reduced capital and operations cost. The original LPA also included a general alignment from the Browne's Addition Neighborhood to Gonzaga University, but in 2014 LPA was revised and alignment extended to Spokane Community College. The revised alignment extends the benefits of the CCL and increases the project's competitiveness for federal funding from the Small Starts program.

In June 2015, the Federal Transit Administration approved STA's request to enter into project development for the CCL – the first step in securing Small Starts funding. STA also convened the CCL Steering Committee to guide development of the project, comprised of local stakeholders representing downtown businesses, the University District, neighborhoods, and others. STA worked with its consultant team and the Steering Committee to finalize the CCL's downtown alignment in 2016 and provide key input on project parameters, like future operations, throughout the current project development phase.

SMALL STARTS PROGRAM OVERVIEW

First introduced as part of SAFETEA-LU in 2005 and currently authorized through fiscal year 2020 by the Fixing America's Surface Transportation (FAST) Act, the Small Starts program is intended to streamline the grant process for “smaller” transit investments. It represents a component of the larger Capital Investment Grant program which has existed for more than 30 years. Eligible projects must have a total cost less than \$300 million and total Small Starts funding sought less than \$100 million. Projects are rated with respect to a number of Project Justification criteria and Local Financial Commitment criteria (discussed further below). Projects must receive a “medium” or better total rating to be eligible for inclusion in the president's budget.

In addition to the financial thresholds described above, projects must meet certain minimum eligibility requirements. The CCL qualifies as a “corridor-based bus BRT” project meeting the following FTA Small Starts minimum requirements:

- The route must have defined, accessible stations that offer shelter from the weather and provide user information;
- The route must provide faster passenger travel times through congested intersections by using active signal priority or other means;
- The route must provide short headway, bi-directional service for at least a fourteen-hour span of service on weekdays. Short headway service on weekdays consists of either (a) fifteen-minute maximum headways throughout the day, or (b) ten-minute maximum headways during peak periods and twenty-minute maximum headways at all other times.
- The project must have a separate and consistent brand identity.

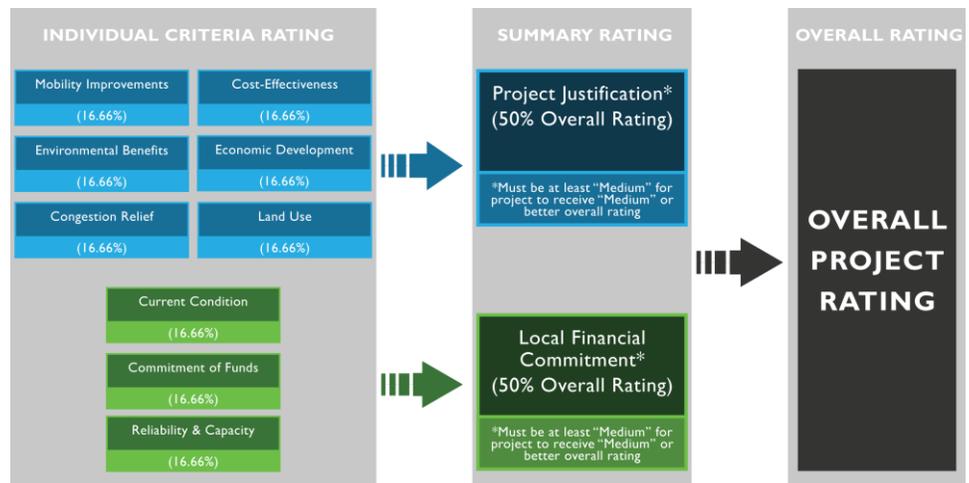
STA is requesting \$53.4 million in Federal Small Starts funds to construct the CCL. The total project cost for the CCL is \$72 million. Other capital and operations funding sources are described below. If the CCL is selected for funding, it will be recommended for inclusion in the fiscal year 2019 federal budget, with construction starting in 2019 and completing in 2021.

SMALL STARTS SCORING CRITERIA

PROJECT JUSTIFICATION CRITERIA

As shown in the figure below, there are six criteria that contribute to the rating for Project Justification, comprising 50% of the total project rating. The CCL is eligible to use a new warrants approach for the *Mobility*, *Congestion Relief*, and *Cost Effectiveness* criteria. Warrants are a pre-qualification approach that will allow the CCL automatically to receive a satisfactory “medium” rating for all three. To be eligible for this approach,

the project cost and existing corridor ridership must meet certain minimum thresholds; FTA confirmed in July 2016 that the CCL meets these thresholds and is eligible for a project up to \$100 million in total cost, based on 6,000 existing riders per day in the corridor. **The project will receive an automatic “medium” rating for all three of these criteria.**



The other Project Justification criteria evaluated by FTA includes:

- **Economic Development:** this criterion assesses the extent to which the CCL is likely to induce new transit-supportive development within the project corridor. The rating for this criterion is determined by the existing and future projected corridor economic environment; plans, policies, and regulations that support transit and new development; and plans and policies that support affordable housing within the corridor. The corridor has many supportive plans, policies, and regulation already in effect, and the recently adopted CCL Strategic Overlay Plan will help support the ratings for both Economic Development and Land Use. **The CCL is expected to receive a “medium” rating for this criterion.**

- **Land Use:** this criterion examines the current land use, development character, population, and employment present in the project corridor. The corridor has existing transit-supportive land uses through downtown and the University District, and a large share of regional employment will be served by the CCL. It is important to note that the criterion considers factors that favor the highest density areas in much larger metropolitan areas. As such, **the project is expected to receive a “medium” or “medium-low” rating for Land Use.**
- **Environmental Benefits:** this criterion assesses the benefits to human health, safety, energy, and air quality, as measured by the change in vehicle miles traveled (VMT) estimated to occur as part of the project. The change in VMT is weighed against the project’s federal funds share. **The project is expected to receive a “medium-low” rating for Environmental Benefits.**

The project is expected to receive a “medium” rating for the Project Justification criterion, based on the sub criteria ratings above.

LOCAL FINANCIAL COMMITMENT

The CCL is expected to rate favorably under the Local Financial Commitment (LFC) criteria, comprising 50% of the total Small Starts project rating. The LFC rating consists of the following criteria:

Current Capital and Operating Condition (25% of LFC rating). This criterion evaluates STA’s current and historical financial condition. STA can demonstrate outstanding financial condition owing to its lack of debt, historical positive cash flows, fleet state of good repair, and lack of service cutbacks in recent years. Additionally, the agency’s future financial condition is strengthened by voters’ approval of Proposition 1 last November. **These factors should allow STA to achieve a “high” or “medium-high” rating in this category.**

Commitment of Capital and Operating Funds (25% of LFC rating). STA can demonstrate 100% commitment of the \$18.575 million in non-5309 capital matching funds for the project, derived from three grant sources:

- Connecting Washington – \$15 million
- Regional Mobility Grant – \$2.2 million
- Congestion Mitigation and Air Quality (CMAQ) – \$1.375 million

Additionally, STA Board action affirms the commitment of approximately \$3.9 million in first-year Operations and Maintenance funds for the Central City Line. Operations and Maintenance funds are funded in part through new revenue authorized through STA Proposition 1, passed last fall. **STA is expected to receive a “high” rating based on these 100% capital and operating commitments.**

Reasonableness of Capital and Operating Cost Estimates and Planning Assumptions/Capital Funding Capacity (50% of LFC rating). This criterion assesses the resiliency of STA’s finances and the conservativeness of financial and cost assumptions for the project. STA has long designated operating cash reserves of 15% of annual system-wide operating costs (currently \$10.36 million in reserve). The *STA Moving Forward* funding plan includes a programmatic contingency of \$7.7 million. Coupled with \$4.95 million in funds set aside for future property acquisitions, STA has capacity to cover unanticipated capital cost overruns within existing and planned resources. Engineering cost estimates are consistent with recent construction bid data and industry best practices. **STA is expected to obtain at least a “medium” rating in this category.**

The project is expected to receive a “medium-high” rating for the LFC criterion, based on the subcriteria ratings above.

OVERALL RATING

In order to be recommended for funding, the CCL must receive at least a “medium” rating for both the Project Justification and LFC criteria in order to receive an overall project rating of “medium” or higher,” based on performance on the Project Justification and Local Financial Commitment criteria combined. **The project team anticipates that the CCL will receive a “medium” or “medium-high” overall rating, making the project eligible to receive funding.**

STA BOARD ACTION

Resolution No. 753-17 authorizes the Chief Executive Officer to submit the Small Starts application to FTA, and also authorizes STA to enter into the next phase of project development for the CCL.

AUTHORIZATION TO SUBMIT SMALL STARTS GRANT

With the Board’s authorization, staff is directed to submit all documentation need to finalize a formal Small Starts evaluation and rating application package by Fall 2017. This will include submitting an early submission in Spring 2017, responding to FTA inquiries and updating and revising the materials as necessary.

Subsequent to the fall application deadline, in February 2018, we expect FTA will recommend the CCL for funding in the Fiscal Year (FY) 2019 Presidential Budget. Congress takes the president’s budget proposals and FAST Act authorization targets into account when preparing each year’s transportation budget and appropriating funding for the Small Starts program. The FY2019 budget year begins October 1, 2018.

AUTHORIZATION TO BEGIN NEXT PHASE OF PROJECT DEVELOPMENT

With the Board’s authorization, STA and its consultant team will move forward with the next phase of project development starting in May 2017. The following milestones will be accomplished during the next 18 months:

- NEPA Environmental Determination (Summer/Fall, 2017)
- Finalize station locations and design parameters (Summer/Fall 2017)
- Complete 60% Engineering Design (Winter, 2017)
- Finalize Engineering Design and initiate procurement of construction and vehicle contracts (Fall/Winter, 2018)
- Formalize Memorandums of Agreement (MOAs) with the City of Spokane, Avista Utilities, Gonzaga University, Community Colleges of Spokane and others as needed (Summer/Fall, 2018)
- Submit Formal Small Starts Grant Agreement (Fall/Winter, 2018 – after grant submittal in Fall 2017)

Continued stakeholder and public outreach will be important during the design phase to coordinate design specifics and construction details.

During intermediate and final design phases, FTA may assign a project management consultant to work with STA to develop project management and risk strategies and ensure readiness for the Grant Agreement.

This phase of project development ends with receipt of the Small Starts Grant Agreement with FTA. The Construction Phase then commences in Spring 2019, with anticipated completion and beginning of revenue service in Fall 2021.