



NORTHEAST OHIO AREAWIDE COORDINATING AGENCY

MEMORANDUM

TO: NOACA Board of Directors

FROM: Grace Gallucci, Executive Director

DATE: September 2, 2016

RE: **Resolution 2016-025 – Transportation Plan and TIP Amendment – FAST Act Funds for Opportunity Corridor**

ACTION REQUESTED

The Board of Directors is asked to consider a request submitted by the Ohio Department of Transportation (ODOT) to use \$15 million of the increased funding received due to the FAST Act for the Opportunity Corridor project.

The Finance and Audit Committee has evaluated the financial impacts and recommends the item for Board consideration.

BACKGROUND

The Fixing America’s Surface Transportation Act (FAST Act) was adopted in December 2015 and provides federal funding levels through fiscal year 2020. The FAST Act provided increased funding levels from that of the previous MAP-21 authorization. As a result, NOACA will receive more funding for its administered capital programs than originally projected in the Transportation Improvement Program (TIP). The following table details the actual 2016-2017 and estimated 2018-2020 funding levels for the NOACA administered Surface Transportation Block Grant (STBG) and Transportation Alternatives (TAP) programs:

SFY	Annual STBG Allocation	STBG Increase from Current TIP	Annual TAP Allocation	TAP Increase from Current TIP
2016 Actual	\$28,999,210	\$1,597,463	\$2,899,921	\$159,746
2017 Actual	\$29,596,848	\$2,195,101	\$2,959,684	\$219,510
2018 Estimate	\$30,236,140	\$2,834,393	\$3,023,614	\$283,439
2019 Estimate	\$30,992,043	\$3,590,296	\$3,099,204	\$359,029
2020 Estimate	\$31,732,753	\$4,331,006	\$3,173,275	\$433,100
TOTAL		\$14,548,260		\$1,454,826

NOACA is estimated to receive an additional \$14.5 million STBG, which represents an average of \$2.9 million per year; and \$1.45 million TAP funds, or an average of \$290,000 per year, over the life of the FAST Act.

In 2015, the Finance and Audit Committee recommended, and the Board of Directors approved, funding policies to direct the allocation of new funds. This policy directs that any funding made available in the NOACA 2016-2019 TIP would be expended considering the following hierarchy:

1. Reduce NOACA planned debt requirements
2. Advance existing TIP project(s)
3. Fund new projects
4. Project cost increases

The current NOACA 2016-2019 TIP contains significant debt service planned for NOACA STBG funding. In fact, there are five outstanding project commitments, totaling more than \$42 M, which had been submitted to ODOT for consideration of State Infrastructure Bank (SIB) Loan and Bond program financing. ODOT informed NOACA that the SIB Loan program currently has insufficient levels to finance the requests and that NOACA STBG funds are not an eligible repayment source for the SIB Bond program. As a result, these project commitments still exist as planned debt service requirements in the TIP and as such are a priority for new funding in accordance with the above policy. However, the FAST Act increased funds are insufficient as it would take several years to fund just one of those projects.

Thus, the Board is being requested by ODOT to consider using the new funding toward the Opportunity Corridor project. Based on the funding plan submitted when the project was added to the NOACA LRTP and TIP, the project is currently programmed for SFY 2017 utilizing only ODOT administered State funds. At this time, ODOT is requesting \$15 million of NOACA administered STBG dollars toward the local share of the project as identified by ODOT in the original TRAC application. This commitment was not previously requested and therefore not yet approved by the NOACA Board of Directors. Given the size of the project request ODOT has proposed a financing strategy that would allocate \$1.5 M per year for ten years, SFY 2017-2026.

The Board will evaluate the proposed project funding request against current policies and levels of available funding for consideration of approval.

FINANCIAL IMPACT

The extra FAST Act funding is insufficient to cover any of the large projects currently scheduled for debt service in NOACA's TIP. As a result, the only viable uses for the additional funding would be the advancement of less costly projects in the TIP, the funding of new projects other than these, covering project cost increases for existing TIP projects, or carry the funds forward for future use.

Given the current unavailability of financing for existing projects planned for debt service, those projects would continue to be delayed until an acceptable financing mechanism is identified and approved, regardless of the decision made regarding this project.

Approval would allocate \$15 million of NOACA STBG dollars to the Opportunity Corridor project in accordance with the proposed financing strategy of \$1.5 M per year from SFY 2017-2016. This financing strategy is consistent with the 10-year approved approach to finance projects greater than 25% of the annual STBG program allocation, or \$7.4 million. It is also consistent with the debt policy that restricts our overall debt to 50% of annual revenues.

The request would be funded through the annual increase of funding made available through the FAST Act. The annual average FAST Act STBG increase is \$2.9 million while this request totals \$1.5 million annually. Because this is a new allocation yet to be programmed, there is no impact to existing projects in the TIP.

CONCLUSION/NEXT STEPS

Upon Board approval, the NOACA Plan and TIP would be amended according to approved the action.

GG/rl/2920c

**AMENDED - RESOLUTION 2016-025
(TRANSPORTATION PLAN AND TIP AMENDMENT –
FAST ACT FUNDS FOR OPPORTUNITY CORRIDOR)**

**RESOLUTION OF THE BOARD OF DIRECTORS
OF THE
NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**

WHEREAS, the Northeast Ohio Areawide Coordinating Agency (NOACA) is the Metropolitan Planning Organization (MPO) for the counties of Cuyahoga, Geauga, Lake, Lorain, and Medina, and the areawide water quality management agency for the same region; and

WHEREAS, the Fixing America's Surface Transportation Act (FAST Act) was adopted in December 2015 and provides federal funding levels through fiscal year 2020; and

WHEREAS, the FAST Act provided increased funding levels from that of the previous MAP-21 authorization therefore NOACA will receive more funding for its administered capital programs than originally projected in the Transportation Improvement Program (TIP); and

WHEREAS, NOACA is estimated to receive an additional \$14.5 million Surface Transportation Block Grant (STBG) program funds, \$2.9 million average per year; and \$1.45 million Transportation Alternatives Program (TAP) funds, \$290,000 average per year, over the life of the FAST Act; and

WHEREAS, In 2015, the Finance and Audit Committee recommended, and the Board of Directors approved, funding policies to direct the allocation of new funds; and

WHEREAS, This policy directs that any funding made available in the NOACA 2016-2019 TIP would be expended considering the following hierarchy:

1. Reduce NOACA planned debt requirements
2. Advance existing TIP project(s)
3. Fund new projects
4. Project cost increases; and

WHEREAS, the current NOACA 2016-2019 TIP contains significant debt service planned for NOACA STBG funding - five outstanding project commitments, totaling more than \$42 M; and

WHEREAS, these project commitments still exist as planned debt service requirements in the TIP and as such are a consideration for priority for new funding; and

WHEREAS, the FAST Act increased funds are insufficient as it would take several years to fund just one of those projects; and

WHEREAS, the Ohio Department of Transportation (ODOT) is requesting \$15 million of NOACA administered STBG dollars toward the local share of the Opportunity Corridor project; and

WHEREAS, Given the size of the project request ODOT has proposed a financing strategy that would allocate \$1.5 M per year for ten years from SFY 2017 through SFY 2026; and

**AMENDED - RESOLUTION 2016-025
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WHEREAS, the proposed financing strategy is consistent with the 10-year approved approach to finance projects greater than 25% of the annual STBG program allocation, or \$7.4 million; and

WHEREAS, the request would be funded through the \$2.9 million annual increase of STBG funding made available through the FAST Act; and

WHEREAS, because this is a new allocation yet to be programmed, there is no impact to existing projects in the TIP; and

WHEREAS, given the current unavailability of financing for existing projects planned for debt service, those projects would continue to be delayed until an acceptable financing mechanism is identified and approved.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Northeast Ohio Areawide Coordinating Agency, consisting of 45 principal officials serving general purpose local governments throughout and within the counties of Cuyahoga, Geauga, Lake, Lorain, and Medina that:

Section 1: NOACA will commit \$15 million of STBG dollars to the Opportunity Corridor project, to be paid at an amount equal to \$1.5 million annually from SFY 2017 through SFY 2026.

Section 2: The NOACA transportation plan and TIP are amended to reflect the approved funding request.

Section 3. The Executive Director is authorized to develop and execute an interagency or other agreement between and amongst NOACA, the City of Cleveland and the Ohio Department of Transportation to define the financing structure and terms and conditions, including 0% interest, conditions for distribution of funds, procedural mechanics for repayment and any other aspects that may be necessary to ensure appropriate execution of the NOACA Board approval of a project funding maximum not-to exceed \$15,000,000 for CUY OPPORTUNITY CORRIDOR PHASE III: PID 96833

Section 4: The Executive Director is authorized to transmit certified copies of this resolution to appropriate federal, state, and local agencies.

Certified to be a true copy of a Resolution of the Board of Directors of the Northeast Ohio Areawide Coordinating Agency adopted this 9th day of September 2016.

Secretary: 

Date Signed: Sept 9 2016