

# RAMSEY COUNTY REGIONAL RAILROAD AUTHORITY

September 6, 2011

The Ramsey County Regional Railroad Authority met with the following members present: Bennett, Carter, Ortega, Parker, Reinhardt, Rettman, McDonough – 7. Absent: 0. Also present was Julie Kleinschmidt, County Manager and James Mogan, Assistant County Attorney, Ramsey County Attorney's Office.

Chair McDonough called the meeting to order at 9:35 AM.

## AGENDA

Commissioner Rettman moved approval of the Agenda of the September 6, 2011 Board Meeting, seconded by Commissioner Carter. Roll Call: Ayes – Carter, Ortega, Parker Reinhardt, Rettman, Bennett, McDonough – 7. Nays – 0.

## MINUTES

Commissioner Rettman moved approval of the Minutes of the August 16, 2011 Board Meeting, seconded by Commissioner Carter. Roll Call: Ayes – Carter, Ortega, Parker, Reinhardt, Rettman, Bennett, McDonough – 7. Nays – 0.

### 1. Resolution supporting the enactment of a federal transportation bill

Commissioner Reinhardt moved approval of the following resolution, seconded by Commissioner Ortega. Roll Call: Ayes – Carter, Ortega, Parker Reinhardt, Rettman, Bennett, McDonough – 7. Nays – 0. (R11-30)

WHEREAS, The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) was signed into law on August 10, 2005 and provided \$286.4 billion in federal funds for surface transportation; and

WHEREAS, SAFETEA-LU expired on September 30, 2009, and has been extended by continuing resolutions through September 30, 2011; and

WHEREAS, An additional continuing resolution or a new federal surface transportation bill will need to be enacted prior to September 30, 2011, or federal funding for surface transportation will cease; and

WHEREAS, The loss or reduction of federal funding for surface transportation will negatively impact the Ramsey County Regional Rail Road Authority's construction and planning projects; and

WHEREAS, These projects include the Central Corridor, the Union Depot, and the Gateway, Rush Line, Red Rock, and Robert Street corridors (Priority Projects); and

WHEREAS, These projects require a stable and predictable federal funding source; and

WHEREAS, The loss of a stable and predictable federal funding source will negatively impact the ability of the RCRRA to advance its Priority Projects; and

WHEREAS, The Ramsey County Regional Railroad Authority supports maintaining or increasing the \$286.4 billion in federal surface transportation funding provided under SAFETEA-LU. Now, Therefore, Be It

RESOLVED, The Ramsey County Regional Railroad Authority supports the passage by Congress of a six-year surface transportation bill that provides at least \$286.4 billion in federal funding for surface transportation; and Be It Further

RESOLVED, The Ramsey County Regional Railroad Authority supports the distribution of at least \$52.6 billion from the next six year surface transportation bill for mass transit; and Be It Further

RESOLVED, The Ramsey County Regional Railroad Authority supports increased funding as essential to the continued advancement of the Ramsey County Regional Railroad Authority's Priority Projects and putting Americans back to work.

## 2. 2012-2013 RCRRRA Proposed Budgets

Tim Mayasich, Ramsey County Regional Railroad Authority (RCRRRA) Director, presented the proposed RCRRRA budgets for 2012-2013.

The 2012-2013 Proposed Regional Railroad Authority Budget was distributed on 7/26/11. Corrected pages were distributed 8/23/11. The total budget for 2012 is \$15,202,568, which is a 90.2% decrease from the 2011 approved Rail Authority budget. The total budget for 2013 is \$17,127,615, which is a 12.7% increase over the 2012 target budget.

As submitted, this budget allows us to continue to provide essential Rail Authority services and advance the development of key infrastructure projects such as the Central Corridor and Union Depot.

This budget continues the long-term capital financing plan adopted in 2005 for funding the Rail Authority's share of transit projects. Since 2007, the Rail Authority tax levy has been approved for \$19,938,811. This levy amount has allowed the Rail Authority to advance the development of the Central Corridor and Union Depot projects, as well as continue studies on other Rail Authority corridor projects. The 2012 – 2013 budgets the Rail Authority is proposing, includes no levy increase with the certified maximum levy holding at \$19,938,811.

The 2012-2013 capital budget has decreased significantly from the approved 2011 budget. The Union Depot renovation/reconstruction project was fully budgeted through 2011. The 2012-2013 budget includes the Rail Authority's funding commitment for the Central Corridor Light Rail Transit project and funds for general property acquisition.

The Rail Authority obligation for the Central Corridor light rail project is \$66.4 million. The federal full funding grant agreement from the Federal Transit Administration was received this past spring. Construction began in the fall of 2009 and is on schedule to open in 2014. The proposed budget provides sufficient funding to fulfill the Rail Authority's obligations on the Central Corridor through 2013. The Rail Authority also continues to budget for property acquisition for future transit corridors in our capital budget.

The proposed budget also provides sufficient operating funds for administration and other corridors being studied by the Rail Authority. As other departments are struggling with reducing their budgets, Rail Authority staff has recognized that reductions in our operating budget line items are imperative in these challenging economic conditions. Most line items have been reduced in the administrative operating budget by 6% in 2012 and another 6% in 2013.

As state and federal funding opportunities continue to diminish, the Rail Authority and other local entities are having to increase their funding commitment for transit and transportation studies. This work is vital to bringing future modes of transit and transportation to the Union Depot and connecting to the regional transit and transportation system. The corridor budgets for the Rush Line, Robert Street, Gateway, High Speed Rail, and Riverview Corridors have increased from 2011 to 2012 to advance these corridors through the project development process.

In 2013, each of the cost centers in the operating budget has been reduced except for the Union Depot and the Gateway Corridor. In 2013, the Rail Authority will assume the operations of the Union Depot and the target budget amount has increased substantially from 2012 to 2013. The numbers included in the 2013 budget for the Union Depot are the department's best estimate with many of the numbers provided by the Property Management Department based on past history of the Union Depot operations, estimates of comparison to the Ramsey County Courthouse operations, and the Ramsey County Law Enforcement Center. A study is currently underway from HR&A Advisors that will provide better cost/revenue estimates for the 2013 budget. The estimates are anticipated to be available later this month.

In 2013, the Gateway Corridor operating budget increased due to costs associated with the alternatives analysis study.

The Rail Authority is reducing its budgeted personnel complement by .50 FTE. This position was created at a time when the Rail Authority was preparing to lead the design and engineering components of the Central Corridor project. The Metropolitan Council has assumed responsibility for these tasks associated with the development of the Central Corridor project, therefore, eliminating the need for the Rail Authority to fill the position.

Revenue generated from dedicated funding sources for transit and transportation continues to diminish at both the federal and state levels. These dedicated funds no longer generate the revenue required to sustain current and future operating and capital needs for transit and transportation programs. Non-dedicated funding sources such as federal earmarks can no longer be considered a viable funding option. Congress recently issued a moratorium on earmarks causing further reductions in the availability of federal funds for transit and transportation infrastructure projects.

The Rail Authority will continue work with its partners on finding a long term funding solutions for transit and transportation programs such as the Corridors of Opportunity Program. The Rail Authority will continue its collaboration with its partners to advance the development of the transit corridors that will service the state and the region via their connection to the Union Depot.

Chair McDonough commented that the budget amounts for 2011, 2012 and 2013 contain planned use of fund balance. The budget process was utilized this way because they knew the Central Corridor and Union Depot projects would carry large expenditures, for which they accumulated funds early on. This budget plan also allowed them to have a zero levy increase.

Commissioner Parker asked if we are building up more fund balance than necessary and if the tax levy could be lowered rather than kept the same.

Mr. Mayasich said we are utilizing all funds available to the RCRRRA today to cash flow the major projects such as the Union Depot and other corridor projects. He suggested they not reduce the tax levy at this time not knowing what the cost would be to operate the Union Depot in 2013, as they are working off their best estimates today.

Chair McDonough added that the goal of the Union Depot is to cash flow the project without bonding, but they aren't at that point yet and they may have to resort to bonding or borrowing from the Ramsey County general fund.

Julie Kleinschmidt, Ramsey County Manager, reminded the board that the plan they adopted in 2008 went through 2015 with the idea to keep the property tax levy stable through 2015.

Commissioner Rettman asked that a clearer rendition of the fund balance and levy use be detailed in the final budget.

Ms. Kleinschmidt said they did that for the HRA board and will provide it for this board when the budget is presented for approval in December 2011.

Commissioner Parker asked about the expenditure increase from 2011 to 2012 for the Rush Line and High Speed Rail (HSR) corridors.

Mr. Mayasich said the Rush Line corridor is moving into the alternatives analysis phase, which is the reason for the increase. HSR will also move into a phase of further analysis and study that will require additional expenses which are included in the budget. HSR committed funds are rail authority contributed funds from the counties along the corridor.

Commissioner Rettman commented that there has been great effort to keep the budget frugal while getting what we need, especially coming into the Union Depot.

Commissioner Rettman asked for further details about the personnel summary and the quarterly report of contracts and was told that the information will be provided to her.

3. Central Corridor project update and approval of existing RCRRRA funding for project contingency items

[The Central Corridor Light Rail Transit project update is on file with the RCRRRA office]

Mark Fuhrmann, New Starts Program Director, Metropolitan Council, provided a quick overview of the overall contingency program for the Central Corridor Light Rail Project (CCLRT). He briefed the board on how the Federal Transit Administration requires them to manage their contingency through Cost Contingency Hold Points. Some of the contingency can now be used for project elements that had been deferred. The project is currently at the phase 4 milestone, or 20% constructed. There is \$29.4 million of Project Contingency available. There is also \$34 million in budget Underrun Contingency. Therefore, \$63.4 million can be used. Mr. Fuhrmann said unanimous approval is needed from their project partners to use the \$34 million of underrun contingency. For 2011, there is a demand for \$58.1 million of the contingency, as \$5.3 million has not been identified for committing funding. The breakdown of the contingency commitment is \$2.1 million for startup costs, \$2.3 for project enhancements, and \$53.7 million for light rail vehicles. Mr. Fuhrmann explained that the Metropolitan Council has an opportunity exercise the option to purchase 16 additional light rail vehicles under the existing contract at a base price of \$3.355 million for each vehicle. This base price expires on September 29, 2011, and on September 30 the price increases by \$214,000.

The commitment of \$2.3 million in project enhancements, which were requested by the project partners, is broken down as follows: Marketing Businesses (to build upon Discover Central Corridor Campaign) - \$1.20 million; Minneapolis Traffic Signal - \$0.45 million; St. Paul Alley Improvements \$0.60 million; University Light Fixtures - \$0.01 million.

Commissioner Parker asked if the St. Paul alley improvements will include the provision of additional parking.

Mr. Fuhrmann said no, it is only to improve alleyway access. This is an opportunity to repave the alleys, and enhance access to businesses for parking and delivery truck access during light rail construction along University Avenue.

Commissioner Rettman asked if it will be the north and/or south sides of University Avenue that would receive the alley improvements. She also asked if there will be any assessment of adjoining property owners in the locations, and wanted assurance that the property owners wouldn't be taxed for the alley improvements because the Central Corridor Project Office is paying for the improvements. She added that there is concern that the improved alley access would create a permanent alternative thruway for regular street traffic in the future causing a problem for residents (and businesses) along the alleys.

Mr. Fuhrmann said he would find out the improvement locations from the project engineers and get back to her later today. He said it is not the intention of the project or the City of St. Paul for the alley improvements to create a new traffic cut-through route and this can be enforced with additional signage by the City. The improvements would be for alley level design and not for thru-traffic of any sort. The City felt that the alley improvements in these segments of University Avenue would be a long-term benefit to the businesses.

Commissioner Bennett agreed with the concerns raised by Commissioner Rettman.

Chair McDonough reiterated Commissioner Rettman's concern about the assessments, and said they may have to look into the City's management of the alleys in the future and how they get assessed. He said the issue of determining when the project is responsible for mitigation verses the individual homeowners or businesses has been raised since the beginning. He suggested that it might be useful to invite the City of St. Paul to a future RCRRRA meeting to discuss their construction mitigation activities.

Commissioner Rettman said she agrees the alley improvement is for mitigation but wants it to be an amenity that does not become a future responsibility of the property owners in the area.

Mr. Fuhrmann said he will alert St. Paul Public Works and the Mayor's Office of this discussion so that they are aware of the concern and know that a fuller picture of the enhancements will be desired by the RCRRRA at some point in the future.

Mr. Fuhrmann concluded his presentation by detailing the project's timeline for seeking approval from each of the project partners on the action requested of the RCRRRA today.

Commissioner Ortega moved approval of the following resolution, seconded by Commissioner Parker.

Commissioner Reinhardt asked if the 7% share was constant or if it was just for this particular motion.

Mr. Fuhrmann said the 7% is what was agreed upon at the Preliminary Engineering phase and is based on track mileage in Ramsey and Hennepin County. The 7% will remain throughout the project.

Roll Call: Ayes – Carter, Ortega, Parker, Reinhardt, Bennett, McDonough – 6. Nays – Rettman - 1.  
(R11-31)

WHEREAS, The Ramsey County Regional Railroad Authority has supported implementation of the Central Corridor Light Rail Project in a way that provides maximum benefits to the citizens of Ramsey County, and

WHEREAS, Project construction has progressed to a point that allows use of some budgeted contingency funds for project improvements, and

WHEREAS, Contingency expenditures must be for improvements that enhance the project, and

WHEREAS, Approximately \$2.38 million in existing Ramsey County Regional Railroad Authority local share is required to match other project funds and support \$34 million in contingency expenses. Now, Therefore, Be It

RESOLVED, The Ramsey County Regional Railroad Authority approves the use of up to \$2.38 million of its existing funding commitment to the Central Corridor Light Rail Project as its seven percent share of a \$34 million contingency expenditure for the project.

### CORRIDOR UPDATES

- Union Depot  
Commissioner McDonough reported that on Monday, September 5 the St. Paul Pioneer Press did a front page article on the Union Depot project.
- High Speed Rail (HSR) Corridor  
Commissioner Rettman reported that the HSR Commission met last week and has been very pleased with the communications work that has been taking place at the staff level. They also moved forward with keeping the budget level.

### ADJOURNMENT

There being no further business, Chair McDonough declared the meeting adjourned at 10:55 AM.