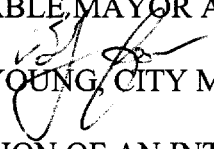


City of Alexandria, Virginia

MEMORANDUM

**DATE:** FEBRUARY 21, 2012

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** RASHAD M. YOUNG, CITY MANAGER 

**SUBJECT:** CONSIDERATION OF AN INTERMIM INCREASE IN THE BUDGET FOR POTOMAC YARD METRORAIL STATION ENVIRONMENTAL IMPACT STATEMENT STUDY PROJECT

**ISSUE:** Consideration of an interim increase in the budget for the Potomac Yard Metrorail Station Environmental Impact Statement (EIS) study project.

**RECOMMENDATION:** That City Council approve an interim allocation of \$600,000 from the Potomac Yard Metrorail Station CIP account for funding of the Potomac Yard Metrorail Station Environmental Impact Statement (EIS) study project for a three-month period until the Phase III budget for the EIS are known as a result of negotiations among the City, the Washington Metropolitan Area Transit Authority (WMATA), and WMATA's EIS contractor.

**BACKGROUND:** On June 22, 2010, City staff updated Council on the environmental study project indicating that a change in class of action, from a less intensive Environmental Assessment (EA) study process to a far more intensive Environmental Impact Statement (EIS) study process, was necessary. As a result the environmental study budget was expected to increase and to be in excess of \$2 million. Based on the potential of environmental impacts to the area, as well as the potential impacts to the George Washington Memorial Parkway property, wetlands and the inclusion of the National Park Service (NPS) as a cooperating agency, the Federal Transit Agency (FTA) which is the lead federal agency for the EIS, determined the EIS as the appropriate class of action for this project. The City and the WMATA also accepted this study upgrade as it is vital to the project to have NPS concurrence, as well as to have the resulting environmental study to be considered full and complete in the event of an administrative or legal challenge which sometimes occurs when dealing with certain federal interests such as NPS parkland. A challenge could result in a multi-year delay in the initiation of construction of a Metrorail station at Potomac Yard. A delay would likely increase project construction costs. The total project all-in costs have been estimated at \$240 million.

In the June 2010 docket memorandum to Council, when staff indicated that the cost of the project would exceed \$2 million and Council increased the project budget to \$2.1 million, City staff indicated that they would return to Council for approval of the EIS budget when it was known what that budget would be. That did not occur until this docket report, while the EIS

process progressed for more than a year establishing the scope and alternatives to be included in the EIS. In order to keep to the planned project schedule, the EIS study proceeded and now it is estimated that the EIS cost will be about \$4.2 million which is consistent with other EIS projects of this scope. WMATA has indicated that the \$4.2 million cost estimate for the EIS is below what they typically experience for a \$240 million project. Negotiations over EIS Phase III, which will be the largest cost element of the project (about 60% of project costs), have not yet been initiated, so this \$4.2 million is an estimate. While the EIS final budget is not yet known, a \$0.6 million interim allocation of City Potomac Yard Metrorail Station Fund CIP funds is requested at this time as the EIS project has utilized all its available cash, and it is desired that the EIS study not stop while Phase III negotiations are ongoing to keep the project on schedule.

In June 2010, Council approved the transfer of \$1 million in State provided Urban Funds which are comprised of federal monies to the Potomac Yard Metrorail Station environmental study project. TES staff initiated the request to transfer these funds by VDOT to WMATA over a year ago. To date these funds have not as yet been transferred by VDOT and the federal government to WMATA which has created an EIS study cash flow issue. VDOT has recently indicated that they believe that the transfer will be completed by July 1 of this year.

The EIS study project was initiated in late 2010 when WMATA hired AECOM, which is a large national planning, engineering and architectural firm. It should be noted that AECOM is one of a few consulting companies that have completed EIS studies for proposed Metrorail stations. They are well respected in their field of expertise and have experts in each of the disciplines on staff. WMATA representatives have stated that AECOM is one of the best contractors in regard to quality of work and reasonableness of cost.

The EIS study project has proceeded through preliminary environmental analysis (Phases I and II) to a point where the breadth of the work for the remaining EIS document can now far better be anticipated. Both the public scoping and screening of 36 alternatives have been completed to date and three alternative station locations have been identified for further study in addition to the no-build alternative. It should be noted that it was originally assumed when the EIS started that two alternatives not three would be fully analyzed. During scoping and screening of the alternatives under the EIS process, a third new alternative, technically viable from an engineering viewpoint, emerged as a potential location. (Alternative D is an elevated station and elevated track line which would be built in Potomac Yard and not along the existing Metrorail tracks.) This new potential location with its complicated engineering is one of the reasons that the estimated EIS study costs have substantially increased.

The federal government's defined EIS study process under the National Environmental Policy Act (NEPA) requires an exhaustive, complex and in-depth analysis of engineering, environmental, social and fiscal issues related to the project being studied. For example, the process mandates studying a wide range of alternatives, even those that some participants may seriously question. The study is also iterative in that when the study starts the full range of the study is not always known, and that a study becomes defined as the EIS progresses through its initial phases. This is what occurred in the instance of the Potomac Yard Metrorail Station EIS. In addition an EIS is produced under the supervision of the cognizant federal government agency (in this case the Federal Transit Administration), and not the initiating state or local government agency that pays for the EIS. This, coupled with the direct management of the EIS project by a third party (ie, WMATA), makes project management more challenging than a typical City

capital project. The difficulty of adding an inline Metrorail station to an existing operating system also makes this project very complex.

A preliminary budget for the full environmental analysis and EIS document has been developed as shown below assuming a preliminary cost estimate for Phase III. Once AECOM provides their cost estimate for Phase III, City and WMATA staff will negotiate to ensure that the project is conducted at the most reasonable cost feasible. Because this is a project requested by a locality, under WMATA's policies, 100% of all project costs must be provided by the locality. WMATA does not contribute any of its operating or capital funds to station infill or enhancement projects. (This is how the New York Avenue station infill project was funded, as well as how the King Street Metrorail Station second entrance project was funded.) Once negotiations with the consultant are completed, City staff will return to City Council for authorization for the full EIS anticipated budget. Staff anticipates returning to Council in April.

The current estimated EIS project budget is shown below:

| <b>EIS Task Item</b>                                       | <b>Estimated Budget<br/>(\$ in millions)</b> |
|--|--|
| Surveying  | \$0.2  |
| EIS Task I – Scoping                                       | 0.3  |
| EIS Task II - Screening/Preliminary Environmental Analysis | 0.5  |
|  |  |
| EIS Task III (to be finalized in March/April, 2012)        | 2.5  |
| WMATA Project Management                                   | 0.5  |
| WMATA Project Administrative Fee                           | 0.1  |
| Preliminary Engineering                                    | Incl. in EIS Task III                        |
|  |  |
| Contingency  | 0.1  |
| <b>Currently Estimated Budget</b>                          | <b>\$4.2</b>                                 |

EIS estimated cost increases of \$2.1 million over the previous approved funding of \$2.1 million are primarily due to the following reasons:

| <b>Major EIS Project Budget Increase Drivers</b>  | <b>Budget Increase<br/>Cost Drivers<br/>(\$ in millions)</b> |
|---|--|
| Addition of National Park Service as a Cooperating Agency   | \$0.2  |
| Greater detail of analysis due to additional project needs identified in the scoping and screening stages | \$0.7  |
| Addition of a third alternative (D Alternative) identified through the scoping process                    | \$0.4  |
| Large number of alternatives to screen  | \$0.5  |
| WMATA additional Project Management   | \$0.3  |
| <b>Currently Estimated Project Budget Increase</b>  | <b>\$2.1</b>   |

After the EIS study is completed, the next step would be additional engineering and document preparation for the subsequent design build contract bid process using the to-be-selected Locally Preferred Alternative station location site. The estimated EIS budget does not include these costs, as this is a post-EIS completion activity. As the project is entering Phase III of the EIS, staff will provide the City Council and Potomac Yard Metro Implementation Group (PYMIG) a quarterly written update as to the project schedule, scope, and budget.

**FISCAL IMPACT:** As noted above, TES and WMATA staff estimates that \$4.2 million would be required for the Potomac Yard Metrorail Station EIS. Because the Phase III cost is not finalized, and because staff recommends that the project not be halted during the Phase III contract negotiations, it is recommended that the requested \$600,000 be allocated at this time using available Potomac Yard Metrorail Station CIP funds. To date, Council has authorized \$1.1 million in interest earnings on prior grant funds held in the City's name at WMATA and \$1.0 million in State-provided federal funds through the VDOT's Urban Funds program.

Complicating matters is the fact that the State and Federal governments have not yet approved transfer of the \$1.0 million Urban Funds to this project. That transfer is expected to be approved in the next four months, but it takes a number of State and Federal agencies to approve this transfer before the Urban Funds can be drawn down to pay for the EIS. This has created a cash flow issue, which along with the identified projected EIS budget shortfall triggered this request for an interim allocation.

The balance of the required funds estimated to complete the EIS is \$2.1 million. It is recommended that \$0.6 million be allocated at this time, with the balance to be allocated in April when the total EIS project budget is known. These funds would be drawn from non-General Fund monies from the City's Potomac Yard Station Fund in the City's CIP. The Station Fund includes Potomac Yard special tax district tax revenues, Potomac Yard incremental tax base growth revenues, as well as developer contributions from PYD.

**STAFF:**

Mark Jinks, Deputy City Manager

Richard J. Baier, P.E., LEED AP, Director, T&ES

Abi Lerner, P.E., Deputy Director, T&ES

Sandra Marks, Division Chief, Transportation Planning, T&ES

Susan Gygi, Potomac Yard Project Manager, T&ES