

## 5 Next Steps and Funding

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This chapter provides a summary of the key next steps in the Southwest LRT Project Development process, as well as a brief description of the project's proposed funding and estimated capital costs. This chapter includes the following sections:

- 5.1 Next Steps and Schedule
- 5.2 Funding
- 5.3 Capital Costs

### 5.1 Next Steps and Schedule

After this Supplemental Draft EIS is published, the following project milestones for the Southwest LRT Project are anticipated:

- **Supplemental Draft EIS Comment Period.** The Supplemental Draft EIS is now available for public and agency comment. In addition, public hearings will be held during the comment period. See the Abstract at the beginning of this document for: how to obtain or view the Supplemental Draft EIS, appendices, and supporting documents; the duration of the public comment period; the times, dates, and locations of the public hearings; and how to submit comments on the Supplemental Draft EIS.
- **Final Environmental Impact Statement (Final EIS) and Record of Decision (ROD).** The Federal Transit Administration (FTA) and the Metropolitan Council (Council) will prepare and publish the Final EIS and the project's ROD<sup>1</sup>. The Final EIS will document and address the comments received on the 2012 Draft EIS and this Supplemental Draft EIS. The Final EIS will also describe the mitigation measures associated with the project. The ROD will state FTA's project decision, identify the alternatives considered and selected, and itemize mitigation commitments. The ROD must be issued before federal funding and permits can be issued.
- **Final EIS Adequacy Determination.** Following publication of the Final EIS, the adequacy of the Final EIS will be determined in accordance with Minnesota Statute (MS) 4410.2800. This statute notes that the Final EIS must sufficiently address the following to be determined adequate: (1) the potentially significant issues and alternatives raised in scoping so that all significant issues for which information can be reasonably obtained have been analyzed (as per MS 4410.2300, items G and H); (2) responses to the substantive comments received during the draft EIS review concerning issues raised in scoping; and (3) that the Final EIS was prepared in compliance with the procedures of the Minnesota Environmental Policy Act and MS 4410.0200 to 4410.6500. All persons receiving copies of the Final EIS will be notified of the adequacy determination and public notice of the determination will be published in the *Environmental Quality Board Monitor*.

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<sup>1</sup> FTA can determine whether the project would issue a combined FEIS and ROD based on the criteria outlined in the *Final Guidance on MAP-21 Section 1319 Accelerated Decision making in Environmental Reviews* (US DOT; November 12, 2014), which reads: "Section 1319(b) directs the lead agency, to the maximum extent practicable, to expeditiously develop a single document that consists of an FEIS and ROD, unless certain conditions exist." Whether combining the FEIS and ROD is practicable is a determination specific to the EIS process for a particular proposed project. In light of the statutory purposes of MAP-21 provisions on expediting project delivery, including the section 1319 purpose of accelerating environmental reviews and decision making, FTA considers the facts and circumstances relevant to the EIS process when deciding whether the use of a combined FEIS/ROD process for a particular project is practicable. Traditionally, and in accordance with the CEQ Regulations (40 CFR 1506.10(b)(2)), FEIS and ROD documents are issued as separate documents with a minimum 30-day period between the FEIS and ROD. Section 1319(b) directs the lead agency to combine the FEIS and ROD into a single document, unless the lead agency determines that certain considerations warrant separate documents.

- **Clean Water Act (CWA) 401/404 Permit Approval.** Concurrent with the NEPA review of the Southwest LRT Project, the USACE is leading the project's Section 404 Permit review process. FTA and the USACE are implementing a NEPA/404 merger process, which includes the following four sequential concurrence points at key milestones: (1) Project Purpose and Need; (2) Array of Alternatives and Alternatives Carried Forward; (3) Identification of the Selected Alternative (including USACE's determination that the project's LPA is the apparent least environmentally damaging practicable alternative); and (4) Design Phase Impact Minimization. Documentation of the USACE's concurrence with the first three of these four key milestones is provided in Appendix E, Agency Coordination Letters. Based on that concurrence, the Council will submit to the USACE a Permit for Discharges of Dredged or Fill Material Into Waters of the United States in the form of a *Joint Application Form for Activities Affecting Water Resources in Minnesota*, in compliance with part 33 CFR 323, pursuant to Section 404 of the CWA. The USACE will provide a public comment period on the application. USACE evaluation of a Section 404 permit application involves multiple analyses, including (1) evaluating the impacts in accordance with NEPA (33 CFR part 325), (2) determining whether the proposal is contrary to the public interest (33 CFR § 320.4), and (3) determining whether the proposal complies with the Section 404(b)(1) Guidelines (Guidelines) (40 CFR part 230. See Section 3.1.2.7 of this Supplemental Draft EIS for additional information on the wetland permitting processes. Section 401 of the CWA requires any applicant for a federal license or permit to conduct an activity that may result in a discharge of a pollutant into waters of the United States to obtain a certification from the State in which the discharge originates that the discharge complies the applicable water quality standards. The 401 certification will become a condition of the USACE Section 404 permit.
- **Minnesota Wetland Conservation Act (WCA) State/Local Permit Approval.** A *Joint Application Form for Activities Affecting Water Resources in Minnesota* will be completed and submitted to the MN Board of Soil and Water Resources and each applicable Local Government Unit that is responsible for reviewing wetland impacts and implementing the WCA within their respective jurisdiction. This application will document the project's efforts to meet the WCA requirements and will include a replacement plan with mitigation measures for proposed wetland impacts. Upon receipt of a complete application, each Local Government Unit will provide a Notice of Application and comment period for the Technical Evaluation Panel. Based on input provided by the Technical Evaluation Panel, the Local Government Units will make a decision on whether or not the project's request meets the WCA rules. Each Local Government Unit will then issue an official Notice of Decision that either approves or denies the project's request to move forward with the wetland impact and mitigation associated with the project. Beyond the WCA requirements listed above, each Local Government Unit generally requires an additional permit(s) specific to locally enforced ordinances that are associated with wetland impact. The submittal and approval of the local permit applications will follow the same general timeline as the joint application mentioned above.

## 5.2 Funding

The Council funds its facilities, services, and programs through a combination of revenue sources, including a sales tax dedicated for transit capital and operating costs, motor vehicle excise tax, state and federal grants, passenger fares, and bond proceeds. The Southwest LRT Project is one project in the Transit System Plan, which is a component of the 2030 Transportation Policy Plan adopted by the Council on November 10, 2010.

The Council intends to seek Capital Investment Grant (CIG) Program funding from FTA for the Southwest LRT Project, as examined in the Draft EIS and this Supplemental Draft EIS. The CIG program, more commonly known as the New Starts, Small Starts, and Core Capacity program, involves a multi-year, multi-step process that project sponsors must complete before a project is eligible for funding. The steps in the process and the basic requirements of the program can be found on FTA's website at <http://www.fta.dot.gov>.

FTA must evaluate and rate proposed projects seeking funding from the CIG Program under a set of project justification and local financial commitment criteria specified in law. The criteria evaluate the merits of the project and the project sponsor's ability to build and operate it as well as the existing transit system. FTA assigns ratings from low to high based on information that project sponsors submit on the project cost,

benefits, requested amount of CIG Program funds, and overall financial plan. Projects must receive a medium or better overall rating to advance through the steps in the process and be eligible for funding from the program. As projects proceed through the steps in the process, information concerning costs, benefits, and impacts is refined and the ratings are updated to reflect new information. Changes in federal law instituted by the Moving Ahead for Progress in the 21st Century Act (commonly known by the abbreviation MAP-21) will require FTA to evaluate and rate the project for federal funding after the completion of the NEPA process.

Chapter 8 of the Draft EIS provides an overview of the project's capital and operating funding strategies, which the project's 2010 New Starts submittal to FTA was based on. The Council's financial strategy remains consistent with the strategy identified in the Draft EIS, assuming that the agency would secure one-half the cost of the Southwest LRT Project in New Starts funding for the project. The remaining funding is assumed to come from the Counties Transit Improvement Board (CTIB) (30 percent), the State (10 percent) and the Hennepin County Regional Railroad Authority (HCRRA) (10 percent). The Council has secured similar size grants in the past, receiving 50 percent federal funding to help fund the Blue Line and Green Line.

The Council updated the project's New Starts submittal in September 2014 to reflect ridership, costs, and other evaluation measures current at the time of the submittal. The project's Final EIS will reflect the latest New Starts submittal.

The proposed Locally Requested Capital Investments (LRCIs) (see Section 2.6) are currently anticipated to be funded in full by the respective local agencies. The costs of implementing the proposed LRCIs are currently not part of the CIG Program project for which the Council is requesting funding from the FTA. At the time this Supplemental Draft EIS was prepared, sources of funds to finance the construction of the proposed LRCIs had not been finalized.

### 5.3 Capital Costs

This section provides a summary of the capital cost estimates provided in the Draft EIS for the light rail alternatives under consideration at that time, as well as the LPA's capital cost estimates reflecting adjustments identified by the Council on April 9, 2014, and July 9, 2014. Both sets of capital cost estimates are based on FTA's Standard Cost Category (SCC) workbook, current at the time the capital cost estimates were prepared.

The SCC workbook is a tool developed by FTA to calculate and summarize capital costs into 10 common cost categories for projects seeking CIG funds. The SCC workbook is used to help calculate capital costs using current base year dollars and year-of-expenditure dollars. Base year dollars for the Draft EIS were 2012 dollars and base year dollars for the Supplemental Draft EIS are 2014 dollars, reflecting the documents' publication years. Year-of-expenditure dollars escalate the base year dollars into future year dollars based on when those dollars would actually be spent by the project and a projected future inflation rate per year. Year-of-expenditure dollars, which also include projected finance costs, are used to determine the level of funding needed to construct the project.

Table 8.1-1 in the Draft EIS (as corrected, November 21, 2012) provides a summary of the capital cost estimates for LRT 1A, LRT 3A, LRT 3A-1, LRT 3C-1, and LRT 3C-2 by FTA SCC. (See Section 2.2 of this Supplemental Draft EIS for a brief description of the LRT build alternatives evaluated in the Draft EIS.) All costs in the Draft EIS are expressed in 2012 dollars, which was the current base year for costing when the Draft EIS was published. The total project capital costs documented in the Draft EIS ranged from approximately \$927 million to \$1,732 million (in 2012 dollars), depending on the alternative.

Table 5.4-1 summarizes the project's current cost estimate for the LPA, reflecting adjustments identified by the Council on April 9, 2014 and July 9, 2014. (See Section 2.4 of this Supplemental Draft EIS for a summary of the process used by the Council to identify those adjustments.) The costs in Table 5.4-1 are by FTA SCC and are expressed in both 2014 base-year dollars and year-of-expenditure dollars. Year-of-expenditure dollars use an inflation rate of 3.0 percent per year from the base year to the year that they are expended, compounded annually, and include estimated finance costs, which are not included in the base-year cost estimate. In summary, the LPA's base-year cost (in 2014 dollars without contingency) would be

approximately \$1,462 million, and total cost to fund the project would be approximately \$1,653 million (in year-of-expenditure dollars).

**TABLE 5.4-1**

Base-Year and Year-of-Expenditure Capital Cost Estimates of the LPA, by FTA SCC (base year in 2014 dollars, in thousands)

SCC	Base Year (2014) (\$1,000)	Year-of-Expenditure (\$1,000)
Guideway & Track Elements	\$383,264	\$418,181
Stations, Stops, Terminals, Intermodal	\$75,200	\$81,825
Support Facilities: Yards, Shops, Administration Buildings	\$56,500	\$61,938
Sitework & Special Conditions	\$134,837	\$145,863
Systems	\$154,790	\$173,241
Right-of-Way, Land, Existing Improvements	\$163,209	\$176,579
Vehicles	\$117,757	\$126,846
Professional Services	\$243,205	\$258,732
Unallocated Contingency	\$132,861	\$145,244
Finance Costs	\$0	\$65,000
<b>Total</b>	<b>\$1,461,622</b>	<b>\$1,653,449<sup>a</sup></b>

<sup>a</sup> On April 27, 2015, the Council released a revised project cost estimate of approximately \$1.994 billion – an approximately \$341 million increase over the year-of-expenditure budget. The additional costs are primarily related to poor ground conditions along the Southwest LRT line, soil contamination in St. Louis Park and Hopkins, project delays due to additional studies, and property acquisitions and relocations. The funding strategy discussed in Section 5.2 remains under discussion for the additional costs.

Source: Council, July 2014.

Note: does not include cost of LRCIs (see Section 2.6)

Differences in the base-year cost estimates from the Draft EIS to this Supplemental Draft EIS generally reflect the following:

- Change in the base year dollars from 2012 to 2014 (based on an annual inflation rate of 3.0 percent)
- Adjustments to the LPA identified by the Council in April and July 2014
- Updated unit costs, based in part on more recent actual costs from the Central Corridor LRT project
- Revised unit costs and quantities for light rail vehicles, based in part on more recent actual costs from the Central Corridor LRT project and a revised light rail operating plan
- Incorporation of projected land acquisition costs for parcels that would be acquired for the Hopkins OMF site, rather than a general cost per square foot of land cost
- Updated land acquisition cost estimates, based on more recent available property values, including costs associated with freight rail alignment in the corridor
- Revised allocated contingency rates, based in part on experience from the Central Corridor LRT project and on changes to the scope of the LPA

The project's forthcoming application to FTA to enter Engineering and the supporting New Starts submittal and Final EIS will include revised capital cost estimates in base-year and year-of-expenditure dollars that will reflect the project's scope, level of design, and capital costing methods at that time.