



City of Madison

City of Madison
Madison, WI 53703
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Master

File Number: 52630

File ID: 52630

File Type: Resolution

Status: Items Referred

Version: 1

Reference:

Controlling Body: FINANCE
COMMITTEE

File Created Date : 09/19/2018

File Name: Approving an application by Metro Transit to the State of Wisconsin's Volkswagen Mitigation Program/Transit Capital Assistance Grant Program requesting funds to purchase 15 replacement diesel buses; and, approving a total reduction in State Shared Revenue

Final Action:

Title: Approving an application by Metro Transit to the State of Wisconsin's Volkswagen Mitigation Program/Transit Capital Assistance Grant Program requesting funds to purchase 15 replacement diesel buses; and, approving a total reduction in State Shared Revenue up to \$5,625,000 over the 10-year payback period.

Notes:

CC Agenda Date: 10/16/2018

Sponsors: David Ahrens and Rebecca Kemble

Effective Date:

Attachments:

Enactment Number:

Author: Judy Olson, Finance Department

Hearing Date:

Entered by: lveldran@cityofmadison.com

Published Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Metro Transit	09/19/2018	Referred for Introduction				
	Action Text: This Resolution was Referred for Introduction						
	Notes: Finance Committee, Transportation Policy and Planning Board						
1	COMMON COUNCIL	09/25/2018	Refer	FINANCE COMMITTEE		10/08/2018	Pass
	Action Text: A motion was made by Baldeh, seconded by Carter, to Refer to the FINANCE COMMITTEE. The motion passed by voice vote/other.						
	Notes: Additional referral to Transportation Policy and Planning Board.						
1	FINANCE COMMITTEE	09/25/2018	Refer	TRANSPORTATIO N POLICY AND PLANNING BOARD			
	Action Text: This Resolution was Refer to the TRANSPORTATION POLICY AND PLANNING BOARD						
	Notes:						

1 FINANCE COMMITTEE 10/08/2018 RECOMMEND TO COUNCIL TO ADOPT - REPORT OF OFFICER Pass

Action Text: A motion was made by Baldeh, seconded by Verveer, to RECOMMEND TO COUNCIL TO ADOPT - REPORT OF OFFICER. The motion passed by voice vote/other.

Notes:

1 COMMON COUNCIL 10/16/2018

Text of Legislative File 52630

Fiscal Note

The proposed resolution authorizes the application from Metro Transit to the State of Wisconsin's Volkswagen Mitigation Program/Transit Capital Assistance Grant Program for funds to purchase 15 replacement diesel buses over a three year period (5 buses per year). This program is structured as zero-percent loan. Jurisdictions that apply for, and accept, the funds will see a reduction in their portion of shared revenue over the loan repayment period.

If Madison were awarded the grant, and chooses to accept the funds, the lost shared revenue would total \$5.6 million over the loan repayment period; this translates to approximately \$562,000 annually (once all 15 busses have been purchased). Shared revenue is a General Fund revenue source, the loss of this revenue may require expenditure reductions or increases in other revenue sources.

Funds from this grant would reduce the number of buses purchased through GO Borrowing, which is ultimately paid back fully through local funds. The table below provides a comparison of purchasing buses utilizing the settlement funds compared to borrowing.

	GO Borrowing	Settlement Funds	Difference
Year 1	284,540	187,500	97,040
Year 2	569,080	375,000	194,080
Year 3	853,620	562,500	291,120
Year 4	853,620	562,500	291,120
Year 5	853,620	562,500	291,120
Year 6	853,620	562,500	291,120
Year 7	853,620	562,500	291,120
Year 8	853,620	562,500	291,120
Year 9	853,620	562,500	291,120
Year 10	853,620	562,500	291,120
Year 11	569,080	375,000	194,080
Year 12	284,540	187,500	97,040
	\$2,911,202		

The difference between the total lost revenue (\$5.6m) and debt service savings (\$2.9m) is \$2.7m over the grant period.

Title

Approving an application by Metro Transit to the State of Wisconsin's Volkswagen Mitigation Program/Transit Capital Assistance Grant Program requesting funds to purchase 15 replacement diesel buses; and, approving a total reduction in State Shared Revenue up to \$5,625,000 over the 10-year payback period.

Body

WHEREAS Volkswagen Group of America admitted to violating the Federal Clean Air Act from 2009 - 2016 by selling diesel engine vehicles designed to cheat on federal emissions tests; and,

WHEREAS Volkswagen partially settled its civil liability for these violations by entering into judicial consent decrees requiring the company to pay over \$2.9 billion into an Environmental Mitigation Trust Fund; and,

WHEREAS the State of Wisconsin, a designated beneficiary of the trust, will receive \$67.1 million over the next 10 years to offset the excess NOx pollution emitted by the Volkswagen vehicles; and,

WHEREAS the Wisconsin Department of Administration has developed a Beneficiary Mitigation Plan, which creates, in part, a Transit Capital Assistance Grant program. The program establishes a competitive statewide program to award \$32 million in trust funds to eligible applicants for the replacement of public transit vehicles; and,

WHEREAS for Wisconsin municipalities with populations exceeding 200,000, the State requires 75% of the grant to be repaid as a zero-interest loan. The State further requires that recipients agree to a reduction in State Shared Revenues equal to the amount of the loan; and,

WHEREAS Metro Transit is in need of replacing diesel buses that are nearing the end of their service life, and Metro has applied to the State to purchase up to a total of 15 replacement diesel buses, 5 per year in each of 3 years, through this program; and

WHEREAS the grant/loan program reduces shared revenue to the City of Madison, but also provides a non-federal source of funding for buses; and,

WHEREAS the zero interest loan provides a 25% subsidy and reduces the City's need to borrow money to purchase buses;

NOW THEREFORE BE IT RESOLVED that the Madison Common Council does hereby approve Metro Transit's application to the State of Wisconsin Transit Capital Assistance Grant Program; and,

BE IT FINALLY RESOLVED that the Common Council acknowledges and approves the reduction in State Shared Revenue in a total amount up to \$5,625,000 over the 10-year payback period.