



## Legislation Text

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**File #:** 60020, **Version:** 1

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### **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 in 2021.

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, reducing Metro's overall debt.

This is the second round of funding for local governments through this program. Metro was awarded \$4.8 million in round one to purchase 15 buses over a three year period starting in 2020.

### **Title**

Approving Madison Metro's application for Wisconsin's Volkswagen Mitigation Program/Transit Capital Assistance Grant Program funding.

### **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 established a competitive statewide grant program in 2018. This second round of funding will award \$20 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 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 for purchase of buses; and,

WHEREAS the City of Madison applied for and was awarded \$4,798,800 in funding in the first round this capital assistance grant program on November 28, 2018; and,

WHEREAS Resolution 52630 that approved Metro's 2018 application and the shared revenue reduction was passed on 10/16/2018; and,

WHEREAS Resolution 56689 that authorized the Transit General Manager to enter into an agreement with the State of Wisconsin and accept the Volkswagen Mitigation Program/Transit Capital Assistance Grant Program Award of funds was passed on 9/3/2019;

WHEREAS the 2019 VW Grant Agreement requires a reduction in the City of Madison's State Shared Revenues in the amount of approximately \$359,910 annually for ten (10) years starting in 2021 after receipt and scrapping of buses is complete,

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

BE IT FURTHER RESOLVED, that if awarded Wisconsin's Volkswagen Mitigation Program/Transit Capital Assistance Grant Program funding, a separate resolution would be introduced accepting the funding;

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.