

City of Bethel Action Memorandum

Action memorandum No.	17-52		
Date action introduced:	7-25-2017	Introduced by:	Peter Williams, City Manager
Date action taken:	DOES NOT CARRY	Approved	Denied <input checked="" type="checkbox"/>
Confirmed by:			

Action Title: Direct Administration to purchase one transit vehicle after having the State Transit Division combine two capital grants into one year, and use the unspent State Match Grant, so that 100% of the City Match is covered by grants.

Attachment(s): Backhaul quote from Alaska Marine Lines.

Individual/Department:	Initials:	Remarks:
Peter Williams/Administration	<i>PW</i>	<i>Don't recommend till we have sys commitment</i>
Jim Chevigny/Finance	<i>JC</i>	<i>NO EXPENSES of City funds</i>
Bill Arnold/Public Works	<i>BA</i>	

Amount of fiscal impact:		Account information:
\$57,311 grant	No fiscal impact at this time.	
\$53,862 grant		
\$13,912 grant		

Summary Statement

The City of Bethel is able to accept an offer from the Alaska State Transit Office to combine its FY 2015 Alaska Community Transit grant (\$57,311) with its FY 2016 Alaska Community Transit grant (\$53,862) to allow for the purchase of one bus with no local cash match required. By combining the grants into one year, the City will be able to use its \$13,912 State Transit Match grant to fill the required match. The grant-funded bus purchase would look like this:

Cost of Bus	\$83,612
FY 2015 Grant	57,311
FY 2016 Grant	18,191 of 53,862
State Match Grant	8,110 of 13,912

If the City of Bethel decides not to fund the Bethel Transit System next year, the most likely scenario would be the State requiring the City to pay to ship the bus to Anchorage where it could be put to use in another transit system. The cost to backhaul the transit vehicle from Bethel to Anchorage is \$6,714.67 (must go Bethel > Seattle > Anchorage). See AML quote attached.

The least likely scenario if the City stops funding the transit system is the possibility that the State requires reimbursement from the City for each expected life year unused. Transit cutaway vehicles are considered to have a useful life of 5 years or 100,000 miles. Using a five-year expected life means each year is worth \$16,722. If the City stops funding the system after one year, it may have to pay \$66,890, but be able to keep the vehicle. If the City orders the vehicle now, it will be assembled and shipped on the first barge in 2018.