

Proposed Transportation Development District to Extend KC Streetcar to UMKC – 7/18/16

Basics and Timeline

- **What has been proposed?**
 - A new Transportation Development District is proposed to replace the Downtown Streetcar TDD, and to provide local funding to extend the starter line south on Main Street to UMKC's Volker Campus.
- **How is this different from the 2014 expansion TDD (NextRail and/or Connect KC)?**
 - The 2014 expansion TDD was submitted by the City and PortKC and the formation costs were funded by the City. The August 2014 formation election failed, thus that larger TDD – and its included projects – did not advance. The KCATA and the City decided to continue planning Prospect MAX and has committed to fund the local capital match from an undetermined source.
 - To ensure streetcar momentum continues, The Kansas City Regional Transit Alliance organized this private sector effort, including raising funds for the TDD formation costs and coordinating the 50+ registered voters necessary to submit the petition to the Jackson County Circuit Court. KCRTA and the petitioners are pursuing only the “Main Street” route from the 2014 expansion plan. Of the three extension routes identified by NextRail, the Main Street route is a natural continuation of a regional transit spine, had the highest projected ridership, and offers a connection between UMKC's Volker campus to the planned Downtown Arts Campus. Notably, there has been consistent majority voter support within the Main Street corridor for all prior plans to develop rail transit along Main Street.
- **Can the definition or extent of the project be changed? If so, who decides?**
 - The TDD Petition and the required voter approval only describe the project in general terms as running along Main Street with a specific statement that it can go no further south than the vicinity of UMKC's Volker campus, and provides that the specific alignment and final design and engineering is to be established by the City (just as with the starter line). The TDD Act provides that if a TDD wants to add a new project, it can submit the new project to the voters in the TDD for approval, and that a project can be “modified” by the TDD Board if approved by the local transportation authority, in this case, that would be the City.
 - The project will require federal grant funding, and the applicant and recipient would be the City just like with the starter line. If federal funds are secured, public involvement in the engineering and design is required. The KC Streetcar Authority and corridor stakeholders will be involved in the design process.
 - KCRTA has no formal role in defining the project scope and is only facilitating the effort to obtain approval of the local funding source. KCRTA will not dictate any design or

engineering details or the schedule for activities after the TDD legal process has completed.

- **What is the project timeline?**

- Legal Process: It is anticipated the TDD legal process will be complete by August 2017. This includes the formation, TDD director, and revenue elections. A representative schedule, which is subject to change, is available at www.kcrta.org/streetcar
- Political: A continuing committee has not yet been established to fund a formation election campaign.
- Technical: The City of Kansas City will determine the remaining dates for federal funds, engineering, vehicle procurement, final design, construction, testing, and operations.
- Operations: Due to very long lead times associated with the federal funding processes, the acquisition of vehicles and the period of construction, the earliest timeframe for passenger operations is likely 2022.

Cost Estimate, Funding, and Financing

- **Total capital cost estimate (2019\$):** \$227 million
 - **Proposed project funding:** A capital cost summary is available at www.kcrta.org/streetcar
- **Total operating cost estimate (2021\$):** \$10 million
- **Federal funding method (capital only):**
 - Small Starts (up to \$100 million, determined by FTA and Administration)
 - STP/CMAQ (\$14.5 million, allocated locally by MARC)
- **State funding:**
 - No funding from MoDOT or the State of Missouri is anticipated for capital or operations.
- **Local funding:**
 - Local funding will be provided through the new TDD. No general funds, PIAC, or excess TIF revenue is required for the extension. The City's existing TDD contribution will continue and under the new TDD will be capped at \$2.039 million consistent with the previously adopted Council Resolution 130778 that was passed by the Council for the starter line. In short, the City's annual contribution will not be any greater for the extended line than it is for the starter line.
- **Can the model be adapted to changes in costs as the project design is complete? If so, how might it change, and who decides?**
 - Capital costs will be managed by the City, in coordination with the KC Streetcar Authority.
 - Operating costs will be managed by the KC Streetcar Authority, in coordination with the City.
 - Financing costs will be managed by the City, the new TDD, the existing TDD, and the KC Streetcar Authority. A variety of financing options are available. As was done for the starter line, a preliminary finance model has been prepared that was based on existing

property values and not on potential future development. That model afforded some level of excess capacity, and did not take into account any new construction since 2014. The finance model includes payment of the starter line bonds, as well as capital costs for the extension and operating costs of a new larger system estimated with input from the Streetcar Authority.

Governance

- **The existing TDD generates revenue to support operation of the existing system and repayment of debt service. What happens to the existing TDD if the extension vote is passed?**
 - If the new TDD is formed, it would exist along with the starter line TDD while the City pursues federal funding needed to make the extension financially feasible. Until that federal funding is obtained, and the project is ready to move to construction, the revenue sources of the new TDD would not be triggered (i.e., they'd have been voter approved but not implemented yet). This is expressly stated in the TDD Petition and would be expressly stated in the ballot language just as was done for the 2014 expansion effort. Once all the other funding needed to make the extension feasible is procured, then the existing TDD would be dissolved or its sales tax and special assessments reduced to zero.
- **Is it possible that downtown ratepayers could pay current rates and assessments in addition to new rates and assessments related to the new TDD?**
 - No. In fact, the special assessments in the part of the new TDD that had previously been the starter line TDD will end sooner than special assessments in the special assessment zone along the extension south of Union Station. The downtown special assessments will end 25 years after they first began for the starter line and will not be extended because of the creation of the new TDD.
- **What becomes of “three-party agreement” between the City, existing TDD, and Streetcar Authority if the extension vote is passed?**
 - It is anticipated that the agreement would need to be revised in certain respects to account for the extended route and that the new TDD would become a party (initially in addition to the existing starter line TDD but eventually in place of it if and when the starter line TDD is dissolved). Until the new TDD is formed and its Board of Directors is in place, there is no way to accomplish this. However, because of the limitation on the power of the new TDD to implement its revenue sources as described above, and because of protections built into the Three Party Agreement, the City and the Streetcar Authority hold “veto power” over the extension process even though the new TDD would have been formed.
- **What happens if TDD members are elected that decide they don't want to fund a streetcar extension?**
 - Because the new TDD is proposed by registered voters, its Directors must be elected from within the new boundary. The critical vote for this new TDD Board of Directors is

the initial vote to cause the third (final) election to occur, at which the voters would vote to approve the sales tax and special assessments (and the maximum rates). Under the TDD Act, once a TDD has obligations, it cannot repeal the sales tax as long as the obligation is outstanding. Protections against the special assessments being adjusted to the detriment of bonds or other similar concerns can be addressed in the revised “Three Party Agreement” and would certainly be addressed in bond covenants.

- **The current governance structure is working well and was the result of extensive planning. Why can't it be extended to support the extension?**
 - It will be. The intention is to continue the role of the Streetcar Authority, although the number of members or allocation of existing seats may be adjusted as agreed upon by the stakeholders. The only structural difference is that there would be a new TDD. Just as is the case with the starter line, the TDD is only a finance mechanism, will not own the system assets and has no power or control with regard to operations.
 - The 2014 extension plan also anticipated that there would be changes to the makeup of the Streetcar Authority Board of Directors -- but those conversations were never finalized.

Regional Coordination and Future Extension

- **Will the proposed extension allow for additional streetcar extensions beyond the current plan?**
 - The City and Streetcar Authority are responsible for developing a Streetcar System Plan and deciding the future path beyond the original NextRail plan.
 - All streetcar extensions would be expected to comply with the existing Long Range Transportation Plan facilitated by the Mid-America Regional Council (RideKC Transit Plan, formerly known as SmartMoves).
- **How will the Main Street extension be coordinated with existing KCATA bus and related transit services?**
 - The Kansas City Area Transportation Authority has been briefed on the proposal and will study the impacts to existing transit service if the new TDD is formed, including the Main Street MAX and connecting routes referenced in the NextRail study.