

REQUEST FOR INFORMATION

REGARDING INNOVATIVE FINANCING AND PROJECT DELIVERY
METHODS TO SUPPORT THE EXTENSION AND OPERATION OF
THE KC STREETCAR

KANSAS CITY STREETCAR AUTHORITY
KANSAS CITY AREA TRANSPORTATION AUTHORITY

RFI Issuance Date: January 18, 2018
RFI Due Date: March 2, 2018 at 10:00am CST

1. INTRODUCTION

The Kansas City Streetcar Authority (KCSA) and the Kansas City Area Transportation Authority (KCATA) are issuing this Request for Information (“RFI”) in order to elicit responses to the questions presented in this document regarding the extension and operation of the KC Streetcar system (the “Project”). The KCSA is a private 501-C-3 organization responsible for the operations and maintenance of the existing KC Streetcar system and the KCATA is the regional Transportation Authority under a bi-state compact and federally approved legislation and is the Federal Transit Administration’s (FTA) designated recipient for the Kansas City region.

Together, the KCSA and KCATA (“the Partnership”) are engaged in the process of evaluating innovative project delivery opportunities and various public-private partnership delivery models for the Project – an exercise that will aid in the eventual selection of a final delivery and financing model for the Project. Additional local partners including the City of Kansas City, MO, and Port KC will also advise on the local process.

The purpose of this RFI is to generate responsive information that may help the Partnership confirm and/or refine assumptions regarding innovative delivery and financing options of the Project. This RFI is intended solely to obtain such information and assist the Partnership on an administrative level. The Partnership will consider responses to this RFI in connection with the evaluation of delivery options and the further development of a financial plan for the Project.

This RFI does not constitute a Request for Qualifications (“RFQ”), a Request for Proposals (“RFP”), or other solicitation, nor does it constitute the commencement of any other type of procurement process for the Project. Moreover, it does not represent a commitment to issue an RFQ or an RFP in the future. Therefore, those choosing to respond to this RFI will not, merely by virtue of submitting such a response, be deemed to be “bidders” on the Project in any sense. No such respondent will have any preference, special designation, advantage or disadvantage whatsoever in any subsequent procurement process related to the Project. Written responses to this RFI are requested from each respondent no later than 10:00am CST on March 2, 2018. The page limit for responding to this RFI is 20 pages.

Please submit responses by e-mail to:

Tom Gerend

Executive Director

Kansas City Streetcar Authority

tgerend@kcstreetcar.org

2. THE EXISTING STREETCAR SYSTEM

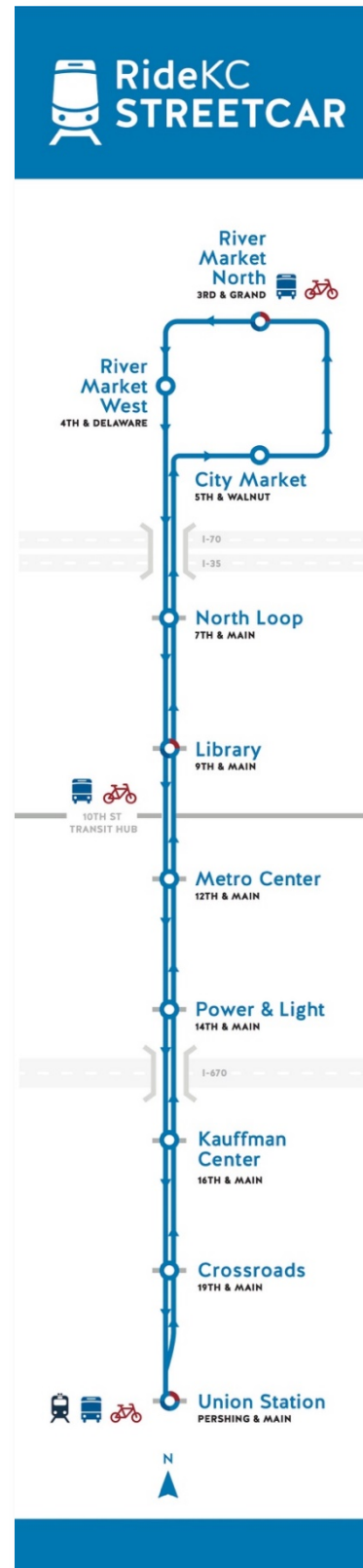
The existing KC Streetcar system is a 2.2 route mile (4.4 track mile) modern streetcar system that runs in downtown Kansas City, Missouri. The street-running service connects major employment, residential, and entertainment destinations including Union Station/Crown Center, Crossroads, Power & Light Entertainment District, Sprint Arena, Financial District, and the River Market.

The original project was financed with local funding generated from a Transportation Development District (TDD) taxing district, using bonds issued (approx. \$67m) by the City of Kansas City, Missouri, and Federal Transit Administration (FTA) grant funds (approx. \$37m). Construction of the project was done using a Construction Manager at Risk contract competitively secured and awarded by the City of Kansas City, Missouri.

Operations and Maintenance is the responsibility of KCSA and is performed by a competitively secured contractor. Annual operations and maintenance expense (approx. \$4.5m) and debt service payments are funded annually through the locally formed TDD. All streetcar assets are owned by the City of Kansas City, Missouri.

General attributes and characteristics of the existing system include;

- \$102m construction cost (2014-2015)
- 4 vehicle modern streetcar fleet (CAF Urbos 3), powered exclusively by overhead power lines. 2 additional streetcars on order with expected delivery in August 2019
- 2.2 mile north/south route, 4.4 revenue track miles



- 16 streetcar level-boarding platforms (13 with fixed transit shelters)
- Free fare policy in place. No fare equipment installed on streetcars or platforms.
- One LEED Gold maintenance facility with 3 inside work bays, and related equipment.
- Operations, maintenance, day-to-day financials, marketing and communications managed by KCSA.
- 5 year operations and maintenance contract with Herzog Transit Services Inc. (currently in year 2 of 5 year term)
- Current financing and funding:
 - o Kansas City Downtown Streetcar Transportation Development District (TDD) is in place since 2012, collecting a 1% retail sales tax, special assessments on all real property and paid public surface parking lots within the district.
 - o Approximately \$11 million in annual TDD revenues are used to pay Kansas City, MO debt service on \$67 million in city-backed bonds issued to fund construction. The TDD also funds 100% of annual operations and maintenance expenses. The city contributes \$2.039 million annually to the TDD.
- Roles and Responsibilities of related partners related to current operation:
 - o Kansas City, Missouri- Owner of streetcar assets, issuer of bond debt, and federal grant recipient for related federal funding.
 - o Kansas City Streetcar Authority- Manager of Operations and Maintenance activities and management of related contractor, operations budgeting, marketing and rider communication, and other duties.
 - o Transportation Development District (TDD)- Legal taxing district responsible establishing and collecting tax revenues to support debt service payment, and annual operations and maintenance budgeting.
 - o Kansas City Area Transportation Authority- Regional transit integration support (scheduling software and vehicle communication, APC data collection, regional call center, para-transit service requirements).

3. THE EXTENSION PROJECTS

Currently, two independent streetcar extension planning efforts are underway:

- 0.75 mile Riverfront Extension via the Grand Avenue Viaduct to Berkley Riverfront Park, and
- 3.5 mile Main Street Extension from Union Station to the University of Missouri, Kansas City Volker Campus.

This RFI is accepting of information on project delivery options including operations / maintenance and finance methods that are related to a combined (two-part) extension, inclusive of both Riverfront and Main Street, or information that is specific to an individual extension (Riverfront or Main Street). Respondents have the flexibility to provide information on

either scenario or others that respondents may feel are appropriate. More detailed descriptions of these extensions follow.

Riverfront Extension (Capital cost estimate: \$32 million). KCSA, KCATA and Port KC have partnered to advance a northern extension of the current streetcar system, from the existing terminus at 3rd and Grand, to Berkley Riverfront Park. This extension is expected to be supported by local and private sector funds from Port KC development and Federal funds for construction (see below referenced study for details).

- Current status: Feasibility study complete (<http://kcstreetcar.org/wp-content/uploads/2017/05/RvrExt-Feasibility-Report-v4-2017.pdf>), NEPA (Document CE) and Advanced Conceptual Engineering in process
- \$32 million in capital costs (inclusive of bike/ped improvements), and est. \$750k in annual O&M costs in year 1
- Approximately $\frac{3}{4}$ of a mile of additional route, 1.5 track miles.
- New terminus station at Berkley Riverfront Park, adjacent to new mixed-use development and new station at 3rd and Grand.
- Opportunity for additional extension to the Isle of Capri Casino and new Park & Ride
- One additional streetcar vehicle anticipated to support initial operations plan

- Current Funding Plan: \$15 million TIGER grant submitted, remaining funds and annual operating funds would be provided by Port KC via development revenue capture



Main Street Extension (Capital cost estimate: \$250 million). KCSA and KCATA have partnered to advance detailed route planning and due diligence for the 3.5-mile Main Street Extension south from Union Station to the University of Missouri, Kansas City (UMKC) Volker Campus. This expansion is supported by a citizen effort to implement a larger Transportation Development District (TDD) that will replace the current downtown TDD, using the same revenue tools (retail sales tax and special assessments). This district was legally formed in August 2017, a Board of Directors elected in October 2017, and a final “revenue” election will be scheduled in early 2018. The new TDD’s revenue sources can be enabled only when the project is substantially funded. All work is being coordinated with the City of Kansas City, Missouri.

A previous study (NextRail) was completed in 2014, and outlined alignment options in the Main Street Corridor. The Project Development (PD) work currently underway is building off of this early planning work to identify a cost effective streetcar project acceptable to the community. PD was initiated in August 2017 under a contract with HDR and jointly funded by the Partnership. In October the Partnership and City requested entry for the southern extension into Project Development as a potential Small Starts Project with the Federal Transit Administration (FTA), and formal approval to enter PD was received from FTA in December, 2017.

- Approximately \$250 million in estimated capital costs, and \$5m in annual O&M costs in year 1 (not inclusive of starter-line operations costs)
- Approximately 3.5 miles of additional route, 7 track miles
- New terminus station in vicinity of 51st and Brookside Boulevard, adjacent to mixed-use development
- Eight additional streetcar vehicles anticipated to support initial operations plan
- Current Funding Plan: \$100 million in FTA Small Starts, remaining capital funds and 100% of annual operating funds would be supported by new TDD revenues. Bonding decisions have not been made.



4. BACKGROUND

The Partnership is considering procuring and delivering the Project under a conventional federally-funded, design-bid-build (“D/B/B”) model, or alternative models including Public Private Partnerships (P3) models. Some of these alternative options are outlined in section 3.5.5.5 of the Federal Transit Administration’s (FTA’s) March 2016 *“Project and Construction Management Guidelines”* publication. Examples of alternative delivery methods that may be considered include:

- Design/Build (D/B)
- Design/Build/Operate/Maintain (D/B/OM)
- Concessions - for example, Design/Build/Operate/Maintain/Finance D/B/O/M/F (DBOM/F) or Build-Operate-Transfer (BOT)
- Construction Manager At Risk (CMR/Construction Manager/General Contractor (CM/GC)

The Partnership will also consider the possibly of phasing or delivering of the Project as two separate packages: One phase for the Riverfront Extension, and one for the Main Street Extension. The Partnership is interested in comments from responding firms related to the technical and financial feasibility of phased versus combined implementation.

As mentioned above the Partnership is interested in exploring the potential of a model that can assist in financing of the project. Under such models, a contractor(s) might be responsible for designing and constructing the Project as well as securing the financing to fund all or a portion of design and construction. The newly-formed Transportation Development District (TDD) is expected to make a series of capital repayments over a period to be determined after the completion of construction of the southern Main St. extension and separate revenues from the Riverfront would be ear-marked for payment after completion of the northern extension. The Partnership is also exploring the use of milestone payments during construction to offset the funding requirement.

In addition, the Partnership is also exploring the potential to use a DBOM/F or related delivery model with an availability payment structure to design, construct, finance, operate and maintain the Project. Under this model, a private consortium would be responsible for the design, construction, operations and maintenance of the Project as well as securing the financing to fund all or a portion of design and construction. The Partnership anticipates that it would make periodic availability payments over a long-term period beginning after the completion of construction. The Partnership is considering escalating the availability payments based on a predetermined formula per the project agreement. The availability payments would be subject to an availability regime and performance standards such that payments may be reduced or withheld if the Project is not performing in accordance with the performance specifications set forth in the project agreement. The Partnership is also exploring the use of milestone payments during construction to offset a portion of the funding requirement.

5. RFI REVIEW AND PURPOSE

The Partnership anticipates reviewing and evaluating the responses to this RFI during a 4-to-8 week period following receipt of submissions. This RFI does not commit the Partnership to any specific form of procurement, including a potential P3 procurement. The responses will be used to inform the Partnership’s decision on how to best proceed with the project.

The following is an example schedule if an innovative procurement is pursued:

Publish RFI	January 18, 2018
Questions on RFI to Partnership Team via email to tgerend@kcstreetcar.org	2/5/2018
RFI Responses Team via email to tgerend@kcstreetcar.org	3/2/2018 at 10:00 a.m.

A decision on delivery method is expected by end of 2018. Ultimately, a competitive process will be used to secure contractor(s) to deliver the project.

6. INFORMATION REQUESTED

The Partnership would like to receive the views, opinions, and feedback of respondents and their perspectives on the innovative delivery models under consideration by the Partnership (and others as appropriate), as well as the technical aspects and financial and commercial terms, as it applies to the Project.

The Partnership welcomes feedback on the Project and understands that a variety of firms will respond to this RFI. Please answer any or all questions that you deem are relevant to your firm. The Partnership intends to use the information gathered through your responses to this RFI for its own considerations. The Partnership may follow-up directly with respondents with more detailed questions or to clarify submissions. Thank you in advance for your participation.

1. General:

- 1.1. What type of firm do you represent? For example, design/engineering firm, construction firm, operations and maintenance firm, lender, equity financier.
- 1.2. Is this Project or a portion of this Project attractive to your firm or team? Why or why not?
- 1.3. Comparing the alternative delivery methods, which is preferable to your firm/team, and why?

2. Technical

- 2.1. Based on the information provided, do you anticipate that an alternative procurement method such as one of those listed in this RFI is a viable option for this Project?

2.2. Based on the information provided, do you anticipate that an innovative delivery option could result in an ability to advance the project without the need for additional federal funding?

2.3. Based on your understanding of the Project, do you believe a P3 model offers significant opportunity for innovation in design and construction techniques, means and methods, or potential cost savings and/or time savings?

2.4 Based on your understanding of the Project, is there a project approach related to the specific elements of the proposed extensions that seems to be preferable (i.e., both north and south segments advanced together, one or the other, or phased implementation?)

Financial

3.1. The Partnership is considering submitting a Transportation Infrastructure Finance and Innovation Act (TIFIA) financing request. Please comment on the potential importance or desirability of TIFIA or other recommended financial tools that might assist in financing the project.

3.2. Please describe the benefits and drawbacks of incorporating a long-term operations and maintenance performance requirement into the Project.

3.3. Please comment on the optimal term of a related model that is inclusive of finance such as DBOM/F (e.g., 10 years, 20 years, 30 years, etc.), and how this would affect your financial plan.

3.3. What forms of debt financing would you consider for supporting the Project and why?

Other Information

4.1. How might the fact that the City owns the existing streetcar impact alternative delivery options? Any additional information or commentary regarding the potential for alternative delivery methods that may be helpful.

7. CONFIDENTIALITY/MISSOURI SUNSHINE LAW

All materials submitted by respondents shall be subject to Sections 610.010 to 610.200, Revised Statutes of Missouri (the “Missouri Sunshine Law”), and any other laws and regulations applicable to the disclosure of documents submitted under this RFI. Section 610.011 of the Missouri Sunshine Law requires that the Missouri Sunshine Law “shall be liberally construed and their exceptions strictly construed to promote” the State’s public policy that records of governmental bodies be open to the public. In no event shall the Partnership or any of its agents, representatives, consultants, directors, officers or employees be liable to a respondent for the disclosure of any materials or information submitted in response to this RFI. To the extent allowed by the Missouri Sunshine Law and any other applicable law, all information contained in this RFI will remain confidential; however, Section 610.021(12) of the Missouri Sunshine Law permits sealed proposals and related documents to be closed only until a contract is negotiated or all proposals are rejected. Regardless of any claim by respondent, all responses are subject to disclosure following the award of a contract or rejection of all proposals.

If respondent is submitting materials in response to this RFI that includes information that the respondent believes is exempt from public disclosure under the Missouri Sunshine Law, including but not limited to Section 610.021(14), such specific material of the proposal must be separated, sealed, and clearly marked by the respondent as confidential along with an explanation of what qualifies the specific material to be held as confidential pursuant to the provisions of Section 610.021 of the Missouri Sunshine Law. The respondent's failure to follow this instruction shall result in the Partnership not considering the confidentiality of the documents or treating them as confidential. If the respondent submits to Partnership the information in accordance with the preceding requirements, Partnership will determine whether Partnership considers the information confidential and act according to Partnership's determination.

If a request is made for disclosure of the responses to this RFI prior to award of the contract or conclusion of the RFP process, the Partnership will notify the respondent and submit a request for advice from the KCSA legal counsel prior to disclosing any such documents in accordance with the Missouri Sunshine Law and other applicable law. The respondent shall then have the opportunity to either consent to the disclosure or assert its basis for non-disclosure and claimed exception under the Missouri Sunshine Law or other applicable law to the Partnership within the time period specified in the notice issued by the Partnership (if any) and prior to the deadlines for release set forth in the Missouri Sunshine Law and other applicable law. However, it is the responsibility of the respondent to monitor such proceedings and make timely filings.

Partnership may, but is not obligated to, make filings of its own concerning possible disclosure; however, the Partnership is under no obligation to support the positions of the respondent. By submitting a response to this RFI, the respondent consents to, and expressly waives any right to contest, the provision by the Partnership to KCSA legal counsel of all, or representative samples of, the response. The Partnership shall have no responsibility or obligation for a failure of KCSA legal counsel to respond or to respond timely to any Partnership request for advice and the Partnership shall not be required to wait if it is required to disclose or otherwise take action under the Missouri Sunshine Law or other applicable law.

Under no circumstances will the Partnership be responsible or liable to a respondent or any other party as a result of disclosing any such materials, including materials marked "CONFIDENTIAL," whether the disclosure is deemed required by law or by an order of court or Partnership legal counsel or occurs through inadvertence, mistake or negligence on the part of Partnership or its officers, employees, contractors or consultants.

In the event of any proceeding or litigation concerning the disclosure of any response or portion thereof, the respondent shall be responsible for otherwise prosecuting or defending any action concerning the materials at its sole expense and risk; provided, however, that the Partnership reserves the right, in its sole discretion, to intervene or participate in the litigation or otherwise and in such manner as it deems necessary or desirable. All costs and fees (including attorneys' fees and costs) incurred by the Partnership in connection with any litigation, proceeding or request for disclosure shall be reimbursed and paid by the respondent whose response is the subject thereof.