

Date: October 29, 2015
From: Kansas City Streetcar Authority Board of Directors
Subject: Response to Kansas City, Missouri KC Streetcar Performance Audit

Today the Kansas City Streetcar Authority (KCSA) received a copy of the City's internal performance audit of the KC Streetcar Public-Private Partnership and is pleased to issue this response.

The KCSA was formed through an innovative public-private partnership to support the implementation of the KC Streetcar system, provide direct representation for ratepayers within the downtown Transportation Development District, and support the ongoing oversight of system operations and maintenance activities. The KCSA has enjoyed a strong and productive partnership with the City of Kansas City, Missouri, and looks forward to working with the City Manager to further respond to specific recommendations outlined in the audit report.

Initial KCSA responses to the specific recommendations are as follows:

- 1. The City Manager should propose an amendment to the KC Streetcar Tri-Party Agreement provisions related to revenue contracts or use of revenues as necessary to protect the city's interests in KC Streetcar.**

To date, no revenue contracts have been established and no funds or other resources have been raised by KCSA. KCSA has already initiated discussions with the City regarding suggested modifications to the Tri-Party Agreement.

- 2. The City Manager should create a process to periodically and systematically assess the selected governance structure for KC Streetcar's operations.**

The KCSA looks forward to a continued partnership with the City with regards to all aspects of streetcar operations and KCSA would be pleased to assist in the development of a joint review procedure as recommended. Any changes to the governance structure would require consent from both the City and the KCSA Board of Directors.

- 3. The City Manager should present the total budget submitted by KCSA (including debt service) as a discrete program within the city's annual budget document.**

KCSA provides the City with a detailed annual budget request and periodic financial reports throughout the year, and will defer to the City regarding how best to reflect the numbers in the City's budget process.

- 4. The City Manager should propose an amendment to the KC Streetcar Tri-Party Agreement to require that sponsorship, advertising, and fare revenue be deposited directly into city accounts.**

To date, no sponsorship or advertising contracts have been established and no funds or other resources have been raised by KCSA. KCSA has initiated discussions with the City regarding modifications to the Tri-Party Agreement to conform to the recommendations in the audit.

- 5. The City Manager should propose an amendment to include key performance indicators in the KC Streetcar Tri-Party agreement that measure the objectives and goals in the KC Streetcar's strategy plan.**

Key performance measures regarding system performance (ridership, on-time performance, etc.) have been included in the supplemental operator agreement; these will be monitored and reported on regularly following the start of service.

Initial KCSA responses to the media specific inquires:

- The Kansas City Streetcar Authority is organized in a way that "could impact the city's future eligibility for funding for (Federal Transit Administration) operational grants"**

Federal resources to support the operations of rail systems similar to the KC Streetcar are extremely limited and unpredictable. For this reason, and to best position the system for long-term success, the approved KCSA and KC Streetcar financial model was constructed to be transparent and completely self-sufficient. It is in no way reliant on federal funding to support ongoing functions.

- The City is at risk of conflicting with FTA's regulations regarding revenue contracts.**

KCSA, the City, and the City's procurement department have been working closely with the Federal Transit Administration to ensure all federal requirements are fully met.

The Kansas City Streetcar Authority looks forward to continuing its work with the Mayor, City Council, City Manager and downtown ratepayers to ensure the successful launch and operation of a transit system that will support the ongoing development and revitalization of our great city.