

Streetcar Funding Study



T&PW – March 23, 2010

Why Streetcars?

- A national study shows rail attracts up to 40% more riders than bus, all conditions held equal.
 - Rail lines replaced by buses lost as much as 2/3 of their ridership.
 - Rail lines retained as rail remained stable or increased in ridership.
 - New rail lines replacing buses in Portland, San Diego and Buffalo doubled previous bus ridership; in Tacoma, a tenfold increase.
- Rail has the ability to attract “choice” riders and tourists.
- Rail helps to catalyze redevelopment (developers often willing to help finance).
- Streetcars complement regional transitway system.

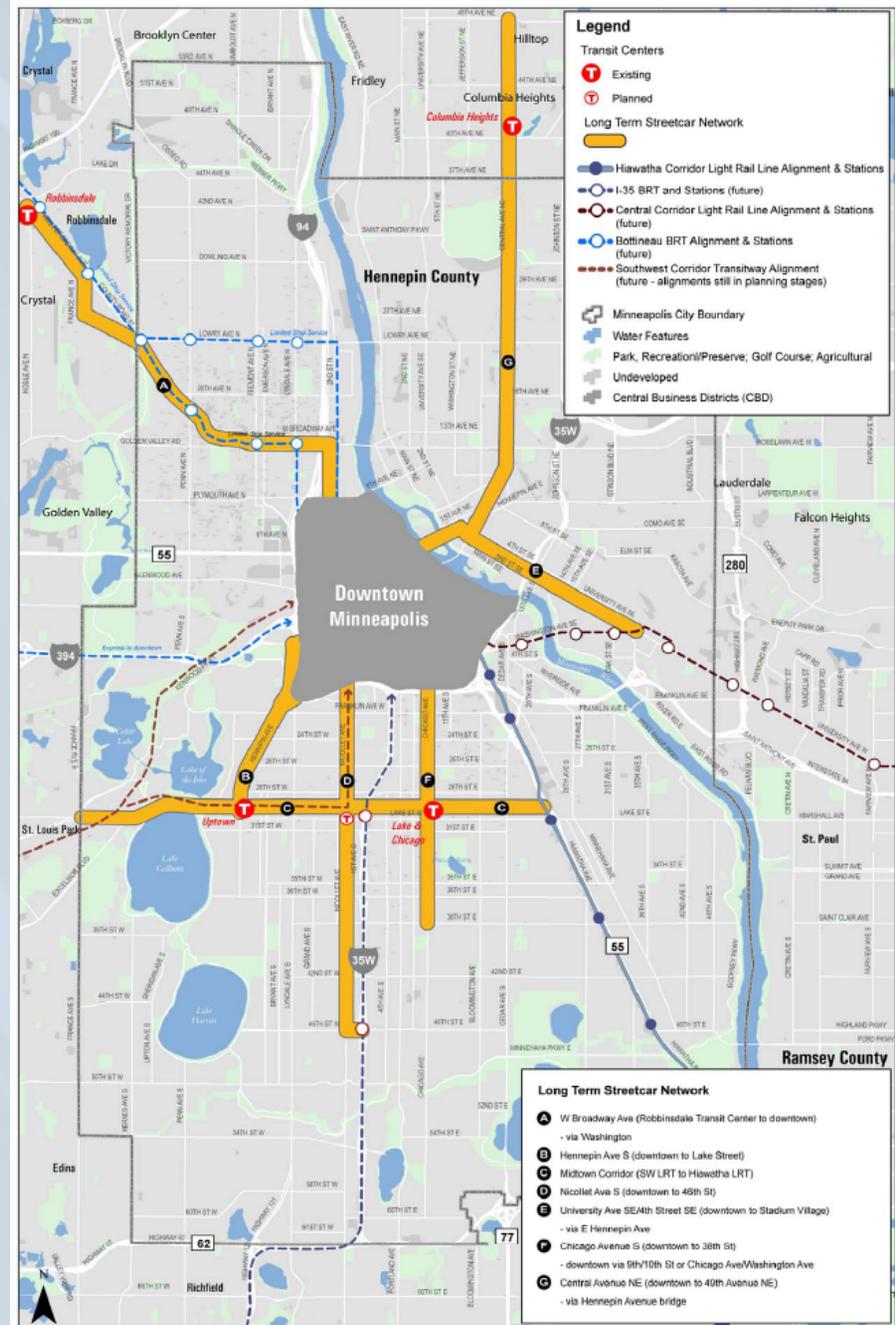
Streetcar Feasibility Study

(Council “receive and file” – February 2008)

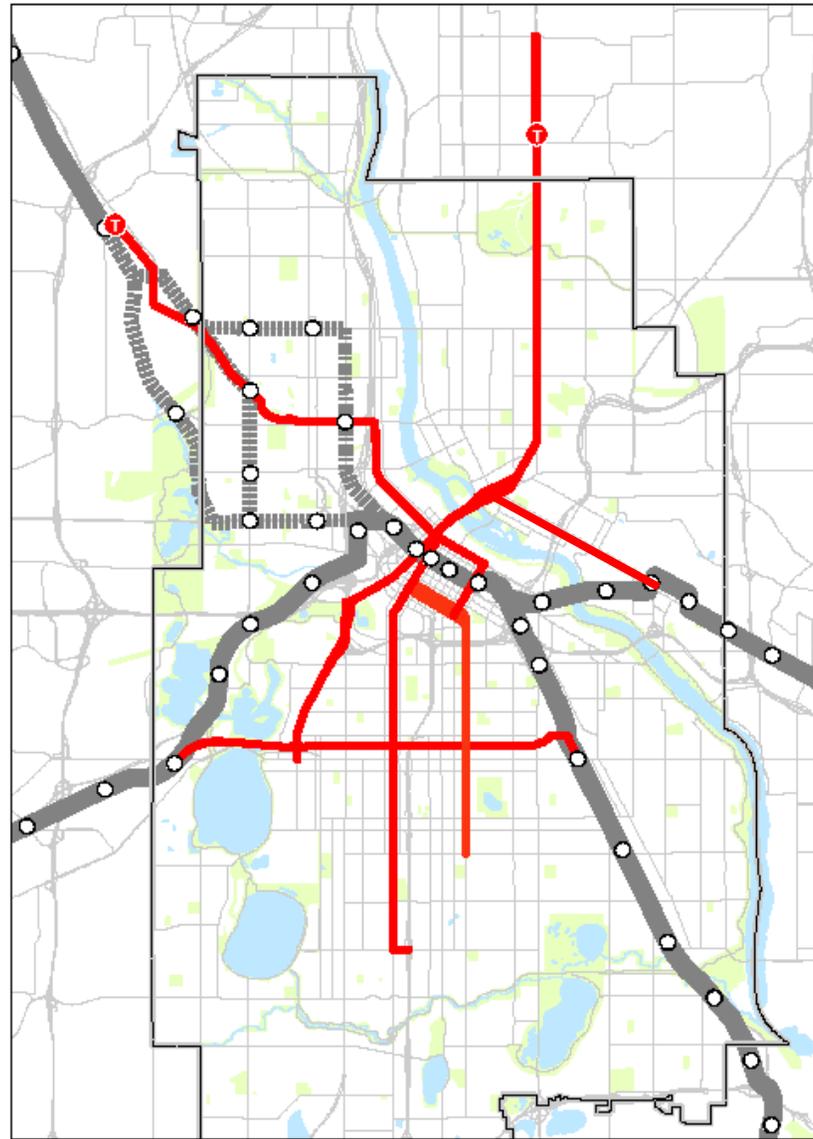
Long-Term Streetcar Network

(7 corridors)

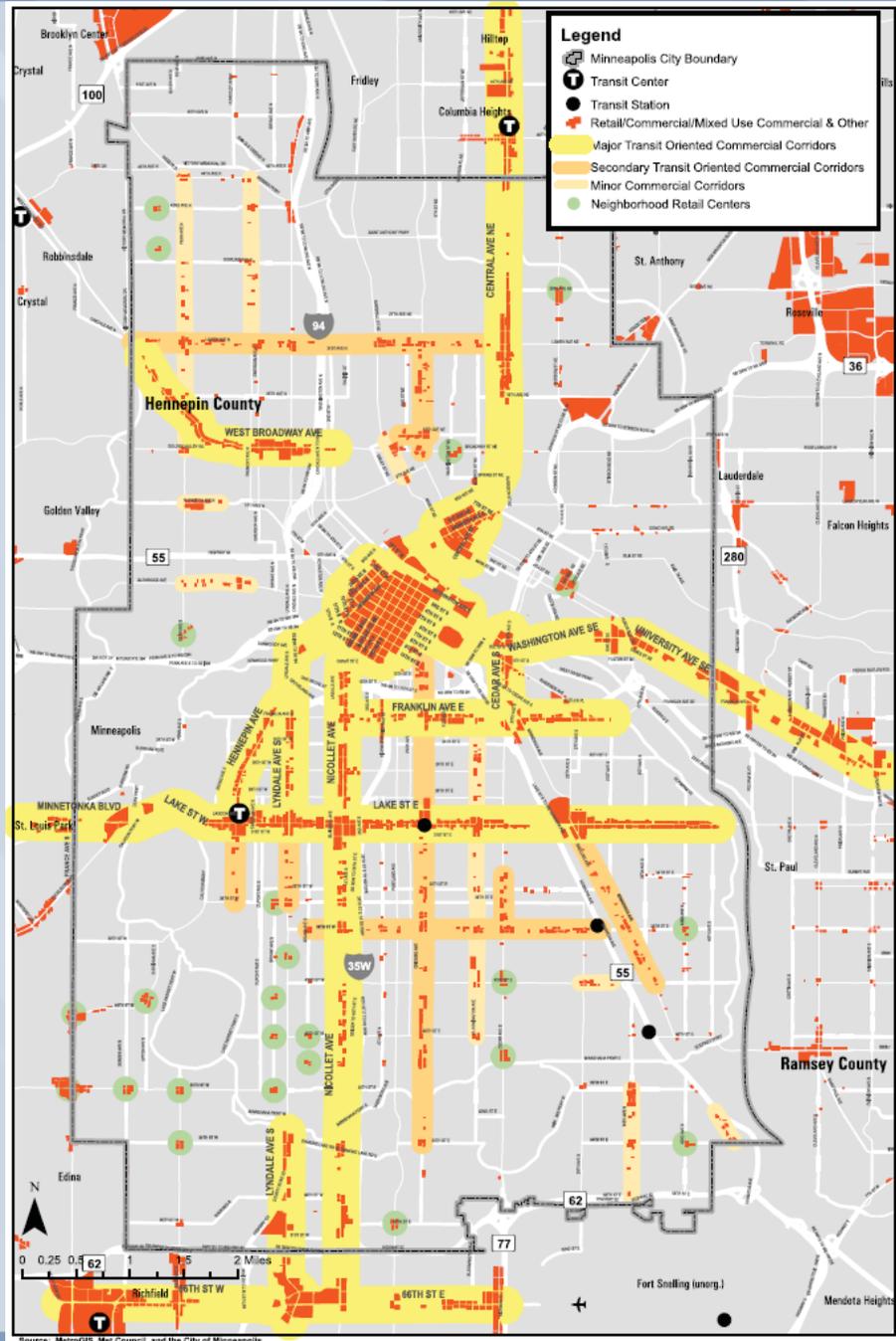
Shortest Operable Segments



Streetcars Complement the Regional Rail System

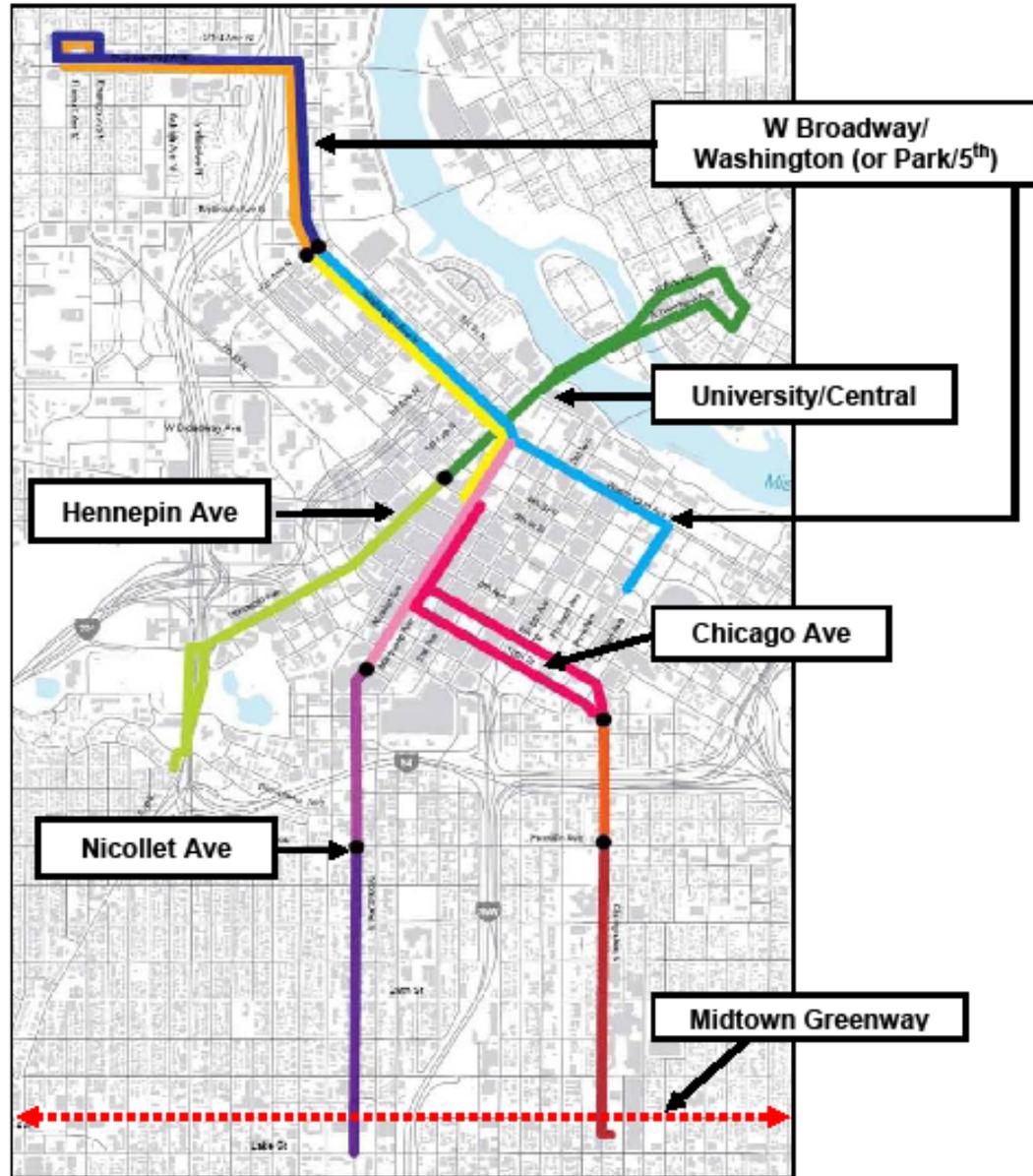


Streetcars Support the City's Land Use Patterns and High Density Corridors



“Shortest Operable Segments”

Figure 4. The Original Set of Lines from the Minneapolis Streetcar Feasibility Study



Source: Nelson Nygaard Phase IV Report Presentation

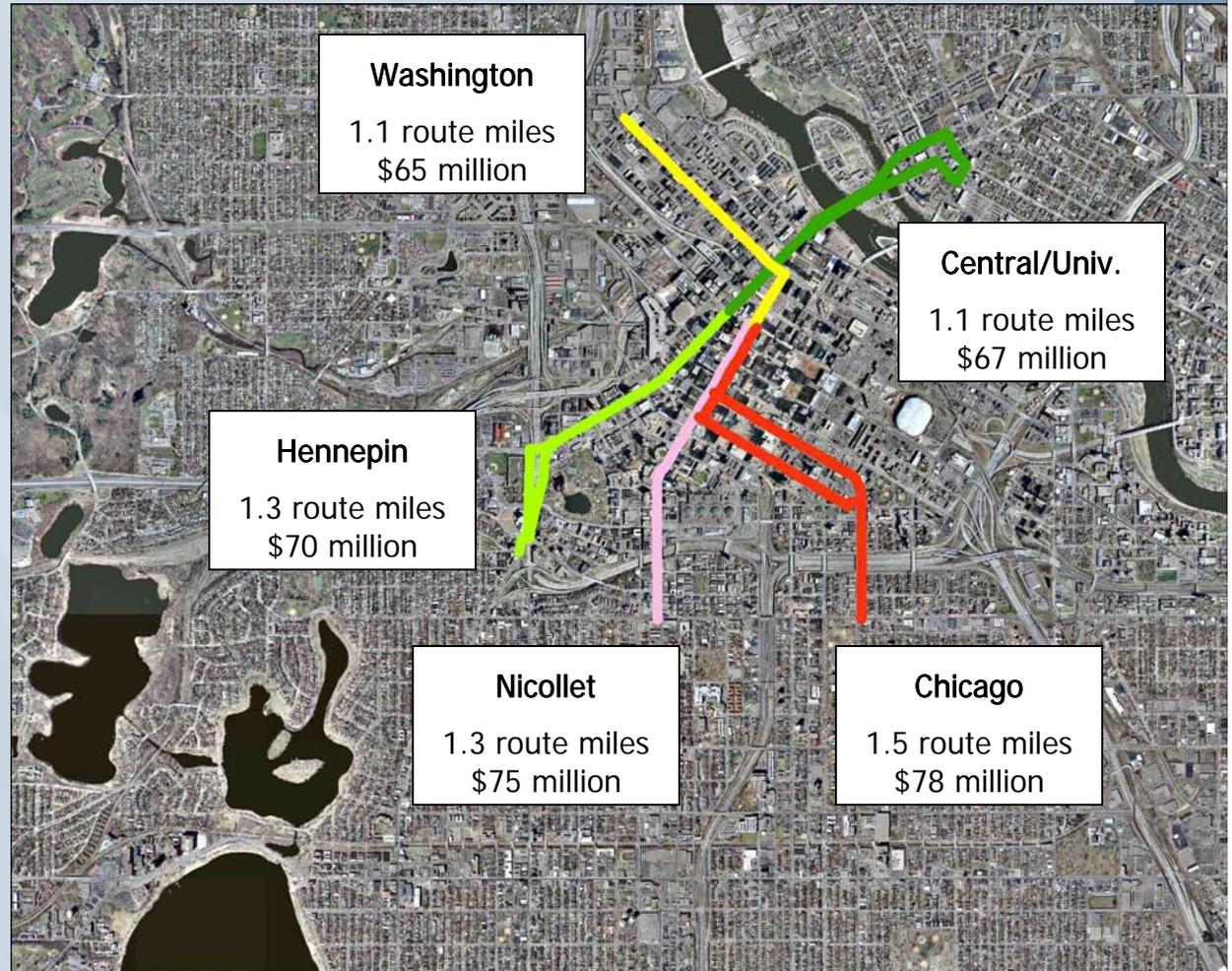
Streetcar Funding Study

- Council directed staff to complete additional study on potential local funding tools
- Premise that city would have to “go it alone”
- Completed initial report in February 2009
- Economic changes and federal funding changes
- Updated report in March 2010

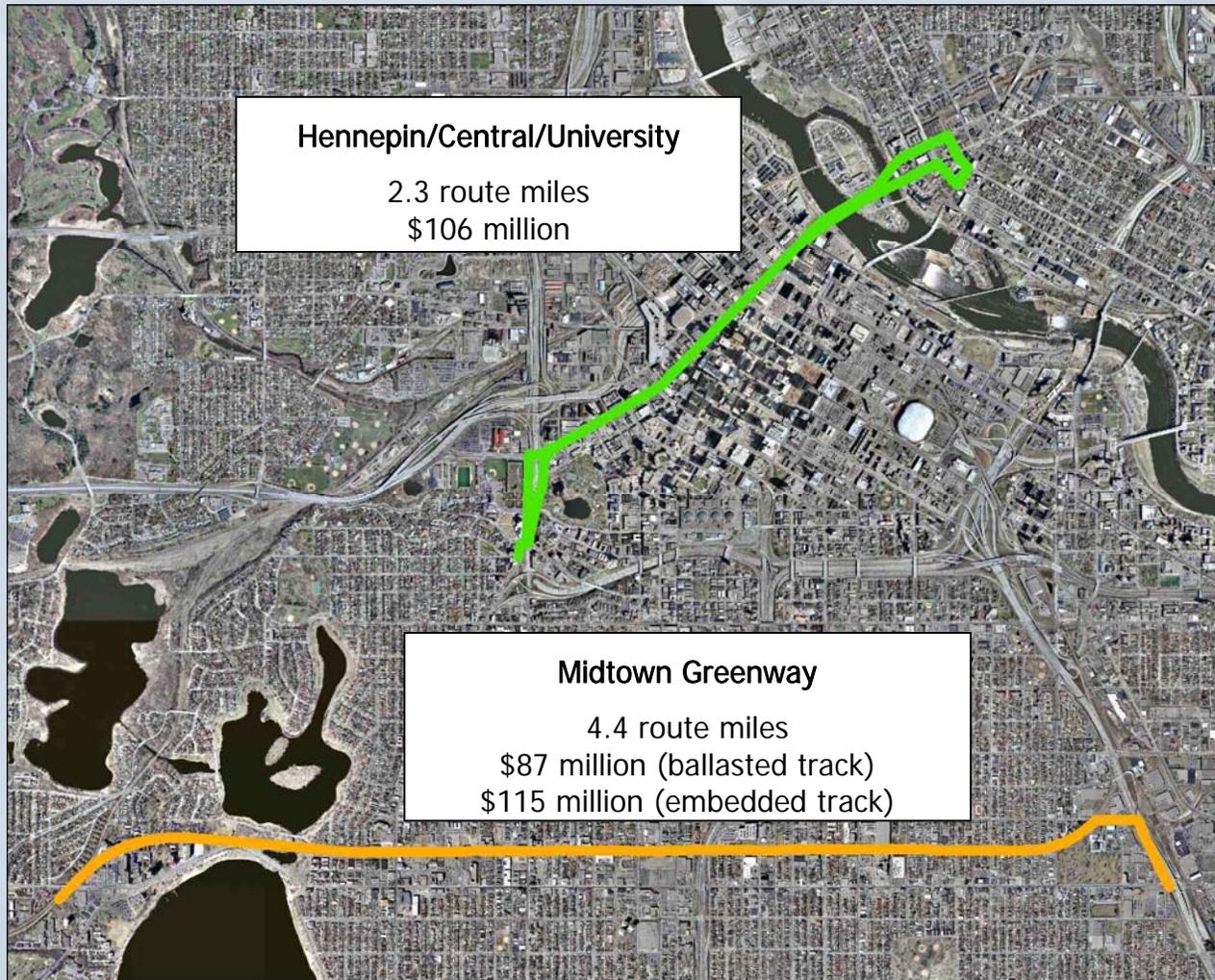


Most Viable “Starter” Lines

- Cost
- Estimated Market Value
- Development Potential (\$)
- Neighborhood connection



Two Longer Lines Also Analyzed



Evaluated 26 Potential Funding Sources

- Extent of city control of funding source
- Existing commitments of the funds
- Amount of potential revenue generated
- Analyzed three funding tools that might generate enough funds for a starter line:
 - Increases in parking revenues
 - Tax abatement outside TIF districts
 - Streetcar benefit zone assessment

Parking Revenue Increases

- Based on streetcar benefit zone
- Approximately 12 ½ % increase in parking meter fees
- Approximately \$50 annual surcharge on public and commercial (non-residential) parking spaces – both surface and structured
- Requires legislation



Tax Abatement

- Based on streetcar benefit zone
- Applied to new development outside existing TIF districts
- Applied to increases in property value due to streetcar benefit
- Only city share
- For ten years



Streetcar Assessment District

- Based on streetcar benefit zone (1/4 mile from streetcar stop or station)
- Special assessment on all properties except residential with less than four units
- Approximately 2.5-5.0 cents/\$100 estimated market value



Results

(Assuming 50% Federal Funding)

- Each of the five downtown starter lines could be funded using only the assumed increase in parking revenues
- Combined Hennepin/Central/University starter line could be funded using a combination of increase in parking revenues and *either* tax abatement or special assessment
- Midtown Greenway would require additional funding sources and/or a greater share of federal/regional funding
- Any combination of funds could be used – the funding tools and their structure is a policy issue

Federal Funding for Streetcars

- DOT-HUD-EPA Partnership for Sustainable Communities
- Small Starts - up to \$75 million
- TIGER grants – four streetcar projects funded (New Orleans, Dallas, Portland, Tucson)
- Urban Circulator grants – up to \$25 million



TIGER and Urban Circulator Grants

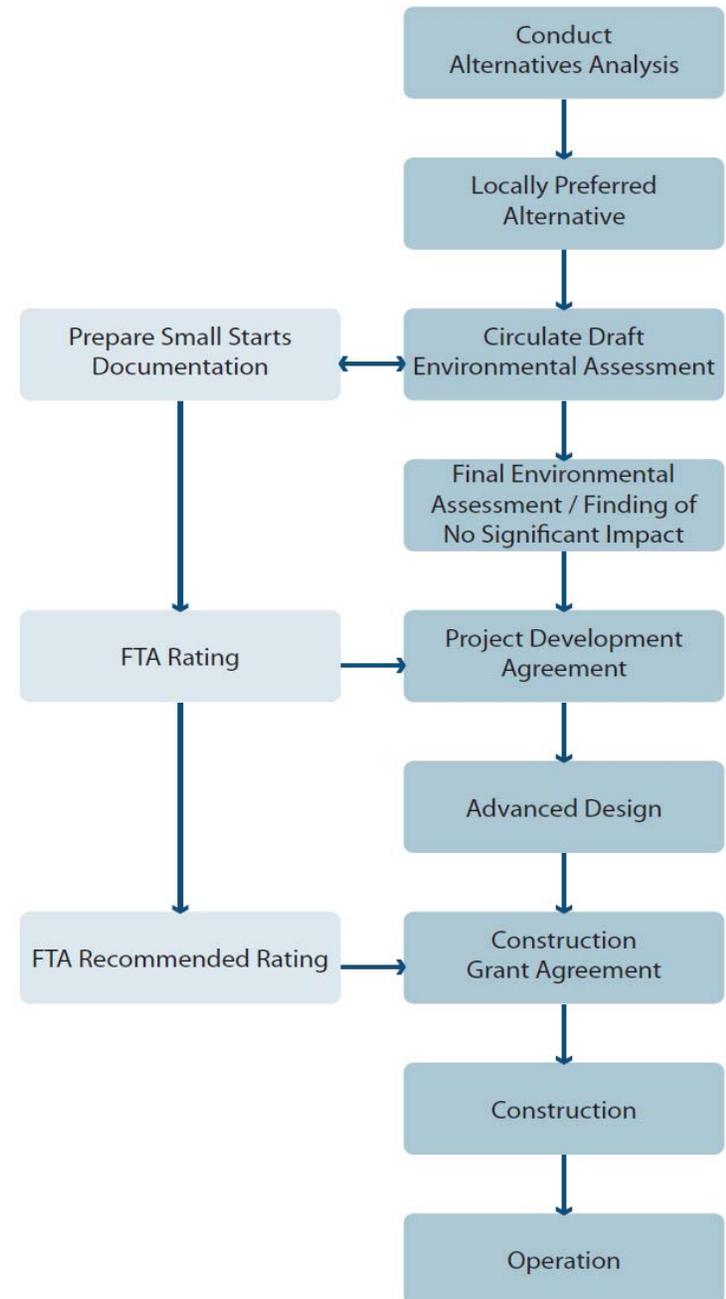
- Ready for construction in 18 months
- Committed local matching funds
- Part of regional transportation plan
- Agreement with FTA on NEPA process
- Grant may be pulled if FTA determines won't be ready for construction in 18 months



Small Starts

FTA Project Development Process

- Alternatives Analysis
- Environmental Review
- Preliminary Engineering

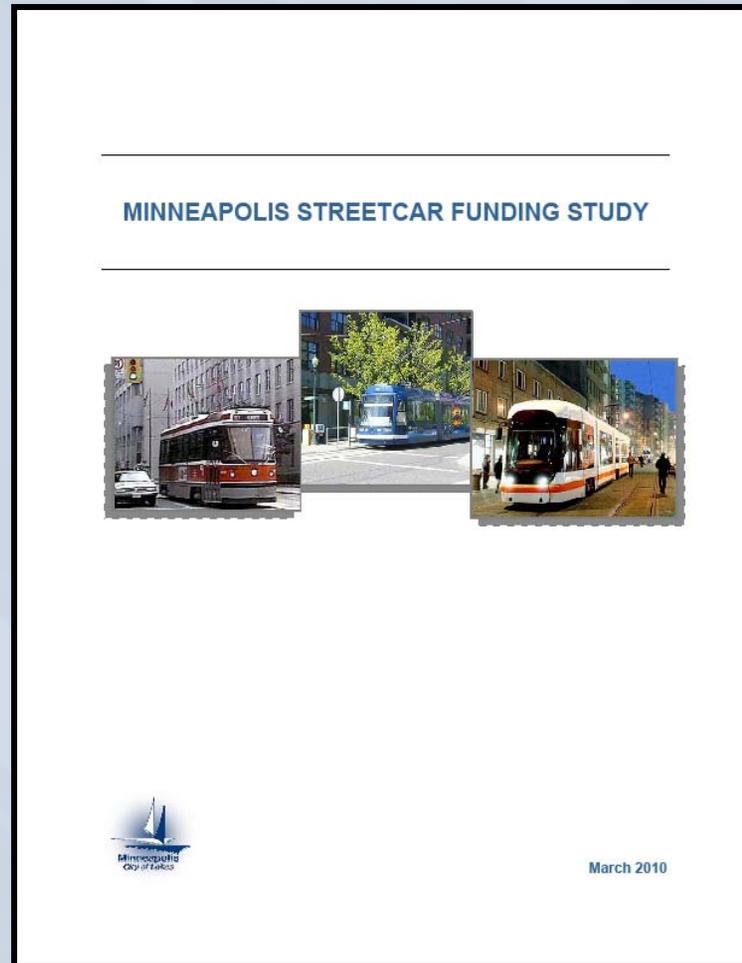


Next Steps

- Assemble and supplement technical data to select corridor priorities
- Work with local and regional partners on funding and implementation strategies
- Initiate outreach with downtown stakeholders
- Select preferred funding tools, detail how they should be structured, and seek necessary legislation
- Following these steps, consider initiating FTA Small Starts project development process

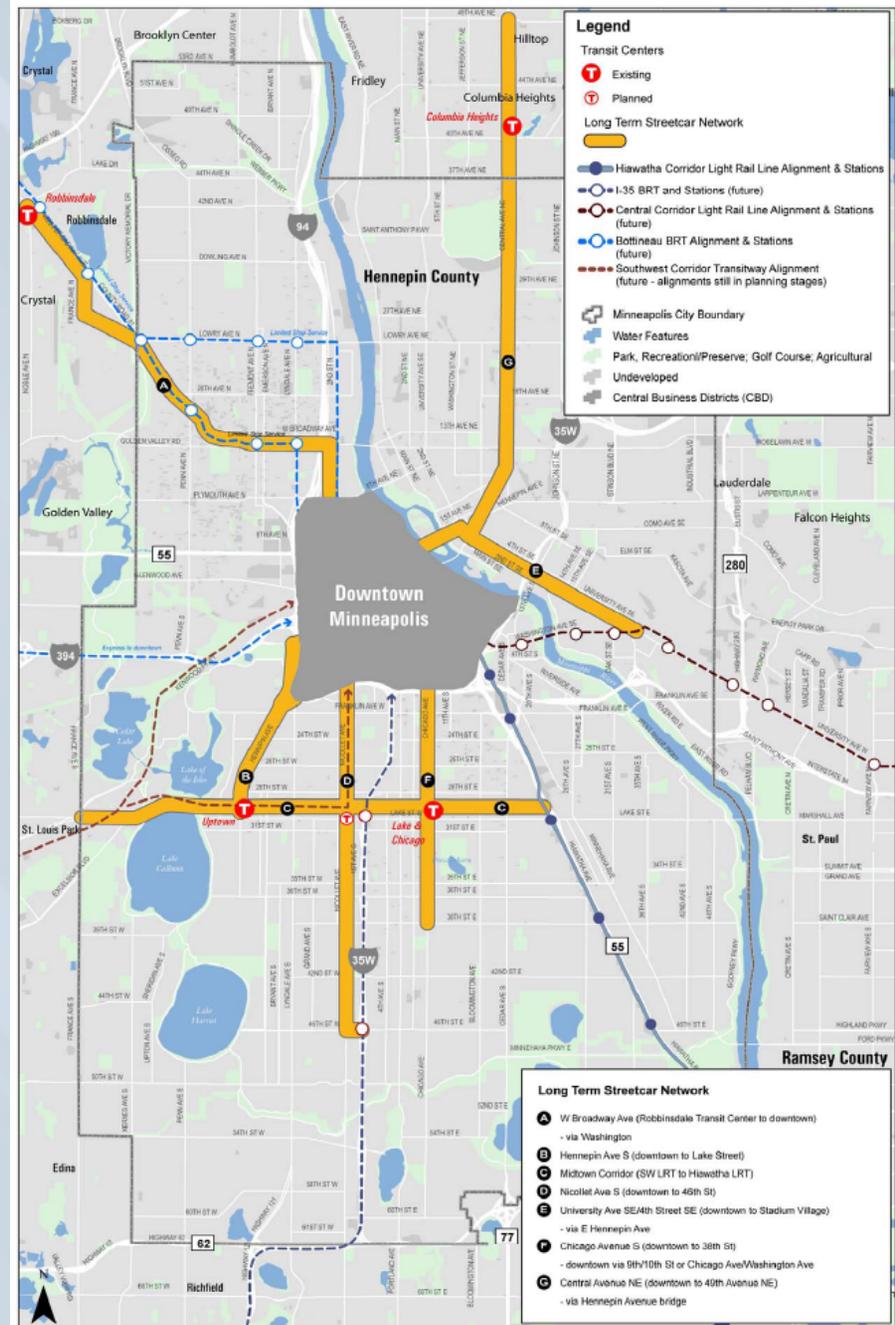
Requested Actions

- Receive and file Streetcar Funding Study



Requested Actions

- Approve Long-Term Streetcar Network (7 corridors)
- Authorize staff to proceed on next steps



Questions?

Full report is available on the Access Minneapolis project webpage:

www.ci.minneapolis.mn.us/public-works/trans-plan

