

Memorandum



CITY OF DALLAS

DATE March 23, 2018

TO Honorable Members of the Mobility Solutions, Infrastructure and Sustainability Committee

SUBJECT **Dallas Streetcar Operations & Maintenance Costs**

On Monday, March 26, 2018, you will be briefed on the Dallas Streetcar Operations & Maintenance Costs. The briefing materials are attached for your review.

Please feel free to contact me if you have any questions or concerns.

A handwritten signature in blue ink, appearing to read 'Majed A. Al-Ghafry'.

Majed A. Al-Ghafry
Assistant City Manager

[Attachment]

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billierae Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Jo M. (Jody) Puckett, Assistant City Manager (Interim)

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Dallas Streetcar Operations & Maintenance Costs

Mobility Solutions,
Infrastructure &
Sustainability Committee
March 26, 2018

Tanya Brooks
Assistant Director
Department of
Transportation



Overview

- Upcoming Agenda Item
 - Asset Transfer from NCTCOG
 - Receive \$3M in Developer Funds
 - Increase Appropriations from \$975K to \$1.5M
 - Payments to DART up to \$1.5M for O&M in FY18
- Dallas Love Field Funding
- Next Steps
 - Implementation of a Streetcar Fare

Upcoming Agenda Item

1. An Interlocal Agreement with the North Central Texas Council of Governments related to the transfer of ownership of Transportation Investments Generating Economic Recovery (TIGER) funded Modern Streetcar Project assets and streetcar project-related funds;
2. Receipt and deposit of funds from SLF III – Canyon Developer Funds in the amount of \$3M;
3. An increase in appropriations in the amount of \$535K from \$975K to \$1.5M in General Funds; and
4. Payment to Dallas Area Rapid Transit for operation and maintenance costs for the Dallas Streetcar System for Fiscal Year 2018 - Total not to exceed \$1.5M - Financing: General Funds (\$1.5M)

Asset Transfer from NCTCOG

- 2010: NCTCOG received a \$26M FTA TIGER grant to construct the Starter Streetcar
- Starter Streetcar extends from Union Station to Methodist Hospital in Oak Cliff
- The TIGER grant vests title of the project assets with NCTCOG including:
 - 2 Streetcar Vehicles
 - 1.6 Miles of Track & Streetcar Signal Equipment
 - Power Station & Power Supply System
 - 4 Streetcar Stations
 - Ancillary Equipment (switches, signage, furniture etc.)
- August 2010: FTA approved transferring assets from NCTCOG to the City
- **Agenda Action will authorize a transfer of assets from NCTCOG to the City of Dallas.**

Receive \$3M in Developer Funds

- 2011: City Council Resolutions 11-1751 and 11-1752 authorized an agreement for the Developer, SLF III – The Canyon LP, to contribute \$300K per year for 10 years (\$3M Total) to be paid to NCTCOG. These funds would eventually be reimbursed from the Davis Garden TIF.
- To date, NCTCOG has collected \$1.2M.
- **Agenda Action will authorize receipt of \$1.2M collected plus subsequent payments.**

Appropriate \$1.5M for O&M in FY 18

- FY 18 O&M need = \$2.1M
 - Increased from \$1.5M in FY 17 to cover:
 - Additional morning hours, service changed to 5:30am to midnight (previously 9:30am to midnight)
 - Reduced headways, every 20 minutes (previously every 30 minutes)
- \$975K Currently budgeted in City's General Fund
- \$580K Budgeted by DART (Reprogrammed Love Field Money) to offset O&M costs.
- \$1.2M in Developer funds to be transferred from NCTCOG to City's Budget
- **Agenda Action will increase appropriations from \$975K to \$1.5M (\$1.5M does not include DART's budgeted amount)**

Pay DART \$1.5M for FY18 O&M Costs

Funding Source (Amounts x \$1,000)	FY 16-17	FY 17-18	FY 18-19	FY 19-20	FY 20-21
City General Fund	\$875	\$975	\$975	\$1,145	\$1,192
NCTCOG/ Dev. Fund	-	-	\$535	\$411	\$411
DART Budget	\$547	\$563	\$580	\$597	\$615
Total	\$1,422	\$1,538	\$2,090	\$2,153	\$2,218

Agenda Action will authorize payments to DART to cover up to \$1.5M for O&M costs.

Dallas Love Field Airport Funding

- 2011: City, DART and NCTCOG entered an Interlocal Agreement, (Council Resolution 11-1185, DART Resolution 11-0041 & NCTCOG E11-05-18), which:
 - Established the City as the Streetcar Owner
 - Established NCTCOG as the TIGER grantee
 - Established DART as the technical advisor
 - Reprogrammed \$22.4M (escalated from 17.1M in 2002 dollars) from the Dallas Love Field Airport Funding:
 - \$9M for procuring two streetcar vehicles
 - \$13.4M for ongoing O&M through 2040*

*\$10.1M has been used for vehicle purchase and for \$1.1M O&M leaving a balance of ~ \$12.3M

Dallas Love Field Airport Funding cont.

- Process to Reprogram Balance \$12.3M
 - Funding is a result of a 3-party ILA: The City, DART, and NCTCOG would be required to amend that ILA to reduce the funding commitment.
 - City, DART, and NCTCOG would need to take new action to reprogram these funds to a new project.
 - Future general fund appropriations for the streetcar O&M would be increased by the corresponding amount.

Next Steps

Streetcar Fare Implementation Timeline:

- April/May 2018 – City Council Briefing and City Council Action to authorize implementation of a \$1 fare and increase appropriations by \$40,000 to cover equipment costs
- May 2018 – Amend the ILA with DART to establish the fare
- May 2018 – Request DART hold required public hearings
- July 2018 – Public Hearings on behalf of City for fare establishment
- August 2018 – Purchase and Install validators on Streetcar vehicles
- September 2018 – Begin charging a fare

Appendix

1. Upcoming Agenda Item
 - Asset Transfer from NCTCOG
 - Receive \$3M in Developer Funds
 - Increase Appropriations from \$975K to \$1.5M
 - Payments to DART up to \$1.5M for O&M in FY18
2. City Council Resolution #11-1185 supporting the reprogramming of Dallas Love Field Funding

Dallas Streetcar Operations & Maintenance Costs

Mobility Solutions,
Infrastructure &
Sustainability Committee
March 26, 2018

Tanya Brooks
Assistant Director
Department of
Transportation



**STRATEGIC
PRIORITY:**

Mobility Solutions, Infrastructure, and Sustainability

AGENDA DATE:

February 28, 2018

COUNCIL DISTRICT(S):

1, 2

DEPARTMENT:

Department of Transportation

CMO:

Majed Al-Ghafry, 670-3302

MAPSCO:

44Z 45P S T W 54D

SUBJECT

Authorize (1) an Interlocal Agreement with the North Central Texas Council of Governments related to the transfer of ownership of Transportation Investments Generating Economic Recovery funded Modern Streetcar Project assets and streetcar project-related funds; (2) receipt and deposit of funds from SLF III - Canyon Developer Funds in the amount of \$3,000,000; (3) an increase in appropriations in the amount of \$1,114,809 from \$975,000 to \$2,089,809 in General Funds; and (4) payment to Dallas Area Rapid Transit for operation and maintenance costs for the Dallas Streetcar System for Fiscal Year 2018 - Total not to exceed \$2,089,809 - Financing: General Funds (\$2,089,809) (This item was deferred on January 24, 2018)

BACKGROUND

The City of Dallas maintains several Interlocal Agreements (ILAs) with the North Central Texas Council of Governments (NCTCOG), Federal Transit Administration (FTA), Texas Department of Transportation (TxDOT), and with Dallas Area Rapid Transit (DART) pertaining to the Dallas Streetcar System. These ILAs established the City of Dallas as the owner of the Dallas Streetcar and allow for the City to rely on technical expertise from DART to operate and maintain the Dallas Streetcar on behalf of the City.

On September 15, 2009, the City of Dallas and NCTCOG jointly applied for Transportation Investments Generating Economic Recovery ("TIGER") grant funds to construct the first phase of the Dallas modern streetcar. This first phase has often been referred to as the "TIGER" phase or the "Starter" phase of the streetcar project. Subsequent phases have been referred to as "Extensions".

BACKGROUND (continued)

On December 27, 2010, the FTA awarded a TIGER grant to NCTCOG for construction of the first phase of the streetcar system. As grantee, NCTCOG also receives title to the assets acquired with the grant funds. These assets include the streetcar rail from Union Station to North Oak Cliff near Methodist Hospital, the streetcar power supply equipment, the first two streetcar vehicles, and other components of the streetcar system.

If approved, this action will authorize the City Manager to enter into an ILA with NCTCOG to transfer the project assets to the City. Entering into the ILA and transferring the assets is also consistent with the existing ILA between DART, NCTCOG, and the City dated May 26, 2011 and authorized by Resolution No. 11-1185 on April 27, 2011.

On June 22, 2011, City Council, acting on behalf of the Davis Garden TIF District, authorized a development agreement with SLF III – The Canyon TIF, LP (Developer) to fund \$3,000,000 towards the North Oak Cliff Streetcar System over a ten-year period by Resolution No. 11-1751. In the agreement, dated January 16, 2015, the Developer agreed to pay \$300,000 annually to NCTCOG for Streetcar support over a ten-year period. To date \$1,200,000 has been collected by NCTCOG. The next payment of \$300,000 is anticipated by September 2019.

This action will transfer to the City, the \$1,200,000 in developer funds already collected by NCTCOG, plus up to an additional \$1,800,000 in future developer funds as they are received.

On May 28, 2014, City Council authorized the City Manager to negotiate an ILA with DART for the operation and maintenance (O&M) of the Dallas Streetcar System (Union Station to Methodist Hospital) by Resolution No. 14-0831. This ILA, which was executed by the City Manager on September 19, 2014 and executed by DART on January 27, 2015, further defined roles and responsibilities for the ongoing O&M of the streetcar system.

On June 15, 2016, Resolution No. 16-0980 authorized an amendment to the ILA to also include the operation and maintenance of the extensions to the streetcar system. As expected, the City and DART continue to operate based on the terms outlined in this amended ILA.

DART has estimated the total streetcar O&M costs for FY 2017-18 to be \$2,089,809, of which \$579,809.00 was included in DART's budget. Due to the unanticipated receipt of developer funds, DART will defer these costs in the current Fiscal Year. The \$975,000 included in the City's annual budget for FY 2017-18 for Streetcar O&M will be reduced to \$889,000. The \$1,200,000 balance will be provided by the developer funds. In accordance with the O&M ILA with DART, DART covers the O&M costs and then invoices the City on a monthly basis.

BACKGROUND (continued)

The FY 2017-18 needs for the Streetcar O&M are \$2,089,809. This need represents an increase of \$568,283 over last year's O&M budget of \$1,521,526. The increase is primarily due to extending the operating hours in the morning from 9:30 AM to Midnight to 5:30 AM to Midnight. Also the headways between streetcars was reduced from 30 minutes to 20 minutes.

This proposed action will also authorize the payment of funds to DART for O&M up to the allocated amounts of \$889,000 budgeted in the General Fund and \$1,200,000 in developer funds totaling \$1,875,000.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On May 26, 2011, NCTCOG, the City of Dallas, and DART entered into an ILA to establish each party's respective roles and responsibilities for the planning, construction, implementation, operation, and maintenance of the Project.

On May 28, 2014, City Council authorized an Interlocal Agreement with the Dallas Area Rapid Transit to detail agency roles and responsibilities related to operation and maintenance of the TIGER Grant-funded Dallas Streetcar Project (Union Station to North Oak Cliff) by Resolution No. 14-0831.

On June 15, 2016, City Council authorized an amendment to the ILA with DART to provide for the operation and maintenance costs for the southern and northern extensions of the Dallas Streetcar System (Union Station to North Oak Cliff) and two additional vehicles by Resolution No. 16-0980.

On June 15, 2016, City Council authorized payment to Dallas Area Rapid Transit for operation and maintenance costs for the Dallas Streetcar System (Union Station to North Oak Cliff) for Fiscal Year 2016, by Resolution No. 16-0981.

On March 22, 2017, City Council authorized payment to Dallas Area Rapid Transit for the operation and maintenance of the Dallas Streetcar System (Union Station to North Oak Cliff) for Fiscal Year 2017, by Resolution No. 17-0489.

Information about this item was provided to the Mobility Solutions, Infrastructure and Sustainability Committee on January 22, 2018.

On January 24, 2018, this item was deferred by Councilmember Sandy Greyson.

FISCAL INFORMATION

General Funds - \$2,089,809

The combination of the City's revised budget of \$889,000, plus the one-time receipt of \$1,200,000 in developer funds for the streetcar will provide a total of \$2,089,809. Assuming a 3% escalation of O&M costs in future years, the O&M budget would develop as follows:

FY 2017-18 Budget Need = \$2,089,809

<u>Budget as of</u> <u>10/1/17</u>	<u>Proposed</u> <u>Amendment</u>	<u>Variance</u>	
\$ 975,000	\$ 889,809	\$ 85,191	General Fund*
\$ -	\$1,200,000	(\$1,200,000)	SLF III - Canyon Developer Funds*
			(of the \$1,200,000 One-Time amount)
<u>\$ 579,809</u>	<u>\$ -</u>	<u>\$ 579,809</u>	DART Contribution (deferred to future FY)**
\$1,554,809	\$2,089,809	(\$ 535,000)	Total

FY 2018-19 Budget Need = \$2,152,503

\$ 975,000	\$ 692,885	\$282,115	General Fund*
\$ -	\$ 300,000	(\$300,000)	SLF III - Canyon Developer Funds (Annual)*
\$ -	\$ 579,809	(\$579,809)	DART Contribution Surplus from FY 2017-18**
<u>\$ 579,809</u>	<u>\$ 579,809</u>	<u>\$ -</u>	DART Contribution **
\$1,554,809	\$2,152,503	(\$597,694)	Total

FY 2019-20 Budget Need = \$2,217,078

\$1,337,269	\$1,337,269	\$ -	General Fund*
\$ 300,000	\$ 300,000	\$ -	SLF III - Canyon Developer Funds (Annual)*
<u>\$ 579,809</u>	<u>\$ 579,809</u>	<u>\$ -</u>	DART Contribution**
\$2,217,078	\$2,217,078	\$ -	

* City Contribution

** DART Contribution

FISCAL INFORMATION (continued)

<u>Council District</u>	<u>Amount</u>
1	\$1,880,828.00
2	\$ 208,981.00
Total	\$2,089,809.00

Future year funding of escalation of O&M will be considered during FY 2018-19 budget development.

MAP

Attached

February 28, 2018

WHEREAS, the City of Dallas, Dallas Area Rapid Transit (DART), North Central Texas Council of Governments (NCTCOG) and Texas Department of Transportation (TxDOT) have entered into interlocal agreements (ILAs) related to the funding, construction, and operation of the Dallas Streetcar System; and

WHEREAS, on September 15, 2009, NCTCOG and the City of Dallas submitted, as joint applicants, a Transportation Infrastructure Generating Economic Recovery (TIGER) grant application to the United States Department of Transportation (USDOT) for the planning, construction, and implementation of the Dallas Streetcar Project (the Project) in the City; and

WHEREAS, on February 17, 2010, USDOT awarded \$23 million from the TIGER grant program for the Project; and

WHEREAS, on May 17, 2010, NCTCOG, as the Project sponsor entered into a Memorandum of Understanding (MOU) with USDOT, Federal Transit Administration (FTA) which established the statement of work, project budget, the project schedule, and the project finance plan; and

WHEREAS, on April 27, 2011, City Council authorized an ILA with NCTCOG and DART to detail agency roles and responsibilities related to the financial commitment for operation and maintenance of the TIGER Grant Streetcar Project, by Resolution No. 11-1185; and

WHEREAS, on August 29, 2012, the FTA provided written approval for the transfer of project assets to the City subject to the inclusion of a reversionary clause that ensures NCTCOG's ability to maintain satisfactory continuing control for the life of the project assets should the City fail in its obligations; and

WHEREAS, all project site work has been completed, the project vehicles are operational, and DART, NCTCOG, and the City of Dallas have fulfilled or are currently fulfilling their respective project roles and responsibilities; and

WHEREAS, on June 22, 2011, City Council, authorized a development agreement with SLF III - The Canyon TIF, L.P., "SLF" to dedicate future TIF revenues pursuant to the Davis Garden TIF District to extend and to support the North Oak Cliff Streetcar in the Davis Garden TIF District, in an amount not to exceed \$3,000,000.00; and

February 28, 2018

WHEREAS, on June 22, 2011, City Council issued a resolution declaring the intent of Tax Increment Financing Reinvestment Zone Number Sixteen (Davis Garden TIF District) to reimburse the SLF III - The Canyon TIF, L.P., "SLF" a grant of up to \$3,000,000.00, pursuant to the Davis Garden TIF district Grant Program, for expenditures necessary or convenient to the implementation of the project plans for the Davis Garden TIF District to extend and to support the North Oak Cliff Streetcar in the Davis Garden TIF district; and

WHEREAS, to date, NCTCOG has received \$1,200,000.00 from the Developer and anticipates receiving an additional \$1,800,000.00 in funds from the Developer in the future.

Now, Therefore,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

SECTION 1. That the City Manager is hereby authorized to sign an Interlocal Agreement with NCTCOG to **(1)** transfer the TIGER Grant Streetcar Project assets and streetcar project-related funds to the City of Dallas **(2)** transfer to the City, funds collected from SLF III - The Canyon TIF, LP for the Dallas Streetcar, approved as to form by the City Attorney; and **(3)** make payments to Dallas Area Rapid Transit for operation and maintenance costs for the Dallas Streetcar System for Fiscal Year 2018, not to exceed \$2,089,809.

SECTION 2. That the Chief Financial Officer is hereby authorized to receive and deposit SLF III - The Canyon TIF, LP Funds, Fund 0001, Department BMS, Unit 1991 Activity INGV, Revenue Code 6512, in an amount not to exceed \$3,000,000.00 plus accrued interest.

SECTION 3. That the City Manager is hereby authorized to increase appropriations in an amount not to exceed \$1,114,809 from \$975,000 to \$2,089,809 in General Fund, Fund 0001, Department BMS, Unit 1991, Object 3070.

SECTION 4. That the Chief Financial Officer is hereby authorized to disburse funds in accordance with the terms and conditions of the contract from:

General Fund				
Fund 0001, Department BMS, Unit 1991, Activity OF01				
Object 3070, Program No. PBPRP629,				Encumbrance
MASC-PBW-2017-00003478				
Vendor 232802, in an amount not to exceed			\$2,089,809	

SECTION 5. That the contract with NCTOG is designated as Contract No. TRN-2018-00004376.

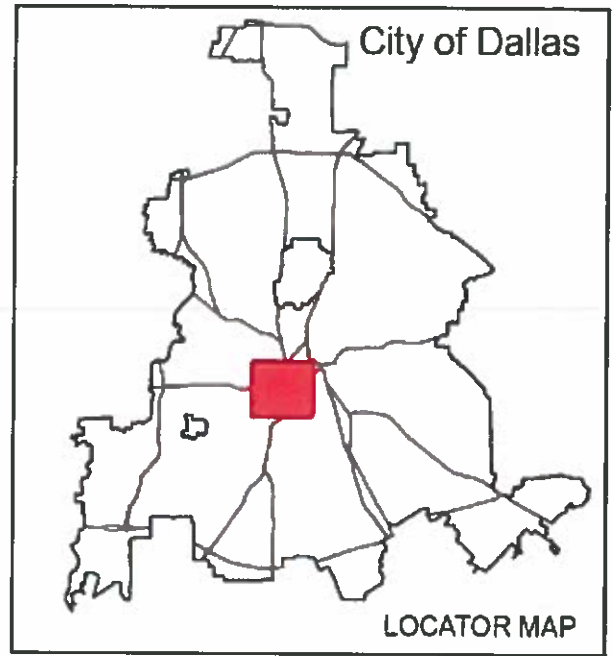
February 28, 2018

SECTION 6. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.


Dallas Modern Streetcar Extensions

Districts: 1, 2

MAPSCO: 44Z, 45P, S, T, W, 54D



LEGEND

STREETCAR ROUTE = 

DART TRAIN ROUTE = 