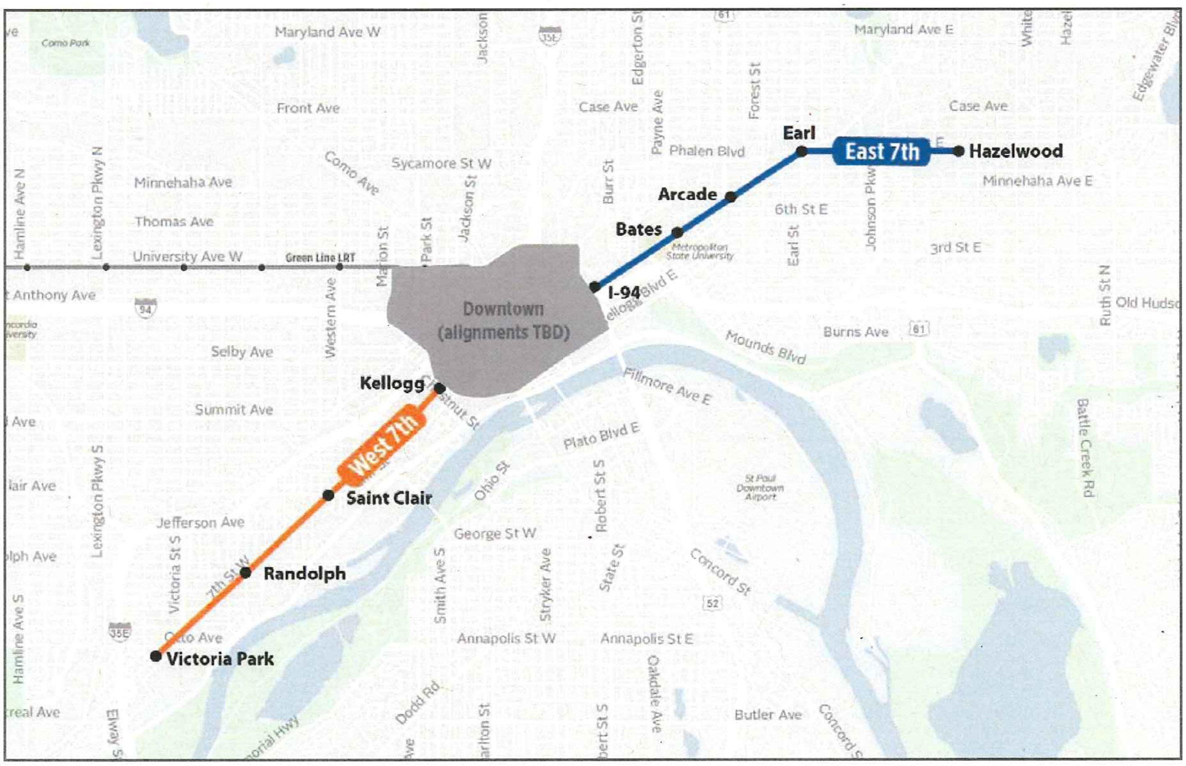
the strongest segments of those lines could be constructed first, in order to provide the greatest benefits from the start, spread the benefits to different parts of the city, and provide the strongest foundation for future growth.

Strongest Segments of East 7th and West

To determine which segments of the East 7th and West 7th Lines would produce the most effective starter line, three considerations were used: (1) ridership, (2) development potential, and (3) capital costs. In terms of ridership and development potential, the criteria was simply which segments would produce the highest ridership and help spur the greatest amount of development. In terms of capital costs, an important consideration is to develop a project that would be eligible for FTA Small Starts funding, which has a cap of $250 million in total project costs. The segments that were considered are shown in Figure 12.

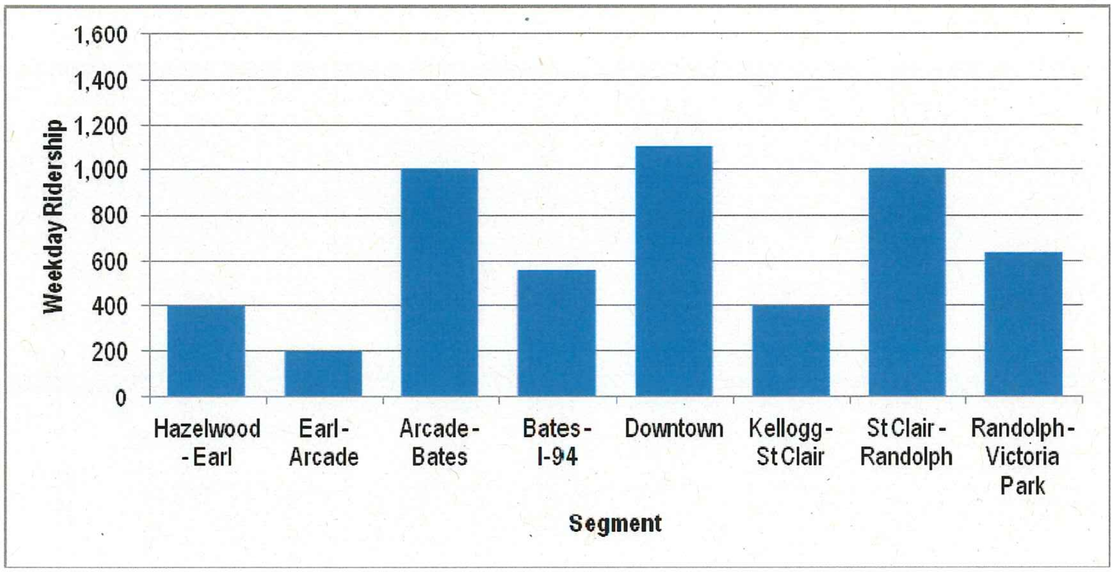
Figure 12: East and West 7th Segments



Ridership

In terms of ridership per route mile, the heaviest ridership segments along the East 7th and West 7th lines would be in downtown, on East 7th between Arcade Street and Bates Avenue (Metropolitan State University), and on West 7th between Saint Clair Avenue and Victoria Park (see Figure 13).

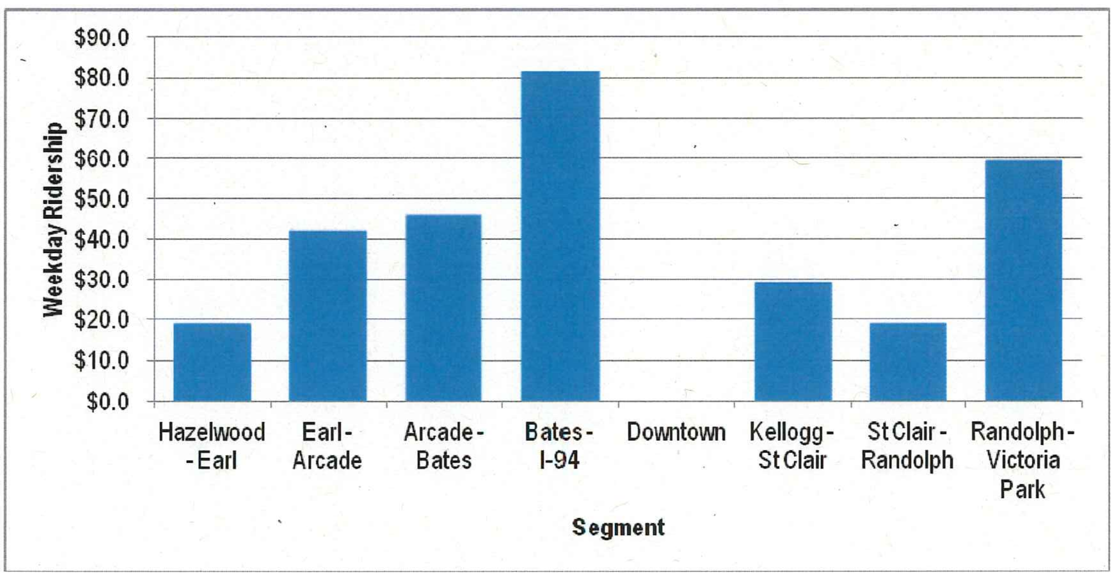
Figure 13: Ridership by Route Mile along East 7th and West 7th Lines



Development Potential

Outside of downtown,[2] the greatest potential for new development would be along East 7th south of Earl Street, and the outer end of the West 7th Line between Randolph Avenue and the vicinity of Victoria Park (see Figure 14).

Figure 14: Development Potential per Mile along East 7th and West 7th Lines



[2] As described previously, this study did not include the impacts of new development in downtown, as most of the routes that were examined would operate to and from downtown, and the inclusion of those figures would have made the comparison of impacts outside of downtown more difficult.

Capital Costs

By segment, capital costs would range from $23 million to $77 million, and the cost to build both lines in their entirety would be $367 million in 2013 dollars (see Table 8). With the objective to keep the cost of the starter line at less than $250 million, and to provide service both north and south of downtown, the cost to construct service between Arcade Street to the north and Randolph Avenue to the south would be $230 million.

Table 8 – Capital Cost Estimates ($2103)

Segment	Both Lines End-to-End	Arcade - Randolph
Hazelwood - Earl	$56.7	
Earl - Arcade	$34.0	
Arcade - Bates	$22.7	$22.7
Bates – Lafayette	$34.0	$34.0
Downtown	$77.0	$77.0
Kellogg – Saint Clair	$56.7	$56.7
Saint Clair - Randolph	$39.7	$39.7
Randolph – Victoria Park	$45.4	
	$366.7	$230.2

(Important notes about these capital costs are that they are in 2013 dollars, and that ultimate construction costs will be higher based on the amount of inflation that occurs between now and the time of construction. Also, the FTA $250 million total cost threshold in year of expenditure dollars, and this threshold may or may not be raised to reflect inflation.)

Operating Costs

Operating costs would largely reflect the length of the line. The full line would cost over $11 million per year to operate, while an Arcade - Randolph Line would cost $8.0 million (in 2013 dollars).

RECOMMENDED STARTER LINE

As stated above, important objectives for the city's first streetcar line are that it would maximize ridership and development benefits, provide service to multiple neighborhoods, and that total capital costs be kept within $250 million. A starter line that operates along East and West 7th Streets between Arcade Street and Randolph Avenue via downtown, as shown in Figure 15, would best achieve these objectives:

- It would serve 3,100 passengers per weekday, or 72% of the riders of the full lengths of both the East 7th and West 7th Lines. These ridership levels would compare favorably with other U.S. streetcar lines (see Figure 16).
- It would support development in many of the areas with the greatest potential, including between Arcade Street and downtown. It would also support further development along West 7th Street, south of downtown, and set the stage for subsequent extension further south where development potential would be the highest.

Figure 15: Proposed Starter Line

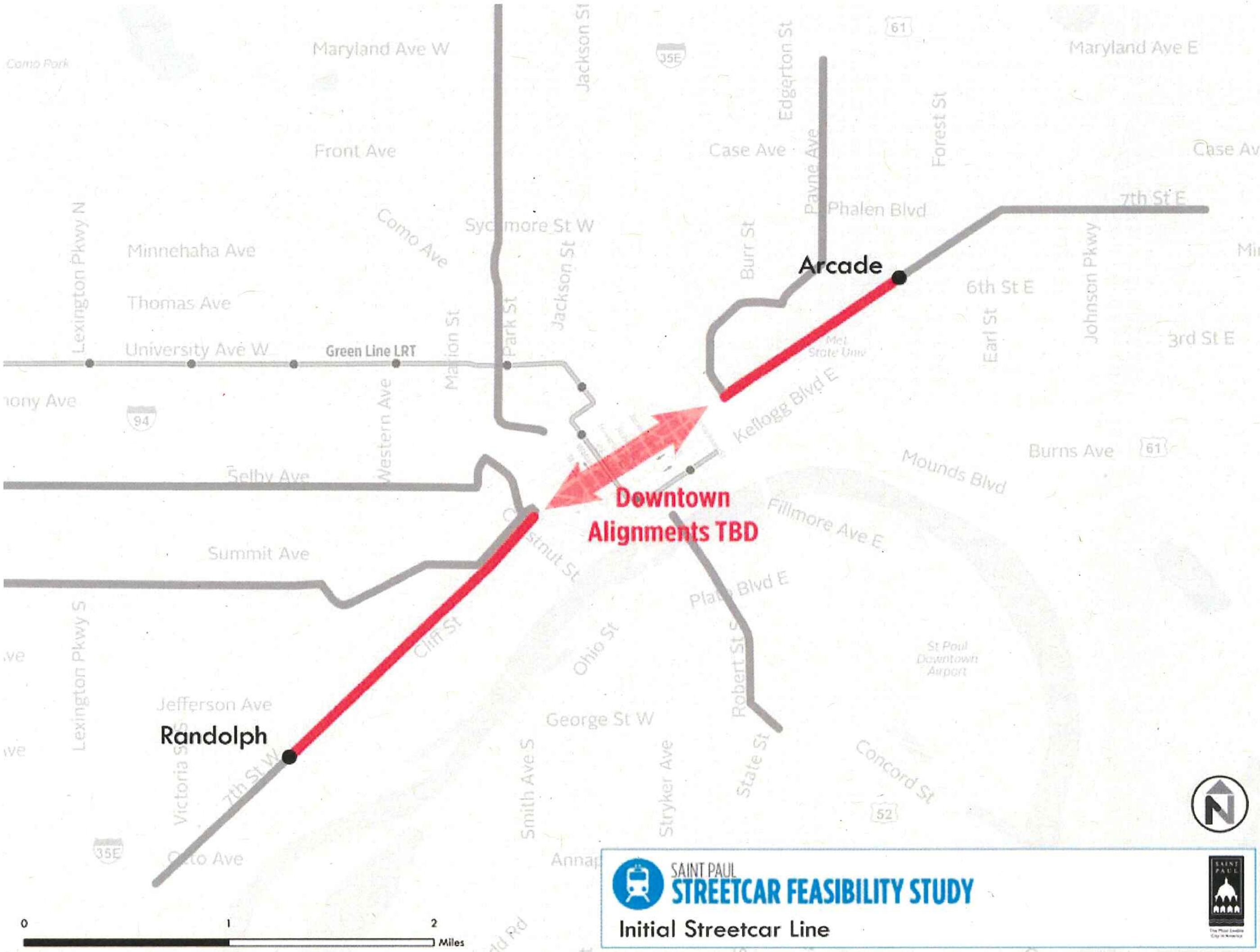
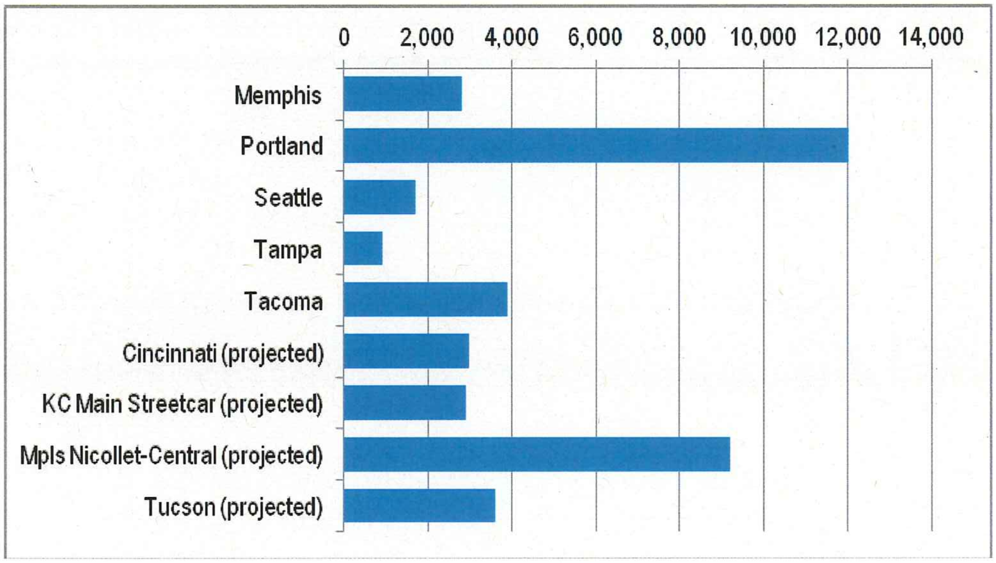


Figure 16: Ridership on Other Streetcar Projects (Weekday)



- In 2013 dollars, capital costs would be below the FTA's $250 million threshold for Small Starts funding. While year of expenditure costs will certainly higher, especially if the first line is built later rather than sooner, there are potential savings that were not fully explored in this study such as the joint use of Green Line tracks in downtown. These could keep year of expenditure costs below $250 million. As part of further project development, additional steps could also be taken to reduce costs by shortening the line somewhat.

Phase 2

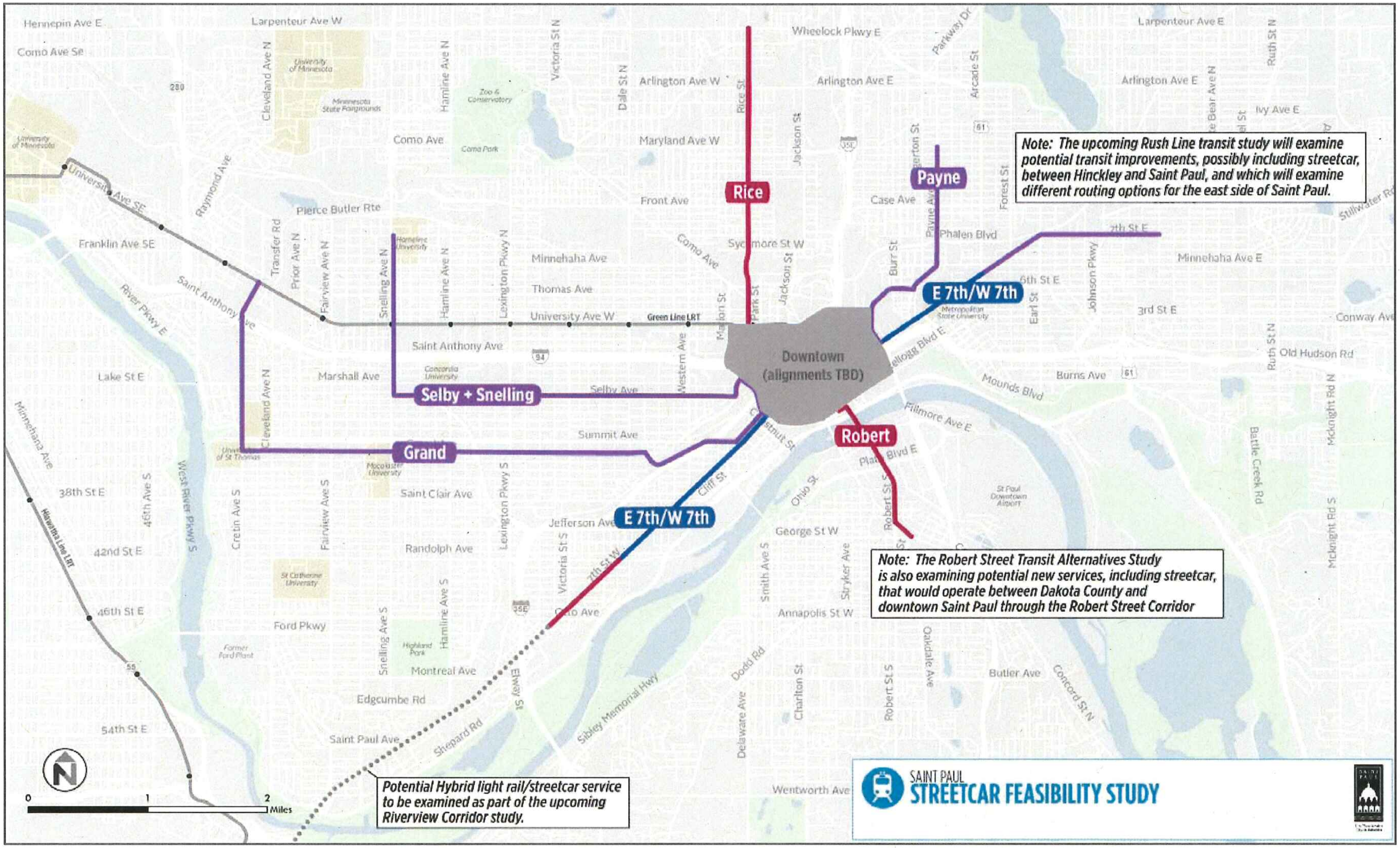
An East 7th/West 7th Starter Line would represent the starting point toward the development of the Long-Term network. Based on the work described above, and to achieve the greatest benefits soonest, Phase 2 of streetcar development should consist of (see Figure 17):

- An extension of West 7th Street further southward to the vicinity of Victoria Park
- Development of the Robert Line
- Development of the Rice Line.

Phase 3

The remaining lines would then follow those, with specific timing to be determined as the city's streetcar program continues to evolve.

Figure 17: Streetcar Network Phasing



5 POTENTIAL FUNDING

Pursuing capital funding for streetcar projects is challenging for a number of reasons. First, there is fierce competition for funding at both the federal and local levels. The largest source of capital funds for transit projects is the Federal Transit Administration's (FTA's) New and Small Starts discretionary program. This is the largest discretionary program in the federal government and includes upwards of $2 billion in capital funding for transit projects annually. Second, and particularly in the Twin Cities area, modern streetcar represents a new transit mode, and policy makers are still working to determine how it fits within the region's family of transit services. Finally, and also because it is a new transit mode, it has not been considered in previous regional planning efforts and thus the addition of new streetcar lines to the regional planning program is often viewed as at the expense of other planned transit services, especially new arterial BRT lines.

For these and other reasons, recent streetcar projects have sought new funding mechanisms than those generally used for major capital transit projects, at both the federal and local levels. This chapter describes potential capital funding sources for streetcar service in Saint Paul, and provides examples of how those sources have been used to fund other recent streetcar projects

HOW ARE OTHER STREETCAR PROJECTS BEING FUNDED?

Most current and recent streetcar services are funded with local public funding, supplemented with federal funding, and in limited cases with state funding and private donations (see Table 9).

Table 9: Funding Sources for Capital Costs of Recent Streetcar Projects (in Millions)

City	Federal	State	Local Public	Local Private	Total
Fort Lauderdale	53%	25%	22%	0%	100%
Kansas City*	30%	0%	70%	0%	100%
Cincinnati	34%	0%	66%	5%	100%
St. Louis	72%	0%	28%	13%	100%
Tucson	41%	0%	59%	2%	100%
Washington DC (22-mile system)	2%	0%	98%	0%	100%

On a percentage basis for the sample projects shown in Table 1, local funding has ranged from a low of 28% for Saint Louis' 1.1 mile $43 million project to a projected 98% for Washington D.C.'s 22 mile $913 million planned streetcar system. However, the most common proportion of local funding is 60 to 70%.

Federal funding has ranged from a projected 2% for Washington D.C.'s system to 72% for Saint Louis. In recent years, additional federal funding sources have become available to develop and build streetcar service. A significant example of these funding sources is the United States Department of Transportation's discretionary funding Transportation Investments Generating Economic Recovery (TIGER). TIGER funding is allocated to a wide range of transportation projects, and so the proportion that is awarded to transit projects is small; and streetcar projects is smaller still. As more streetcar projects are in development, the pool of discretionary funds is split between more projects and individual grants awards have been reduced, which has in turn reduced the share of federal funding. As a result, it is likely the future streetcar projects will need to rely to a greater extent on local funding than those that are either in construction or nearing construction.

Capital funding sources for streetcar projects at the state and local level can vary widely. State funding is only being used in Florida, while local public funding covers between 20% and 98% of capital costs. Local sources range from general funds to local assessment districts. Private contributions have also been used in some projects, providing 2% to 13% of project costs in Saint Louis, Cincinnati, and Tucson.

OVERVIEW OF CAPITAL FUNDING OPTIONS

For Saint Paul, there are a large number of capital funding options, some of which are already utilized in other cities, some that are currently used to fund transit projects but not streetcar projects, some that are not currently being used to fund transit projects that could be, and some that would be entirely new sources (see Table 10).

Table 10: Overview of Potential Funding Sources

Federal	Decision-Making Agency	Currently Used for Streetcar in Other Cities?
Federal		
TIGER funds	USDOT	Yes
FTA Section 5303 Planning	Met Council	Yes
FTA Section 5307 Urbanized Area Formula	Met Council	No*
Section 5309 New Starts	FTA	Yes
CMAQ/STP	Met Council	Yes
Twin Cities Regional		
Motor Vehicle Sales Tax	Met Council	NA
Regional Transit Capital Bonds	Met Council	NA
RRA Property Tax	Ramsey County RRA	NA
State		
Various State Sources	Typically Legislature/state DOT	NA
County		
Various County Sources	County Board	NA
City		
Tax Increment Financing (TIF) District	City Council	Yes
Special Assessment District	City Council or District	Yes
Fees and Taxes (Parking, Entertainment, Lodging, etc.)	City Council	Yes

** Not used for streetcar projects but used as funding for other capital transit projects in new and small starts project development pipeline*

FEDERAL FUNDING OPTIONS

There are a number of sources of federal funding available to fund streetcar capital costs. However, as a practical matter, most current funding is through the TIGER program, with funds allocated at the USDOT's discretion, and through the flexing of flexible CMAQ and STP funds, which is done at the discretion of each region's Metropolitan Planning Organization, which for the Twin Cities is the Metropolitan Council (Met Council).

Transportation Investment Generating Economic Recovery (TIGER) Funds

The American Recovery and Reinvestment Act (ARRA) of 2009 created funding for a variety of short-term infrastructure investment programs, including the Transportation Investment Generating Economy Recovery (TIGER) program. With the economic recovery underway, the TIGER program has shifted its emphasis from stimulus and job creation to longer-term national infrastructure investments, and has provided much of the recent federal funding for streetcar projects:

- Atlanta: $47.7 m
- Cincinnati: 20.0 m
- Dallas: $26.0 m
- Detroit: $25.0 m
- Fort Lauderdale: $18.0 m
- Kansas City: $20.0
- New Orleans: $45.0
- Salt Lake City: $26.0 m
- Tucson: $63.0 m

The future of the program is uncertain, but given its popularity, there are widespread expectations that it will be continued.

Section 5309 Fixed Guideway Capital Investment Grants (New Starts/Small Starts)

The Section 5309 New Starts/Small Starts program awards grants on a competitive basis for major transit investments for new and expanded rail, bus rapid transit (BRT), and ferry services.

Small Starts

Small Starts projects are those with total capital costs of less than $250 million and a federal share of less than $75 million, which encompasses most streetcar projects. Small Starts projects are evaluated using the following criteria:

- Project Justification, which represents 50% of a project's overall rating and is based on cost effectiveness, land use, economic development, congestion relief, environmental benefits, and mobility improvements.
- Local Financial Commitment, which represents the other 50% of a project's overall rating and is based on:
  - Current capital and operating conditions (25% of the local financial commitment rating)
  - Commitment of capital and operating funds (25% of the local financial commitment rating)
  - Reasonableness of capital and operating cost estimates and planning assumptions / capital funding capacity (50% of the local financial commitment rating)

As a conservative approach, most streetcar projects are developed according to FTA project development guidelines so that they will be eligible for New Starts/Small Starts funding. Since 2000, only Portland and

Tucson have received Small Starts funding ($75.0 and $6.0 million, respectively), with other streetcar funding instead flowing through the TIGER program. However, with the changes in the evaluation framework of Small Starts projects under MAP-21–namely, an equal emphasis on all evaluation criteria and a change in the way cost effectiveness is measured–seem to create a more favorable evaluation model for streetcar projects. In fact, since the implementation of MAP-21, two modern streetcar projects have been approved into the Small Starts Project Development pipeline: The Fort Lauderdale WAVE Streetcar in Florida and the Tempe Streetcar in Arizona.

New Starts

New Starts projects are those with total capital costs of over $250 million or that request greater than $75 million in funding. Given the limited amount of federal funds available and the generally high cost of New Starts projects, lower shares are now more typical, and proposed New Starts projects are required to proceed through a rigorous evaluation process. While the evaluation criteria and framework is the same for both New and Small Starts projects, project sponsors of the larger and complex New Starts projects are subject to more stringent technical capacity reviews. This is reflected in FTA's Project Development process, in which New Starts projects have to be approved into and proceed through an additional Engineering phase prior to being considered for a Full Funding Grant Agreement (FFGA).

Flexible Funds

There are two programs under which funds can be used for both transit or highway projects, and that are frequently used to provide funding for streetcar projects:

- **Congestion Mitigation and Air Quality Improvement Program (CMAQ)**, which is jointly administered by the Federal Highway Administration (FHWA) and the FTA and that provides funding for projects that reduce air pollution in areas that do not meet the National Ambient Air Quality Standards (nonattainment areas) and former nonattainment areas that are now in compliance (maintenance areas). This includes the Twin Cities area, and these funds can be used for streetcar projects. The funds can be used for up to 88.5% of capital costs, and for operating costs for up to the first three years of service.
- **Surface Transportation Program (STP)**, which is an FHWA = program that allows states to shift highway funds to transit uses, including the development of streetcar service. Funds can be used for capital purposes, but not for operations.

In large urban areas, both CMAQ and STP funds are allocated by the Metropolitan Planning Organization (MPO), which in the Twin Cities is the Met Council. Funds from the two sources are commonly considered together, and have been used as partial funding for most recent streetcar projects, but usually in limited amounts; for example:

- Atlanta: $1.9 m (CMAQ for partial funding for first three years of operations)
- Fort Lauderdale: $8.1 m (capital)
- Kansas City: $17.1 m (capital)
- Cincinnati: $4.0 m (capital)
- St. Louis: $5.8 m (capital)
- Tucson: $14.0 m (capital)

FTA Section 5303 Metropolitan Planning Funds

FTA Section 5303 provides funding to support cooperative, continuous, and comprehensive planning for making transportation investment decisions in metropolitan areas, and are frequently used for streetcar planning activities. In the Twin Cities area, these funds flow through the Metropolitan Council, which makes programming decisions for these funds through its regional process.

Section 5307 Urbanized Area Formula Program

In large urban areas such as the Twin Cities, Section 5307 provides formula funding for transit capital purposes, and for some limited operating cost expenses such as preventative maintenance and lease costs. These funds flow to the urbanized area's "designated recipient," which in the Twin Cities is the Met Council.

These funds could conceivably be used for the capital development and construction of a streetcar project but would not likely be, as they would not be new funds, but rather a reallocation of existing and programmed funds and that are currently directed toward other uses. To date, no agency has used Section 5307 funds for a streetcar project.

REGIONAL

Metropolitan Council-Controlled Funds

The Metropolitan Council administers two types of funding that could potentially be used to fund streetcar capital and operating costs: the Motor Vehicle Sales Tax (MVST) and Regional Transit Capital (RTC) bonds. At this time, the Met-Council is still determining where and how streetcar service should fit within the region's overall transit system. The Met Council's current thinking on streetcar service is best expressed in its recent letter to the Minneapolis' mayor,[3] which states in part:

> *"The Council's current Transportation Policy Plan (TPP) is nearly silent on streetcars as a mode of transit in the region, except for a reference to Council-local government collaboration to determine when and where a streetcar project might be appropriate. The TPP also states that projects that show a positive, significant, and cost-effective transportation benefit might be funded with local, regional and federal transportation funds but a project pursued primarily for development outcomes should be funded locally and should not compete with other priorities for federal and state transportation funds. With numerous transit corridors identified for future investment, the demand for transit capital and operating funding greatly exceeds current funding.*
>
> *Both transportation and economic development serve an important role in helping the region grow in an efficient, connected manner and provide justification for investment. I understand that project justification for the Nicollet-Central streetcar is still under discussion by technical staff and policymakers as part of the Nicollet-Central Transit Alternatives Study. It will be important for the project justification to be well developed and vetted prior to it coming forward to the Council for consideration."*

Minneapolis' efforts to develop Nicollet-Central streetcar service will likely accelerate resolution of regional streetcar funding issues, and successful resolution of those issues within the context of that project could facilitate the development of Saint Paul streetcar service.

Motor Vehicle Sales Tax

Minnesota Statute 297B.09 allocates 36% of the state MVST funding to the metropolitan area transit fund to be used for capital and operating transit assistance in the metropolitan area. The Metropolitan Council is responsible for allocating the MVST funds to various transit purposes. The funds are primarily used to

[3] Letter from Susan Haig, Chair of the Metropolitan Council to Minneapolis Mayor Rybak, July 12, 2013.

pay for existing transit operations, both rail and bus. MVST funding is allocated annually by the Council through the adopted Regional Transit Operating Revenue Allocation Procedure and Regional Transit Capital Revenue Allocation Procedure (adopted in September 2010).

Regional Transit Capital Bonds

RTC funds are bond funds where the debt service is paid using the Met Council's transit capital levy. The legislature is responsible for authorizing the amount of RTC bonds that may be sold and the Met Council sets the annual levy required to pay the debt. RTC funds are used for transit capital expenditures including assets with shorter than a 20-year life, including transit vehicles and technology. RTC funds may not be used for transit planning and operations. RTC funds are allocated by the Council through the annual development of the six-year CIP.

Counties Transit Improvement Board (CTIB)/Metro Counties Sales Tax

The Counties Transit Improvement Board (CTIB) is a joint powers board consisting of Anoka, Dakota, Hennepin, Ramsey and Washington Counties that, as permitted by Minnesota Statute 297A.99, has enacted a quarter-cent sales tax and $20 a motor vehicle sales tax to invest in and advance transit projects by awarding annual capital and operating grants. The Board works in collaboration with the Metropolitan Council and Carver and Scott counties.

CTIB has adopted a Transitway Investment Framework, which establishes principles and rules regarding how the CTIB will invest in transitway development. At this time, CTIB's Transitway Investment Framework does not provide for streetcar projects to receive CTIB funding. However, CTIB is in the process of updating their investment framework and the inclusion of streetcar service within the regional transitway framework will be considered. In that case, Saint Paul streetcar service could qualify for CTIB funding, and CTIB sales tax revenues could be used to fund up to 30% of streetcar capital costs (if CTIB funded streetcar at the same level they fund LRT projects). The funding would require a minimum of 10% local (non-state) match and 10% state match.

STATE

State funding for major transit capital projects is currently available from three sources: State General Fund, General Obligation (GO) Bonds and Mn/DOT Trunk Highway Funds and Bonds. State statutes does not specifically address streetcars but do prohibit state funds from being used to pay more than 10% of the total capital cost of an LRT project. Additionally, "after operating and federal money have been used to pay for LRT transit operations, 50% of the remaining costs must be paid by the state." Again, streetcars are not currently addressed and would likely require modifications to state legislation in order to apply state funding to a streetcar project.

State General Fund

Funding from the state general fund is made available for transitway projects through appropriations by the state legislature and varies in amount from year to year. General funds are rarely used for capital investments and may include additional restrictions as specified in the appropriation language. General funds may be used for transitway operating costs.

General Obligation Bonds

General Obligation (GO) bonds can provide funding for transitway capital costs and are allocated through state legislative appropriations in varying amounts. Typically, the state authorizes a large bonding bill in even numbered sessions and smaller or no bonding bill in the odd numbered sessions. The specific use of the funds is dictated by the appropriation language. Any capital expenditure funded by GO bonds must be for a specific capital project that will have a 20-year life and the asset must be owned by the public entity specified in the appropriation. GO bonds may not be used for planning studies, alternatives analysis, technology, vehicles or operating expenditures.

Mn/DOT Trunk Highway Funds and Bonds

Mn/DOT trunk highway funds and bonds may be used on transitway projects that further a trunk highway purpose, which would not be the case for most or all streetcar projects. Trunk highway funding can only be used for trunk highway purposes and cannot be used for transit operations. Capital assets that utilize trunk highway bonds must have a 20-year life, be owned by Mn/DOT and are considered part of the trunk highway system. Trunk highway funding and bonds are authorized through the state legislative process.

COUNTY AND CITY

County General Fund

County general funds may be used on transitway projects as allocated. General funds are allocated through the county budget process and vary in amount from year to year.

County Highway Funds

County highway funds may be used for highway-related transit improvements but may not be used for non-highway transitway purposes. Two potential lines–East 7th and West 7th–would operate along West 7th Street, which is a state highway and thus these lines could potentially leverage County Highway Funds for partial funding.

Highway funds are allocated through the county budget process and vary from year to year.

City General Fund

City general funds may be used on transitway projects as allocated. General funds are allocated through the city budget process and vary in amount from year to year.

Municipal Highway Funds

Municipal highway funds may be used for highway-related transit improvements but may not be used for non-highway transitway purposes. It may be possible to use some of these funds for roadway improvements that are made in conjunction with the development of streetcar lines.

Highway funds are allocated through the city budget process and vary in amount from year to year.

Ramsey County Regional Railroad Authority (RRA)

Regional Rail Authorities (RRAs) in the state of Minnesota have the power to impose a property tax levy up to 0.04835% of the market value of all taxable property within the RRA boundary and to issue bonds to fund transitway-related projects. To date, RRA funds have not been used for streetcar projects although they could be. To do so, the proposed streetcar project would need to be programmed within the RRA's transitway program. Funds can be used planning and environmental work, and for up to 10% of capital costs. However, RRA funds cannot be used for operations in counties that have enacted the Metro Counties Sales Tax (which Ramsey County has).

POTENTIAL NEW FUNDING SOURCES

In addition to the currently available sources described above, there are additional methods that are used in other cities that could potentially be used in Saint Paul. Those with the greatest potential to fund major portions of streetcar projects include Tax Increment Financing (TIF) Districts and Special Assessment Districts. Other potential sources include a variety of fees and taxes, including on parking, lodging, and entertainment tickets.

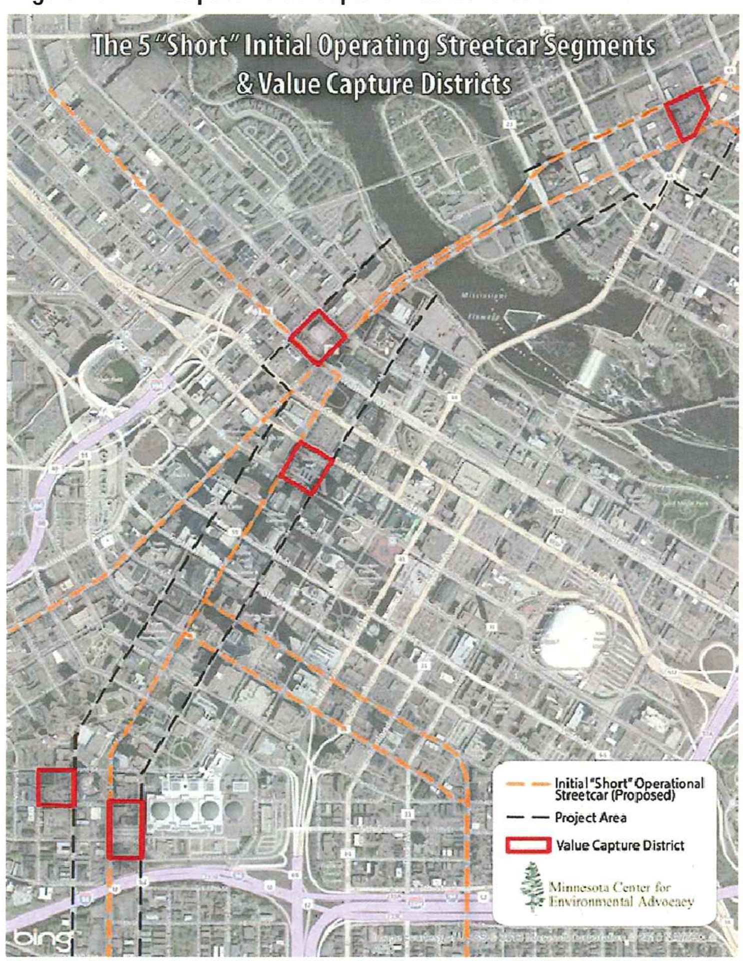
Tax Increment Financing District

Tax Increment Financing (TIF) is a process that involves selling bonds for a project and repaying the bonds with the increases in property tax that are produced as a result of the project. For a streetcar project, a TIF district could be developed that would consist of the area that would benefit from the streetcar service The total amount that could be raised would be based on projections of how much debt service the increases in property values support, and the party issuing the bonds would be responsible for covering any funding shortages should property tax revenues fail to increase to anticipated levels.

A traditional TIF process has not yet been used to fund streetcar service, but is being considered by Washington, D.C. as a way to raise approximately $46 million. However, Minneapolis's new Value Capture District, which will be used to provide $60 million in funding toward its planned Nicollet-Central streetcar service is a form of a TIF District, but unique in two respects:

- Instead of being comprised of the entire area served by the streetcar line, it is comprised of five different parcels along the line; most of the area served by the streetcar line is not in the Value Capture District (see Figure 18).
- Whereas most Tax Increment Financing approaches use tax revenue increases that are produced as a result of the project, development is already planned or underway on each of the Minneapolis parcels, and the increase in property tax values will be based on the values of those properties as of January 1, 2013. Thus the Minneapolis Value Capture District will leverage increases in property taxes from both before and after development

Figure 18: Minneapolis Value Capture District Parcels



Source: Minnesota Center for Environmental Advocacy of the project.

The Minneapolis Value Capture District required legislative authorization, and the use of a TIF approach in Saint Paul would also require legislative approval.

Special Assessment Districts

Special Assessment Districts are similar to TIF districts in that a special district is created that consists of the area that benefits from streetcar service. However, unlike as with TIF financing, where property owners indirectly pay increased property taxes as a result increases in there property values, in Special Assessment Districts, property owners directly pay a fee or a higher property tax rate that is used to repay bond receipts.

Portland has used Special Assessment Districts extensively to fund its streetcar services. Most recently, Kansas City enacted a special assessment district that extends approximately ½ mile around its planned streetcar line, which it calls a Transportation Development District, or TDD. Within this district, both a property tax surcharge and a 1% sales tax increase have been enacted, and these are projected to fund $83 million in capital costs and ongoing operating costs.

OTHER

There are also a variety of other taxes and fees that can be enacted to fund streetcar service, and which can be enacted in many forms. Those that cities can typically enact include higher charges for on-street parking, taxes/surcharges on parking ramp rates, a tax on entertainment tickets (i.e., sports and theatre events, and lodging taxes.

SUMMARY

There are a large number of ways that streetcar service can be funded, but there is no single easily obtainable source that can provide the most of the funding. Instead, most projects are financed by combining funding from many sources. Primary among these are a significant amount of local funding, which is often generated through the development of a special assessment district, with the most recent examples being Minneapolis and Kansas City. Minneapolis' version is unique that it was consists of specific parcels that are already being developed, and there do not seem to be similar near-term opportunities for Saint Paul. However, a broader special assessment district or a TIF district could provide potential.

Beyond local funds, the most frequently used sources by other projects have been federal TIGER funds, as well as CMAQ and STP funds. The FTA allocates TIGRER funds through a competitive process that requires a well-defined project and commitments of local funding. The Met-Council allocates CMAQ and STP funds, and as described above, Met Council needs to make a number of policy decisions related to the development of streetcar service in the Twin Cities area before these funds could be obtained.

Additional potential funding sources include CTIB sales tax funds and Ramsey County RRA property tax funds. However, as is the case with CMAQ and STP funds, both of those agencies would also need to revise their funding policies to include streetcar service within the array of transitway projects that they will fund.

Many of the required policy changes at the Met Council, CTIB, and Ramsey County RRA will likely be challenging. However, one factor that Saint Paul has working in its favor is that the City of Minneapolis is now addressing the same issues as part of its development of Nicollet-Central streetcar service. Successful resolution of those issues within the context of that project would likely set precedents that could facilitate funding for Saint Paul streetcar service.

POTENTIAL CAPITAL FUNDING SOURCES

INTRODUCTION

Pursuing capital funding for streetcar projects is challenging for a number of reasons. First, there is fierce competition for funding at both the federal and local levels. The largest source of capital funds for transit projects is the Federal Transit Administration's (FTA's) New and Small Starts discretionary program. This is the largest discretionary program in the federal government and includes upwards of $2 billion in capital funding for transit projects annually. Second, and particularly in the Twin Cities area, modern streetcar represents a new transit mode and policy makers are still working to determine how it fits within the region's family of transit services. Finally, and also because it is a new transit mode, it has not been considered in previous regional planning efforts and thus the addition of new streetcar lines to the regional planning program is often viewed as at the expense of other planned transit services, especially new arterial BRT lines.

For these and other reasons, recent streetcar projects have sought new funding mechanisms in addition to those generally used for major capital transit projects. This document describes potential capital funding sources for streetcar service in Saint Paul, along with examples of how those sources have been used to fund other recent streetcar

HOW ARE OTHER STREETCAR PROJECTS BEING FUNDED?

Most current and recent streetcar services are funded with local public funding, supplemented with federal funding, and in limited cases with state funding and private donations (see Tables 1 and 2).

Table 1: Funding Sources for Capital Costs of Recent Streetcar Projects (in Millions)

City	Federal	State	Local Public	Local Private	Total
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Washington DC (22-mile system)	2%	0%	98%	0%	100%

On a percentage basis for the sample projects shown in Table 1, local funding has ranged from a low of 28% for Saint Louis' 1.1 mile $43 million project to a projected 98% for Washington D.C.'s 22 mile $913 million planned streetcar system. However, the most common proportion of local funding is 60 to 70%.

Federal funding has ranged from a projected 2% for Washington D.C.'s system to 72% for Saint Louis. In recent years, additional federal funding sources have become available to develop and build streetcar service. A significant example of these funding sources is the United States Department of

Transportation's discretionary Transportation Investments Generating Economic Recovery (TIGER) program. TIGER funding is allocated to a wide range of transportation projects, and so the proportion that is awarded to transit projects is small, and to streetcar projects is smaller still. In addition, as more streetcar projects are in development, the pool of discretionary funds is split between more projects and individual grants awards have been reduced, which has in turn reduced the share of federal funding. As a result, it is likely the future streetcar projects will need to rely to a greater extent on local funding than those that are either in construction or nearing construction.

Capital funding sources for transit projects at the state and local level can vary widely. State funding is only being used in Florida, while local public funding covers between 20 and 98% of capital costs. As described further below and presented in Table 2, a variety of local sources are used that range from general funds to local assessment districts. Private contributions have also been used in some projects, providing 2% to 13% of project costs in Saint Louis, Cincinnati, and Tucson.

Table 2: Streetcar Funding Sources for Selected Projects

	Fort Lauderdale	Kansas City	Cincinnati	St Louis	Tucson	Washington DC
System Stats						
Length (miles)	2.7	2.0	2.0	1.1	3.9	22.0
Vehicles	5	4	5	3	8	
Capital Funding						
Federal						
TIGER	$18.0	$20.0	$10.9		$63.0	
CMAQ/STP	$8.1	$17.1	$4.0	$5.8	$14.0	
FTA Section 5309 New Starts					$6.0	
FTA Section 5309 Urban Circulator	$49.6		$24.9	$24.9		
FTA Section 5337 State of Good Repair						$15.0
Other			$5.0			
State						
FDOT New Starts	$35.7					
Local						
Local Assessment District	$20.6	$73.5				
Tax Increment Financing (TIF)				$3.5		
Sales Tax					$75.0	
City Bond Sales			$64.0			
City General Funds	$10.5	$11.9	$17.4		$27.0	$717.0
Other				$3.7	$8.0	$181.0
Private Contributions			$6.5	$5.0	$3.0	
Total	$142.5	$122.5	$132.7	$42.9	$196.0	$913.0
% Federal	53%	30%	34%	72%	42%	2%
% State	25%	0%	0%	0%	0%	0%
% Local	22%	70%	61%	17%	56%	98%
% Private	0%	0%	5%	12%	2%	0%

OVERVIEW OF CAPITAL FUNDING OPTIONS

For Saint Paul, there are a large number of capital funding options, some of which are already utilized in other cities, some that are currently used to fund transit projects but not streetcar projects, some that are not currently being used to fund transit projects that could be, and some that would be entirely new sources (see Table 3). These sources are described in more detail in the following sections, and summarized in Attachment A.

Table 3 – Overview of Potential Funding Sources

Federal	Decision-Making Agency	Currently Used for Streetcar in Other Cities?
Federal		
TIGER funds	USDOT	Yes
FTA Section 5303 Planning	Met Council	Yes
FTA Section 5307 Urbanized Area Formula	Met Council	No*
Section 5309 New Starts	FTA	Yes
CMAQ/STP	Met Council	Yes
Twin Cities Regional		
Motor Vehicle Sales Tax	Met Council	No
Regional Transit Capital Bonds	Met Council	No
RRA Property Tax	Ramsey County RRA	No
State		
Various State Sources –	Typically Legislature or state DOT	Yes
County		
Various County Sources –	County Board	Yes
City		
Tax Increment Financing (TIF) District	City Council	Yes
Special Assessment District	City Council or District	Yes
Various Fees and Taxes (Parking, Entertainment, Lodging, etc.)	City Council	Yes

* Not used for streetcar projects but used as funding source for other capital transit projects in new and small starts project development pipeline

FEDERAL FUNDING OPTIONS

As indicated above, there are a number of sources of federal funding available to fund streetcar capital costs. However, as a practical matter, most current funding is through the TIGER program, with funds allocated at the USDOT's discretion, and through the flexing of flexible CMAQ and STP funds, which is done at the discretion of each region's Metropolitan Planning Organization, which for the Twin Cities is the Metropolitan Council (Met Council).

Transportation Investment Generating Economic Recovery (TIGER) Funds

The American Recovery and Reinvestment Act (ARRA) of 2009 created funding for a variety of short-term infrastructure investment programs, including the Transportation Investment Generating Economy Recovery (TIGER) program. With the economic recovery underway, the TIGER program has shifted its emphasis from stimulus and job creation to longer-term national infrastructure investments, and has provided much of the recent federal funding for streetcar projects:

- Atlanta: $47.7 m
- Cincinnati: $20.0 m
- Dallas: $26.0 m
- Detroit: $25.0 m
- Fort Lauderdale: $18.0 m
- Kansas City: $20.0
- New Orleans: $45.0
- Salt Lake City: $26.0 m
- Tucson: $63.0 m

The future of the program is uncertain, but given its popularity, there are widespread expectations that it will be continued.

Section 5309 Fixed Guideway Capital Investment Grants (New Starts/Small Starts)

The Section 5309 New Starts/Small Starts program awards grants on a competitive basis for major transit investments for new and expanded rail, bus rapid transit (BRT), and ferry services.

Small Starts

Small Starts projects are those with total capital costs of less than $250 million and a federal share of less than $75 million, which encompasses most streetcar projects. Small Starts projects are evaluated using the following criteria:

- Project Justification – this category is 50% of a project's overall rating and includes the evaluation of the following equally weighted measures:
  - Cost effectiveness
  - Land use
  - Economic development
  - Congestion relief
  - Environmental benefits
  - Mobility improvements
- Local Financial Commitment - this category is the other 50% of a project's overall rating and includes the evaluation of the following measures:
  - Current capital and operating conditions (25% of the local financial commitment rating)
  - Commitment of capital and operating funds (25% of the local financial commitment rating)
  - Reasonableness of capital and operating cost estimates and planning assumptions / capital funding capacity (50% of the local financial commitment rating)

As a conservative approach to a streetcar project's development, most streetcar projects are developed according to FTA project development guidelines so that they will be eligible for New Starts/Small Starts funding. Since 2000, only Portland and Tucson have received Small Starts funding ($75.0 and $6.0 million, respectively), with other streetcar funding instead flowing through the TIGER program. However, with the changes in the Small Starts projects evaluation framework under MAP-21 – namely, an equal emphasis on all evaluation criteria and a change in the way cost effectiveness is measured – seem to create a more favorable evaluation model for streetcar projects. In fact, since the implementation of MAP-21, two modern streetcar projects have been approved into the Small Starts Project Development pipeline: The Fort Lauderdale WAVE Streetcar in Florida and the Tempe Streetcar in Arizona.

New Starts

New Starts projects are those with total capital costs of over $250 million or requesting greater than $75 million in funding. Given the limited amount of federal funds available and generally high cost of New Starts projects, lower shares are now more typical, and proposed New Starts projects are required to proceed through a rigorous evaluation process. While the evaluation criteria and framework is the same for both New and Small Starts projects, project sponsors of the larger and complex New Starts projects are subject to more stringent technical capacity reviews. This is reflected in FTA's Project Development process – New Starts projects have to be approved into and proceed through an additional Engineering phase prior to being considered for a Full Funding Grant Agreement (FFGA).

Flexible Funds

There are two programs under which funds can be used for both transit or highway projects, and that are frequently used to provide funding for streetcar projects:

- **Congestion Mitigation and Air Quality Improvement Program (CMAQ)**, which is jointly administered by the Federal Highway Administration (FHWA) and the FTA and that provides funding for projects that reduce air pollution in areas that do not meet the National Ambient Air Quality Standards (nonattainment areas) and former nonattainment areas that are now in compliance (maintenance areas). This includes the Twin Cities area, and these funds can be used for streetcar projects. The funds can be used for up to 88.5% of capital costs, and for operating costs for up to the first three years of service. Some CMAQ funding has been allocated for part of the operating costs for the first three years of service on the Green Line.
- **Surface Transportation Program (STP)**, which is an FHWA = program that allows states to shift highway funds to transit uses, including the development of streetcar service. Funds can be used for capital purposes, but not for operations.

In large urban areas, both CMAQ and STP funds are allocated by the Metropolitan Planning Organization (MPO), which in the Twin Cities is the Met Council. Funds from the two sources are commonly considered together, and have been used as partial funding for most recent streetcar projects, but usually in limited amounts; for example:

- Atlanta: $1.9 m (CMAQ for partial funding for first three years of operations)
- Fort Lauderdale: $8.1 m (capital)
- Kansas City: $17.1 m (capital)
- Cincinnati: $4.0 m (capital)
- St. Louis: $5.8 m (capital)
- Tucson: $14.0 m (capital)

FTA Section 5303 Metropolitan Planning Funds

FTA Section 5303 provides funding to support cooperative, continuous, and comprehensive planning for making transportation investment decisions in metropolitan areas, and is frequently used for streetcar planning activities. In the Twin Cities area, these funds flow through the Metropolitan Council, which makes programming decisions for these funds through its regional process.

Section 5307 Urbanized Area Formula Program

In large urban areas such as the Twin Cities, Section 5307 provides formula funding for transit capital purposes, and for some limited operating cost expenses such as preventative maintenance and lease costs. These funds flow to the urbanized area's "designated recipient," which in the Twin Cities is the Met Council.

These funds could conceivably be used for the capital development and construction of a streetcar project but would not likely be, as they would not be new funds, but rather a reallocation of existing and programmed funds and that are currently directed toward other uses. To date, no agency has used Section 5307 funds for a streetcar project.

REGIONAL

Metropolitan Council-Controlled Funds

The Metropolitan Council administers two types of funding that could potentially be used to fund streetcar capital and operating costs: the Motor Vehicle Sales Tax (MVST) and Regional Transit Capital (RTC) bonds. At this time, the Met-Council is still determining where and how streetcar service should fit within the region's overall transit system. The Met Council's current thinking on streetcar service is best expressed in its recent letter to the Minneapolis' mayor,[1] which states in part:

> *"The Council's current Transportation Policy Plan (TPP) is nearly silent on streetcars as a mode of transit in the region, except for a reference to Council-local government collaboration to determine when and where a streetcar project might be appropriate. The TPP also states that projects that show a positive, significant, and cost-effective transportation benefit might be funded with local, regional and federal transportation funds but a project pursued primarily for development outcomes should be funded locally and should not compete with other priorities for federal and state transportation funds. With numerous transit corridors identified for future investment, the demand for transit capital and operating funding greatly exceeds current funding.*
>
> *Both transportation and economic development serve an important role in helping the region grow in an efficient, connected manner and provide justification for investment. I understand that project justification for the Nicollet-Central streetcar is still under discussion by technical staff and policymakers as part of the Nicollet-Central Transit Alternatives Study. It will be important for the project justification to be well developed and vetted prior to it coming forward to the Council for consideration."*

Minneapolis' efforts to develop Nicollet-Central streetcar service will likely accelerate resolution of regional streetcar funding issues, and successful resolution of those issues within the context of that project could facilitate the development of Saint Paul streetcar service.

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[1] Letter from Susan Haig, Chair of the Metropolitan Council to Minneapolis Mayor Rybak, July 12, 2013.

Motor Vehicle Sales Tax

Minnesota Statute 297B.09 allocates 36% of the state MVST funding to the metropolitan area transit fund to be used for capital and operating transit assistance in the metropolitan area. The Metropolitan Council is responsible for allocating the MVST funds to various transit purposes. The funds are primarily used to pay for existing transit operations, both rail and bus. MVST funding is allocated annually by the Council through the adopted Regional Transit Operating Revenue Allocation Procedure and Regional Transit Capital Revenue Allocation Procedure (adopted in September 2010).

Regional Transit Capital Bonds

RTC funds are bond funds where the debt service is paid using the Met Council's transit capital levy. The legislature is responsible for authorizing the amount of RTC bonds that may be sold and the Met Council sets the annual levy required to pay the debt. RTC funds are used for transit capital expenditures including assets with shorter than a 20-year life, including transit vehicles and technology. RTC funds may not be used for transit planning and operations. RTC funds are allocated by the Council through the annual development of the six-year CIP.

Counties Transit Improvement Board (CTIB)/Metro Counties Sales Tax

The Counties Transit Improvement Board (CTIB) is a joint powers board consisting of Anoka, Dakota, Hennepin, Ramsey and Washington Counties that, as permitted by Minnesota Statute 297A.99, has enacted a quarter-cent sales tax and $20 a motor vehicle sales tax to invest in and advance transit projects by awarding annual capital and operating grants. The Board works in collaboration with the Metropolitan Council and Carver and Scott counties.

CTIB has adopted a Transitway Investment Framework, which establishes principles and rules regarding how the CTIB will invest in transitway development. At this time, CTIB's Transitway Investment Framework does not provide for streetcar projects to receive CTIB funding. However, CTIB is in the process of updating their investment framework and the inclusion of streetcar service within the regional transitway framework will be considered. In that case, Saint Paul streetcar service could qualify for CTIB funding, and CTIB sales tax revenues could be used to fund up to 30% of streetcar capital costs (if CTIB funded streetcar at the same level they fund LRT projects). The funding would require a minimum of 10% local (non-state) match and 10% state match.

STATE

State funding for major transit capital projects is currently available from three sources: State General Fund, General Obligation (GO) Bonds and MnDOT Trunk Highway Funds and Bonds. State statutes does not specifically address streetcars but do prohibit state funds from being used to pay more than 10% of the total capital cost of an LRT project. Additionally, "after operating and federal money have been used to pay for LRT transit operations, 50% of the remaining costs must be paid by the state." Again, streetcars are not currently addressed and would likely require modifications to state legislation in order to apply state funding to a streetcar project.

State General Fund

Funding from the state general fund is made available for transitway projects through appropriations by the state legislature and varies in amount from year to year. General funds are rarely used for capital investments and may include additional restrictions as specified in the appropriation language. General funds may be used for transitway operating costs.

General Obligation Bonds

General Obligation (GO) bonds can provide funding for transitway capital costs and are allocated through state legislative appropriations in varying amounts. Typically, the state authorizes a large bonding bill in even numbered sessions and smaller or no bonding bill in the odd numbered sessions. The specific use of the funds is dictated by the appropriation language. Any capital expenditure funded by GO bonds must be for a specific capital project that will have a 20-year life and the asset must be owned by the public entity specified in the appropriation. GO bonds may not be used for planning studies, alternatives analysis, technology, vehicles or operating expenditures.

MnDOT Trunk Highway Funds and Bonds

MnDOT trunk highway funds and bonds may be used on transitway projects that further a trunk highway purpose, which would not be the case for most or all streetcar projects. Trunk highway funding can only be used for trunk highway purposes and cannot be used for transit operations. Capital assets that utilize trunk highway bonds must have a 20-year life, be owned by MnDOT and are considered part of the trunk highway system. Trunk highway funding and bonds are authorized through the state legislative process.

COUNTY AND CITY

County General Fund

County general funds may be used on transitway projects. General funds are allocated through the county budget process and vary in amount from year to year.

County Highway Funds

County highway funds may be used for highway-related transit improvements but may not be used for non-highway transitway purposes. Two potential lines–East 7th and West 7th–would operate along West 7th Street, which is a state highway and thus these lines could potentially leverage County Highway Funds for partial funding.

Highway funds are allocated through the county budget process and vary from year to year.

City General Fund

City general funds may be used on transitway projects as allocated. General funds are allocated through the city budget process and vary in amount from year to year.

Municipal Highway Funds

Municipal highway funds may be used for highway-related transit improvements but may not be used for non-highway transitway purposes. It may be possible to use some of these funds for roadway improvements that are made in conjunction with the development of streetcar lines.

Highway funds are allocated through the city budget process and vary in amount from year to year.

Ramsey County Regional Railroad Authority (RRA)

Regional Rail Authorities (RRAs) in the state of Minnesota have the power to impose a property tax levy up to 0.04835% of the market value of all taxable property within the RRA boundary and to issue bonds to fund transitway-related projects. To date, RRA funds have not been used for streetcar projects although they could be. To do so, the proposed streetcar project would need to be programmed within the RRA's transitway program. Funds can be used planning and environmental work, and for up to 10% of capital costs. However, RRA funds cannot be used for operations in counties that have enacted the Metro Counties Sales Tax (which Ramsey County has).

POTENTIAL NEW FUNDING SOURCES

In addition to the currently available sources described above, there are additional methods that are used in other cities that could potentially be used in Saint Paul. Those with the greatest potential to fund major portions of streetcar projects include Tax Increment Financing (TIF) Districts and Special Assessment Districts. Other potential sources include a variety of fees and taxes, including on parking, lodging, and entertainment tickets.

Tax Increment Financing District

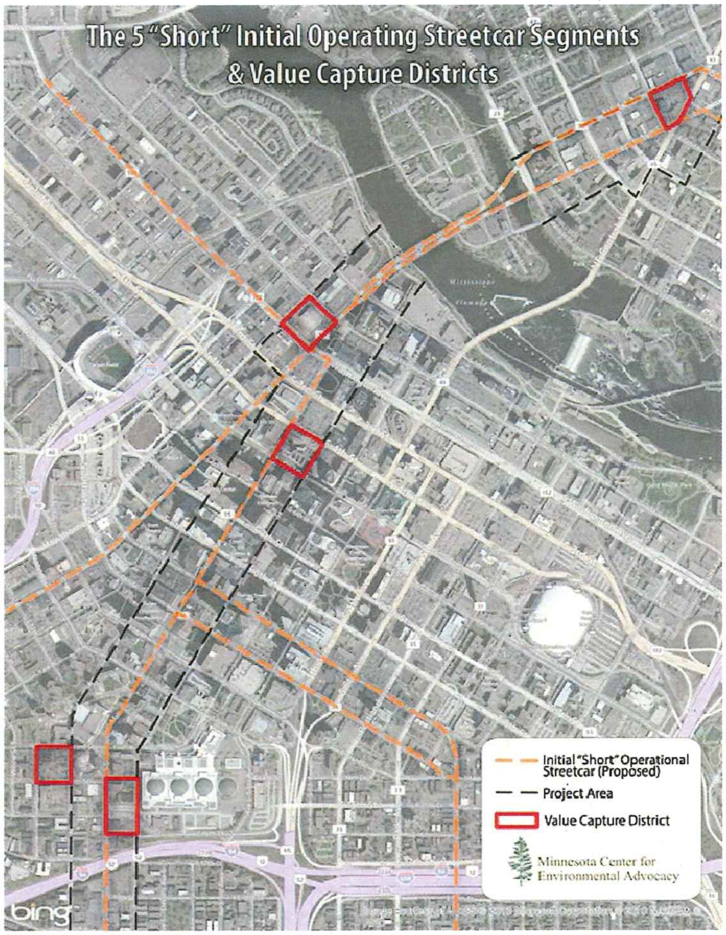
Tax Increment Financing (TIF) is a process that involves selling bonds for a project and repaying the bonds with the increases in property tax that are produced as a result of the project. For a streetcar project, a TIF district could be developed that would consist of the area that would benefit from the streetcar service. The total amount that could be raised would be based on projections of how much debt service the increases in property values support, and the party issuing the bonds would be responsible for covering any funding shortages should property tax revenues fail to increase to anticipated levels.

A traditional TIF process has not yet been used to fund streetcar service, but is being considered by Washington, D.C. as a way to raise approximately $46 million. However, Minneapolis's new Value Capture District, which will be used to provide $60 million in funding toward its planned Nicollet-Central streetcar service is a form of a TIF District, but unique in two respects:

- Instead of being comprised of the entire area served by the streetcar line, it is comprised of five different parcels along the line; most of the area served by the streetcar line is not in the Value Capture District (see Figure 1).
- Whereas most Tax Increment Financing approaches use tax revenue increases that are produced as a result of the project, development is already planned or underway on each of the Minneapolis parcels, and the increase in property tax values will be based on the values of those properties as of January 1, 2013. Thus the Minneapolis Value Capture District will leverage increases in property taxes from both before and after development of the project.

The Minneapolis Value Capture District required legislative authorization, and the use of a TIF approach in Saint Paul would also require legislative approval.

Figure 1: Minneapolis Value Capture District Parcels



Source: Minnesota Center for Environmental Advocacy

Special Assessment Districts

Special Assessment Districts are similar to TIF districts in that a special district is created that consists of the area that benefits from streetcar service. However, unlike as with TIF financing, where property owners indirectly pay increased property taxes as a result increases in their property values, in Special Assessment Districts, property owners directly pay a fee or a higher property tax rate that is used to repay bond receipts.

Portland has used Special Assessment Districts extensively to fund its streetcar services. Most recently, Kansas City enacted a special assessment district that extends approximately ½ mile around its planned streetcar line, which it calls a Transportation Development District, or TDD. Within this district, both a property tax surcharge and a 1% sales tax increase have been enacted, and these are projected to fund $83 million in capital costs and ongoing operating costs.

OTHER

There are also a variety of other taxes and fees that can be enacted to fund streetcar service, and which can be enacted in many forms. Those that cities can typically enact include higher charges for on-street parking, taxes/surcharges on parking ramp rates, a tax on entertainment tickets (i.e., sports and theatre events, and lodging taxes).

SUMMARY

There are a large number of ways that streetcar service can be funded, but there is no single easily obtainable source that can provide the most of the funding. Instead, most projects are financed by combining funding from many sources. Primary among these are a significant amount of local funding, which is often generated through the development of a special assessment district, with the most recent examples being Minneapolis and Kansas City. Minneapolis' version is unique that it was consists of specific parcels that are already being developed, and there do not seem to be similar near-term opportunities for Saint Paul. However, a broader special assessment district or a TIF district could provide potential.

Beyond local funds, the most frequently used sources by other projects have been federal TIGER funds, as well as CMAQ and STP funds. The FTA allocates TIGRER funds through a competitive process that requires a well-defined project and commitments of local funding. The Met-Council allocates CMAQ and STP funds, and as described above, Met Council needs to make a number of policy decisions related to the development of streetcar service in the Twin Cities area before these funds could be obtained.

Additional potential funding sources include CTIB sales tax funds and Ramsey County RRA property tax funds. However, as is the case with CMAQ and STP funds, both of those agencies would also need to revise their funding policies to include streetcar service within the array of transitway projects that they will fund.

Many of the required policy changes at the Met Council, CTIB, and Ramsey County RRA will likely be challenging. However, one factor that Saint Paul has working in its favor is that the City of Minneapolis is now addressing the same issues as part of its development of Nicollet-Central streetcar service. Successful resolution of those issues within the context of that project would likely set precedents that could facilitate funding for Saint Paul streetcar service.

APPENDIX: SUMMARY OF FUNDING OPTIONS

Funding Mechanism	Description	Permitted Uses	Recent Streetcar Funding Amounts (Other States)	Funding Decisions by	Notes
Federal					
Transportation Investment Generating Economic Recovery (TIGER)	Funding to foster innovative, multi-modal, multi-jurisdictional transportation projects	Capital	$20 - $69 million; recent amounts closer to $20 million	FTA	▪ Most common source of federal funding for streetcars ▪ Program continuation not certain but likely
FTA Section 5303 Metropolitan Planning	Provide funding for making comprehensive planning	Planning	<$1 million	FTA	▪ Available for AA-type planning
FTA Section 5307 Urbanized Area Formula Program	Formula-based funding to support capital needs and some operating expenses	Capital expenses at large transit systems and capital and operating expenses at smaller transit systems (less than 100 buses)	Varies	Met Council	▪ Streetcar would not leverage new funding ▪ Possible but unlikely source for streetcar
FTA Section 5309 Fixed Guideway Capital Investment Grants (Small Starts/New Starts)	Discretionary funding for capital programs	Capital	$6 - $75 million, but none in last few years	FTA	▪ Competitive process ▪ Requires strong local support and effective lobbying ▪ Depending on type of funds could require additional work for application and could make process longer ▪ No recent grants for streetcar projects
Congestion Management Air Quality (CMAQ) and Surface Transportation Program (STP)	Flexible funds for highway or transit projects; CMAQ available only in air quality nonattainment and maintenance areas	CMAQ: Capital and operations for up to first three years STP: Capital	$1.9 - $17.1 million	Met Council	▪ Common source of streetcar funding
State					
State General Funds	Funds available through appropriation	Operating	None	State Legislature	

Funding Mechanism	Description	Permitted Uses	Recent Streetcar Funding Amounts (Other States)	Funding Decisions by	Notes
MnDOT General Obligation (GO) Bonds	State funding for transit capital assistance	Non-vehicle capital expenses	None	State Legislature	
MnDOT Trunk Highway Funds and Bonds	State funding for trunk highway purposes	Capital expenses for transitway projects that further a trunk highway purpose	None	State Legislature	
Regional					
Met Council Motor Vehicle Sales Tax (MVST)	Transit sales tax	Funding for capital or operating; primarily operating	None	Met Council	
Met Council Regional Transit Capital (RTC) Bonds	Bond funds for transit capital expenses	Capital	None	Met Council	
CTIB Metro Counties Sales Tax	Local sales tax and motor vehicle tax funding for transit projects	Funding for capital and/or operating	None	CTIB	▪ Streetcars not currently funded by CTIB ▪ But CTIB is updating their transit investment framework, and revisions may include streetcar ▪ Up to 30% of capital costs
County					
County General Funds	General funds	Capital and operating		County	▪ Allocated as part of the budget process and varies year to year
County Highway Funds	County funding for-transit related highway improvements	Capital		County	▪ Allocated as part of the budget process and varies year to year ▪ Could potentially be used for East and West 7th streetcar projects
Ramsey County Regional Railroad Authority (RRA)	Local property tax funding for transitway projects	Capital and operating	None	RRA	▪ No funds yet allocated to streetcar projects ▪ Up to 10% of capital costs
City					
City General Funds	General funds	Capital and operating			▪ Allocated as part of the budget process and varies year to year

Funding Mechanism	Description	Permitted Uses	Recent Streetcar Funding Amounts (Other States)	Funding Decisions by	Notes
Municipal Highway Funds	City funding for-transit related highway improvements	Capital			▪ Allocated as part of the budget process and varies year to year ▪ Could potentially be used for roadway-related elements of streetcar projects
Special Districts					
Tax Increment Financing (TIF) District	Use of increases in property taxes resulting to repay bonds issued to fund a specific project	Primarily used for capital expenses	Not yet used for streetcar; being considered in Washington, D.C.	City or District	▪ Impacts on property owners are indirect (higher taxes based on higher values) ▪ Would likely require legislative action (similar to Nicollet/Central Streetcar) ▪ Used in Austin and Portland
Minneapolis Value Capture District	Increased property taxes over and above current levels dedicated to streetcar funding	Capital and operations	$50 million (projected)	City or District	▪ Required authorization by State Legislature ▪ Impacts on property owners are indirect (higher taxes based on higher values)
Special Assessment District	Increased taxes and/or fees within designated district (for example, property tax increase, sales tax)	Capital and operations	$83 million (projected in KC)	City or District	▪ Impacts on property owners are direct (higher taxes and/or fees) ▪ Used in KC, Portland, and Seattle
Fees					
Parking fees	Increase in parking fees and/or tax/surcharge on parking ramp charges	Capital or operations		City	▪ Used in Portland
Entertainment Tickets	Fee/surcharge on entertainment tickets (sports, theatre, etc.)	Capital or operations		City	▪ Can be set up as a percentage or fixed fee on each ticket sold
Hotel/Motel Tax	Tax on room charges	Capital or operations		City	

CITY OF SAINT PAUL
HERITAGE PRESERVATION COMMISSION RESOLUTION
FILE NUMBER Saint Paul Streetcar Feasibility Study
DATE January 16, 2014

WHEREAS, Section 73.04 of the Saint Paul Legislative Code states the Heritage Preservation Commission (HPC) shall "serve as an advisory body to the mayor and city council on municipal heritage preservation matters... [and] shall review and comment on studies which relate to the...architectural heritage of the city..."; and

WHEREAS, the Saint Paul Streetcar Feasibility Study (Streetcar Feasibility Study) was developed and prepared by a transportation planning firm and a City-staffed task force; and

WHEREAS, the HPC has been asked to review and comment on the Streetcar Feasibility Study pursuant to Chapter 73.04; and

WHEREAS, the study area includes multiple historic resources that have been locally designated as Saint Paul Heritage Preservation Sites by the Saint Paul City Council and listed on the State and/or National Register of Historic Places; and

WHEREAS, the study area includes potential historic resources that have been identified though survey and inventory work as possessing historic and/or architectural significance; and

WHEREAS, the Streetcar Feasibility Study identified a Long-Term Network consisting of seven lines throughout the city that would have the potential to spur significant development within and near historic and cultural resources; and

WHEREAS, the Streetcar Feasibility Study selected an initial starter line of East and West Seventh Streets and also selected Rice Street and Robert Street as two additional lines to compliment the initial line; and

WHEREAS, additional study is planned for the recommended streetcar starter line in Saint Paul; and

WHEREAS, the recommendations herein relate to the Citywide Streetcar Feasibility Study given the study will be adopted by the City Council; and

NOW THEREFORE, BE IT RESOLVED, that the Heritage Preservation Commission makes the following recommendations for changes and/or additions to the Streetcar Feasibility Study for further consideration by the Saint Paul Planning Commission and City Council:

1. Planning for Saint Paul's future streetcar system should be informed by it's historic streetcar system and all applicable context studies including:
   - Churches, Synagogues, and Religious Buildings: 1849-1950 (2001)
   - Downtown Saint Paul: 1849-1975 (2001)
   - Neighborhood Commercial Centers: 1874-1960 (2001)
   - Pioneer Houses: 1854-1880 (2001)
   - Residential Real Estate Development: 1880-1950 (2001)
   - Transportation Corridors: 1857-1950 (2001)
   - Neighborhoods at the Edge of the Walking City (2011)

2. Future planning and placement of lines should take into consideration impacts to historic resources which also may include historic streetcar elements and infrastructure that are extant.
3. Planning for future development along streetcar lines should consider direct financial mechanisms for preservation as part of the overall streetcar financing; that will enhance, promote and grow Saint Paul's rich history while leveraging assets to further economic development. One mechanism could be with the Minnesota Main Street program.
4. Require studies on historic streetscape and infrastructure prior or concurrent planning and designing streetcar lines within established and eligible historic districts and sites.
5. Future recommendations and implementation should be consistent with the Historic Preservation chapter of the Comprehensive Plan and Chapters 73 and 74 of the Saint Paul Legislative Code.

FINALLY, BE IT RESOLVED, that the Heritage Preservation Commission supports the objectives and recommendations in the Saint Paul Streetcar Feasibility Study and the continuation of the study to the next phase provided the recommendations of the HPC continue as an integral part of the planning and implementation.

MOVED BY	Commissioner Lightner
SECONDED BY	Commissioner Barnes
IN FAVOR	10
AGAINST	0
ABSTAIN	1 (Commissioner Riehle)