

Tempe Streetcar
Tempe, Arizona
Small Starts Project Development
(Rating Assigned November 2015)

Summary Description	
Proposed Project:	Streetcar 3.0 Miles, 14 Stations
Total Capital Cost (\$YOE):	\$182.85 Million (includes \$6.24 million in finance charges)
Section 5309 Small Starts Share (\$YOE):	\$74.99 Million (41.0%)
Annual Operating Cost (opening year 2019):	\$4.02 Million
Current Year Ridership Forecast (2015):	800 Daily Linked Trips 647,450 Annual Linked Trips
Horizon Year Ridership Forecast (2035):	1,700 Daily Linked Trips 1,230,200 Annual Linked Trips
Overall Project Rating:	Medium-High
Project Justification Rating:	Medium
Local Financial Commitment Rating:	High

Project Description: Valley Metro Regional Public Transportation Authority (Valley Metro) proposes to build a streetcar line through the historic downtown Tempe area, the city's government and financial center, linking with Arizona State University (ASU) and the surrounding mix of residential and commercial uses. The project also includes the purchase of six streetcar vehicles. The service is planned to operate every 10 minutes during weekday peak and off-peak periods, every 20 minutes on weekday evenings, and every 15 minutes on weekends.

Project Purpose: The streetcar would connect ASU and nearby residential neighborhoods with the activity centers of downtown Tempe and Mill Avenue. It is also intended to encourage redevelopment of underutilized buildings in downtown Tempe and improve connections to the regional transit network. Lastly, it would provide connections to Valley Metro's light rail system at the existing Dorsey Avenue and Mill Avenue stations.

Project Development History, Status and Next Steps: Valley Metro initiated planning studies for the Tempe Streetcar in 2007. Valley Metro and the City of Tempe selected the Tempe Streetcar as the locally preferred alternative in September 2010. The project was approved into the financially constrained regional long range transportation plan in December 2010. The project entered Small Starts Project Development in April 2013. FTA signed a Finding of No Significant Impact in October 2015, completing the environmental review process. Valley Metro anticipates receiving a Small Starts Grant Agreement in spring 2017, and starting revenue service in 2019.

Significant Changes Since Entry into Project Development (April 2013): In summer 2014, local officials reconfigured the planned alignment for the streetcar line to serve the activity centers in historic downtown Tempe and Mill Avenue as well as the new Marina Heights residential/commercial development currently under construction. The number of vehicles to be

purchase thus changed from five to six to accommodate the revised service plan and ridership projections. Valley Metro also eliminated the construction of a light duty maintenance facility, and opted instead of use its existing light rail maintenance facility.

Locally Proposed Financial Plan		
<u>Source of Funds</u>	<u>Total Funds (\$million)</u>	<u>Percent of Total</u>
Federal:		
Section 5309 Small Starts	\$74.99	41.0%
FHWA Flexible Funds (Congestion Mitigation and Air Quality Program)	\$19.00	10.4%
Local:		
Maricopa County Proposition 400	\$75.86	41.5%
City of Tempe	\$13.00	7.1%
Total:	\$182.85	100.0%

NOTE: The financial plan reflected in this table has been developed by the project sponsor and does not reflect a commitment by DOT or FTA. The sum of the figures may differ from the total as listed due to rounding.

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Factor	Rating	Comments
Local Financial Commitment Rating	High	
Non-Section 5309 Small Starts Share	+1 level	The Small Starts share of the project is 41.0 percent.
Project Financial Plan	Medium-High	
Capital and Operating Condition (25% of plan rating)	Medium	<ul style="list-style-type: none"> • The average age of the bus fleet is 6.41 years, which is younger than the industry average. • Valley Metro's (METRO) most recent bond ratings, issued in January 2014, are as follows: Fitch's AA and Standard & Poor's Corporation AA+. • METRO's current ratio of assets to liabilities as reported in its most recent audited financial statement is 1.24 (FY 2014). • There were minor service cutbacks in 2011 as a result of the recession. There have been no cash flow shortfalls in recent years.
Commitment of Capital and Operating Funds (25% of plan rating)	High	<ul style="list-style-type: none"> • 87.9 percent of the non-Section 5309 funds are committed or budgeted, and the rest is considered planned. Sources of funds include Congestion Mitigation and Air Quality Improvement Program funds; City funds from Tempe; and sales-tax revenues and bond proceeds from the Maricopa County Proposition 400 Public Transportation Fund. • All of the funds needed to operate and maintain the transit system in the first year of operation are committed or budgeted. Sources of funds include FTA Section 5307 Formula funds; FTA Section 5337 State of Good Repair funds; farebox revenues; City funds from Phoenix, Tempe and Mesa; and advertising revenues.
Capital and Operating Cost Estimates, Assumptions and Financial Capacity (50% of plan rating)	Medium-High	<ul style="list-style-type: none"> • Growth in capital revenue assumptions are more conservative than historical experience. • The capital cost estimate is reasonable. • The financial plan shows that METRO has the financial capacity to cover cost increases or funding shortfalls equal to at least 50 percent of project costs. • Assumed farebox collections are conservative and sales tax revenues are conservative compared to historical experience. • Projected cash balances are 25 percent of annual systemwide operating expenses.

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LAND USE RATING: Medium-Low

The land use rating reflects population and employment densities within ½-mile of proposed station areas, as well as the share of legally binding affordability restricted housing in the corridor compared to the share in the surrounding county(ies).

- Average population density in all station areas is 10,206 persons per square mile, corresponding to a Medium-High rating according to FTA criteria. Total employment within project station areas is 22,725 corresponding to a Low rating. Daily parking rates in structured facilities average \$12, corresponding to a Medium-High rating, while the ratio of parking spaces to employees in the CBD is close to 2, which corresponds to a Low rating.
- The proportion of legally binding affordability restricted housing in the corridor compared to the proportion in the county as a whole is 0.37, which corresponds to a Low rating.
- Transit-supportive character is strongest in the downtown segment of the corridor in the traditional center of Tempe, which has street-oriented mixed use development. The area has historically been a pedestrian-oriented district, with wide, shaded sidewalks and continuous retail storefronts. Neighborhoods in the corridor generally have a walkable, compact grid street system.

ECONOMIC DEVELOPMENT RATING: Medium-High

Transit-Supportive Plans and Policies: Medium-High

- *Transit-Supportive Corridor Policies:* Tempe's General Plan promotes transit-oriented development and the provision of alternatives to driving. It outlines policies and programs intended to promote high-density, mixed-use development projects and transit-oriented retail in the streetcar corridor. Tempe is engaged in creating Character Area Plans intended to capitalize on attributes of the neighborhoods. The City of Tempe has committed resources to enhancing the pedestrian environment in the corridor, and provides guidelines on streetscape design and streetcar facilities.
- *Supportive Zoning Regulations Near Transit Stations:* Zoning in the downtown area near the streetcar line allows unlimited density and building height, while areas with multi-family residential development allow up to 25 units per acre. Much of the corridor is also in the Transit Oriented Development (TOD) Overlay zone, which allows greater intensification of development. The City has developed an "Opt-In" provision that allows properties within ½ mile of the streetcar line to be added to the zone. The TOD zoning includes development criteria that incorporate transit-supportive design characteristics. The TOD Overlay also reduces parking minimums for retail, entertainment, restaurants and multi-family uses and sets parking maximums.
- *Tools to Implement Land Use Policies:* The City of Tempe has a range of strong incentives available to promote transit-supportive development in the project corridor, including the Sustainable Communities Fund, administered by a consortium of public and non-profit organizations to incentivize, leverage and guide TOD in areas served by high-capacity transit; an Enterprise Zone that provides tax and other financial incentives to downtown businesses; and loans for development projects along the streetcar line.

Performance and Impacts of Policies: Medium-High

- *Performance of Land Use Policies:* Along the region's light rail line, \$7.4 billion in new development has been completed or is in progress with an additional \$1 billion proposed or planned. The submittal identifies 17 private-sector development projects valued at \$1.2 billion expected to be completed by 2018 in station areas. Another 10 projects valued at \$923 million are expected to be completed in the corridor by 2030. In addition, the Arizona State University plans to expand its campus by one third, to a total of 11 million square feet, while not increasing parking. The university has also released a detailed development plan to add high density development at one end of the streetcar alignment.
- *Potential Impact of Transit Investment on Regional Land Use:* Tempe is located in a rapidly growing metropolitan area. The diversity of Tempe's economy has provided the city fairly good stability in the

turbulent recent years. Population and employment in the planned streetcar corridor are forecast to grow by 58.4 percent and 93.2 percent respectively in the next twenty years. Approximately 136 acres of land within one-half mile of the corridor are highly susceptible to development.

Tools to Maintain or Increase Share of Affordable Housing: Medium-Low

- The City's General Plan calls for a study to reduce the cost of developing affordable housing through reducing development fees and streamlining approvals and discusses goals to increase the variety of housing types and the supply of affordable housing. There has not been a study assessing the supply and need for affordable housing in the streetcar corridor. There is a modest amount of new affordable housing that has been developed in the corridor in the form of two new income-restricted housing developments.

TEMPE STREETCAR



TEMPE STREETCAR ROUTE & STOPS

AUGUST 2015

