



Legislation Text

File #: 21-581, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: April 14, 2021
COUNCIL DISTRICT(S): 1
DEPARTMENT: Office of Economic Development
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize the dedication of \$475,000.00 in Oak Cliff Gateway TIF funds from the available District-Wide Set-Aside to support the operations and maintenance of the Dallas Streetcar for FY 2020-2021 - Not to exceed \$475,000.00 - Financing: Oak Cliff Gateway TIF District Fund (subject to current and future appropriations from tax increments) (This item was remanded back to the Transportation and Infrastructure Committee)

BACKGROUND

The Dallas Modern Streetcar ("Streetcar") is a City-owned public transportation facility that links the downtown Central Business District to the Methodist Regional Medical Center ("Methodist") and Bishop Arts District ("Bishop Arts") in Oak Cliff. The system includes six stops on 2.3 miles of track all within the City's street network. The system was constructed using \$81 million in state and federal grant funds with the expectation of providing an economic stimulus, neighborhood revitalization, and an alternate mode of public transportation for at least a 30-year period.

The City maintains Interlocal Agreements ("ILA") 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 Streetcar and allow for the City to rely on technical expertise from DART to operate and maintain the Streetcar.

To date, funding for the City's share of Streetcar operations and maintenance (O&M) has primarily come from City's General Fund. In February 2020, City Council reviewed a request from the City's Transportation Department to authorize the payment of funds to DART for FY 2019-2020 Streetcar O&M in the allocated amounts of \$370,100 in Streetcar Developer Fund and \$1,231,900 in General Fund (totaling \$1,602,000). City Council deferred action on the authorization and remanded the item back to the Transportation and Infrastructure Committee to consider alternate methods (i.e. not the City's General Fund) for funding Streetcar O&M, including tax increment financing ("TIF") districts, public improvement districts ("PID"s), and other non-general fund sources. In the summer of 2020, DART began the implementation of a \$1 fare system; however, fare revenue is only anticipated to contribute a small amount toward O&M.

On August 17, 2020, after several months of discussion, Transportation Department staff presented a Streetcar O&M Funding Plan to the Transportation and Infrastructure Committee for short-term (through fiscal year 2020-2021) and long-term (fiscal year 2021-2022 and beyond) consideration for the approximate \$2 million annual Streetcar O&M cost. The Transportation and Infrastructure Committee endorsed the Funding Plan as recommended by Transportation Department staff.

The short-term recommendation included a one-time contribution of \$950,000.00 in Oak Cliff Gateway TIF District's available "district-wide" funds (contingent on approval of a TIF Plan amendment and funding dedication). The long-term strategy included the City's exploration and pursuit of potential public/private partnership ("P3") opportunities. The City engaged a consultant, LDR Advisory Partners, to assist with the exploration of potential P3 opportunities.

Generally, O&M expenses of public transportation systems have not typically been funded by tax increment financing; however, based on a formal opinion by the City Attorney's Office, under the state TIF statute (Chapter 311 of the Texas Tax Code), the Board of Directors of a TIF district may, subject to City Council approval, establish a program(s) to develop or expand public transportation within or outside of the TIF district's boundaries if that program(s) benefits the TIF district.

A related item will be placed on the February 24, 2021 City Council agenda to authorize an amendment to the Oak Cliff Gateway TIF District Project Plan and Reinvestment Zone Financing Plan ("Plan") to include a finding that O&M support for the Dallas Streetcar is necessary and convenient to the implementation of furthering development along major transportation corridors and transit connections in and adjacent to the TIF District and to create a budget category in support of the Dallas Streetcar.

During its December and January meetings, the Oak Cliff Gateway TIF District Board of Directors ("Board") discussed the value of supporting the viability of the Dallas Streetcar; however, the Board expressed concerns about the unusual nature of funding O&M and, with the decline in ridership during the pandemic, requested that Transportation Department staff consider some service reductions to reduce costs.

On January 19, 2021, the Board approved a funding recommendation of \$475,000.00 from the available District-Wide Set-Aside to support the O&M of the Dallas Streetcar for FY 2020-2021. With the Plan amendment, there is budget capacity to fund up to \$950,000.00. The Board suggested that Transportation Department staff continue to review options for reductions in service of the Dallas Streetcar this year due to the pandemic and other alternatives for addressing funding needs with the potential to present another request in the coming months.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On November 11, 1992, City Council authorized the establishment of the Oak Cliff Gateway TIF District by Ordinance No. 21466, as amended.

On February 12, 1997, City Council authorized the Final Project Plan and Reinvestment Zone Financing Plan for the Oak Cliff Gateway TIF District by Ordinance No. 23033, as amended.

The Transportation and Infrastructure Committee was briefed regarding this matter on August 17, 2020.

On December 1, 2020, the Oak Cliff Gateway TIF District Board of Directors reviewed and discussed this matter.

On December 14, 2020, the Oak Cliff Gateway TIF District Board of Directors reviewed and discussed this matter.

On January 19, 2021, the Oak Cliff Gateway TIF District Board of Directors considered a funding request by the City's Transportation Department for \$950,000.00 in support of the O&M of the Dallas Streetcar for FY 2020-2021; however, the Board only approved a funding recommendation of \$475,000.00 and forwarded a recommendation of approval to the City Council.

[The Economic Development Committee was briefed by memorandum regarding this matter on February 1, 2021. <https://cityofdallas.legistar.com/View.ashx?M=F&ID=9102307&GUID=D571EFD2-BB87-4EDE-BCF2-7B5929A7B5AE>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=9102307&GUID=D571EFD2-BB87-4EDE-BCF2-7B5929A7B5AE)

On February 24, 2021, Councilmember Tennell Atkins remanded item back to the Transportation and Infrastructure Committee.

The Transportation and Infrastructure Committee was briefed regarding this matter on March 23, 2021.

FISCAL INFORMATION

Fund	FY 2021	FY 2022	Future Years
Oak Cliff Gateway TIF District Fund	\$475,000.00	\$0.00	\$0.00

MAP

Attached