

Frequently Asked Questions Regarding the Proposed Kansas City Downtown Streetcar Transportation Development District

Q: What is the process for forming the proposed Kansas City Downtown Transportation Development District (or “TDD”)?

A: A Petition to form this TDD was filed by the City and the Port Authority with the Jackson County Circuit Court. The Petition generally describes the project to be undertaken, the boundary of the TDD, the proposed types of revenue that the TDD could establish to pay the costs of the project (with voter approval as discussed below) and the *maximum* rates for each type of revenue. On April 18, 2012, the Court ordered an election so that registered voters in the TDD boundary could vote whether to form the TDD.

Q: What is the proposed boundary of the TDD?

A: In general, the TDD is proposed to encompass the River Market, the Downtown Loop and Crown Center. A map of the proposed boundary of the TDD is included at the end of this document.

Q: What is the nature and route of the proposed Streetcar line?

A: The streetcar is planned to run on rails embedded in an existing lane of traffic. Vehicles will be “modern” streetcars, meaning they will look similar to a modern light rail car. The route will connect approximately 2 miles of downtown, from River Market to Crown Center/Union Station (approx. 4 miles roundtrip), generally on Main Street for most of the route.

Q: What are the details of the election to decide whether or not to create the TDD?

A: The election will be a mail-in election. Registered voters living within the TDD boundary have until May 22, 2012 at 5:00 pm to apply to receive a ballot. Applications are available on the third floor of the Jackson County Courthouse downtown, or online at <http://www.16thcircuit.org/streetcar>. Ballots will be mailed on June 19, 2012 only to persons who have timely submitted a complete application for a ballot. Ballots will be due back no later than 5:00 pm on July 31, 2012.

Q: If the creation of the TDD is approved by the voters in the TDD, does that also approve the various sources of revenue that would be payable under the TDD?

A: No. If the voters approve the formation of the TDD at the first election, then there would be a second, later election at which the various sources of revenue would have to be approved by the registered voters in the TDD. Efforts are underway to try to reduce the project costs from the preliminary \$100 Million budget and secure federal funds, special low interest financing and

other cost saving measures. The rates that the voters will be asked to approve in the second election should reflect the results of any cost-saving measures.

Q: What are the revenue sources and maximum rates that will be proposed in the TDD Petition?

A: They are:

- a sales tax not to exceed one percent (1%) on sales within the TDD boundary
- a special assessment on real estate within the TDD boundary, with *maximum* annual rates as follows:
 - 48¢ for each \$100 of *assessed* value for commercial property (\$1,536 for each \$1 Million of market value)
 - 70¢ for each \$100 of *assessed* value for residential property (\$266 for each \$200 Thousand of market value)
 - \$1.04 for each \$100 of *assessed* value for property owned by the City (which would mean a total annual City payment of approx. \$810 Thousand)
 - 40¢ for each \$100 of *assessed* value for real property exempt from property tax as religious, educational, charitable, etc. property, but only on market value over \$300 Thousand and under \$50 Million.
- a supplemental special assessment on surface pay parking lots within the TDD boundary (not garages and not free parking lots). The maximum rate for the supplemental special assessment on surface pay parking lots will be \$54.75 per space per year.

In addition to the property assessments on City-owned property, the City anticipates making an additional annual contribution up to approximately \$1.2 Million per year. The actual amount of the additional annual City contribution would be determined at the time the bonds are issued for the project and may be less than \$1.2 Million based on a sharing of cost savings. The TDD could also generate revenue from rider fares, advertising and other operational activities.

Q: What is the basis for these maximum rates?

A: The maximum rates in the Petition to form the TDD reflect discussions with municipal finance professionals regarding what annual bond payments could look like based on the preliminary budget prepared as part of the Alternatives Analysis and their assumptions as to interest rates and other factors that they project for the end of 2012 when the bonds could be sold. These maximum rates also reflect the City's proposed guaranty of the bonds, which is projected to result in a lower interest rate on the bonds (almost 2% per annum, projected to

reduce the annual bond payment by more than \$2.5 Million per year) even before exploring low-cost special bond financing as discussed above. The rates also assume a federal grant of \$25 Million which is being pursued and a \$2.5 Million up-front investment by the City and KCATA for advanced conceptual engineering that is already underway. In order to be conservative, the projected revenue in the financial model *does not* include any growth in property values or taxable sales beyond a modest inflation factor, even though it is assumed that the permanence of a rail line through this corridor will spur growth through redevelopment and more productive use of undeveloped and underdeveloped parcels. Finally, it should be noted that the financial model takes into account some factor for the possibility of less than 100% collection of revenue and the use of gross revenue to pay operating costs and generate a reasonable operating and maintenance reserve fund in addition to bond payments.

Q: What opportunity will there be for continued community input as this project moves forward?

A: The City has been working with downtown businesses, residents and commercial property owners regarding the project. This will allow representatives of downtown stakeholders to participate in discussions relating to value engineering of the project, and other issues that will impact project costs and design decisions. In addition, the City is communicating with Jackson County on the interrelationship between the streetcar and the County's commuter rail initiative.

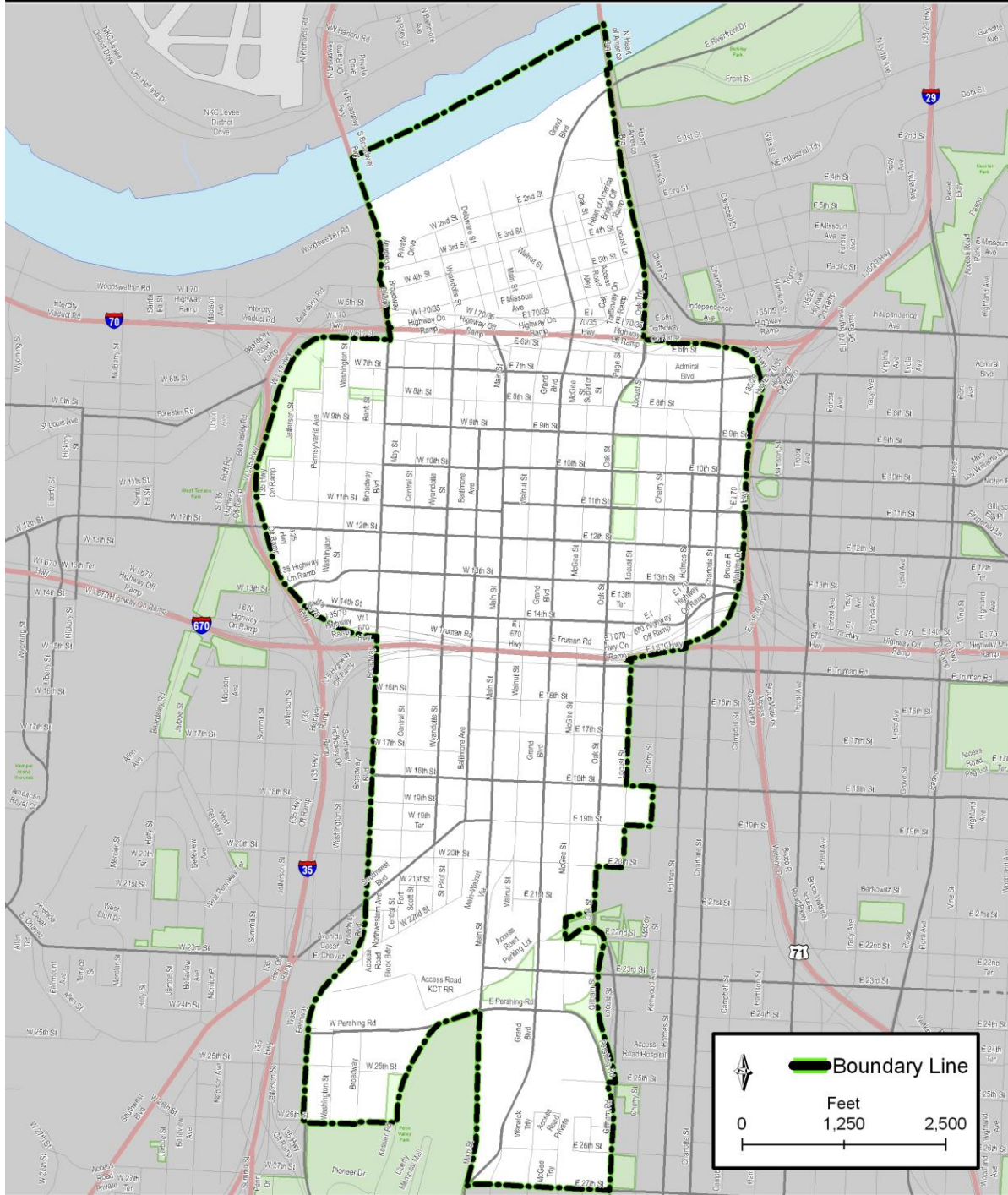
Q: How will construction impact traffic and access to downtown businesses?

A: The City is aware that infrastructure projects such as this will inevitably cause some disruption. The linear nature of the streetcar route allows the project to employ staged block by block construction so that blocks along the route are impacted individually for relatively short periods. As the project moves into the pre-construction phase, a staging plan will be developed in consultation with businesses along the route, using all reasonable efforts to minimize disruption.

Q: What decisions will the TDD Board be able to make once the project is operating, and what happens if there is too much or too little money in a given year?

A: It is expected that a professional operator will be hired to run the system. After the system is constructed and the bond financing is in place, there are few financial decisions that the TDD Board would have to make on an ongoing basis. By law, the TDD Board could not take actions that would hurt the ability of the bonds to be repaid from TDD revenue. In addition, the documents that govern the bonds will include provisions controlling things such as what would happen if there is more revenue generated in a year than is needed for the bond payment, or if there are cost over-runs during construction or operating cost deficiencies after construction. Once the voters approve the revenue sources and maximum rates at the second election, those rates cannot be increased without approval of the voters at a new election, and in any event cannot exceed the rates approved by the Court.

BOUNDARY MAP OF THE PROPOSED KANSAS CITY DOWNTOWN STREETCAR TDD



This FAQ was prepared by the City of Kansas City, Missouri, and is only a summary of information on this subject. Readers are directed to the petition on file with the Jackson County Circuit Court in Case No. 1216-CV02419 for a complete description of the TDD and its proposed project and revenue sources.