Finance Committee

Missouri Regional Transit Plan

Craig Porter, Chair- Clay County Commissioner

DRAFT AGENDA

Wednesday, June 11th, 1:30 PM

Mid-America Regional Council

1. Welcome and Introductions
2. Review of May 30th Regional Transit Summit meeting
3. Review and Clarify Committee Purpose and Timeline:

   Purpose: Research/study the various funding mechanisms, and assess the viability of the proposed plan.
4. Identify key principles regarding future plan financing - Examples include;
   a. Regional
   b. Equitable Distribution of Funds
   c. Etc.
5. Discuss Financing criteria
   a. Fund distribution minimum
   b. Etc.
6. Discuss Schedule & Next Steps

Missouri Initiative – Finance Subcommittee Meeting Minutes
June 11, 2008
Craig Porter, Clay County Commissioner, Chair

Attendees:

Clay County – Craig Porter
KCATA Staff – Mark Huffer, Dick Jarrold, Jared Gulbranson
HNTB – John Dobies
Oppenheimer & Co. – Matt Webster
Clay County - David Pieronnet
Jim Plunkett – Platte County
MARC Staff - Tom Gerend, Gerri Doyle
Kansas City - Russ Johnson

Summary of Key Discussion Points:

1. Viability of 15 vs. 25 years of funding for transit and the impact on bonding capacity.
2. Creating alternate service scenarios that would address changes in the funds availability, i.e., if the region received less federal funding than expected.
3. Equity between the counties. The plan has to provide enough services to each county so that each funding entity feels that they are getting a fair share.
4. Local and Regional services. Should the regional plan also pay for some or all of local transit services or should the regional fund just cover regional services?
5. What happens to the regional plan if Kansas City moves forward with a tax and would that tax sunset/be replaced by a regional tax?
6. Should the region implement a distribution system similar to the system used by PIAC to reserve a certain amount of funds for each county and some for a regional pool?

General Concensus Points:

1. Regional financing mechanism that is multicounty
2. Need equity between counties and cities
3. Need viable federal contingencies
4. Funds should have a mechanism to be distributed to services in each county
5. Local services should be supported by local communities
6. Group not really look at phases but look at alternative scenarios based upon changes to assumptions

Missouri Initiative – Finance Subcommittee Meeting Minutes
June 11, 2008
Craig Porter, Clay County Commissioner, Chair

May 30th Meeting Overview:
Mr. Gerend gave a summary of the discussion and themes heard at the May 30th Mayor's Summit.

Mr. Gerend also gave an overview of the matrix to help the group move forward. Matrix includes develop overriding principles, criteria, formalize options and select preferred concept. All materials from the subcommittee meetings will be posted on the webpage linked below:
http://www.marc.org/Transportation/motransitproposal.htm

The group began discussing whether there was a sense that the meeting on the 20th was to determine whether or not there would be a regional ballot question. The group discussed that the meeting on the 20th would be to help the Mayor and Council of Kansas City determine whether or not

Group Discussion
The group had a lengthy discussion about the time provision in the existing regional transit tax mechanism.
Mr. Gerend gave some background on the history of the 15 year time limit in the original legislation for the regional investment fund.
Mr. Webster of Oppenheimer gave an overview of some of the issues the Finance Committee will need to address. If the region moves forward with a vote in November, then it would not be possible to change the limit of the tax to 25 years. Either time frame would work depending on the transit program the region wants to pursue. If the region is going to look to a very capital intensive program then the longer the term of the tax the better.

Have to raise enough money to build an attractve system that would appeal to voters, and have to be able to show legislators what the region will be buying with a tax to make them comfortable.

15 year tax would collect $1.275 billion in receipts
25 year tax would collect $2.3 billion in receipts

Mr. Porter and Plunkett agreed that service had to get into both counties to be appealing to their constituents.

Mr. Gerend suggested that maybe a phased plan would work for that purpose.

Mr Webster indicated that from a financing perspective, a phased plan is very difficult to sell and plan in terms of costs because the second phase is 15 years out. It is very difficult to forecast costs out that far into the future with any accuracy.

Missouri Initiative – Finance Subcommittee Meeting Minutes
June 11, 2008
Craig Porter, Clay County Commissioner, Chair

Group had a general discussion about the probability of the legislature amending the existing funding mechanism, and the group agreed that they thought the legislature would be amenable to changing the legislation.

Mr Gerend asked if 15 years was sufficient. The group discussed service modes and perceptions of different types of modes of transit with a general consensus that competitiveness of various transit modes against each other and the car and how the cost of gas may change this relationship.

Mr. Plunkett asked how the costs were derived and the confidence in the financial assumptions used to create the cost estimates associated with the Mayor's plan. Oppenheimer and HNTB Corporation assisted the mayor with the generation of service assumptions about average costs, etc., however, the numbers were very preliminary and no cost benefit analysis had been done. Oppenheimer helped review the revenue and tax receipt projections. Mr. Webster indicated that the federal share assumption in the Major's plan is 50% and that level of federal participation is very uncertain.
Mr. Porter indicated that he wanted the group to come up with contingency plans for accommodating changes in assumptions.
Mr. Webster shared the percentage of total revenues generated by each county.

Jackson – 66%
Clay – 22%
Platte – 12%

Mr. Plunkett questioned the numbers and Mr. Webster indicated that the number were2006 and that the 2007 numbers would likely change. And explained that the cost of the Mayor's proposal was approximately $1.2 billion ($597 million local & $597 million federal with 36 million/yr operating cost for the system)

The group discussed options for service plans. Mr. Gerend indicated that the existing enabling legislation required that a service plan be created Mr. Webster indicated that a master plan sets the direction, but it is rare at that level to be able to identify funding sources for a complete system. Mr. Dobies indicated that there are a number on concepts being floated around, but that the cost of rail is high and the amount of rail the MO counties could afford would be difficult to stretch through all 3 counties. Mr. Porter indicated that the highest growth rates are in the outer cities and we have to find a way to include them in the plan. The group discussed different modes and whether a proposed service is sufficient.

The group discussed the work being done by Councilman Johnson and the city including sunset provision in Kansas City. Councilman Johnson indicated that the council is divided on whether there should be a local tax for the spine and then a separate regional tax. Mr. Gerend suggested that a 15-year scenario and a 25-year scenario be created.

Missouri Initiative – Finance Subcommittee Meeting Minutes
June 11, 2008
Craig Porter, Clay County Commissioner, Chair

Mr. Gerend asked what it would take to get local support and what would expectations be regarding local service. Mr. Huffer indicated that their conversations with local communities had all presumed that the local entities would continue funding local transit.

The group discussed the issues associated with serving KCI airport and the perception that this is an important part of a regional plan. Mr. Plunkett questioned if service to the airport would be efficient based upon $50 million cost per mile based upon ridership, operation and maintenance costs. Mr. Gerend indicated that rail had been studied in the I-70 and I-35 corridors and that they were not competitive for federal dollars. Mr. Johnson said that KCMO's position is that outside the city the benefit for rail is economic development potential.

The group came back to a discussion of equity across the three counties. Mr. Huffer indicated that in most other metro areas, the core area generally received the most funding, but that the question is how much is given back to the three counties. Mr. Plunkett indicated that he was willing to let a proposal be placed on the ballot, but that he was not sure if the voters would approve. Mr. Gerend asked the group about the mix of modes needed. Mr. Johnson discussed the model used by the city to distribute the Capital Improvements Sales Tax collections back to the council districts. He indicated that perhaps this model could be used as a template for a regional tax.

Mr. Huffer indicated that the costs for light rail are broad and conceptual and suggested that for planning the group use $55 million per mile.

Final conversations in the group were again about equity and how deal with changes in actual funding received. How will plan be implemented and who will lose service. Mr. Porter suggested that the group plan for a !/2¢ and then scale back from that, but instead of remove service switch to a cheaper alternative such as buses. Mr. Webster indicated that there are thresholds within the ballot language that each county must meet before the ballot can be put before voters, and suggested reviewing that for future meetings.

Next meeting: Wednesday, June 18, 2008, 1:30 at MARC offices