

June 16, 2015

TO: Members of City Council

FROM: Mayor John Cranley

SUBJECT: Funding streetcar operations under the management (ATU) option

This memo is to provide councilmembers with an outline of how streetcar operations can be funded if City Council decides to choose the “management option” that would allow the Amalgamated Transit Union (ATU) to operate the streetcar system.

I support the management option, which the Southwest Ohio Regional Transit Authority (SORTA) has stated will cost \$4.7 million annually.

The claim now that there is a deficit in the streetcar operating budget is because fare revenue estimates have been decreased, sponsorship revenue estimates have been decreased and \$850,000 from the October funding plan has been reprogrammed for startup costs. If we can replace the \$850,000, we can operate the streetcar without any deficits. *(See the attached spreadsheet.)*

To replace these funds, I am proposing we reprogram \$850,000 from the contingency in the streetcar project’s Construction Budget for startup costs.

As an alternative, we could ask the Haile Foundation to honor its commitment made in late 2013 and provide \$900,000 annually for streetcar operations beginning a year earlier, in Fiscal Year 2016 instead of Fiscal Year 2017.

If necessary, we could use a combination of these two sources, so long as the total amount needed is achieved.

Also, I want to note that the estimates included in the funding plan for naming rights and fare revenues come from SORTA.

By taking the \$850,000 from the Construction Budget contingency for startup costs, we are able to meet the full \$1.5 million parking revenue obligation in Fiscal Year 2016, as originally conceived.

The spreadsheet attached to this memo details the funding sources that would be used under the management option during a 10-year period. I encourage you to review it closely.

I look forward to discussing this matter further with councilmembers during deliberations before a decision is made. I will refer an ordinance that reflects these changes for Wednesday’s Major Transportation and Regional Cooperation Committee meeting. It will be the exact same plan as Item #2 on the agenda, but with the addition of the \$850,000.

***cc: Harry Black, Chris Bigham***