

***CROSS-COUNTY METROLINK  
SEGMENT I  
BUSINESS PLAN***

**DRAFT FOR PUBLIC DISCUSSION**

Prepared for and in cooperation with

**EAST-WEST GATEWAY COORDINATING COUNCIL**

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## ***INTRODUCTION***

On September 17, 1997, the East-West Gateway Coordinating Council decided the *route* for the first MetroLink extension in the Cross-County Corridor. Now, the next order of business will be to develop, during the environmental analysis and conceptual design phase of the project, the specific *alignment profile* and *design features* of the project which will, in large part, determine:

- √ The quality of the transit riding experience which the line will offer to the traveling public;
- √ The manner in which the project, once it is built and operating, fits into and reinforces the communities and neighborhoods it serves; and,
- √ The total cost of the project, as well as the trade-offs between spending on enhancements to this line vs. other needs of the transit riding public, both now and in the future.

**The purpose of this “Business Plan” is to provide the framework for the many decisions that will need to be made along the way with regard to these critical issues. Good transportation investments don’t just happen; and many a well-conceived project has fallen far short of its potential because of the way in which it was implemented. *The details do matter.***

In the private sector, it would be inconceivable for a business to invest \$300 to \$500 million in a new product or service without having a carefully thought out Business Plan to guide its development and introduction into the marketplace. Remarkably, most major transit investments in the United States have been made without benefit of such a plan. That is one reason why, in many cities, rail transit has fallen short of its potential to achieve goals relating to mobility, access to opportunity, congestion relief, economic development and community enhancement. The article of faith that “build it and they will come” has proven a woefully inadequate foundation upon which many a major transit investment has been built.

Even in St. Louis, where the initial MetroLink has been such a resounding success, there are a number of stations where planning for development and relationship to surrounding neighborhoods is occurring after the fact and has yet to be fully realized. The result is that the full potential of MetroLink also has yet to be realized.

Development of a Business Plan early in the project design and development stage constitutes a proactive, strategic approach to ensuring that the citizens and taxpayers of the St. Louis region realize the maximum return on this investment in the next phase of the MetroLink system. It is the frame of reference to which the region’s leaders and citizens can refer during the coming months.

## ***I. BACKGROUND & PLANNING CONTEXT: HISTORY OF THE CROSS-COUNTY CORRIDOR***

Important issues were involved in the recent decision by the East-West Gateway Coordinating Council Board to extend MetroLink in the Cross-County Corridor via the “North of Forest Park” route. These issues were vigorously debated, and there were significant – and honestly held – differences of opinion as to which route would best serve the interests of the people of the St. Louis region. Each alternative had strong points, but in fact they shared much in common. Indeed, each one would:

- √ Yield substantial mobility benefits to residents of both the City and County.
- √ Reinforce downtown St. Louis as the region’s center.
- √ Reinforce the central corridor by making the strategic linkage between the region’s two largest employment centers — downtown St. Louis and downtown Clayton.
- √ Bring MetroLink to south St. Louis County, although on a different time schedule.

In the end, only one route could be chosen. Making that choice was an act of governance fundamental to our democratic system, but the choice was made particularly difficult by the cooperative, voluntary nature of regional decision-making.

**It is important for everyone — the public, the media, and even the participants in the decision themselves — to understand and remember that this was not a decision hastily made, but was in fact the culmination of a comprehensive and painstaking planning process which took place over a period of more than a decade.**

This process began with the original MetroLink decision in 1984, and continued on through the Systems Analysis for Major Transit Capital Investments (1989/91), the release of the Regional Transportation Plan *Transportation Redefined* (1994), and the development of the Cross-County Corridor Major Transportation Investment Analysis (1995-1997). In no other region of the country has the elected, business and community leadership exceeded this sustained and high level commitment to such an inclusive and thorough decision-making process.

### **1984: INITIAL METROLINK DECISION**

In March, 1984, the East-West Gateway Coordinating Council authorized the planning and design of the initial 18 mile MetroLink line. At the same time, foreseeing the need to strategically restructure the regional transit system, the Council directed staff to begin looking at future MetroLink extensions.

In October, 1986, the Urban Mass Transportation Administration (now the Federal Transit Administration) approved a final scope of work and funding for a “Systems Analysis” to explore the potential for light rail in several corridors in Missouri and Illinois.

**1989/91:  
SYSTEMS ANALYSIS**

In 1989-1991, the East-West Gateway Coordinating Council published the findings of the “St. Louis Systems Analysis for Major Transit Capital Investments.”<sup>1</sup> That study evaluated additions to and/or enhancements of the region’s public transportation system in nine potential corridors, and suggested a four phase implementation sequence as shown in Table 1:

<b>TABLE 1</b>	
<b>1989/91 SYSTEMS ANALYSIS SUGGESTED PHASING</b>	
<b>PHASE</b>	<b>CORRIDOR</b>
I	CROSS-COUNTY (MO) ST. CLAIR (IL) ST. CHARLES (MO)
II	WEST COUNTY (MO) NORTH SIDE (MO) SOUTH SIDE (MO)
III	SOUTHWEST (MO)
IV	NORTHEAST (IL) MADISON (IL)

This systems level analysis focused on busway and light rail options in the designated corridors. Of the nine corridors examined, the Cross-County Corridor had the highest composite score when evaluated according to these criteria: ridership; operating and capital costs; corridor level of congestion; local support; availability of right-of-way; and local revenue.

The 1989/91 Systems Analysis thus gave a strong early indication that the Cross-County Corridor is a good candidate for MetroLink expansion.

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<sup>1</sup> As amended, June, 1991.

**1994:**

***TRANSPORTATION REDEFINED: THE REGIONAL TRANSPORTATION PLAN***

In September, 1994, the East-West Gateway Coordinating Council adopted *Transportation Redefined*, the Regional Transportation Plan which established the framework to guide the way in which transportation decisions are made in the St. Louis region. This Plan was the product of more than 2½ years of work and extensive public outreach and consultation with the stakeholders in the region’s transportation system. The Plan identified a number of “Major Transportation Investment Corridors,” including the Cross-County Corridor, as the arenas for a near term focus on possible transportation investments to reduce congestion, improve safety, enhance development, and increase mobility. It was stated that, “Major Transportation Investment Analyses (MTIAs) will be conducted in these corridors to determine what investments will be made.”

*Transportation Redefined* was something of a departure from previous plans. Sparked by the planning requirements of the Intermodal Surface Transportation Efficiency Act of 1991 (the “ISTEA”), the Plan placed an unprecedented emphasis on the *outcomes* of transportation investments, focusing as never before on the individual citizens who use the system, on the communities that are linked by it, on the businesses that depend on it, and on the environment which it impacts. More than a simple list of projects, it aimed at more precisely targeting transportation investments toward a future vision of the region’s social, economic and environmental vitality.

In April, 1993, to make sure that it was on the right track, the East-West Gateway Coordinating Council convened a panel of nationally recognized transportation experts to critique its approach to the development of *Transportation Redefined*. The Panel found that “the approach is designed to seize upon the *opportunity* offered by the ISTEA to create a vision of the St. Louis region which builds on its considerable assets to achieve economic and quality of life goals.”

**1995 - 1997:**

**CROSS-COUNTY CORRIDOR MAJOR TRANSPORTATION INVESTMENT ANALYSIS**

Pursuant to *Transportation Redefined*, a Major Transportation Investment Analysis (MTIA) was conducted in the Cross-County Corridor. It was overseen by the East-West Gateway Coordinating Council and the Missouri Department of Transportation, in cooperation with the Bi-State Development Agency. The analysis examined and evaluated a variety of multi-modal transportation investments in the Corridor and its subcorridors. Numerous highway widening and interchange improvements were identified along both I-64/U.S. 40 and I-170. The MTIA also evaluated possible MetroLink extensions, heading west from the existing MetroLink alignment to Clayton, and then north parallel to I-170 to Florissant and south to I-44 and on to Butler Hill Road in South St. Louis County.

**1996:  
MAJOR INVESTMENT PEER REVIEW PANEL**

In 1996, the East-West Gateway Coordinating Council convened a second Peer Review Panel to assess and comment on analyses then on-going in three major corridors in the St. Louis region. Regarding the Cross-County Corridor, the Panel noted that:

“... the Cross-County MTIA offers a fairly rich diversity of opportunities for contributing not only to *transportation* objectives *per se* but also to *transportation-related* objectives. This is consistent with the basic tenets of both the ISTEA and *Transportation Redefined* in the sense that transportation investments would be evaluated not only on how they impact the transportation system but also on how they contribute to the Region’s underlying economic and quality-of-life objectives.”<sup>2</sup>

**SEPTEMBER, 1997:  
CROSS-COUNTY CORRIDOR PHASE I METROLINK ROUTE DECISION**

In March, 1997, the East-West Gateway Coordinating Council decided that the Phase I Cross-County Corridor improvements should focus on a MetroLink extension that, at a minimum, would reach I-44 via Clayton. The next step was to decide the route that this extension would take. Four alternatives for reaching Clayton from the existing MetroLink line were examined, first as part of the Major Transportation Investment Analysis, and then by a team of independent consultants.<sup>3</sup> On September 17, 1997, the East-West Gateway Coordinating Council Board of Directors accepted staff’s recommendation that, on balance, the stronger case was to be made for a route connecting with the existing line at the Forest Park MetroLink Station, running north of Forest Park to Clayton and then south using the existing right-of-way to I-44. . The staff recommendation cited the 1996 Peer Review Panel report, saying that:

“[The Peer Review Panel report] reminded us that this is, above all else, an *investment* decision from which both the public and the region’s chief elected officials should expect the best possible return.<sup>4</sup> We have used the recommendations of the Peer Review Panel and the principles and priorities of the 20-year plan, *Transportation Redefined*, to develop a framework for evaluating return on investment. Considered in this framework, the SI-A option which runs north of Forest Park emerges as the better choice.”

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<sup>2</sup> Aldaron, Inc., *Report of the Peer Panel on Major Transportation Investments for the St. Louis Region*, July 1996.

<sup>3</sup> Gannett-Fleming, Inc., Sarah J. Siwek & Associates, Nationsbank.

<sup>4</sup> *op. cit.*



In making its recommendation, staff noted that:

“[This] decision is not just about today, nor is it just about the area through which the first segment will be built. It is a long-term decision, sure to influence all future MetroLink choices, and it is a regional decision, ultimately affecting residents throughout the City and County and areas beyond. It is also a decision about whether the region will build on or turn from the workmanlike, cost-effective principles that guided the design of the original MetroLink route, principles that helped make MetroLink the least expensive and yet, arguably, the best light rail system in the United States. Finally, it is a decision about financial responsibility and using public funds in ways that maximize service to everyone in the community.”

### **NEXT STEP: THE BUSINESS PLAN**

The leaders of the St. Louis region should feel justly proud of their record of perseverance and achievement, first in making the MetroLink vision a reality, then in extending it to St. Clair County, and now for setting the stage for the next extension in the Cross-County Corridor.

**It is important to understand, however, that there are a number of project features and characteristics that were not a part of the September 17 route decision. Many important *design features* of the project, including precise profile alignments, construction methods, and plans for station design, circulation and access, are yet to be decided. These will be developed and decided-upon during the *conceptual design and environmental analysis* phase of project development.**

In many cities around the United States, engineering activities begin almost immediately after a preferred route alternative is selected. In their understandable desire to move forward as quickly as possible, transit authorities have sometimes given insufficient thought to how a project is to be:

- Organized and implemented;
- Financed;
- Conceived and carried out in a manner most supportive of regional and community goals and objectives; and,
- Integrated into land use and development plans and opportunities.

As noted above, the Cross-County MetroLink extension is a major *investment* in the future of the St. Louis region. In the private sector, such an investment would be guided by a “business plan” which explicitly establishes:

- √ The goals and objectives of the project;

- √ The organizational strategy;
- √ The implementation and financing plan; and,
- √ The framework for maximizing the return to the investors.

In this case, “investors” include the taxpayers of St. Louis County and of the City of St. Louis; the term also includes communities, businesses and residents, certainly in the corridor itself but also throughout the City, County and region.

**This Business Plan, then, is the next critical step in the long journey to realizing the MetroLink vision in the Cross-County Corridor. It provides the critical nexus between the route decision and the actual design and construction of the project. It also provides the framework which will guide that project development and implementation process.**

## II. POLICY PREAMBLE

At the outset, it is important for the region's policy makers and opinion leaders to agree to a set of guiding *policy principles* which will serve as the fundamental touchstones of the project design and implementation process. Since these principles are inherently policy matters, they can only be decided upon by the policy makers themselves. **However, based on our knowledge of the situation in the St. Louis region and on our experience in numerous other metropolitan regions in the United States and Canada, we recommend that the following strategic policy principles be adopted by the East-West Gateway Coordinating Council Board of Directors and incorporated into the institutional agreements that will be necessary for project oversight:**

1. **Approach to Decision-Making:** the "North of Forest Park" route decision was difficult, with strongly held views as to which route would best serve the needs and interests of the citizens of the St. Louis region. Other difficult choices can be expected during the design and implementation phases of the project. While proponents of different policy options can and should advocate vigorously on behalf of their positions, all participants should keep in mind the higher goal of securing the region's mobility and economic future.

**The spirit of *partnership* should be at the foundation of a cooperative, collaborative approach to solving problems.** This includes the East-West Gateway Coordinating Council, Bi-State Development Agency, the City and County of St. Louis, the Missouri Department of Transportation, plus cities, businesses, institutions and community groups in the corridor. As noted in the 1996 Peer Review Panel Report,<sup>5</sup> "the decision-making process is important not only for *what* is decided, but *how* decisions are reached." The Report goes on to encourage a decision-making process which:

- √ Preserves and builds upon the public goodwill and political capital created by the success of MetroLink;
- √ Promotes regional unity;
- √ Addresses goals and objectives of *Transportation Redefined*;
- √ Is fiscally feasible without hidden costs or unduly optimistic assumptions; and,
- √ Lays the foundation for expanding the resource base.

The process by which key issues are considered and decided should be based on

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<sup>5</sup> *op. cit.*

*informed discussion* at both the elected and community levels. Residents, businesses and other stakeholders in the Cross-County corridor and in the region in general should be afforded an ample and meaningful opportunity to gain a genuine understanding of how the MetroLink extension, including any alignment profile and other design features, will (and will not) affect the neighborhoods and communities through which it runs.

2. **A Customer-Oriented Approach: The needs of the *customer* should be at the center of project design and implementation decisions.** As set forth in *Transportation Redefined*, “customers” of the system include the individuals who travel on it, the communities linked by it, the businesses that depend on it, and the environment it impacts. Transit planners and engineers sometimes forget that projects are not built in a vacuum, but play an important part in the lives of the people they serve and of the communities through which they run.

**2.a. Serving the Transit Rider:** Riding transit should be an enjoyable experience, not a dreaded challenge of urban life. *Getting to* the station, whether by foot, bus, automobile or bicycle, should not require either an act of courage or perseverance. Stations, park-and-ride lots and associated walkways and bicycle-access paths should be designed with the safety and security of the transit patron in mind. Lighting, signage, surface materials and other appurtenances should all be designed so as to minimize the chance of accident or incident, and to provide both a pleasant environment and a sense of security.

**2.b. Reinforcing Communities:** The project implementation process should take into account the likely effect of project design features on land use and development in the corridor, as well as the relationship of the project to man-made and natural environments. Design standards should be flexible and responsive to community scale, heritage, circumstances and priorities. To the extent financially and physically feasible, project design should include landscaping and other scenic beautification amenities which enhance the aesthetics of stations and along the project right-of-way. There should be a *process of engagement* by which elected leaders and stakeholders alike are afforded the opportunity to reach informed conclusions as to what is and isn’t important to them. This process should be established very early in the conceptual design and environmental analysis phase of the project.

3. **Cost-Effectiveness:** The productivity of an investment is gauged by the relationship between cost, the number of people transported (as distinguished from the number of places served), and the purpose of their travel -- for individual travelers are the principal customers to be served by the system. Everything else being equal, and within financial constraints, priority should be given to design

features which appreciably result in increased ridership, are essential to a safe and comfortable transit-riding experience, and/or strengthen neighborhoods and communities. However, when cities or communities seek project profile and design features which do not meet these criteria, they should be free to propose such betterments, subject to their willingness to pay the additional costs to the project.

4. **Equity & Sustainability:** The distribution of costs and benefits to customers of the system and to the larger regional community often defines a truly “regional” decision, a decision which respects the common good and recognizes unifying regional goals. Design features should be avoided which would tend to be inconsistent with this premise. There are two dimensions to this: the region’s *future* ability to fund major transit investments and the *present* financial condition of the existing transit system.

- √ With regard to the *future*, the *opportunity cost* of dollars spent now is measured in terms of impacts on the scope and timing of future MetroLink expansions, and can be magnified by factors such as inflation, debt service, additional operating costs, and reduced ability to leverage Federal funds.

- √ With regard to the *present*, it is important to note that nearly half of MetroLink riders transfer from or to a bus as part of their total trip. Any reductions in bus service will inevitably affect MetroLink ridership. The future of the bus system and MetroLink are inextricably bound together, and undermining the bus system to pay for nonessential MetroLink features is both self-defeating and goes against the principles of equity and the common good mentioned above.

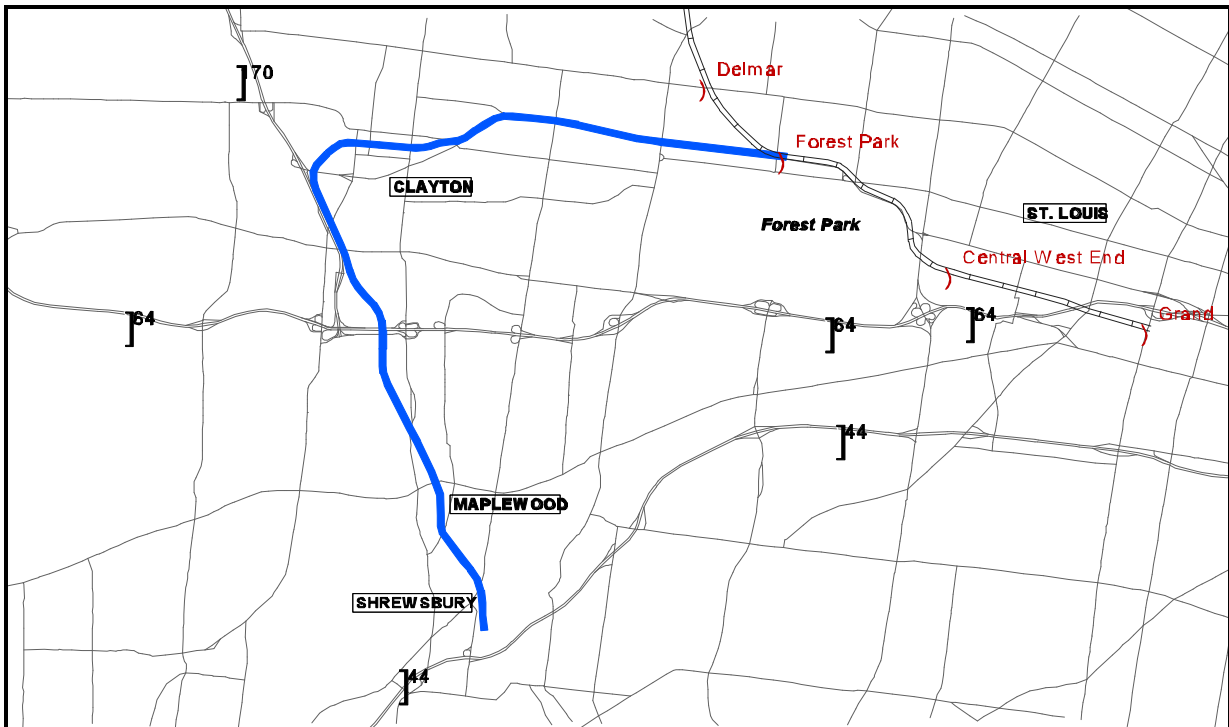
To provide a frame of reference within which a reasonable balance between current and future needs and preferences can be achieved, the cost “envelope” for project elements (e.g., cost per station, cost per mile of line, cost per vehicle, etc.) could be benchmarked against the average cost for those elements for the first two MetroLink lines and other light rail lines in similar environments from around the country, adjusted for inflation and other relevant conditions.

### III. SYSTEM DESCRIPTION

After examining in detail the alternatives for expansion of MetroLink in the Cross-County Corridor, the East-West Gateway Board of Directors approved a preferred route in September 1997. The general characteristics of the selected route, the proposed MetroLink operations, and the estimated cost of the project are described below.

#### ROUTE DESCRIPTION

The chosen alternative is the route (S-1A) that connects the existing MetroLink line to Clayton, running north of Forest Park, and then south to I-44. Cross-County MetroLink Segment I is shown in Figure 1 below. Within this route there are multiple options for specific alignments and profiles of MetroLink in the different sub-segments of the extension. The process for determining the most cost-effective and acceptable alignment is outlined later in this Business Plan (see Section VI).



**Figure 1**  
Cross-County MetroLink Segment I

The nine sub-segments of the route, defined by tentative station locations<sup>6</sup> at each end of the sub-segment, are:

- Forest Park Station to Skinker;
- Skinker to Big Bend (Washington University) ;
- Big Bend to Hanley & Forsyth (or Hanley & Carondelet);
- Hanley & Forsyth (or Hanley & Carondelet) to Clayton Government Center;
- Clayton Government Center to Galleria;
- Galleria to I-64/I-170;
- I-64/I-170 to Manchester (Maplewood);
- Manchester to Deer Creek; and,
- Deer Creek to I-44 (Shrewsbury).

The east-west portion of the route from Forest Park Station to Clayton generally follows the Forest Park Parkway and Millbrook Boulevard rights-of-way to Clayton. The route through Clayton to Shaw Park may follow either Carondelet or Forsyth to reach the eastern edge of Shaw Park. At this point the route turns south through Shaw Park to the Citizens for Modern Transit (CMT) right-of-way that runs north-south, paralleling I-170.

There are four sub-segments of line in the north-south portion that extends from Clayton to I-44 at Shrewsbury. The route follows the old rail right-of-way reserved for MetroLink expansion by CMT. It was acquired by CMT with the assistance of and financial support from Union Electric. This right-of-way, which stretches from I-44 in the south almost as far north as I-70, is to be made available at no cost by CMT. Improvements to the right-of-way and relocation of power utility poles are planned as part of the MetroLink project.

In total, the route is 7.5 miles in length and has nine tentative stations. At the intersections of the route with I-64 and I-44, large park-and-ride lots are planned to attract auto commuters to the rail system. To allow for future extensions of MetroLink, provisions for turnouts will be provided to the northerly Cross-County and possible West County alignments. Provision for a future southerly Cross-County extension to Butler Hill Road will also be made.

## **METROLINK OPERATIONS**

The Cross-County MetroLink service will be an integrated part of the regional transit network. Bi-State will operate the service as part of the MetroLink system that (by 2004) will extend from the St. Louis International Airport (Lambert Field) through Downtown St. Louis to St. Clair County and the Mid-America Airport. The Cross-County extension will branch off the current line just north of the Forest Park station.

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<sup>6</sup> These station locations were used for the general purposes of making cost and ridership comparisons during the MTIA. The locations are subject to change during the continuing planning and design process.

The Cross-County line will operate in a fashion similar to the existing line with comparable headways.

There are nine stations tentatively planned along the extension route. The majority of these will be neighborhood stations that attract bus transfers and pedestrians rather than automobile drivers. Two large park-and-ride lots are planned, one at I-64 and the other at I-44. Bus transfer facilities will be most heavily used at the Clayton, Manchester and I-44 stations. The MetroLink system and Bi-State bus operations will be scheduled to complement one another with convenient transfer points, timed connections and integrated fare systems.

### **FOREST PARK SHUTTLE**

To address the transportation needs of the institutions along Oakland Avenue and in Forest Park itself, a high quality, frequent transit link will be provided as part of the Cross-County MetroLink project. The caliber of service offered will determine the level of use made of a Forest Park Shuttle that serves the Art Museum, Science Center, Zoo, History Museum and other sites. There are four factors that will determine its success in attracting ridership. They are:

- √ Frequency;
- √ Convenient connections;
- √ Comfort of the vehicle; and,
- √ Entertainment value.

The system must be environmentally friendly, particularly within Forest Park boundaries, and aesthetically compatible with the Park and its institutions.

A formal plan for a Forest Park Shuttle should be developed at the initiation of the Cross-County project. The implementation of service should begin at the earliest date possible, with MetroLink connections at Forest Park Station, to begin to build ridership. For budget purposes an initial investment of \$6 million will be set aside for capital purchases (including vehicles and passenger facilities). In the plan, a projection of the operating costs and revenues will be necessary to determine the level of subsidy required to sustain the service.

### **ESTIMATED COST**

The MetroLink extension project has many alignment issues that must be resolved in the next phase of work in order to accurately assess the cost of the project. The range of projected costs (in 1996 dollars) is \$319 million to \$498 million. Annually, the extension will add \$13.5 million to Bi-State's operating budget for MetroLink, of which roughly \$5.4 million is expected to be paid by passenger



fares.

As decisions regarding the specific alignment and system profile are made, a more precise cost estimate will be developed.

## **IV. FINANCING PLAN**

### **OVERVIEW**

This section of the Business Plan describes the basic elements of a financial plan to meet the capital requirements of the MetroLink expansion alternative selected by the East-West Gateway Coordinating Council. The selected route has a range of projected costs between \$319 and \$498 million (in 1996 dollars), depending on design and construction options which are yet to be determined.

The financial plan addresses the capital funding needs of developing the selected Cross-County Segment I route based on the range of estimated costs. The plan assumes only existing sources of funding.

### **SOURCES OF FUNDING**

It is expected that Segment I of the Cross-County extension will be funded from local sources, without federal funds. The financing plan utilizes only the existing St. Louis City and County transit sales taxes to fund the Segment I extension. Some Federal funds are projected to be available for the development of Segment II and III extensions, which are expected to begin the design phase in 2003 (if additional revenue is available). Other than the existing Prop M transit taxes<sup>7</sup>, no other state or local funding, privately invested funds or joint development revenues have been projected for purposes of the financing plan. These funding sources are simply too uncertain or unlikely at this time on which to base a credible financing plan. A discussion of potential sources of funds to extend MetroLink has been included as Appendix A to the Business Plan.

### **FINANCING STRUCTURE**

The financing of MetroLink expansion requires the dedication of Prop M sales tax revenues to the Bi-State Development Agency on a long term basis. The financial security of any expansion program, and particularly any debt financing, requires a structure which assures the obligation of transit sales taxes to MetroLink expansion.

Prop M taxes are collected and appropriated to Bi-State by the specific and separate authorizations of the St. Louis City Board of Alderman and the St. Louis County Council. The commitment to provide these revenues to support MetroLink expansion must be made by financing, development and operating agreements to secure the funding required. A variety of mechanisms, including intergovernmental agreements, credit enhancements, contracts and lease obligations should be

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<sup>7</sup> The 1/4 cent sales tax passed by the voters in 1994 and levied in the City of St. Louis and St. Louis County for public transit purposes.

explored and developed to provide the best security for MetroLink financing. This will reduce the cost of borrowing to finance MetroLink expansion and, more importantly, will assure its basic viability. In short, the financial viability of MetroLink expansion, as well as access to the lowest cost of financing, will require a well secured funding structure.

### **EXPANSION FINANCED FROM EXISTING REVENUES**

The existing Prop M sales tax currently produces an annual revenue stream of approximately \$28 million<sup>8</sup> available for capital expansion uses. This revenue base, less the incremental operating costs of the Cross-County expansion, is sufficient to support the development of the Segment I route at the lower end of the range of estimated costs. Utilizing only the currently available sources of local revenue, the route can be financed through existing balances, future collections and long term bond financing of approximately \$278 million<sup>9</sup> to be issued in 2001. A summary of the financing plan for Segment I of the Cross-County expansion is provided in Table 2. Detailed program assumptions may be found in Appendix B to the Business Plan. The long term bond issue required will commit future Prop M revenues to the payment of debt service over the 20-year term of the financing. Additional capital expansion funded by the existing Prop M revenues will be deferred until the year 2021, unless an additional source of capital funding is identified.

A Segment I extension at a cost of approximately \$350 million (current \$\$) can be funded from existing Prop M revenues. What this means is that the funds to pay for project features over and above a “no frills” budget of \$319 million (again current \$\$) are limited.

Upon the completion of Segment I in 2004, there will not be a sufficient fund balance available to begin construction of Segments II (to Butler Hill Road) or III (to Florissant) of the Cross-County Corridor. At that time, annual debt service payments on the 2001 bond issue will be approximately equal to the net revenues available through the existing Prop M tax. Therefore, additional capital capacity to expand the system will be very limited.

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<sup>8</sup> The existing Prop. M tax generates about \$42 million per year, with about 65% allocated for capital uses.

<sup>9</sup> Including costs of issuance, debt service reserve, credit fees, etc.

**Table 2**  
**Cross-County MetroLink Segment I**  
**Financing Plan**  
**(Existing Prop M Sales Tax Revenue)**  
**(Sources and Uses of Funds and Debt Assumptions)**

**1998 - 2004**

	Total 1998 - 2004 <sup>10</sup>
<b>Capital Funding Requirements:</b>	
Segment I Extension - \$350 Million Current; \$415 Million Future Dollars	\$415.0
<b>Total Uses</b>	<b>\$415.0</b>
<b>Sources of Funds:</b>	
Pre-construction Costs Funded on Cash Basis, 1998 - 2001	\$54.0
Projected Prop M Fund Balance Available at January 1, 2001	\$84.0
Net Project Funds Provided by Bond Issue 2001 <sup>11</sup>	\$243.0
Interest Income on Invested Funds, 2001 - 2004	\$34.0
<b>Total Sources</b>	<b>\$415.0</b>
<b>Debt Assumptions</b>	
<ul style="list-style-type: none"> <li>• Bonds issued in 2001 to finance cost of constructing Segment I.</li> <li>• Bond term of 20 years.</li> <li>• Borrowing Rate: 20 year high grade municipal bond rate of 6%.</li> <li>• Bank Letter of Credit fees of 1% per year for initial five year period.</li> <li>• Annual debt service coverage requirement of 120% minimum.</li> </ul>	

<sup>10</sup> All funds used projected in future dollars, based on a 3.5% inflation factor to the year of expenditure.

<sup>11</sup> Net bond proceeds available to fund project costs, after provision for debt service reserves, bond transaction costs, credit fees, etc. Total debt financing would be approximately \$278 million.

**Any future extension of MetroLink, including Segments II and III of the Cross-County Corridor, will require a substantial new revenue source.**

## **SUMMARY CONCLUSIONS**

The most critical factor in the region's financing capacity to expand MetroLink is the level of local revenues available for transit funding. The failure of the recent sales tax initiative is significant for three reasons:

- √ The level of debt financing necessary to construct Segment I is substantially higher (\$243 million for Segment I vs \$19.93 million for Segments I, II and III had Prop. M passed).
- √ Any possible trade-off between non-essential design features or enhancements for Segment I vs. financial capacity for future extensions is made more acute.
- √ Future extensions are delayed and thereby made more costly due to inflation.

The portion of Prop M revenues allocated to capital costs is critical to the level and speed of the MetroLink expansion program. Changes in the amount of revenues made available for capital cost and debt service will impact the amount and timing of expansion which can be accomplished.

Finally, it should be repeated that the financing of Segment I of the Cross-County extension has been evaluated at a cost level of \$350 million (in 1996 dollars) for purposes of this analysis. This cost is near the low end of the projected range of costs, and does not reflect some of the design and construction alternatives described in the Strategic Alignment Analysis Report delivered to the East West Gateway Council, draft dated September 15, 1997. That report identified a range of design and construction alternatives which produced cost projections of \$319 to \$498 million.

## V. ORGANIZATIONAL STRATEGY

In any project of the scale of the MetroLink extension in the Cross-County Corridor, there are multiple phases of project development (see Figure 2). As the project moves through the various phases, the management and policy issues change, and the core competencies necessary to deal with these phases change with them.

**The recommended organizational strategy is designed to provide the *institutional mechanisms* for effective policy oversight and technical management of each phase. It is premised on two basic principles:**

- 1. *Responsibility* and *accountability* go hand-in-hand: important project profile and design features will be determined during the preconstruction phases, and it is important that government officials who answer to local and regional constituencies be positioned to make carefully considered, informed decisions;**
- 2. Likewise, there should be a match between *responsibilities* and *capabilities* of those institutions that have a major stake in the design, construction and ultimate operation of the project.**

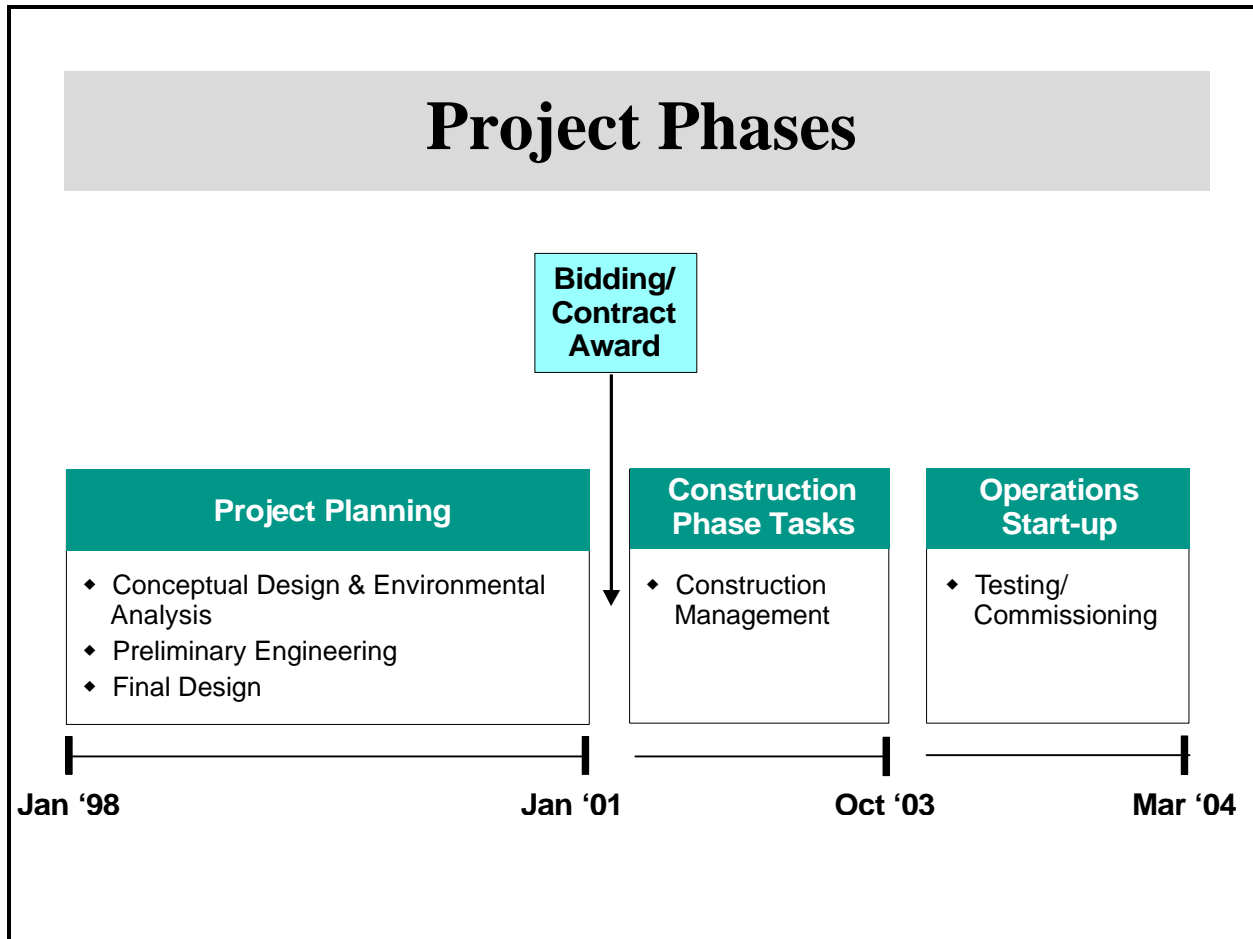
**In short, the organizational strategy has been designed to assure that the project progresses in the most timely, community-sensitive and cost-efficient manner.**

The organizational strategy divides into three components:

1. The execution of a **Memorandum of Agreement** which establishes the overall governance structure for the final planning, design and construction of the project.
2. The establishment of a **Policy Committee** to make key decisions regarding the project's scope, design features, budget and schedule.
3. A **Project Management Structure** to provide day-to-day technical oversight of the project.

## MEMORANDUM OF AGREEMENT

At present, the St. Clair MetroLink extension project is managed by an integrated team from Bi-State and St. Clair County. In this structure, Bi-State is the lead agency and Federal grantee, while a joint Bi-State/St. Clair oversight board provides policy guidance. A Memorandum of Agreement (MOA) between Bi-State and St. Clair County established this cooperative approach in May, 1994.



**Figure 2**  
Project Phases

The situation in the Cross-County Corridor requires a similar approach. Agencies that have a direct interest in this project should be represented throughout the process. Accordingly, a Memorandum of Agreement is recommended similar to that now in effect for the St. Clair

extension. The parties to this new Memorandum<sup>12</sup> must agree to the project management structure, delegation of authority, and individual responsibilities. The following discussion of the Policy Committee and the roles and responsibilities of the various involved entities provides the basis for the Memorandum of Agreement

### **POLICY COMMITTEE**

It is recommended that *principals* of each agency which is party to the MOA form a Policy Committee, overseeing the project's development (see Figure 3).

**The Policy Committee will be the institutional constant throughout the project. The Policy Committee provides a single point of accountability for project budgets and decision making, combining local representatives with regional members and those responsible for operations.**

Adequate representation of key stakeholder interests is the basic rationale behind the recommended composition of the Policy Committee. Included on the Committee are:

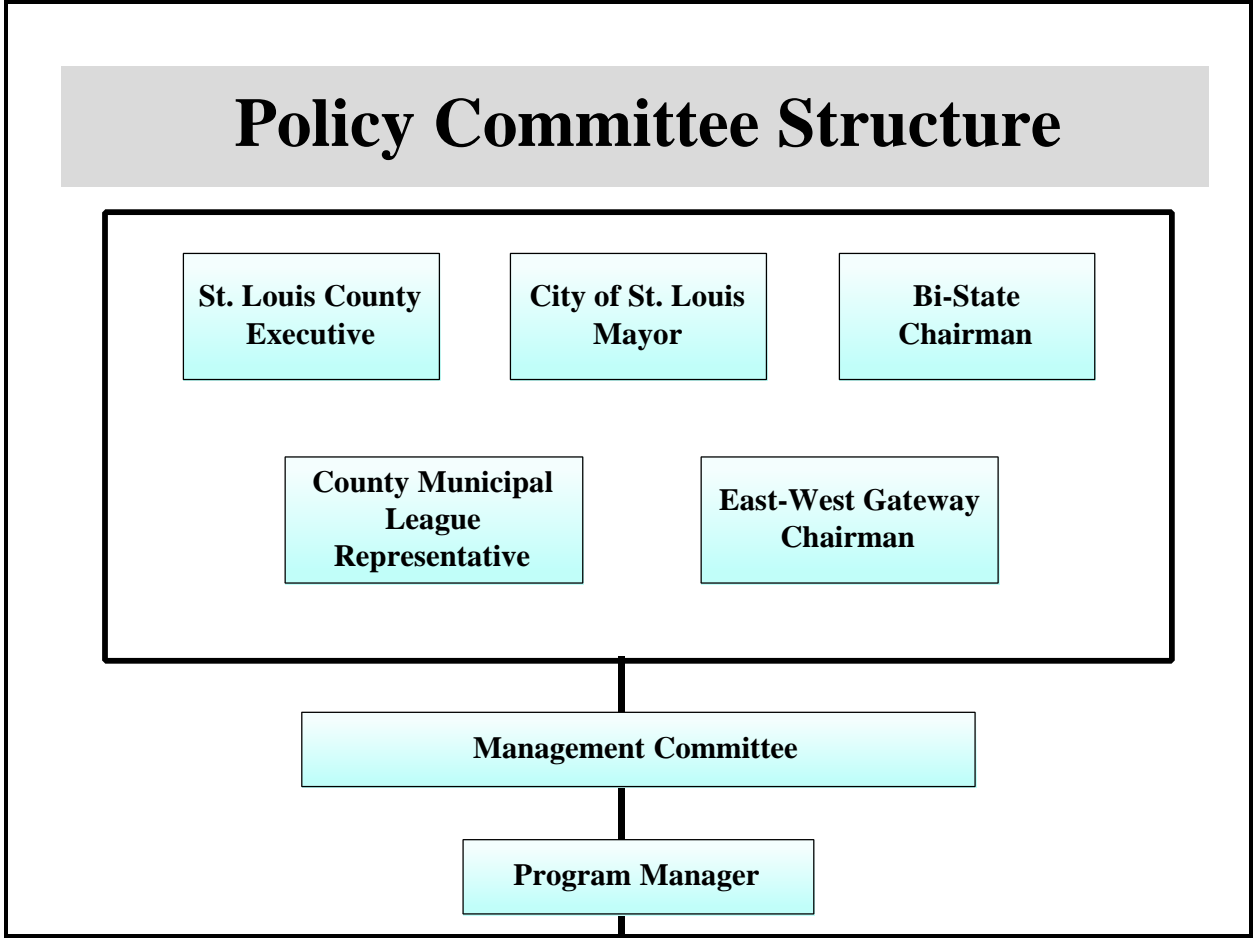
- ✓ The City and County of St. Louis, both as funders and jurisdictions through which the line will run;
- ✓ The St. Louis County Municipal League, to represent the interests of the other jurisdictions in the corridor;
- ✓ The Bi-State Development Agency, as the “owner-operator” of the system; and,
- ✓ The East-West Gateway Coordinating Council, the Metropolitan Planning Organization charged with mapping the long range vision of the region.

It has been past practice in this region for East-West Gateway to manage the initial phases of MetroLink project development before turning over responsibility to Bi-State. Accordingly, in the first phases of the project (community engagement, conceptual design and environmental analysis), the Policy Committee will function as a Committee of the East-West Gateway Board. Later on, as the ultimate operator of the new line, the Bi-State Board will assume responsibility for preliminary engineering, final design, construction, testing and finally operations. In these

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<sup>12</sup> Including the City and County of St. Louis, East-West Gateway, Bi-State and the St. Louis County Municipal League (representing the cities on the alignment).





**Figure 3**  
Policy Board Structure

phases of the project the Policy Committee will become a Bi-State Board Committee (similar to the St. Clair Committee). Figure 4 illustrates these arrangements.

This Policy Committee will play an especially important role during the Community engagement, conceptual design and environmental analysis steps of the project. It is during this stage that most of the alignment, system profile, and design concept decisions will be made in conjunction with the stakeholders in the corridor.

## PROJECT MANAGEMENT STRUCTURE

The Cross-County Corridor project has an ambitious schedule that envisions start of revenue service by mid-2004. To ensure that this schedule is met, the project management structure must be flexible and capable of responding to the changing staffing and skill needs of the project. Figure 5 illustrates the overall project structure. The Policy Committee will have overall policy direction authority throughout the project. After the Bi-State Development Agency assumes responsibility for the project, the project staff and consultants will be led by a Program Manager which can be

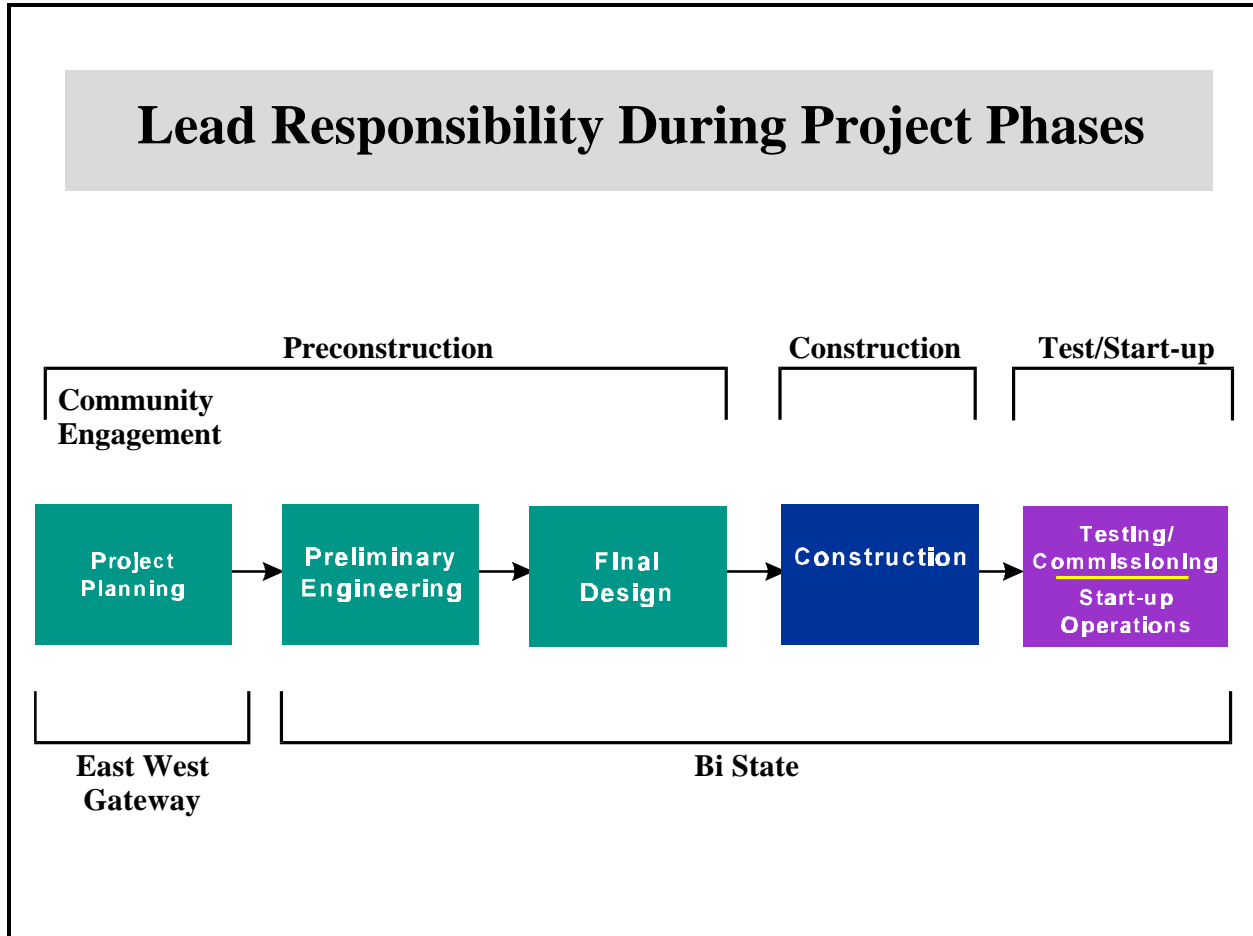


Figure 4

an individual or firm selected by the Policy Committee and employed by Bi-State. The Management Committee, comprised of senior agency staff representing the Policy Committee principals, will assist the Program Manager in coordinating the decision making process. The Program Manager will direct the day-to-day project activities of staff and consultants and coordinate with East-West Gateway and Bi-State staff in joint activities.

**This management approach provides the lowest cost, most effective means of moving ahead with an aggressive schedule in the Cross-County Corridor. It proposes an efficient use of manpower and continuity throughout the MetroLink system.**

In addition to the oversight responsibilities of the Policy Committee, the following discussion of the roles and responsibilities of each component of the project team is intended to provide the basis of the Memorandum of Agreement.

**East-West Gateway:** The East-West Gateway Coordinating Council is the Metropolitan Planning Organization (MPO) for the region. In the past, it has been responsible for the initial transportation planning and investment strategies that are now being implemented. It has been the practice in this region for East-West Gateway to manage the planning for major transit capital projects, and for Bi-State to manage the design, construction and operation of these projects. East-West Gateway will, therefore, continue to lead the project through the community engagement, conceptual design and environmental analysis stages, work which will take approximately one year. Bi-State staff and management should actively and consistently participate in these activities both on a day-to-day basis and at the policy level.

**Transition to Bi-State:** The proposed organization structure identifies Bi-State as the system “owner and operator,” with the construction of the Cross-County Corridor MetroLink route becoming the responsibility of Bi-State. Transition of the Policy Committee from East-West Gateway to Bi-State is provided in this strategy. Bi-State will become responsible for project management at the preliminary engineering phase, and then continue through the final design, construction and testing phases and into operations.

It may be more cost-effective for Bi-State to undertake some functions immediately upon the initiation of the project to facilitate the timely delivery of these elements. Maintenance facility expansion design and vehicle engineering and procurement are two such activities.

Table 3 summarizes the roles and responsibilities of the Policy Committee, the East-West Gateway Coordinating Council, and Bi-State.

# Preconstruction Phase Tasks

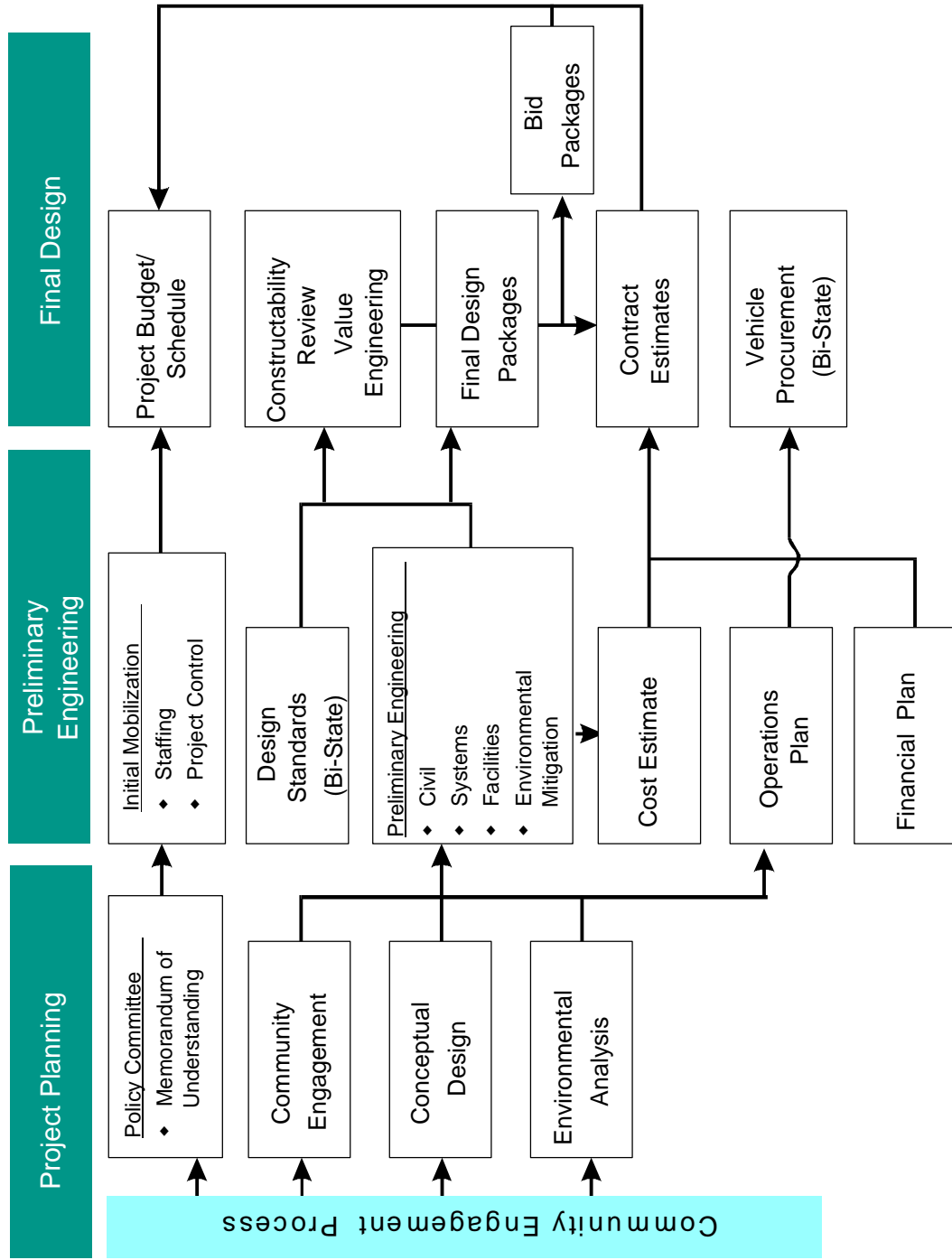


Figure 5

**Management Committee:** A Management Committee is also envisioned to deal with day-to-day issues (although policy *direction* will be set by the Policy Committee). As senior managers of the agencies represented on the Policy Committee, the Management Committee will review the project documents and meeting agendas, assist in briefings, and provide liaison between the project team and the agencies along the alignment.

**Program Manager:** The Policy Committee will appoint a Program Manager to provide overall leadership for the staff and consultants engaged in carrying out the MetroLink extension. The Program Manager will be identified and selected by the Policy Committee in cooperation with Bi-State during the conceptual design and environmental planning phase. This individual or firm will then manage the project transition from East-West Gateway to Bi-State when the preliminary engineering task begins and the responsibility for the overall project moves to Bi-State. The Program Manager will be employed by Bi-State and work with a staff group, who will have responsibility for organizing, managing and controlling all aspects of the project (except for the vehicles and maintenance facility). These responsibilities are summarized in Table 4.

The first task of the Program Manager will be to prepare a Project Management Plan with detailed schedules and budgets. The interface required with Bi-State groups will be facilitated by the Program Manager and the use of existing engineering standards and systems in carrying out the work plan. The current Bi-State policies and procedures for procurement, project controls, and similar system-wide functions will be incorporated into the Cross-County project.

**TABLE 3**

**SUMMARY OF ROLES AND RESPONSIBILITIES**

**A. Policy Committee**

- Select program manager;
- Oversee the conceptual design and environmental analysis process;
- Establish and approve project budget and schedule;
- Ensure regional objectives for MetroLink expansion are met;
- Approve project management plan;
- Recommend consultant selections;
- Develop joint development opportunities.

**B. East-West Gateway Coordinating Council**

- Approve and carry out community engagement process;
- Approve station and alignment design concepts;
- Approve environmental analysis;
- Approve project financing plan;
- Approve consultant selections.

**Conceptual Design  
& Environmental Analysis**

**C. Bi-State Development Agency**

- Real estate acquisition;
- Preliminary Engineering (P.E.)
- Final Design
- Vehicle acquisition;
- Maintenance facility expansion;
- Administrative services (e.g. finance);
- Technical project oversight;
- Operations;
- Approve consultant selections.

**P.E., Final Design, Construction  
& Operations Start-Up**

**Table 4**

**PROJECT MANAGEMENT RESPONSIBILITIES**

<p><b>Design Management</b></p> <ul style="list-style-type: none"><li>• Design guidelines;</li><li>• Schedule;</li><li>• Scope for design packages;</li><li>• Design review and coordination;</li><li>• Constructability review; and</li><li>• Construction management set up.</li></ul>	<p><b>Project Control</b></p> <ul style="list-style-type: none"><li>• Quality control;</li><li>• Cost/schedule control systems;</li><li>• Document control; and,</li><li>• Reporting.</li></ul>
<p><b>Administration</b></p> <ul style="list-style-type: none"><li>• Consultant selection;</li><li>• Claims;</li><li>• Change order management;</li><li>• Policies and procedures; and</li><li>• Project accounting (invoice review and approval).</li></ul>	<p><b>Environmental Analysis</b></p> <ul style="list-style-type: none"><li>• Joint development;</li><li>• Community relations; and,</li><li>• Environmental assessment review, and permitting.</li></ul>

## **VI. IMPLEMENTATION STEPS**

As the St. Louis region prepares to extend the MetroLink system to Clayton and I-44 there are a number of immediate activities that must be undertaken. These include:

### **1. ESTABLISH THE POLICY COMMITTEE**

This Committee, of the East-West Gateway Board initially, is the first step in setting the project in motion. A draft of the Memorandum of Agreement should be considered by the Committee at its initial meeting. The Management Committee should develop the document for approval by the principals.

The Policy Committee should immediately address the procurement of consulting services for community engagement, conceptual design and environmental analysis. These program elements begin the formal project organization and definition process.

### **2. CONDUCT COMMUNITY ENGAGEMENT, CONCEPTUAL DESIGN, AND ENVIRONMENTAL ANALYSIS**

In any project this is a critical stage of work. As depicted in Figure 6, there are three principal areas of activity that combine to determine the detailed project definition and scope.

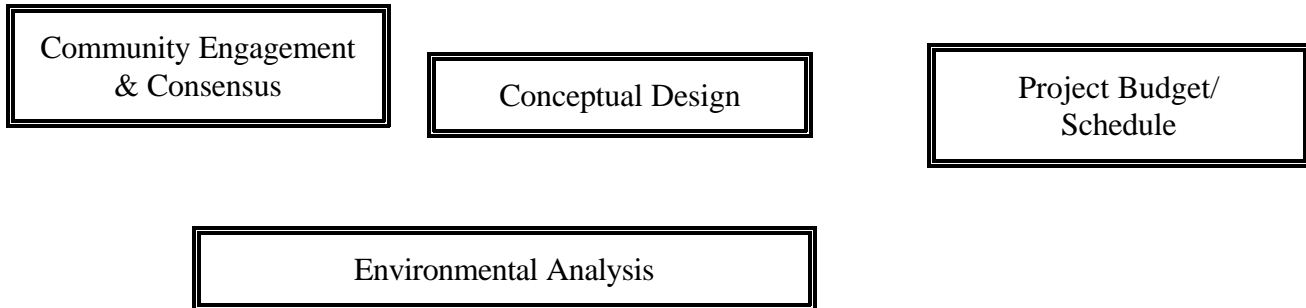
<b>Figure 6</b>	
<b>ACTIVITIES AND RESULTS</b>	
<b><u>Activity Streams</u> -----&gt;</b>	<b><u>Results</u></b>
<ul style="list-style-type: none"> <li>• Community Engagement</li> <li>• Conceptual Design</li> <li>• Environmental Analysis</li> </ul>	<ul style="list-style-type: none"> <li>• Alignment Details</li> <li>• Project Budget Estimate</li> <li>• Project Schedule</li> <li>• Environmental Mitigation Actions</li> </ul>

In some circumstances, tension will exist among the strategic policy principles (see Section II of this Business Plan) of serving the transit rider, reinforcing communities, and cost-effectiveness. An energetic and sustained process of engaging stakeholders in the corridor during the conceptual design and environmental analysis phases will be critical to achieving the



appropriate balance among these sometimes conflicting goals. Figure 7 depicts the dynamic and iterative relationship between these project activities.

**Figure 7**  
**INTEGRATION OF COMMUNITY ENGAGEMENT PROCESS**



A detailed description of the **Community Engagement** process is beyond the scope of this Business Plan. However, it is appropriate at this point to identify some of the key principles and strategies that such a process should entail. These include:

- √ **Learning from Our Experience:** Past public involvement processes (not limited to just the Cross-County Corridor) should be examined to understand what worked well and not, and especially why. Some of these lessons can be gained from agency and project staff, while others are best learned from consultation with community members as the public engagement process is designed.
  
- √ **Consulting with the Community in Designing the Public Engagement Process:** This can be done in one or more ways such as: interviews with opinion leaders; consultation with a committee including a wide array of community stakeholders; and workshop-style meetings with community members from the project corridor and the region. This consultation will help to create approaches that are comfortable and credible. It will also help to get stakeholders’ “buy-in” for the process itself, a critical step that can lead to buy-in to the *results* of the process. Questions to address in process design include: key issues and concerns that are likely to arise; identification of stakeholders to be involved; needs and preferences on means and style for input, outreach, communication, and meetings/workshops/committees and other forums for interaction with staff and among

participants; and specific ways in which collaboration will occur in order to work toward consensus and have a positive impact on project decisions.

- √ **Agreeing on Goals & What Constitutes Success:** A concerted effort should be made at the outset to get early agreement on the goals and bounds for the process, plus the criteria for success. This gets everyone “on the same page,” provides a means for assessing whether the process is moving ahead on a constructive path toward achievement of the goals, and helps to reduce or eliminate time spent in unfruitful activities or digressions from the purpose at hand.
  
- √ **Defining the Process:** It is also important to lay out the process, including major elements (communication, education, outreach, interaction, consensus-building forums, media strategy, etc.) and milestones, fully integrated with the overall schedule for technical work. Key decision points should be identified as well as who will make the decisions, and how the public involvement process fits into and around the decisions. There should be flexibility to adjust content, approaches, and schedule as work unfolds. It is often helpful to have a small public involvement group of participants to help monitor progress, agree when adjustments are in order, and suggest ways to get back on track.
  
- √ **Tracking & Testing Public Opinion:** In addition to tracking and testing public opinion via various strategies within the public engagement process, it is useful to keep an issues log, in an integrated database, in order to track the types, nature, extent, and shifts in public concerns about the project. The log is also directly useful for technical staff, and it is a means to help inform policy and decision-makers on the status of public opinion. Random surveys, if affordable, are also a way to test what a representative sample of the public thinks about the project and key issues. This can help illuminate differences between the general public and active project participants and suggest the reasons why those differences exist. It can also help to validate the opinions expressed by active and concerned participants as being representative of broader public opinions.

The **environmental analysis** will start with a “scan” of potential environmental requirements for the project. This will involve state and local regulations together with certain federal laws that may apply. The resulting checklist of environmental impact areas will then form the parameters for subsequent environmental studies and mitigation measures.

Based on the outcomes of the community engagement and environmental analysis processes, a **conceptual design** for the alignment will be prepared. From this information, an estimate of the project cost and schedule will be developed. This will include any mitigation or project enhancement measures which may be identified and agreed to by the Policy Committee as a

result of community input.

### **3. SIX MONTH ACTION PLAN**

The overall project milestone schedule is shown in Figure 8. It is an ambitious schedule; achieving it requires that progress be made on a number of fronts almost immediately. The list of immediate actions that follows is intended to be an agenda for the project implementation strategy. It is based on the project goals, organizational strategy, and schedule for revenue operations. Included in this action plan are the following:

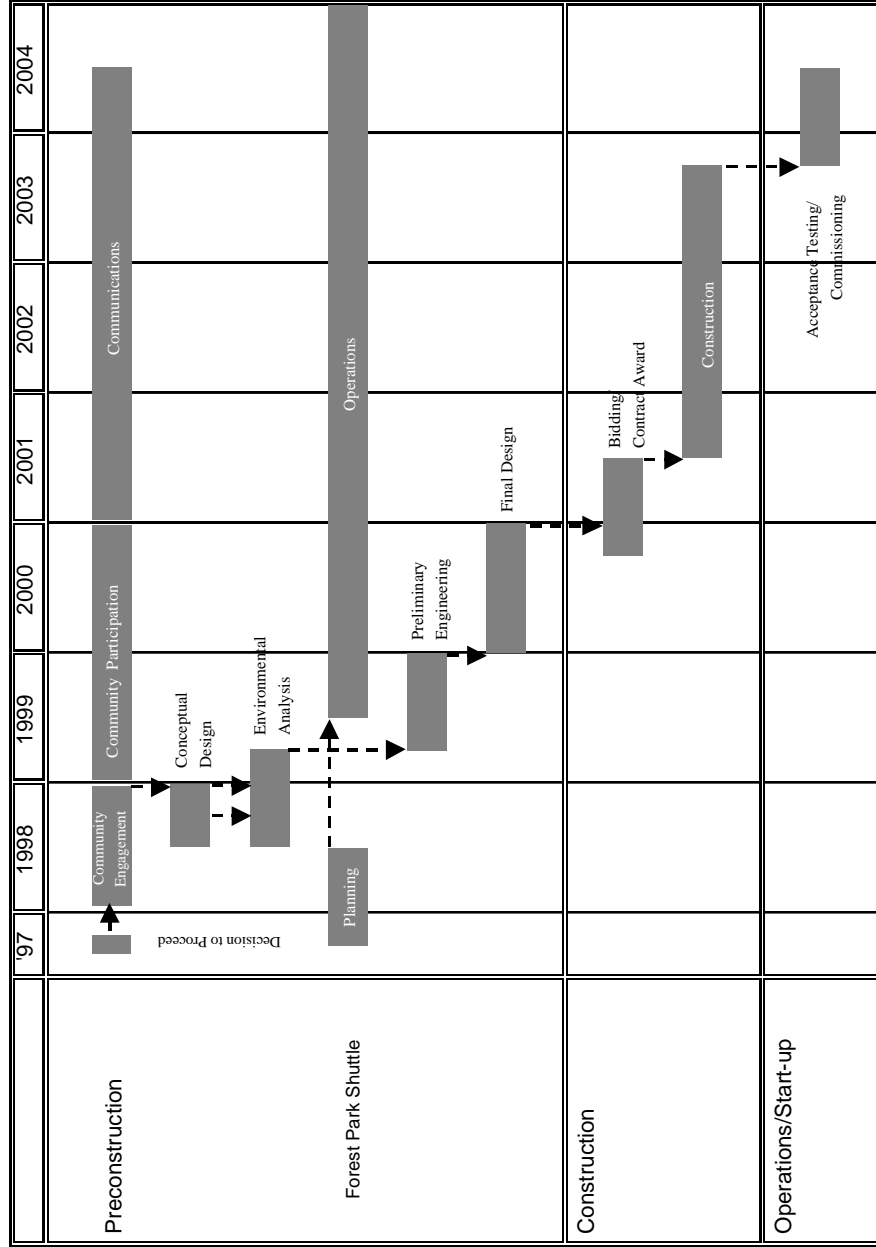
- √ Memorandum of Agreement;
- √ Community Engagement Contract RFP;
- √ Conceptual Design Contract RFP;
- √ Environmental Analysis Contract RFP;
- √ Program Management Contract RFP;
- √ Award Community Engagement Contract;
  - Develop Community Engagement Process;
  - Initiate Process;
- √ Award Conceptual Design Contract;
- √ Award Environmental Analysis Contract;
  - Conduct “scan”;
- √ Negotiate Funding Agreements; and
- √ Award Program Management Contract;
  - Prepare Project Management Plan;

### **4. SELECT PROGRAM MANAGER**

The retention of a Program Manager is necessary to make the project move ahead in an efficient manner. After the project responsibility moves to Bi-State, the Program Manager will be responsible for implementing the project control systems and other policies and procedures required to manage the multiple phases of the project.

Figure 8

# Project Milestone Schedule



## ***VII. CONCLUSION: GETTING IT DONE; DOING IT RIGHT***

The St. Louis region is embarking on the next, and in some ways the most critical, phase of the development of the MetroLink system. The decisions made in the coming months will profoundly affect the region's return on this investment in terms of how it:

- √ Serves the transit rider and interfaces with the bus system;
- √ Strengthens and reinforces communities along the corridor;
- √ Supports regional economic development, mobility, environmental and equity goals; and,
- √ Preserves regional resources for future system expansions.

As noted in the Introduction, good transportation investments don't just happen, and many a well-conceived project has fallen far short of its potential because of the way in which it was implemented. *The details do matter.*

The purpose of this Business Plan is to provide the framework for the decision process to address these critical issues. Built upon a cooperative, collaborative approach to decision-making, it puts in place a project oversight and management structure which is designed to ensure that those decisions are fairly and openly made.

The recent failure of the additional Proposition M ¼¢ sales tax initiative may, in the short run, make some of those decisions more difficult, since it constrains the amount of money that will be available to fund project elements which some may consider desirable, even necessary. The region's leaders have, however, the opportunity to make a virtue out of fiscal necessity, and to make decisions that strike the appropriate balance between current and future needs and preferences.

In some ways, *how* those decisions get made is as important as the decisions themselves in terms of maintaining and building upon the public goodwill and political capital created by the success of MetroLink to-date. This is the reason that this Business Plan envisions an aggressive and proactive *community engagement process* to ensure that stakeholders (both in the corridor and the region at-large) have a fair say in the decisions.

In any situation where resources are limited and where goals are at least partially conflicting, not everyone will be completely satisfied with all the outcomes. While we might wish otherwise, that is both unavoidable and to be expected. But *how* those outcomes are determined, and the perceived fairness of the process, is critical to achieving the overarching goals of regional unity and progress. This Business Plan establishes the framework, but it is only that. Ultimately, it is the leaders, the communities, and the citizens of the corridor and the region who must come together, not only to

decide those details that matter, but to continue shaping the collective vision of the St. Louis region in the 21<sup>st</sup> century.

## APPENDIX A

### Additional Sources of Capital Funding and Cost Reduction

The financing analysis presented considers the existing City\County Prop M sales tax revenues, and a projected level of Federal funds which can be expected to be available for Phase II expansion. Other sources which might provide portions of the required funding for MetroLink expansion include:

#### State Funds

- Through a new state funded source of transit revenues, such as proposed in the Governor's Transportation Report.
- Utilization of the State's Infrastructure Bank; including application for additional Federal funding, provision of reserve funds, credit enhancement, etc.
- Joint funding of road/rail elements of MetroLink segments

#### Federal Funds

- Pursuit of discretionary funds through Congressional appropriation
- Flexible funding of current Federal dollars available for MetroLink projects
- Application for special Federal dollars available for State SIB's
- Federal demonstration funds

#### Local Jurisdiction Sources

- Potential increase of 1/4¢ in local sales tax
- Local jurisdiction (municipal, County, City of St. Louis) funding of expansion components such as station development, supporting facilities, right of way acquisition, etc.
- Use of Special Assessment, Neighborhood Improvement, Tax Increment or other local taxing district authority to fund portions of MetroLink development
- The new economic development legislation enacted by the State of Missouri offers a number of financing mechanisms which might provide funding sources for various elements of MetroLink expansion.

#### Public/Private Development Alternatives

- Joint development of station facilities, park and ride and related properties
- Private companies or institutions who will benefit from MetroLink access might participate in the funding of facilities, contribution of property, etc. During our assignment, a number of joint development possibilities were identified. Potential for cost savings on system enhancements exist in conjunction with station and route development with Washington

University, St. Louis County government, identified sites in Clayton, Brentwood, Richmond Heights, Maplewood and other locations. While no specific project proposals have been identified or committed, the opportunities to attract private and institutional investments to support MetroLink expansion are significant.

- Concession agreements for system and auxiliary operations
- Sale of development rights

In addition to seeking additional sources of funding, a variety of measures to reduce the cost of development and capital costs might be pursued to meet expansion program requirements.

### **Capital/Cost Reduction Measures**

- Design modifications to reduce capital costs
- Design/Build/Operate Alternatives: use of innovative contracting processes for the design, construction and operation of all or part of MetroLink expansion segments to achieve cost and time savings.

### **Methods of Reducing Interest Rate Costs of Debt Program**

- Use of State resources, through SIB or directly, to enhance credit: provision of debt service reserves, MODOT or State guarantees
- Use of credit guarantees by City and County to support sales tax issue: contingent pledge of ½ cent sales tax revenues to support Prop M backed issue
- Other revenue sources
  - General government guarantees to "backstop" Prop M revenues
  - Legal and administrative methods of providing secure access to availability of Prop M revenues (to reduce annual appropriation risks). Methods which might be considered include lease revenue bonds, with the City and County as lease obligors, or the creation of a separate owner/issuing entity as the bond obligor.



## **APPENDIX B**

### **Financing Plan Assumptions**

#### **Existing Prop M Sales Tax Revenues Only**

##### **1. Revenue Sources:**

Existing 1/4¢ City/County Prop M Sales Tax

- Initial pre-construction expenditures funded from available surplus and additional collections, 1998-2001
- Net cash balance available at 1/1/2001 to apply Segment I construction: \$84 Million
- Level of Projected Collections - \$43 Million in 1998
- 65% of these revenues allocable to capital expenditures
- Escalated at 2-1/2% per year (for ten years, 1% thereafter)

**2. Operating Deficits.** Upon completion of Segment I expansion, operations will begin in 2005, creating additional operating deficits at a level of \$10 million per year. The additional costs related to the operation of the new segment will reduce the dollars available for future debt service or capital expenditures. The level of operating deficits has been increased by 3-3/4% per year.

**3. Bi-State Operations.** It is assumed that Bi-State will continue to be able to meet its operating costs and other funding requirements with an allocation of 35% of the existing Prop M transit tax and other sources of funding.

**4. Federal Funds.** It is projected that no federal funds will be used for the development of the first segment of the Cross-County extension.

##### **5. Capital Funding Requirements.**

Segment I: Capital requirements 1998-2004: Projected Cost \$350 million in 1996 dollars. Revenues from existing Prop M tax are sufficient to meet estimated debt service requirements of debt financing at a Segment I cost of \$350 million. Higher cost alternatives would require additional sources of funds.

Segments II and III: Additional sources of revenue will be required to fund the development of Segments II and III.

##### **6. Program and Debt Assumptions.**

- Preconstruction costs funded from available balances 1998 to 2000;
- Projected cost of Segment I expansion in current dollars \$350 million: North of Park

alternative

- \$ 50 Million in pre-construction costs, 1998-2001
- \$300 Million in construction costs, 2001 - 2004
- Total cost to be funded in future dollars, \$415 million;
- Drawdown of construction and development funds over six years, 1998 - 2004;
- Complete and begin operations of Segment I expansion segment in 2005;
- Debt Structure: 20 year bond issue in 2001:
  - Supported by net Prop M revenues available for debt service
  - Estimated high grade municipal bond rate of 6%
  - Debt service reserve funds, bond guarantees and debt service coverage projected at levels to assure a high grade investment rating.