

FAQ: JUNE 2021 FTA FUNDING ALLOCATION FOR TEMPE STREETCAR

The Federal Transit Administration (FTA) in June announced a \$17.4 million funding allocation for Tempe Streetcar from the American Rescue Plan (ARP).

1) *Where is this money coming from and why are we receiving it?*

On June 11, the FTA announced \$17.4 million in funding for Tempe Streetcar. This funding is provided through the American Rescue Plan Act of 2021 and is part of \$250 million in ARP funding allocations to advance 22 transit projects in 13 states. These funds signify ongoing federal support of the region's public transit projects and the importance of transit to the growing metro Phoenix area.

2) *How will this money be spent?*

The new FTA monies allocated to Tempe Streetcar (\$17.4 million) will go to Valley Metro for the existing streetcar project. This amount is in addition to \$75 million in Capital Investment Grant (CIG) funds that FTA awarded to the project in September 2019. The City of Tempe and Valley Metro are working through how the funds will be used. There are several features of the streetcar system that were eliminated during the value engineering phase of the project. This new funding could assist with investment in long-term capital expenses for operations (like batteries for wireless operation), as well as enhancements to safety and communication systems, improvements to traffic engineering, signals and bicycle access, and an improved fare box system.

3) *What is the total cost to build Tempe Streetcar and how is it being paid for?*

The total capital cost to construct the Tempe Streetcar system is approximately \$200 million, with \$75 million coming from FTA CIG grant monies received in 2019, \$112 from regional Prop 400 funds and \$13 million from an unprecedented public/private partnership that includes the City of Tempe, Arizona State University and more than a dozen major employers and property owners along the route. The new ARP funding is in addition to these figures and will help enhance the long-term safety and efficiency of the streetcar.

4) *How much will it cost to operate streetcar and how will that be funded?*

The cost to operate Tempe Streetcar is estimated to be \$5.5 million per year (gross cost), which doesn't account for farebox recovery or any other offsets the system may receive for operations and maintenance. Money to operate streetcar will come from the city's Transit Fund, which was established through a half-cent sales tax initiative approved by Tempe voters in 1996.

5) *How much will it cost to ride Tempe Streetcar?*

The fare structure for streetcar is being determined through a process that will include a recommendation from the Tempe City Council and, ultimately, approval by the Valley Metro Rail Board of Directors. What's being recommended and considered is a \$1 fare, with an initial free-fare period to promote the system (length of time is yet to be determined). All revenue from the farebox will go to the City of Tempe's Transit Fund to offset operations costs.