

Baltimore Business Journal - July 18, 2005

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EXCLUSIVE REPORTS

From the July 15, 2005 print edition

On the right track?

Streetcars have spurred development in some cities, but funding remains stumbling block

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Staff

In Charlotte, some refer to it as "Charlotte's Folly." In Tampa Bay, some call it the "streetcar named deficit." In Portland, however, it's just called the streetcar system because of the roughly \$1.5 billion in economic development it helped spur.

Baltimore is toying with the idea of bringing the rumbling cars back to the streets and finding the right mix of federal, state and local funds to get the trolleys rolling. Funding the streetcar projects for the short term doesn't seem a challenge -- with federal money available for construction -- but operating them in the long term can be a stumbling block, according to other cities that have tried to bring the cars back.

The [Charles Street Development Corp.](#), a nonprofit charged with spurring development along the Charles Street corridor, is studying whether a streetcar is economically feasible. A study it released in June by transportation consultant Kittelson & Associates recommended a 7.5-mile fixed-rail system that would connect the Inner Harbor and [Johns Hopkins University](#), stopping at such attractions as the Baltimore Museum of Art and Lyric Opera House.

Officials in cities where trolleys have sprung recently, including Charlotte, N.C., Portland, Ore., and Tampa Bay, Fla., said financing the streetcars' construction wasn't too challenging. But funding the annual operations takes a bit of wrangling and a concoction of state, private and local funds.

"With transit projects it isn't the capital funding, it's the operational funding ... that was the stumbling block here," said Ed Crawford, a spokesman for the Hillsborough Area Regional Transit Authority, which operates a 2.4-mile track that connects downtown Tampa with historic Ybor City.

Tampa's streetcar system, which runs independent of traffic, cost about \$56 million to build and roughly \$2.5 million to operate in 2004. The initial project was funded by federal bonds backed by the city -- meaning if the trolley system fails, the city has to pony up.

Crawford said the project faced "plenty of hurdles," including waiting for an uninterested mayor to leave office. It took about 10 years since the trolleys were considered until they started service. "Our biggest stumbling block was the mayor," he said.

Now that the project is creeping up to its third year in operation, Crawford said funding the annual costs is getting more daunting.

A Congestion Mitigation Air Quality grant -- a federal program that provides money to transportation systems that contribute to air quality -- that provided about \$665,000 toward operations last year is set to run out at the end of the year. [Port Authority](#) money that added about \$200,000 to help pay operating costs in 2004 could run out soon, Crawford said.

And because the trolley crosses the tracks of a major train company, he said the system had to pay that company about \$874,000 last year for a flagman and an insurance policy, and that could increase next year.

Crawford added, however, that a \$4 million endowment fund set up at the trolley's inception could finance it for about the next 10 years. Also, a trolley-friendly councilman is working to eliminate a property-tax exemption for about 6,000 homes within the trolley corridor that Crawford said would be "a huge generator of income."

The exemption was put in place years ago because the city didn't want to tax the poor and elderly to pay for redevelopment. But now development is rolling and those same elderly and poor are watching their property values rise because of the trolley, Crawford said.

Sales of naming rights for the stations for 10 years at \$100,000 help bring in money -- four are still available. Taxes collected from properties within the area that benefit from the trolley -- anything within several street blocks -- contributed about \$319,000, or 17 percent of total revenues for 2004.

Officials in cities already with trolley systems, or studying whether it is possible, say the streetcars become a stand-alone attraction and help give the city a sense of place.

"One great thing about these trolley systems is they add a dynamic element to the street," said Terry Shook, president of [Charlotte Trolley Inc.](#), a nonprofit that originally worked with getting its two-mile system up and running. Ridership of Charlotte's system eclipsed 250,000 in early June -- ridership was projected to reach only 100,000 last year. Still, some detractors don't want the city to put money into something that doesn't pay for itself.

"We still have naysayers who say it's 'Charlotte's folly,'" Shook said.

Fares for the system generated revenues of about \$122,000. The city's transit authority, called CATS, will cover a \$1.08 million deficit this year for the streetcar system.

In 1998, the city allocated about \$16.7 million to create the two-mile system through Uptown Charlotte and the Historic South End. The city is preparing to offer light-rail transit on the lines beginning in 2006.

Along the South End corridor where the trolley runs, more than \$400 million in private funds have been invested in development and property values have increased nearly 90 percent since 2000, according to the transit authority's Web site.

A study commissioned by the Charles Street Development Corp. estimates that a 7.5-mile fixed-rail streetcar would cost Baltimore about \$150 million to construct and about \$4.1 million to \$4.6 million in annual operating costs. Their study was modeled after Portland's streetcar system.

Kay Dannen, a spokeswoman for [Portland Streetcar Inc.](#), which runs the streetcar system, said since the trolley began running in 1999 the city has seen \$1.5 billion in economic development. Through the nearly nine-year process to get the trolley running, she learned that money and track alignment play a big role in the success or failure of an operation.

"It's always money and it's always alignment," she said. "Anywhere you can find them. I mean there wasn't an idea that wasn't investigated."

Rebecca Galalis, executive director of the Charles Street group, has said the group would decide within the next several months whether a fixed-rail system would be the best way to spur development.

The development group is also looking into a rubber-wheel option. Galalis said previously they would lobby for support from the community and city and state officials. She declined comment for this article because the

group is still studying the project.

Mayor Martin O'Malley said he wants to travel to Portland to look at their streetcar system. Because the project is still in the development stages, he couldn't comment on whether the city would provide funding. But he added: "We've got to find some better way to get people around downtown."

Alfred Foxx, director of the city's department of transportation, and Otis Rolley, director of the city's planning department, traveled to Portland to see the streetcar system.

"We're open to the idea," Foxx said. "I thought the way they laid out their streetcar was outstanding, and they did an excellent job at convincing developers to build around there."

Foxx did caution, however, that there were some differences between Baltimore and Portland. He said the Oregon city's streets are wider. Also, their buses and light-rail system work in coordination with the trolleys.

"It's something we will take a look at and see if it can suit the environment here," Foxx said .

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