



Memorandum

TO: Bruce Glasscock, City Manager
FROM: Jack Carr, P.E., Deputy City Manager
DATE: July 14, 2016
SUBJECT: Cotton Belt Status Report

The Fort Worth Transportation Authority (The T) and DART have been coordinating with the cities along the Cotton Belt Corridor to develop regional passenger rail service from Fort Worth to Plano. The T will construct rail service from downtown Fort Worth to the DFW International Airport as shown on the exhibit.

DART is planning for the construction of the section from DFW to the Shiloh Station in Plano. The project will likely have single track with passing sidings, double track at each station (up to 11 stations). Two stations are proposed for Plano: 12th Street at K Avenue and at Shiloh Road.

The T will soon have the approval of a full funding grant agreement with the Federal Transit Administration and anticipates rail service will be operating in the western portion of the corridor within three years.

DART has approved funding in their 2035 financial plan which would provide full funding for the eastern portion by 2035. The project team has estimated the cost of constructing the rail now will be about \$1 B; however, in 2035 the cost will be \$2.9 B. The Regional Transportation Council has requested DART explore options to expedite the eastern portion of the project to take advantage of current conditions. DART has identified loan programs with interest rates below the rate of inflation for construction; therefore, constructing now is the most cost-effective choice.

The adjacent cities have been asked to contribute to the cost of the project. The funding source recommended for Plano is through the increase in property taxes resulting from the higher value of the properties in the vicinity of the transit stations.

Stein Planning has evaluated the properties around the two stations in Plano and has used the following assumptions to estimate the potential increase in property tax revenue that would occur over the 20-year funding period:

- Properties within roughly a half-mile radius around the two stations
- Property values in the base year of 2016 was estimated to be 8% over 2015
- Property values would continue to increase at 3.375%, which is the same rate that has occurred between 1999 and 2015
- Contribution by Plano would be 50% of the increase in real property tax

Based on these assumptions, the contribution by Plano would be approximately \$12.3 million. The actual contribution would be the amount calculated using these parameters. If the actual amount is less than the estimate, there would be no obligation to make up the difference. Under optimal conditions, DART could have the eastern project completed by approximately 2023.

