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Streetcar Service Analysis

July 5, 2023

Council Requested Action

DIRECT City staff to conduct an economic impact analysis to assess the past, present, and future economic development impact of the Streetcar (including potential future expansion) and the impact on our existing Transit-Oriented Development Incentive Program Agreements

DIRECT City staff to conduct an assessment of the impact that different models of Streetcar operating hours have on transit access in Downtown and Uptown areas

DIRECT City staff to conduct an assessment of the projected cost savings to the Streetcar system that would result from the elimination of regular operating hours in favor of event-driven operation only

Economic Impact

- Potential Measures of Impacts
  - Land Value Premiums
  - Retail Sales Activity
  - Sales Tax Revenue
- Future Potential Impacts
- Incentive Program Performance
- Opportunities for growth

Values Measured

Streetcar data is skewed due to service disruptions caused by:

- COVID-19 pandemic

- Multiple migrant crises

  The following measurements were analyzed:

    - Land Value Premiums
    - Retail Sales Activity
    - Sales Tax Revenue

Land Value Premiums
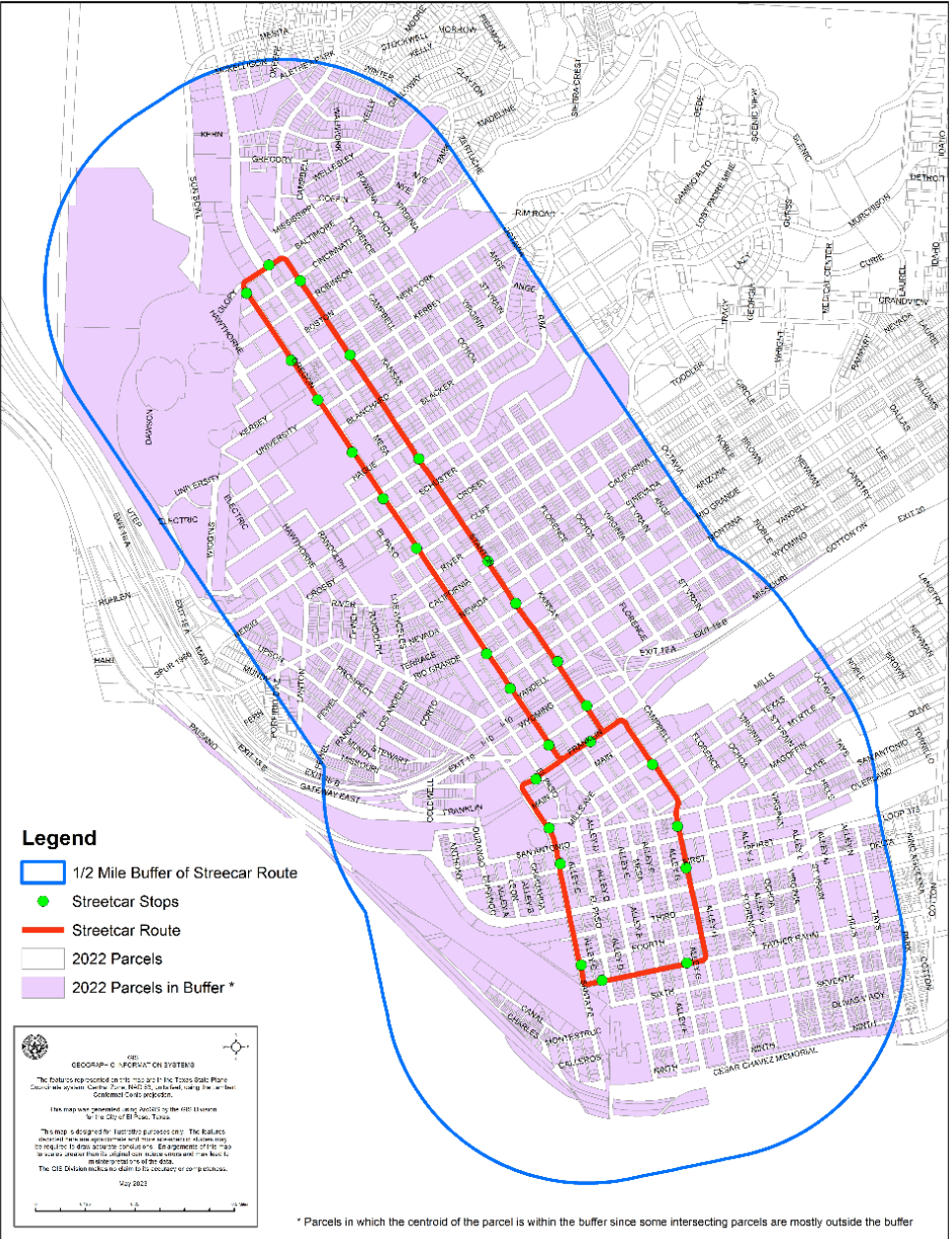
Legend

- 1/2 Mile Buffer of Streecar Route
- Streetcar Stops
- Streetcar Route
- 2022 Parcels
- 2022 Parcels in Buffer *

* Parcels in which the centroid of the parcel is within the buffer since some intersecting parcels are mostly outside the buffer

Analyzed property valuations within a half mile of the Streetcar corridor

- Used property values from 2018 to 2022 for the Streetcar area compared to those citywide

Land Value Premium Results

In other communities, a combination of streetcar service, design of the streetcar corridor, and economic/public policies have led to **increased development potential**

Property Valuations	Streetcar Area	Citywide
In 2018	+2.56%	+4.04%
Between 2018 - 2022	+25.39%	+24.56%
Single Family Residential Valuations Between 2018 - 2022	+36.8%	+31.0%

Retail Sales Analysis
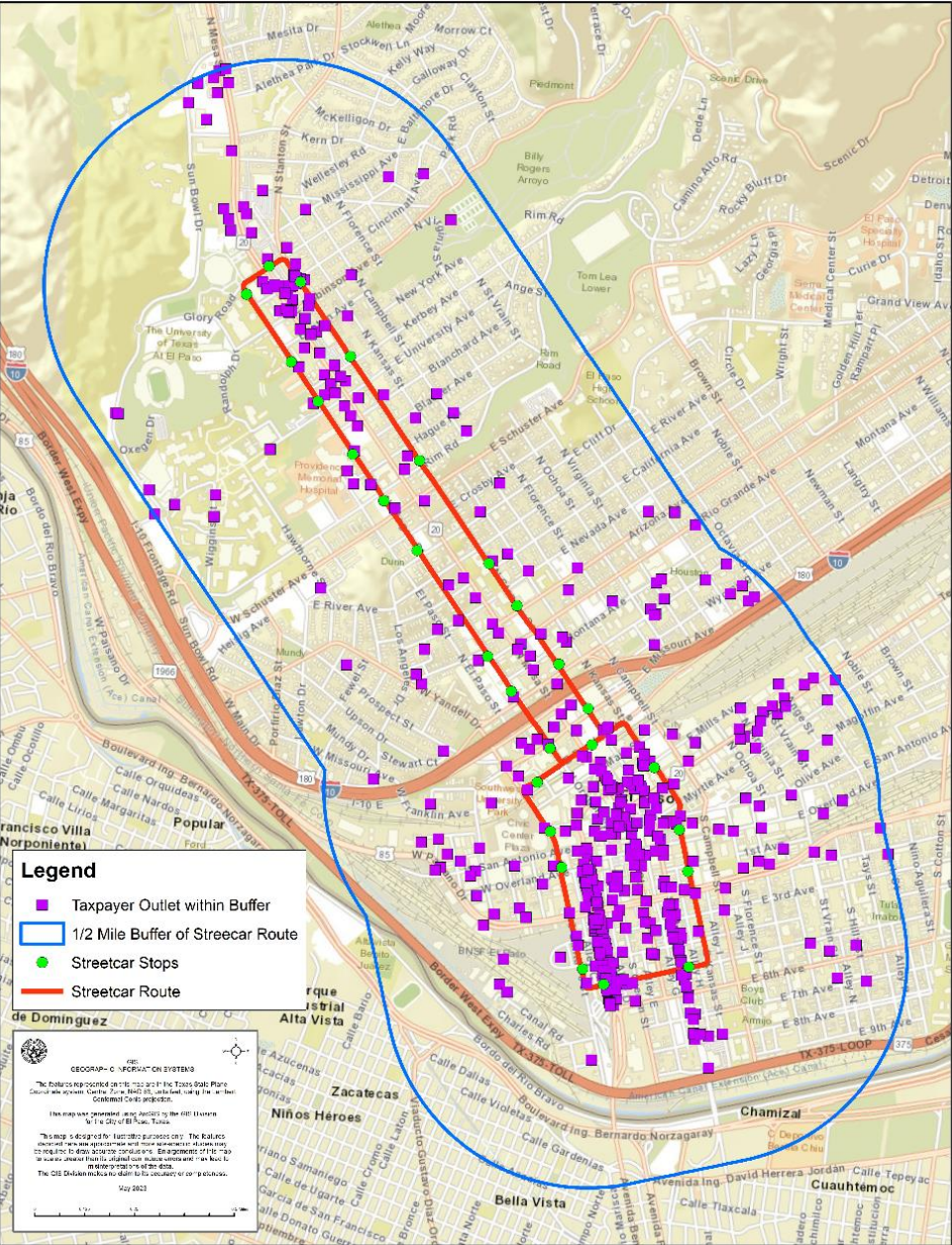
- Analyzed retail sales data within a half mile of the Streetcar corridor
- Over 850 retail sales data points collected and analyzed between 2018 – 2022

Sales Tax Revenue

Revenue in 2022
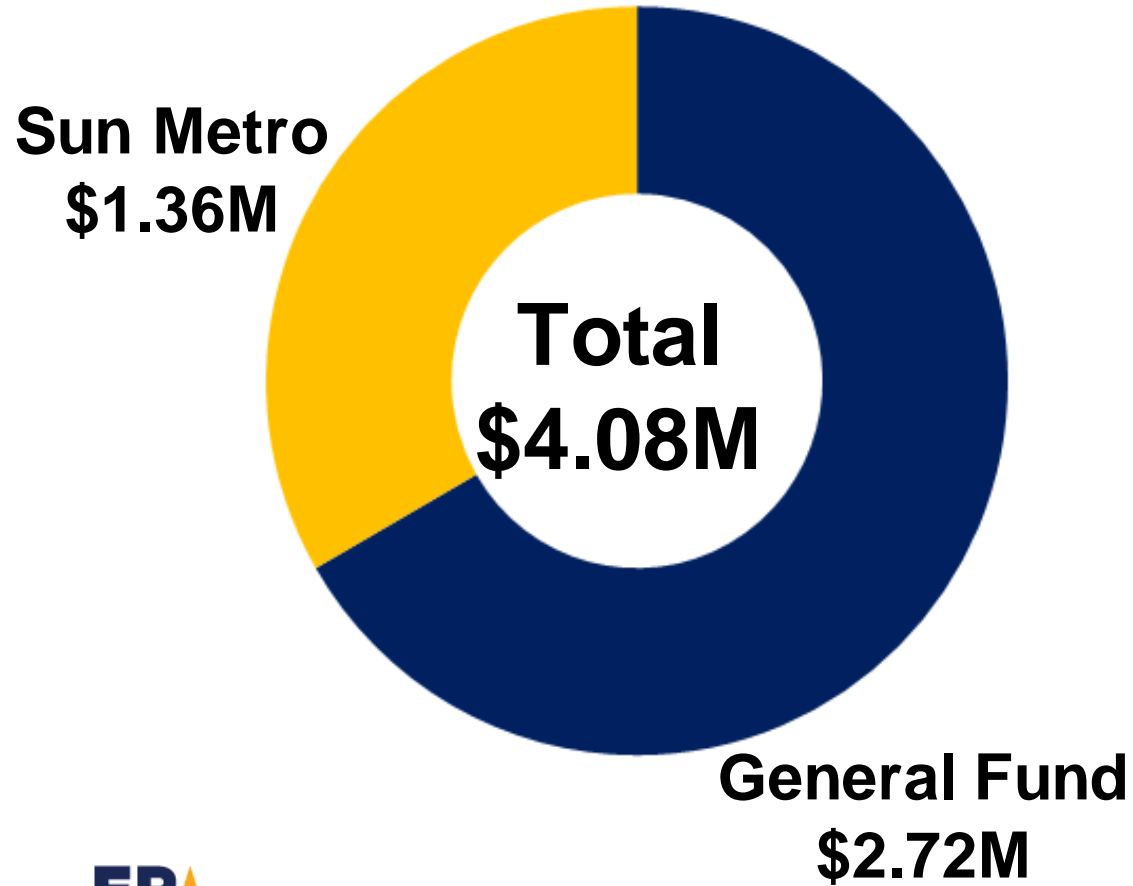
Sun Metro $1.36M

Total $4.08M

General Fund $2.72M

Total combined sales tax revenue from the Streetcar corridor is **$4.08M**

Sales Tax Revenue Analysis

- Sales tax revenue in the streetcar corridor was severely impacted by the COVID-19 pandemic and multiple migrant crises

  o Revenue has yet to reach pre-pandemic levels

  o Retail sales peaked in 2019

- Despite the impact from the COVID-19 pandemic in 2020, retail sales activity has consistently grown between 2018 to 2022

  o Current analysis show that this trend has the potential to continue growing

Retail Sales Analysis
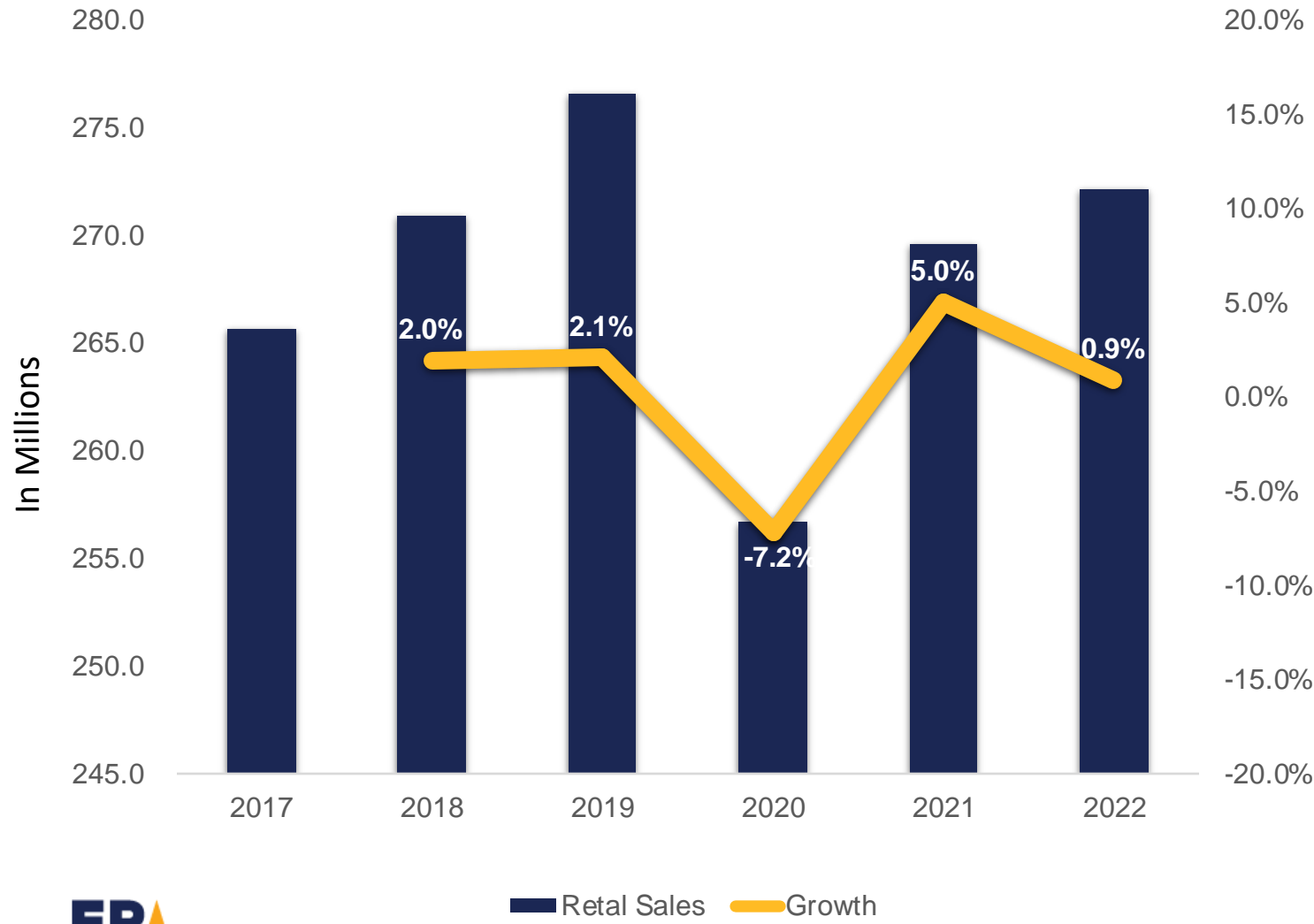
Based on the analysis, retail sales activity will likely continue to recover and grow

Legend: Retal Sales — Growth

Chart data points (Growth line): 2.0%, 2.1%, -7.2%, 5.0%, 0.9%

Y-axis left (In Millions): 245.0, 250.0, 255.0, 260.0, 265.0, 270.0, 275.0, 280.0

Y-axis right: -20.0%, -15.0%, -10.0%, -5.0%, 0.0%, 5.0%, 10.0%, 15.0%, 20.0%

X-axis: 2017, 2018, 2019, 2020, 2021, 2022

Current Incentive Program Performance
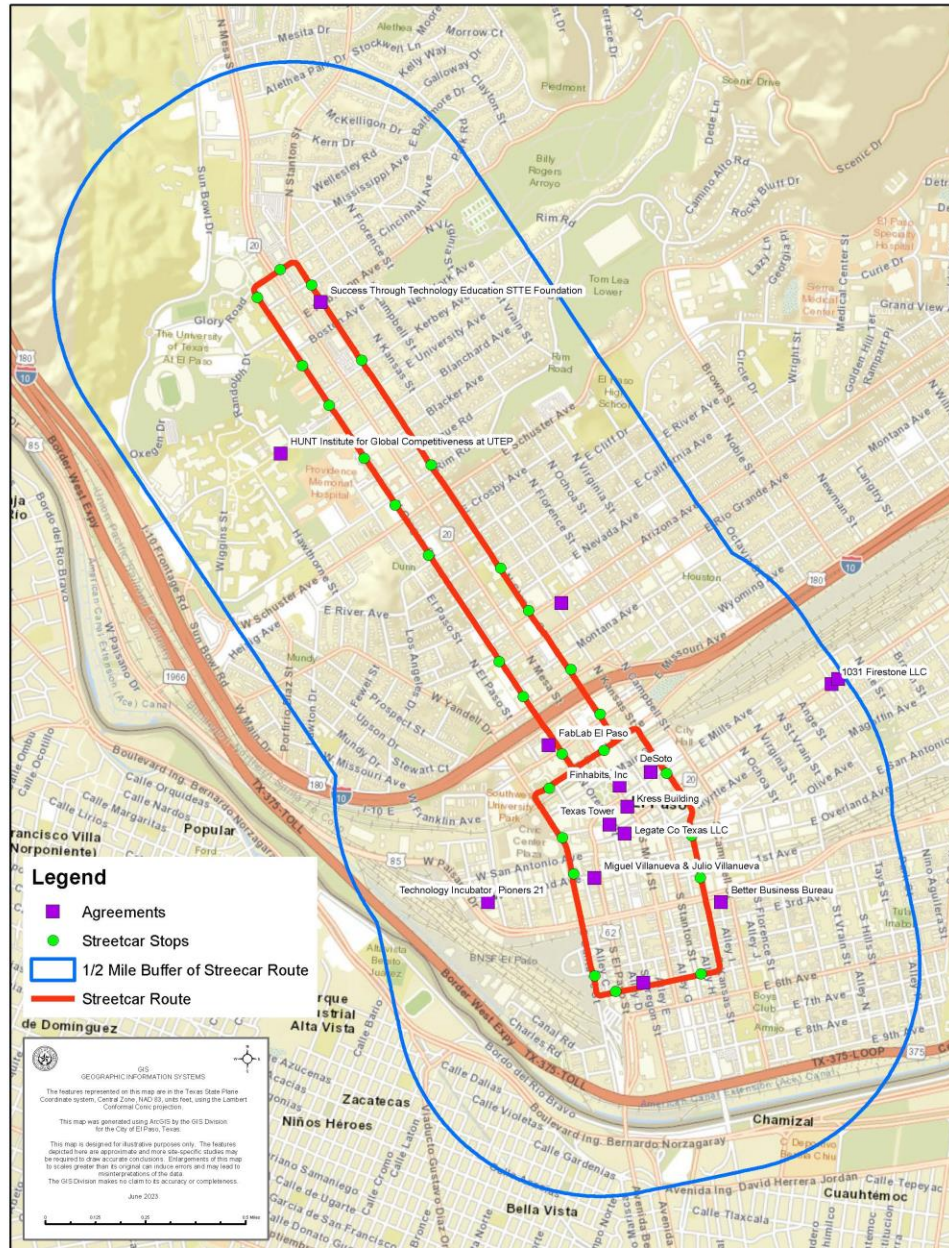
16 active agreements have been executed since 2018 within the Streetcar corridor

- $121M in investments secured
- 3 historic building renovations (One Texas Tower, Kress Building, and Plaza Hotel)
- 60 jobs created
- 170 jobs retained

Legend

- ■ Agreements
- ● Streetcar Stops
- ▭ 1/2 Mile Buffer of Streecar Route
- ▬ Streetcar Route

Opportunities for Growth

- Downtown + Uptown Plan Implementation
  - Anticipated adoption: 2023
  - Key Recommendations:
    - Public facility corporation for housing projects to bridge financial gaps for affordable housing projects
    - Low-interest revolving loan program to assist small businesses
    - Transit Investment District

- Transit Oriented Development (TOD) Program Refresh
  - Anticipated adoption: 2023
  - Intended to develop context-sensitive incentives regarding land use, design requirements, and financial assistance
  - Better align with 2022 Infill and Redevelopment Policy

Future Economic Impact

Based on current trends, this area will generate and additional **$156.7M+ in additional property tax revenue** over the next 25 years.

- Streetcar utilization is tied to retail sales and housing development

    o Continue focus on expanding area retail base and increasing housing units

    o Retail base expansion could generate an additional **$43.5M for the General Fund and Sun Metro** in sales tax revenue

Streetcar Ridership Overview

	Pre-Pandemic Service	Post-Pandemic Restart	Current Service
Hours of Operation Per Week	98 hours	24 hours	34 hours
Vehicle Hours*	293 hours	74 hours	132 hours

Streetcar Ridership Performance

22748

22773

Service:
98 hours of Operation,
293 vehicle hours

Pre COVID

Post COVID

Current Service:
34 hours of Operation,
132 vehicle hours

8783

3802

Service:
24 hours of Operation,
74 vehicle hours

Ridership

Year

2019

2020

2022
Jan - Aug

2022
Sept - Dec

— — Projected
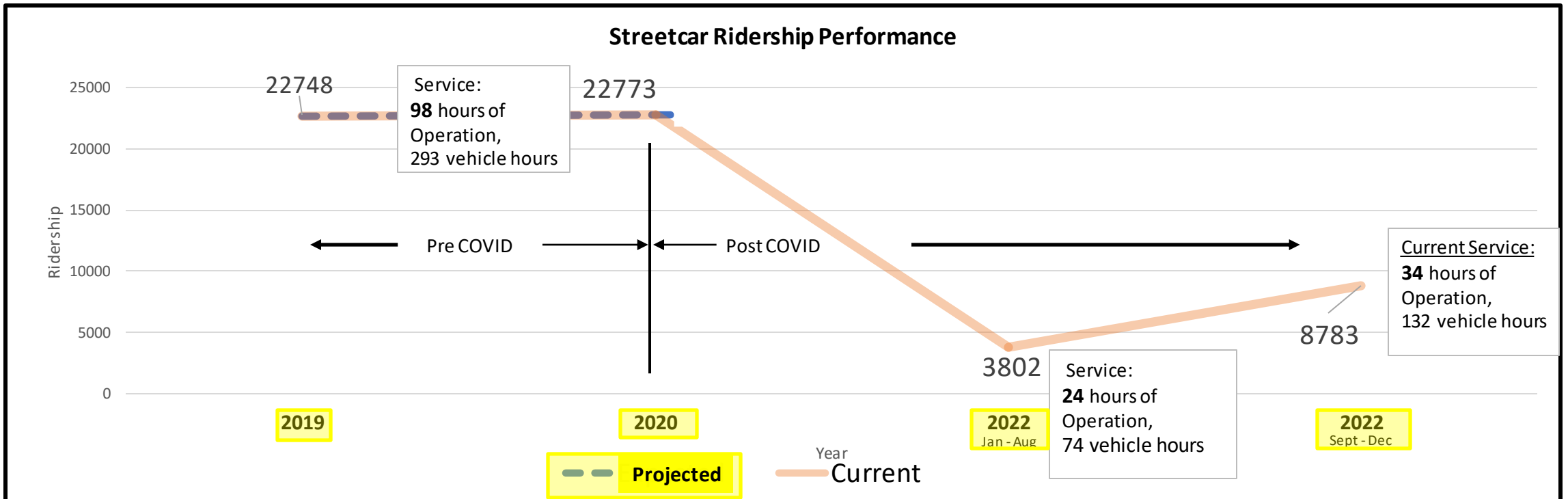
Current

*Total for 4 Streetcars running

Current Operations

- Current schedule service does not serve early morning commuter ridership (e.g. students, service workers, and shoppers) or early special events (e.g. Downtown Art and Farmers Market)

- 4 Streetcars are currently in operation

  - The 5-day service schedule allows for maintenance work to be performed on the off days without impacting regular service

- Ridership declines after 9 PM on weekdays

Service Schedule			Resource Requirements		Total Service Hours
5 Days	Wed - Sat	3PM – 10PM	4 Cars	11 FTEs	34
	Sun	12PM – 6PM			

Special Events Data

- **Events:** Sporting Events (i.e. Southwest University Ballpark, UTEP), Winter Fest, Concerts, Festivals, and Conferences
- Streetcar Event Service hours are based on time required to transport riders to and from events
- **83.63% of regular current service hours** overlap with special events

Regular Service vs Special Events (Hours per month) — Regular Service, Special Events

Total Monthly Days — Total Days of Service, Days of Svc with event, Days with no event
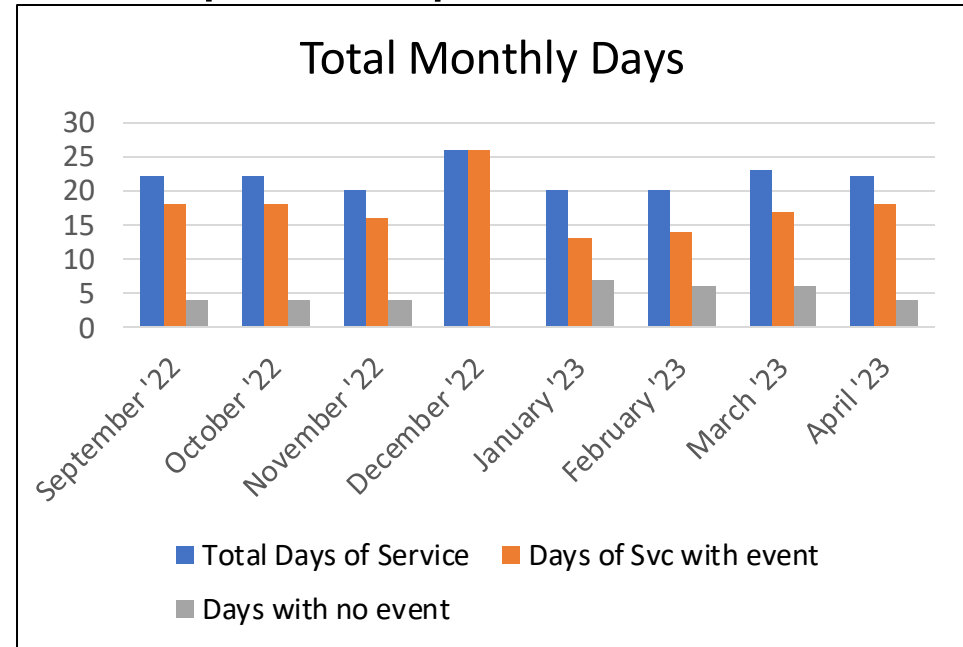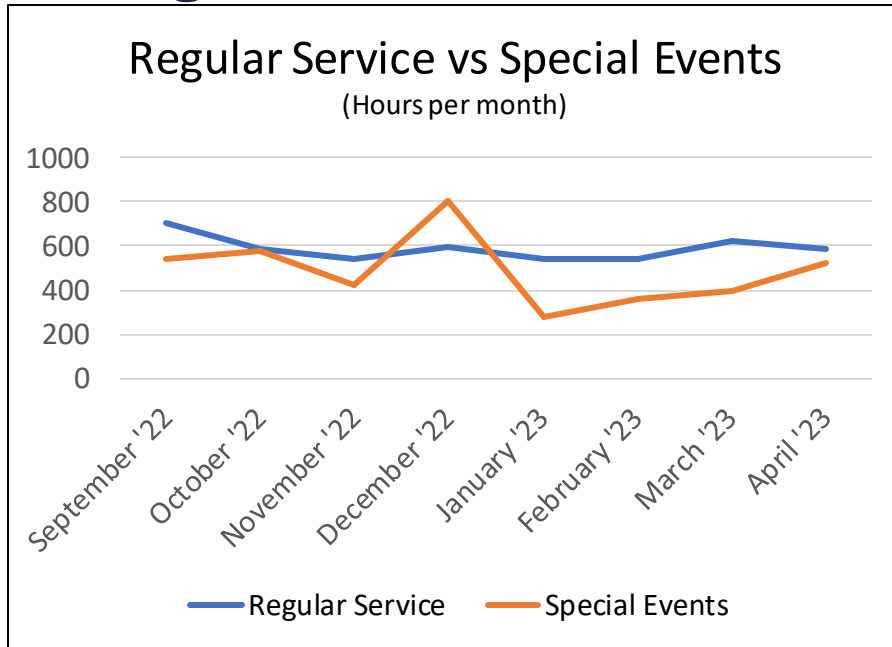
Survey Results Snapshot

1,650 people responded to a four-question survey conducted by Sun Metro outreach team over a two-week period

Survey results showed:

- **82.5%** indicated that they would utilize the Streetcar **if morning service was implemented**

- **93.9%** indicated that they would use the Streetcar **if services were provided between the hours of 6:30 AM to 11 AM**

- **94.1%** indicated that they will use the Streetcar **in some combination of weekdays and weekends**

Proposed Service Optimization

Proposed service optimization would:

- Increase service hours from **34 to 81 hours** per week
- Increase service days from **5 to 7 days** per week
- Require 6 full-time operators with 2 on call to **maximize cost savings**
- **Optimize resources** for daily *off-peak* services and captures two key demographics (morning and evening riders)
- Provides flexibility for additional hours for special events if needed
- Capture a savings of **$360,000 annually** for Sun Metro Operating fund

Recommended Service Schedule			Resources Required		Total Service Hours
7 Days	Mon - Thur	7AM – 7PM	**3 cars will run during peak hours.** Hours: 7AM-10AM and 3PM-7PM M-TH, and 3pm-11PM on F-SUN	**6 FTE SC**	81
	Fri	7AM – 11PM			
	Sat	Noon – 11PM			
	Sun	Noon – 6PM	**2 cars will run during non-peak hours.** Hours:10AM-3PM M-F, when 1 car will not be in use	**2 FTE on-call**	

Cost of Operations

- Proposed Service Optimization would save **$360,000 annually for the Sun Metro Operation fund**
- Financial optimization comes from:
  - Reduction of the number of Streetcars running during operating hours
  - Reallocation of Streetcar operators, other operators will be moved to other Sun Metro operations
  - Modified operations to include peak and non-peak service implementation

Scenario	Estimated Cost
Current Plan	$3,000,000
FY2024 Service Optimization Plan	$2,640,000
Events Only	$2,610,000
No Public Service	$2,044,000

Projected El Paso Streetcar Ridership

	Pre-Pandemic Service	Current Service	Proposed Optimization Service Plan
Hours of Operation Per Week	98 hours	34 hours	81 hours
Vehicle Hours	293 hours	132 hours	216 hours*

Streetcar Ridership Performance

- 22748 — Service: 98 hours of Operation, 293 vehicle hours
- 22773
- Projected — 20924 ... 20924
- Recommended Service: 81 hours of Operation, 216 vehicle hours
- Pre COVID / Post COVID
- 3802 — Service: 24 hours of Operation, 74 vehicle hours
- 8783 — Current Service: 34 hours of Operation, 132 vehicle hours
- 2019 | 2020 | 2022 Jan - Aug | 2022 Sept - Dec
- Projected / Current

*Total For 3 Streetcars running during peak and off-peak for proposed optimization plan

20

Summary

After analysis of key data measures, we propose an optimized service plan that would:

- Increase service hours from **34 to 81 hours** per week
- Increase service days from **5 to 7 days** per week
- Connects Streetcar with the morning and evening riders
- Capture a savings of **$360,000 annually**

In conclusion, the Streetcar under the **proposed FY24 Optimized Service Plan** has the potential to positively impact land values, retail sales activity, and increase the success of future growth within the Streetcar corridor.

🎯 Mission

Deliver exceptional services to support a high quality of life and place for our community

◎ Vision

Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government

☆ Values

Integrity, Respect, Excellence, Accountability, People

sunmetro   STREETCAR   brio