

# THE PHOENIXVILLE TRAIN PROJECT BECOMES PART OF SOMETHING LARGER



## DOWNTOWN MARKETING & DEVELOPMENT

By Barry Cassidy

My rail project has taken a lot of twists and turns along the way. As you do these kinds of projects, circumstances change regularly and attitudes toward the potential of success are re-evaluated. After much back and forth, Penn

DOT completed a study (synopsis article in issue) assessing the potential for the line. Two and a half studies were done previously with the Reading Group creating an AMTRAK operator Plan, the Mayor's Task Force from Phoenixville using SEPTA as the operator, and an AMTRAK ridership and route analysis, which was part of a larger report. The Penn DOT study utilized SEPTA as the preferred operator and based their ridership numbers utilizing the SEPTA Route through Norristown.

SEPTA would be the operator that would provide the most equity in terms of who rides the train. Based upon the lower fare cost and the higher frequency of service, it would provide the most access to people of color and working poor. The AMTRAK line would provide direct access on a one seat ride to places like New York City and Washington DC, and in this political climate could be considered a higher income white man's preference. I prefer SEPTA service for those reasons — Plus it is easier to phase and get.

It also appears that the easier route would be to use the existing SEPTA route crossing over to Norristown. Trains originating in Reading would stop in Birdsboro, Pottstown, Royersford, Phoenixville, and King of Prussia, and proceed along the Norristown Manayunk line.

The Analysis identified several funding sources for the line, including:

- US Department of Transportation (USDOT) offers the Better Utilizing Investments to Leverage

Development (BUILD) program, Transportation Infrastructure Finance, and Innovation Act (TIFIA) program.

- Federal Railroad Administration (FRA) offers the Restoration and Enhancement (R&E) Grant program, an operating grant program, and the Railroad Rehabilitation and Improvement Financing (RRIF) Program.

- Federal Transit Administration (FTA) provides the Capital Investment Grant (CIG), Program (New Starts or Small Starts Programs), and the Expedited Project Delivery Program (EPD).

- Federal Highway Administration (FHWA) Congestion Mitigation and Air Quality Act (CMAQ) program, Surface Transportation Block Grant (STBG) program.

On the state side, which normally provides the match on federal money, the choices are slim. Act 44, which took money from the Pennsylvania Turnpike to fund public transit, will provide significantly less money. The report identified local sources to provide the match, which could be anywhere from 10 percent local /90 federal to a 50/50 split.

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Local match sources were identified as Toll Revenue Reallocation, Property Taxes, Income Taxes, Sales Taxes, Parking and Fuel Taxes, Utility Taxes, Business Activity Taxes, License and User Fees, and other taxes and fees. In other words, if you want the line, the communities along the way will have to pay for it. The financing scenario is where the Penn DOT report is so interesting. It appears to do some of these activities; there would need to be legislative action.

I think we can rule out tolling Route 422, and it appears that with Act 44 being scaled back for public transit, this avenue is not the most promising.

Property tax allocation was what the Phoenixville Mayor's Taskforce had originally offered through the Transit Revitalization Improvement District (TRID). The is a 20-year bond or loan. The problem with this program is the term. You have federal programs like the RRIF that have up to a 35-year term and make things a little easier on the payment number needed for the loan.

Income Taxes, Sales Taxes, Utility Taxes, Business Activity Taxes has only one precedent, creating a Neighborhood Improvement Zone (NIZ) legislatively. Only three times in the United States that I can determine: Allentown, Pennsylvania's City Center Lehigh Valley Project ("Tax Program Aims to Reverse Decades-Long Decline in Allentown"); the University-to-Downtown Gateway project in Bowling Green, Kentucky ("A University's Partnership Reshapes Bowling Green, Ky"); and the dramatic makeover of downtown Kansas City, Missouri ("Millennials Going to Kansas City, to Live and Work").

I almost fell over when I read the Penn DOT report and immediately picked up on the appropriateness of what I would term as a multi-jurisdictional (six municipalities) linear NIZ connected by a rail line. This is very similar to what I did with my Keystone Opportunity Expansion Zone in Down-

town. In Downingtown, we connected scattered site properties with connecting streets. It could create a new paradigm in transportation funding. The program has been called a "Super TIF" in Evans Paull's article from Redevelopment Economics.

Neighborhood Improvement Zone (NIZ) is a one-of-a-kind special tax district. Due to its unique features and incentive structure, it is unlike past Pennsylvania incentive policies. The NIZ development most closely compares to tax increment financing (TIF). However, unlike most TIF's, which generally divert only real-estate taxes, NIZ allows local non-property taxes, such as earned income. It also allows sequester of essentially all state taxes, including payroll taxes, income taxes, cigarette taxes, liquor taxes, sales taxes, and capital stock taxes.

Ridership is important as that is what is important for the sustainability of the line. When you apply for railroad grants, the capital costs are easy to get, but the ridership revenue is the key to getting something funded. Most of the holdup in processing a federal capital grant for a new service is figuring out how the operating will be paid to keep the line running. The TRID incentive program can be used for operational costs, but it remains to be seen if a Super TIF will reflect that kind of flexibility.

The analysis certainly takes a new look at how the train project from Reading to Philadelphia could be moved forward quickly. In addition to the transportation costs, grants like the Community Development Block Grant could be used for some parts of the program. The state Multimodal programs could be matched by local dollars and those dollars could then be combined and matched on the federal dollars. There are any number of scenarios that could take place and the revitalization of the areas around Reading, Birdsboro, Pottstown, Royersford Phoenixville and King of Prussia could be the result.

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