

NEBRASKA TAXPAYERS FOR FREEDOM ISSUE PAPER: CITY TROLLEY FOLLY CONTINUES.

BACKGROUND. Despite massive public opposition to the proposed streetcar system, Mayor Stothert and the Omaha City Council nevertheless are forging ahead with a \$360 million redevelopment bond and \$80 million lease purchase bond plan, the latter sum backed by city taxpayers through the city General Fund. The plan analysis relies mainly on assumptions, shaky estimates of future property values, rate of tax credits, and a sunny state of the economy.

DEVELOPMENTS. Mayor Stothert has authorized the Finance Dept. to utilize TIF dollars to pay for streetcar bonds. This financing supposedly will not cost taxpayers 1c, though this conclusion bases only on suppositions and theories. The city will issue redevelopment and other bonds to those supposedly eager to buy at their own risk. Redevelopment bonds floated at 4.5% interest; \$ 80 million in lease purchase bonds at 3.6%-4.5% interest. Total bond interest payments would range from \$54.87 million to \$91.6 million over 25 yrs. National bonding firms like Standard & Poor supposedly confident in this arrangement. The bonds would generate \$608 million to pay for parking structures and streetcar



construction. Residential areas envisioned to replace parking lots in the area. The plan would include subsidized housing, which generates no tax revenue. Commercial development in the streetcar district supposedly will generate \$1 billion in revenue, though such development not assured. Following federal guidelines will make the project eligible for future federal funding only if such funding available. The city finance director assured us that more than enough money is available to finance the project, that the downtown corridor will continue to develop. The Omaha Chamber of Commerce believes the streetcar an integral part of downtown redevelopment and will help people travel to work, though most workers do not live in this area. Former Mayor Hal Daub believes

the city will die, if its core left to wither, stating that it will take time to handle viable financing and must remain on schedule. Liberal Omaha by Design believes the streetcar will increase mobility and is a good model for diversity, equity, inclusion, and environmentalism. An HDR model study concluded that this project will generate much money. An Urban Core Committee will seek new employers for this district. This committee projects robust economic development and wants quick action to aid the city urban core. The city hosted focus groups and citizen meetings citywide to boost the project but did not contact taxpayer rights groups like NTF. Council Bluffs wants to link with the Omaha streetcar line but has not offered a payment schedule. Supposedly, 20 similar projects nationwide all have seen success, yet advocates provide no details proving such.

UTILITY FACTOR. Proponents failed to mention that the streetcar project will require MUD to reconfigure and place new water and gas lines, costing \$20+ million. This cost will result in an 18%-19% increase in our water bills and a 6% hike in gas bills. MUD currently is haggling with the City to decide which entity will bear these costs, no decision evident. Development proponents should shoulder these costs.

REALITY. Though the city touts that employment rising downtown will provide streetcar riders, Omaha Chamber statistics reveal that 21,000 jobs have exited downtown since 2014. Transportation experts state that buses run in the same corridor as the proposed streetcar line, so our streetcar system would service the same riders. Buses run at greater speed and offer more frequent service and maneuverability. Though buses have more potential, streetcar advocates brag about their vehicles looking more picturesque. Taxpayer subsidies for this line could reach \$311,000 annually. Mutual of Omaha, which made a pact with the city to build a new tower downtown, only if a streetcar line ran from its new to old hq, will receive millions in incentives, including TIFs. Not factored in is how much current property taxes will disappear from the tax rolls from TIFs and total costs for vehicle operations and maintenance of a streetcar garage. TIFs actually snatch property tax \$\$ from other local taxing entities. The only reason that downtown Omaha is growing economically is because of TIF largesse, and soon other downtown developers will seek the same sweet TIF deal. The streetcar will not constitute a major development tool, because developers promise only the potential development of parcels, only possibilities. Interest rates are soaring, and a recession is probable, which will cause the proposed streetcar financing to tumble like a House of Cards, leaving taxpayers exposed.

TAKE ACTION NOW. Proponents seek only to boast about a toy already bragged about by other cities. Omaha residents will face higher MUD utility bills plus increased property tax pressure, if this trolley folly continues. U.S. history shows that only a slight fraction of streetcar operations succeed without regular tax subsidies. Private developers have no right to avoid financial risk at the expense of taxpayers, after their grandiose proposal collapses. Urge your city

council member to pass a binding resolution requiring the streetcar developers/proponents that benefit, like Mutual of Omaha, to pay all ongoing costs after the envisioned financing fails, because a streetcar system running by the current Mutual property at 33rd & Dodge Str. enhances that area value and helps defray the cost of the new Mutual tower downtown. In total, Mutual gains \$600 million in city subsidies. Omaha residents had the opportunity to vote on the issuance of general obligation bonds for street improvements; we should enjoy the same opportunity to vote on these bond issues, even though not required by law. Contact your city council member below and email netaxpayers@gmail.com to join our NTF *City Watch Project*.

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