Transit and Rail Innovative Funding and Finance Update

Sasha Page, March 20, 2018

VALUE CAPTURE TOOLS: Leverage new funding sources; some can be financed as TCRP/APTA-guide shows

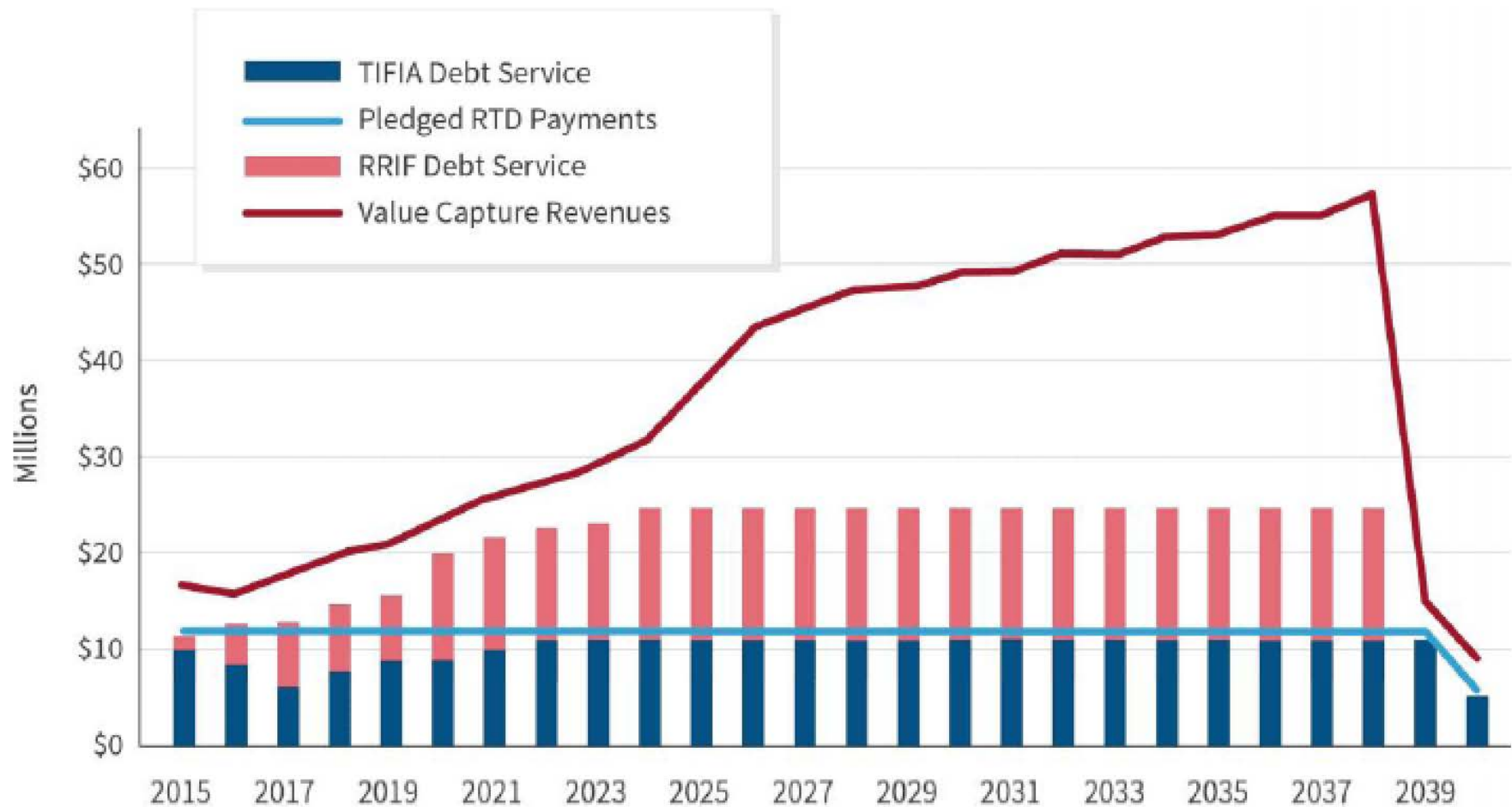| Value Capture Tool	Application	Financing Source?
Joint Development	Property development	✓
Naming Rights	Payment for naming station	?
Parking fees	District or citywide	✓
Special Assessments Districts	District landowners pay based on assessed value or floor area	✓✓
Tax Increment Financing (TIF)	Tax increments from districts around stations	✓?

Source: "Guide to Value Capture Financing for Public Transportation Projects: https://www.nap.edu/download/23682

IMG REBEL Transit and Rail Innovative Funding and Finance Update

DENVER UNION STATION (DUS): Successfully refinanced value capture loans

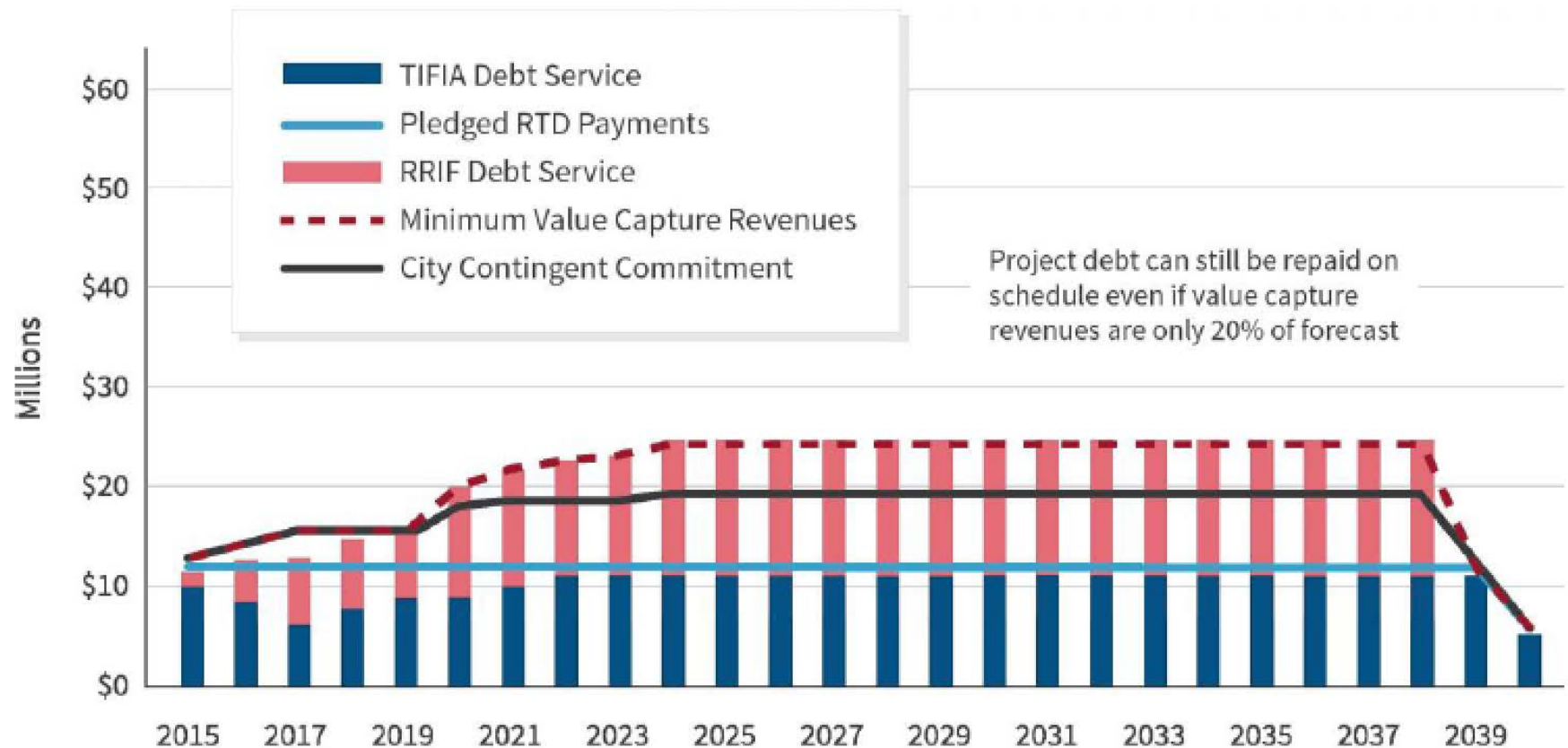| Amount/Mechanism	Funding Source
$103M grants	Federal, state, local government
$51M RTD contributions	RTD (Regional Transportation District) funded through sales taxes
$21M property sales	RTD sold surplus property around station
$146M senior TIFIA loan	Sales taxes
$155M RRIF subordinate loan	• Tax increment finance and special assessment district monies • "City Contingent Commitment" from City/County of Denver, accessed in event of shortfall of pledged revenue for debt service, equal to 50% of maximum annual RRIF debt

Source: DUSPA

DENVER UNION STATION: Rocky Mountain of special assessment and TIF revenues realized

Source: BATIC Institute at AASHTO Center Excellence
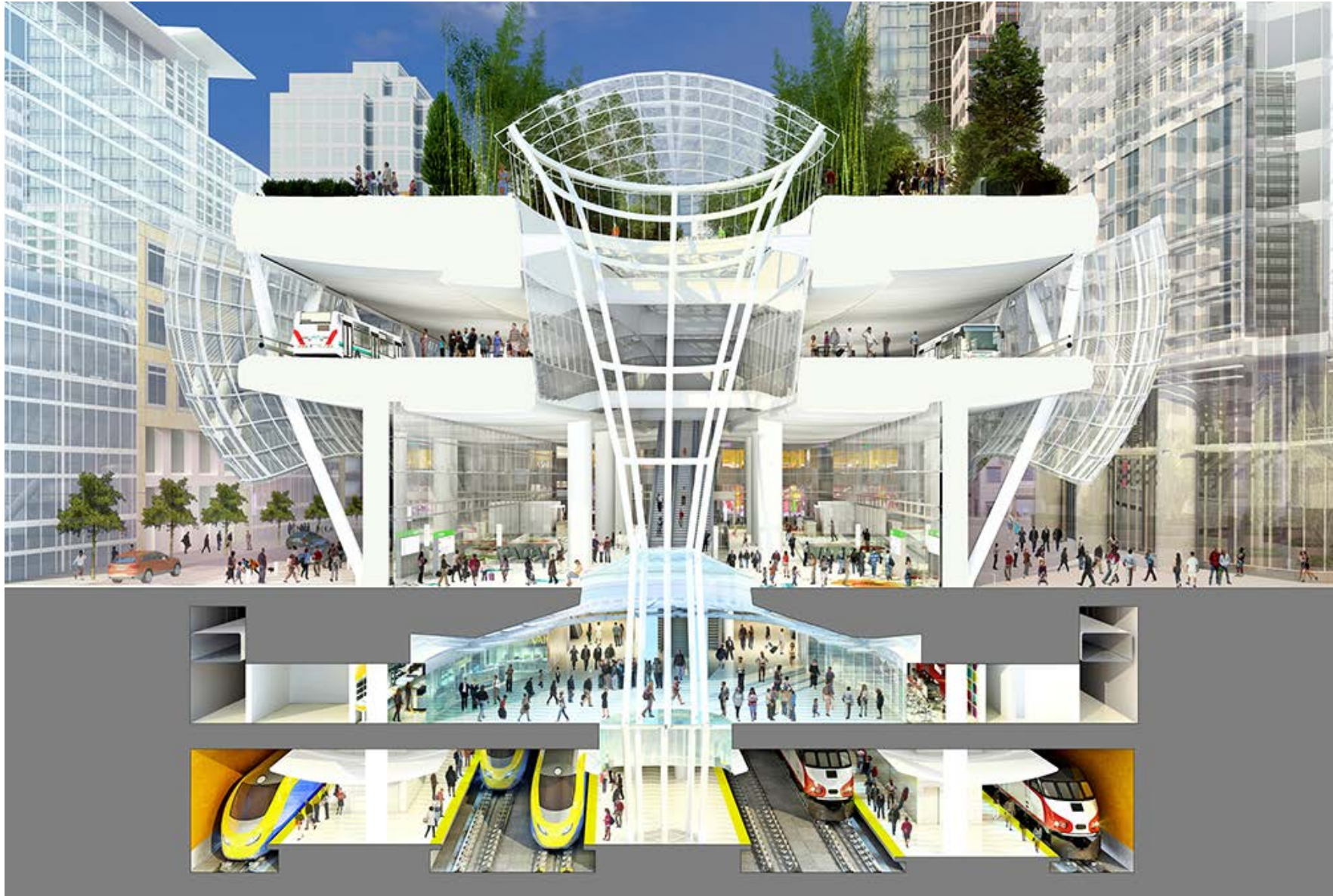
(Debt service after completion)

DENVER UNION STATION: With public support at 50% of debt service, loan can withstand downturn

Source: BATIC Institute at AASHTO Center Excellence

(Debt service after completion)

TRANSBAY TRANSIT CENTER: Signed naming rights deal with Salesforce.com supplementing TIF monies

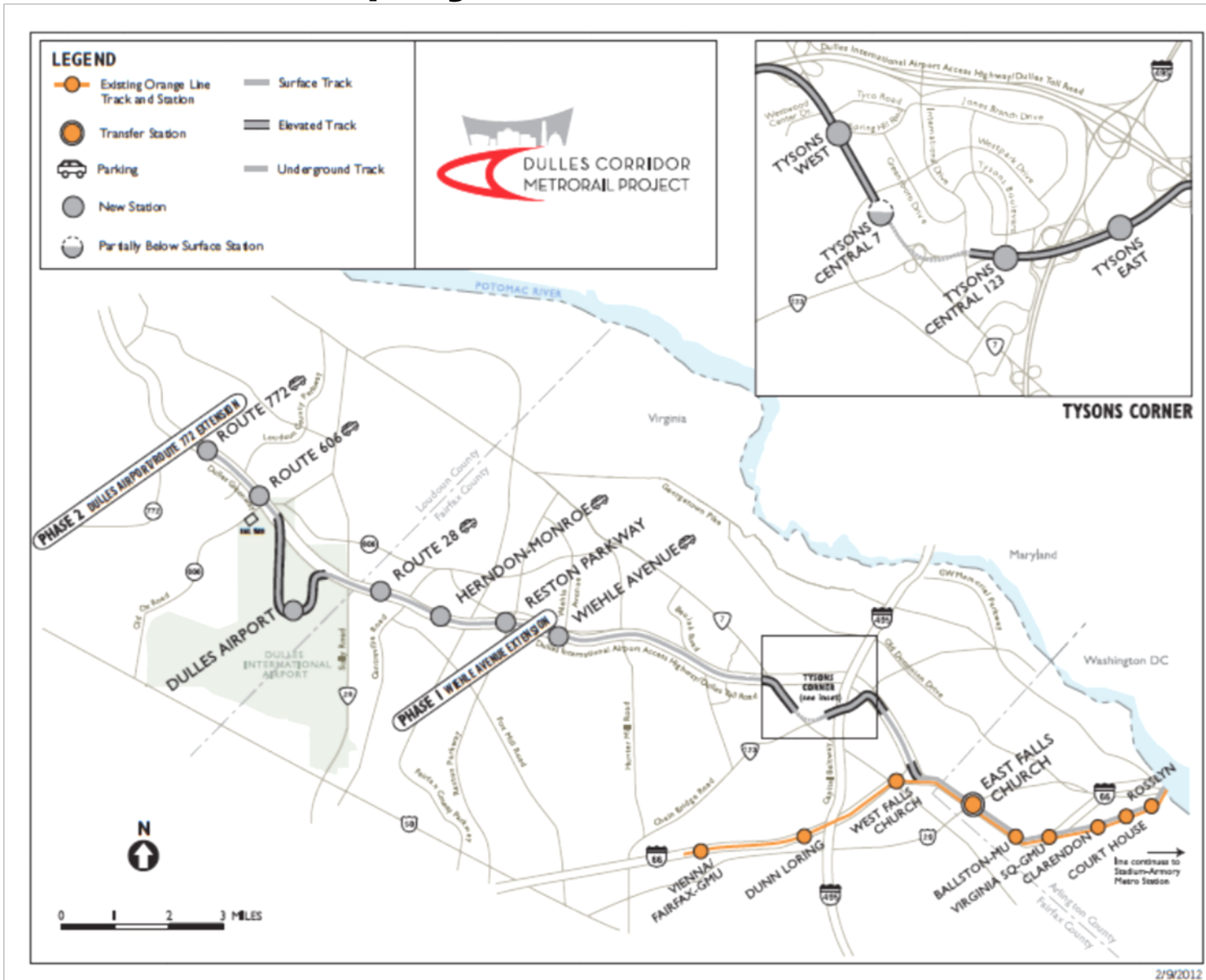IMG REBEL Transit and Rail Innovative Funding and Finance Update

KANSAS CITY STREETCAR: Implemented "extreme" SAD on all properties

- 2.2-mile starter streetcar line with 11 stations, 10-minute headways

- Opened in 2016 with 5,855 riders/day on average

- $103M project, funded with:

  - $40M grants

  - $63M transportation development district bonds secured by:

    - **SAD on commercial, residential, city, & non-profit property**

    - **District sales taxes**
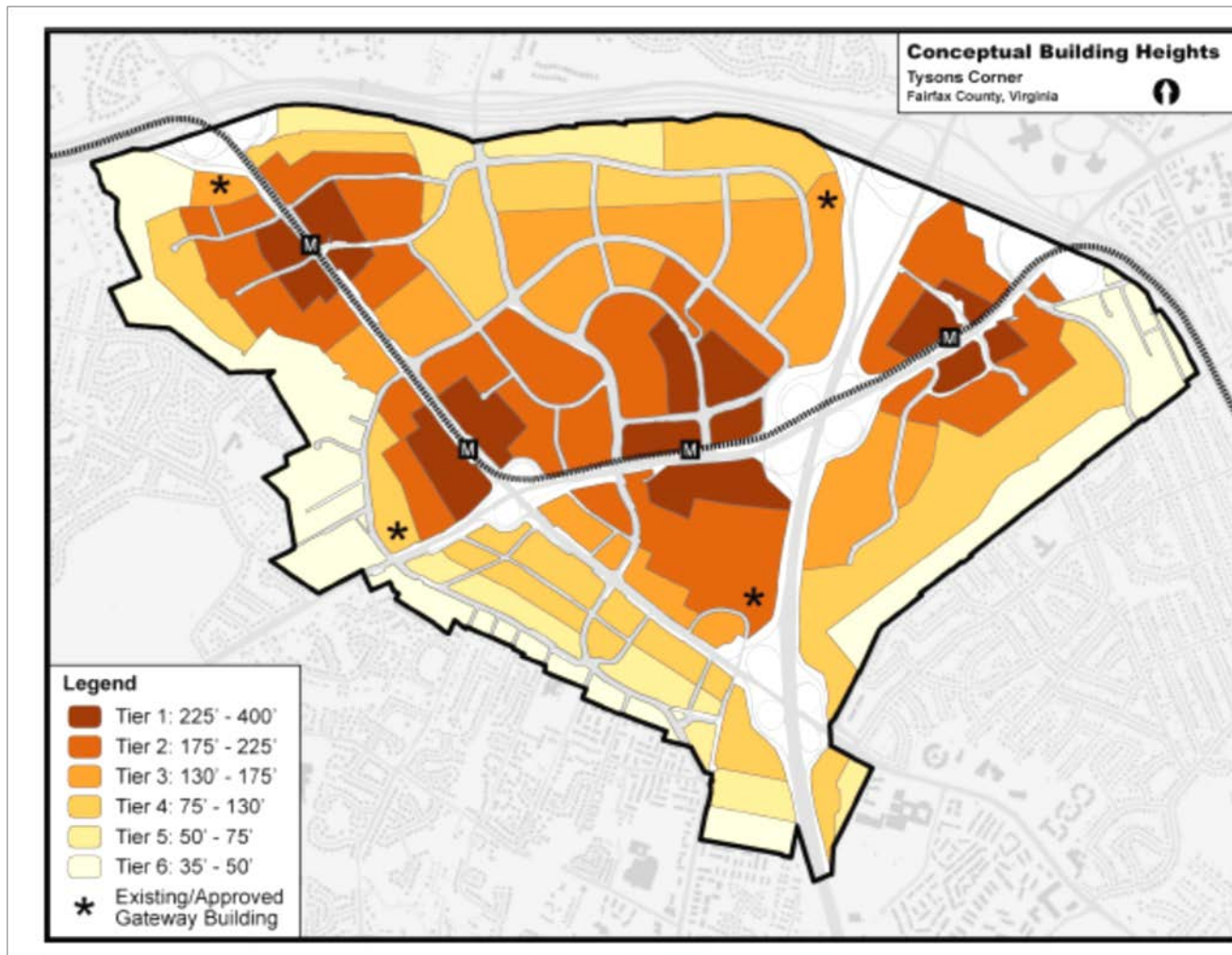
    - **Parking assessments**

Source: http://kcstreetcar.org/route/

IMGREBEL Transit and Rail Innovative Funding

DULLES METRORAIL: Prosperous corridor financed & funded 1/5 of $5.7B project

Source: Dulles Corridor Metrorail Project, 2015

DULLES METRORAIL: Optimize transit-induced development by discarding: parking minimums, density maximums, & land use segregation

Source: Comprehensive Plan Amendment, Tysons Corner Urban Center, 2014;
http://www.fairfaxcounty.gov/dpz/comprehensiveplan/area2/tysons1.pdf

DULLES METRORAIL: Used TIFIA to finance value capture receipts and toll road revenues

Sources of Capital Fund	Phase 1	Phase 2	Rail Project Budget		TIFIA Loan
			Total	% of Total	
Federal	$900	-	$900[1]	15.8%	
Commonwealth of Virginia	252	323	$575[1]	10.1%	
✓ Fairfax County	400	515	915	16.1%[2]	403
✓ Loudon County	-	273	273	4.8%[2]	195
MWAA (Aviation Funds)	-	233	233	4.1%[2]	-
✓ MWAA (Dulles Toll Road)	$1,354	$14,34	$2,788	49.0%[3]	1,277
Total Sources of Funds	$2906	$2,778	$5,684	100.0%	$1,876 (33% of total)

[1]Fixed amount; [2]Fixed percentage of total cost, [3]Residual

Source: Dulles Corridor Metrorail Project, 2015

FAST ACT: TIFIA & RRIF can better finance TOD-supportive infrastructure & possible TOD

Likely Eligible Projects/Uses	TIFIA	RRIF
• Intercity bus & intercity rail stations & terminals • Parking garages • Bike/pedestrian infrastructure • Open space • Safety & security equipment & facilities	✓	✓
Commercial & residential development & related infrastructure		✓

Source: Build America Bureau, Credit Programs Guide, January, 2017

- Lowers TIFIA project cost requirement for TOD & local infrastructure from $50M to $10M, making smaller projects eligible

Administration proposes to require value capture financing as condition for New Starts

- *"Amending the law **to include value capture financing as a prerequisite** for Section 5309 Capital Investment (Discretionary) Grants, excluding Small Starts projects, would increase resources available for transit capital projects and decrease dependence on Federal grant programs for continued development."*

P.24. "Legislative Outline for Rebuilding Infrastructure in America," (Trump Infrastructure Plan) February 2018. [Bold added]
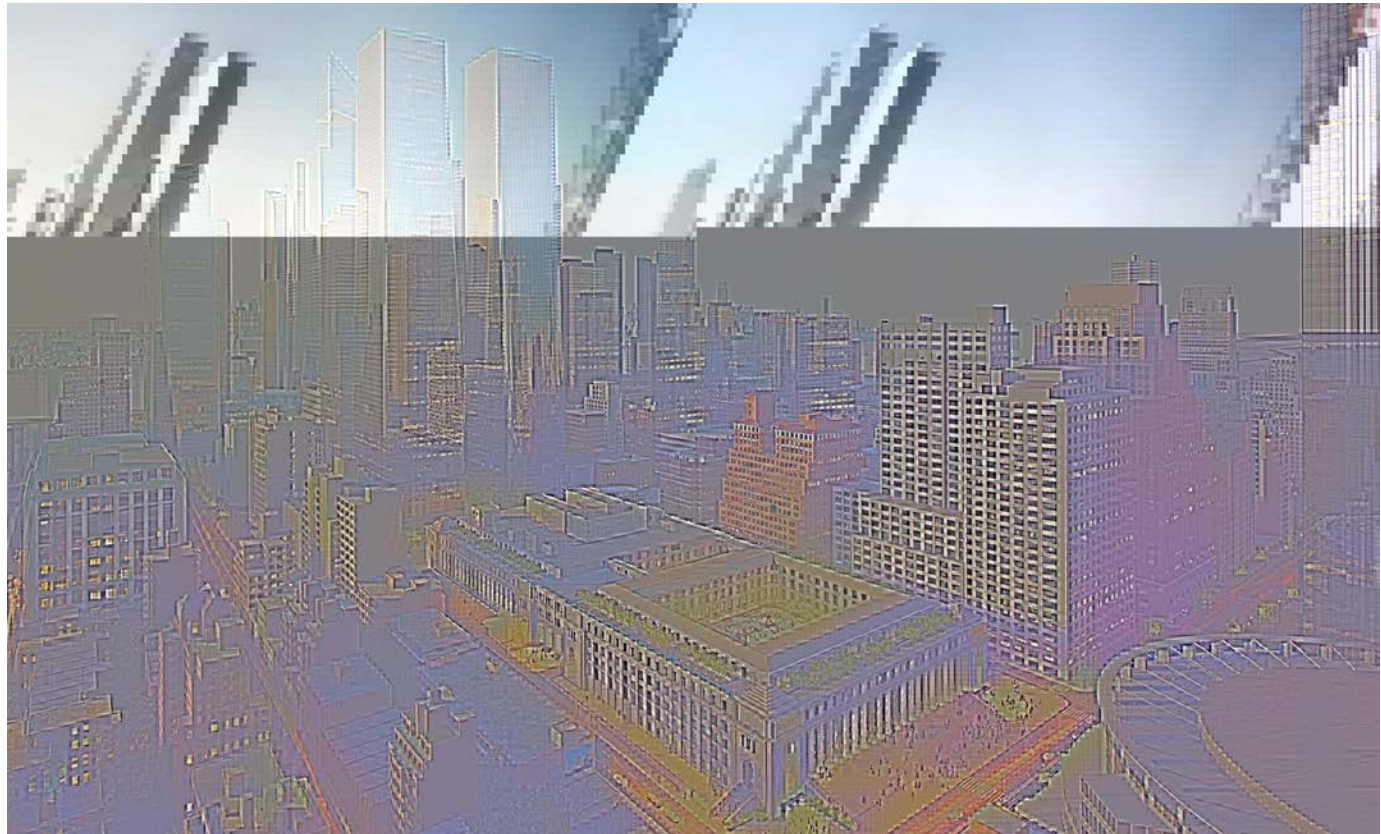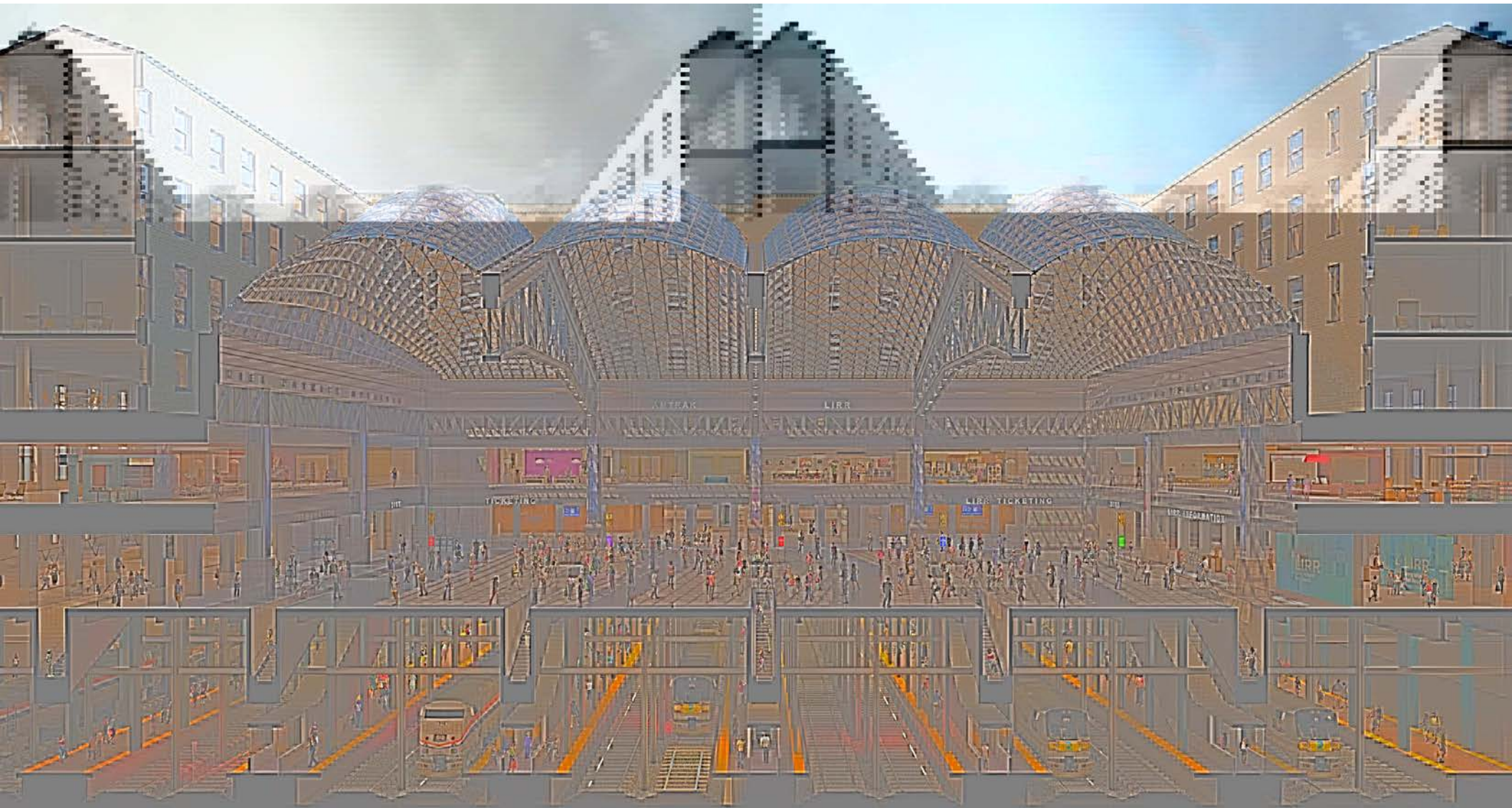
Contact

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MOYNIHAN STATION: Reached financial close this year; located near Hudson Yards value capture project

Source:www.6sqft.com/cuomo-releases-new-renderings-of-moynihan-station-as-major-construction-gets-underway

DEVELOPERS: Want to be near rail as at BOSTON LANDING

Source: Valante Mechanical, Inc.

INVESTORS: Like rail's small carbon footprint

- Many pension funds adopting principles to consider: "environment, social, governance" (ESG) in investing, such as in real estate and infrastructure

- Example from CalPERS:

    We encourage our external managers, companies, and policy makers to be environmentally responsible. This means making wise use of scarce resources, considering impacts, and addressing systemic risks such as climate change. To support this, we adopted a set of ten Investment Beliefs in September 2013, which weave the sustainability theme throughout. The Beliefs guide our decision making, facilitate the management of our complex portfolio, and enhance consistency.

TRANSPORTATION NETWORK COMPANIES (TNC): Have synergies with rail stations

- TNCs can be partners for rail as FTA-funded "Mobility on Demand Sandbox" pilot grants are evaluating

- Dallas Area Rapid Transit (DART) will enhance its app (photo) to facilitate:

  – Easy first/last mile option choice

  – Ability to pay for linked multi-mode trip with one app

Source: Dallas Area Rapid Transit