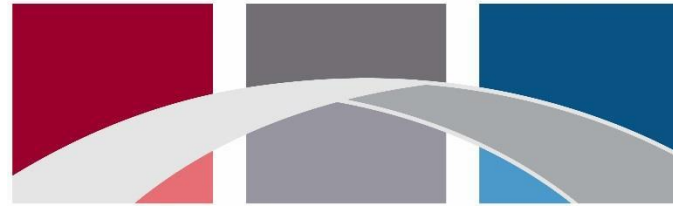


 U.S. DEPARTMENT OF TRANSPORTATION



BUILD AMERICA BUREAU

**BATIC Institute
Roundtable on Passenger Rail-
Oriented Development**

September 11, 2018





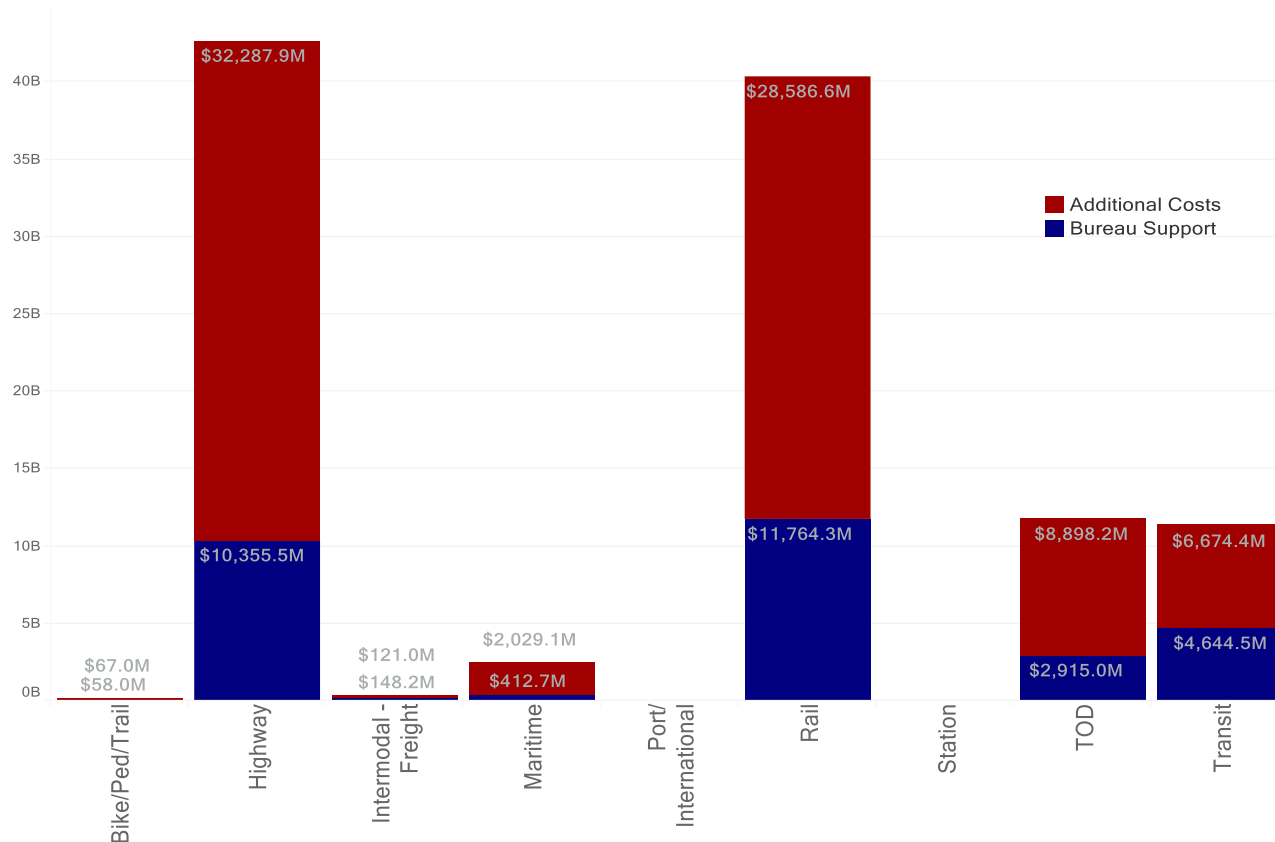
Build America Bureau - Background

- Established by the Fixing America's Surface Transportation (FAST) Act.
- Consolidates TIFIA and RRIF loan programs and Private Activity Bonds (PABs) program under one roof.
- Serves as the single point of contact for project sponsors, provides technical assistance, communicates best practices, and develops new products and services.
- Organized into two offices:
 - Outreach and Project Development
 - Credit Programs



Project Pipeline by Type/Value

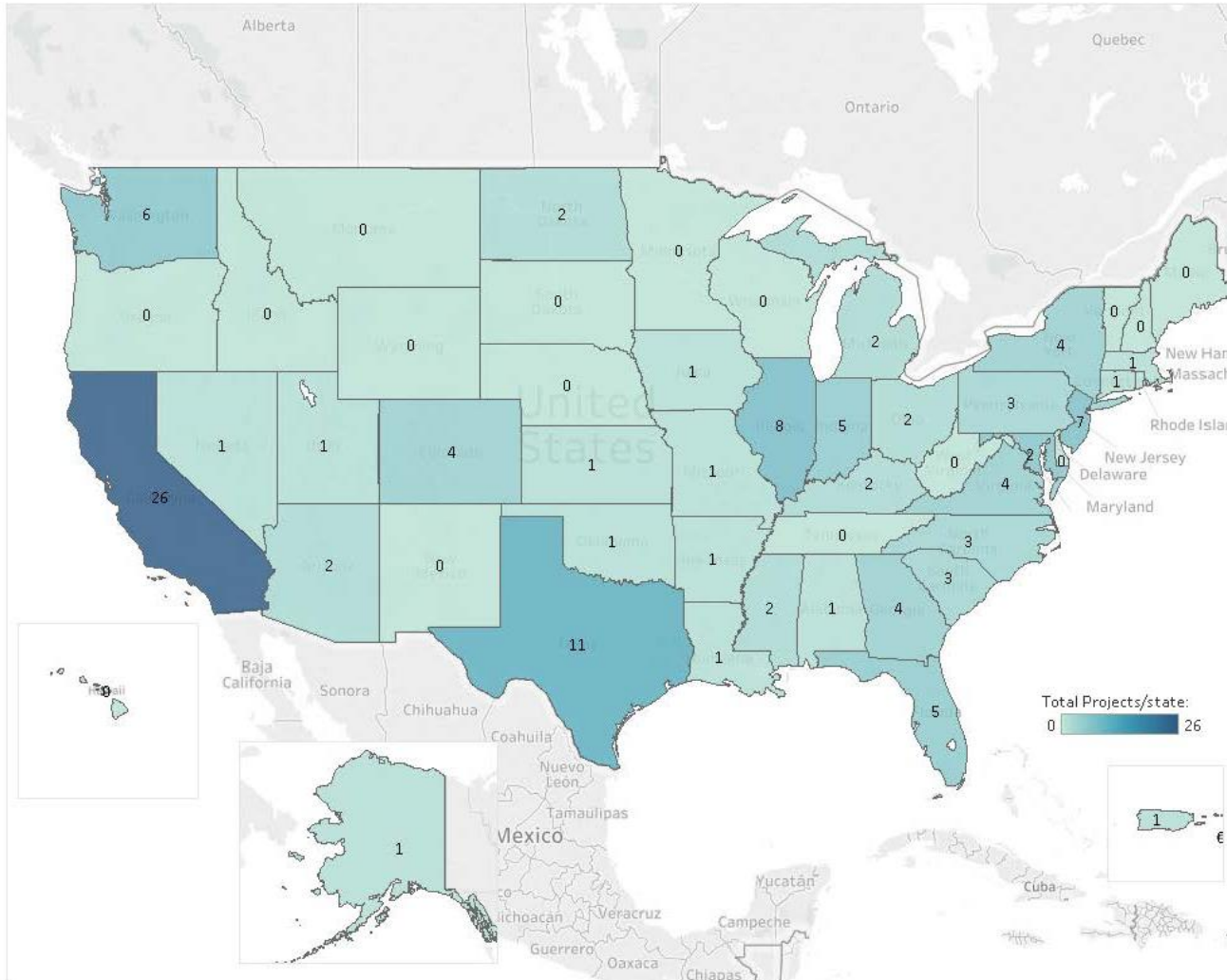
Pre-Credit Estimated Project Costs



98 projects in Pre-Credit Pipeline valued at \$79 Billion



Project Pipeline by State



RRIF Program – Background

- Railroad Rehabilitation & Improvement Financing (RRIF) program
- Direct loans for up to 100% of eligible project costs
- \$35 billion available (\$7 billion reserved for short lines and regional railroads)
- Cost to government of providing financial assistance borne by the applicant through payment of Credit Risk Premium (CRP)
- Collateral not required, but CRP is affected by collateral pledged
- Project required to comply with various Federal and modal requirements, including NEPA and Buy America

RRIF – Eligible Borrowers & Projects

BORROWERS

Railroads

State and Local Govs

Government sponsored authorities
and corporations

Interstate compacts (410(a)) Amtrak
Reform and Acc. Act of 1997

Limited option freight shippers

Joint Ventures

PROJECTS

Design/planning

Freight Rail Facilities

Freight Transfer Facilities

FRA-Regulated Commuter Rail Facilities

Passenger Rail Vehicles and Equipment*

Transit-Oriented Development*

“Intermodal” or Rail Equipment or
Facilities

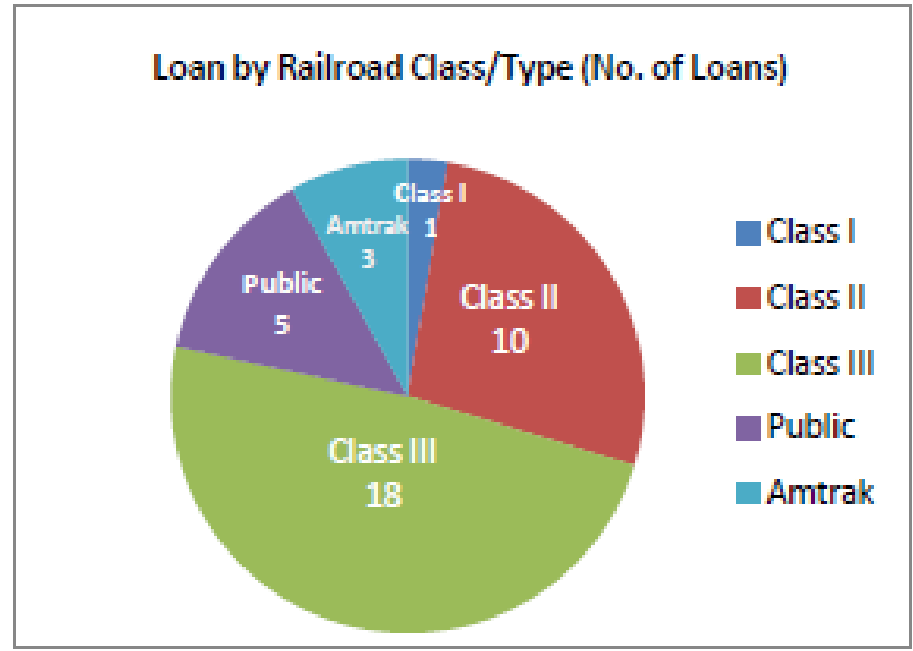
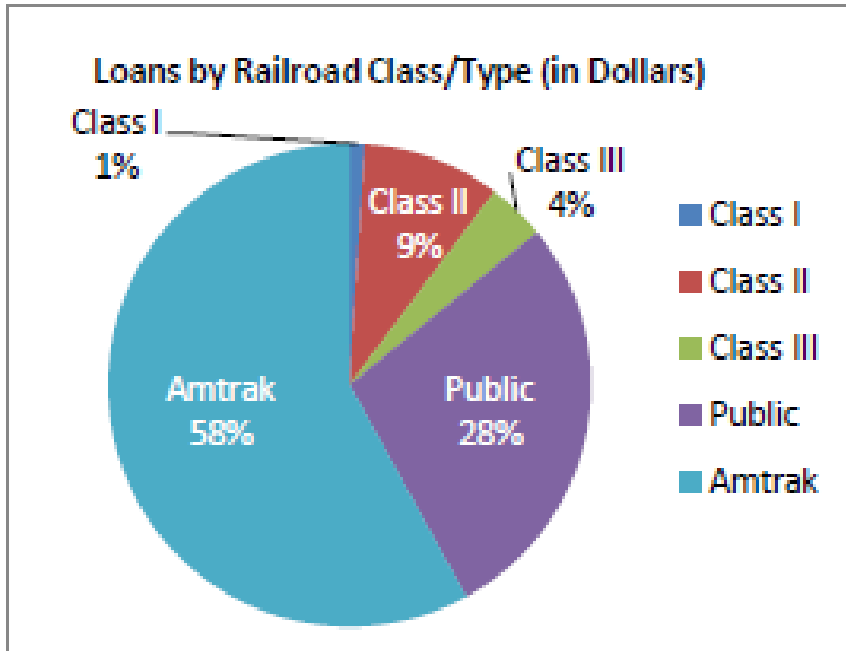
Refinance of above

NO OPERATIONS!



RRIF – Portfolio Statistics

Since program inception, RRIF has approved 37 loans in 27 states totaling over \$5 billion.



RRIF – Program Priorities

- Enhance public safety
- **Promote economic development***
- Enhance the environment
- Improve competitiveness of U.S companies in international markets
- Endorsed in State planning documents
- **Improve railroad stations and passenger facilities and increase TOD***
- Preserve or enhance rail or intermodal service to small communities/rural areas
- **Enhance service and capacity in the national rail system***
- Materially alleviate rail capacity problems....

TIFIA Program – Background

- Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA)
- Minimum anticipated project costs exceeding \$10 million
- Limited to 33% of reasonably anticipated eligible project costs
- Senior debt must receive two investment grade ratings (BBB-/Baa3) from nationally recognized credit rating agencies
- Project must be in State's transportation planning and programming cycle
- Project must have a dedicated revenue source, such as tolls or other user fees, that are pledged to secure debt service payments

TIFIA – Eligible Borrowers & Projects

BORROWERS

State Governments

State Infrastructure Banks

Local Governments

Special Authorities

Transportation

Improvement Districts

Private Companies (with public planning sponsor)

PROJECTS

Highways and Bridges

Intelligent Transportation Systems

Intermodal Connectors



Transit Vehicles and Facilities

Intercity Buses and Facilities

Freight Transfer Facilities



Pedestrian and Bicycle Infrastructure Networks

Transit-Oriented Development*

Rural Infrastructure Projects

Passenger Rail Vehicles and Facilities*

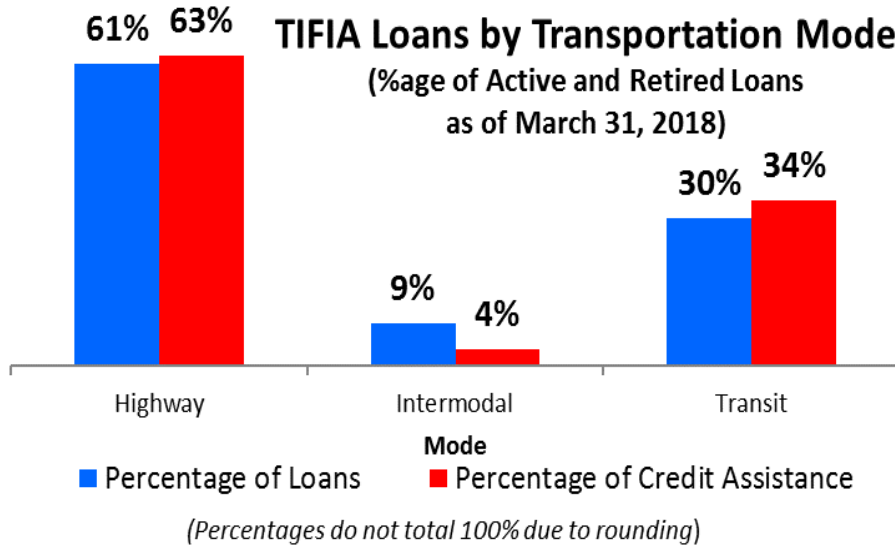


Surface Transportation Elements of Port Projects

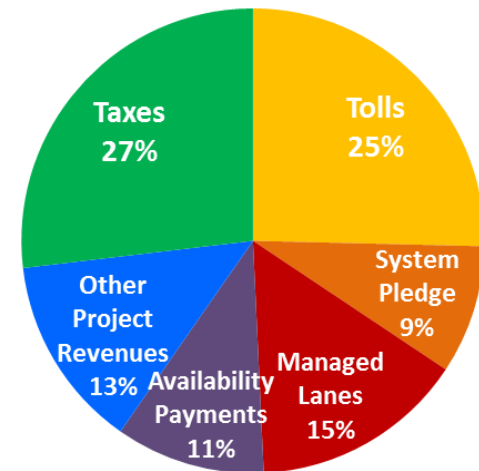
NO OPERATIONS!

TIFIA – Portfolio Statistics

Since program inception, TIFIA has approved 80 loans in 22 states (plus D.C. & Puerto Rico) totaling over \$30 billion.



Proportion of TIFIA Loans By Revenue Pledge
 (as of March 31, 2018)



TIFIA and RRIF – Program Benefits

- **Low fixed interest rates**
- **Long terms available (up to 35 years)**
- **Flexible amortization schedules**
- **Funds drawn as needed**
- **No pre-payment penalty**
- **Non recourse financing (project cash flow supported)**
- **RRIF can finance 100% of project costs**
- **TIFIA Borrower/Revenue source may be min. investment grade**

Low Interest Rate -
Interest rate on 9/6/2018
was 2.98% for
a 35-year loan

Private Activity Bonds (PABs)

- DOT authorized to allocate \$15 billion in PABs for qualified highway or surface freight transfer facilities.
- State or local government issues tax-exempt bonds on behalf of a private entity
- Private entity/developer responsible for all PABs debt service
- To date, over \$11 billion of PABs have issued or allocated
 - Over \$8.2 billion of PABs issued for 19 projects
 - Additional \$2.8 billion of PABs allocated for eight projects
- Can be used in combination with TIFIA or RRIF

FAST Act expanded the TIFIA program by making TOD projects eligible for TIFIA credit assistance

- **Eligibility** – TIFIA must ascertain the TOD Project’s relationship to a transportation facility, including:
 - The TOD Project’s distance from the transportation facility
 - The nexus between the TOD Project and the transportation facility
- **Eligible Project Elements** – Subject to TOD project-specific review, a variety of elements could be eligible including the following, among others:
 - Property acquisition
 - Site preparation
 - Walkways
 - Pedestrian and bicycle access to a public transportation facility
 - Demolition of existing structures

Transit Oriented Development - RRIF

FAST Act expanded the RRIF program by making economic development (TOD) projects eligible for RRIF credit assistance

- **Economic Development** – commercial and residential development, and related infrastructure and activities that:
 - incorporate private investment
 - are physically or functionally related to a passenger rail station or multimodal station that includes rail service
 - have a high probability of the Applicant commencing the construction contracting process not later than ninety (90) days after the date on which the loan or loan guarantee is obligated, and
 - have a high probability of reducing the need for financial assistance under any other Federal program by increasing ridership, tenant lease payments, or other activities that generate revenue exceeding costs
- **Caveats and Conditions**
 - Authority for funding TOD sunsets in December 2019
 - Non-Federal match of not less than 25% required



Other DOT Financial Assistance Programs

INFRA Program

- Discretionary grant program focusing on nationally significant freight and highway projects
- \$4.5 billion over 5 years

Build Program (formerly TIGER)

- Discretionary grant program focusing on surface transportation infrastructure, including roads, bridges, transit, rail, ports or intermodal transportation.
- \$1.5 billion available in 2018
- At least 30% of funds for projects in rural areas.

National Highway Freight Program (NHFP)

- \$6.3 billion to states over 5 years; up to 10 percent for non-highway freight modes



Consolidated Rail Infrastructure & Safety Improvements (CRISI) Program

- Discretionary grant program focusing projects that improve safety, efficiency, and reliability of passenger and freight rail
- Eligible projects include track, station and equipment improvements, Positive Train Control, congestion mitigation, grade crossings, and rail line relocation
- \$318 million available in 2018

Federal-State Partnership for State of Good Repair

- Grant program to fund capital projects to reduce the State of Good Repair backlog on certain publicly owned railroad assets
- Eligible projects include capital projects to repair, replace, or rehabilitate publicly owned railroad assets

New Administration Focus

- Increase diversity of projects:
 - Geographic distribution
 - Rural/urban mix
 - New project types and financial structures
 - Innovation/transformational projects
- Streamline and harmonize applications
- Provide fee relief where possible
- Streamline review processes where possible
- Streamline environmental review process

- TIFIA Rural Projects Initiative
 - Project located in area with population less than 150,000 and outside Census-defined urbanized area
 - Total project cost of \$10 – 75 million
 - Fees may be covered by DOT
 - TIFIA can finance up to 49% of eligible project costs
 - Fixed interest at ½ the U.S. Treasury rate (1.49% on 9/6/18)
 - Other TIFIA Program requirements apply
- Short Line and Regional Freight Rail Initiative
 - Possible reduced fees
 - Expedited processing
 - Be on the lookout for an announcement!



Questions?

Contact:

Danielle Rinsler

[Danielle.J.Rinsler](mailto:Danielle.J.Rinsler@dot.gov)

[@dot.gov](mailto:Danielle.J.Rinsler@dot.gov)

202-366-1259

Leo Wetula

Leo.Wetula@dot.gov

202-366-0198

Build America Bureau Website:

<http://www.transportation.gov/buildamerica>

