Funding and Financing Strategy for Denver Union Station

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Denver Union Station
Project Elements Defined by Scope

Intermodal Hub
• Light rail
• Passenger rail
• Regional bus
• Streets

Historic Station
• Historic preservation
• Hotel
• Retail

Neighborhood Development
• Commercial
• Residential
• Retail
Project Entities Developing Each Element

**Intermodal Hub**
- RTD
- DRCOG
- City and County of Denver
- CDOT

**Denver Union Station Project Authority (DUSPA)**

**Union Station Alliance (USA)**

**Historic Station Redevelopment**
- Urban Neighborhoods Inc.
- Sage Hospitality
- Larimer Associates
- REGen, llc
- McWhinney

**Union Station Neighborhood Company (USNC)**

**Transit-Oriented Development**
- Continuum Partners
- East West Partners
- Skidmore Owings Merrill
- AECOM
- Hargreaves and Associates
Historic Station/Union Station Alliance
Uses and Sources of Funds ($52M)

**Uses of Funds**

- Construction: $45.0 (86%)
- Financing and Pre-Opening: $3.0 (6%)
- Design and Soft Costs: $4.0 (8%)

**Sources of Funds**

- Mortgage Financing: $22.3 (43%)
- RTD Land Sale Proceeds: $11.0 (21%)
- Equity: $9.2 (18%)
- RTD Grants: $5.0 (9%)
- Tax Credit Financing: $4.5 (9%)

Legend:
- Construction
- Financing and Pre-Opening
- Design and Soft Costs
- Mortgage Financing
- RTD Land Sale Proceeds
- Equity
- RTD Grants
- Tax Credit Financing
Intermodal Hub/DUSPA
Uses and Sources of Funds ($482M)

**Uses of Funds**
- Bus Terminal: $162M (34%)
- Streets & Public Spaces: $185M (38%)
- Light Rail: $70M (15%)
- Commuter Rail: $64M (13%)

**Sources of Funds**
- Federal Grants: $146M (30%)
- RRIF Loan: $155M (32%)
- RTD FastTracks: $79M (17%)
- State Grants: $51M (11%)
- Land Sale/Other: $29M (6%)
- TIFIA Loan: $21M (4%)

Debt backed by RTD & TIF Revenues
Value Capture District Boundaries

- DDA
- DUS Metro District
- DUS Site

- Denver Union Station
- Former Market St. Bus Station
Value Capture Taxes for the Intermodal Hub

Tax Increment Financing (TIF)

- Downtown Development Authority TIF District
  - Incremental Property Tax (forecast $470 million through 2038) [72%]
  - Incremental Sales Tax (forecast $134 million through 2038) [20%]

Dedicated Tax

- DUS Metropolitan District (Special Improvement District)
  - Additional 20 mill levy (forecast $49 million through 2040) [8%]
Intermodal Hub Debt Service Cash Flow
“Downside” Case

Project debt can still be repaid on schedule even if value capture revenues are only 20% of forecast.

(Debt service after completion)
## Summary of DUSPA’s TIFIA and RRIF Loans

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<tr>
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<th>TIFIA</th>
<th>RRIF</th>
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<tbody>
<tr>
<td><strong>Loan Amount (% of hub financed)</strong></td>
<td>$146M (30%)</td>
<td>$155M (32%)</td>
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<tr>
<td><strong>Interest Rate</strong></td>
<td>3.99%</td>
<td>3.91% (effective cost = 5.35%)*</td>
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<td><strong>Term</strong></td>
<td>31 years</td>
<td>29 years</td>
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<td><strong>Lien Priority (credit rating)</strong></td>
<td>Senior Lien (Rated A)</td>
<td>Subordinate Lien (Unrated)</td>
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<td><em><em>Subsidy Cost/</em> (Loan Loss Reserve)</em>*</td>
<td>$2.2 million ~1.5% of loan amount (funded by USDOT)</td>
<td>$28.9 million ~18.6% of loan amount (funded by RTD)</td>
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1. Eligibility of project components for public funding influences both the organizational structure and the financial plan.

2. Major transportation hubs can induce substantial private development.

3. To optimize the development potential, public sponsors should seek input from the real estate development community in the early stages of planning.

4. Value capture can fund a significant portion of public infrastructure capital costs, but may require partial “internal credit enhancement”.

5. Federal credit tools potentially can offer lower borrowing rates and greater structuring flexibility.