The **FAST** and the **CURIous**

What the new Transportation bill means for Smart Growth

**New Partners for Smart Growth**

February 13, 2016
The Principals

• **Moderator**  
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  Taylor | Future Solutions, LLC

• **Participants**
  – **Jeffrey Boothe**, President  
    Boothe Transit Consulting, LLC  
  – **Richard Weaver**, Director, Policy Planning and Sustainability, APTA  
  – **Christopher Coes**, Managing Director  
    LOCUS
Jeffrey Boothe

- President of his own consulting practice
- 40 years experience in federal legislative advocacy – including the FAST Act
- Active in APTA with numerous leadership roles
- Director, New Starts Working Group and Community Streetcar Coalition
- Washington, DC based
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- Director, Policy, Planning and Sustainability, APTA
- Active in developing federal policy and legislation – including the FAST Act
- Chair, Complete Streets Coalition
- Works with FTA and FHWA staffs
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Christopher Coes

- Managing Director, LOCUS
- Involved in getting $20B in TOD and infrastructure financing in FAST
- Advises cities on revitalization, sustainability & economic development
- Served as Deputy Director, T4America
- Active with ULI and African American Real Estate Professional of DC

ccoes@locusdevelopers.org
Questions of the Curious about the Act

• What was so *Fast* about the Act?
• What does the Act actually say – and NOT say?
• Does the Act “fix” our transportation infrastructure – maintenance as well as new facilities?
• How does the Act creatively address transit and streets for Smart Growth?
• Are there health benefits in the Act?
• Can you finally fund TOD and supportive infrastructure?
Was It Really FAST?

- Decade in the making – consistent with previous authorizations
- TEA-21: 1998 – 12 extensions
- SAFETEA-LU: 2005 – 11 extensions
- Map-21: 2012 (27 months) – Five extensions
- FAST Act: 2015 – No extensions to-date!
What IS In and NOT in the Act?
The Big Picture

- Could have been worse, but finished year unsatisfied
- Combine highways, transit and passenger rail for first time
- FAST Act fixed today’s funding but not future funding
  - Five year bill, maintains 80/20 split between highways and transit
  - Relies on General Funds
  - 2-3 percent annual growth
  - Locals bear growing burden
- Staring at funding cliff in FY 21
  - $100 billion to sustain program
<table>
<thead>
<tr>
<th>Program</th>
<th>MAP-21</th>
<th>FAST Act</th>
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<tbody>
<tr>
<td><strong>Surface Transportation Program</strong></td>
<td>• Expanded list of eligible activities</td>
<td>• Creates Surface Transportation Block Grant (STBG)</td>
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<tr>
<td></td>
<td>• $10 billion annually</td>
<td>• Sub-allocation increases from 50% in FY 16 to 55% by FY 20</td>
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<td>• STBG (STP only)</td>
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<td>• FY 16 - $10.3 billion</td>
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<td>• FY 17 - $10.6 billion</td>
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<td></td>
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<td>• FY 18 - $10.8 billion</td>
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<tr>
<td></td>
<td></td>
<td>• FY 19 - $11.0 billion</td>
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<td></td>
<td></td>
<td>• FY 20 - $11.3 billion</td>
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<tr>
<td><strong>Transportation Alternatives Program (TAP)</strong></td>
<td>• Provided $800 M annually</td>
<td>• No longer TAP but STP set-aside</td>
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<td>• Competitive process to distribute monies</td>
<td>• Annual funding</td>
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<td>• Sub allocation by population</td>
<td>• FY 16-17 - $835 million</td>
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<td>• FY 18-20 - $850 million</td>
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<td>• Preserves core elements and existing eligibilities</td>
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<td>• Principal program to bike and pedestrian improvements</td>
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<td><strong>Congestion Mitigation and Air Quality</strong></td>
<td>• $2.2 billion annually</td>
<td>• FY 16-17 - $2.3 billion</td>
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<td>• FY 18-20 - $2.4 billion</td>
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## MAP-21 vs. FAST Act

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<thead>
<tr>
<th>Program</th>
<th>MAP-21</th>
<th>FAST Act</th>
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<tbody>
<tr>
<td><strong>Metropolitan Planning Funding</strong></td>
<td>• $312.5 million annually</td>
<td>• FY 16 - $329.3 million</td>
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<tr>
<td></td>
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<td>• FY 17 - $335.9 million</td>
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<td></td>
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<td>• FY 18 - $343.0 million</td>
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<tr>
<td></td>
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<td>• FY 19 - $350.4 million</td>
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<td>• FY 20 - $358.5 million</td>
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<td><strong>Metropolitan Planning Policy Provisions</strong></td>
<td>• New provision adding transit representation to MPO that DOT interpreted as requiring change in by-laws; impermissible for elected official to wear two “hats”</td>
<td>• Designation of transit representation determined by by-laws but elected official can wear two “hats”</td>
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<tr>
<td></td>
<td></td>
<td>• “Consider” resiliency and reliability of transportation system</td>
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<td>• “Consider” reducing or mitigating stormwater impacts surface transportation</td>
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<td>• Adds new parties to the MPO table</td>
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<td>• Public ports, intercity bus operators and employer-based commuting programs</td>
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<td>• Congestion management now includes intercity bus operators; employer-based programs, such as cash out parking, carpools, vanpool, transit benefits, shuttles, telework; and, job access projects</td>
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Passenger Rail

- State of Good Repair Grants
- Restoration and Enhancement Funding
- New Competitive Discretionary Grant Programs
- Rail and Safety Improvements
High Speed Rail

• Performance-Based Proposals
  – Secretary issues a Request for Proposal for the financing, design, construction, operation and maintenance
  – Response sets forth the terms of the parties, the source of funding, capital cost, operations plan and a description of how the project will impact highways, aviation, congestion, energy consumption, land use and economic development
  – Commission, established in FAST Act and appointed by President, will review the proposals and make selections
What about Transit and Streets?

Rich Weaver
Expanding Access to Transportation through FTA Programs: Section 5310

To improve mobility for seniors and individuals with disabilities by removing barriers to transportation service and expanding transportation mobility options.

- Title 49 U.S.C. 5310
Who Are Eligible Recipients for 5310 Funds?

- States
- Designated recipients
- State or local governmental entities that operates a public transportation service
What Projects Are Eligible For 5310 Funds?

**Traditional Projects**
- Buses and vans
- Wheelchair lifts, ramps, and securement devices
- Transit-related information technology systems
- Acquisition of transportation services under a contract, lease, or other arrangement.

**Non-Traditional Projects**
- Feeder service to commuter rail, commuter bus, intercity rail, and intercity bus stations
- Building an accessible path to a bus stops including curb-cuts, sidewalks, accessible pedestrian signals or other accessible features
- Improving signage, or way-finding technology
- Implementation of other technology improvements that enhance accessibility including ITS
- Travel training
5310 Program Changes Under The FAST Act

• New funding recipients
• Collecting Best Practices
• New Innovative Pilot Program
• Improved Coordinating Council on Access and Mobility (CCAM)
What Are The Funding Levels?

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<tbody>
<tr>
<td>5310 Formula Grants</td>
<td>$258.3</td>
<td>$262.95</td>
<td>$268.21</td>
<td>$273.84</td>
<td>$279.65</td>
<td>$285.58</td>
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<tr>
<td>Discretionary Pilot Program</td>
<td>N/A</td>
<td>$2.00</td>
<td>$3.00</td>
<td>$3.25</td>
<td>$3.50</td>
<td>$3.50</td>
</tr>
<tr>
<td>5310 Total</td>
<td>$258.3</td>
<td>$264.95</td>
<td>$271.21</td>
<td>$277.09</td>
<td>$283.15</td>
<td>$289.08</td>
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Smart Growth Impacts

- **Good News/Bad News**
  - Five years brings stability BUT at inadequate levels
  - Found funding to sustain program BUT funding gap is even bigger in FY 21 and beyond
  - Increased sub-allocation of STP monies BUT no funding specifically directed to cities
  - Sustained the TAP program BUT only as part of an STP Block Grant

- **Good News**
  - Surface Transportation Authorization includes all modes
  - Increased financing options for TOD and adds “value capture” for real estate development at transit stations
FTA “Rides to Wellness” Initiative
Rides to Wellness Initiative
Vision & Impact

Through rides people and community health thrive

• Improve healthcare access including access for disadvantaged individuals
• Reduce healthcare costs
• Leverage public transportation assets
Why Have a Health and Transportation Initiative?

- Healthcare Costs
- Access to Screenings
- Lack of Transportation
- Missed Appointments
How Will We Accomplish This Initiative?

Three-pronged Strategy for FTA’s ACCESS TO HEALTH CARE TRANSPORTATION LADDERS OF OPPORTUNITY INITIATIVE

- Build Commitment
  - Healthcare Transportation Summit

- Stimulate Investment
  - Community Grants to Link Healthcare and Transportation

- Drive Change
  - Identify and promote promising practices in Healthcare Transportation
The mission of the National Center for Mobility Management (NCMM) is to facilitate communities to adopt transportation strategies and mobility options that empower people to live independently and advance health, economic vitality, self-sufficiency, and community.
<table>
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<th>National Center for Mobility Management</th>
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<tr>
<td><strong>Information Briefs</strong></td>
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<tr>
<td>• Service Integration</td>
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<td>• One-Call, One-Click</td>
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<td><strong>Peer Networking</strong></td>
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<tr>
<td>• Mobility Management Innovation and Practices</td>
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<td><strong>Training</strong></td>
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<tr>
<td>• Performance Measures</td>
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<tr>
<td>• Design Thinking</td>
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<tr>
<td><strong>Community Technical Assistance Plans</strong></td>
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<tr>
<td>• Amazon Worker Transportation</td>
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<tr>
<td>• Florida MM Grant Writing</td>
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<tr>
<td><strong>Grant Programs</strong></td>
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<tr>
<td>• Healthcare Access Design Challenge</td>
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Rides to Wellness Next Steps

Build new relationships and resources that facilitate collaboration between health and transportation stakeholders to drive access to health through access to a ride.

Improve coordination of Federal resources.

Harness the power, perspective and expertise in the research community around Rides to Wellness.
Overview

• Complete Streets
• Expanding access to transportation through FTA Programs and Initiatives
• Ride to Wellness initiative
Complete Streets Policies

A Complete Streets policy ensures that the entire right of way is planned, designed, operated and maintained to provide safe access for all users.
Incomplete Streets are Barrier to Riders and Good Service
How Does the FAST Act Impact Complete Streets Projects?

- FAST ACT is the FIRST federal transportation bill to include complete streets legislation
- Requires Safe Streets for ALL USERS
- USDOT will be required to produce a report on implementation and best practices for Complete Streets
- Communities will be permitted to circumvent their state design manuals States
Helpful Resources:

• National Complete Streets Coalition [www.completestreets.org](http://www.completestreets.org)
• Bicycle and Pedestrian Funding Opportunities: US Department of Transportation, Federal Transit, and Federal Highway Funds ([http://www fhwa dot gov/environment/bicycle_pedestrian/funding/funding_opportunities.cfm](http://www fhwa dot gov/environment/bicycle_pedestrian/funding/funding_opportunities.cfm))
Can TOD & Infrastructure be Financed?
• TIFIA: TOD and Local Infrastructure Financing Opportunities

• RRIF: TOD Financing Opportunities

• What does it mean for Smart Growth Development?
| Purpose          | • Fill financing gaps left by private capital markets  
|                 | • Leverage federal funds by attracting substantial private and other non-Federal co-investment |
| Risk            | • Federal Government takes on lending risk  
|                 | • Provides same low interest rate to all projects |
| Cost            | • Low interest rate offered even when TIFIA loan is subordinate or senior debts receive a credit rating below AAA |
| Flexibility     | • Loans are repaid once construction is completed  
|                 | • Repayment may be delay for additional 5 years following construction  
|                 | • Loan payments sculpted to match project revenues |
TIFIA Credit Assistance Offerings

Direct Loan
- Low-cost, flexible financing covering both development and construction activities
- Repayment must occur within 35 years of completion

Loan Guarantee
- Obligation of the Federal Government to repay private lender in case of bankruptcy or insolvency by project sponsor
- Loan guarantee terms must be consistent with those of a direct loan

Line of Credit
- Contingent loan available for up to 10 years after constructed completed
- Once loan accessed, terms and conditions same as direct loan
TIFIA Program Basics

Eligible Applicants
- States
- Local Governments
- Transit Authorities
- Private Firms
- Public-private partnership
- Special Authorities

Creditworthiness
- Senior project debts must receive an investment grade rating from two national rating agencies
- Investment grade is defined as “BBB(low)” or higher

Inclusion in Transportation Plans
- A project must be included in the transportation plan as well as the TIP/STIP
- Private entities are eligible to apply for a TIFIA loan provided their project is included in the statewide or metropolitan plan and TIP/STIP

Dedicated Revenue Source
TIFIA loan must have a dedicated source of revenue pledged as repayment, including:
- Tolls or other user fees
- Payments from a private entity through P#
- Tax such as sales, property, or income
TIFIA Program Basics

Eligible Projects

- Highways
- Bridges
- Passenger Rail Vehicles and Facilities
- Intelligent Transportation Systems
- Intermodal Connectors
- Intermodal Freight/Port Access
- Public Transportation
- Intercity Bus Facilities
- TOD Infrastructure

Loan Limit

A TIFIA loan may not exceed the following share of total project costs:

- **49 percent**
- **33 percent** for public sector project sponsors that take advantage of the “nonsubordination waiver” with a broad-based revenue source (e.g., sales, property, or income tax)

Minimum Project Costs

In order to qualify for a TIFIA loan, your project must meet the following cost threshold:

- $50 million in urban areas
- $25 million in rural areas
- $15 million for ITS projects
- $10 million for TOD and Local projects

MAP-21 defines rural as any area other than an urbanized area with population over 250,000
Eligible TOD Infrastructure

- Property Acquisition
- Demolition of Existing Structures
- Site Preparation
- Utilities
- Transit Station Improvements
- Open Space
- Safety and Security Equipment
- Building Foundations
- Walkways
- Pedestrian and Bicycle Access
- TOD Related Infrastructure
- Intermodal Transfer Facility
- Facilitates that incorporate community services such as daycare or health care
- Construction of space for Commercial Uses

*Note:* While TOD “related infrastructure” includes TOD infrastructure categories such as parking garages, these projects should (1) promote greater transit ridership, (2) walkability, or (3) increase private investment.

"
Loan Requirements and Repayment Terms

• **Credit Rating**: Senior debt must receive an investment grade rating (BBB low or higher) from two nationally recognized credit rating agencies.

• **Rate Covenant**: USDOT may require a rate covenant, which is a guarantee of pricing of tolls and property assessment charges.

• **Coverage Ratio**: USDOT may require a specific revenue projection over and above loan obligations prior to providing a loan.

• **Maximum Amortization**: Loans must be repaid within 35 years after construction completed.

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**Eligible Project Costs**

- **Development Phase Activities**:
  - Planning
  - Revenue forecasting
  - Environmental review
  - Permitting
  - Preliminary engineering
  - Design work

- **Construction Phase**:
  - Construction
  - Reconstruction,
  - Rehabilitation,
  - Replacement,
  - Acquisition of real property,
  - Environmental mitigation
  - Construction contingencies

- **Capitalized interest**

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**Current Interest Rate**

2.94%
“Sculpting” Repayment to Meet Project Revenues

- **Standard TIF Revenue Curve**: Economic development around stations and within a transit corridor take time to build up. Property tax revenues from a TIF district are heavily back-loaded.

- **TIFIA Repayment Sculpting**: The TIFIA program tailors repayment to match project revenues, allowing back-loaded payments.
Example: $200 Million Loan for from TIFIA

TIFIA Program

$20 million

Treasury Department

$180 million

Transit Authority Project Sponsor

Loan Disbursement and Repayment Process

- 10 percent of the loan amount comes from the TIFIA program
- Remaining 90 percent comes from the Treasury Department
- All funds are repaid to the Treasury Department

TIFIA Authorization

- $1 billion in FY2014
- $275 million in FY16-18
- $300 million in FY19

Leveraging: Ever TIFIA program dollar can support approximately ten dollars in direct loans
• TIFIA: TOD and Local Infrastructure Financing Opportunities
• RRIF: TOD Financing Opportunities
• What does it mean for Smart Growth Development?
## RRIF Financing: Purpose and Benefits

<table>
<thead>
<tr>
<th><strong>Purpose</strong></th>
<th>• Direct Loans and loan guarantees for development of railroad infrastructure</th>
</tr>
</thead>
</table>
| **Risk**    |  • Federal Government takes on lending risk  
  • Provides same low interest rate to all projects |
| **Cost**    |  • Low interest rate offered when RRIF loan is subordinate |
| **Flexibility** |  • Loans are repaid once construction is completed  
  • Repayment may be delay for additional 5 years following construction  
  • Loan payments sculpted to match project revenues |
Forms and Local Governments

Amtrak

Railroads

Government-sponsored Authorities and Corporations

Limited Option Freight Shippers

Joint Ventures that includes one of the abovementioned

Creditworthiness

- RRIF calculates a credit risk premium for the loan based on the creditworthiness of the borrower
- Creditworthiness can now be determined by cash flows generated from the project or through dedicated revenue sources such as tolls, other user fees or payments owing to the obligor under a public-private partnership

Application Fee and Process

- Applicants required to pay an application fee and an investigation charge of up to one-half of one percent of the principal amount of the direct loan or portion of the loan guaranteed under RRIF
- Completed applications are required to receive notification of loan approval or disapproval within 60 days of submission

NEPA Compliant

- A project must be compliant under the National Environmental Policy Act and related laws, regulations, and orders
### Eligible Projects

- Acquire, Improve, and Rehab Intermodal or Rail Equipment
- Refinance outstanding Debt
- Develop or establish new intermodal or railroad facilities

### Loan Limit

A RRIF loan may not exceed the following share of total project costs:

- **100% of the project cost**
- **75% percent** of the total project cost for TOD projects. TOD projects must have a 25% non-federal match

### TOD Requirement

RRIF loan can be used to finance development that can:

1. Incorporate private investment,
2. Is located near (or functionally related) to a passenger rail station or multimodal station that includes rail service, and
3. Is able to start no later than 90 days after the loan is obligated,
4. Demonstrate new sources of revenue for the passenger rail station or service by increasing ridership, tenant lease payments or other activities that generate revenue exceeding cost.

**Note:** The TOD provision will sunset in 4 years
• TIFIA: TOD and Local Infrastructure Financing Opportunities
• RRIF: TOD Financing Opportunities
• What does it mean for Smart Growth Development?
Retrofitting Suburbia: Arlington

1980s: Ex-Sears Stores

Same Place Today

Two blocks north and south, single family housing that is highest priced in Arlington on $/foot basis: Best of Two Worlds

10% of the land = 50%+ of government revenues

Among best schools in Country... new housing has 0.4 per unit
Power of Value Capture - Denver Union Station
Additional Resources

TIFIA Program Office:
http://www.fhwa.dot.gov/ipd/tifia/

TIFIA Letter of Interest Application Template:
http://www.fhwa.dot.gov/ipd/pdfs/tifia/app_c-1_loi_template_0712.docx

TIFIA Notice of Funding Availability:

TIFIA Fact Sheet:
http://www.fhwa.dot.gov/map21/tifia.cfm
The **FAST** and the **CURIOUS**

Q&A
The FAST and the CURIOUS

Thank You!