FINANCIAL STRATEGY TECHNICAL MEMORANDUM

August 2013
CONTENTS

1 Introduction.........................................................................................................................1
  1.1 Project Background ........................................................................................................1
  1.2 Purpose of Document .....................................................................................................1
2 Recently Implemented Streetcar Funding Strategies ..........................................................2
3 Potential Capital Funding Sources ...................................................................................5
  3.1 Potential Federal Funding ..............................................................................................5
  3.2 Potential State Funding ..................................................................................................9
  3.3 Potential Local Funding .................................................................................................10
  3.4 Conceptual Funding Strategies .....................................................................................17
4 Potential O&M Funding Sources .....................................................................................19
5 Preliminary Conclusions and Next Steps .........................................................................21

FIGURES

Figure 1-1: “Selected Route” Advanced for Further Analysis .........................................................1

TABLES

Table 2-1: Funding Strategies – Recently Implemented / Planned Streetcar Lines ($, in millions) ........2
Table 3-1: FTA Local Financial Commitment Evaluation Measures and Criteria ........................................7
Table 3-2: Development Forecast Results ..................................................................................13
Table 3-3: Summary of Scenarios and Analysis Assumptions ......................................................14
Table 3-4: Cost Approach for New Residential Construction .....................................................15
Table 3-5: Capitalization Approach for New Commercial Construction .......................................15
Table 3-6: Recent Sale Transactions for the PTRP Area ................................................................16
Table 3-7: TIF Funding Estimate for “Low” Scenario ..................................................................16
Table 3-8: TIF Funding Estimate for “Medium” Scenario ...........................................................16
Table 3-9: TIF Funding Estimate for “High” Scenario .................................................................17
Table 3-10: Conceptual Funding Strategy – Scenario 1: Minimal Federal Participation (YOE$, in millions) ..................................................................................................................18
Table 3-11: Conceptual Funding Strategy – Scenario 2: Moderate Federal Participation (YOE$, in millions) ..........................................................................................................................18
Table 3-12: Conceptual Funding Strategy – Scenario 3: Maximum Federal Participation (YOE$, in millions) ..........................................................................................................................18
1 INTRODUCTION

1.1 Project Background

Winston-Salem is conducting this Alternatives Analysis (AA) to further investigate opportunities for the implementation of an Urban Circulator in downtown, building upon the Winston-Salem Streetcar Feasibility Study (completed in 2006) and recommendations developed as part of the Regional Transit Development Plan, Forsyth and Guilford Counties Transit Vision for 2025 (completed in 2010), the 2030 Legacy Comprehensive Plan Update (2012) and The Downtown Plan (completed in 2007). This AA will develop and evaluate transit alternatives to best meet project goals and will establish a Locally Preferred Alternative (LPA) describing the preferred transit route and technology.

The Urban Circulator Study is conducting more detailed planning analyses for a potential circulator project to connect the city’s most active educational, medical and employment destinations to the central bus hub. The study area is focused on an approximately 4-mile corridor that extends west to east through downtown Winston-Salem and surrounding neighborhoods, from Wake Forest Baptist Medical Center through downtown, Piedmont Triad Research Park and Winston-Salem State University, to East Winston.

At this stage of the study process, a “selected route”, which is shown in the figure below, has been advanced for further analysis.

![Figure 1-1: “Selected Route” Advanced for Further Analysis](image)

1.2 Purpose of Document

The purpose of this technical memorandum is to summarize the financial planning component of the Winston-Salem Urban Circulator Study. Specifically, the objective is to assist the City of Winston-Salem (the City) and its project partners in identifying potential revenue sources that could be targeted in the near future to implement the proposed project.
At this time, the selected vehicle technology for the urban circulator project is a modern streetcar based on input from the community, Technical Advisory Committee and Policy Committee. As such, the identification of potential funding sources includes a review of funding strategies used by recently implemented streetcar projects across the country combined with a review of the potential funding sources available within the Winston-Salem region.

The analysis in this technical memorandum reflects conceptual capital and operating and maintenance (O&M) costs consistent with industry standards for streetcar projects in the early planning phase for the alignment shown in Figure 1-1. Based on the level of planning and engineering completed to date, conceptual capital costs are approximately $155.2 million in current year dollars or $179.9 million in year of expenditure dollars (YOE dollars). The YOE dollar estimate reflects the impact of inflation and real cost growth on construction costs and an assumption that the first year of operations for the project would be in 2017. Based on the operating schedule described in the Operation Plan Technical Memorandum, the conceptual annual O&M cost estimate is $4.3 million (2013 dollars). As the urban circulator project proceeds through the project development process, the capital and operating costs and potential funding strategies will need to be refined to reflect more detailed planning and engineering analysis and a detailed annual construction implementation schedule.

Following this introduction, the remainder of this memorandum includes:

- Section 2 provides an overview of the recently implemented streetcar funding strategies;
- Section 3 provides an overview of potential capital funding sources and a preliminary discussion of potential funding strategies;
- Section 4 provides an overview of potential operating revenue sources; and
- Section 5 provides a summary of key conclusions and next steps in the financial planning process.

## 2 RECENTLY IMPLEMENTED STREETCAR FUNDING STRATEGIES

As background for the identification of potential capital funding sources, Table 1 provides a summary of the strategies used by fifteen streetcar systems either recently implemented or lines planned for implementation in the near future. As shown in the table, the majority of the new streetcar lines utilized a combination of federal, state, regional and local funding sources. Reflecting thirteen of the fifteen projects shown in Table 1, the average number of sources used to implement streetcar lines is four (4) funding programs. The range of sources for the projects is two to seven funding programs. The two projects not included in the average calculation are the Portland Streetcar Program (15 funding sources) and the Seattle First Hill Line (one source).

- **Federal Funding**: Fourteen of the fifteen streetcar lines were successful in obtaining federal funding. Federal participation ranged from $7.0 million to $83.0 million and included funding programs from the Federal Transit Administration (FTA), Federal Highway Administration (FHWA), and United States Department of Transportation (USDOT) competitive grants.
  - **FTA Capital Investment Program (New Starts / Small Starts Program)**: This is FTA primary discretionary program for supporting locally planned, implemented, and operated transit "guideway" capital investments, including streetcar projects. Projects applying for New Starts / Small Starts funding must undergo evaluation by the FTA throughout the project implementation process. Projects are evaluated according to a variety of measures and criteria including: mobility improvements, economic development effects, environmental benefits, cost-effectiveness, transit supportive land use, congestion relief, and local financial capacity. As shown in the table, the Portland Eastside Loop Project
was able to obtain the largest Small Starts Construction Grant Agreement of $75.0 million, which was approximately 50 percent of total project costs.

- **FHWA Programs**: Eight streetcar projects took advantage of FHWA programs that are eligible to fund transit projects. As described in more detail in Section 3, three programs: Congestion Mitigation and Air Quality Improvement (CMAQ) program, Surface Transportation Program (STP), and Transportation Alternatives Program (TAP) could potentially provide funding to support specific elements of a streetcar line.

- **US DOT Competitive Grants**: In recent years, two USDOT competitive grant programs provided federal funding for nine streetcar projects. The Transportation Investment Generating Economic Recovery (TIGER) Program provided grants ranging between $11.0 million and $63.0 million, while the Urban Circulator Program provided $25.0 million grants for three streetcar lines. As described in more detail in Section 3, only the TIGER Program has continued through 2013.

- **State Funding**: Four projects shown in Table 1 received funding support from their respective state governments. Within North Carolina, the Charlotte Streetcar Project does not currently include State funding in its implementation approach. However, it is important to note that the Charlotte Area Transit System (CATS) did receive funding from the State to provide 50 percent of the non-federal match for the LYNX light rail system.

- **Regional and Local funding**: While the Portland Streetcar program used a large variety of local sources, most streetcar projects receive regional and local funding from a limited number of programs. The largest levels of regional and local funding were provided through dedicated sales taxes, general fund contributions, and bond proceeds. Three projects were able to take advantage of the value of property as a local match, either through the sale of existing agency owned property or through the donation of property. The two projects that were able to leverage the value of donated property (Salt Lake City and Fort Lauderdale) were able to use the right-of-way value as local match because federal funds were not used to purchase these properties. Other examples reflect local funding through regional partnerships including excess toll revenue for the Dallas Oak Cliff Project and funding support from the Port and Development Commission for the Portland Eastside Loop Project.

- **Private Participation**: Funding support from the private sector reflects a combination of businesses within an existing improvement or assessment district agreeing to add funding for a streetcar project as part of the district’s existing expenditure plan; partnerships with a local energy provider; and donations. Additional details for three of the most recent examples (Los Angeles, Kansas City, and Fort Lauderdale) are provided in Section 3.
Table 2-1: Funding Strategies – Recently Implemented / Planned Streetcar Lines ($, in millions)

|--------------------------------------|-------------|---------|------------------|------------------------|------------|---------------------|------------------------------|-------------------------|------|-----------------------------|-------------------|-------------------------------|-------|----------|------------------|----------------|-------------|-------------|--------------------------|-------------|-----------------------------|-------------------------|------------------|--------------|-----------------------------|----------------|---------------------------|--------|------------------|-----------------|----------------|
3 POTENTIAL CAPITAL FUNDING SOURCES

The following provides an overview of potential federal, State, and local capital funding sources that could be targeted to implement the proposed streetcar line. Additionally, conceptual funding strategies are discussed that reflect different ranges of participation from the federal, State and local sources described below.

3.1 Potential Federal Funding

As mentioned above, the primary federal funding sources to support implementation of the streetcar line will likely be the FTA’s Section 5309 Capital Investment Program, more commonly referred to as the New Starts Program and Small Starts Program, and flexible FHWA funding programs.

The New Starts Program is for projects with capital costs exceeding $250 million and provides federal funding for up to 50 percent of a project’s capital cost. The Small Starts Program is for fixed guideway projects with capital costs less than $250 million and provides grant funding up to $75 million. As the conceptual capital costs for the proposed streetcar project are below the $250 million threshold, the discussion below will focus on the Small Starts Program.

In addition to the Small Starts Program, there are also federal highway programs the City and the project partners could pursue to provide funding for specific elements of the streetcar project. Finally, it is important to note that the maximum level of federal funding that could be used to implement the streetcar project, i.e., the combination of FTA Small Starts funds with other federal transportation funding programs, can be up to 80 percent of a project’s total capital costs.

The federal funding sources described below reflect the Moving Ahead for Progress in the 21st Century (MAP 21) federal surface transportation legislation. MAP 21 defines the federal transportation programs and funding levels for federal fiscal year (FY) 2013 and FY 2014. As the streetcar project moves through the project development and implementation process, it will be necessary to track and evaluate future surface transportation legislation for any changes to the MAP 21 funding programs described below as well as to evaluate potential opportunities for any new funding programs.

- **FTA Section 5309 Fixed Guideway Capital Investment Grant Program**: As shown in Table 2-1, five of the fifteen recently implemented / currently planned streetcar projects received or are pursuing FTA Small Starts grants. The following summarizes the steps a project sponsor must follow to receive funding through the Small Starts Program.

  - **Small Starts Program (project costs <$250 million)**: MAP 21 changed the process agencies must follow to pursue a Small Starts Construction Grant. Under MAP 21 the two steps required prior to receipt of a Construction Grant reflect the following:

    - **Project Development**: The Project sponsor must submit a letter to the FTA requesting entry into the Project Development phase. Upon FTA’s approval of this request, the sponsor has two-years to complete sufficient engineering to prepare the environmental documentation (Environmental Impact Statement (EIS) or Environmental Assessment (EA)) and develop the project’s final capital cost estimate. Sponsors can seek an extension from FTA if the completion of the environmental document requires more than two years.

    - **Construction Grant Agreement**: The Project sponsor must finalize any remaining environmental documentation, document that the fixed guideway project has been adopted in the region’s Long Range Transportation Plan (LRTP) and Transportation Improvement Program (TIP), and negotiate the terms and conditions of the Construction Grant Agreement.

It is important to note the local financial commitment represents 50 percent of the FTA’s Small Starts evaluation. In addition to the local financial commitment measures and criteria, the City would need to
determine if the project would meet the measures and criteria for Project Justification (mobility improvements, economic development effects, environmental benefits, cost-effectiveness, transit supportive land use and congestion relief) prior to initiating the Small Starts application process. The Project Justification measures account for the remaining 50 percent of the Small Starts evaluation.

If the decision is to pursue Small Starts funding, the City and its partners will need to determine the streetcar line’s governance structure prior to submitting the letter requesting entry into Project Development. Specifically this requires that the project partners decide which agency or agencies will be responsible for implementing and operating the streetcar line. As part of the Small Starts process, FTA will evaluate the technical and financial capacity of the agency/agencies pursuing a Construction Grant Agreement to construct the project, but also to demonstrate there is a reasonable plan to fund O&M and capital costs for both the project and any existing transit services for a 20-year period.

Unfortunately, neither the MAP 21 legislation nor FTA's August 14, 2013 New Starts and Small Starts Evaluation and Rating Process Final Policy Guidance provided direction on the level of financial planning that will be required to proceed through the Small Starts steps described above. However, based on conversations with FTA staff for other Small Starts Projects, the anticipated financial planning requirements will likely reflect the following:

- **Request to Enter Project Development:** The agency will need to provide documentation that there is a reasonable approach to fund the project’s construction and operation. The reasonable approach should include a summary of the legislative and administrative steps that will be required to commit all non-Small Starts funds prior to the request for a Construction Grant Agreement. Additionally, to date, projects that have requested entry into Project Development have not been required to submit a full financial plan.

- **Project Development:** While not specified in MAP-21, during this step it is likely FTA will require agencies to submit a financial plan that addresses the evaluation measures and criteria summarized in Table 3-1. This will allow project sponsors the ability to address FTA evaluation comments and concerns prior to completing engineering and requesting a Small Starts Construction Grant. Two key evaluation criteria that will need to be addressed in the financial plan are: 1) status on addressing the legislative and administrative actions required to commit non-Small Starts funds to the Project; and 2) documenting a reasonable plan to address two financial risk scenarios – the Project’s capital cost increasing by 25 percent and system-wide O&M costs increasing by 12 percent.

- **Request for Small Starts Construction Grant:** A revised financial plan and documentation that all capital and operating funds are committed (“in the bank”) will be required. Additionally the agency will need to document the mechanisms available (line of credit, bond proceeds, reserves, etc) to address 15 percent capital cost increase and 12 percent operating cost increases risk scenarios.

Table 3-1 provides a summary of FTA’s financial plan evaluation measures and criteria. For each criteria, the third column indicates what is required to achieve a Medium rating. A project must achieve a Medium rating for the Local Financial Commitment measures and criteria in order to be eligible for a Small Starts Construction Grant.

Appendix A provides a detailed summary of the local financial commitment evaluation measures and criteria for proposed Small Starts projects.
Table 3-1: FTA Local Financial Commitment Evaluation Measures and Criteria

<table>
<thead>
<tr>
<th>Measure / Share of Summary Rating</th>
<th>Criteria: Rated 1 (Low) to 5 (High)</th>
<th>Medium Rating (3) Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Capital and Operating Condition (25 Percent)</strong></td>
<td>Average bus fleet age</td>
<td>Bus fleet age &lt; 8 years</td>
</tr>
<tr>
<td></td>
<td>Bond ratings less than 2 years old</td>
<td>A- (Fitch/S&amp;P) or A3 (Moody's)</td>
</tr>
<tr>
<td></td>
<td>Historical and actual positive cash flow</td>
<td>No historic cash flow shortfalls</td>
</tr>
<tr>
<td></td>
<td>Current ratio (current assets/current liabilities)</td>
<td>Current ratio exceeds 1.2</td>
</tr>
<tr>
<td></td>
<td>Recent service levels</td>
<td>No service cutbacks in recent years</td>
</tr>
<tr>
<td><strong>Commitment of Capital and Operating Funds (25 Percent)</strong></td>
<td>Commitment of non-Small Starts funds</td>
<td>At least 25% of non-Small Starts funds committed or budgeted</td>
</tr>
<tr>
<td></td>
<td>Commitment of operating funds</td>
<td>At least 25% of system-wide O&amp;M funds are committed or budgeted</td>
</tr>
<tr>
<td><strong>Reasonableness of Capital and Operating Cost Estimates and Planning Assumptions / Capital Funding Capacity (50 Percent)</strong></td>
<td>Cost estimate assumptions</td>
<td>Cost projections are in line with historic experience</td>
</tr>
<tr>
<td></td>
<td>Ability to address capital cost overruns</td>
<td>Agency has access to funds to cover potential funding shortfalls of 15% of the project's capital costs</td>
</tr>
<tr>
<td></td>
<td>Ability to address system-wide O&amp;M cost overruns</td>
<td>Agency has access to funds to cover potential funding shortfalls of 12% of annual system-wide O&amp;M costs</td>
</tr>
</tbody>
</table>

Finally, it is important to note that under MAP 21, if an agency's financial plan includes local overmatch (i.e. Small Starts funding represents less than 50 percent of total funds), the Local Financial Commitment summary rating is automatically increased one level. For example, if an agency received a Medium rating based on the measures and criteria in Table 3-1 and the Small Starts share was 49 percent of total funding, the Local Financial Commitment rating would increase to Medium-High.

**Other Federal Funding Sources**

Separate from the Small Starts process, there may be opportunities to leverage federal funding for specific construction elements. The sources described below provide a brief overview of the flexible FHWA funding programs included in MAP 21. Additionally, there is a discussion of the USDOT competitive grant programs. While the competitive grants mentioned below were not included in MAP 21, based on their popularity, there have been indications that some of these programs will continue in the future.

- **Flexible FHWA Funds:** There are three FHWA funding programs included in MAP 21 that are eligible to be “flexed” (transferred) to the FTA for use on transit projects. The primary FHWA flexed funds recently used to assist with the implementation of streetcar projects are the Congestion Mitigation and Air Quality Improvement (CMAQ) Program and Surface Transportation Program (STP). In addition to these two programs, MAP 21 introduced the Transportation Alternatives Program (TAP) which provides funding for non-motorized improvements. Once specific elements of the streetcar project are identified as potentially eligible for CMAQ, STP, and/or TAP funding, the City and the project partners would need to work with other members of the MPO to program these funds in the LRTP and TIP. As shown in Table 2-1, eight of the fifteen recent streetcar projects used flexible FHWA funds, with funding levels ranging from $4.0 million to $32.1 million.

- **Congestion Mitigation and Air Quality (CMAQ) Improvement Program:** These funds are available for transportation projects likely to contribute to the attainment or
maintenance of a national ambient air quality standard. In order to be eligible, projects must demonstrate a high level of effectiveness in reducing air pollution, and be included in the MPO's currently adopted LRTP and TIP. Under MAP 21, eligible capital elements of a streetcar project could reflect:

- Projects that improve traffic flow that could include: improved signalization, construction of HOV lanes; intersection improvements, implementing turning lanes; and ITS improvements including real-time traffic, transit, and multimodal traveler information.
- Purchase of integrated, interoperable emergency communications equipment.
- Projects that shift traffic demand to nonpeak hours or other transportation modes, increase vehicle occupancy rates, or otherwise reduce demand.
- Facilities serving electric or natural gas-fueled vehicles.

 ν **Surface Transportation Program (STP):** This program provides flexible funding for projects that preserve and improve the conditions and performance on any Federal-aid highway, bridge and tunnel projects on any public road, pedestrian and bicycle infrastructure, and transit capital projects, including intercity bus terminals. Under MAP 21, eligible capital expenditures could include:

  - Construction, reconstruction, rehabilitation, resurfacing, restoration, preservation, or operational improvements for highways.
  - Construction of new bridges and tunnels on a Federal-aid highway.
  - Capital costs for transit projects including vehicles and facilities used to provide intercity passenger bus service.
  - Fringe and corridor parking facilities and programs, including electric and natural gas vehicle charging infrastructure, bicycle transportation and pedestrian walkways, and ADA sidewalk modification.
  - Highway and transit safety infrastructure improvements.
  - Improvements at intersections with high accident rates or levels of congestion.
  - Infrastructure-based intelligent transportation system (ITS) capital improvements.
  - Environmental restoration and pollution abatement.
  - Control of noxious weeds and establishment of native species.
  - Congestion pricing projects and strategies, including electric toll collection and travel demand management strategies and programs.

 ν **Transportation Alternatives Program (TAP):** MAP 21 established a new competitive grant program to provide for funding a variety of alternative transportation projects, including many that were previously eligible activities under separately funded programs. TAP replaces the funding from pre-MAP-21 programs including Transportation Enhancements, Recreational Trails, Safe Routes to School, and several other discretionary programs, wrapping them into a single funding source. Eligible capital expenditures potentially related to a streetcar line’s project definition could include:

  - Construction, planning, and design of on-road and off-road trail facilities for pedestrians, bicyclists, and other non-motorized forms of transportation.
  - Construction, planning, and design of infrastructure-related projects and systems that will provide safe routes for non-drivers, including children, older adults, and individuals with disabilities to access daily needs.
  - Community improvement activities, including:
    - inventory, control, or removal of outdoor advertising;
    - historic preservation and rehabilitation of historic transportation facilities;
    - vegetation management practices in transportation rights-of-way to improve roadway safety, prevent against invasive species, and provide erosion control; and
    - archaeological activities relating to impacts from implementation of an eligible transportation project.
USDOT Competitive Grants: Over the last several years the USDOT has issued notices of availability for competitive grants applications including five rounds of the Transportation Investment Generating Economic Recovery (TIGER) grants, as well as Urban Circulator grants, Bus and Bus Livability Grants, and State of Good Repair Grants. While MAP 21 only includes one competitive grant program (Projects of National and Regional Significance) for FFY 2013, there are indications that competitive grants will continue in the future. This assumption is based in large part on the number of applications received for these grant programs compared with the funding that was available. For example, for the recent 2013 TIGER applications, USDOT received 568 applications, totaling over $9.0 billion, for $475 million in available funds. Additionally, during the recent “fiscal cliff” discussions in Washington, the President’s proposal included $50 billion in new infrastructure funding. Similar to the previous infrastructure stimulus funding program, if a proposal similar to this moves forward, it is likely these funds would be allocated through a competitive grant program(s).

As stated in Section 2, implementation of eight streetcar projects were accelerated through successful competitive grant applications, with funding levels ranging from $2.0 million to $63.0 million. The average competitive grant award was approximately $27.0 million. Similar to the Small Starts program, one of the key success factors for competitive grants, and consistent with the ability to document the proposed project is “shovel ready”, was demonstrating the commitment of matching funds as part of the application process.

3.2 Potential State Funding

The primary potential State funding source to support implementation of the streetcar line would be the North Carolina Department of Transportation (NCDOT) State Full Funding Grant Agreement (SFFGA). Chapter 136, Article 2B (§ 136-44.20) of the North Carolina General Statutes authorizes the NCDOT to enter into a SFFGA to provide State matching funds for “new start” fixed guideway projects pursuant to 49 U.S.C. § 5309. The statute stipulates that grant agreements shall be executable only upon the completion of, and the FTA’s approval of Preliminary Engineering and Environmental Impact Studies in anticipation of federal funding pursuant to 49 U.S.C. § 5309. It is important to note that the legislation includes reference to Preliminary Engineering, which was a project development step in the federal transportation legislation prior to MAP 21. With the recent passage of MAP 21, it is likely the Project Development step described in Section 3.1 would replace Preliminary Engineering.

Based on the precedent of the first two phases on the LYNX Light Rail Line in Charlotte, it is likely the State’s maximum contribution would be 50 percent of the non-Small Starts share. For the LYNX – South Corridor Project the SFFGA totaled $97.0 million and the LYNX – Northeast Corridor Project is scheduled to receive an SFFGA totaling $295 million.

It is also important to note that the State recently changed the process for allocating State and federal transportation funding. The new formula breaks down projects into three categories: statewide, regional and local. Additionally, NCDOT has until August to develop criteria to: evaluating projects; and compare road projects with other modes.

Statewide Level
- Projects that address traffic congestion and bottlenecks of statewide significance will receive 40 percent of the available revenue, totaling $6.4 billion over 10 years.
- The project selection process will be 100 percent data-driven, meaning the department will base its decisions on information such as crash statistics and traffic volumes. Factors such as economic competitiveness and freight movement will be taken into consideration to help support and enhance logistics and economic development opportunities throughout the state.

Regional Level
- Projects that will increase access and mobility for entire regions of the state will receive 30 percent of the available revenue, approximately $4.5 billion over a decade based on regional population.
Projects on this level compete within specific regions made up of two NCDOT Transportation Divisions.

- NCDOT will select applicable projects for funding using two weighted factors. Data will comprise 70 percent of the decision-making process and local rankings by area planning organizations and the NCDOT Transportation Divisions will provide the remaining 30 percent.

**Local Level**

- Projects that will reduce localized congestion, improve safety concerns and increase connectivity will receive 30 percent of the available revenue, approximately $4.5 billion over the next ten years, shared equally over NCDOT’s 14 transportation divisions.

- The department will choose projects based 50 percent on data and 50 percent on local rankings.

### 3.3 Potential Local Funding

The following provides an overview of potential local funding sources that could support implementation of the streetcar line. Based on prior discussions with City staff, the primary source would likely be bond proceeds. Other potential local sources could include the value of property donated for the project, implementation of an assessment district, or a future voter approved dedicated revenue source.

- **Bond Proceeds/General Fund Revenue:** Based on prior discussions with City staff, the primary source for the local share of the streetcar project would likely be bond proceeds. It is likely the streetcar project would be part of a larger package of infrastructure projects that would be put before the voters.

- **Potential TIFIA Loan:** If the City has capacity within the revenue that supports general fund expenses or if a new dedicated revenue source is implemented, an alternative financing mechanism to consider is the federal transportation financing program, the Transportation Infrastructure Finance and Innovation Act (TIFIA) Program. TIFIA provides Federal credit assistance (financing) for eligible projects of regional and national significance. The TIFIA program is designed to fill market gaps and leverage substantial private and other non-federal co-investment by providing supplemental and subordinate capital to projects. Entities that are eligible to apply for TIFIA assistance include state and local governments, transit agencies, railroad companies, special authorities, special districts, and private entities.

  TIFIA assistance is available for a variety of surface transportation projects including highway, transit, intercity passenger rail, some types of freight rail, and intermodal freight transfer facilities. However, to be eligible, documentation must be provided to indicate that the project has completed the National Environmental Policy Act (NEPA), and that the project is included in the region's Long Range Transportation Plan / Transportation Improvement Program (TIP) and the State Transportation Improvement Plan (STIP).

  The TIFIA program offers three distinct types of financing assistance designed to address the varying requirements of projects throughout their life cycles:

  - **Secured (direct) loan:** Offers flexible repayment terms and provides combined construction and permanent financing of capital costs. The maximum term is 35 years from substantial completion. Repayments can start up to five years after substantial completion to allow time for facility construction and ramp-up.

  - **Loan guarantee:** Provides full-faith-and-credit guarantees by the Federal Government and guarantees a borrower's repayments to non-Federal lender. Loan repayments to lender must commence no later than five years after substantial completion of project (i.e. the start of revenue service).

  - **Standby line of credit:** Represents a secondary source of funding in the form of a contingent Federal loan to supplement project revenues, if needed, during the first 10 years of project operations, available up to 10 years after substantial completion of project.
The TIFIA program offers the following advantages compared to traditional public financing mechanisms:
- Long-term loans at the comparable U.S. Treasury yield (State and Local Government Series (“SLGS”) rate plus one basis point) – 3.83% for a 35 year loan as of August 16, 2013;
- Ability to lock in the interest rate several years in advance of a drawdown, without any additional cost;
- Right to prepay loan draw downs in whole or in part at any time, without penalty;
- Potential willingness of USDOT to accept more flexible terms, such as backloading;
- Debt service to reflect anticipated growth in the pledged revenue stream, and thinner debt service coverage margins than otherwise required to obtain an investment-grade rating in the capital markets;
- Diversified source of debt capital (U.S. Treasury as lender), reducing market saturation; and
- Lower transaction costs.

However, there are challenges associated with TIFIA assistance which include:
- Demand may exceeds funding supply, therefore applications are on a competitive basis;
- Availability of funds are subject to Congressional appropriation and may therefore impact project schedule;
- Project sponsor must pay fees in the amount of $100,000 before USDOT hires financial and/or legal advisors as part of the Letter of Interest review process;
- An investment grade rating is required for facilities senior to the TIFIA loan; and
- The TIFIA office requires the loan to carry a ‘springing’ lien in the event of bankruptcy such that TIFIA debt ranks equally with senior debt and would be prioritized for repayment.

Additional information regarding the TIFIA Program is provided in Appendix B.

- **Donation of Property and/or Right-of-Way:** The value of property purchased for the fixed guideway project could potentially be used as local match for federal grants. The value of the property would be eligible for match as long as no federal funds were used to acquire the property, as was the case for the Salt Lake City and Fort Lauderdale streetcar lines. The assessed value of potential donations could include property for the maintenance/storage facility, station areas, or the acquisition of rail corridor.

- **Assessment District Revenue:** Revenue from an Assessment District is generated from a fee on properties in a specified area that is used to pay a portion of the capital improvements made within and specifically benefiting that area. In an assessment district, a connection between benefit received and cost charged is essential, in that assessments charged in these districts must be proportional to and no greater than the benefit to the assessed property. Three examples of recently established assessment districts to support implementation of a planned streetcar lines are in Los Angeles, Kansas City, and Fort Lauderdale. Following these examples is a conceptual estimate on the level of funding that could be generated through the creation of a tax increment finance district for the proposed Winston-Salem Streetcar.

- **Los Angeles Streetcar:** On December 2, 2012, private property owners along the proposed Los Angeles Streetcar alignment voted in favor of creating a form of a benefit assessment district called a Communities Facility District (CFD). According to Los Angeles Streetcar, Inc. (LASI), the streetcar CFD will place a special tax on land owned by all Downtown private property owners, located within the district, including condominium owners, with tax amounts tiered based on a property’s proximity to the proposed route. At an estimated 5 percent bond rate, a 10,000 square foot parcel will be taxed $4,490 if located directly on the proposed streetcar line; $3,640 if located one to two blocks away from the streetcar; and $1,730 if located approximately three blocks away. Condominium units will be charged their unit’s proportional share of the underlying land, similar to the structure of most home owner association fees. The majority of condominium units within the streetcar CFD will be charged $100 or less per year, with a median cost of $60
Financial Strategy Technical Memorandum

annually. The CFD is projected to cover half of the streetcar’s capital costs (approximately $62.5 million). LASI intends to pursue FTA Small Starts funding for the remaining $62.5 million.

- **Kansas City Streetcar**: On December 12, 2012, property owner in downtown Kansas City approved the creation of a Transportation Development District (TDD) to support implementation of the proposed streetcar line. The TDD will provide funding through the following special assessments:
  - A 1 percent sales tax on sales within the TDD boundary;
  - A special assessment on real estate within the TDD boundary, with the following maximum annual rates:
    - 48₵ for each $100 of assessed value for commercial property ($1,536 for each $1,000,000 of market value)
    - 70₵ for each $100 of assessed value for residential property ($133 for each $100,000 of market value)
    - $1.04 for each $100 of assessed value for property owned by the City (approximately $810,000 annually)
  - A supplemental special assessment on surface pay parking lots within the TDD boundary (this does not include private lots or lots dedicated to residences and businesses). The rate is 15₵ per pay parking space.
  - A 40₵ cost for each $100 of assessed value for property with non-profit uses. However, because the first $300,000 of market value is excluded, most non-profits will have no streetcar costs. There is also no streetcar assessment on market value greater than $50,000,000 for non-profit uses.

- **Fort Lauderdale (The Wave) Streetcar**: On June 5, 2013 Broward County Commissioners unanimously approved the proposed boundaries of an assessment zone and the charges that will be assessed annually for the next 25 years to support implementation of The Wave Streetcar Project. Properties within the assessment zone will pay the following:
  - Residential: Property owners will pay a flat $99 per year;
  - Commercial: Owners will be billed at 9-cents per square foot; and
  - Vacant: Property owners will pay 3-cents per square foot.

The assessment zones are projected to generate $20.6 million in support of the streetcar project.

- **Potential Winston-Salem Tax Increment Finance District**: In November 2004, North Carolina’s voters approved a constitutional amendment intended to facilitate the use of tax increment financing (TIF) in North Carolina, with two TIF districts since approved and implemented in the Town of Woodfin (Buncombe County) and in Roanoke Rapids.
  Under a TIF, any property tax revenue generated above an established baseline can be used to fund certain public improvements. The baseline valuation of a TIF district is the assessed value of all taxable property located in the district. The debt incurred by funding the public improvements is both secured by and repaid from the additional property tax revenue resulting from the area’s new private development.
  Currently in North Carolina, TIF proceeds may be used only for the **capital costs** of specified purposes, including those of public transportation facilities such as streetcars.

**Analysis Scenarios**

For the purposes of this technical memorandum, the analysis considers the use of a TIF district to fund a portion of the proposed Streetcar and assesses the potential financing capacity of a TIF district for the Project based on a range of development scenarios, interest rates and other financing assumptions, and taxable value growth rates in Forsyth County. Each of these variables in the analysis is discussed further below and the three scenarios summarized in Table 3-3.

The Development Potential Memorandum summarizes the potential development forecast based on residential and employment growth forecasted to occur within the overall central city area. Within this area, an “Influence Zone” (IZ) was defined as a 600 to 700 foot buffer around the
proposed streetcar corridor. The boundaries of the IZ are assumed to coincide with those of a potential TIF district.

Tax increment revenues were first calculated based on the projected growth in the base taxable value of existing development at an assumed effective date of the TIF district (January 1, 2014) and on increases in the taxable value of the TIF district attributable to new development. These annual revenue projections were then used to determine the supportable level of debt that could be raised through the issuance of TIF bonds. The TIF bonds are assumed to be issued as limited tax obligations, payable solely from and secured by revenues generated by the TIF district, rather than as general obligations backed by the full faith and credit of Forsyth County or the City of Winston-Salem.

1) **Development scenarios.** As a baseline, the Development Forecast projects sustained baseline growth without significant transit improvement upgrades at 50 residential units per year and 80,000 square feet (sf) of commercial office space in the overall central city area west of the Piedmont Triangle Research Park (PTRP). In addition to the above levels of development, continued build-out of PTRP can be expected with plans that reflect an additional 5.5 million sf of building space over the next 25 to 30 years, or on average 183,333 sf per year.

In addition to the baseline scenario, two alternative development scenarios were developed for the analysis. For the taxable value of this new development in the overall central city area to be captured by the TIF district, 100 percent of the projected residential and commercial real estate growth would need to occur within the IZ. While nearly all new growth is likely to gravitate toward the streetcar corridor, a more conservative scenario assumes that only 70 percent of new development locates within the IZ.

In other U.S. cities, the implementation of a streetcar has increased the absorption rate of development, particularly with respect to residential development. Because as much as a doubling or tripling of sustained annual residential absorption rates might be possible in the downtown areas due to the streetcar, an alternate scenario assumes an absorption rate of 150 units per year beginning in 2017.

**Table 3-2: Development Forecast Results**

<table>
<thead>
<tr>
<th>Development Forecast</th>
<th>1,100</th>
<th>sf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Residential Unit Size</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Absorption Per Year w/o Streetcar</td>
<td>50</td>
<td>units</td>
</tr>
<tr>
<td>Average Absorption Per Year w/ Streetcar</td>
<td>150</td>
<td>units</td>
</tr>
<tr>
<td>New Office Per Year</td>
<td>80,000</td>
<td>sf</td>
</tr>
<tr>
<td>New PTRP Office Per Year</td>
<td>183,333</td>
<td>sf</td>
</tr>
</tbody>
</table>

2) **Interest rates.** The interest rate environment for municipal debt is unpredictable and in recent months has been particularly volatile, as rates have risen with the expectation that the Federal Reserve will begin to taper its stimulus by mid-2014 and raise its benchmark rates beginning in mid-2015 subject to continued improvement in the labor markets. This analysis assumes issuance of TIF bonds in 2017, with a 25-year term and maturity in 2042. The bonds are issued at interest rates ranging from 4.5 percent to 5.75 percent, reflecting a 75 to 200 basis point “buffer” over existing rates. This range also reflects the potential risk premium associated with the status of these bonds as limited tax obligations.

3) **Other financing assumptions.** Required debt service coverage ratios (DSCR) are a major driver in determining the amount of financing capacity that can be leveraged from
projected annual TIF revenues. A DSCR range of 1.40x to 1.75x has been analyzed based on prevailing requirements on other recent TIF issuances.

4) **Taxable value growth rates.** The total assessed value of taxable property within the TIF district is assumed to grow over time based on increases in market values. Annual market value growth is assumed to range from 0.5 percent to 2.5 percent per year. It should be noted that Forsyth County performs a reassessment of all property every four years, with the most recent reassessment occurring in 2013. Therefore, in projecting TIF revenues, the growth in taxable (ie assessed) value occurs is calculated every four years, with the applied growth factor based on the compounded annual increases in property values of 0.5 percent to 2.5 percent. For example, an annual 2.5 percent increase in property values results in an applied increase of 10.1 percent every four years.

The analysis also assumes no changes to County or Town tax rates during the term of the TIF bonds. It should be noted that, historically, the County has used a "revenue neutral" approach in calculating its tax rates: if the taxable value of County property goes up or down within the four-year interval between reassessments, tax rates are adjusted accordingly to yield the same amount of revenue for the County. This means that increases in property values would not necessarily translate into additional tax increment for the Project due to fluctuations in the underlying County tax rate.

<table>
<thead>
<tr>
<th>Scenario</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Potential</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>5.75%</td>
<td>5.00%</td>
<td>4.50%</td>
</tr>
<tr>
<td>Debt Service Coverage Ratio Minimum</td>
<td>1.75 x</td>
<td>1.50 x</td>
<td>1.40 x</td>
</tr>
<tr>
<td>Term (yrs)</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Annual New Commercial Development, % of Forecast</td>
<td>70%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Annual Residential Unit Absorption</td>
<td>35</td>
<td>50</td>
<td>150</td>
</tr>
<tr>
<td>Annual Growth in Property Values</td>
<td>0.5%</td>
<td>1.5%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

**Taxable Value**

The calculation of annual TIF revenues requires an estimate of the additional taxable value created by new residential and commercial development within the TIF district. The taxable value is in turn based on sale values. The analysis estimated the sales values on a per square foot (psf) basis for new construction.

Two approaches were used to estimate values for residential properties, the cost approach and comparable approach.

The cost approach derives the value of a property by adding the estimated value of the land to the current cost of new construction. The average construction cost varies considerably on a psf basis depending on the building type and the local cost of labor and materials. It was assumed that any new construction in the overall central city area would consist of multifamily housing. Information from multiple sources, including County assessor data and RSMeans, was utilized to derive the average psf sale price for new multifamily construction in the Winston-Salem area:
Table 3-4: Cost Approach for New Residential Construction

<table>
<thead>
<tr>
<th>Construction Cost – Multifamily</th>
<th>$133.28</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soft Costs (+25%)</td>
<td>$33.32</td>
</tr>
<tr>
<td>Builder Profit (+10%)</td>
<td>$16.66</td>
</tr>
<tr>
<td>Land Cost</td>
<td>$9.62</td>
</tr>
<tr>
<td><strong>Average PSF Sale Value - New Construction</strong></td>
<td><strong>$192.88</strong></td>
</tr>
</tbody>
</table>

The comparison approach utilizes prices paid in actual market transactions of similar properties to estimate the value of the site. This appraisal technique is dependent upon utilizing sales that have occurred near enough in time to reflect market conditions relative to the time period of the appraisal, typically within the last six to twelve months. There were nine publicly-listed sales of existing condos and multifamily units within zip code 27101 since October 2012. These were analyzed to derive a weighted average PSF value for the central city area of $139.08, approximately 28 percent lower than the PSF value attained by the cost approach. Due the relatively small sample size, this average value may or may not provide an accurate reflection of current values. In addition, it is to be expected that new construction will sell at a premium relative to existing properties; that said, the comparison approach indicates whether the current real estate market will support the premium pricing associated with new construction. Only two of the nine sales were sold at or above the PSF value derived by the cost approach of $192.88, suggesting that such a price point may not be viable in this particular submarket. For this reason, a more modest PSF value of $161.80 at the midpoint of the comparable and cost approaches was chosen for the analysis.

For the valuation of commercial properties, this capitalization method is generally considered more appropriate than cost or comparison approaches. This method uses the amount of net operating income (NOI) generated annually by a property (gross rent paid by the tenant(s) net of owner operating expenses) to derive a market value.

\[
\text{NOI (gross rent less operating expenses)} = \frac{\text{Capitalized market value}}{k} \quad (\text{capitalization rate})
\]

The NOI is divided by the capitalization rate (k), or cap rate, which is itself a reflection of the average ratio between the NOI and recorded sale price for comparable properties in the same asset class. As such, cap rates can fluctuate widely over time for the same property based on the anticipated return on investment and/or future changes in value of the asset class considered. A cap rate of 8.0% was used following the practices of the County Assessor.

Table 3-5: Capitalization Approach for New Commercial Construction

<table>
<thead>
<tr>
<th>Gross Commercial Rent - Class A office</th>
<th>$16.80</th>
<th>psf</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Vacancy Rate</td>
<td>9.0%</td>
<td></td>
</tr>
<tr>
<td>Expense Ratio</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td>Net Commercial Rent</td>
<td>$9.41</td>
<td>psf</td>
</tr>
<tr>
<td>Cap Rate</td>
<td>8.0%</td>
<td></td>
</tr>
<tr>
<td>Sale Value</td>
<td>$117.60</td>
<td>psf</td>
</tr>
</tbody>
</table>

PSF values of new construction in the PTRP were more difficult to estimate due to the lack of available market data on existing rents. It was assumed that office space in the PTRP would likely consist of more specialized, build-to-suit facilities offered at a 50 percent premium relative to conventional office space in the downtown area, or $176 PSF. Some market data was provided by the County Assessor for four recent sale transactions for the PTRP area. This data supports the assumption used in this analysis and suggests that actual values could be higher.
Table 3-6: Recent Sale Transactions for the PTRP Area

<table>
<thead>
<tr>
<th>Building Name</th>
<th>PIN #</th>
<th>Building Use</th>
<th>Bldg SF</th>
<th>Total Value</th>
<th>$/PSF</th>
</tr>
</thead>
<tbody>
<tr>
<td>WFU Bio-Tech</td>
<td>6835-38-4036</td>
<td>Office/Lab</td>
<td>248,401</td>
<td>$61,456,200</td>
<td>$247.41</td>
</tr>
<tr>
<td>One Technology Place</td>
<td>6835-35-0664</td>
<td>Office/Lab</td>
<td>87,173</td>
<td>$15,458,800</td>
<td>$177.33</td>
</tr>
<tr>
<td>Richard Dean Bldg</td>
<td>6835-35-6680</td>
<td>Lab</td>
<td>186,246</td>
<td>$60,071,000</td>
<td>$322.54</td>
</tr>
<tr>
<td>WFU Health Science Bldg</td>
<td>6835-35-3692</td>
<td>Eng./Research</td>
<td>118,187</td>
<td>$8,740,500</td>
<td>$73.95</td>
</tr>
</tbody>
</table>

Implementation

It is assumed that the TIF district would be implemented on January 1, 2014, and the taxable value of the district would be established at this time. The bond issuance would occur on January 1, 2017, the final year of construction when the bulk of project costs are anticipated to be incurred.

The delayed issuance of the bonds not only coincides with the capital requirements of the Project, but also allows the annual TIF revenues generated by the district to increase from the baseline established in 2014, thereby enabling the project sponsors to better leverage projected future revenue streams. Because the maximum term of a TIF district in North Carolina is 30 years, the delayed issuance also means that the term of the bond issuance is limited to 25 years (with maturity on January 1, 2042).

Conclusion

A TIF district could likely provide funding support in a range between 15 percent to 37 percent ($27 million to $66 million) of the Project’s conceptual capital costs of $179.8 million (YOE), depending on the development and growth assumptions applied.

The total funding estimates for the three scenarios shown in Table 3-7 through Table 3-9 consists of both TIF cash and TIF bond proceeds. TIF cash represents annual revenue prior to debt service payment (2014 to 2017) and the revenue available after paying the annual debt service payment in 2017.

Table 3-7: TIF Funding Estimate for “Low” Scenario

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TIF Bond Proceeds</td>
<td>23,326,375</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23,326,375</td>
</tr>
<tr>
<td>TIF Cash</td>
<td>4,052,524</td>
<td>405,252</td>
<td>810,505</td>
<td>1,215,757</td>
<td>1,621,010</td>
</tr>
<tr>
<td>Total TIF Proceeds for Project</td>
<td>27,378,899</td>
<td>405,252</td>
<td>810,505</td>
<td>1,215,757</td>
<td>24,947,385</td>
</tr>
<tr>
<td>% Capital Costs</td>
<td><strong>15.2%</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3-8: TIF Funding Estimate for “Medium” Scenario

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TIF Bond Proceeds</td>
<td>44,523,721</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>44,523,721</td>
</tr>
<tr>
<td>TIF Cash</td>
<td>5,789,320</td>
<td>578,932</td>
<td>1,157,864</td>
<td>1,736,796</td>
<td>2,315,728</td>
</tr>
<tr>
<td>Total TIF Proceeds for Project</td>
<td>50,313,042</td>
<td>578,932</td>
<td>1,157,864</td>
<td>1,736,796</td>
<td>46,839,450</td>
</tr>
<tr>
<td>% Capital Costs</td>
<td><strong>28.0%</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 3-9: TIF Funding Estimate for “High” Scenario

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TIF Bond Proceeds</td>
<td>60,365,754</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>60,365,754</td>
</tr>
<tr>
<td>TIF Cash</td>
<td>5,789,320</td>
<td>578,932</td>
<td>1,157,864</td>
<td>1,736,796</td>
<td>2,315,728</td>
</tr>
<tr>
<td>Total TIF Proceeds for Project</td>
<td>66,357,718</td>
<td>578,932</td>
<td>1,157,864</td>
<td>1,736,796</td>
<td>62,884,126</td>
</tr>
<tr>
<td>% Capital Costs</td>
<td>36.9%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

It should be noted that although the “high” scenario assumes more robust annual construction and absorption of residential units within the TIF district, this acceleration in growth is not assumed to occur until 2017, resulting in only a marginal increase of TIF revenues during the construction period. Additionally, many factors may prevent these projections from being achieved, including changes in the tax rates of the various taxing entities, the rate of property value inflation or deflation, and unpredictable legislative changes affecting assessment ratios, assessed valuation exemptions, and tax ratios.

- **Future Voter Approved Local Funding Source**: As shown in Table 2-1, a significant source of funding for four of the streetcar projects was a dedicated local sales tax. As the proposed streetcar line continues through the project development process, the City and its project partners could evaluate potential dedicated transportation funding sources and request approval from the City's voters to support implementation of the streetcar line and other transportation infrastructure projects through the dedicated funding source.

### 3.4 Conceptual Funding Strategies

Tables 2-10, 2-11, and 2-12 provide conceptual strategies to initiate the discussion on potential realistic approaches to fund implementation of the streetcar project. For the purposes of this discussion, the capital cost estimate is assumed to be $179.9 million (YOE dollars). The three scenarios reflect the following:

- Scenario 1: Minimal Federal Funding Participation
- Scenario 2: Moderate Federal Funding Participation
- Scenario 3: Maximum Federal Funding Participation

For each scenario, the estimated Local share could include revenue from a potential TIF district. Based on the previously described analysis and assumptions, the TIF district could provide on the order of $27 million under the most conservative scenario.

#### 3.4.1 Scenario 1: Minimal Federal Participation

Table 3-10 represents a scenario in which the streetcar project does not pursue FTA Small Starts funding because the Project does not rate high enough on the Project Justification measures and criteria (mobility improvements, economic development effects, environmental benefits, cost-effectiveness, transit supportive land use, and congestion relief). Key assumptions for this scenario include:

- The City would work with its partners on the MPO to program $20 million in Flexible FHWA funds for the project;
- The State will provide the 20 percent non-federal match for the FHWA funds ($4 million);
- The City will be successful in obtaining a $25 million competitive USDOT grant in the future (assuming the programs are restarted); and
- Local funds from a combination of the sources described above would provide $130 million.
Table 3-10: Conceptual Funding Strategy – Scenario 1: Minimal Federal Participation  
(YOES, in millions)

<table>
<thead>
<tr>
<th>Proposed Streetcar Line</th>
<th>Total Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Costs</td>
<td>$179</td>
</tr>
</tbody>
</table>

Conceptual Funding Approach

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FHWA Funds</td>
<td>$20</td>
</tr>
<tr>
<td>Future Competitive Grant</td>
<td>$25</td>
</tr>
<tr>
<td>State Match - FHWA Funds</td>
<td>$4</td>
</tr>
<tr>
<td>Local Sources</td>
<td>$130</td>
</tr>
</tbody>
</table>

3.4.2 Scenario 2: Moderate Federal Participation
Table 3-11 represents a scenario in which the streetcar successfully pursues Small Starts funding. Small Starts provides $75 million in funding and the non-Small Starts share is split 25 percent from NCDOT’s SFFGA Program, and 25 percent from local funding sources. Under this scenario, the State and Local sources would each be responsible for providing $52 million (YOE$).

Table 3-11: Conceptual Funding Strategy – Scenario 2: Moderate Federal Participation  
(YOES, in millions)

<table>
<thead>
<tr>
<th>Proposed Streetcar Line</th>
<th>Total Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Costs</td>
<td>$179</td>
</tr>
</tbody>
</table>

Conceptual Funding Approach

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FTA Small Starts</td>
<td>$75</td>
</tr>
<tr>
<td>NCDOT SFFGA</td>
<td>$52</td>
</tr>
<tr>
<td>Local Sources</td>
<td>$52</td>
</tr>
</tbody>
</table>

Note: Revenue levels may not match total costs due to rounding

3.4.3 Scenario 3: Maximum Federal Participation
Table 3-12 represents a scenario in which the streetcar project is funded 80 percent through multiple federal funding programs including the FTA Small Starts Program (42 percent) and some combination of FHWA funding programs and USDOT Competitive Grants (38 percent). The remaining 20 percent would be split evenly between NCDOT’s SFFGA Program and Local sources. Under this scenario, the State and Local sources would each be responsible for providing $18 million (2013$).

Table 3-12: Conceptual Funding Strategy – Scenario 3: Maximum Federal Participation  
(YOES, in millions)

<table>
<thead>
<tr>
<th>Proposed Streetcar Line</th>
<th>Total Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Costs</td>
<td>$179</td>
</tr>
</tbody>
</table>

Conceptual Funding Approach

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FTA New Starts</td>
<td>$75</td>
</tr>
<tr>
<td>Other Federal Funding</td>
<td>$68</td>
</tr>
<tr>
<td>NCDOT SFFGA</td>
<td>$18</td>
</tr>
<tr>
<td>Local Sources</td>
<td>$18</td>
</tr>
</tbody>
</table>

Note: Revenue levels may not match total costs due to rounding
4 POTENTIAL O&M FUNDING SOURCES

Implementation of streetcar line will result in an increase in the transit operating costs for the Winston-Salem area. As discussed previously, the conceptual annual O&M costs for the streetcar line is $4.3 million (2013 dollars). Similar to capital costs, long term operating funding will likely reflect a combination of multiple sources. At this stage of project development, operating funding sources are typically less defined compared to capital revenue sources. As such, a preliminary operating funding strategy is not provided at this time. However, it is critical to initiate the discussions among the public and private partners that would benefit from the proposed service to identify which potential sources have the most political support to carry forward for further evaluation.

Additionally, if operating funding will be sought from multiple agencies, institutions, and/or the private sector, the City will need to define an approach to ensure the commitment of funds is received between the Project Development and Construction Grant Agreement steps of the Small Starts process. A potential issue is the “last one in” scenario. On fixed guideway projects with several funding partners, there have been situations where multiple agencies/institutions/businesses would not fully commit their proposed level of annual funding until all other partners had executed their commitments and the FTA had indicated the project would receive the Small Starts Construction Grant. Unfortunately, the FTA will not indicate the receipt of a Small Starts Construction Grant until all operating funds are committed. Prior to applying to enter Project Development, the City and its partners should identify the most realistic sources and annual funding contributions. While these sources will not need to committed as part of the application to enter Project Development, the City should define the process that will be used to finalize the sources and annual contributions (including all required approvals by governing bodies) to ensure the operating funds are committed during the Construction Grant Agreement step.

To initiate this process, the following is a long list of potential operating revenue sources which can be narrowed down as the project implementation process moves forward in order to target the most reasonable sources.

- **Fare Revenue**: Passenger fares will be one of the key sources of operating revenue for the streetcar line. The preliminary ridership projections estimate daily ridership in FY 2017 will be approximately 2,000 passenger trips. Based on the Operations Plan, service will be provided 304 days per year, which would result in an annual ridership estimate of 608,000 passenger trips. Based on the 2011 National Transit Database, the Winston-Salem Transit Authority’s (WSTA) average fare is $0.59. Combining the average fare and the estimated annual ridership estimate results in an annual fare revenue estimate of approximately $0.36 million (2013 $).

- **Reallocation of Existing Fixed Route Bus Service Costs within the Corridor**: A key planning component of the project implementation process is the development of an integrated service plan that reflects the incorporation of the proposed streetcar line into the existing bus route network. As discussed in the Operations Plan Technical Memorandum, the proposed integrated service plan would eliminate the existing Route 40 West End Trolley. The elimination of this route would result in a savings of $195,000 annually, which could pay be reallocated to pay for a portion of the streetcar’s O&M costs.

- **Congestion Mitigation and Air Quality Improvement (CMAQ) Program**: In addition to supporting implementation of capital projects, based on recent MAP 21 guidance, CMAQ funding is also eligible to support the first five years of operation of a new transit service. The City would have to work with the regional partners on the MPO to identify realistic annual levels of CMAQ funding that could assist with the first five years of streetcar service.

- **City General Funds**: Once the streetcar operating plan and annual O&M costs are finalized, the City could provide an annual operating subsidy for the project. This could be a specified annual amount or annual percent share of O&M costs.

- **Contributions from Private Partners**: For major employers and/or other activity centers served directly by the streetcar line, a revenue structure could be established where the employer/activity center purchases a set number of tickets per year or pays an agreed upon share of operating costs relative to the benefits the streetcar line provides.
- **Naming Rights/Sponsorships**: This potential source reflects a form of revenue participation provided through the provision of equity investments for a project. In return, sponsors receive a combination of advertising, promotion of image, and/or a commitment that their products will be used by the entity they are sponsoring. Sponsorships have become an increasingly important mechanism for funding large public projects, such as stadiums, aquariums, and rail transit projects that attract large attendance and/or provide high visibility. Sponsors could potentially be attracted from the many organizations and companies located along the streetcar line or at specific station areas. Such sponsorships could demonstrate the commitment and sense of identity the organization has with the City. Revenue collection from sponsorships would be governed by policies established by the City regarding the charges it would require for different levels of sponsorship.

  An example of a streetcar line with naming rights is the TECO Trolley Line in Tampa, FL, with the naming rights provided by TECO Energy for $1.0 million. Tampa also sought revenue from vehicle naming rights ($225,000 per car) and station naming rights (between $75,000 and $150,000 per station). Station names include: Tampa Bay Federal Credit Union; The Tampa Tribune Station, and the HSBC Station. While vehicle sponsorship includes the Vigo Importing Company Breezer Car (open air streetcar).

- **Advertising Revenue**: This could include revenues derived from advertisements placed inside and/or outside the vehicles; at stations; and/or in schedules, maps, flyers, and other promotional materials. Additionally, a potential emerging source of advertising revenue is from smart phone apps that provide passengers with real time travel information. The Charlotte Area Transit System (CATS) will be issuing a request for proposal (RFP) to implement an approach to monetize smart phone apps technology in the near future.

- **Assessment Districts / Tax Increment Financing Districts**: These Districts provide a funding mechanism whereby benefits accruing to privately owned land from a public capital improvement, such as station areas, are recouped in order to assist in paying for the on-going maintenance of the improvement. As such, these districts provide a form of value capture finance whereby a portion of the privately accruing monetary value is captured to support long term operating costs. As mentioned earlier, currently North Carolina law only allows the use of TIF revenue for capital purposes. If legislation is changed to allow TIF revenue to be used for on-going O&M costs, the results of the conceptual analysis for this technical memorandum indicates that annual TIF revenue would be greater than debt service payment requirements. As such, this revenue could be used to support operations.

- **Future Voter Approved Local Funding Source**: In addition to potentially supporting construction of the streetcar line, a future voter-approved dedicated transportation funding source could also provide a long term operating funding source for the streetcar.

- **Parking Fees**: A parking fee is a tax or surcharge levied on paid parking. The fee could be applied within LPA corridor or within the City limits for the use of off-street commercial or employer provided parking spaces. If applied within the streetcar corridor, there would be some degree of relationship between traffic and parking within the corridor relative to parking requirements and parking tax. If applied City-wide, the relationship between the parking fee and operating costs within the corridor would be less direct. More likely, a City-wide parking fee would be used to fund a variety of improvements, and would not be used solely to fund operating costs for the streetcar.
5 PRELIMINARY CONCLUSIONS AND NEXT STEPS

Based on the initial financial planning analysis completed to date, preliminary conclusions and next steps reflect the follow.

- Based on the current level of planning, conceptual capital costs for the streetcar is approximately $155 million (2013 dollars). Accounting for inflation, the real growth of construction costs, and a 2017 opening year, the escalated cost of the project in year of expenditure dollars is approximately $179 million (YOE dollars).

- There is a reasonable list of potential federal, State and local capital funding sources that could support the implementation of the streetcar line and should be carried forward for further evaluation. The primary capital sources would likely include a combination of the following:
  - FTA Small Starts Program will be targeted to provide up to $75 million (42 percent) in funding. In order to pursue Small Starts funding, the City and its partners will need to determine which agency or agencies will implement and operate the streetcar line in order to address FTA’s technical and financial evaluation criteria for a Small Starts Construction Grant.
  - Other federal funding sources including flexible federal highway funds (CMAQ, STP, TAP), which could be used for specific elements of the project.
  - Based on the precedent of Charlotte’s LYNX Light Rail System, NCDOT’s SFFGA program could fund 50 percent of the Non-Small Starts share of costs.
  - Based on conversations with City staff, the local funding share could be provided through the proceeds of a larger transportation infrastructure bond program in which the streetcar project is one of multiple transportation improvement projects.
  - As a potential alternative to the infrastructure bond program, and if an existing repayment source is available, the City may want to consider the federal government’s TIFIA loan program which is described in detail in Appendix B.
  - Implementing a value capture mechanism through a tax increment finance district could provide funding for the project. Based on the Project’s future development forecast and the assumptions described in Section 3, annual revenues from a TIF could be used to issue bonds for the project ranging from $27 million based on conservative assumptions to $66 million based on more aggressive/optimistic assumptions.
  - Other potential capital funding sources could reflect: public or privation donation of property at potential station and/or maintenance facility locations; or considering the potential of a voter approved dedicated transportation sales tax.

- Potential conceptual capital funding strategies could reflect the following:
  - If the decision is made to not pursue FTA Small Starts funds, local funding on the order of $130 million combined with $49 million in other federal funding programs and match would be required.
  - Under scenarios where FTA Small Starts funding is pursued, Federal funding could provide between 42 percent to 80 percent of total project costs or between $75 million to $144 million (YOE dollars), while State and local funding could each provide between 10 percent and 29 percent of total project costs or between $18 million and $46 million (YOE dollars).

- Based on the current level of planning, conceptual operating costs for the streetcar line is approximately $4.3 million (2013 dollars). Fare revenues will be one of the critical operating funding sources to assist in covering these costs. Based on preliminary ridership estimates and WSTA’s current average fare, preliminary streetcar fare revenue projections would provide approximately 10 percent of annual operating costs.

- Discussions should be initiated among the potential public and private partners to identify which of the following sources have the most political support and revenue potential to carry forward for further evaluation as the streetcar project continues through the project development process.
  - Programming CMAQ funds through the MPO for the first five years of operations;
  - Based on the preliminary operating plan, changes to the existing bus route network with the implementation of the streetcar line would result in an estimated $0.2 million savings.
Discussion are needed to determine if these cost savings could be transferred to support the streetcar operations;

- Evaluate the potential for the City and private partners served by the streetcar to provide annual operating assistance;
- Assess the interest from the private sector to purchase naming rights (the entire streetcar line, stations, and/or vehicles);
- Estimate potential revenue from on-board and at-station advertising;
- Determine if the implementation of a dedicated transportation sales tax or increased parking fees are politically and publically a reasonable option; and
- Once station locations are identified, determine if there are opportunities for partnerships with the private sector or major activity centers; and
- Evaluate the political viability of changing existing State law to allow funding from an assessment district to be used to support annual operating costs.
APPENDIX A – FTA SMALL STARTS
FINANCIAL PLAN EVALUATION CRITERIA
## Table A-1: FTA Small Starts Local Financial Commitment Evaluation Criteria and Rating Weights

<table>
<thead>
<tr>
<th>Condition</th>
<th>High</th>
<th>Medium-High</th>
<th>Medium</th>
<th>Medium-Low</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Capital and Operating Condition (25% of local financial commitment rating)</strong></td>
<td>• Average bus fleet age under 6 years.</td>
<td>• Average bus fleet age under 8 years.</td>
<td>• Average bus fleet age under 12 years.</td>
<td>• Average bus fleet age of 12 years or more.</td>
<td>• Average bus fleet age of 12 years or more.</td>
</tr>
<tr>
<td></td>
<td>• Current ratio exceeding 2.0</td>
<td>• Current ratio exceeding 1.5</td>
<td>• Current ratio exceeding 1.0</td>
<td>• Current ratio exceeding 1.0</td>
<td>• Current ratio less than 1.0</td>
</tr>
<tr>
<td></td>
<td>• Bond ratings less than 2 years old (if any) of AAA (Fitch/S&amp;P) or Aaa (Moody’s)</td>
<td>• Bond ratings less than 2 years old (if any) of AA (Fitch/S&amp;P) or Aa3 (Moody’s) or better</td>
<td>• Bond ratings less than 2 years old (if any) of A (Fitch/S&amp;P) or A3 (Moody’s) or better</td>
<td>• Bond ratings less than 2 years old (if any) of BBB+ (Fitch/S&amp;P) or Baa3 (Moody’s) or better</td>
<td>• Bond ratings less than 2 years old (if any) of BBB+ (Fitch/S&amp;P) or Baa3 (Moody’s) or better</td>
</tr>
<tr>
<td></td>
<td>• Historical positive cash flow. No cash flow shortfalls.</td>
<td>• Historical positive cash flow. No cash flow shortfalls.</td>
<td>• Historical positive cash flow. No cash flow shortfalls.</td>
<td>• Historical positive cash flow. No cash flow shortfalls.</td>
<td>• Recent historical cash flow problems.</td>
</tr>
<tr>
<td></td>
<td>• No service cutbacks in recent years.</td>
<td>• No service cutbacks in recent years.</td>
<td>• Only minor service adjustments in recent years.</td>
<td>• Only minor service adjustments in recent years.</td>
<td>• Major service cutbacks in recent years.</td>
</tr>
<tr>
<td><strong>Commitment of capital and operating funds (25% of local financial commitment rating)</strong></td>
<td>• At least 75% of the Non-Section 5309 capital funds are committed or budgeted.</td>
<td>• At least 50% of the Non-Section 5309 capital funds are committed or budgeted.</td>
<td>• At least 30% of the Non-Section 5309 capital funds are committed or budgeted.</td>
<td>• At least 10% of the Non-Section 5309 capital funds are committed or budgeted.</td>
<td>• Less than 10% of the Non-Section 5309 capital funds are committed or budgeted.</td>
</tr>
<tr>
<td></td>
<td>• At least 75% of the funds needed to operate and maintain the proposed  transit system in the opening year of the project are committed or budgeted.</td>
<td>• At least 50% of the funds needed to operate and maintain the proposed transit system in the opening year of the project are committed or budgeted.</td>
<td>• At least 30% of the funds needed to operate and maintain the proposed transit system in the opening year of the project are committed or budgeted.</td>
<td>• At least 10% of the funds needed to operate and maintain the proposed transit system in the opening year of the project are committed or budgeted.</td>
<td>• The applicant does not have a reasonable plan to secure operating and maintenance funding. The applicant has access to funds via additional debt capacity, cash reserves, or other committed funds to cover cost increases or funding shortfalls equal to at least 50% of estimated project cost and 50% (6 months) of annual system wide operating expenses.</td>
</tr>
<tr>
<td><strong>Reasonableness of capital and operating cost estimates and planning assumptions/capital funding capacity (50% of local financial commitment rating)</strong></td>
<td>• Financial plan contains very conservative planning assumptions and cost estimates when compared with recent historical experience.</td>
<td>• Financial plan contains very conservative planning assumptions and cost estimates when compared with recent historical experience.</td>
<td>• Financial plan contains optimistic planning assumptions and cost estimates when compared with recent historical experience.</td>
<td>• Financial plan contains optimistic planning assumptions and cost estimates when compared with recent historical experience.</td>
<td>• Financial plan contains conservative planning assumptions and cost estimates when compared with recent historical experience.</td>
</tr>
<tr>
<td></td>
<td>• The applicant has access to funds via additional debt capacity, cash reserves, or other committed funds to cover cost increases or funding shortfalls equal to at least 50% of estimated project cost and 50% (6 months) of annual system wide operating expenses.</td>
<td>• The applicant has access to funds via additional debt capacity, cash reserves, or other committed funds to cover cost increases or funding shortfalls equal to at least 50% of estimated project cost and 50% (6 months) of annual system wide operating expenses.</td>
<td>• The applicant has access to funds via additional debt capacity, cash reserves, or other committed funds to cover cost increases or funding shortfalls equal to at least 15% of estimated project cost and 12% (1.5 months) of annual system wide operating expenses.</td>
<td>• The applicant does not have a reasonable plan to cover only minor (&lt; 10%) capital cost increases or funding shortfalls.</td>
<td>• The applicant has access to funds via additional debt capacity, cash reserves, or other committed funds to cover cost increases or funding shortfalls equal to at least 10% of estimated project cost and 8% (1 month) of annual system wide operating expenses.</td>
</tr>
<tr>
<td></td>
<td>• Projected operating cash balances are insufficient to maintain balanced budgets.</td>
<td>• Projected operating cash balances are insufficient to maintain balanced budgets.</td>
<td>• Projected operating cash balances are insufficient to maintain balanced budgets.</td>
<td>• Projected operating cash balances are insufficient to maintain balanced budgets.</td>
<td>• Projected operating cash balances are insufficient to maintain balanced budgets.</td>
</tr>
</tbody>
</table>

**Note:** If the Section 5309 share is less than 50 percent of the project’s capital cost (i.e. the project sponsor is providing significant overmatch), then the summary local financial commitment rating will be raised one level.
APPENDIX B: TIFIA PROGRAM
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program

The Transportation Infrastructure Finance and Innovation Act (TIFIA) Program, provides Federal credit assistance (financing) for eligible projects of regional and national significance. The TIFIA program is designed to fill market gaps and leverage substantial private and other non-federal co-investment by providing supplemental and subordinate capital to projects. Entities that are eligible to apply for TIFIA assistance include state and local governments, transit agencies, railroad companies, special authorities, special districts, and private entities.

TIFIA assistance is available for a variety of surface transportation projects including highway, transit, intercity passenger rail, some types of freight rail, and intermodal freight transfer facilities. However, to be eligible, agencies must document that the project has completed the National environmental Policy Act (NEPA), and that the project is included in the region's Long Range Transportation Plan / Transportation Improvement Program (TIP) and the State Transportation Improvement Plan (STIP).

The TIFIA program offers three distinct types of financing assistance designed to address the varying requirements of projects throughout their life cycles:

- **Secured (direct) loan**: Offers flexible repayment terms and provides combined construction and permanent financing of capital costs. Maximum term of 35 years from substantial completion. Repayments can start up to five years after substantial completion to allow time for facility construction and ramp-up.

- **Loan guarantee**: Provides full-faith-and-credit guarantees by the Federal Government and guarantees a borrower's repayments to non-Federal lender. Loan repayments to lender must commence no later than five years after substantial completion of project (i.e. the start of revenue service).

- **Standby line of credit**: Represents a secondary source of funding in the form of a contingent Federal loan to supplement project revenues, if needed, during the first 10 years of project operations, available up to 10 years after substantial completion of project.

The TIFIA program offers the following advantages compared to traditional public financing mechanisms:

- **Long-term loans at the comparable U.S. Treasury yield** (State and Local Government Series (“SLGS”) rate plus one basis point) – 3.83% for a 35 year loan as of August 16, 2013;

- **Ability to lock in the interest rate** several years in advance of a drawdown, without any additional cost;

- **Right to prepay loan draw downs in whole or in part** at any time, without penalty;

- **Potential willingness of USDOT to accept more flexible terms**, such as backloading;

- **Debt service to reflect anticipated growth in the pledged revenue stream**, and thinner debt service coverage margins than otherwise required to obtain an investment-grade rating in the capital markets;

- **Diversified source of debt capital** (U.S. Treasury as lender), reducing market saturation; and

- **Lower transaction costs.**

The challenges associated with TIFIA assistance include:
- Demand may exceed funding supply, therefore applications are on a competitive basis;
- Availability of funds are subject to Congressional appropriation and may therefore impact project schedule;
- Project sponsor must pay fees in the amount of $100,000 before USDOT hires financial and/or legal advisors as part of the Letter of Interest review process;
- An investment grade rating is required for facilities senior to the TIFIA loan; and
- The TIFIA office requires the loan to carry a ‘springing’ lien in the event of bankruptcy such that TIFIA debt ranks equally with senior debt and would be prioritized for repayment.

To date, the credit assistance provided by TIFIA has been relatively modest, with annual program funding of $122 million. Table B-1 provides a summary of projects that have received TIFIA financing.

**Key Changes under MAP 21**

The recently passes Moving Ahead for Progress in the 21st Century (MAP -21 ) made several changes to the TIFIA program.

- **Lending capacity expanded**: Under MAP 21 annual funding levels increase to $750 million in FY 2013 and $1.0 billion in FY 2014. The new TIFIA funding levels would support as much as $10 billion in project loans annually, compared with approximately $1.2 billion of annual lending capacity under the previous transportation legislation (SAFETEA-LU), a nearly eightfold increase in lending capacity.

- **Level of eligible costs increased**: A TIFIA loan may now cover up to 49 percent of total eligible costs, which is an increase from the 33 percent cap that was included in SAFETEA-LU. However, USDOT has indicated that the 49 percent total will only be awarded under exceptional circumstances, as it intends to provide financing assistance through the TIFIA program to as many projects as possible per year.

- **Master Credit Agreements**: MAP-21 introduces the "master credit agreement" as a new concept. Such an agreement enables applicants to obtain early contingent commitments of TIFIA credit assistance for a program of projects secured by a common security pledge, such as a sales tax measure. For each project, the agreement must set the maximum amounts and general terms and conditions of the credit assistance, identify the dedicated non-Federal revenue sources that will secure repayment, and include USDOT's agreement to obligate funds after all TIFIA program requirements are met. Applicants may also enter into a master credit agreement with USDOT if adequate funds are unavailable to cover the cost of TIFIA credit assistance for an eligible project, then wait until the next fiscal year or the next fiscal year with available funds.

- **Evaluation criteria eliminated**: MAP-21 removes the current use of evaluation criteria for project selection in the TIFIA program. Under SAFETEA-LU, TIFIA employed a robust set of eight evaluation criteria, including measures of environmental impact, use of new technology, and innovative project organization and delivery. To replace this selection process, MAP-21 transforms TIFIA into a first-come, first-served program with a rolling application deadline.
Application Process

MAP-21 established a multi-step application process for TIFIA credit assistance. However, to date USDOT has only provided guidance on the first step in the process, the Letter of Interest (LOI) and determination of eligibility. A copy of the LOI Form is included in Appendix C. As shown in the table, the LOI must include the following:

- Project and agency description including purpose and need for the project, agency’s organizational structure, and the capital cost estimate;

- Financial plan including the financial model, revenue feasibility studies, financial commitments to the project from sources other than TIFIA, the requested level of credit assistance, and the proposed obligor;

- Status in the environmental review process and the project's readiness to proceed;

- Additional information regarding meeting other eligibility requirements of the TIFIA credit program including: creditworthiness, ability to foster partnerships that attract public and private investment for the project, enables the project to proceed at an earlier date or reduced lifecycle costs (including debt service costs), reduces the contribution of Federal Grant Assistance for the Project, and construction contracting process can commence no more than 90 days from execution of a TIFIA credit instrument.

- Preliminary rating opinion letter; and

- Additionally, upon request from USDOT, the agency must provide $100,000 for the USDOT to hire financial and/or legal advisors as part of the LOI review process. It is also important to note that additional fees will be charged after the credit instrument is executed, including additional amounts required to fully cover TIFIA’s financial and legal advisory services costs in connection with the evaluation and negotiation of terms of TIFIA credit assistance for the project.

The LOI must be submitted using the required form included in Appendix C. After concluding its review of each LOI and related information submitted by the project, along with the independent financial analysis report from USDOT’s independent financial advisor, USDOT will permit sponsors of eligible projects to move forward with the second step in the process – submission of an application. Unfortunately at this time USDOT is revising the TIFIA Program Guide and application forms to reflect MAP-21 changes. Currently, there is no timeline for when these materials will be available.

Table B-2 provides a list of projects that have initiated the TIFIA LOI process under MAP 21. As shown in the list, the City of Kansas City applied for a $100 million loan for its streetcar system. The projects shown in Table B-2 reflect responses to USDOT’s most recent request for Letters of Interest (November 20, 2012) and Notice of Funding Availability (July 31, 2012).

Finally, it is important to note that only a limited number of transit projects have received TIFIA financing assistance since the program was established (Table B-1). In addition, responses to the July 27, 2012 request for LOI from USDOT (Table B-2) only includes three transit projects. However, FTA staff are
actively encouraging transit agencies to consider this financing tool as part of overall funding and financing strategies to implement major capital improvement projects.

**Potential Next Steps**

The following activities are suggested to assist the City in determining if applying for TIFIA would be a beneficial financing strategy to support implementation of the streetcar project or the streetcar project and other infrastructure improvement projects.

- As part of the financial plan development process, determine level of financing that may be needed after accounting for the level of funding from other sources and the proposed timing for the receipt of these funds.
- Compare the TIFIA financing costs compared with traditional public financing mechanisms.
- Determine if the time required to complete the TIFIA Letter of Interest and Application process meets the project’s implementation schedule. As stated above the TIFIA application guidelines under MAP 21 have not been finalized. However, based on conversations with another agency considering applying for TIFIA, it is estimated that 9 to 12 months should be assumed to account for developing the Letter of Interest; preparing the application (once the LOI is approved); obtaining a credit rating from a ratings agency, and USDOT’s review and approval of the application.

If the decision is made to move forward with the TIFIA application process, in addition to completing the LOI Form (Appendix C), the City will need to document that environmental review process has been completed, the Project’s financial plan has been approved, and a preliminary rating letter for the planned repayment source in the financial plan has been obtained from a ratings agency.
### Table B-1: Existing TIFIA Agreements

<table>
<thead>
<tr>
<th>TIFIA Number</th>
<th>Project</th>
<th>Project Type</th>
<th>Project Cost ($ millions)</th>
<th>Instrument Type</th>
<th>Credit Amount ($ millions)</th>
<th>Primary Revenue Pledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>19991002B</td>
<td>Miami Intermodal Center</td>
<td>Intermodal</td>
<td>$2,043</td>
<td>Direct Loan</td>
<td>$270</td>
<td>User Charges</td>
</tr>
<tr>
<td>20011001</td>
<td>Central Texas Turnpike System</td>
<td>Highway</td>
<td>$3,250</td>
<td>Direct Loan</td>
<td>$900</td>
<td>User Charges</td>
</tr>
<tr>
<td>20031002 a</td>
<td>South Bay Expressway (formerly SR 125 South)</td>
<td>Highway</td>
<td>$658</td>
<td>Direct Loan</td>
<td>$140</td>
<td>User Charges</td>
</tr>
<tr>
<td>20051001</td>
<td>183-A Turnpike</td>
<td>Highway</td>
<td>$305</td>
<td>Direct Loan</td>
<td>$66</td>
<td>User Charges</td>
</tr>
<tr>
<td>20051002</td>
<td>LA 1 Improvements</td>
<td>Highway</td>
<td>$372</td>
<td>Direct Loan</td>
<td>$66</td>
<td>User Charges</td>
</tr>
<tr>
<td>20061001</td>
<td>Interlink (formerly Warwick Intermodal Station)</td>
<td>Intermodal</td>
<td>$280</td>
<td>Direct Loan</td>
<td>$40</td>
<td>User Charges</td>
</tr>
<tr>
<td>20061003A</td>
<td>Pocahontas Parkway / Richmond Airport Connector</td>
<td>Highway</td>
<td>$597</td>
<td>Direct Loan</td>
<td>$150</td>
<td>User Charges</td>
</tr>
<tr>
<td>20071004A</td>
<td>I-495 Capital Beltway HOT Lanes</td>
<td>Highway</td>
<td>$1,938</td>
<td>Direct Loan</td>
<td>$589</td>
<td>User Charges</td>
</tr>
<tr>
<td>20071002A</td>
<td>SH 130 (Segments 5-6)</td>
<td>Highway</td>
<td>$1,328</td>
<td>Direct Loan</td>
<td>$430</td>
<td>User Charges</td>
</tr>
<tr>
<td>20061002A</td>
<td>Intercounty Connector</td>
<td>Highway</td>
<td>$2,566</td>
<td>Direct Loan</td>
<td>$516</td>
<td>User Charges</td>
</tr>
<tr>
<td>20081002A</td>
<td>I-595 Corridor Roadway Improvements</td>
<td>Highway</td>
<td>$1,834</td>
<td>Direct Loan</td>
<td>$603</td>
<td>Availability Payments</td>
</tr>
<tr>
<td>20081004A</td>
<td>Triangle Expressway</td>
<td>Highway</td>
<td>$1,172</td>
<td>Direct Loan</td>
<td>$387</td>
<td>User Charges</td>
</tr>
<tr>
<td>20081008A</td>
<td>Port of Miami Tunnel</td>
<td>Highway</td>
<td>$1,073</td>
<td>Direct Loan</td>
<td>$341</td>
<td>Availability Payments</td>
</tr>
<tr>
<td>20081001A</td>
<td>North Tarrant Express</td>
<td>Highway</td>
<td>$2,047</td>
<td>Direct Loan</td>
<td>$650</td>
<td>User Charges</td>
</tr>
<tr>
<td>20081007A</td>
<td>Transbay Transit Center</td>
<td>Transit</td>
<td>$1,189</td>
<td>Direct Loan</td>
<td>$171</td>
<td>Real Estate Tax Increment</td>
</tr>
<tr>
<td>20071006A</td>
<td>IH 635 Managed Lanes</td>
<td>Highway</td>
<td>$2,615</td>
<td>Direct Loan</td>
<td>$850</td>
<td>User Charges</td>
</tr>
<tr>
<td>20101001A</td>
<td>Denver Union Station Project</td>
<td>Intermodal</td>
<td>$519</td>
<td>Direct Loan</td>
<td>$146</td>
<td>Sales Tax/Real Estate Tax</td>
</tr>
<tr>
<td>20091001A</td>
<td>President George Bush Turnpike Western Extension (SH 161)</td>
<td>Highway</td>
<td>$1,268</td>
<td>Direct Loan</td>
<td>$418</td>
<td>User Charges</td>
</tr>
<tr>
<td>20111001A</td>
<td>U.S. 36 Managed Lanes / Bus Rapid Transit Project: Segments 1 and 2</td>
<td>Highway</td>
<td>$307</td>
<td>Direct Loan</td>
<td>$54</td>
<td>User Charges</td>
</tr>
<tr>
<td>20111003A</td>
<td>Eagle Project</td>
<td>Transit</td>
<td>$2,047</td>
<td>Direct Loan</td>
<td>$280</td>
<td>Tax Revenues</td>
</tr>
<tr>
<td>20111004A</td>
<td>Downtown Tunnel / Midtown Tunnel / MLK Extension</td>
<td>Highway</td>
<td>$2,089</td>
<td>Direct Loan</td>
<td>$422</td>
<td>User Charges</td>
</tr>
<tr>
<td>20111002A</td>
<td>Presidio Parkway Project b</td>
<td>Highway</td>
<td>$852</td>
<td>Direct Loan</td>
<td>$150</td>
<td>Availability Payments</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$30,348</strong></td>
<td></td>
<td><strong>$7,639</strong></td>
<td></td>
</tr>
</tbody>
</table>
## Retired Credit Agreements

<table>
<thead>
<tr>
<th>TIFIA Number</th>
<th>Project</th>
<th>Project Type</th>
<th>Project Cost ($ millions)</th>
<th>Instrument Type</th>
<th>Credit Amount ($ millions)</th>
<th>Primary Revenue Pledge</th>
</tr>
</thead>
<tbody>
<tr>
<td>19991005</td>
<td>Washington Metro Capital Improvement Program</td>
<td>Transit</td>
<td>$2,324</td>
<td>Guarantee</td>
<td>$600</td>
<td>Interjurisdictional Funding Agreements</td>
</tr>
<tr>
<td>19991006</td>
<td>Tren Urbano (PR)</td>
<td>Transit</td>
<td>$2,250</td>
<td>Direct Loan</td>
<td>$300</td>
<td>Tax Revenues</td>
</tr>
<tr>
<td>20001003</td>
<td>Cooper River Bridge Replacement</td>
<td>Highway</td>
<td>$675</td>
<td>Direct Loan</td>
<td>$215</td>
<td>Infrastructure Bank Loan Repayments</td>
</tr>
<tr>
<td>20001004</td>
<td>Staten Island Ferries and Terminals</td>
<td>Transit</td>
<td>$482</td>
<td>Direct Loan</td>
<td>$159</td>
<td>Tobacco Settlement Revenues</td>
</tr>
<tr>
<td>20011002A</td>
<td>Reno Transportation Rail Access Corridor (ReTRAC)</td>
<td>Intermodal</td>
<td>$280</td>
<td>Direct Loan</td>
<td>$51</td>
<td>Room and Sales Tax</td>
</tr>
<tr>
<td>19991002A</td>
<td>Miami Intermodal Center</td>
<td>Intermodal</td>
<td>c</td>
<td>Direct Loan</td>
<td>$269</td>
<td>Tax Revenues</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$6,011</strong></td>
<td></td>
<td><strong>$1,594</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Total All Categories</strong></td>
<td></td>
<td></td>
<td><strong>$36,359</strong></td>
<td></td>
<td><strong>$9,233</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: [http://www.fhwa.dot.gov/ipd/tifia/projects_project_profiles/tifia_portfolio.htm](http://www.fhwa.dot.gov/ipd/tifia/projects_project_profiles/tifia_portfolio.htm)

### Footnotes

- South Bay Expressway is in three notes: Tranche A in the amount of $59,100,809.63, Tranche B in the amount of $32,341,804.28, and Tranche D in the amount of $2,740,895.56
- Presidio project costs ($852 million) include Phases 1 and 2 and credit amount is based on two tranches of TIFIA debt
- Project Cost included in TIFIA Number 19991002b
### Table B-2: Current TIFIA Applications

<table>
<thead>
<tr>
<th>Potential Applicant</th>
<th>Project Name</th>
<th>Date Received</th>
<th>Estimated Project Cost</th>
<th>Type of Instrument</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Texas Regional Mobility Authority</td>
<td>183 S</td>
<td>12-Aug</td>
<td>$896</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>Virginia Dept. of Transportation</td>
<td>Route 460</td>
<td>12-Aug</td>
<td>$1,724</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>North Carolina Dept. of Transportation</td>
<td>I-77 HOT Lanes</td>
<td>12-Aug</td>
<td>$545</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>Knik Arm Bridge and Toll Authority</td>
<td>Knik Arm Crossing</td>
<td>12-Aug</td>
<td>$1,022</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>Texas Dept. of Transportation</td>
<td>SH 288</td>
<td>12-Aug</td>
<td>$272</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>Texas Dept. of Transportation</td>
<td>SH 183</td>
<td>12-Aug</td>
<td>$876</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>Texas Dept. of Transportation</td>
<td>Grand Parkway</td>
<td>12-Aug</td>
<td>$2,648</td>
<td>Direct Loan and Line of Credit</td>
</tr>
<tr>
<td>Texas Dept. of Transportation</td>
<td>IH 35 E</td>
<td>12-Aug</td>
<td>$1,415</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>North Carolina Dept. of Transportation</td>
<td>Mid-Currituck Bridge</td>
<td>12-Aug</td>
<td>$611</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>New York State Thruway Authority</td>
<td>Tappan Zee Bridge</td>
<td>12-Sep</td>
<td>$5,900</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>Chicago Dept. of Aviation</td>
<td>CDA ConRac ATS</td>
<td>12-Sep</td>
<td>$765</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>Georgia Dept. of Transportation</td>
<td>Northwest Corridor</td>
<td>12-Sep</td>
<td>$960</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>Chicago Dept. of Transportation</td>
<td>Riverwalk</td>
<td>12-Sep</td>
<td>$440</td>
<td>Direct Loan or Loan Guarantee</td>
</tr>
<tr>
<td>Indiana Finance Authority</td>
<td>East End Crossing (OH River Bridges)</td>
<td>12-Sep</td>
<td>$1,276</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>Kentucky Public Trans. Infra. Authority</td>
<td>Downtown Crossing (OH River Bridges)</td>
<td>12-Sep</td>
<td>$1,227</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>City of Kansas City, MO</td>
<td>Kansas City Streetcars</td>
<td>12-Sep</td>
<td>$102</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>City of New Orleans</td>
<td>Treme Iberville Project</td>
<td>12-Sep</td>
<td>$157</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>Louisiana Dept. of Transportation</td>
<td>I-49 North</td>
<td>12-Oct</td>
<td>$631</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>Metropolitan Washington Airports Authority</td>
<td>Dulles Metrorail</td>
<td>12-Oct</td>
<td>$5,999</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>Louisiana Dept. of Transportation</td>
<td>LA 1 Toll Road</td>
<td>12-Oct</td>
<td>$371</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>Southeastern Tours Inc.</td>
<td>Southeastern Tour Buses</td>
<td>12-Oct</td>
<td>$1</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>Ohio Dept. of Transportation</td>
<td>Portsmouth Bypass</td>
<td>12-Nov</td>
<td>$819</td>
<td>Direct Loan</td>
</tr>
<tr>
<td>Cameron County Regional Mobility Authority</td>
<td>South Padre Island</td>
<td>12-Nov</td>
<td>$694</td>
<td>Direct Loan</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td></td>
<td></td>
<td><strong>$29,351</strong></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX C: TIFIA LETTER OF INTEREST
All projects wishing to apply for Transportation Infrastructure Finance and Innovation Act (TIFIA) credit assistance must first submit a Letter of Interest using this revised form. Pursuant to the recently enacted Moving Ahead for Progress in the 21st Century Act (MAP-21), the application process, which includes the submission of Letters of Interest, will now be conducted on a rolling basis by the Department of Transportation (DOT). Applicants for Federal credit assistance for Federal Fiscal Years 2013 and 2014 (or any other credit assistance which may be available through the TIFIA program during these two fiscal years) must complete an acceptable Letter of Interest and meet all eligibility criteria to be permitted to submit a formal application.

Projects that previously submitted Letters of Interest for a prior fiscal year’s funding, but have not been asked by DOT to submit an application as of July 27, 2012, must submit a new Letter of Interest. In the context of a public-private partnership, where multiple bidders may be competing for a concession such that the obligor has not yet been identified, the procuring agency must submit the project’s Letter of Interest on behalf of the eventual obligor. DOT will not consider Letters of Interest from entities that have not obtained the legal rights to develop the project.

This revised Letter of Interest form reflects changes made to the TIFIA program by MAP-21. To be considered for TIFIA assistance, projects must submit a Letter of Interest that: (i) describes the project and the location, purpose, and cost of the project, (ii) outlines the proposed financial plan, including the requested credit assistance and the proposed obligor, (iii) provides a status of environmental review, and (iv) provides information regarding satisfaction of other eligibility requirements of the TIFIA credit program. Please reference the Notice of Funding Availability posted in Summer 2012 in the Federal Register. At this time, the TIFIA Program Guide is being updated. Please check the TIFIA website regularly to identify updated program guidance, Letter of Interest, and application materials. Applicants should refer to the TIFIA website often to ensure that the most up-to-date Letter of Interest form is used (file date is included in the footer).

DOT will review each Letter of Interest and may contact project sponsors for clarification of specific information included in the Letter of Interest. DOT will notify project sponsors if DOT determines that their projects are not eligible, or if DOT will not be able to continue reviewing their Letter of Interest until eligibility requirements are addressed. If DOT does not determine a project to be ineligible based on its initial review, DOT will request additional information to supplement the Letter of Interest and complete its eligibility determination. This information may include, among other things, more detailed descriptions of the project, applicant and its organizational structure, the project’s readiness to proceed, the project’s financial plan (including financial model), revenue feasibility studies, and financial commitments to the project from sources other than TIFIA. DOT will also request that the applicant provide a preliminary rating opinion letter at this time and the project sponsor will be required to submit a fee to continue the evaluation process. Once the fees have been received, DOT will engage an independent financial advisor to prepare a report and recommendation acceptable in form and substance to DOT. DOT may also engage an independent legal advisor to help complete its evaluation of a project’s eligibility.

The increased demand on TIFIA’s resources has led to the discontinuation of the practice of advancing the entire cost of financial and legal advisors engaged to assist DOT in determining a projects creditworthiness and overall eligibility and having those costs reimbursed to DOT after execution of a credit agreement. As such, upon request, project sponsors must pay fees in the amount of $100,000 before DOT hires financial and/or legal advisors as part of the Letter of Interest review process. These fees are due upon request. Additional fees will be charged after the credit instrument is executed, including additional amounts required to fully cover TIFIA’s financial and legal advisory services costs in connection with the evaluation and negotiation of the terms of TIFIA credit assistance for the project. By submitting this Letter of Interest, the applicant certifies that it will pay all required fees.

After concluding its review of each Letter of Interest and related information submitted by the project, along with the independent financial analysis report from DOT’s independent financial advisor, DOT will permit sponsors of eligible projects to submit complete applications. DOT will conduct a rolling application process where project sponsors may submit Letters of Interest at any time and DOT will permit project sponsors to apply once a favorable eligibility determination is made.

The boxes below expand as needed to facilitate provision of a sufficient amount of detail to demonstrate to DOT the project’s satisfaction of all eligibility criteria. If you have questions regarding completing this form, please contact the TIFIA program office at (202)366-1059. Please complete all applicable information using this Letter of Interest form and attach this request via email to TIFIACredit@dot.gov.
A) Describe the Project, Location, Purpose, and Cost of the Project.

1. Describe the project:  
(Insert Text Here)

2. Describe the project location:  
(Insert Text Here)

3. Describe the project’s purpose, including quantitative and qualitative details on public benefits the project will achieve:  
(Insert Text Here)

4. Provide the estimated capital cost of the project:  
(Insert Text Here)

5. Provide the design features, development schedule, and other relevant descriptions of the project:  
(Insert Text Here)

B) Outline the Proposed Financial Plan, including the Requested Credit Assistance.

1. Detail the plan of finance in sufficient detail to assist the DOT in its creditworthiness assessment:  
(Insert Details Here)

2. Detail the sources and uses of funds:  
(Insert Details Here)

3. Type of credit assistance:  
(Insert Details Here)
4. **Amount of credit assistance sought from DOT:**
(Insert Details Here)

5. **Provide a rationale for the amount of TIFIA credit assistance requested, as a percentage of reasonably anticipated eligible project costs (e.g., a project sponsor can demonstrate that traditional sources of financing are not available at feasible rates without the TIFIA assistance, or that the costs of traditional financing options would constrain the sponsor’s ability to deliver the project, or that delivery of the project through traditional financing approaches would constrain the sponsor’s ability to deliver a group of related projects, or a full capital program):**
(Insert Details Here)

6. **Explain the flexibility in the financial plan to finance the project with a reduced percentage of TIFIA credit assistance:**
(Insert Details Here)

7. **Description of revenue source(s) pledged to repayment:**
(Insert Details Here)

8. **Address the status of any revenue feasibility studies:**
(Insert Details Here)

C) **Status of Environmental Review.**

1. **Summarize the status of the project’s environmental review:**
Insert Text Here
2. Discuss whether the project has received a Categorical Exclusion, Finding of No Significant Impact, or Record of Decision or whether a draft Environmental Impact Statement has been circulated:

Insert Text Here

D) Information Regarding Satisfaction of TIFIA Eligibility Requirements.

Please demonstrate the following:

1. Creditworthiness:
   a. Ability to satisfy applicable creditworthiness standards:
      Insert Text Here
   
   b. Rate covenant, if applicable:
      Insert Text Here
   
   c. Adequate coverage requirements to ensure repayment:
      Insert Text Here
   
   d. Ability to obtain two investment grade ratings on senior debt: two ratings on the TIFIA debt (investment grade if senior); if project costs are less than $75 million only one rating on the senior debt and the TIFIA debt are needed:
      Insert Text Here

2. Foster partnerships that attract public and private investment for the project:
   (Insert Text Here)

3. Enable the project to proceed at an earlier date or reduced lifecycle costs (including debt service costs):
   (Insert Text Here)

4. Reduce the Contribution of Federal Grant Assistance for the Project:
   (Insert Text Here)

5. Construction contracting process can commence no more than 90 days from execution of a TIFIA credit instrument:
   Insert Text Here
E) Project Participants.

1. **Name of Applicant/Borrower:**
   Insert Text Here

2. **Overall Organizational Structure:**
   Insert Text Here

3. **If applicable, detail how the project meets MAP-21’s definition of a rural infrastructure project (a surface transportation infrastructure project located in any area other than a city with a population of more than 250,000 inhabitants in the city limits):**
   (Insert Text Here)

4. **What entity (i.e., public-sector agency/authority or private-sector company) will serve as the applicant?**
   (Insert Text Here)

5. **Will the applicant and the borrower be the same entity? Who are the members of the project team?**
   (Insert Text Here)

6. **Project Website or Applicant/Borrower Website:**
   Insert Text Here (If Websites are not available, please provide a brief description of the requesting agency or agencies)

F) Other Information.

Briefly discuss any other issues that may affect the development and financing of the project, such as community support, pending legislation or litigation:
Insert Text Here
G) Inclusion in Transportation Plans and Programs.

Is the project consistent with the State Transportation Plan and, if applicable, the metropolitan plan?

- ☐ No
- ☐ Yes
- ☐ Not applicable

Please briefly elaborate: Insert Text Here

H) Readiness to Apply.

Is the project prepared to submit an application within a short timeframe after receiving an invitation from DOT?

- ☐ No
- ☐ Yes
- ☐ Unsure

Insert Text Here

What factors could impact this timetable or the applicant’s ability to provide all required information?

Insert Text Here

I) Additional Information.

Please provide any other additional information necessary:

Insert Text Here

J) Key Contact Person.

Identify a key contact person with whom all communication should flow:

Name: (Point of Contact)
Title:
Street Address:
City/State:
Phone:
Fax:
E-mail:

K) Additional information requested.

DUNS:
Project Location:
  State:           County:           City:
Congressional Districts Impacted by the Project:
Type of Jurisdiction (e.g., rural, urban):
Fees. The increased demand on TIFIA’s resources has led to the discontinuation of the practice of advancing the entire cost of financial and legal advisors engaged to assist DOT in determining a project's creditworthiness and overall eligibility and having those costs reimbursed to DOT after execution of a credit agreement. As such, upon request, project sponsors must pay fees in the amount of $100,000 before DOT hires financial and/or legal advisors as part of the Letter of Interest review process. These fees are due upon request. Additional fees will be charged after the credit instrument is executed, including additional amounts required to fully cover TIFIA’s financial and legal advisory services costs in connection with the evaluation and negotiation of the terms of TIFIA credit assistance for the project. For projects that enter credit negotiations, the undersigned further certifies a transaction fee will be paid at closing or, in the event no final credit agreement is reached, upon invoicing by the DOT, in the amount equal to the actual costs incurred by the DOT in procuring the assistance of outside financial advisors and legal counsel. This fee is due whether or not the loan closes.

Debarment. The undersigned certifies that it is not currently, nor has it been in the preceding three years: 1) debarred, suspended or declared ineligible from participating in any Federal program; 2) formally proposed for debarment, with a final determination still pending; 3) voluntarily excluded from participation in a Federal transaction; or 4) indicted, convicted, or had a civil judgment rendered against it for any of the offenses listed in the Regulations Governing Debarment and Suspension (Governmentwide Nonprocurement Debarment & Suspension Regulations: 49 C.F.R. Part 29).

Default/Delinquency. The undersigned further certifies that neither it nor any of its subsidiaries or affiliates are currently in default or delinquent on any debt or loans provided or guaranteed by the Federal Government.

Signature: By submitting this Letter of Interest, the undersigned certifies that the facts stated herein are true, to the best of the applicant’s knowledge and belief after due inquiry, and that the applicant has not omitted any material facts. The undersigned is an authorized representative of the applicant.

Submitted by:

Applicant/Borrower Name___________________________

Title____________________________

Organization_____________________

Date_____________________________

Please attach any relevant documents (e.g., maps, organization charts, etc.).