



Introduction to Finance, Procurement, and Implementation Opportunities

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2030 Plan Updated

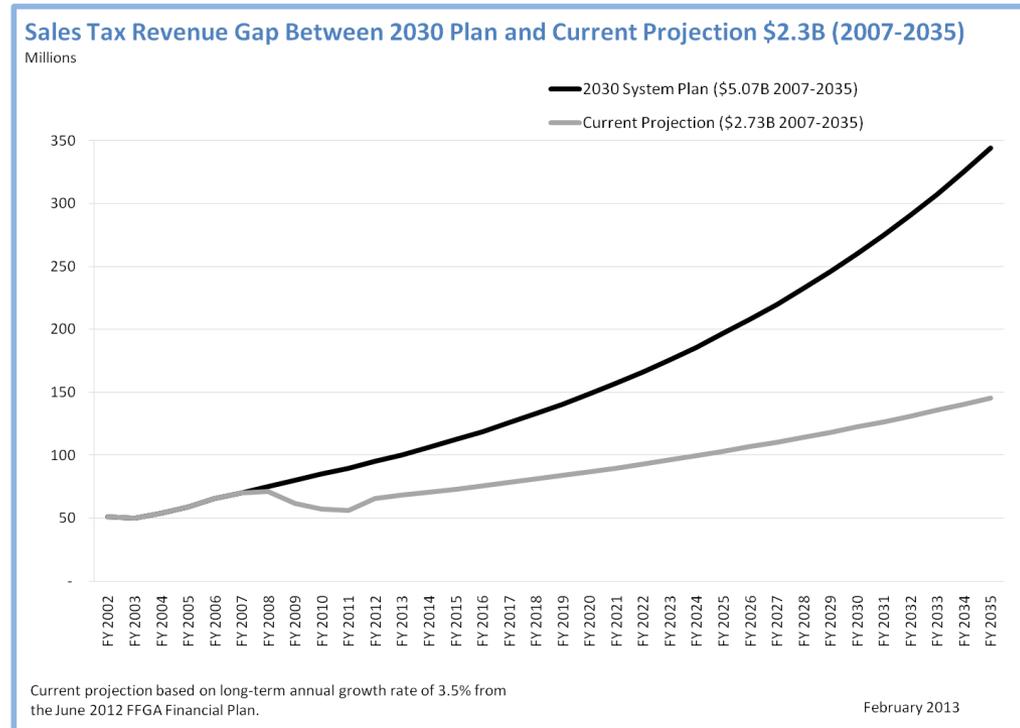
2006 Plan	2013 Status
South Corridor - LRT	Opened in 2007
Northeast Corridor – LRT	In progress, estimated opening in 2017
North Corridor – Commuter Rail	NS Rail Capacity Study
Streetcar – Rosa Parks TC to Eastland TC	1.5 mile Streetcar Starter Project under construction (City funded)
Southeast Corridor – BRT on Independence Blvd.	Study pending for new LRT alignment or Streetcar on Monroe
West – Wilkinson Streetcar	Sprinter Service (enhanced bus) to Airport implemented
Charlotte Gateway Station	NCDOT procured master developer
Bus System Expansion	Implemented per county-wide transit services plan (limited growth)

Cost of Remaining 2030 Transit Corridors

Corridor	Capital	Annual O&M Costs
	<i>millions of <u>2013</u> dollars</i>	
North Corridor – Commuter Rail	\$660	\$15
Streetcar – Rosa Parks TC to Eastland TC	\$450	\$23
Southeast Corridor	\$800 (Streetcar) \$1,510 (LRT)	\$22 (Streetcar) \$16 (LRT)
West – Wilkinson Streetcar	\$415	\$9

2006 to 2013: Funding Reductions

- ▶ Federal capital grants increasingly difficult to achieve
 - ▶ FTA New Starts
 - ▶ Earmarks
 - ▶ FTA formula funds
- ▶ Very limited potential for future state match
- ▶ Reduced local funding from transit-dedicated sales tax due to Great Recession



BLE Finance Plan Limits Capacity for New Investment

- ▶ Blue Line Extension finance plan (including existing operations) requires all currently available local revenues, including ½-cent sales tax
- ▶ Any new capital investment and associated operating costs would require new revenue sources

Innovative Financing Options

- ▶ Federal Loan Programs – TIFIA and RRIF
 - ▶ Low, fixed interest rates equivalent to Treasury rates
 - ▶ Interest accrual during operations, first 5 years of operations
 - ▶ Long-term debt with flexible repayment terms, subordinated position
- ▶ Tax-exempt Private Activity Bonds issued as part of PPP
 - ▶ Allocation of the \$15B would be needed
- ▶ EB-5 conditional residency visa program
 - ▶ Requires \$1m investment (\$500k in targeted employment area)
 - ▶ \$2.2 billion in investments to date
- ▶ New Market Tax Credits
 - ▶ 39% federal tax credit for private investments in low-income urban areas
 - ▶ Generated >\$20 billion in private investment from 2003-2010
- ▶ Others proposed by Administration in State of the Union, including a variation of Build America Bonds for infrastructure

Public-Private Partnerships (“PPP” or “P3”)

- ▶ Degree of private sector responsibility and risk increase with each of the following:
 - ▶ DBB (Design-Bid-Build)
 - ▶ DB (Design-Build)
 - ▶ DBF (Design-Build-Finance)
 - ▶ DBOM (Design-Build-Operate-Maintain)
 - ▶ DBFOM (Design-Build-Finance-Operate-Maintain, or “concession”)
 - ▶ Private debt and equity non-recourse to public owner
 - ▶ Availability payments suited for transit concessions
 - ▶ Availability payments may be subordinated to public sector debt
 - ▶ Availability payments typically only begin after start of operations

Possible Local Funding Sources for Evaluation

- ▶ Regional (County, State)
 - ▶ Vehicle registration fees
 - ▶ Alternative fuel vehicle fees
 - ▶ Car rental tax
 - ▶ Hotel/motel tax
 - ▶ Expansion of items covered under current sales tax
 - ▶ Sales tax rate increase
 - ▶ Motor vehicle fuel tax

- ▶ Corridor Specific
 - ▶ Value Capture - Tax Increment Financing (TIF) and special assessments
 - ▶ Parking fees
 - ▶ Ancillary revenues (naming rights, sponsorships, advertising, air rights, etc.)
 - ▶ Reinvestment of existing bus service

Moving Forward

- ▶ Is a comprehensive new long-range planning effort needed to see if these are still the projects to move forward?
- ▶ Is the current structure whereby CATS plans and develops projects still workable going forward, or should a new implementation framework be part of the conversation?
- ▶ Sample project delivery possibilities:
 - ▶ Norfolk Southern as private partner in a DBOM on North Corridor
 - ▶ Procurement of entire streetcar system as DBFOM
- ▶ Adopt basket of new local/regional funding sources both to reduce volatility from dependence on sales and use tax and to facilitate corridor-specific solutions
 - ▶ Pay-as-you-go capital
 - ▶ Operating and capital renewal/replacement
 - ▶ Debt service/availability payment

Next Steps

- ▶ Advance analysis on corridors for March 22 meeting
 - ▶ Evaluate year-of-expenditure costs on a baseline schedule for each corridor
 - ▶ Estimate order-of-magnitude revenues available from possible new sources based on available data

- ▶ Continue discussions on structuring projects, possible corridor-level financing options and CATS governance / implementation framework

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