

BUILD AMERICA BUREAU

National Infrastructure Financing For Maritime Freight

TRB Marine Board Spring Meeting

Roger Bohnert, Director Office of Outreach and Project Development

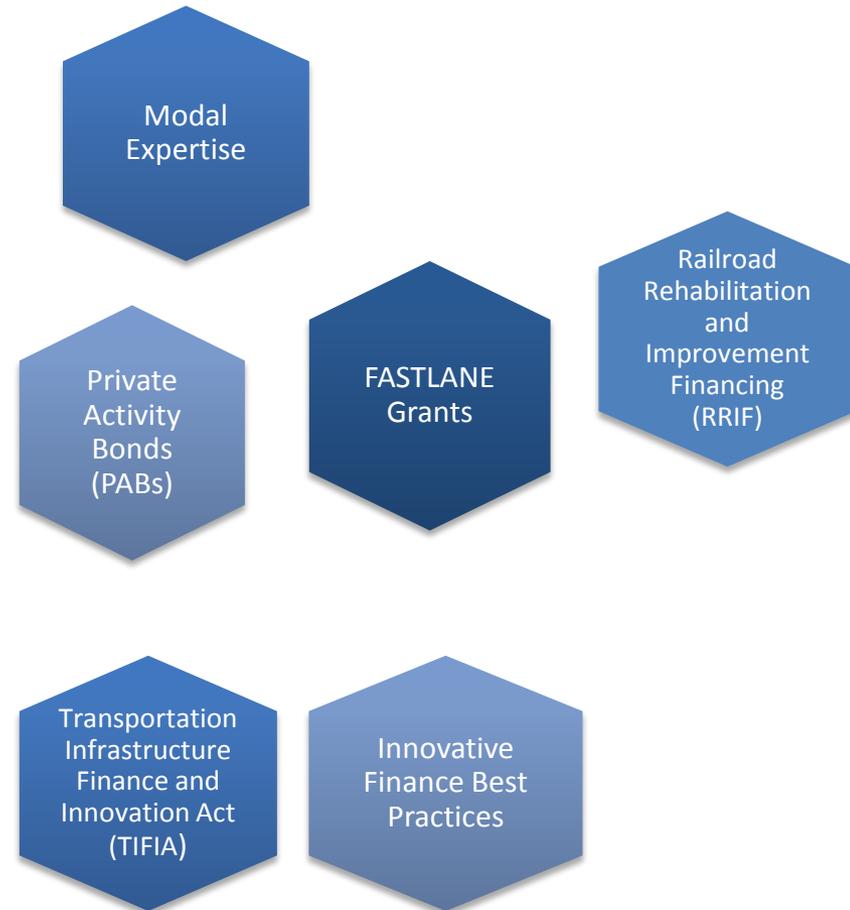
May 24, 2017

The Build America Bureau

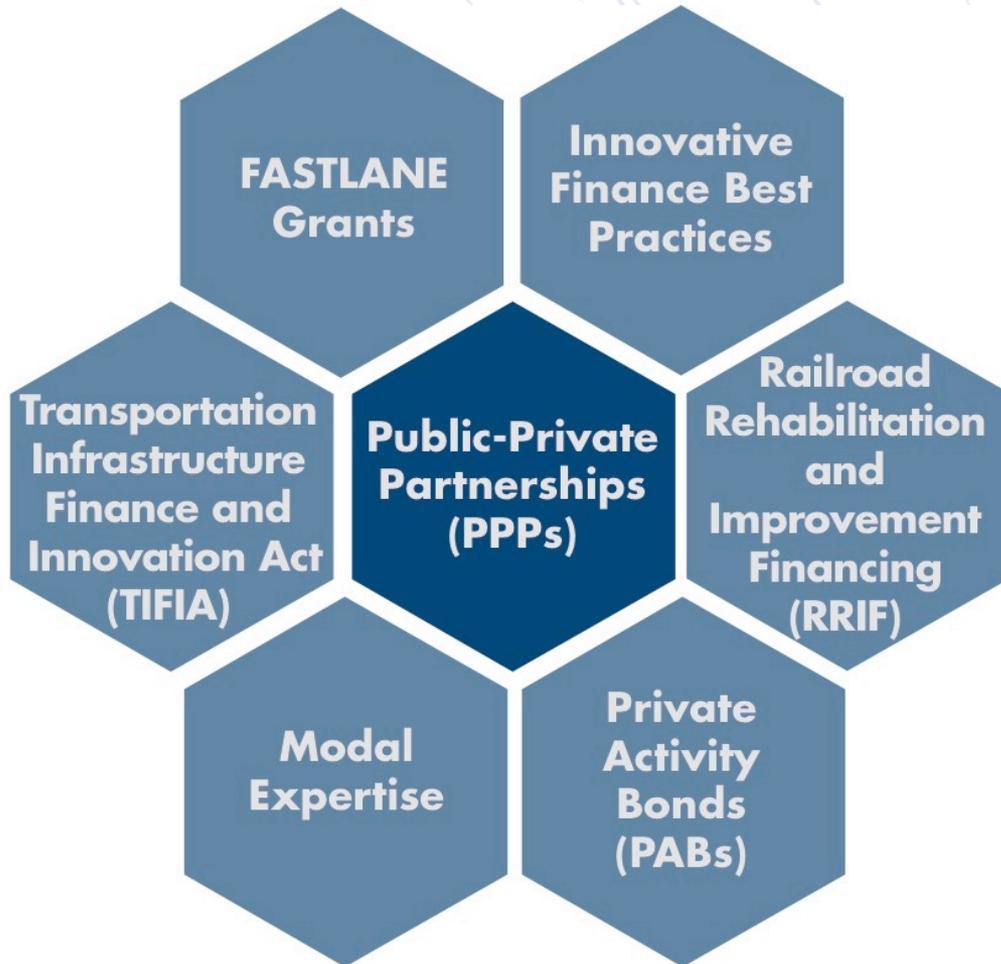
- 1. Setting the Stage - History of the Bureau**
- 2. Bureau Mission**
- 3. Organization**
- 4. Business Model – Working With the Bureau**
- 5. Key Programs**
- 6. Port Funding and Financing Gaps**
- 7. Discussion**

Challenges to Coordination of DOT's Resources for Innovative Finance

- DOT Credit programs were siloed within modal administrations, leading to:
 - Lack of cross-learning on best operating practices between credit programs
 - Difficulty in executing multi-modal projects
 - Overall lack of harmonization of processes and permitting leading to inefficiencies and delays
- Project sponsors had difficulty navigating programs:
 - Programs often had long and uncertain lead times, deterring private investors and often preventing otherwise viable projects from advancing
- Full credit envelope not deployed:
 - Programs lending at a rate far below their statutory authority, not fulfilling mandate or realizing potential



The Build America Bureau Approach



- ✓ Single Point-of-Contact
- ✓ Technical Assistance
- ✓ Best Practices (PPPs, TOD, NEPA)
- ✓ Streamlined Credit Process

Mission: The Build America Bureau

The Build America Bureau drives transportation infrastructure development projects in the U.S. by offering credit opportunities and grants more quickly and transparently, while providing technical assistance and encouraging innovative best practices in project planning, permitting, financing, delivery, and monitoring.

In Other Words... Deliver More Good Projects Faster

Outreach & Project Development Organization

Director, Outreach & Project Development, Roger Bohnert

Outreach / PDL Team Lead

Regionally-focused PDL staff (currently staffed by some details; recruiting for all permanent roles)

Specialized* PDL staff (currently staffed by some details; recruiting for all permanent roles)

Best Practices Team Lead

Best practices staff, potentially including P3, TOD/real estate, permitting (future recruitment)

Project Development Team conducts outreach & marketing activities to prospective project sponsors and their partners. Also conduct business development activities (products and services).

Project Development Leads (Regional and Specialized) are assigned to specific projects to serve as single point-of-contact to help advance projects from Initial Consult, through Intake into Creditworthiness (for projects seeking DOT Credit)

Regional PDLs are more generalized and have 'light touch' projects, Specialized PDLs are assigned complex larger projects.

Best Practices Team conducts research and development and analysis to identify and socialize most effective and efficient tools and techniques in specified fields, including:

- **Public Private Partnerships and value for money**
- **Transit Oriented Development and commercial real estate**
- **Environmental review and permitting**

Build America Bureau Organization

US DOT Build America Bureau Leadership

Outreach and Project Development

- Builds upon the single point of contact approach established by the BATIC
- Conducts pro-active outreach
- Conducts intake and screening to define project support needs
- Provides projects with technical assistance and modal coordination
- Supports pre-application activities
- Consolidates and disseminates best practices

Credit Programs

- Combines the three credit programs: TIFIA, RRIF, and PABs
- Administers application process for TIFIA, RRIF, and PABs
- Performs underwriting and negotiations for loans
- Manages portfolio of active loans
- Manages risks of loans

FASTLANE Grants

- Administers application process for FASTLANE grants
- Provides guidance for FASTLANE grant application process, including FAQs and webinars

Business Model Framework

Concept 1

Initial Engagement

“POC” Assigned
Reactive/Responsive

Following Initial Consult, POC provides info to Project Sponsor to educate them on how best to combine DOT credit, funding, & innovative project delivery approaches such as P3s. Early planning in governance, scope, financial planning, and schedule develop.

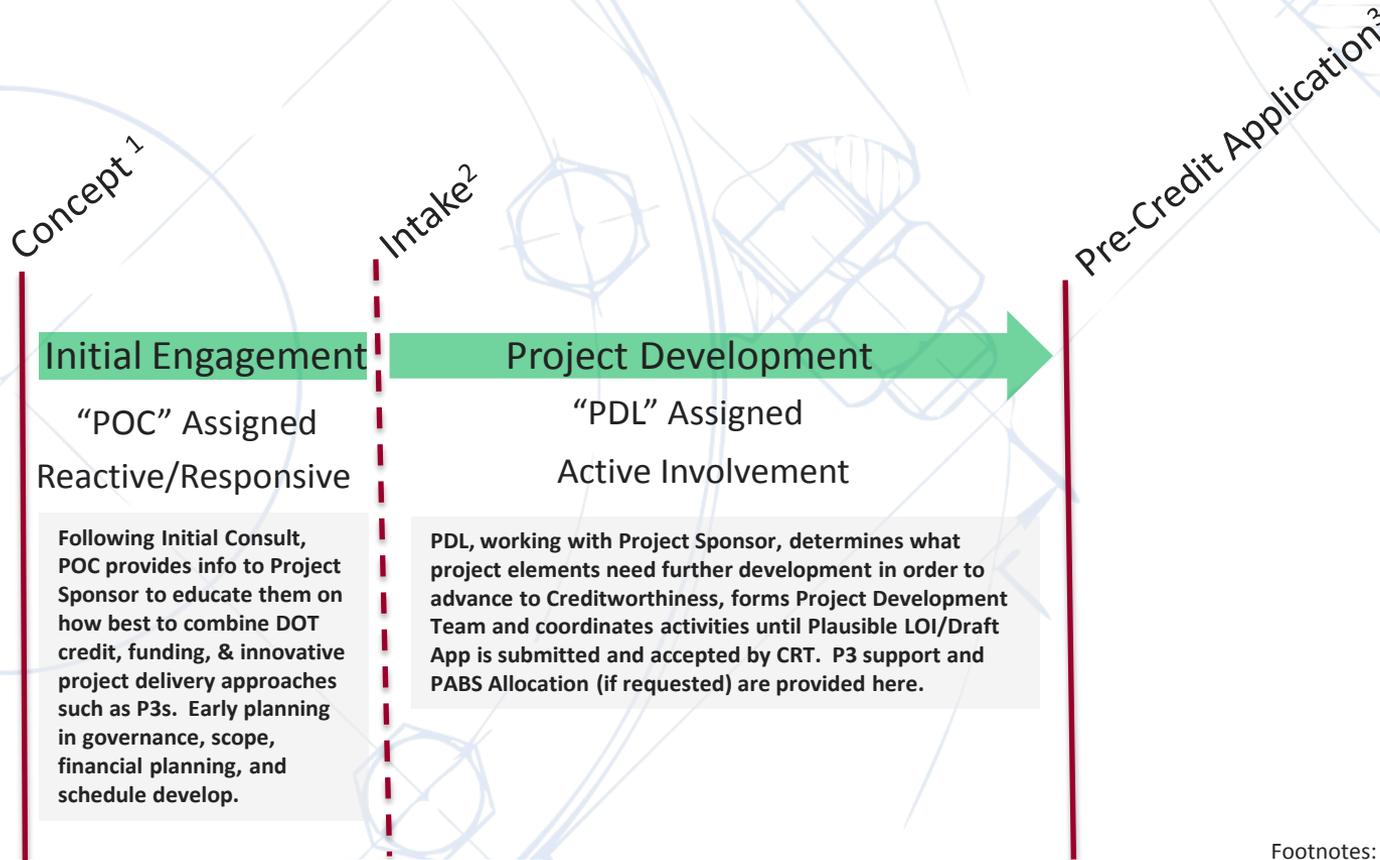
Intake²

- Initial Consult
- **CRT**
Notified

Footnotes:

1. Project First Brought to the Attention of Bureau.
2. Project has sufficient development, is feasible, sponsor motivated.

Business Model Framework



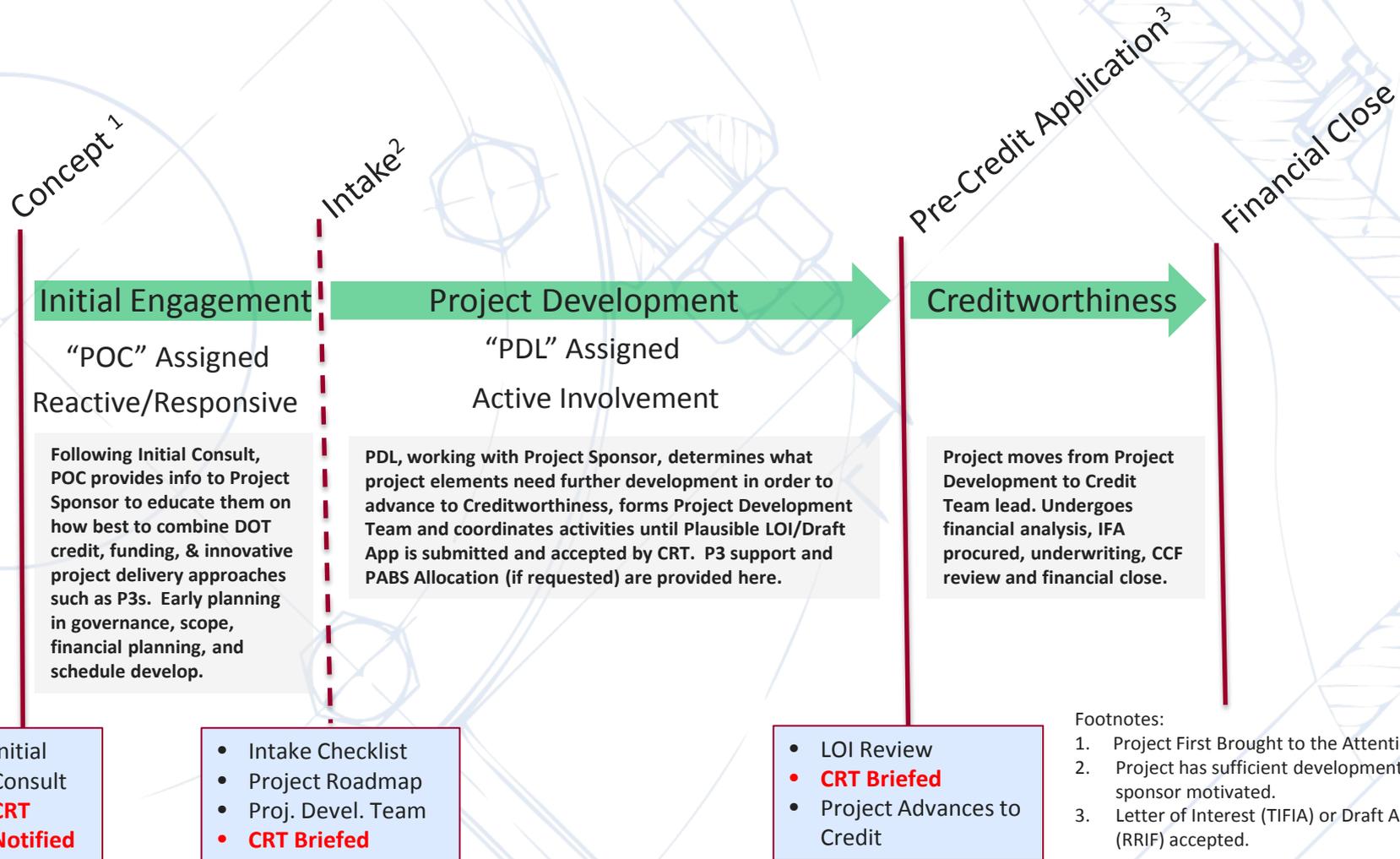
- Initial Consult
- **CRT Notified**

- Intake Checklist
- Project Roadmap
- Proj. Devel. Team
- **CRT Briefed**

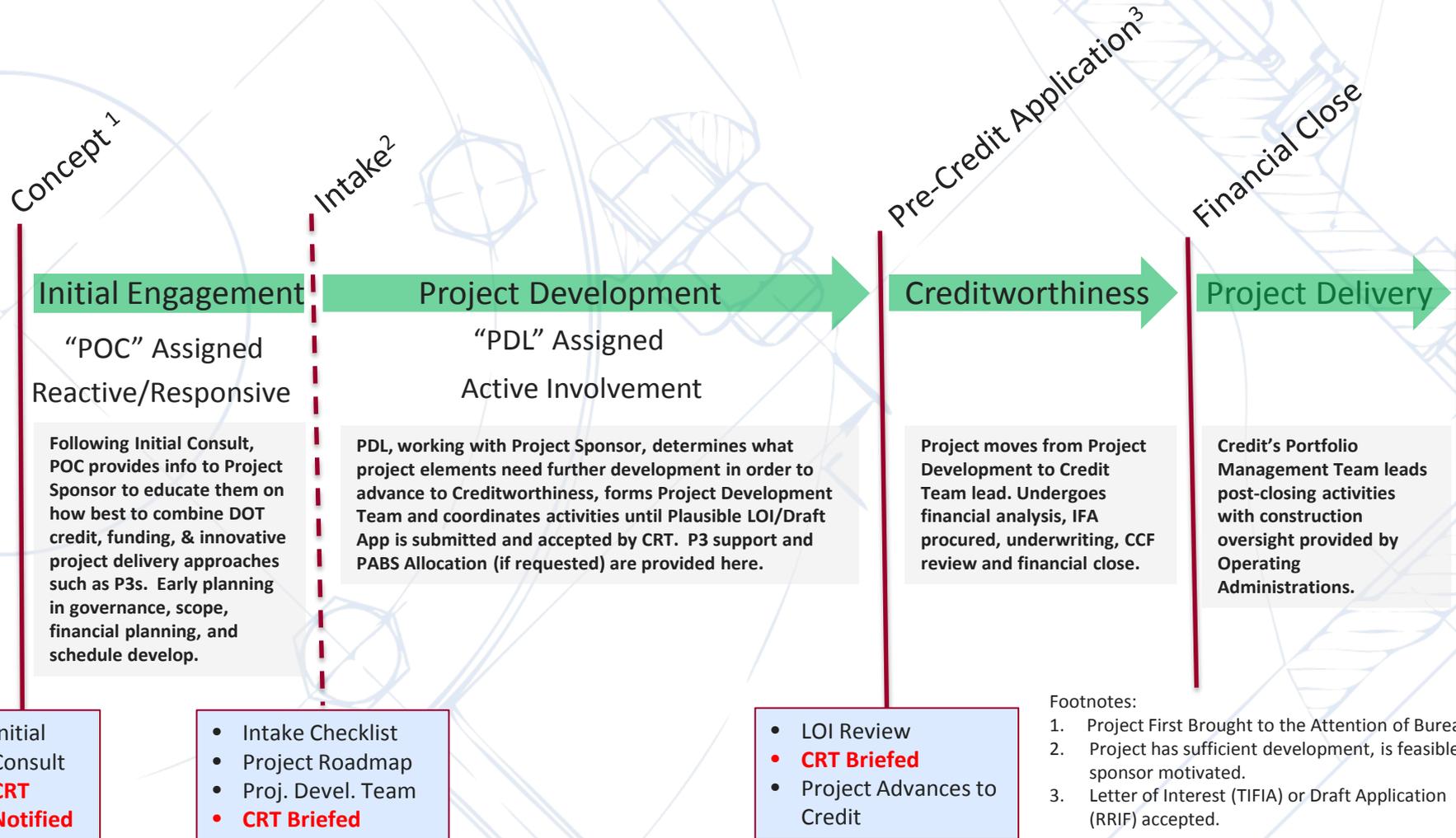
Footnotes:

1. Project First Brought to the Attention of Bureau.
2. Project has sufficient development, is feasible, sponsor motivated.
3. Letter of Interest (TIFIA) or Draft Application (RRIF) accepted.

Business Model Framework



Business Model Framework



Projects That Benefit Most

Large, complex projects:

- High cost
- Multi-jurisdictional
- Multi-modal
- Complex financing

New borrowers or new projects unfamiliar with Federal programs, financing mechanisms and regulatory requirements, including ports and railroads.

Eligible Sponsors and Projects (TIFIA)

ELIGIBLE SPONSORS

State Governments

State Infrastructure Banks

Local Governments

Special Authorities

Transportation
Improvement Districts

Private Firms

ELIGIBLE PROJECTS

Highways and Bridges

Intelligent Transportation Systems

Intermodal Connectors



Transit Vehicles and Facilities

Intercity Buses and Facilities

Freight Transfer Facilities

Pedestrian and Bicycle Infrastructure Networks

Transit-Oriented Development

Rural Infrastructure Projects

Passenger Rail Vehicles and Facilities



Surface Transportation Elements of Port Projects

TIFIA Major Requirements

- ❖ Minimum anticipated project costs exceeding \$10M
- ❖ Limited to 33% of reasonably anticipated eligible project costs unless the sponsor provides a compelling justification for up to 49%
- ❖ Senior debt must receive two investment grade ratings (BBB-/Baa3) from nationally recognized credit rating agencies
- ❖ The project must be included in the relevant State's transportation planning and programming cycle
- ❖ The project must have a dedicated revenue source, such as tolls or other user fees, that are pledged to secure debt service payments for both the TIFIA and senior debt financing

Eligible RRIF Applicants

- ❖ Railroads
- ❖ State and local governments
- ❖ Government sponsored authorities and corporations
- ❖ Joint ventures that include at least one of the above

Eligible Projects

- ❖ Acquire, improve, or rehabilitate intermodal or rail equipment or facilities, including track & track components, bridges, yards, buildings, shops and related costs, including pre-construction costs
- ❖ Develop or establish new rail-related intermodal or railroad facilities
- ❖ Refinance outstanding debt incurred for the purposes listed above
- ❖ Reimburse planning and design expenses

RRIF Program Benefits

- ❖ \$7 Billion reserved for Short Line and Regional Railroads
- ❖ Secured direct loan up to 35 years from substantial completion
- ❖ No minimum project size or loan request
- ❖ Up to 100% of eligible project costs can be funded
- ❖ Funds drawn as needed
- ❖ Flexible amortization
- ❖ Up to 35-year term after project completion
- ❖ No pre-payment penalty
- ❖ Low interest rates
- ❖ Applicants can pledge dedicated revenue streams as collateral

Port Funding and Financing Gaps

- American Association of Port Authorities (AAPA)
- 2015 Port Surface Freight Infrastructure Survey
- 95% of 83 Member Ports Responded
- Atlantic, Pacific, Gulf and Great Lakes Represented
- Purpose: Quantify Baseline Need for Investment in Port Infrastructure connecting seaports to freight transportation system.

Port Funding and Financing Gaps

“AAPA repeatedly hears from U.S. member ports that sustainable and reliable funding sources need to be available in order for them to invest and leverage funding into the connecting freight network.”

Port Funding and Financing Gaps - TIFIA

Eight Percent of respondents reported having utilized a TIFIA loan for a port-related project.

“... many ports have reported having experienced difficulty with how USDOT interpreted their TIFIA applications, concluding that USDOT doesn't encourage port-supported TIFIA projects.”

Port Funding and Financing Gaps - RRIF

73 Percent of AAPA U.S. member ports have on-dock rail, while most others have rail tracks within terminals near docks, which is often referred to as near-dock rail.

“Many port on-dock and near-dock rail systems are out-of-date and need to be significantly enhanced and reinforced...”

“... only 13% of survey respondents reported having applied for or are planning to use the RRIF program to pay for their projects.”

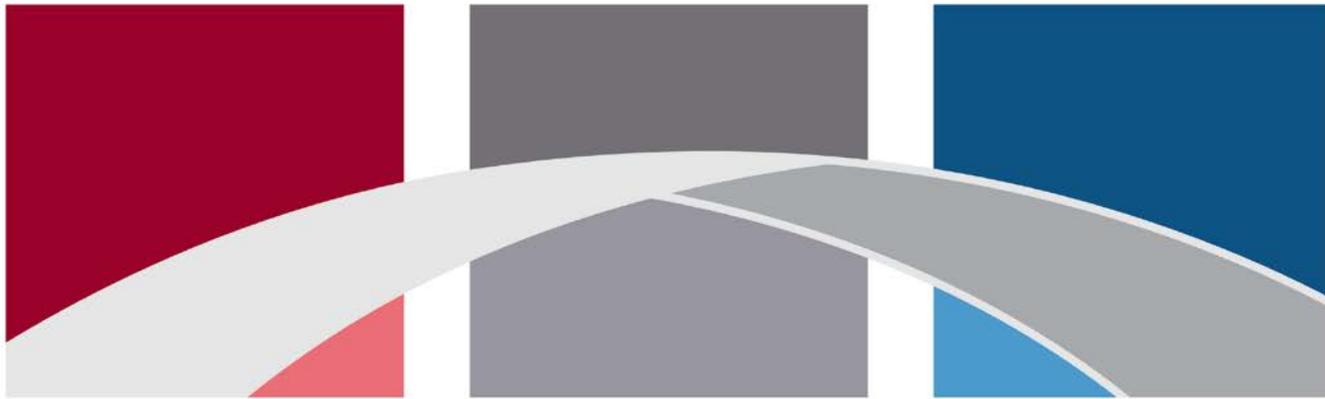
“This may be due to what has been reported as a difficult application process to navigate.”

Future Bureau Activities

- Continue to streamline and harmonize existing credit programs
- Explore sector-focused credit programs (W/I existing authorities)
 - Short Line and Regional Railroads
 - Ports
 - Airport Terminals
- New infrastructure legislation

Discussion

 **U.S. DEPARTMENT OF TRANSPORTATION**



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