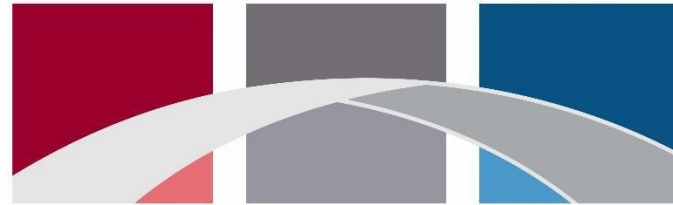


 U.S. DEPARTMENT OF TRANSPORTATION



**BUILD AMERICA BUREAU**

# **BATIC Institute Roundtable on Freight Rail Investment**

**September 11, 2018**





## Build America Bureau - Background

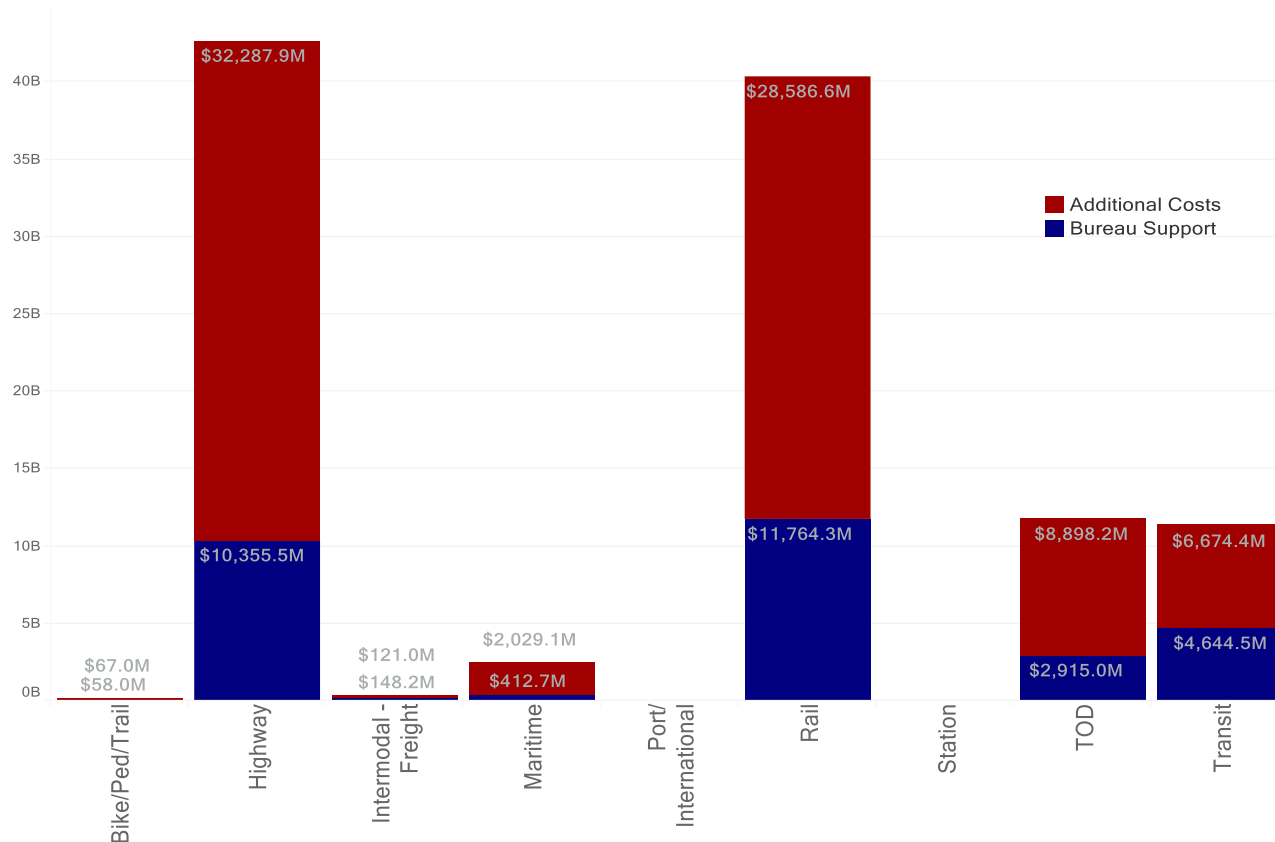
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- Established by the Fixing America's Surface Transportation (FAST) Act.
- Consolidates TIFIA and RRIF loan programs and Private Activity Bonds (PABs) program under one roof.
- Serves as single point of contact for project sponsors, provides technical assistance, communicates best practices, and develops new products and services.
- Organized into two offices:
  - Outreach and Project Development
  - Credit Programs



# Project Pipeline by Type/Value

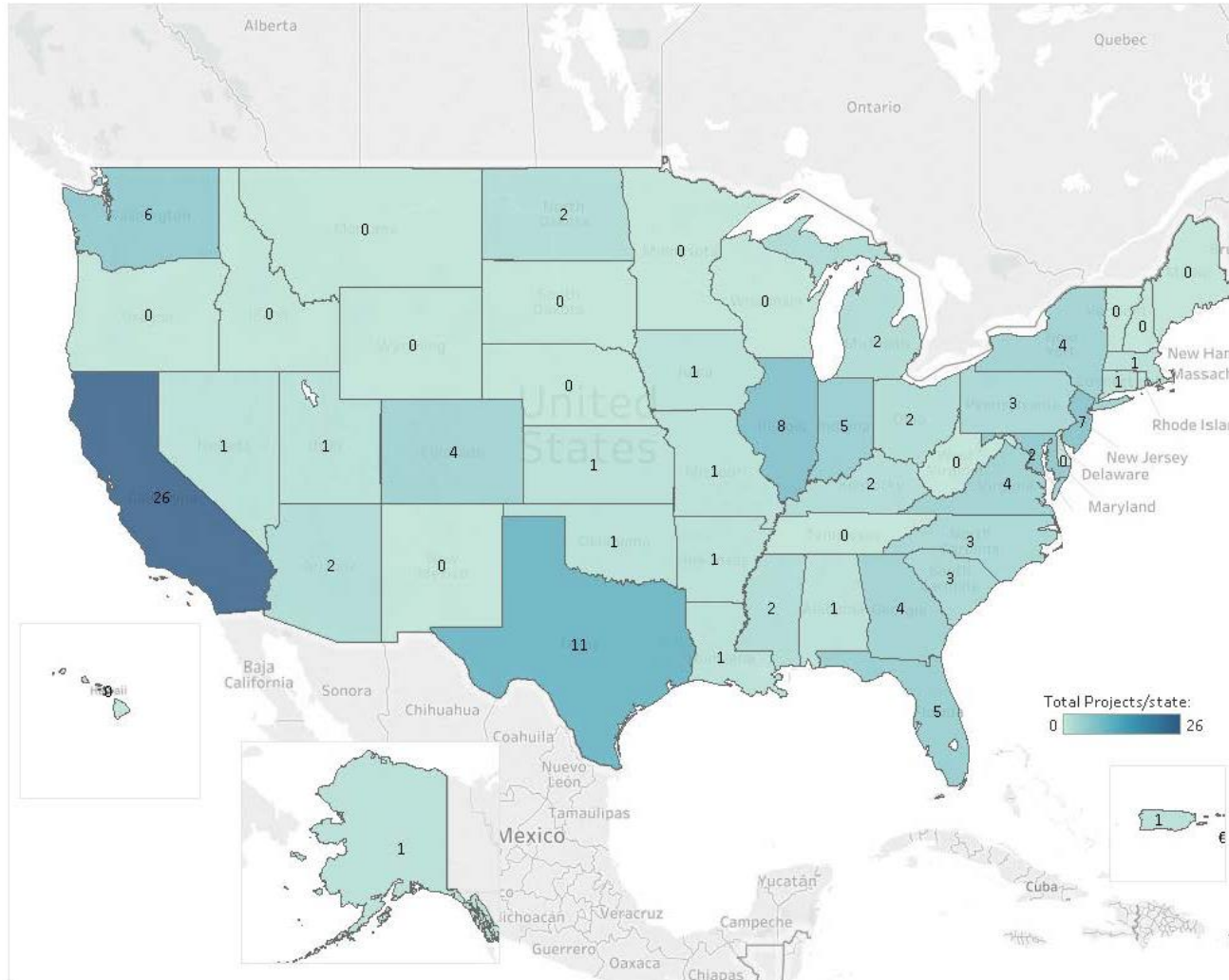
Pre-Credit Estimated Project Costs



98 projects in Pre-Credit Pipeline valued at \$79 Billion



# Project Pipeline by State



## RRIF Program – Background

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- Railroad Rehabilitation & Improvement Financing (RRIF) program
- Direct loan for up to 100% of eligible project costs
- \$35 billion available (\$7 billion reserved for short lines and regional railroads)
- Cost to government of providing financial assistance borne by the applicant through payment of Credit Risk Premium (CRP)
- Collateral not required, but CRP affected by collateral pledged
- Project required to comply with various Federal and modal requirements, including NEPA and Buy America

# RRIF – Eligible Borrowers & Projects

## BORROWERS

Railroads

State and Local Govs

Government sponsored authorities  
and corporations

Interstate compacts (410(a)) Amtrak  
Reform and Acc. Act of 1997

Limited option freight shippers

Joint Ventures

## PROJECTS

Design/planning

**Freight Rail Facilities\***

**Freight Transfer Facilities\***

FRA-Regulated Commuter Rail Facilities

Passenger Rail Vehicles and Equipment

Transit-Oriented Development

**“Intermodal” or Rail Equipment or  
Facilities\***

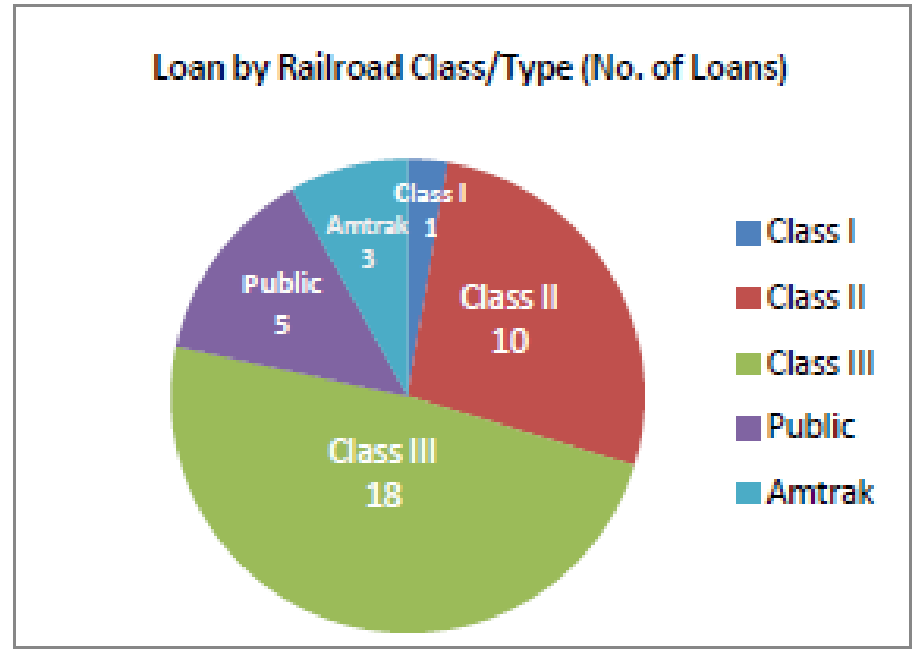
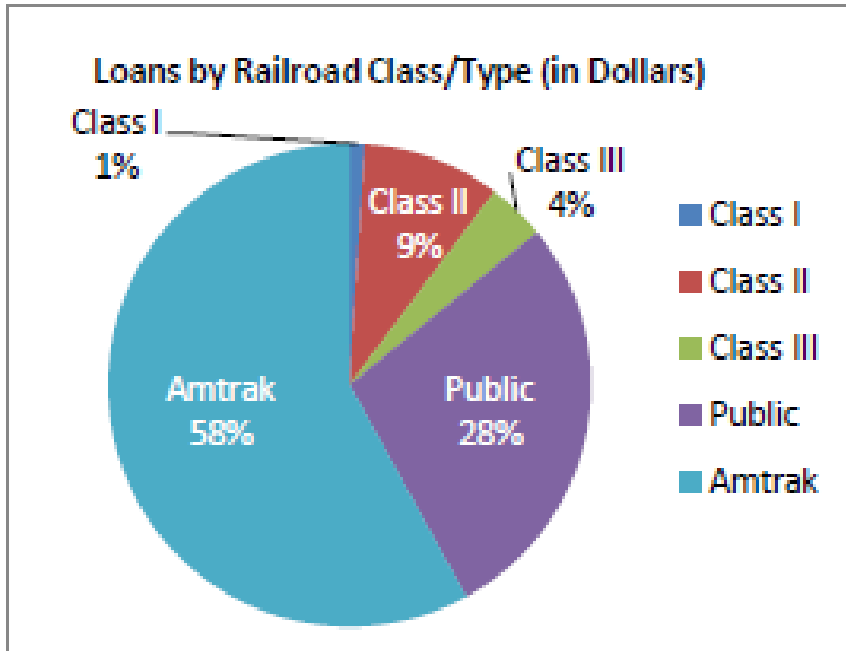
Refinance of above

**NO OPERATIONS!**



# RRIF – Portfolio Statistics

Since program inception, RRIF has approved 37 loans in 27 states totaling over \$5 billion.



# TIFIA Program – Background

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- Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA)
- Minimum anticipated project costs exceeding \$10 million
- Limited to 33% of reasonably anticipated eligible project costs
- Senior debt must receive two investment grade ratings (BBB-/Baa3) from nationally recognized credit rating agencies
- Project must be in State's transportation planning and programming cycle
- Project must have a dedicated revenue source, such as tolls or other user fees, that are pledged to secure debt service payments



# TIFIA – Eligible Borrowers & Projects

## BORROWERS

State Governments

State Infrastructure Banks

Local Governments

Special Authorities

Transportation

Improvement Districts

Private Companies (with public planning sponsor)

## 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\***

**NO OPERATIONS!**

## TIFIA and RRIF – Program Benefits

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- **Low fixed interest rates**
- **Long terms available (up to 35 years)**
- **Flexible amortization schedules**
- **Funds drawn as needed**
- **No pre-payment penalty**
- **Non recourse financing (project cash flow supported)**
- **RRIF can finance 100% of project costs**
- **TIFIA Borrower/Revenue source may be min. investment grade**

**Low Interest Rate -**  
Interest rate on 9/6/2018  
was 2.98% for  
a 35-year loan

## Private Activity Bonds (PABs)

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- DOT authorized to allocate \$15 billion in PABs for qualified highway or surface freight transfer facilities.
- State or local government issues tax-exempt bonds on behalf of a private entity
- Private entity/developer responsible for all PABs debt service
- To date, over \$11 billion of PABs have issued or allocated
  - Over \$8.2 billion of PABs issued for 19 projects
  - Additional \$2.8 billion of PABs allocated for eight projects
- Can be used in combination with TIFIA or RRIF



# Other DOT Financial Assistance Programs

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## **INFRA Program**

- Discretionary grant program focusing on nationally significant freight and highway projects
- \$4.5 billion over 5 years

## **Build Program (formerly TIGER)**

- Discretionary grant program focusing on surface transportation infrastructure, including roads, bridges, transit, rail, ports or intermodal transportation.
- \$1.5 billion available in 2018
- At least 30% of funds for projects in rural areas.

## **National Highway Freight Program (NHFP)**

- \$6.3 billion to states over 5 years; up to 10 percent for non-highway freight modes



## Consolidated Rail Infrastructure & Safety Improvements (CRISI) Program

- Discretionary grant program focusing projects that improve safety, efficiency, and reliability of passenger and freight rail
- Eligible projects include track, station and equipment improvements, Positive Train Control, congestion mitigation, grade crossings, and rail line relocation
- \$318 million available in 2018

## Federal-State Partnership for State of Good Repair

- Grant program to fund capital projects to reduce the State of Good Repair backlog on certain publicly owned railroad assets
- Eligible projects include capital projects to repair, replace, or rehabilitate publicly owned railroad assets

# New Administration Focus

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- Increase diversity of projects:
  - Geographic distribution
  - Rural/urban mix
  - New project types and financial structures
  - Innovation/transformational projects
- Streamline and harmonize applications
- Provide fee relief where possible
- Streamline review processes where possible
- Streamline environmental review process

- TIFIA Rural Projects Initiative
  - Project located in area with population less than 150,000 and outside Census-defined urbanized area
  - Total project cost of \$10 – 75 million
  - Fees may be covered by DOT
  - TIFIA can finance up to 49% of eligible project costs
  - Fixed interest at ½ the U.S. Treasury rate (1.49% on 9/6/18)
  - Other TIFIA Program requirements apply
- Short Line and Regional Freight Rail Initiative
  - Possible reduced fees
  - Expedited processing
  - Be on the lookout for an announcement!



# Questions?

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