

## Chapter 3: Project Characteristics and Financial Status

*"This program offers the sponsors of large transportation projects a new tool to leverage limited Federal resources, stimulate additional investment in our Nation's infrastructure, and encourage greater private sector participation in meeting our transportation needs."*

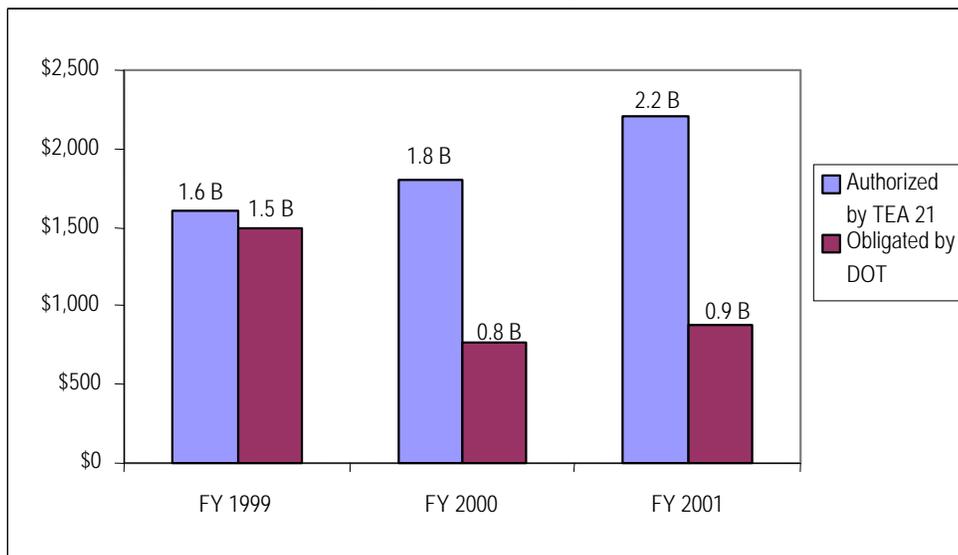
TEA 21 Conference Report (10 5-550)  
May 21, 1998

### 3.0 Introduction

Since 1999, the DOT has selected 11 projects, representing \$15.4 billion in transportation investment, to receive TIFIA credit assistance. The TIFIA commitments total nearly \$3.6 billion in credit assistance at a subsidy cost of about \$190 million.<sup>22</sup>

For the completed fiscal years 1999, 2000 and 2001, cumulative TIFIA obligations<sup>23</sup> represent 56 percent of the credit assistance and 67 percent of the subsidy cost authorized in TEA 21. These obligation rates are displayed in Exhibits 3-A and 3-B below.

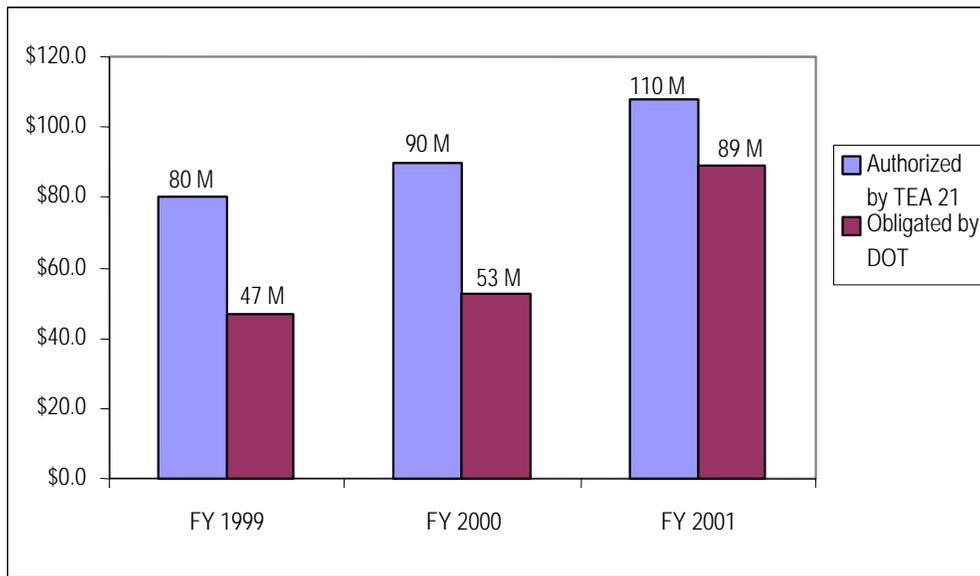
**Exhibit 3-A: Comparison of Credit Assistance Authorized Versus Obligated  
(Millions of dollars)**



<sup>22</sup> The financial data presented throughout this report are current per information available as of March 31, 2002. Accordingly, individual project data may differ from the original information in the project's TIFIA application.

<sup>23</sup> Not including the FY 2002 commitment to the San Francisco-Oakland Bay Bridge.

**Exhibit 3-B: Comparison of Subsidy Cost Authorized Versus Obligated  
(Millions of dollars)**



### 3.1 Project Selections

The first solicitation for participation in the TIFIA program occurred in June 1999 with a Notice of Funding Availability published in the *Federal Register*.<sup>24</sup> Applications were evaluated over the summer, and the Secretary announced the first five project selections in September of that year. Additional rounds of solicitations and selections followed in fiscal years 2000 and 2001. Starting in late 2001, the DOT implemented a “rolling” application policy whereby projects may seek TIFIA assistance as soon as they have met all program prerequisites.

Since 1999, the DOT has received 32 letters of interest and 15 applications of which 11 projects<sup>25</sup> have been approved for TIFIA assistance. In general, the applications that have not resulted in selections reflect projects that did not meet – or have yet to meet – the statutory prerequisites for receiving TIFIA assistance, especially the environmental clearances.

A prominent feature of the TIFIA “portfolio” is its range of transportation mode. As summarized below in Exhibit 3-C, all major categories of eligible projects – highway, transit, passenger rail and multi-modal – have sought and received credit assistance.

<sup>24</sup> FR 64 29754, June 2, 1999.

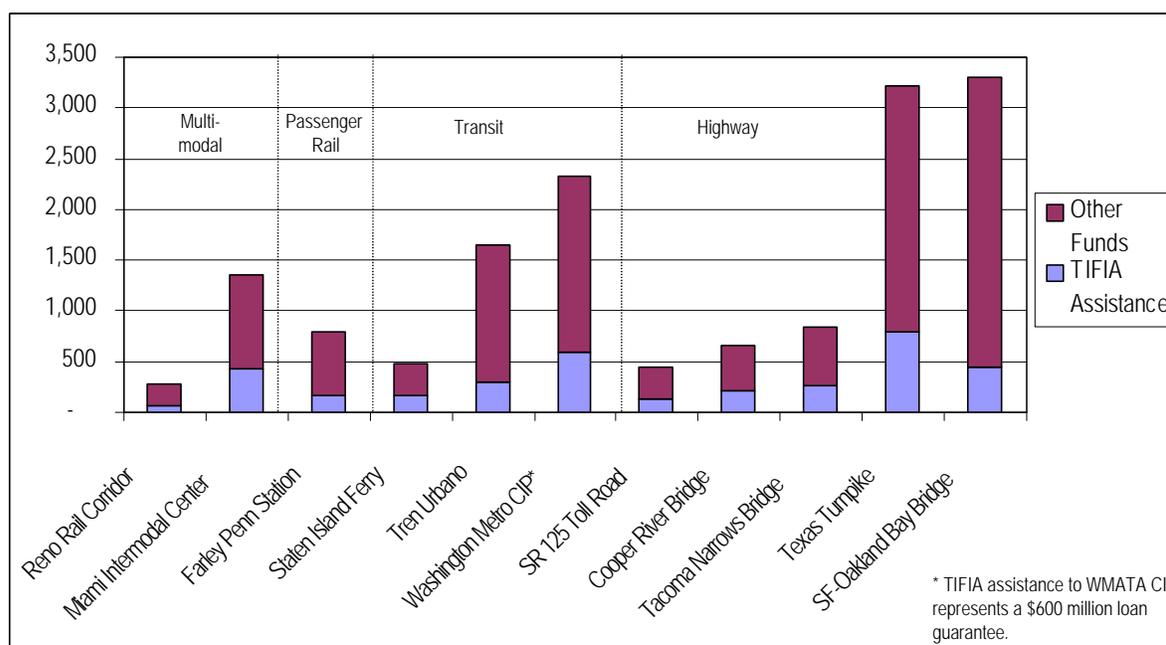
<sup>25</sup> On March 22, 2002, Washington State Governor Gary Locke approved legislation to provide public financing of the Tacoma Narrows Bridge. Although the new financing plan will differ from the public-private collaboration proposed in the project’s TIFIA application, the analysis in this report is based on the project’s financial structure at the time of selection.

**Exhibit 3-C: Letters of Interest, Applications and Project Selections by Mode**

	Multi-modal	Passenger Rail	Transit	Highway	Total
Letters of Interest	7	2	11	12	32
Applications	3	2	4	6	15
Project Selections	2	1	3	5	11

Exhibit 3-D below displays the range of project sizes, from the \$280 million Reno Transportation Rail Access Corridor (ReTRAC) to the \$3.3 billion San Francisco-Oakland Bay Bridge Seismic Retrofit. Passenger rail projects represent the smallest percentage of TIFIA-assisted projects at 4 percent of total TIFIA assistance, while highways represent the largest at 52 percent.

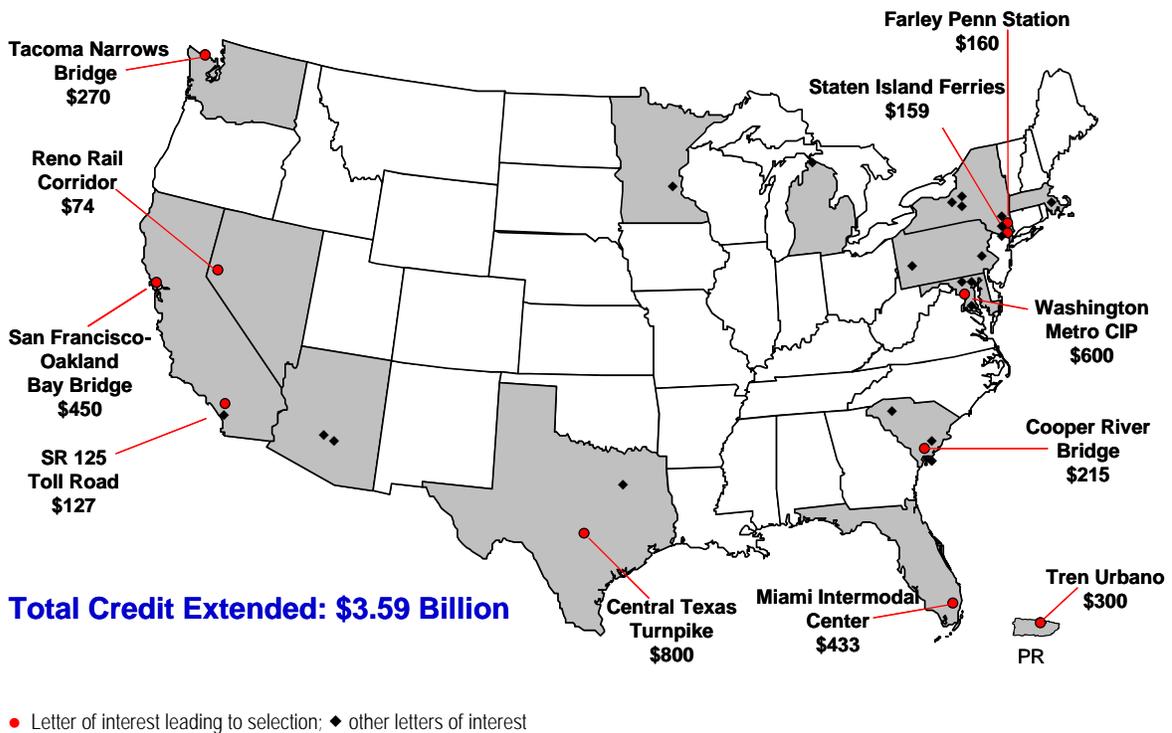
**Exhibit 3-D: TIFIA Project Selections Arrayed by Cost and Mode (Millions of dollars)**



	Multi-modal	Rail	Trans	Highway	Total
Project \$	\$1.63 B	\$795 M	\$4.46 B	\$8.48 B	\$15.37 B
TIFIA \$	\$506 M	\$160 M	\$1.06 B	\$1.86 B	\$3.59 B

Projects from around the nation have submitted letters of interest for TIFIA assistance. Geographically, these projects have concentrated in major metropolitan areas. Exhibit 3-E provides a map displaying the location and amount of TIFIA credit assistance for each project selected (●) to date, as well as the originating location of the other letters of interest (◆).

**Exhibit 3-E: Letters of Interest Submitted and TIFIA Projects Selected to Date:  
Location and Amount of TIFIA Assistance for Selected Projects  
(Millions of dollars)**

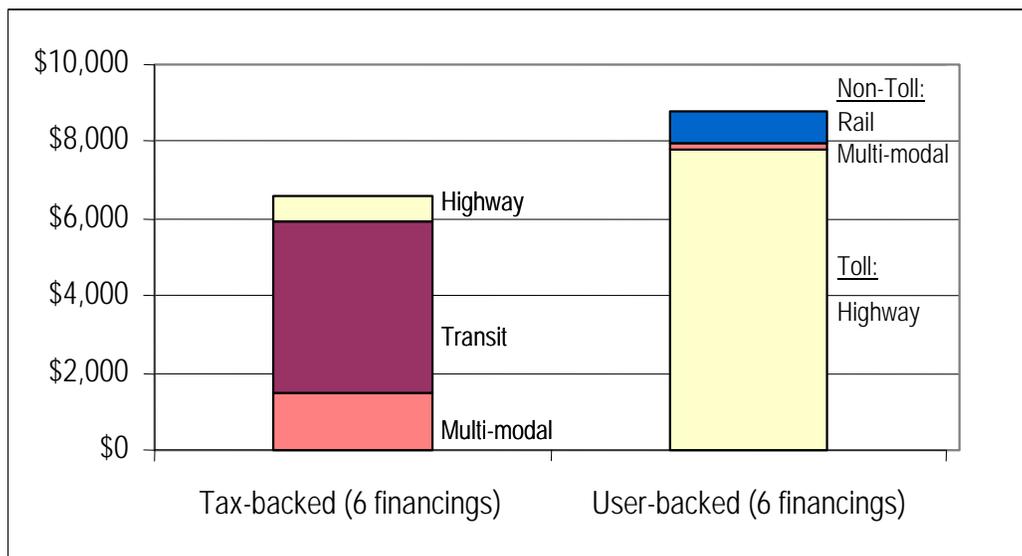


### 3.2 Pledged Revenues

The TIFIA portfolio also features a diverse range of revenues pledged to repay their credit obligations. As shown below in Exhibit 3-F, an equal number of financings rely on pledges of tax-backed sources and project-based revenues.<sup>26</sup>

<sup>26</sup> Note that one of the 11 approved projects – the Miami Intermodal Center – comprises two separate financial transactions. One is tax-backed and the other user-backed.

**Exhibit 3-F: TIFIA Project Selections by Form of Pledge for Loan Repayment  
(Total project costs in millions of dollars)**



The six tax-backed financings, with a combined value of approximately \$6.6 billion, rely on general revenues (Washington Metropolitan Area Transit Authority Capital Improvement Program and Puerto Rico's Tren Urbano), sales and/or tourism taxes (Nevada's Reno Transportation Rail Access Corridor and South Carolina's Cooper River Bridge), fuel taxes (the \$1.2 billion general program component of the Miami Intermodal Center) and revenues from the national tobacco settlement agreement (Staten Island Ferries and Terminals).

Four user-backed financings, with a combined value of approximately \$7.8 billion, rely on highway toll revenues to pay debt service. In one case (the San Francisco-Oakland Bay Bridge), the pledged tolls are collected system-wide from seven existing toll bridges. The remaining three projects (the San Diego area's State Route 125, the Central Texas Turnpike, and Washington State's Tacoma Narrows Bridge) involve new fees levied on new, or newly tolled, facilities. Two user-backed financings, with a combined value of approximately \$960 million, rely on revenues other than tolls: daily rental car transaction fees (the rental car facility component of the Miami Intermodal Center) and commercial lease revenues (New York City's Farley Penn Station).

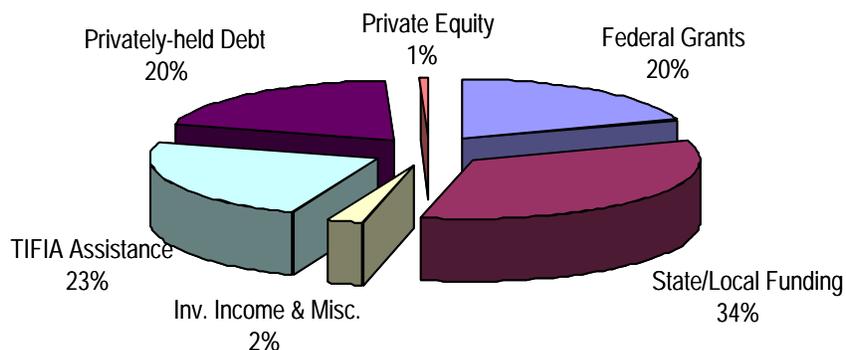
Highway and motor vehicle uses predominate among the user-backed TIFIA financings. The program's commitment to support public modes of transportation likely means that the revenues pledged to repay TIFIA assistance will continue to include broad-based taxes and other revenues not exclusively levied on project users.

### 3.3 Project Co-Investment

The TIFIA projects evidence significant collaboration among funding partners, as cumulative Federal investment is significantly leveraged compared to the typical grant-assisted projects. Exhibit 3-G illustrates this funding diversity and resultant leverage, as TIFIA assistance averages 23 percent of project

investment. Federal grants amount to an additional 20 percent, resulting in combined Federal investment of 43 percent – well under the typical share for federally assisted projects. Private sector-funded debt averages 20 percent. State and local funding, usually in the form of grants, constitutes about 34 percent. At one percent, private equity comprises the scarcest form of co-investment.

**Exhibit 3-G: Aggregate Funding Sources for TIFIA Projects**



### 3.4 Financial Status of TIFIA Credits

Financially speaking, large infrastructure projects that span years of construction exhibit basic similarities and unique distinctions. A common desire of each project sponsor is to obtain funding commitments as early as possible. The precise timing of expenditures, however, depends on the project's construction schedule and the relative availability and cost of other funding sources. For example, if the interest rate on other borrowed funds is less than the rate on the TIFIA debt, the project sponsor will likely draw these cheaper funds earlier (and the TIFIA funds later) in order to reduce overall borrowing costs.

Although the 11 projects selected for TIFIA assistance have obtained durable funding commitments, most of their actual cash requirements lay ahead. As listed in Exhibit 3-H below, the TIFIA program has executed six credit agreements, two of which have resulted in actual cash draws of loan proceeds.

Negotiations toward executed credit agreements are underway for most remaining projects.<sup>27</sup> Credit negotiations have taken as little as three months and as long as two years. Lengthy negotiations reflect not only the complexities and uncertainties of large infrastructure projects, but also the learning curve of both project sponsors and DOT staff as they encounter precedent-setting legal and financial issues for the first time.

The TIFIA program disbursed a total of \$343.9 million to project sponsors as of March 31, 2002. As further indicated below in Exhibit 3-H, repayments to the DOT have commenced for Tren Urbano, which is current on its obligations.

<sup>27</sup> As of March 31, 2002, all except the Tacoma Narrows Bridge, San Francisco-Oakland Bay Bridge and Miami Intermodal Center Rental Car Facility were under active negotiation. See Appendix C for more information on these three projects.

**Exhibit 3-H: TIFIA Disbursements and Repayments (through March 31, 2002)**

<b>Project</b>	<b>Agreement Date</b>	<b>Proceeds Disbursed</b>	<b>Repayments Due</b>	<b>Repayments Received</b>
WMATA CIP	January 28, 2000	\$0 <sup>28</sup>	\$0	\$0
Miami (Gen. Program)	June 9, 2000	0	0	0
Tren Urbano	August 4, 2000	300,000,000	24,136,229	24,136,229
Farley Penn Station	November 6, 2000	0	0	0
Cooper River Bridge	July 11, 2001	0	0	0
Staten Island Ferries	December 19, 2001	43,873,705	0	0
<b>TOTAL</b>		<b>\$343,873,705</b>	<b>\$24,136,229</b>	<b>\$24,136,229</b>

<sup>28</sup> The DOT does not anticipate that WMATA will draw funds from the line of credit guaranteed by TIFIA.

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