



Future of Transportation Funding

Funding & Finance Options

September 18, 2019

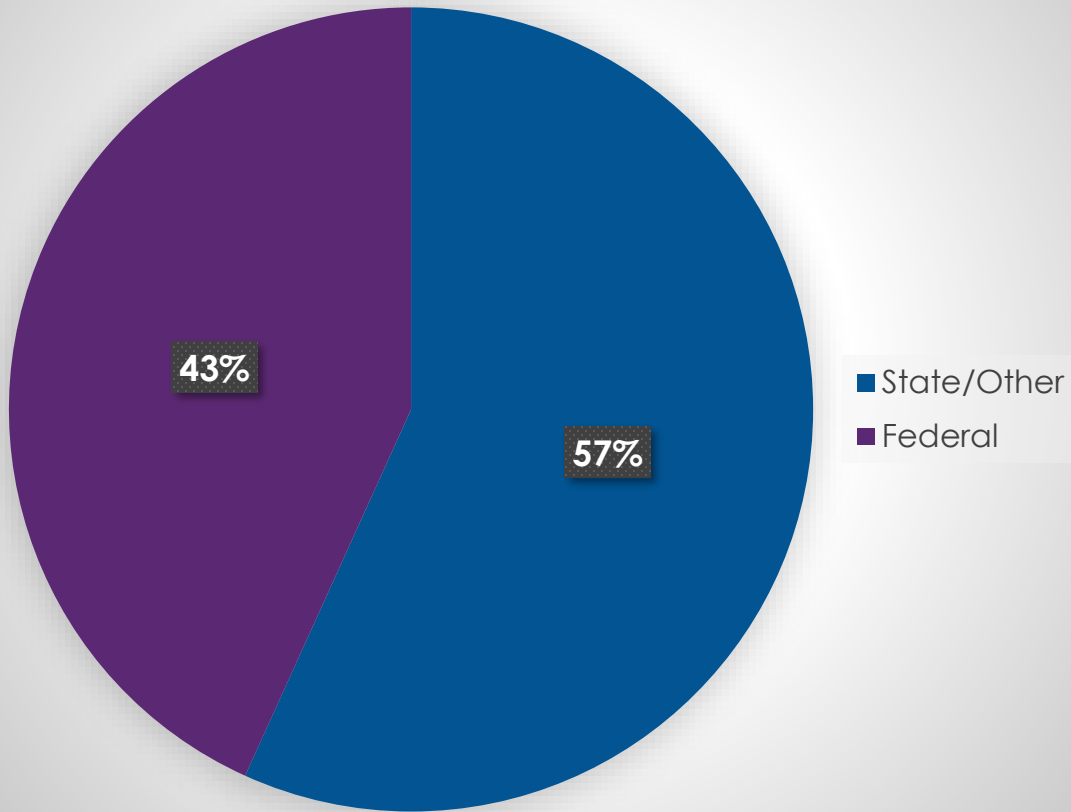


I. National Perspective on Future of Transportation Funding

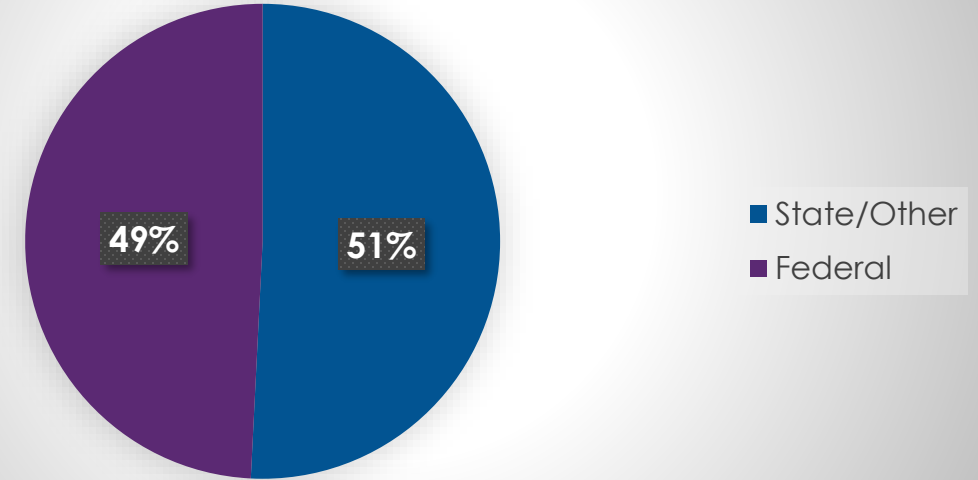
II. GDOT Delivery / Alternative Funding & Finance Options

Impact of Federal Funds: GDOT FY20 Budget

Total GDOT Budget



Capital Construction Program

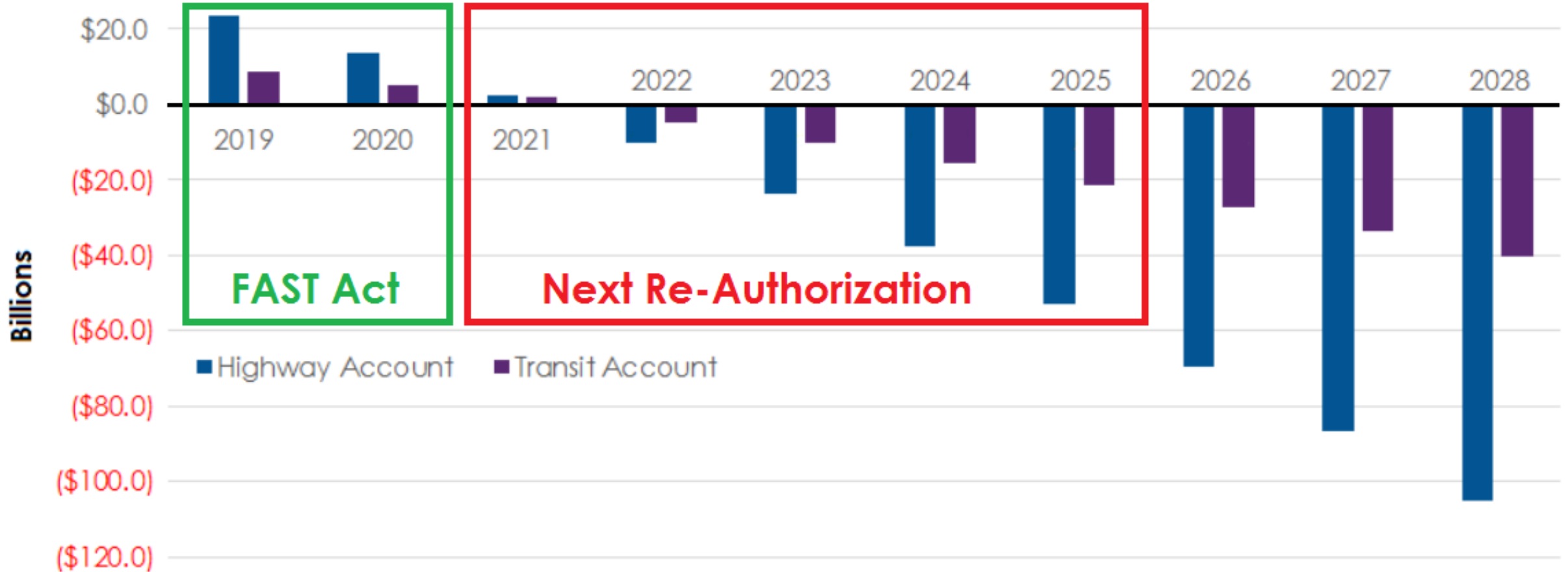


Capital Maintenance Program



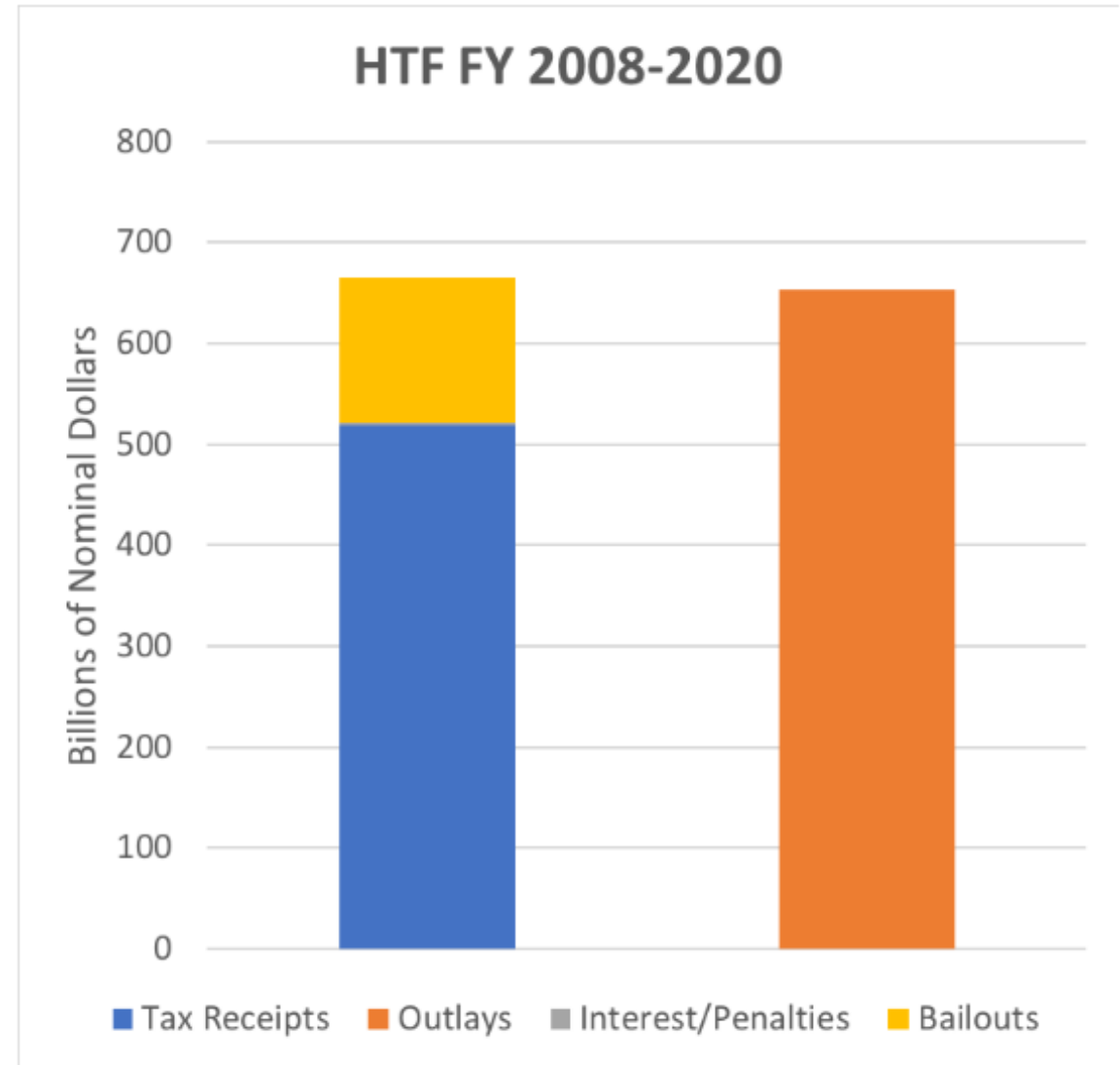
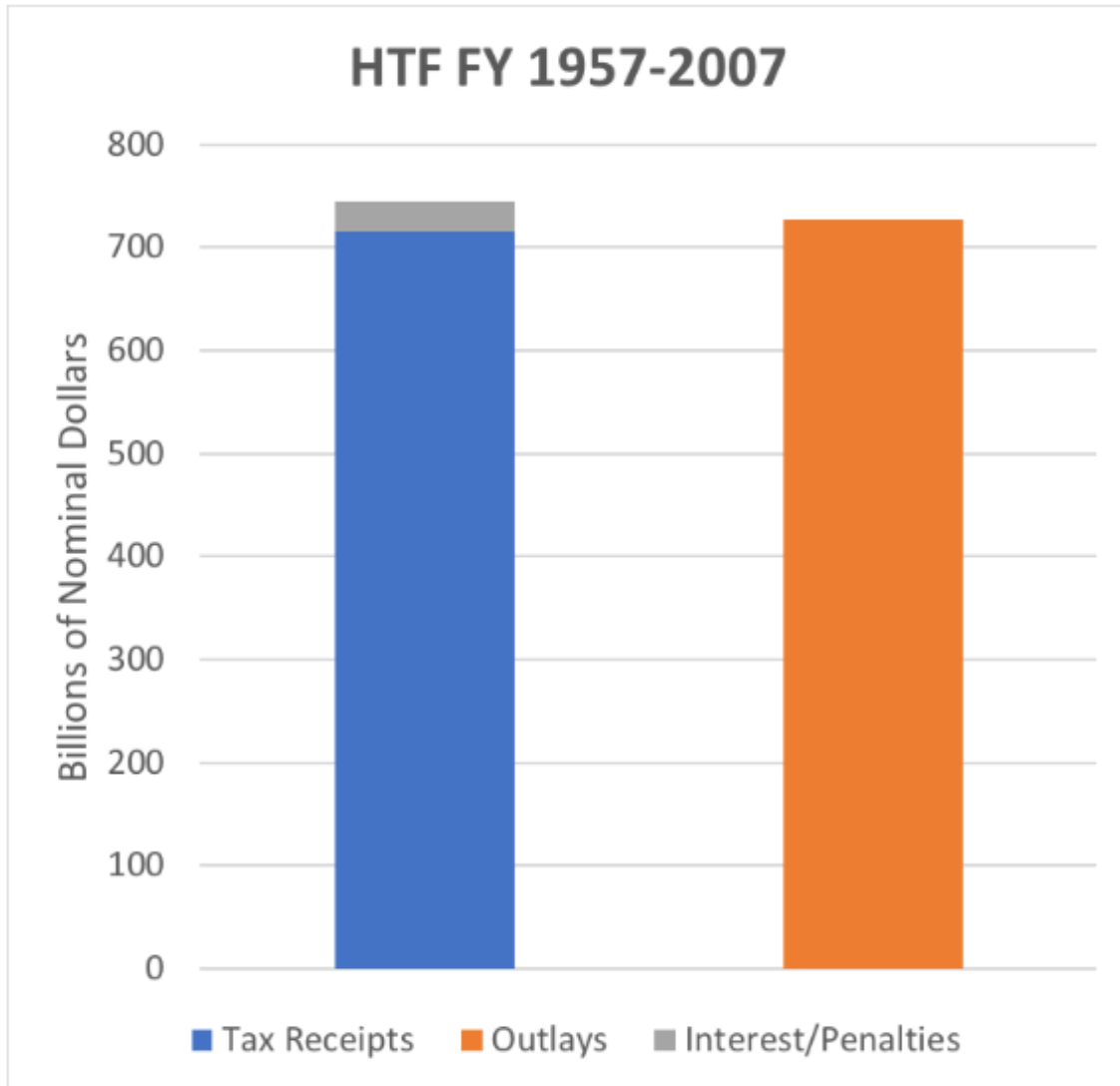
Highway Trust Fund Balances (By Account)

Congressional Budget Office Projection—FY2019 to FFY2028



Source: Congressional Budget Office, Highway Trust Fund Baseline Projection (May 2019)

Federal Highway Trust Fund Structural Solvency



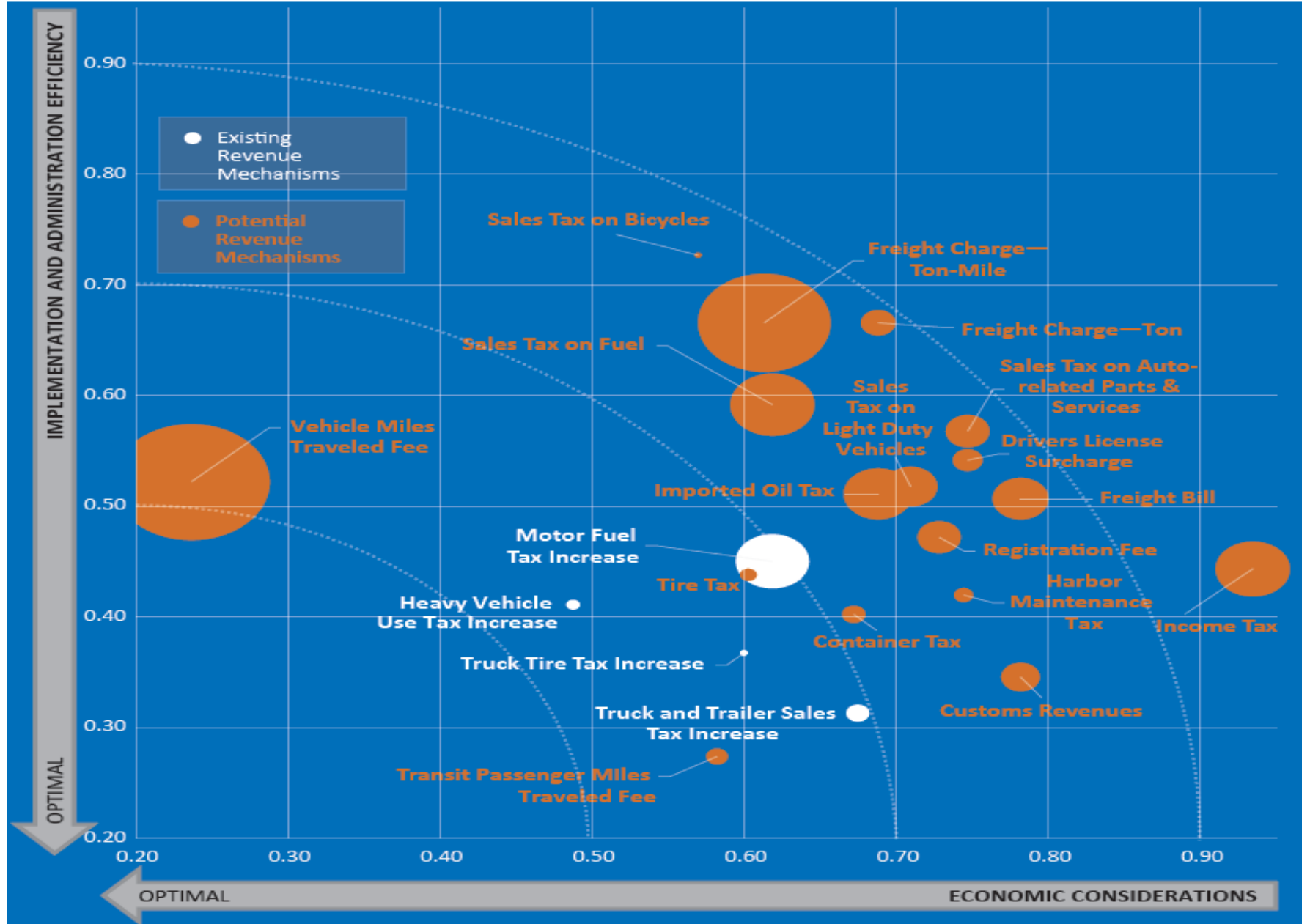
Source: Eno Center for Transportation

Previous Long Term Transportation Funding Proposals

- 2018—Former U.S. House Transportation Committee Chairman Shuster Proposal
 - Creates Highway Trust Fund Commission to report to Congress on long-term solvency recommendations along with legislation.
 - Creates national, volunteer-based pilot program for per-mile user fee.
 - Phases in over a 3-year period, a 15 cents per gallon of gasoline and 20 cents per gallon of diesel indexed to inflation through September 30, 2028.
- 2017—Current U.S. House Transportation Committee Chairman DeFazio Proposal
 - Annually index federal fuel excises taxes (highway construction inflation & national fuel economy)—capped at 1.5 cents per gallon annually.
 - Pledge additional revenues to finance 30-year “Invest in America Bonds” to capitalize the Highway Trust Fund to make solvent and increase investment.

Current & Potential Federal Transportation Funding Options

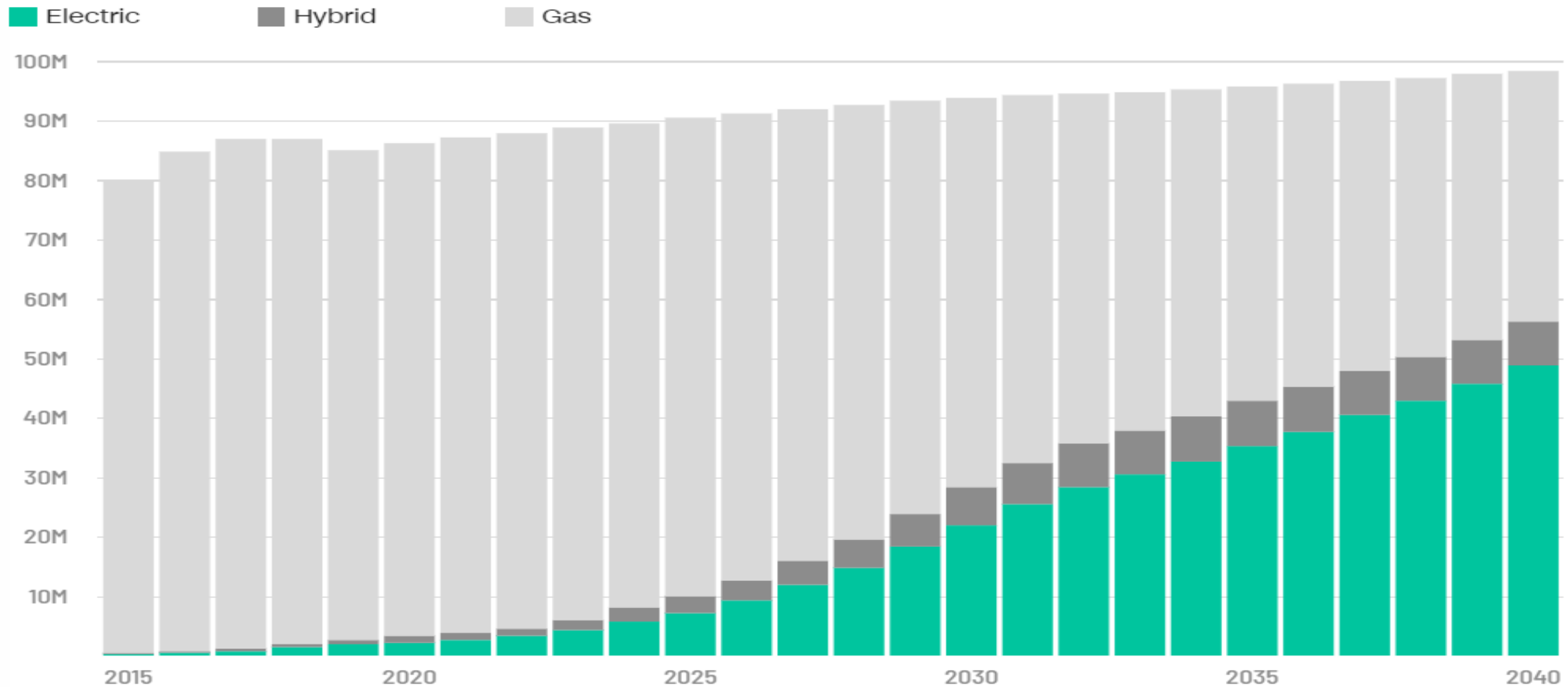
Source: AASHTO Matrix of Illustrative Revenue Options (January 2019)



Projected Global Vehicle Sales through 2040

By 2040, electric cars could outsell gasoline-powered cars

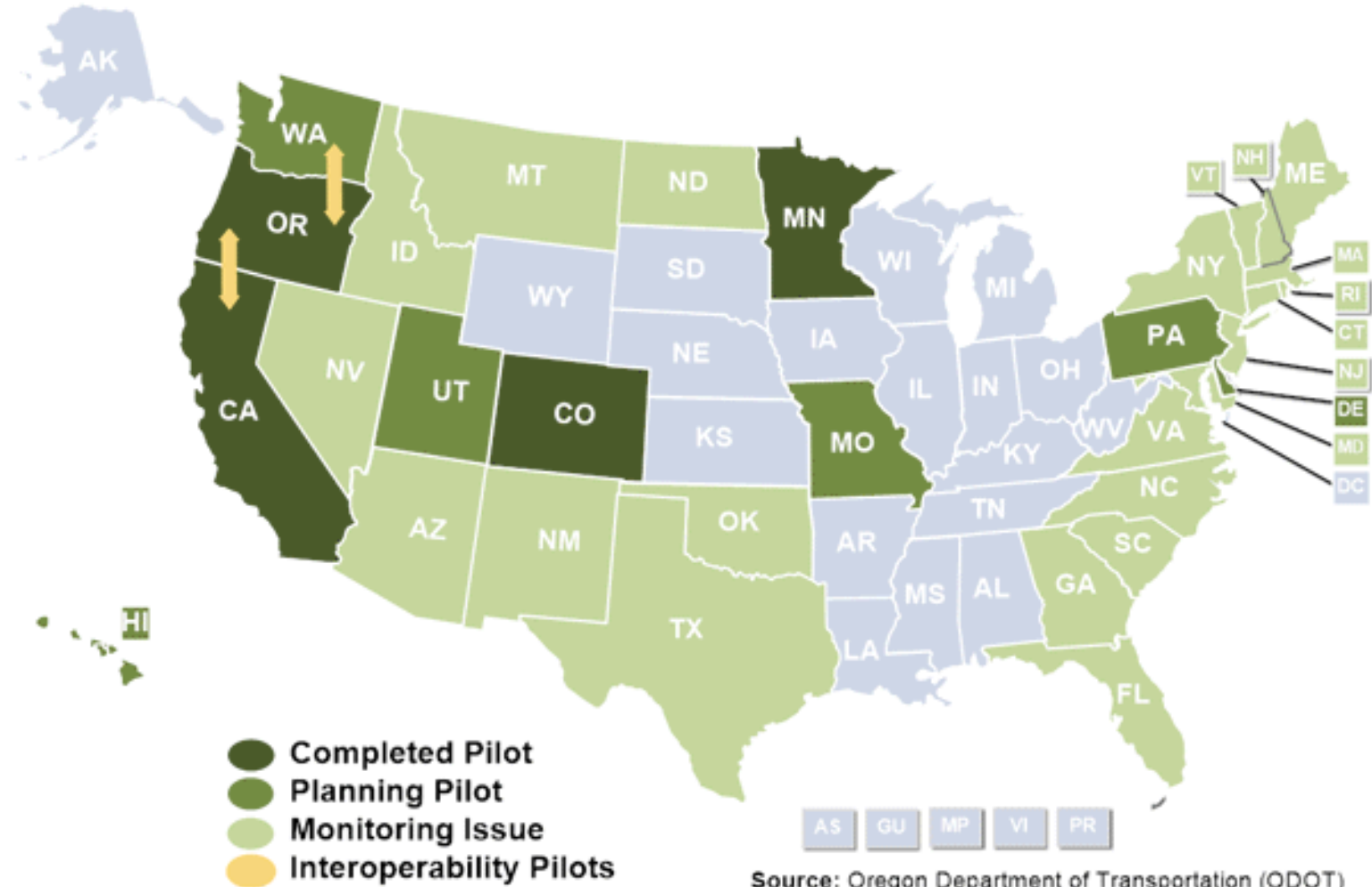
Over the next two decades, sales of electric cars may begin to outstrip global sales of internal combustion cars.



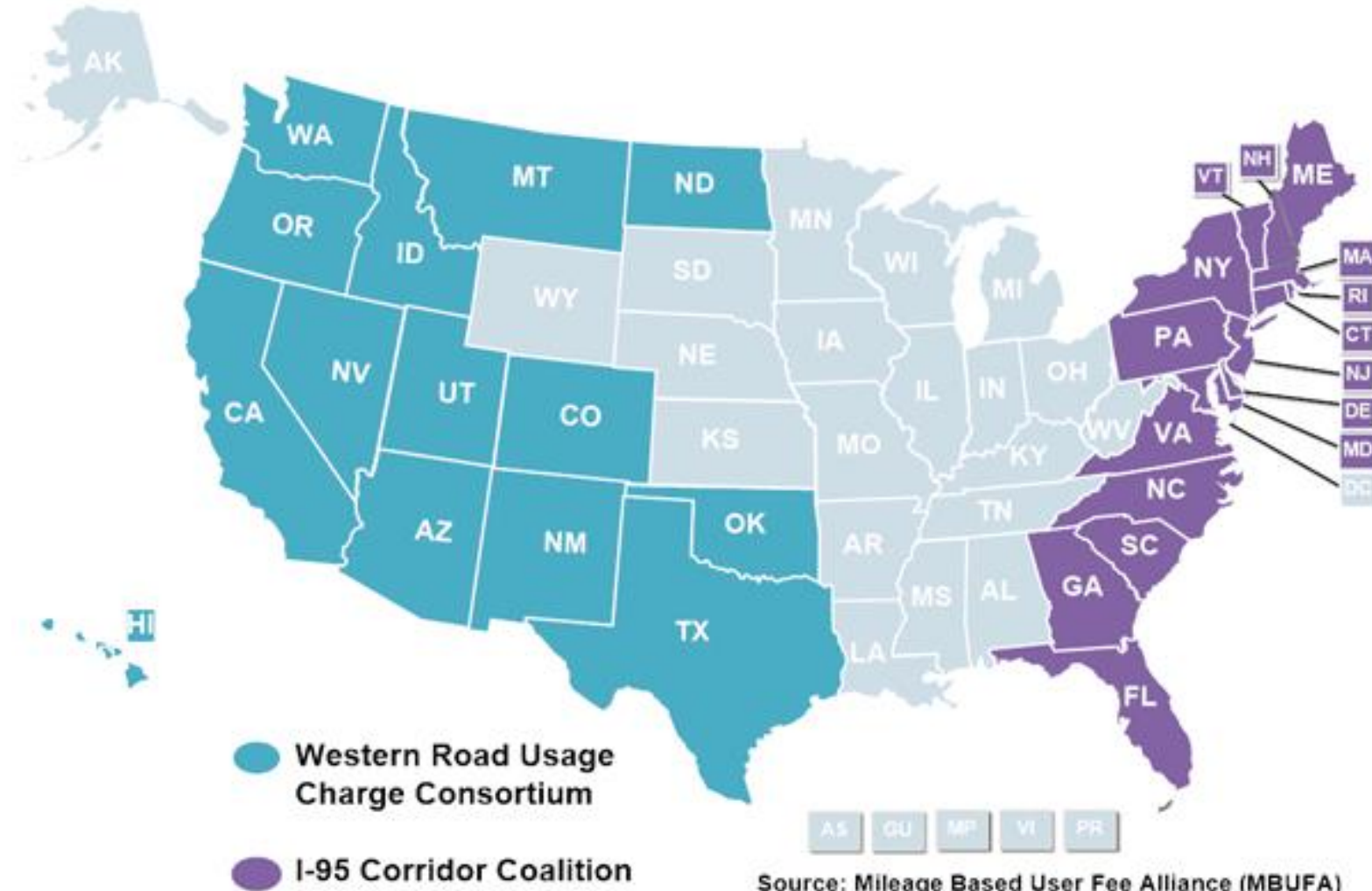
Source: Bloomberg New Energy Finance
 Graphic: Peter Valdes-Dapena and Tal Yellin, CNN

Road-use Charges (RUCs)/Mileage-based User Fees (MBUFs) State Pilot Programs

- To date, voluntary programs.
- Except for Oregon, deployed technology with processes BUT with NO actual financial transactions.
- Oregon's OReGO Pilot
 - Gas Tax Rebate Method—Users pay gas tax but rebated if more than 1.7 cents/mile RUC.



Road-use Charges (RUCs)/Mileage-based User Fees (MBUFs) Multi-State/Collective Pilot Programs



Delivery / Alternative Funding & Finance Options

Delivery / Alternative Funding & Finance Options



1. Alternative contract delivery methods
 - Design Build multi-year (no private finance)
 - Public-Private Partnerships (P3)
 - Design Build Finance (DBF)
 - Design Build Finance Operate Maintain (DBFOM)
2. Federal grant funding
 - INFRA Grant
 - BUILD Grant
3. Federal financing tools
 - Transportation Infrastructure Finance and Innovation Act (TIFIA)
 - Private Activity Bonds (PABs)
 - Railroad Rehabilitation & Improvement Financing (RRIF)

Public-Private Partnerships (P3s)

- NWC
 - Design Build finance (little “f”)
 - 10% private finance
 - State TIFIA Loan \$275 million
 - Backed by toll revenue
- 285/400
 - Design Build Finance
 - Private financing during CST
 - Short-term finance - 2 years post CST
- SR 400
 - Design Build Finance Maintain
 - \$184 million INFRA grant
 - 35-year availability payment structure
 - Developer equity and long-term finance

- Leverage State and Federal dollars with private finance
- Transfer key risks to private sector
- Inspire innovation and improved pricing through competitive process
- Synergies between design, construction and long-term maintenance (as applicable)

INFRA (Infrastructure For Rebuilding America) Grant Funding

Competitive discretionary grant program, authorized in FAST Act

GDOT SR 400 DBFM project is recipient of largest INFRA grant award

- \$184 million
 - Grant allows for significant finance savings
 - Funds payments during construction



BUILD (Better Utilizing Investments to Leverage Development) Grant Funding

- BUILD funding can support roads, bridges, transit, rail, ports or intermodal transportation
- \$900 million in discretionary grant funding (FY2019)
- For this round of BUILD grants, the maximum grant award is \$25 million, and no more than \$90 million can be awarded to a single State

“These BUILD Transportation grants will provide needed infrastructure investment to better connect rural and urban communities around our nation” - US Secretary of Transportation Elaine L. Chao

Transportation Infrastructure Finance and Innovation Act (TIFIA)

Key Details

- Credit assistance (loans or guarantees) from Federal government, limited to 33% of eligible project costs
- Very low cost of finance (Treasury rate), with flexible repayment terms
- Borrower may be a public or private entity, but must be backed by dedicated revenue stream (e.g. tolls or availability payments to a private Developer)

Anticipated Process for SR 400 Project

- Intend that borrower of TIFIA loan will be Developer, greatly reducing private cost of finance
- GDOT will seek to work with Build America Bureau (BAB) to develop a common TIFIA term sheet that Proposers can incorporate into committed financing in proposals
- Upon selection, Developer will work with BAB to close the TIFIA loan

Private Activity Bonds (PABs)

- PABs allow private developers to issue tax-exempt debt – therefore lowering Developer’s cost of finance and cost of project to GDOT
- PABs may be issued for privately developed and operated projects, including highway and freight transfer facilities
- For the SR 400 Project, GDOT intends to seek an allocation of PABs, which would be available to Proposers should they wish to incorporate in their financing plan (subject to availability)

Railroad Rehabilitation & Improvement Financing (RRIF)

- Direct loans from Federal government to either public or private borrower – can be used for up to 100% of eligible costs on a rail project
- Repayment periods of up to 35 years
- Interest rates equal to the Treasury rate, so low cost
- RRIF loans may be used to:
 - Acquire, improve, or rehab intermodal or rail equipment or facilities, including track, components of track, bridges, yards, buildings and shops, and the installation of positive train control systems
 - Develop or establish new intermodal or railroad facilities
 - Reimburse planning and design expenses related to activities listed above
 - Refinance outstanding debt incurred for the purposes listed above



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