Cotton Belt
Innovative Finance Initiative

Release of Draft Summary Report

Presentation to:
Regional Transportation Council

July 14, 2011
Innovative Finance Initiative (iFi)  
Cotton Belt Corridor
iFi Purpose

- Enhance east-west mobility with a more sustainable economic development pattern
- Expedite implementation through innovative funding methods
- Dallas Area Rapid Transit (DART) and Fort Worth Transportation Authority (The T) request North Central Texas Council of Governments (NCTCOG) to:
  - Identify viable funding sources
  - Devise funding and revenue plan
Current Status

• Draft Summary Report released on July 1, 2011
• Under review by all stakeholders; transit authorities, mayors, city managers, RTC members
• 3 week review period thru July 22
On-Going Associated Efforts

• Discussion with Potential Vehicle Providers
  • Establishment of Manufacturing Facility in North Texas

• DART proceeding with Preliminary Engineering/Environmental Impact Statement (PE/EIS) Efforts
  • Recent completion of Value Engineering

• DART proceeding with Smart Card Solicitation

• The T nearing completion of Federal Transit Administration (FTA) New Starts submission
Potential Revenue Sources

• Non-geographic
  • Advertising
  • Naming rights
  • Fiber optic
  • Enhanced farebox recovery/rapid card

• Geographic
  • Public land development
  • Value capture
  • Equity Payments
iFi Analysis Parameters

- Very Conservative approach
  - Capital costs – high
  - Operating costs – high
  - Fare structure revenues – low
  - Other revenue sources – low

- Overall assumptions
  - Integrated whole corridor operation
  - 40 year analysis
  - Inflation rate – 2.39 percent (10-year consumer price index (CPI) average)
  - Five percent discount rate with 35 percent Tax Increment Financing (TIF) Share
## Potential Revenue

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash/Current Commitments</td>
<td>$342.00</td>
</tr>
<tr>
<td>New Starts Funding (The T)</td>
<td>$305.00</td>
</tr>
<tr>
<td>Sales Tax (Grapevine &amp; 4B)</td>
<td>$259.14</td>
</tr>
<tr>
<td>Farebox Revenue (@$0.14 per mile)</td>
<td>$340.83</td>
</tr>
<tr>
<td>Non-Geographic (Advertising, etc.)</td>
<td>$163.62</td>
</tr>
<tr>
<td>Taxbase Value Capture</td>
<td>$681.59</td>
</tr>
<tr>
<td>Land Value Capture</td>
<td>$262.31</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$2,354.49</strong></td>
</tr>
</tbody>
</table>

Assumptions: 2.39 percent inflation rate
40 year analysis
Five percent discount rate
35 percent facility share of incremental value
Comparison to Cost

• Capital Cost could be as high as $1.8B
  • Will vary with method of implementation
  • Capital Cost scenarios still being developed

• Cost/Revenue “Gap” will vary based on:
  • Revenue Assumptions chosen
  • Capital Cost scenario chosen
Next Steps

- Anticipated DART Board Briefing in August
- Anticipated The T Board Briefing in August
- Final Report released in late August
- September RTC Meeting Action:
  - Endorsement of Final Report Findings
  - Support to Proceed with Next Phase
Feedback from Industry

- Recent conversation with Public Private Partnership (P3) companies
- P3 will save estimated 20 – 30 percent on capital and operating costs
- Value Capture most appropriate for long-term needs
- Define desired service; then request private sector to bid
- Risk assignment is critical component
- Don’t forget interim solutions
NCTCOG Staff Activity

- Complete the report
- Identify revenues for Phase II effort
- Identify primary and back-stop sources (work with North Texas Tollway Authority (NTTA) on primary opportunity)
- Fair Share payments by city
- Smart Card status
- Continue effort on local passenger rail vehicle manufacturing facility
- Expedite rail agreements
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