Cotton Belt Corridor
Innovative Finance Initiative

RTC Workshop

May 12, 2011
Discussion Topics

- Meeting Purpose – Michael Morris
- Project Purpose and Objectives – Tom Shelton
- Funding Analysis – Scott Polikov
- Potential Fare Structure – Michael Morris
- Transferability – Michael Morris
Cotton Belt Corridor
3 Key Points

1. MUST have DART and T Board approvals
2. MUST have DART and T Board approvals
3. MUST have DART and T Board approvals
Innovative Finance Initiative (iFi)

- Purpose – expedite implementation through innovative funding methods
- DART and The T request North Central Texas Council of Governments (NCTCOG) to
  - Identify viable funding sources
  - Devise funding and revenue plan
Corridor Information

• Identify viable funding sources
• 27 potential station locations
• System connections
  • Red, Green, Orange LRT lines
  • A Train, TRE
• 450,000+ population in corridor
• Many stakeholders
  • 13 Cities, 3 Counties, 2 transit agencies
  • Other government entities
iFi Goals and Mission

• Goal and mission
  • Develop innovative **funding** plan to
    • Construct
    • Operate
    • Maintain
  • Develop funding partnerships with private sector developers
Potential Revenue Sources

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

• Geographic
  • Public land development
  • Value capture
iFi Analysis

• Conservative approach
  • Capital costs – high
  • Operating costs – high
  • Fare structure – low
  • Revenue sources – low

• Overall assumptions
  • Integrated whole corridor operation
  • 40 year analysis
  • Inflation rate – 2.39 percent
    (10-year consumer price index (CPI) average)
Current Cost Estimates

- Capital
  - Total corridor estimate – $1.542 billion

- Operating
  - Assumed DART estimate parameters
  - $38.3 million annually ($2009)
  - Grown to 2051 by 2.39 percent inflation rate
Estimated Revenue

- Farebox
  - Distance-based fares – $0.14 per mile
- Sales tax
  - Grapevine – 3/8 cent after 2015
  - 4A/4B – 10 percent from non-member cities
- Operations-related other sources
  - Advertising – $0.10 per rider
  - Naming rights
  - Fiber optic lease
• Public value capture
  • 27 potential stations
  • Approximately 9,000 acres
  • $3.1 billion taxable value ($2009)
  • 6.39 percent growth rate
  • 3 stations dropped
  • Only use 80 percent of estimate
## Results – 4 Scenarios

<table>
<thead>
<tr>
<th>Discount Rate/Public Value Capture Share</th>
<th>5% /35%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Near-Term Resources</td>
<td>$886.2</td>
</tr>
<tr>
<td>Present Value of All other Sources Less Operating Costs</td>
<td>$382.2</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>$1,268.4</td>
</tr>
<tr>
<td>Capital Costs</td>
<td>$1,542.6</td>
</tr>
<tr>
<td><strong>Differential</strong></td>
<td><strong>$274.2</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Alternative Discount Rate/Public Value Capture Shares</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5%/35%</td>
<td>$274.2</td>
</tr>
<tr>
<td>5%/50%</td>
<td>$25.2</td>
</tr>
<tr>
<td>7%/35%</td>
<td>$430.6</td>
</tr>
<tr>
<td>7%/50%</td>
<td>$272.1</td>
</tr>
</tbody>
</table>
Other Key Revenue Sources

• Capital and operating expenses
  • Rapid card opportunity
  • Railcar manufacturing facility
  • Non-member equity payments
  • Coordinated multimodal leveraging
After re-planning future land use, the TIF will pay back bonds issued to defray city’s share of toll road cost.
Potential Fare Structure

- Fair fare concept
- Smart card technology a must

<table>
<thead>
<tr>
<th>Partnership Payment</th>
<th>Lower Fare</th>
<th>Higher Fare</th>
<th>Partnership Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student</td>
<td>Low Income</td>
<td>Peak User</td>
<td>Non-Member City User</td>
</tr>
<tr>
<td>Elderly</td>
<td>Frequent User</td>
<td>Special Destination</td>
<td>Special Functions</td>
</tr>
<tr>
<td>Unemployed</td>
<td>Off-Peak</td>
<td>Parking Space Use</td>
<td>Ozone Alert Response</td>
</tr>
<tr>
<td>Medical</td>
<td></td>
<td>Longer Distance</td>
<td></td>
</tr>
</tbody>
</table>
Transformation

- Change from Mobility 2030
- $50 billion funding shortfall
- RTC sustainable development program
  - Vision North Texas
- Cotton Belt now, others later
  - McKinney
  - Frisco
  - Waxahachie
  - Cleburne
  - Mansfield
  - Duncanville, Midlothian, etc.
- Other Modes (highways, tollways, high speed rail)
Contact

Tom Shelton, P.E., AICP
Senior Program Manager
Streamlined Project Delivery
tshelton@nctcog.org
(817) 704-5633

Kevin Feldt, AICP
Program Manager
Streamlined Project Delivery
kfeldt@nctcog.org
(817) 704-2529

www.nctcog.org/ifi