



# Cotton Belt Corridor Innovative Finance Initiative

NCTCOG Public Meetings

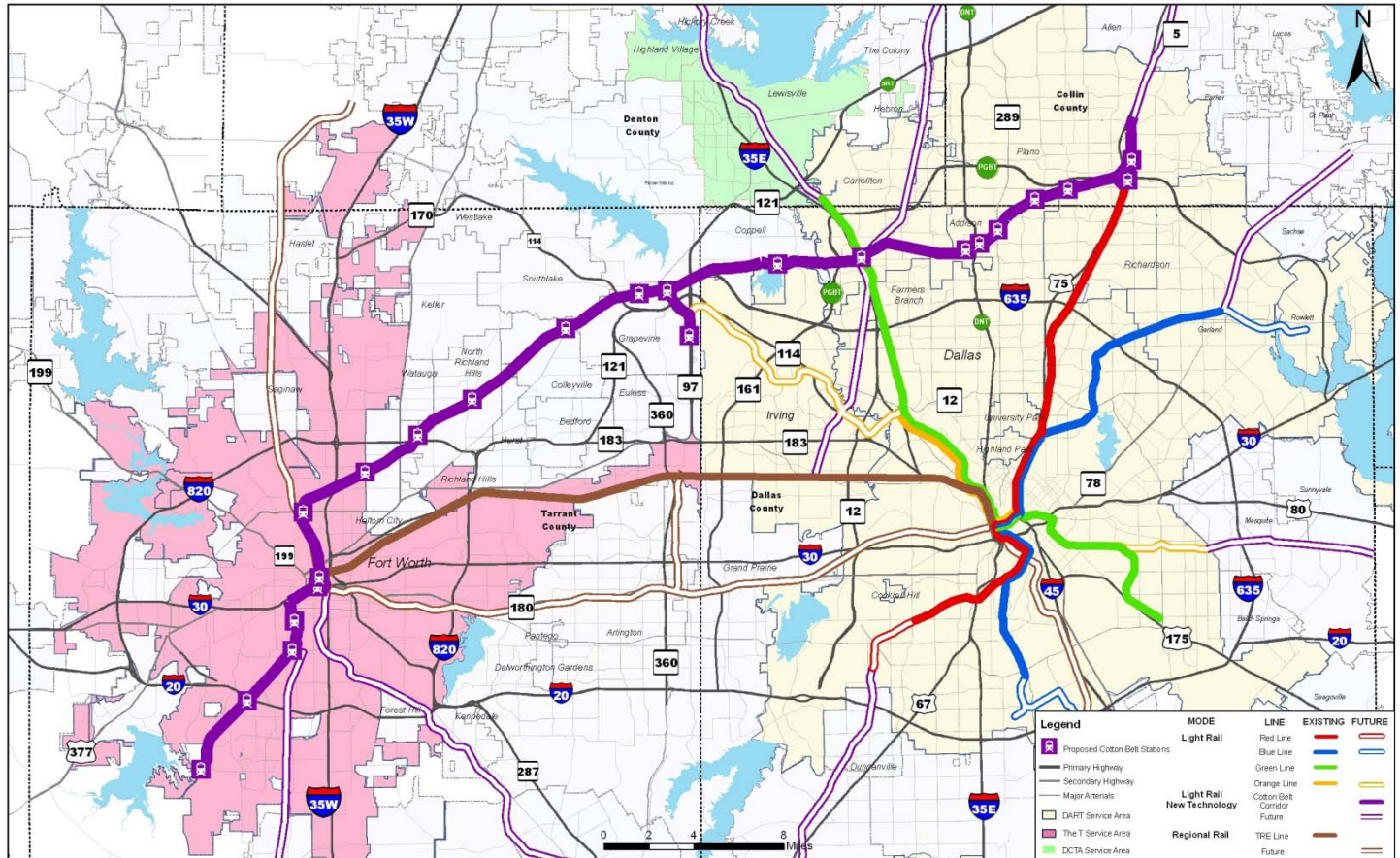
August 9 and 10, 2011





INNOVATIVE  
FINANCE  
INITIATIVE  
COTTON BELT

# Innovative Finance Initiative (iFi) Cotton Belt Corridor



**RAIL NORTH TEXAS**  
Existing and Proposed Passenger Rail Lines





# iFi Purpose

- Enhance regional east-west mobility
  - Using a sustainable economic development pattern
- Expedite implementation
  - Using innovative funding methods
- Dallas Area Rapid Transit (DART) and Fort Worth Transportation Authority (The T) request NCTCOG to:
  - Identify viable funding sources
  - Devise funding and revenue plan





# Current Status

- Draft Summary Report released July 1
  - [www.nctcog.org/ifi](http://www.nctcog.org/ifi)
- Reviewed by stakeholders
- Comments received
- Appropriate comments incorporated





# On-Going Associated Efforts

- Discussion with potential vehicle providers
  - Establish manufacturing facility in North Texas
- DART proceeding with Preliminary Engineering/Environmental Impact Statement (PE/EIS) Efforts
- DART proceeding with Smart Card solicitation
- The T completing Federal Transit Administration (FTA) New Starts submission





# Potential Revenue Sources

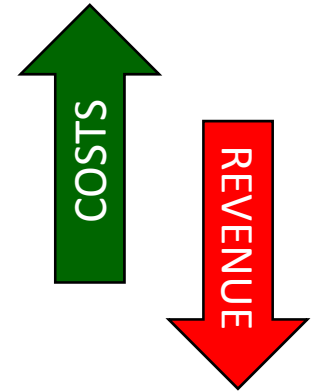
- Non-geographic
  - Advertising
  - Naming rights
  - Fiber optic
  - Enhanced farebox recovery/smart card
- Geographic
  - Public land development
  - Value capture
  - Equity payments





# 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

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

**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 \$1.8 billion
  - Will vary with method of implementation
  - Capital cost scenarios in development
- Cost/revenue “gap” will vary based on:
  - Revenue assumptions chosen
  - Capital cost scenario chosen





# Next Steps

- Anticipated briefings
  - August
    - DART Board
  - September
    - The T Board
    - Regional Transportation Council
- Phase One Final Report in late September





# 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
  - Request private sector to bid
- Risk assignment is critical component
- Don't forget interim solutions
  - Project phasing





# NCTCOG Staff Activity

- Prepare for briefings
- Complete Final Report
- Identify primary and back-stop sources
- Discuss fair share agreements
- Monitor smart card status
- Continue effort on local passenger rail vehicle manufacturing facility
- Expedite rail agreements





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