UNIVERSITY DRIVE MOBILITY IMPROVEMENTS PLANNING STUDY

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Final Initial Assessment of Funding and Financing Opportunities

July 03, 2013

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broward MPO
metropolitan planning organization

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EXECUTIVE SUMMARY

This technical memorandum provides an overview of the different funding sources and financing mechanisms available to transit capital projects. Typically, funding is provided from a mix of federal, state, regional and local sources. The principal funding method may be from one or a combination of the following types.

- Traditional funding sources
  - Federal funds, including formula grants such as FTA's Section 5303 (Metropolitan Planning), discretionary grants such as USDOT's Transportation Investment Generating Economic Recovery (TIGER) program and flexible funds;
  - State transportation funds, including Florida DOT's New Starts Transit Program and Transit Corridor Program;
  - Local tax- and fee-based funding sources, in particular revenues from fuel taxes and sales taxes; and
  - Transit agency revenues (passenger fares and advertising contracts).
- Innovative funding options
  - Property value capture strategies such as tax increment financing (TIF);
  - Public-private partnership (PPP), including joint development; and
  - In-kind matching funds.

In addition, transit agencies may debt finance the acquisition of major capital assets (e.g., buses) and/or new major infrastructure investments (e.g., light rail transit). Debt financing instruments that may be considered include:

- Traditional mechanisms, such as cash funded and general obligation bonds; and
- Innovative mechanisms, including State Infrastructure Banks, Grant Anticipation Revenue Vehicles (GARVEEs) and Private Activity Bonds (PABs).

The availability of a sustained level of funds has become the most important factor in the success of a transit capital project. As part of the University Drive Mobility Improvements Study for the Broward Metropolitan Planning Organization (MPO), HDR has been tasked to assess the various (public) funding programs and financing mechanisms available for the project. This technical memorandum presents a summary of the research findings and examines the applicability of the different funding sources for this study. Transportation revenue projections developed by the Florida Department of Transportation are also provided in Appendix 1.

1.0 FEDERAL FUNDING

The Federal Transit Administration (FTA) administers a number of funding programs for planning, vehicle purchases, facility construction, operations and other purposes.

I. Funding Sources

Federal transit programs are funded from two sources: the Mass Transit Account (MTA) of the Highway Trust Fund (HTF) and General Revenues of the Treasury (also called General Funds). The 1982 Surface Transportation Assistance Act (STAA) created the MTA as a separate account in the HTF for accrual of a portion of revenues from the federal motor fuel tax for transit uses. The 1982 STAA specified that 1 cent of a 5-cents-per-gallon increase in the federal motor fuel tax would be deposited in the newly created MTA. Since then, 20 percent of each subsequent increase in the motor fuel tax has been deposited in the MTA. Currently, 15.5 percent of the gasoline tax and 11.7 percent of the diesel fuel tax are dedicated to the MTA (APTA, 2013).

On July 6, 2012, President Obama signed into law P.L. 112-141, the Moving Ahead for Progress in the 21st Century Act (MAP-21). MAP-21 is the authorizing law that establishes authority to appropriate General Revenues and to spend HTF monies through limitations on obligations, for highways and transit, on an annual basis in fiscal year (FY) 2013 and FY 2014. The $105 billion,[1] two-year bill is the first long-term transportation authorization enacted since the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) of 2005.

II. Funding Programs

The following is a summary of federal transit funding programs for which the Broward MPO may be eligible. These programs are typically identified by a section number (of Title 49 of the United States Code) and/or a name. They can be divided into two broad categories: formula grants and discretionary grants. Under MAP-21, the portion of funds distributed by formulas is increased to nearly 81 percent.

- **Section 5303 – Metropolitan Planning**: Formula funding to state departments of transportation (and subsequently to MPOS) for transit planning activities in metropolitan areas, such as those increasing the safety of the transportation system or those enhancing the accessibility and mobility of people. For FY 2013, the Broward MPO received $998,691 in FTA Section 5303 funding.
- **Section 5307 – Urbanized Area**: Formula funding to urbanized areas and to governors for transit capital and operating assistance in urbanized areas and for transportation-related

[1] Of which, $21.3 billion is for public transit.

planning. An urbanized area is an incorporated area with a population of 50,000 or more that is designated as such by the U.S. Census Bureau. For FY 2013, South Florida Regional Transportation Authority (SFRTA) and Broward County Community Bus Service were awarded $348,228 and $968,822 respectively in FTA Section 5307 funding.

- **Section 5309 – Fixed Guideway Capital Investment (formerly known as New and Small Starts)**: Discretionary funding to state and local governments, including transit agencies, for new fixed guideway capital projects (e.g., bus rapid transit), small start projects and core capacity improvement projects. The Fort Lauderdale Wave Modern Streetcar Project is pursuing Small Starts funding, requesting a grant award for FY 2015. In April 2013, the project received FTA approval to initiate the Small Starts project development phase.
- **Section 5310 – Enhanced Mobility of Seniors and Individuals with Disabilities**: Formula funding to states for transit capital assistance to private nonprofit groups serving the transportation needs of seniors and persons with disabilities. Funds are apportioned based on each state's share of population for these groups of people – with 60 percent of the funds apportioned to urbanized areas with populations larger than 200,000.
- **Section 5337 – State of Good Repair**: New formula funding (in replacement of Section 5309 – Fixed Guideway Modernization) to designated recipients in urbanized areas for modernizing and rehabilitating fixed guideway transit systems.
- **Section 5339 – Bus and Bus Facilities (replaced previous 5309 Bus and Bus Facilities Program)**: New formula funding to designated recipients that operate or allocate funds to agencies that operate fixed-route bus service, for capital projects to replace, rehabilitate and purchase buses and related equipment, and to construct bus-related facilities.
- **Section 20005(b) – Pilot Program for Transit Oriented Development Planning**: New funding to state and local government agencies for planning for Transit Oriented Development (TOD) associated with new fixed guideway or core capacity improvement projects. Funds are allocated on a competitive basis.

Table 1 below shows the FY 2013 appropriations and apportionments, at the national level, for the different programs described above.

Table 1: FY 2013 Appropriations and Apportionments for Federal Grant Programs

Federal Grant Program	FY 2013 Appropriation /Apportionment (Millions of Dollars)
Section 5303 – Metropolitan Planning	$50.29
Section 5307 – Urbanized Area	$2,290.55
Section 5309 – Fixed Guideway Capital Investment	$922.67
Section 5310 – Enhanced Mobility of Seniors and Individuals with Disabilities	$122.08
Section 5337 – State of Good Repair	$1,021.16
Section 5339 – Bus and Bus Facilities	$171.66
Section 20005(b) – Pilot Program for Transit Oriented Development Planning	N/A

Source: APTA, 2013.

Note that the following programs were repealed or not continued by MAP-21:

- Section 5308 – Clean Fuels
- Section 5316 – Job Access and Reverse Commute (JARC)
- Section 5317 – New Freedom
- Section 5320 – Alternative Transportation in Parks
- Section 5339 – Alternatives Analysis

Finally, the TIGER (Transportation Investment Generating Economic Recovery) discretionary grant program was included in the 2009 American Recovery and Reinvestment Act to provide capital assistance for innovative, multi-modal and multi-jurisdictional transportation projects that promise significant economic and environmental benefits. Grants are awarded on a competitive basis. Since 2009, the FTA has funded more than 100 capital transit projects across the country through this program. In the FY 2012 round of TIGER grants (TIGER IV), the Fort Lauderdale Wave Modern Streetcar Project was awarded $18 million. For FY 2013, the U.S. DOT is authorized to award $474 million in TIGER discretionary grants, pursuant to the Full-Year Continuing Appropriations Act, 2013 (P.L. 113-6, March 26, 2013).

An important feature of the federal transit funding programs listed above is that they require non-federal (local, state, or private) matching dollars. Typically, the non-federal match for many formula funding programs is equal to 20 percent of the project costs. For competitive discretionary funding programs, such as New Starts/Small Starts and TIGER, the non-federal match is typically 50 percent or higher in order to be more competitive. Securing matching funds has proved challenging for Florida's transit systems in recent years.

III. Flexible Funding

Federal funds for public transit are traditionally administered by the FTA. However, in the early 1990s, Congress decided that a flexible, intermodal approach to transportation programs was necessary to address growing transportation needs in the face of budgetary constraints and the diversity of transportation priorities across the country. The Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 sought to provide flexible, comprehensive solutions to transportation problems and expanded modal choice options by including substantial flexibility to transfer funds between FHWA and FTA programs. Subsequent reauthorizations, including MAP-21, continued this flexibility.

A brief overview of flexible funds administered by the Federal Highway Administration (FHWA) follows.

- **Congestion Mitigation and Air Quality Improvement Program**: The primary purpose of the Congestion Mitigation and Air Quality Improvement Program (CMAQ) is to fund projects and programs that reduce congestion and transportation related emissions in air quality non-attainment and maintenance areas for ozone (O_3), carbon monoxide (CO) and particulate matter (PM 10). Funds are apportioned to states based on a formula that takes into account the severity of their air quality problem and population in areas that fail to meet air quality standards. They may be used for capital projects, as well as for operating expenses for new or expanded service for three years. Potential MAP-21 changes in the eligibility and use of CMAQ funding is still being addressed by the FTA and the FHWA.

- **National Highway System**: The National Highway System (NHS) program provides funding for a wide range of transportation improvements to rural and urban roads that are part of the NHS or that are NHS intermodal connectors. Eligible transit projects under the program include fringe and corridor parking facilities, bicycle and pedestrian facilities, carpool and vanpool projects, and public transportation terminals in NHS corridors, where they would be cost effective and improve the level of service on a particular limited access facility of the NHS.
- **Surface Transportation Program**: The Surface Transportation Program (STP) provides flexible funding that may be used by states and localities for projects to preserve and improve the conditions and performance on any federal-aid highway, bridge or tunnel, on any public road, pedestrian or bicycle infrastructure, and transit capital projects (including vehicles and facilities used to provide intercity passenger bus service). Other eligible projects under STP include transit safety infrastructure improvements.

  MAP-21 has a new approach to core formula program funding, authorizing a lump sum total instead of individual authorizations for each program. Once each state's share of the total is calculated, it is divided up by program within the state. Note that a portion of STP funding is allocated for use in localities rather than states, allowing local authorities to determine how these funds will be used. In particular, MPOs in urbanized areas over 200,000 in population have the authority to select projects for funding.

FHWA funds can be transferred to any of the following three FTA funding programs:

- Section 5307 – Urbanized Area;
- Section 5310 – Enhanced Mobility of Seniors and Individuals with Disabilities; and
- Section 5311 – Other than Urbanized Areas.

Note that in urbanized areas over 200,000 in population, the decision on the transfer of flexible funds is made directly by the MPO.

2.0 STATE FUNDING

The State Transportation Trust Fund (STTF) serves as the main source of funding for public transit in Florida. Revenues are derived primarily from fuel taxes (State Fuel Sales Tax and State Comprehensive Enhanced Transportation System Tax, in particular), as well as from motor vehicle fees (title and registration) and rental car surcharges. For FY 2012, FDOT committed $215.2 million from the fund for transit projects. And for the period FY 2013 to FY 2016, it will commit, on average, 5.7 percent of all state revenues deposited into the STTF for transit (The Florida Senate, 2011). Detailed revenue projections developed by FDOT are provided in Appendix 1.

Similarly to the FTA at the federal level, FDOT's Transit Office administers a number of discretionary and formula transit funding programs at the state level. A summary of these programs follows.

- **Commuter Assistance Program**: The Commuter Assistance Program finances projects that encourage public/private partnerships serving individuals for carpools, vanpools, bus pools, express bus service, subscription transit service, group taxi services, heavy rail, light rail, and other systems designed to increase vehicle occupancy. FDOT is authorized to fund up to 100 percent of the eligible costs of commuter assistance projects that are regional in scope. The Commuter Assistance Program is complemented by the **Park and Ride Lot Program**. FDOT may fund up to 50 percent of the non-federal share of the costs of park and ride lot capital projects.

- **County Incentive Grant Program**: The County Incentive Grant Program provides funding to counties to improve a transportation facility (including transit) that is located on the State Highway System (SHS) or that relieves traffic congestion on the SHS. FDOT covers 50 percent of eligible project costs.
- **Fixed Guideway Transportation Funding**: The Fixed Guideway Transportation Funding authorizes the issuance of revenue bonds for the financing or refinancing of capital expenditures for fixed guideway transportation systems. Florida's Division of Bond Finance may issue such bonds for up to 50 percent of project costs, with funds from sources other than the revenues from FDOT used for remaining costs. FDOT's share of debt services is payable from, and limited to, a maximum of two percent of all state revenues deposited in the STTF.
- **Intermodal Development Program**: The Intermodal Development Program provides funding to local governments for major capital investments in i) fixed guideway transportation systems; ii) access to seaports, airports and other transportation terminals; and iii) construction of intermodal or multimodal terminals.
- **New Starts Transit Program**: The New Starts Transit Program provides financial assistance to local governments in developing and constructing fixed guideway and bus rapid transit projects to accommodate and manage urban growth and development. Another purpose of the program is to leverage state funds to generate local transportation revenues and secure FTA Section 5309 funding for Florida projects. FDOT may fund up to 50 percent of the non-federal share of the costs of such projects.
- **Public Transit Block Grant Program**: The Public Transit Block Grant Program finances public transit providers eligible to receive funding from FTA's Section 5307 and Section 5311, as well as Community Transportation Coordinators. FDOT may fund up to 50 percent of the non-federal share of capital projects, and up to 50 percent of eligible operating costs or an amount equal to the total revenue, whichever is less.
- **Public Transit Service Development Program**: The Public Transit Service Development Program provides initial funding for i) special projects involving new technologies; ii) services, routes, or vehicle frequencies; iii) the purchase of special transportation services; and iv) other techniques for increasing service use. FDOT may fund up to 50 percent of the non-federal share of the costs of projects that are local in scope, and up to 100 percent of transit service development projects that are statewide in scope.
- **Transit Corridor Program**: The Transit Corridor Program provides funding to Community Transportation Coordinators (CTC) or transit agencies to support new services within specific corridors when the services are designed and expected to help reduce or alleviate congestion or other mobility issues within the corridor. FDOT may fund up to 50 percent of the non-

federal share of the costs of such projects that are local in scope, and up to 100 percent of transit corridor projects that are statewide in scope.

- **Transportation Regional Incentive Program**: The Transportation Regional Incentive Program provides funding for regionally significant transportation facilities which are linked to growth management, including transit projects. FDOT will fund 50 percent of project costs, or up to 50 percent of the non-federal share of costs for transit facility projects.

3.0 LOCAL FUNDING

Unlike federal or state funding, local funds for transit come from a variety of public and private sources. However, they tend to be relatively more volatile and more dependent on economic fluctuations. According to a survey conducted by the American Public Transportation Association (APTA) in March 2011, 71 percent of responding transit agencies were still facing flat or decreased local and/or regional funding, nearly two years after the end of the recession (APTA, 2011).

I. Tax-Based Revenues

Local governments can use various sources of tax-based revenues to fund public transit. These sources can be divided into three major categories: consumption taxes (sales tax and fuel taxes); user fees (rental car fee and toll revenue credit program); and real estate taxes (property tax, tax increment financing and real estate transfer taxes).

- **General Fund**: Traditionally, a portion of revenues deposited into general funds is distributed to transit agencies for capital and operating purposes. General fund contributions are derived from revenues received by the local government (city or county) from property taxes, sales taxes and other fees and charges. The amount of contributions is determined by balancing the transit agency's needs and expected revenues from federal and state sources, and competing funding demands on the general fund. When the transit agency is funded by more than one local jurisdiction, general fund contributions can be determined based on a formula considering factors such as the local jurisdiction's share of ridership and service provided.
- **Sales Tax**: Sales taxes dedicated to transit are imposed on the retail sales of items typically subject to taxation by a broader (state) sales tax.[2] Sales taxes are the most widely used dedicated funding source for transit and have historically provided the greatest revenue yield and stability, compared to other sources. Revenue yield is highly dependent on the scope and strength of the taxing district's economic and demographic characteristics. The imposition of a sales tax can be perpetual or subject to re-enactment or extension.
  As a charter county, Broward County is entitled to levy a discretionary sales surtax. The surtax applies to the first $5,000 of the sales amount on the sale, use, lease, rental, or license to use any item of tangible personal property (excludes rentals of real property, transient rentals, and services). Most charter counties in Florida impose a discretionary sales surtax. Rates range from 0.5 to 1.5 percent.
- **Fuel Taxes**: Despite declining revenues in recent years, fuel taxes continue to represent the most common revenue source for transportation projects. Taxes are levied on a per gallon basis. Florida is one of few states that annually adjust some portion of the tax based on the

[2] Florida's general sales tax rate is 6 percent.

consumer price index. In addition, counties such as Broward have the authority and have imposed local option gas taxes to finance county transportation needs. The Broward County Transportation Trust Fund receives revenues from seven different gas taxes, four of which are used to fund transit operations and capital projects: original local option gas tax; 1994 local option gas tax; 2000 local option gas tax; and ninth cent gas tax. (Projected gas tax revenues in Broward County through 2035 are provided in Figure 1 in Appendix 1.)

- **Rental Car Fee**: Rental car fees are paid by consumers based on the rental of a vehicle for a specified period of time. Rates typically range from 1 to 2 percent. Revenues may be reallocated back to local governments or agencies with funds often dedicated to specific projects, including public transit projects. Rental car fees provide an opportunity to "export" the tax burden to non-resident recreational or business travelers.
- **Toll Revenue Credit Program**: FDOT allows transit systems to use toll revenue credits as a soft match for FTA grant programs (Section 5307). However, toll revenues must be used for capital expenditures and the local match is limited to the amount of toll revenue credits in the current year.
- **Property Tax**: Property taxes (i.e., ad valorem taxes on land and building) are generally the main source of revenue to local governments. In Broward County, they represent two-thirds of revenues deposited into the General Fund. Though less sensitive to economic cycles than sales taxes, property tax revenue yield and growth are highly dependent on the health of the local real estate market. As Broward County – and Florida as a whole – experienced in the late 2000s, property foreclosures and significant declines in property values adversely impacted tax collections.
- **Tax-Increment Financing**: Tax increment financing (TIF) is a form of value capture used to finance debt issued for a project, where it is anticipated that the ad valorem tax collections in a defined geographic area will increase due to the construction of the project or addition of a related service. Tax increment revenues can be distributed to a dedicated fund to pay back bonds issued to finance the construction of the project. Though TIFs are typically used to finance commercial and residential improvements, there have been some applications to transit.
- **Special Assessment Districts**: Some municipalities have the authority to establish a special taxing assessment district in a defined geographic area to support transportation infrastructure improvements or new projects. Funds typically are derived from an increase in property tax (either on a square footage or by unit basis) or sometimes from an increase in sales tax within the defined assessment district. The additional assessment tax revenues may be limited to a specific timeframe. Note that the City of Fort Lauderdale is completing final Council votes approving an assessment along a specified corridor to contribute a total of $20.59 million to the design and construction of the Wave Streetcar.
- **Real Estate Transfer (and Mortgage Recording) Taxes**: These are taxes levied on the sale of residential, commercial or industrial property and are based on the value of the property being sold. Since revenues are based on the number and value of real estate transactions, they are highly sensitive to development and economic cycles. In Florida the real estate transfer tax rate is 0.7 percent and the mortgage recordation tax rate is 0.35 percent.

There are numerous other taxes and fees collected by state and local governments that are seldom, or infrequently, used as funding sources for transit, such as: personal and corporate income taxes;[3] employer taxes; corporate franchise taxes; business license fees; utility taxes; and "sin" taxes (on tobacco, alcohol and gambling).

II. Agency Revenues

Though, in general, transit agencies are not financially self-supporting, they generate sizeable revenues that help fund the services they provide to the community.

- **Passenger Fares**: Passenger fares are the main source of revenues at the agency level. Transit agencies need to carefully establish their fare structures so as to generate enough revenues to cover a portion of operating expenses, while ensuring that the cost to use transit is competitive relative to other modes and does not prohibit access to the system for the economically disadvantaged. For 2011, the farebox recovery ratio was 26 percent for BCT and 20 percent for SFRTA, all transit modes combined (U.S. DOT, *National Transit Database*). These estimates are in line with the state average (21.6 percent), but lower than the national average (36.5 percent) for that year. Unlike other parts of the country (such as California), there is no farebox recovery requirement in Florida to be eligible for state/local transit funding.
- **Advertising Contracts**: Transit agencies typically supplement their operating revenues by entering into contracts with third parties to place advertisements on the exterior and interior of buses/trains, at bus shelters and rail stations, as well as on fare cards and maps. Lately, many agencies have been offering full wrap and "King Kong" bus ads to make the most impact.
- **Other Agency Revenues**: Some agencies also collect supplemental revenues from the operation of park-and-ride facilities,[4] the leasing of (portions of) facilities and rights-of-way, as well as from concessions in terminal and station facilities.

III. Other Sources

- **Joint Development**: Joint development is a type of public-private partnership whereby a transit agency (or a local government entity) and one or more private businesses (e.g., real estate developers) agree to jointly develop an area within which a major transit investment will occur. Joint development projects involve sharing construction costs and/or revenues (from land leases, air rights leases, concession leases, etc.). Like other real estate-based funding options, joint development arrangements are very sensitive to market conditions.
- **Donations**: Financial support for transit may also be available in the form of donations from local charitable foundations and businesses. In general, donations are directed toward pilot projects or matching funds. Nationally, there have been examples where private sector employers have directly paid capital and operating funds for higher quality transit (increased operating hours, higher service frequencies, etc.) servicing their business locations and employees.

[3] There is no personal income tax in Florida.
[4] Presently, neither BCT not SFRTA are charging parking fees to customers.

- **In-Kind Matching Funds**: In some circumstances, local governments and agencies may use in-kind and/or other contributed services as a soft match for projects. Office space, staff services, contract expenses and other local operating costs may be allowable as in-kind matches to certain grant funded projects. The use of an in-kind match must be approved by the FDOT district financial office.

4.0 FINANCING OPTIONS

Transit agencies generally fund their capital expenses utilizing available funds from federal, state and local sources. However, a number of agencies debt finance the acquisition of major capital assets (e.g., buses) and/or new major infrastructure investments (e.g., light rail transit). Debt financing is applied when annual revenues are not sufficient to cover the total cost of a capital project on pay-as-you-go basis, but can support debt service payments for bonds issued to finance that project. There are numerous debt financing instruments. A summary of typical financing strategies available to transit agencies follows.

- **Debt Secured by Federal Funds**: Transit agencies can have access to short-term debt secured by and payable from federal (or state) funds, in the form of Grant Anticipation Notes (GANs) and Grant Anticipation Revenue Vehicles (GARVEEs).
- **Dedicated Revenue Bonds**: Under this structure a transit agency with a dedicated revenue stream such as a sales tax, pledges the revenues it receives to the repayment of the bonds. Given that investors typically want to be protected from a transit agency's operating obligations, these types of bonds are secured by all dedicated tax revenues, commonly referred to as a gross pledge. After paying debt service and other obligations under the bond documents governing the security structure, surplus revenues flow to the transit agency to support operating and pay-as-you-go capital needs. This is the most common debt structure used by transit agencies.
- **General Obligation Bonds**: General Obligation (GO) bonds are issued by municipalities, counties and states, who pledge their full faith and credit to the repayment of the debt, regardless of the source of funds. They are generally long term and are repaid along with tax-exempt interest from general revenues. The proceeds can be used for federal matching purposes. Because repayment is made from general revenues of the issuing jurisdiction, the amount of GO debt is typically capped.
- **Lease Revenue Bonds/Certificates of Participation**: Transit agencies can use leasing/ certificates of participation for the financing of new vehicles. Leases are not generally considered long term debt since annual payments to leaseholders are subject to annual appropriation of funds by the transit agency. This structure is used when transit agencies do not have the authority to issue long-term debt or as a strategy to manage their long-term debt obligations relative to statutory and policy limits. Under a leasing structure the assets are acquired by a municipal leasing entity using the proceeds derived from the transaction. The lessor leases the assets to the transit agency and the transit agency makes lease payments to the lessor in an amount equal to debt service on the obligations. At the end of the lease term, the transit agency assumes full ownership of the assets.
- **Private Activity Bonds**: Private Activity Bonds (PABs) are tax-exempt bonds issued by or on behalf of local or state governments for the purpose of financing projects that have significant

private involvement but are of public benefit. Federal law limits the total amount of PABs to $15 billion.

- **State Infrastructure Bank Loans**: A State Infrastructure Bank (SIB) is a revolving loan program that provides low cost credit assistance. FDOT's SIB consists of two separate accounts. The federally-funded SIB account is capitalized by federal money matched with state funds; the state-funded SIB account is capitalized by bond proceeds and state money.
The SIB can provide loans and other assistance to public and private entities carrying out or proposing to carry out eligible highway and transit projects that receive assistance under state and federal law. SIB participation from the federally-funded SIB account is limited to projects which meet all federal requirements and guidelines. SIB participation from the state-funded SIB account is limited to a transportation facility project that is on the State Highway System and increases mobility or intermodal connectivity on the state's transportation system. The state funded SIB may also lend capital costs or provide credit enhancements for emergency loans for damages incurred to public-use transit and intermodal facilities that are within an area that is part of an official state declaration of emergency. The SIB can leverage funds through loans, and credit enhancement. The amount of any loan or other assistance may be subordinate to other debt financing for a project with a rating of "BBB" or higher SIB loans bear interest at or below market rates as determined by FDOT.
- **Transportation Infrastructure Finance and Innovation Act Loans**: The Transportation Infrastructure Finance and Innovation Act (TIFIA) credit program provides federal credit assistance to nationally/regionally significant surface transportation projects including transit. TIFIA was designed to fill market gaps and leverage substantial public and private co-investment by providing supplemental and subordinate capital. Loans can finance up to 33 percent of eligible project costs. Repayment is flexible as long as principal repayment begins ten years after project completion and the loan is fully repaid 35 years after completion. The interest rate for TIFIA loans is attractive, equal to the treasury rate for the term of the loan plus one basis point. Given the attractive repayment terms TIFIA offers, competition for credit assistance has increased and currently exceeds available capacity. While TIFIA loans have generally been for revenue producing projects such as toll roads, the program has also supported transit projects.

The applicability of the various funding sources and financing mechanisms described above depends on a number of contextual factors, such as local and state governance preferences towards taxation and spending, the economic and financial conditions, the selected project delivery method and the type of transit agency and capital project to be funded. In addition, a good understanding of the advantages and disadvantages of each alternative is critical to ensure the success of the project's financial plan. In particular, each funding alternative should be evaluated with respect to the following criteria:

- Revenue yield adequacy and stability;
- Cost efficiency in the application of sources;
- Equity in the application of sources (across income groups and jurisdictions);
- Economic efficiency in balancing who pays with who benefits from investments;

- Political and popular acceptability; and
- Technical feasibility.

APPENDIX 1 FDOT REVENUE FORECAST

In 2008, the Florida Department of Transportation (FDOT) developed a new long-range revenue forecast through 2035, in support of statewide and metropolitan plans. The forecast only accounts for revenues from federal, state and Turnpike sources that are included in the Department's five-year Work Program.[5] It does not account for revenues from other sources (i.e., local government/ authority taxes, fees, and bond proceeds; private sector participation; and innovative finance sources). Table 2 below shows a summary of the revenue forecast over the 2011–2035 period, in five-year increments. Note that revenues are expressed in "year of expenditure" dollars.

Table 2: State Revenue Forecast, 2011–2035 (Millions of dollars)

Major Revenue Source	2011-15[1]	2016-20	2021-25	2026-30	2031-35	2011-35 TOTAL
Federal[2]	$9,914	$10,137	$10,836	$11,417	$11,912	$54,216
State	$23,964	$25,431	$28,530	$31,978	$35,531	$145,434
Turnpike	$3,237	$3,027	$4,149	$4,515	$4,921	$19,849
TOTAL	$37,114	$38,594	$43,514	$47,910	$52,365	$219,498

Source: FDOT, 2008.

Notes: [1] Based on the FDOT July 1, 2008 Adopted Work Program for 2009 through 2013. [2] Federal revenues also include state dollars used to match federal aid.

Based on the statewide forecast, FDOT developed revenue estimates for each district and county. Table 3 below summarizes the revenue forecast by major program area for Broward County.

Table 3: Revenue Forecast for Broward County, 2015–2035 (Millions of dollars)

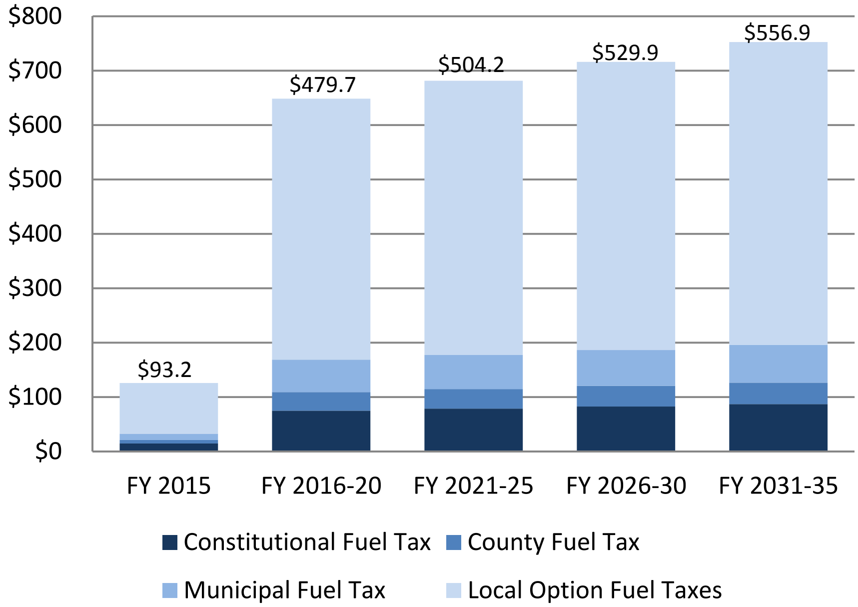
Major Program Area	2015	2016-20	2021-25	2026-30	2031-35	2015-35 TOTAL
Strategic Intermodal System (SIS) highways/Florida Intrastate Highway System (FIHS) construction and right-of-way (ROW)	$97	$639	$63	$0	$0	$799
"Mega-projects"	-	-	-	-	-	$3,304
Other arterial construction/ROW – Capacity program	$44	$268	$300	$322	$350	$1,284
Other arterial construction/ROW – Product support	$9	$54	$60	$64	$70	$257
Public transit	$26	$138	$156	$174	$190	$683
Transportation Management Areas (TMA)	$34	$178	$187	$193	$194	$785
TOTAL	$209	$1,276	$766	$753	$804	$7,111

Source: AECOM, 2009.

Fuel tax revenue projections for Broward County are shown in Figure 1 below. Tax collections are assumed to grow by 1 percent per year approximately through 2035.

[5] Federal funds include all federal aid (e.g., Surface Transportation Program) that passes through the Work Program, including any state dollars used to match federal aid. Turnpike funds include proceeds from Turnpike tolls, bonds sold for Turnpike activities and concession revenues. State funds include the remaining state revenues (net of funds used to match federal aid), such as motor fuel taxes, motor vehicle fees and right-of-way bonds.

Figure 1: Broward County Fuel Tax Revenue Forecast, 2015–2035 (Millions of dollars)



Source: AECOM, 2009.

APPENDIX 2 REFERENCES

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