



# Denver Union Station Area Redevelopment Project

Webinar Series: Innovations in Practice

*Webinar 2*

March 30, 2016



# BATIC Institute

## Online Services

- Customized Website
- Interactive Webinars
- E-Learning Modules

## In-person Services

- Peer Exchanges
- Listening Sessions
- Training and Workshops

## Quick Turnaround Research

## TRANSPORTATION FINANCE

- Bond Financing
- Federal Credit
- Other Finance Tools
- Public Private Partnerships

Visit our website at:

<http://www.financingtransportation.org>



# **BUILD AMERICA**

**TRANSPORTATION INVESTMENT CENTER**

[www.dot.gov/batic](http://www.dot.gov/batic)

# Denver Union Station Area Redevelopment



# Denver Union Station Webinar Topics

1. Welcome and Introduction
2. Project Overview
3. Partnerships
4. Funding and Financing
5. Value Capture
6. Lessons Learned
7. Questions and Answers

# Denver Union Station Area Redevelopment

## Project Overview

David Genova  
INTERIM GENERAL MANAGER  
Regional Transportation District (RTD)

# Project Objectives

- **Improve regional transportation system infrastructure and services**
- **Restore and repurpose historic station building**
- **Revitalize Denver's Lower Downtown district**

# FasTracks Projects Status

**RTD FasTracks**  
PROGRESS MAP

**DUS** Denver Union Station



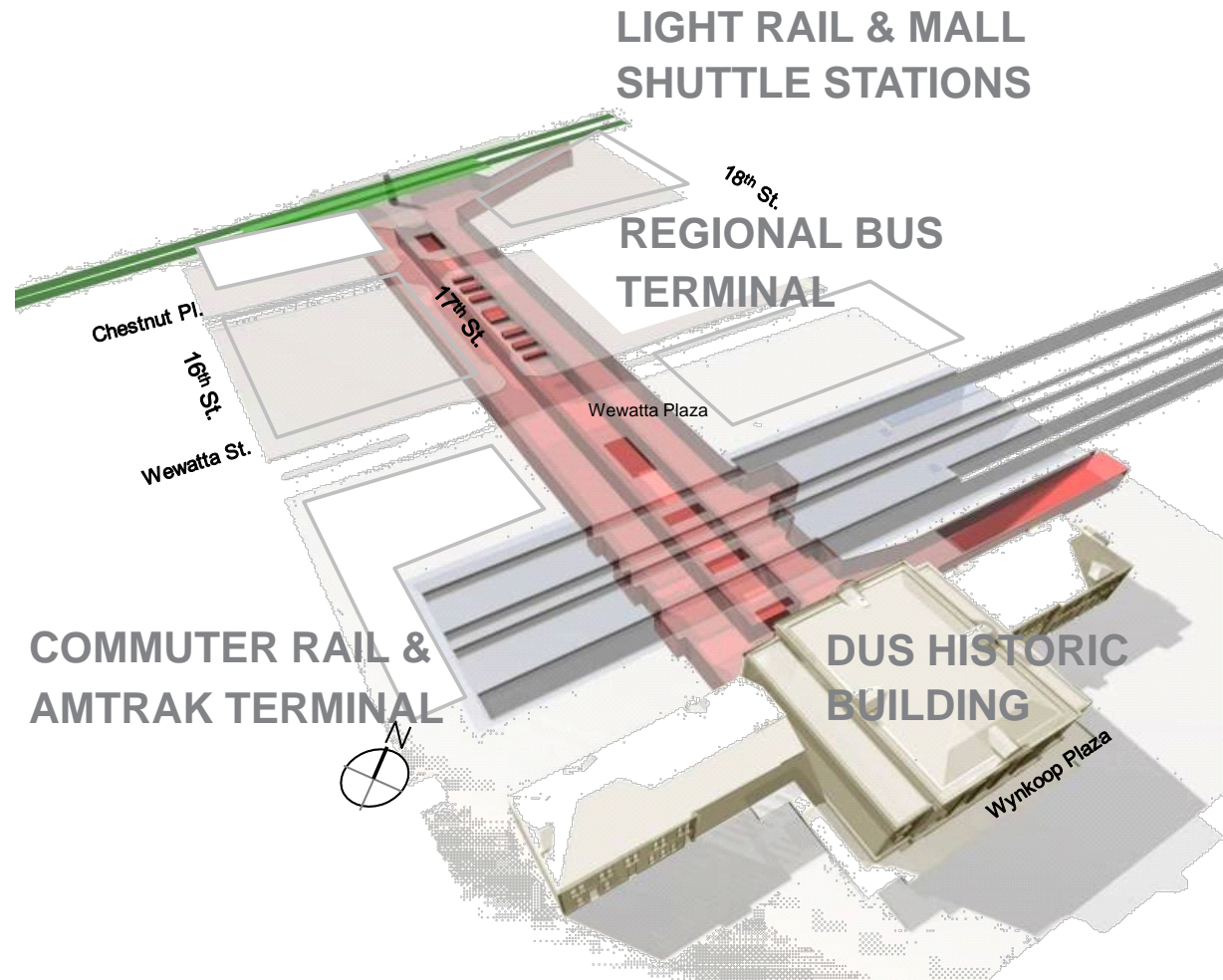


# DUS History

Marla Lien, Kaplan Kirsch & Rockwell (Former General Counsel, RTD)

# Intermodal Transportation Hub

- Light rail transit station
- Regional bus facility
- Commuter Rail & Amtrak station
- Free 16th Street Mall shuttle bus service
- Free MetroRide bus service (connects DUS to Civic Center district)

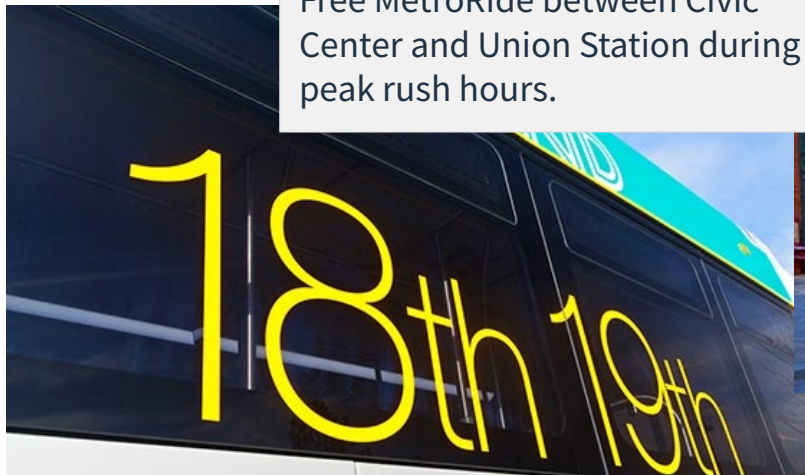


# Intermodal Hub: Bus

22-gate underground bus facility serves more than 20 bus routes



Free MetroRide between Civic Center and Union Station during peak rush hours.



Free MallRide carries more than 13M passengers a year





# Intermodal Hub: Commuter Rail & Amtrak



In 2016, Union Station will be the starting point for:

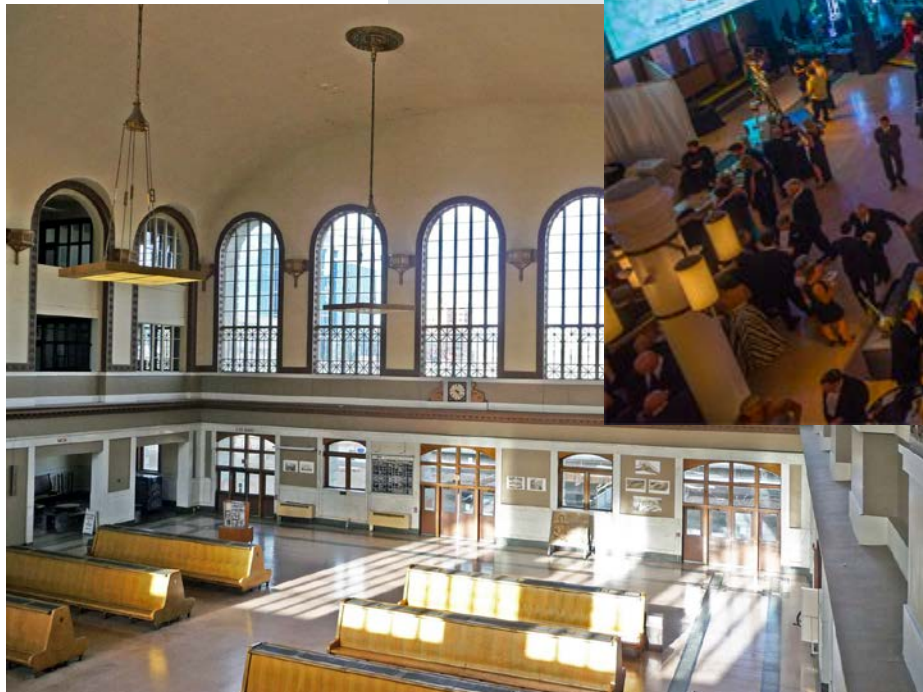
- East Rail Line to DIA (A Line)
- Northwest Rail Line to Westminster (B Line)
- Gold Line to Arvada/Wheat Ridge (G Line)

# Historic Station Redevelopment

- **Restore and repurpose historic station structure**
- **Offer a vibrant array of public and private activities**
- **Create “Denver’s Living Room” as a new civic space**

# Historic Station Redevelopment

BEFORE



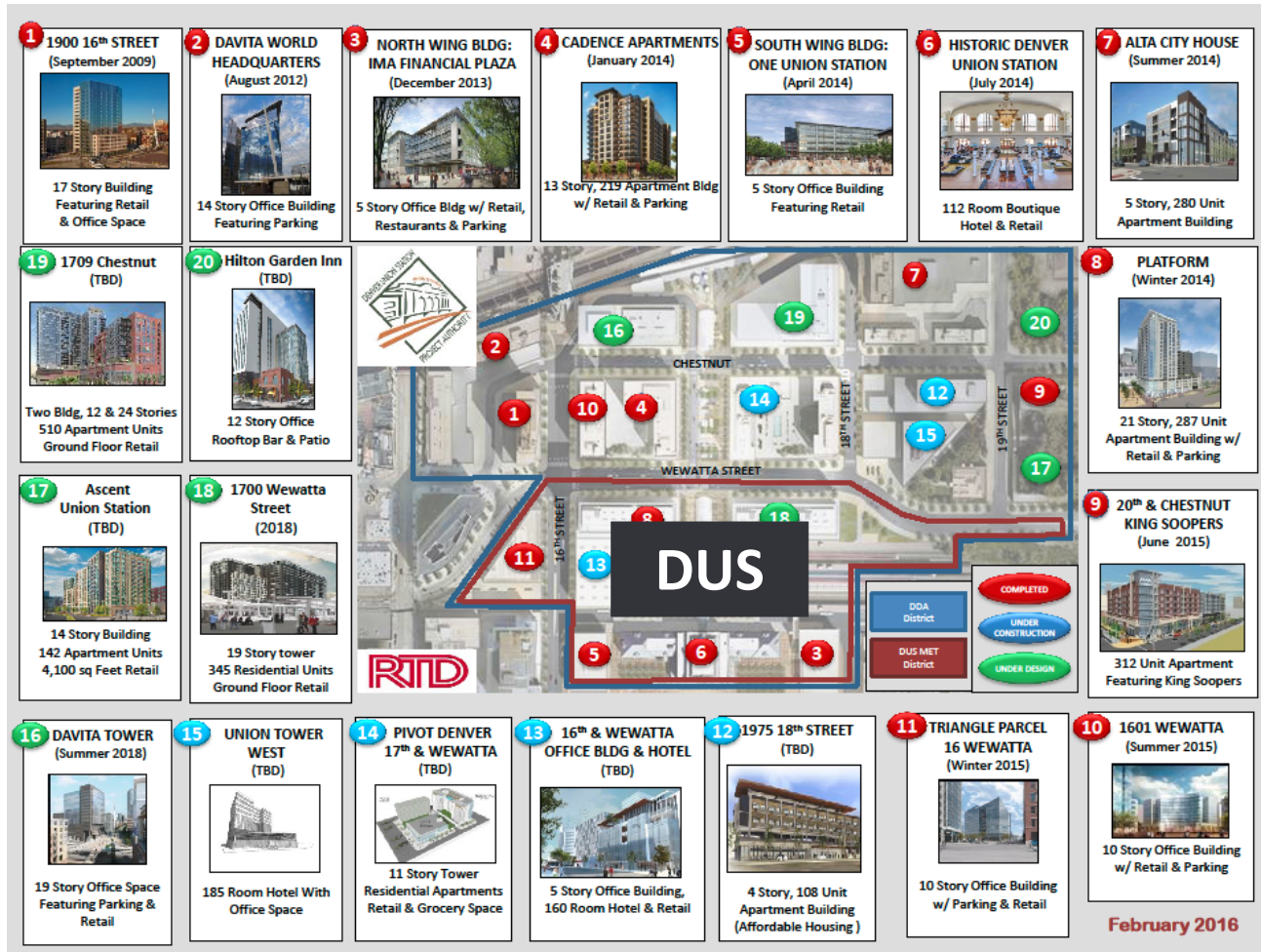
AFTER

# Neighborhood Development

- **Commercial development**
- **Residential development**
- **Retail development**
- **Pedestrian-friendly streets and signature public spaces**



# Neighborhood Development Status





# Neighborhood Development: Public Spaces

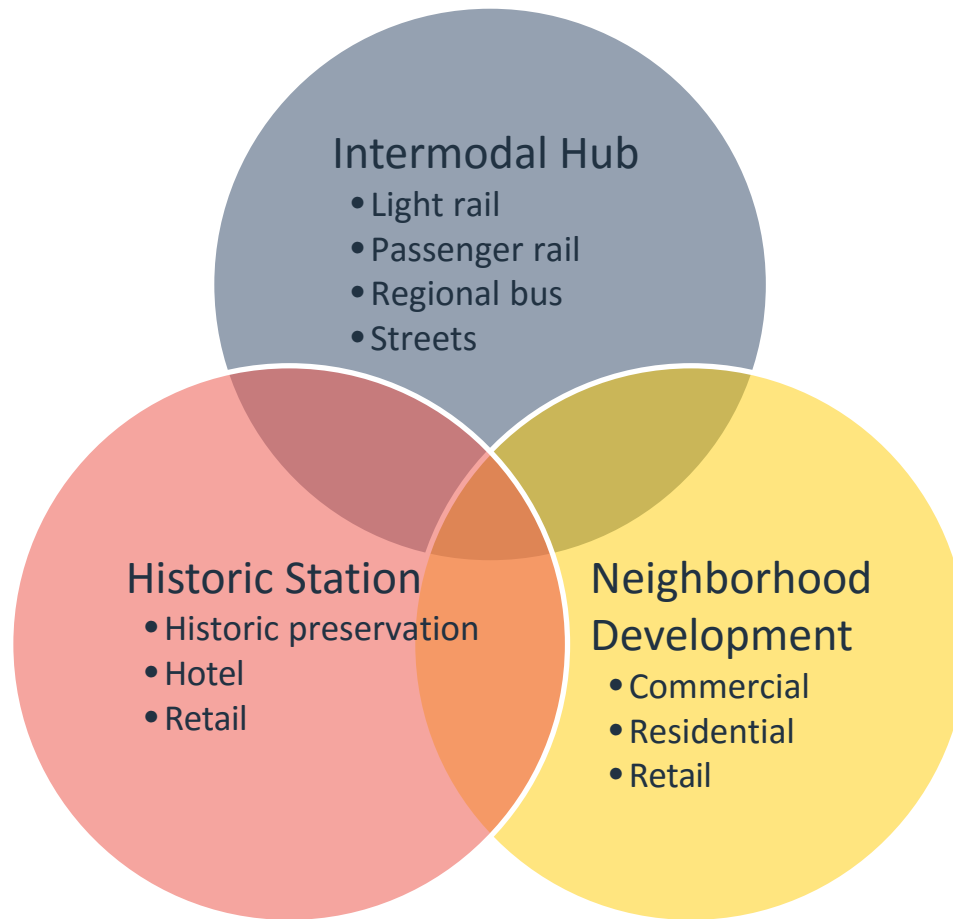


# Partnerships

How regional collaboration and advocacy gave rise to innovative partnership agreements to deliver a multi-faceted project.

David Seltzer  
PRINCIPAL  
Mercator Advisors

# Project Elements Defined by Scope



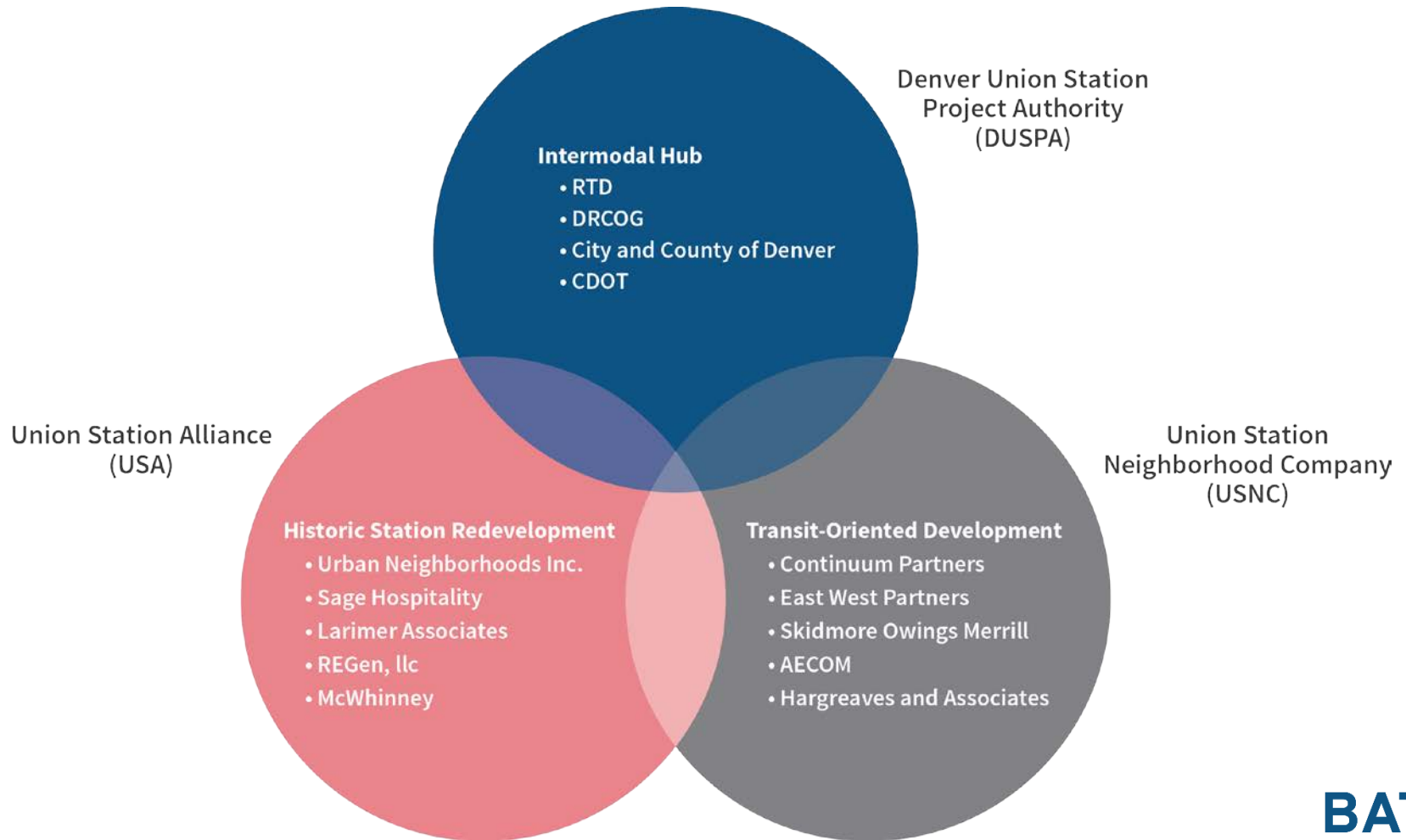
# Collaboration

- **Regional Transportation District (RTD)**
- **City and County of Denver (CCD)**
- **Colorado Department of Transportation (CDOT)**
- **Denver Region Council of Governments (DRCOG)**
- **US Department of Transportation**
- **Local development firms**
- **Constituent groups**

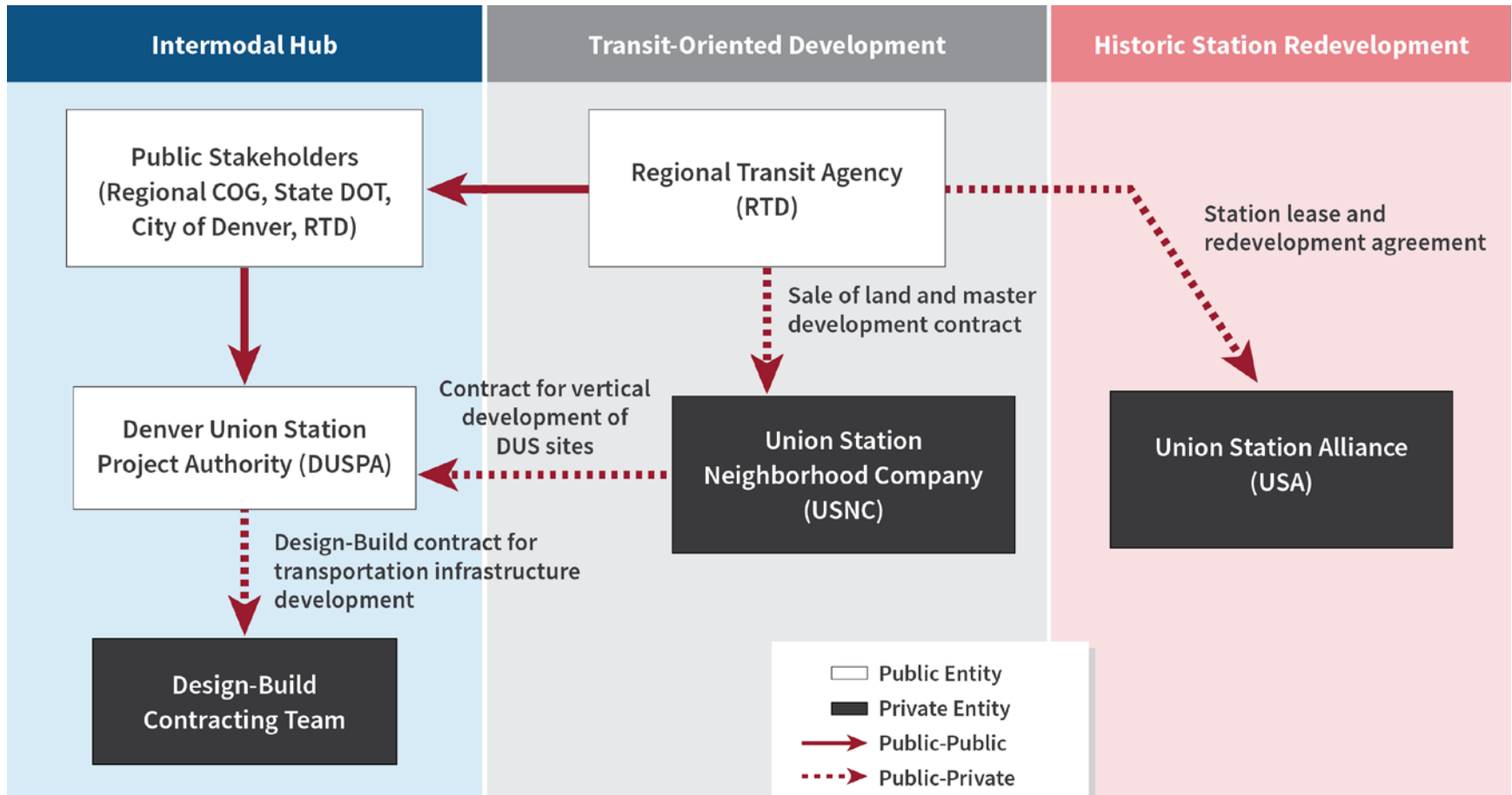
*"CDOT looks for opportunities to leverage collaborative partnerships and innovative financing methods, such as public-private partnerships, to bridge funding gaps and deliver critical transportation solutions that rise to the level of our growing economy and population."*

Shailen Bhatt, Executive Director  
Colorado Department of Transportation

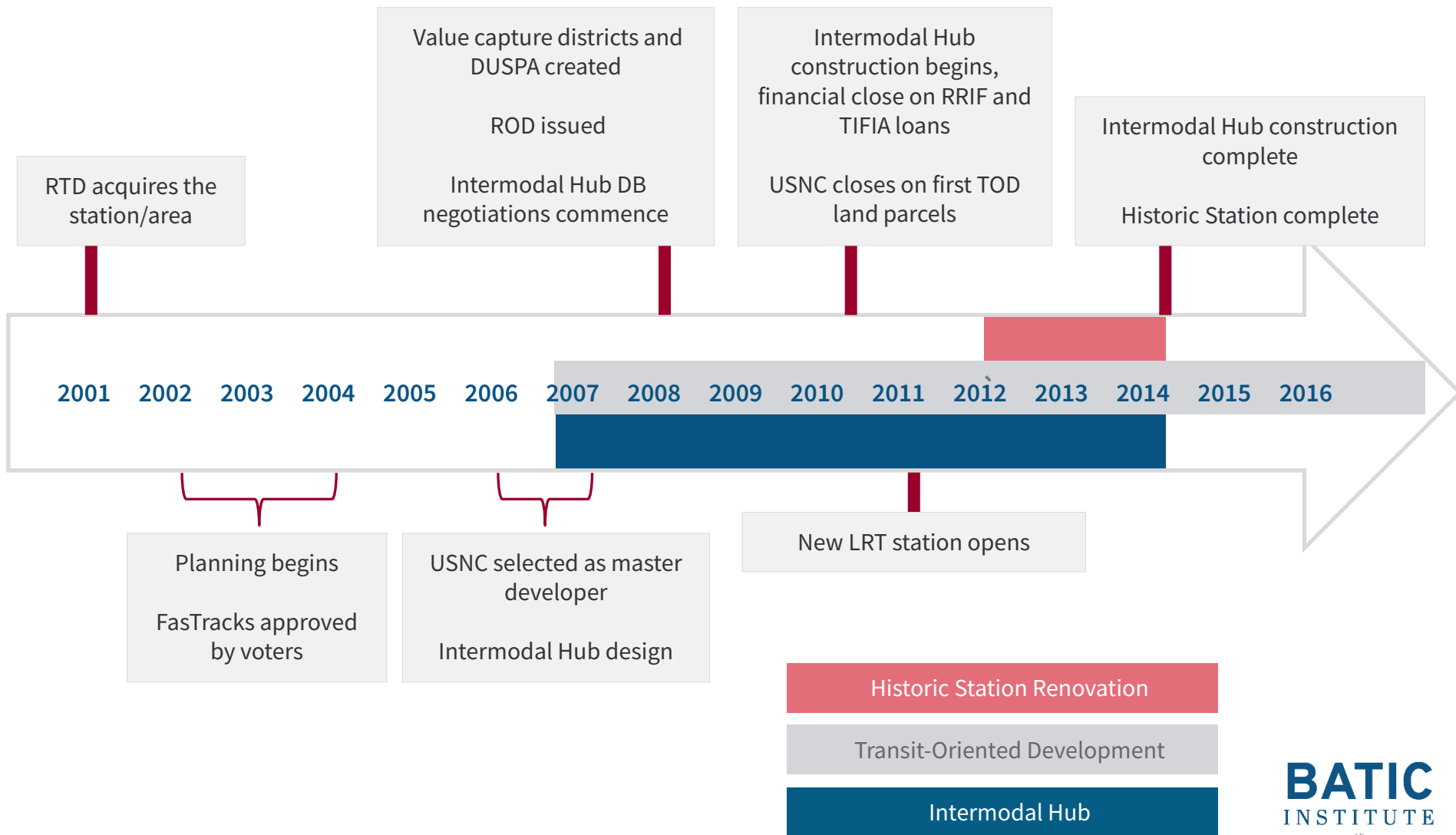
# Project Entities for Each Element



# Project Elements and Partnerships



# Project Timeline



# Coordination and Sequencing of Project Elements

**Marla Lien, Kaplan Kirsch & Rockwell (Former General Counsel, RTD)**

**Ferd Belz, Principal at REGen, Union Station Alliance**



# Funding and Financing

How the eligibility of the diverse components of the project informed the funding and financing strategy.

David Seltzer  
PRINCIPAL  
Mercator Advisors

# Allocation of Public Funding Sources

		FEDERAL GRANTS			STATE GRANTS		REGIONAL/LOCAL FUNDS			
		ARRA Federal	FHWA PNRS	FTA Grants	Senate Bill 1	FASTER Stimulus	DRCOG TIP Funds	RTD FasTracks Sales Tax	Land Sales	Value Capture (Property & Sales Tax)
Intermodal Hub	Light Rail	●	●	●		●		●	●	●
	Passenger Rail	●	●	●		●		●	●	●
	Bus	●		●	●	●	●	●	●	●
	Streets	●	●			●		●	●	
	Pedestrian Infrastructure	●	●			●		●	●	
Historic Station	Station Rehabilitation							●	●	
	Historic Preservation							●	●	
	Hotel & Retail Development									
	Neighborhood Development									●

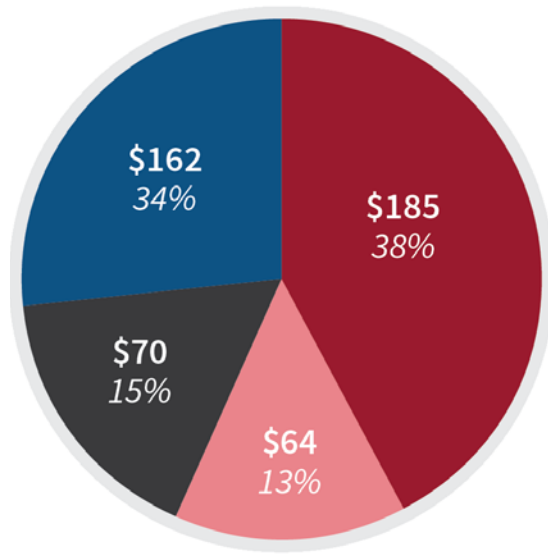
# Utilization of Financing Tools

		FEDERAL		PRIVATE		
		TIFIA Loan	RRIF Loan	Mortgage Financing	Equity Financing	Tax Credit Financing
Intermodal Hub	Light Rail	●	●			
	Passenger Rail	●	●			
	Bus	●	●			
	Streets	●				
	Pedestrian Infrastructure	●				
Historic Station	Station Rehabilitation			●	●	
	Historic Preservation			●	●	●
	Hotel & Retail Development			●	●	
	Neighborhood Development			●	●	

# Intermodal Hub/DUSPA Uses and Sources of Funds

## Uses of Funds

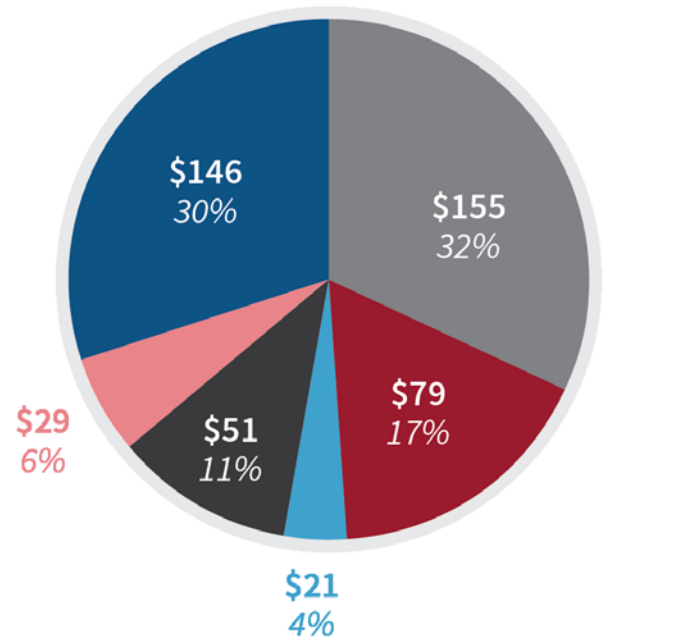
\$ in millions



- Bus Terminal
- Streets & Public Spaces
- Light Rail
- Commuter Rail

## Sources of Funds

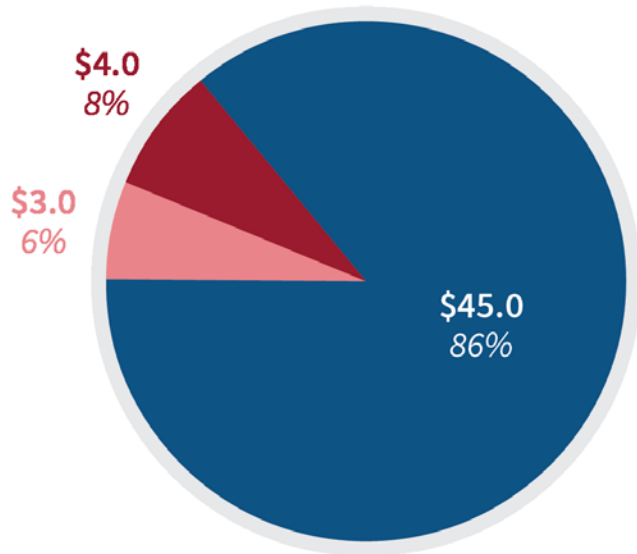
\$ in millions



- RRIF Loan
- Federal Grants
- State Grants
- RTD FastTracks
- Land Sale/Other
- TIFIA Loan

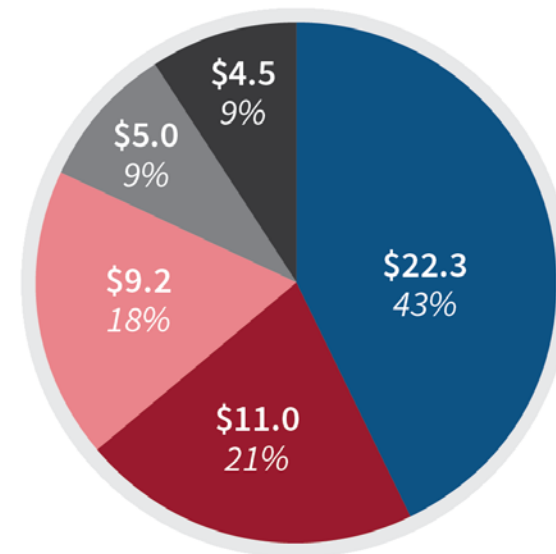
# Historic Station/Union Station Alliance Uses and Sources of Funds

**Uses of Funds**  
\$ in millions



- Construction
- Financing and Pre-Opening
- Design and Soft Costs

**Sources of Funds**  
\$ in millions



- Mortgage Financing
- RTD Land Sale Proceeds
- Equity
- RTD Grants
- Tax Credit Financing

# Summary of DUSPA's TIFIA and RRIF Loans

	<b>TIFIA</b>	<b>RRIF</b>
	<b>Transportation Infrastructure Finance and Innovation Act Loan</b>	<b>Railroad Rehabilitation &amp; Improvement Financing Loan</b>
<b>Loan Amount (% of hub financed)</b>	\$146M (30%)	\$155M (32%)
<b>Interest Rate</b>	3.99%	3.91% (effective cost = 5.35%)*
<b>Term</b>	31 years	29 years
<b>Lien Priority (credit rating)</b>	Senior Lien (Rated A)	Subordinate Lien (Unrated)
<b>Subsidy Cost/* (Loan Loss Reserve)</b>	\$2.2 million ~1.5% of loan amount (funded by USDOT)	\$28.9 million ~18.6% of loan amount (funded by project)

# Value Capture

How future tax revenues from induced development were monetized to support a portion of the upfront costs of transportation and neighborhood infrastructure.

Catherine Reddick  
SENIOR ASSOCIATE  
Mercator Advisors

# Value Capture Taxes

## Tax Increment Financing (TIF)

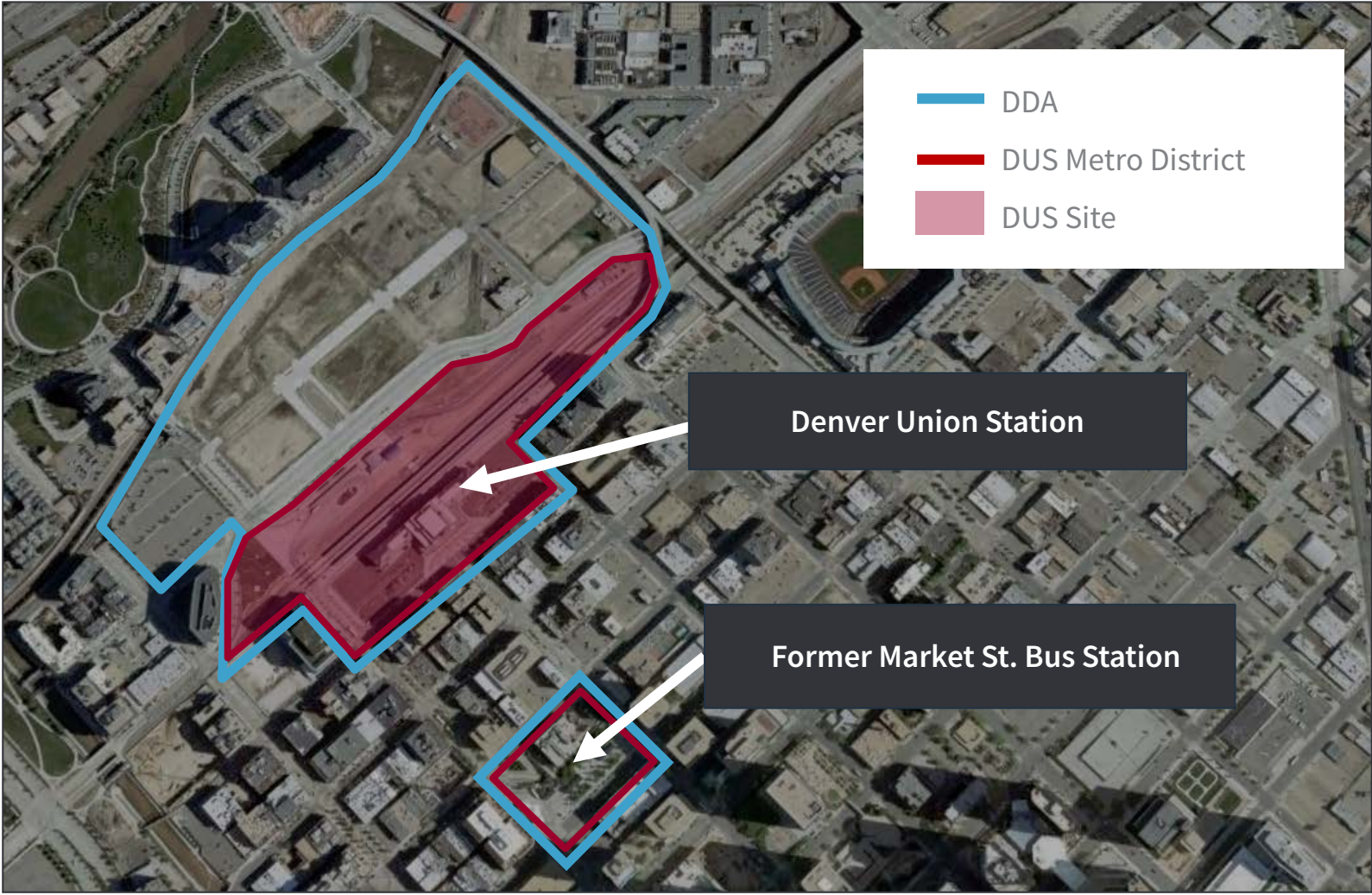
- Downtown Development Authority TIF District
  - Property Tax (forecast \$644 million through 2038)
  - Sales Tax (forecast \$133 million through 2038)

## Dedicated Tax

- DUS Metropolitan District (Special Improvement District)
  - Additional 20 mill levy (forecast \$49 million through 2040)



# Value Capture District Boundaries

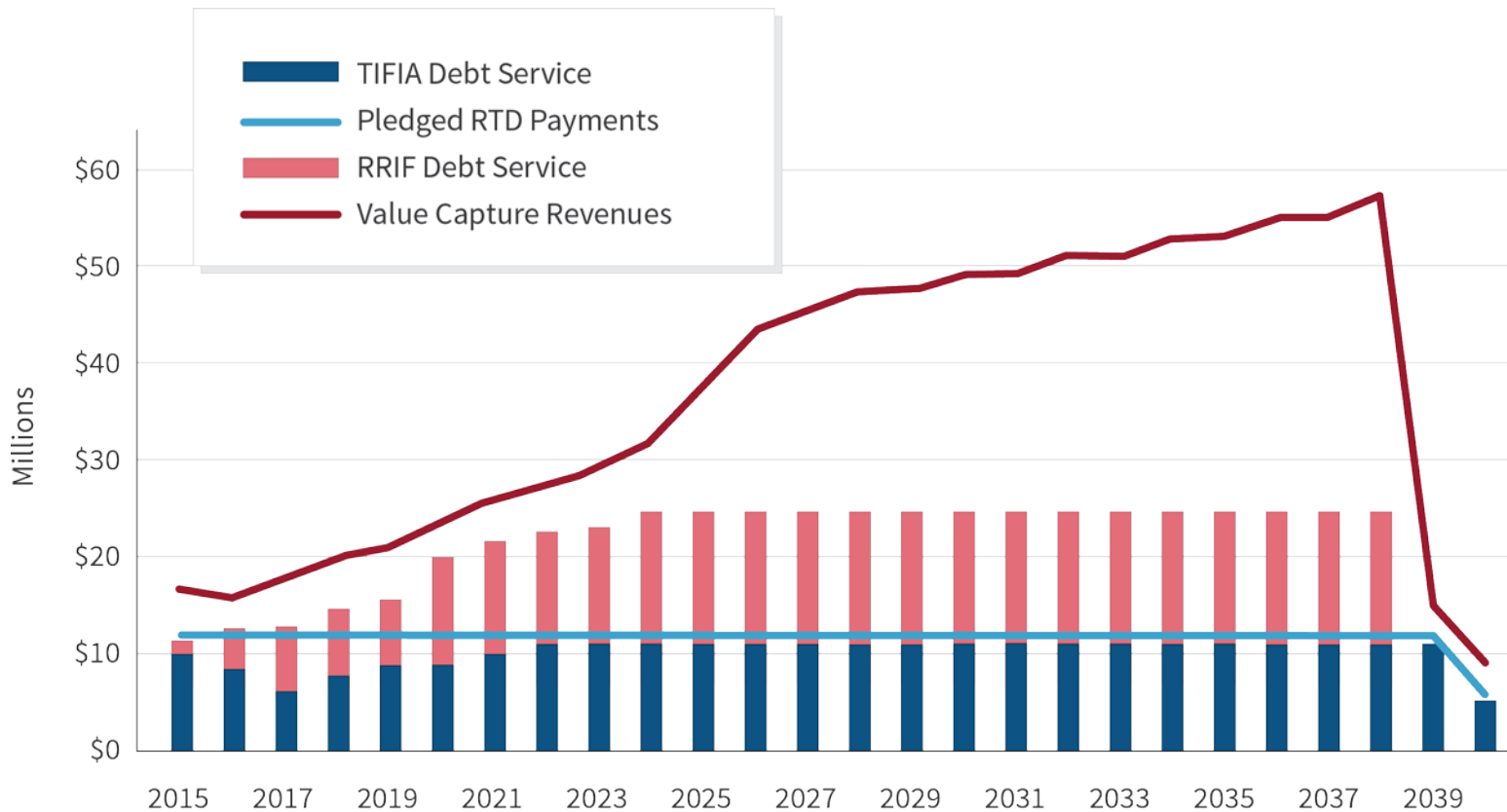


# Political and Legislative Process

**Diane Barrett, Chief Projects Officer, City and County of Denver**

# Intermodal Hub Debt Service Cash Flow

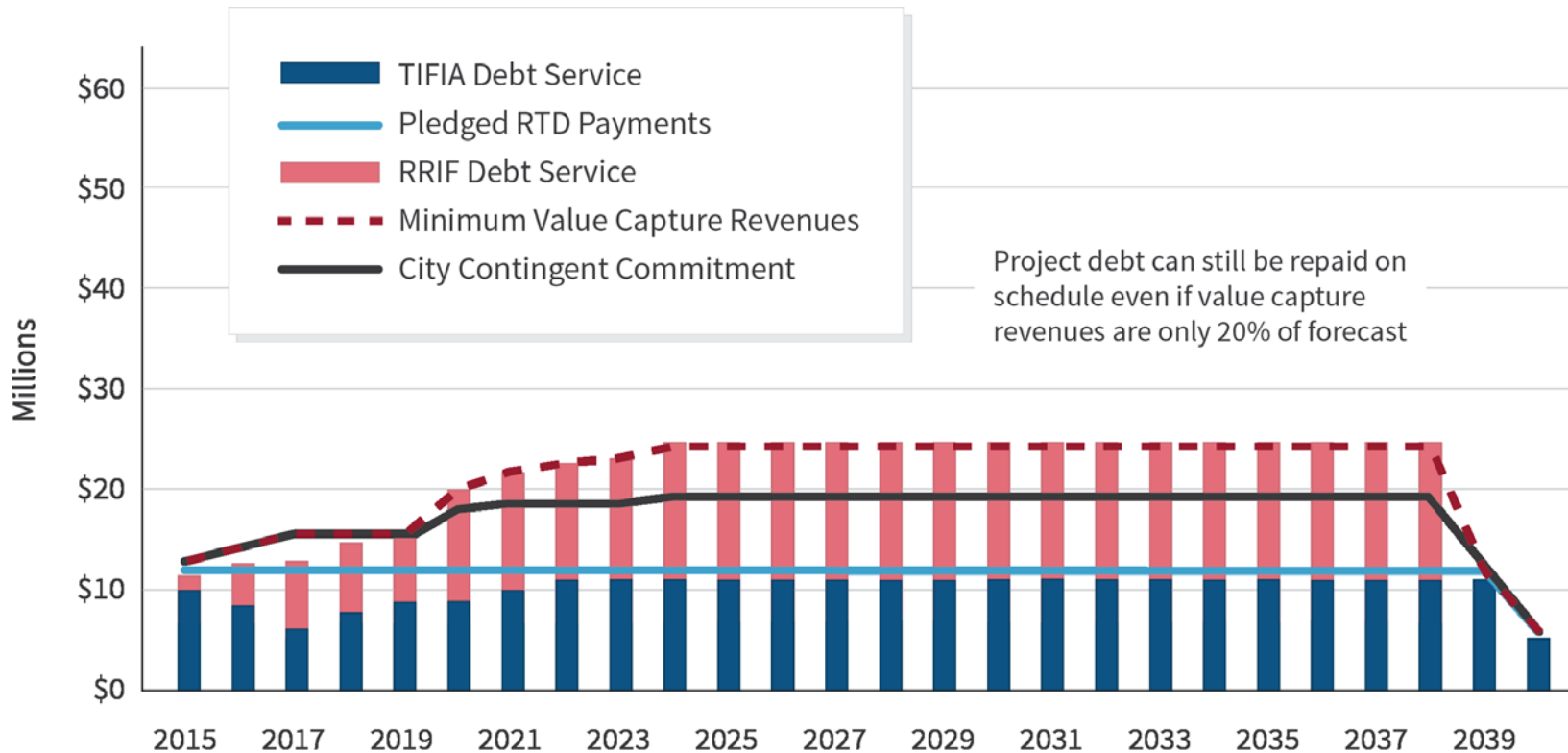
## “Upside” Case



(Debt service after completion)

# Intermodal Hub Debt Service Cash Flow

## “Downside” Case



(Debt service after completion)

# Lessons Learned

Techniques and findings relevant to other cities contemplating redevelopment of regional transportation hubs as engines of growth.

David Seltzer  
PRINCIPAL  
Mercator Advisors

# Generalizable Findings

1. Major transportation hubs can induce substantial private development.
2. Funding eligibility drives both organizational and financial structures.
3. To optimize potential development, seek input from the real estate development community in the early stages of planning.
4. Value capture can fund a significant portion of public infrastructure capital costs.
5. Passionate champions and regional collaboration make complex projects possible.



# Keys to Success

**Ferd Belz, Principal at REGen, Union Station Alliance**

**Diane Barrett, Chief Projects Officer, City and County of Denver**

# Impact of the Project

**Elbra Wedgeworth, President, Denver Union Station Project Authority**

**Governor John Hickenlooper, Governor of Colorado and Former Mayor of Denver**



# Questions and Answers

Jennifer Brickett

DIRECTOR

BATIC Institute: An AASHTO Center for Excellence

# Discussion



**David Genova**  
Interim General Manager  
RTD



**Diane Barrett**  
Chief Projects Officer  
City and County of Denver



**Marla Lien**  
Kaplan Kirsch & Rockwell  
(former General Counsel, RTD )



**Jodie Misiak**  
Director of Project  
Development  
USDOT/BATIC

Please submit any questions to our panel using the Q&A box in the bottom left corner of your screen

# Wrap-Up

- The BATIC Institute will post responses to all questions received today on its website
- The webinar will also be available on the BATIC Institute website:

[www.financingtransportation.org](http://www.financingtransportation.org)



## UPCOMING BATIC INSTITUTE OFFERINGS

### **Webinar Featuring Denver's Eagle P3 Project**

MAY, 2016

### **Peer Exchange on Debt Management**

JUNE 16, 2016 - FALMOUTH, MA

### **Station Development Peer Exchange**

JUNE 22-23, 2016 - PHOENIX, AZ

# Thank you for attending today's webinar