



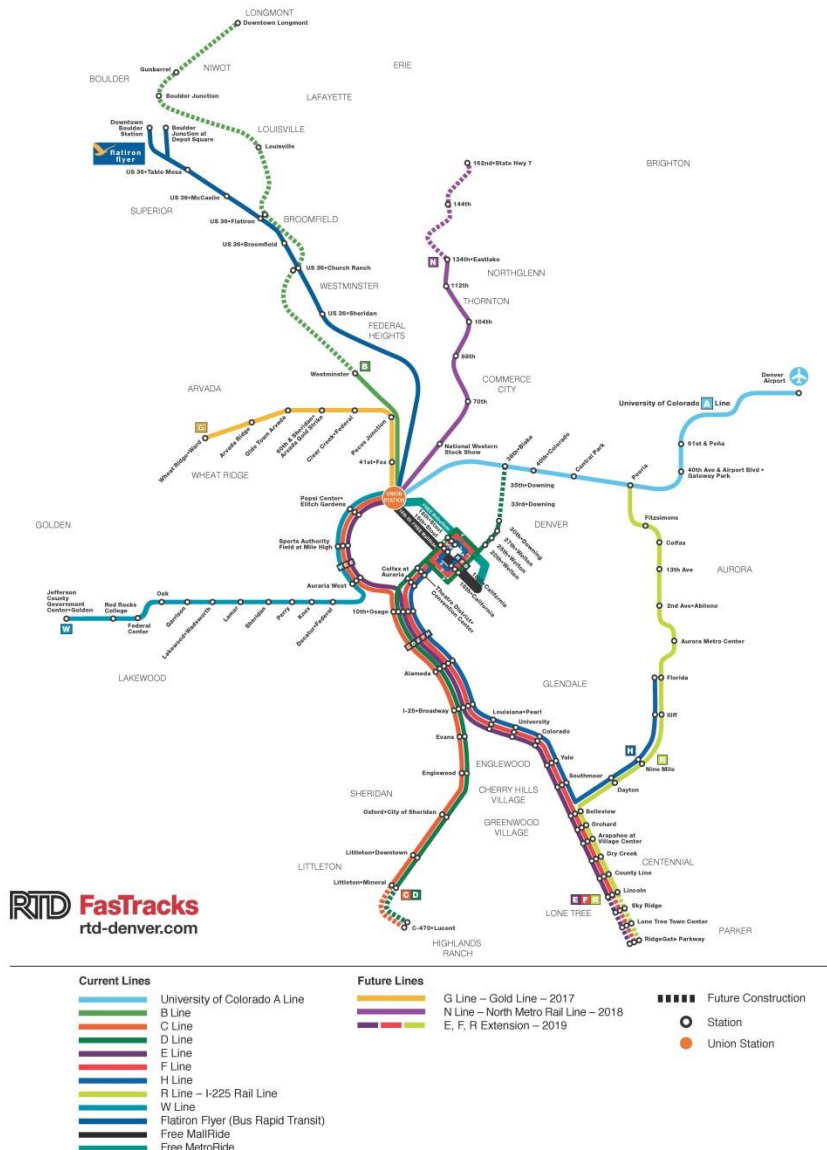
# **RTD's Eagle P3 Project & Denver Union Station Development**

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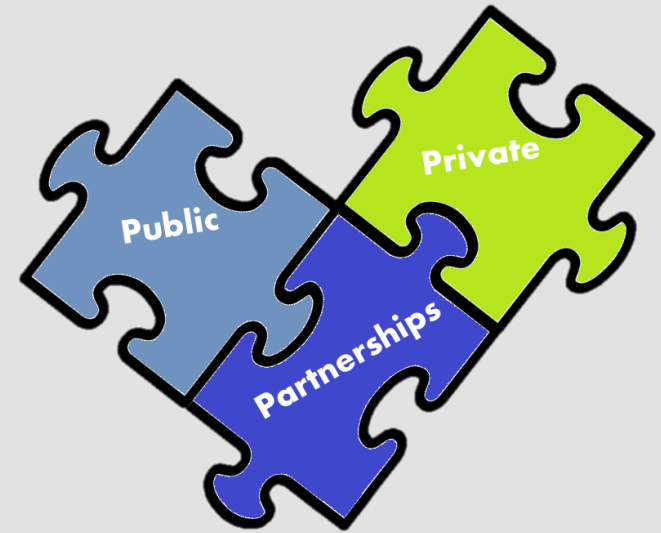
# The RTD FasTracks Plan



- 122 miles of new light rail and commuter rail
- 18 miles of Bus Rapid Transit (BRT) service
- 31 new Park-n-Rides; more than 21,000 new parking spaces
- Voter approved (2004) sales tax
- Redevelopment of Denver Union Station
- 57 new rail and/or BRT stations
- Opportunities for Transit Oriented Communities

# Eagle P3 Project

- RTD pursued concept of P3 in 2007
  - “The Perfect Storm”
    - Costs skyrocketed
    - Revenues plummeted
- First transit P3 of this magnitude in the U.S.
- RTD retains ownership of assets
- 34-year contract
  - 6 years design/build
  - 28 years operate/maintain
- RTD retains revenue risk and sets the fares



# Eagle P3 Procurement/Implementation Process

- Approximately three years from concept to contract
- Entry into FTA's Public Private Partnership Pilot Program (Penta-P) – Summer 2007
- Request for Qualifications process – Summer 2008
- Draft Request for Proposals (RFP) – December 2008
- Extensive industry review – Early 2009
- Final RFP – September 2009
- Final Proposals Received – May 2010
- Eagle P3 Team Selection – June 2010

# Eagle P3 Procurement/Implementation Process

- Financial Close/Phase 1 NTP – August 2010
- Received Full Funding Grant Agreement – August 2011
- Phase 2 NTP – August 2011
- Broke ground on August 26, 2012
- Commuter Rail Maintenance Facility opened – March 2015
- Revenue service
  - University of Colorado A Line – April 2016
  - B Line – July 2016
  - G Line - 2017

# Eagle P3 Project Scope



- Overall capital cost \$2.2 billion
- 36 miles of new electrified (25kV) commuter rail
- 37 major bridge structures
- 14 new stations plus Denver Union Station hub
- Commuter Rail Maintenance Facility
- 66 cars in married pair configuration (including 12 for N Metro)
- 29 at-grade crossings shared with Class 1 Railroads

# Eagle P3 Project

- University of Colorado A Line offers 37-minute travel time to Denver International Airport
- B Line offers 11-minute travel time to Westminster
- G Line will offer 25-minute travel time to Ward Road



# Why P3? - Considerations

- Ability to be part of FTA's Penta-P and facilitate FFGA
- Would allow RTD to spread the cost of the project over a longer time period (46 years) to address cash flow choke points
- RTD has a voter approved debt limit  
P3 financing could be considered private vs. public debt
- Opportunity for appropriate allocations of Risk (Public & Private Sectors)
- Value for money – Concessionaire better matches risk/reward to bring better overall value



# Why P3? – Results

- Project is part of Penta-P, which allowed accelerated review and other favorable treatment from FTA
- Later determined that a shorter (34 year) period was most advantageous to RTD
- Used Private Activity Bonds (PABs) but public sector debt would be less
- Due to details of Colorado Law (TABOR), RTD did have to commit some of its public bonding capacity to availability payments
- Value for money – Saved over \$300 million from RTD estimate resulting in a very successful procurement



# Eagle P3 Project Financing

## Project Capital Budget – \$2.2 billion

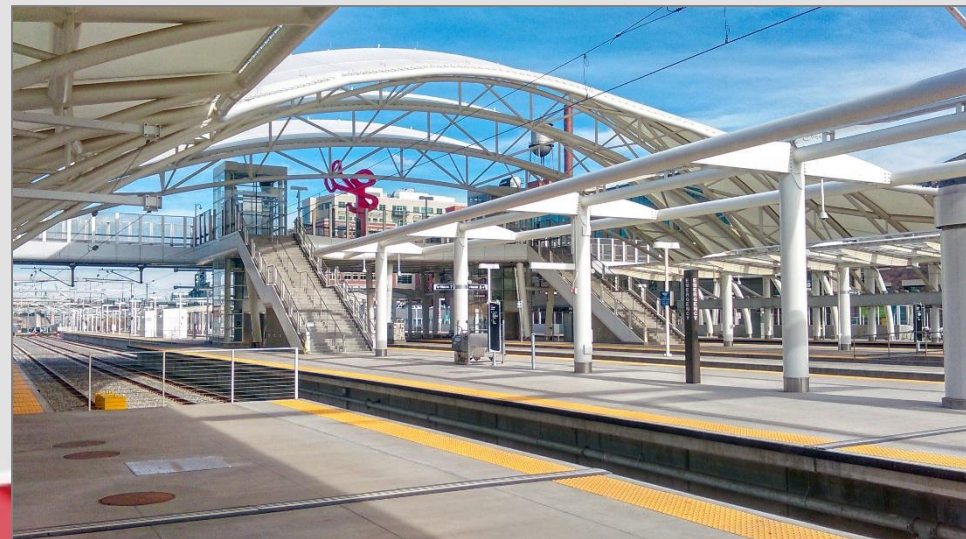
- Private funds
  - Private Activity Bonds - \$396 million
  - Concessionaire equity - \$55 million
- Public funds
  - FTA New Starts Full Funding Grant Agreement - \$1.03 billion
  - TIFIA Loan - \$280 million
  - Other federal grants - \$44 million
  - RTD uses sales tax proceeds for balance



*Transportation Secretary Ray LaHood at  
FFGA ceremony, August 2011*

# Typical Owner Risks to Consider

- Design
- Construction
- Inflation
- Stakeholders/Railroads/Permits
- Hazardous Materials
- Financing
- Right-of-Way
- Utilities
- Systems Integration
- Political/Change in Law
- Force Majeure



# Risk Considerations

- Type of Project (e.g. size, complexity)
- Staff Experience
- Industry Experience
- Lessons Learned
- Level of Engineering
- Can Assign Risk to Another Party, but will Pay for that Risk Assignment
- Overall Goal: Assign Risk to the Party Best Able to Address that Risk



# Overview of Risk Transfer

## RTD Risks

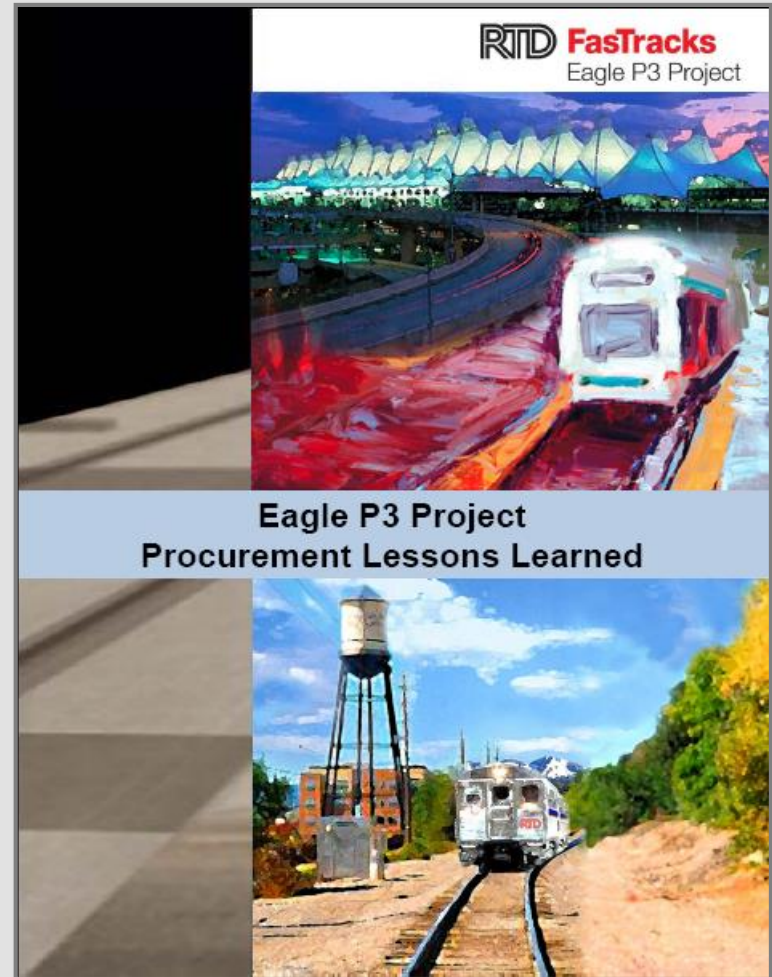
- Timeliness of third party design reviews
- RTD requested changes to project requirements
- Delay in gaining access to the site
- Unforeseen Archaeological and Paleontological risks
- Errors/omissions in environmental reports
- Utilities
- Discriminatory legislative changes
- RTD Permits
- Ridership

## Concessionaire Risks

- Design fails to meet the specific requirements
- Design delays
- Construction delays
- Cost overruns
- Compliance with environmental requirements
- Accuracy of reference data
- Concessionaire permits
- Concessionaire or subcontractor default
- Final completion delays
- Third party claims
- Security during the construction period
- Repairs or maintenance work affecting availability
- Failure to meet operating performance standards
- Operation and maintenance costs
- Condition of system at the end of the concession period
- Compliance with railroad agreements
- Additional land requirements

# P3 Procurement Lessons Learned

- Maintain a competitive field
  - Provide a stipend
  - Listen to concerns over risk allocation
- Allow for innovations
  - Performance Specifications
  - Alternative Technical Concepts (ATC)
- Ensure confidential communication between bidders and owner
- Follow procurement schedule



# P3 Procurement Lessons Learned

- Keep Board of Directors Informed
- Commitment of top agency staff
- Use specialized expertise
- Public outreach
- Truly evaluate “best value” to owner



# P3 Delivery Lessons Learned

- Jurisdictions do not understand the constraints of a P3
  - Lock down scope and involvement early
  - Finalize as many third party agreements as possible before signing the concession agreement
- Lenders do not like changes
  - Even simple design changes are perceived as increasing risk to a concessionaire



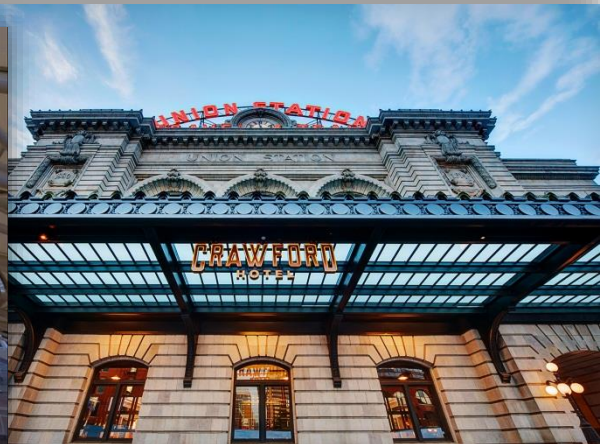
# P3 Delivery Lessons Learned

- Complexities of dealing with multiple jurisdictions, railroads, airports, etc.
- Relationships with regulatory bodies (FTA, FRA, PUC)
  - Utilize established relationships with regulators to facilitate the regulatory process
  - Confirm mutual understanding of regulations up front



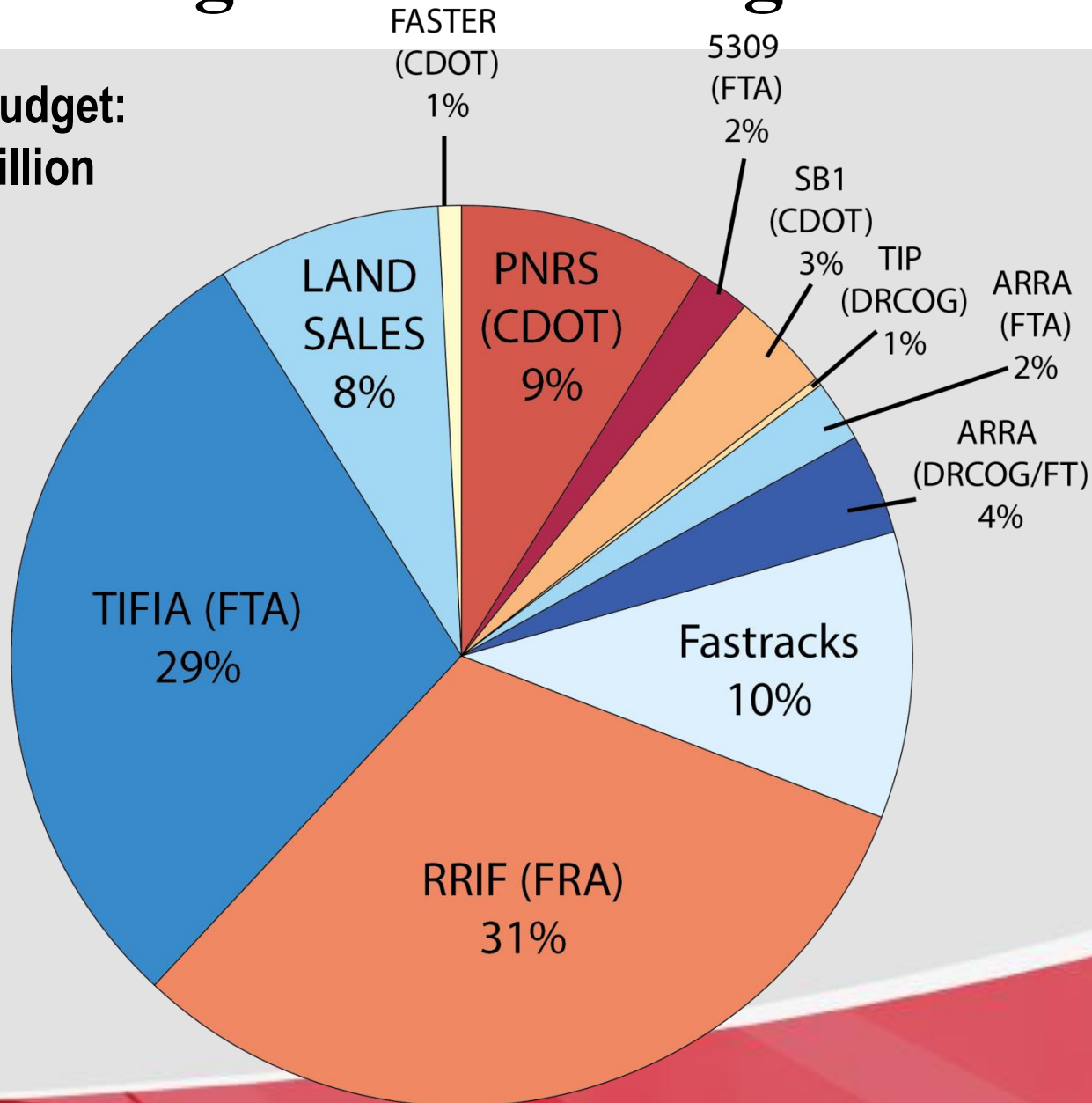
# Denver Union Station

- \$484 million project
- Multimodal hub integrating light rail, commuter rail, Amtrak, buses, taxis, shuttles, bikes and pedestrians
- Partners include RTD, Colorado Dept. of Transportation, City and County of Denver, Denver Regional Council of Governments
- Bus concourse and Amtrak service opened in 2014
- Historic building opened in July 2014 as boutique hotel, restaurants and shops
- Commuter rail service began in April 2016



# Project Budget and Funding Sources

**Project Budget:**  
**\$ 484 Million**



# Debt Repayment – Original Plan

- Obtained TIFIA & RRIF Loans in 2010
  - Combined total of \$300.6M
- Debt Repayment revenues from:
  - \$168M RTD bond (\$12M annual installments)
  - Special DUS area Tax-increment revenues from increased property and sales taxes
- Development of area around transit facilities is crucial to full repayment
  - Current revenues are well ahead of forecasts
  - Actual revenues allowed for prepayment and refinancing of debt



# Debt Repayment - Refinancing

- Repaid TIFIA & RRIF loans in full in February 2017
  - Proceeds of refinancing, debt service reserves, and prepayments on the RRIF loan covered the loan principal
  - Refinancing transactions closed simultaneously
- RTD issued \$82.9M in sales tax bonds
  - Financed 1/3 of the remaining balance
  - RTD annual payments reduced from \$12M to \$6M from 2018-2039
- City and County of Denver received a TIF backed loan for \$187.5M
  - Financed 2/3 of the remaining balance



# Historic Building - Funding & Lease Structure

## Historic Building Funding

- RTD = \$17M
- Developer Contribution = \$37M
- TOTAL = \$54M



## Master Lease Structure

- 99 year lease (including options)
- Developer responsible for building upkeep and maintenance
- RTD guaranteed \$50K base rent after 6 years
- RTD gets 7.5% of gross revenue above \$12M

# Denver Union Station

