

**Southwest Region University Transportation Center
Project Proposal - FY 2013**

TITLE OF PROPOSED PROJECT: BEYOND TRADITIONAL GRANT AND DEBT FINANCING FOR TRANSIT EXPANSION PROJECTS: EVALUATING INNOVATIVE FINANCING OPTIONS FOR STREETCAR EXPANSION IN NEW ORLEANS

STRATEGIC GOAL(S) ADDRESSED: ECONOMIC COMPETITIVENESS, ENVIROMENTAL SUSTAINABILITY, LIVABLE COMMUNITIES

CONSORTIUM MEMBER: UNO

TOTAL PROJECT BUDGET: \$ 31,868 (UTC Funds)

PRINCIPAL INVESTIGATOR: RACHEL HEILIGMAN
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HAS THIS PROPOSAL BEEN SUBMITTED FOR FUNDING ELSEWHERE? N

DID THIS PROPOSAL RECEIVE FUNDING FROM ANOTHER SOURCE? Y or N

DOES THIS PROPOSED RESEARCH INVOLVE THE USE OF HUMAN SUBJECTS? N

WILL THIS PROPOSED RESEARCH INVOLVE OTHER ORGANIZATIONS AS PARTNERS?* Y

PROJECT MONITOR NAME, ORGANIZATION, ADDRESS AND TELEPHONE NUMBER:

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ABSTRACT OF PROJECT:

Like many transit agencies across the country, the New Orleans Regional Transit Authority (NORTA) is unable to meet demands for increased service and transit expansion projects. Midway through a three-phased streetcar expansion project, Phase 3 of the project remains unfunded despite the issuance of a revenue bond and multiple attempts to secure grant funding through the overextended U.S. Department of Transportation TIGER grant program. The purpose of this study is to:

1. Identify and evaluate the potential of innovative transit financing mechanisms to advance Phase 3 of the NORTA streetcar expansion program utilizing the following criteria: a) potential revenue generation, b) predictability and sustainability, c) equity, d) public acceptance, and e) ease of implementation;
2. Detail advantages and disadvantages of each innovative transit financing mechanism explored.

Beyond Traditional Grant and Debt Financing for Transit Expansion Projects: Evaluating Innovative Financing Options for Streetcar Expansion in New Orleans

PROBLEM STATEMENT

Like many transit agencies across the country, the New Orleans Regional Transit Authority (NORTA) is unable to meet demands for increased service and transit expansion projects. Midway through a three-phased streetcar expansion project, Phase 3 of the project remains unfunded despite the issuance of a revenue bond and multiple attempts to secure grant funding through the overextended U.S. Department of Transportation TIGER grant program.

BACKGROUND

Transit agencies across the country are confronting the difficult reality of traditional means of financing capital projects falling short of the growing demand for new infrastructure. The New Orleans Regional Transit Authority is in the midst of a streetcar expansion program but only two of the three phases are funded. Phase 1 – a streetcar along the Loyola Avenue corridor was funded by a traditional federal grant – the U.S. Department of Transportation TIGER grant. Funds for the second phase along N. Rampart Street were raised through a revenue bond sale. NORTA is unable to raise any additional monies through traditional debt as their debt service levels are already at the maximum level the agency can afford. For the third phase along St. Claude Avenue, NORTA has made three subsequent attempts at TIGER funding only to be denied each time. This third phase is the most critical for realizing an equitable outcome for the overall program as it services the neighborhoods with the highest levels of transit dependency and lowest incomes.

OBJECTIVES OF STUDY

This study will expand on the local innovative financing mechanisms discussed in the following reports:

- Gihring, Thomas A. and Jeffrey J. Smith. *Financing Transit Systems Through Value Capture: An Annotated Bibliography*. Victoria Transport Policy Institute. 24 November 2011.
- Litman, Todd. *Local Funding Options for Public Transportation*. Victoria Transport Policy Institute. 31 December 2012.
- HDR, The Brookings Institute, Re-Connecting America, RCLCO. *Value Capture and Tax-Increment Financing Options for Streetcar Construction*. June 2009.
- Miami-Dade County Citizen's Independent Transportation Trust. *Evaluating Innovative Financing Opportunities for Miami-Dade Transit*. 27 October 2009.

In addition, this study will evaluate public private partnership opportunities, federal loan guarantee, lines of credit and secured loans through the Transportation Infrastructure Finance

and Innovation Act and other innovative financing mechanisms as identified through the course of an extensive literature review.

Utilizing the following criteria, this study will explore each of the innovative financing mechanisms in real-world case studies and evaluate the potential for each to advance Phase 3 of the NORTA streetcar expansion program. The following criteria will be used in this evaluation:

- Revenue potential;
- Equity (distribution of impacts);
- Predictability and sustainability
- Public acceptance; and
- Ease of implementation.

Findings will not only speak to the most feasible options for advancing Phase 3 of NORTA's streetcar expansion program but will also be presented in universal terms to support transit agencies across the country.

WORK PLAN

- Task 1) Conduct a reconnaissance of the existing political and financial challenges impacting transit capital budgets.
- a. Interview staff, agency personnel and public officials with NORTA, Regional Planning Commission, and the City of New Orleans to understand the current budgetary challenges confronting transit service and expansion.
 - b. Review existing data regarding the NORTA capital budget and financial data specific to Phase 1 and 2 of the streetcar expansion program.
 - c. Review capital costs anticipated for Phase 3 of the streetcar expansion program as identified in NORTA's unsuccessful TIGER III and IV grant applications.
 - d. Identify projects in Orleans Parish funded through innovative financing mechanisms and evaluate their acceptance and success paying particular attention to local legal and political complexities.
 - e. Conduct broad literature review to identify potential dedicated revenue sources and funding mechanisms to support transit operations and capital projects.
- Task 2) Review potential dedicated revenue sources, financing mechanisms and comparable case studies of their use.
- a. Describe traditional and innovative financing mechanisms identified in literature review including but not limited to:
 - i. Federal grants,
 - ii. Federal loan guarantees, lines of credit and secured loans,
 - iii. Joint development agreements,
 - iv. Local taxes
 - v. Traditional debt financing,
 - vi. Benefit assessment districts,
 - vii. Tax increment finance,
 - viii. Parking increment,
 - ix. Tax credit bonds,
 - x. Public-private partnerships, and

- xi. Others as uncovered in the literature review.
- b. Identify initiatives and projects comparable to the on-the-ground realities in New Orleans and develop case studies to describe how each financing mechanism has been applied, and lessons from its application, in real scenarios.

Task 3) Compile findings from interviews, data collection and analysis, literature review and case studies to evaluate feasibility of each for advancing Phase 3 of the streetcar expansion program. Utilize following criteria in evaluation: 1) potential revenue, 2) predictability and sustainability, 3) equity, 4) public acceptance, and 5) ease of implementation.

- a. Synthesize findings from examination of streetcar expansion program actual (Phase 1) and projected (Phase 2 and 3) costs of NORTA’s streetcar expansion program.
- b. Utilizing predefined geographies, land and property values, realistic assumptions for growth and other information as necessary to evaluate the potential of innovative financing mechanisms to generate revenue to fund Phase 3 expansion.
- c. Utilize evaluation criteria to rank most feasible options for financing transit expansion projects locally and nationally.

SCHEDULE OF ACTIVITIES

It is proposed that the project will be completed within a period of 12 months (July 1, 2013 – June 30, 2014).

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Task 1						
Task 2						
Task 3						

ANTICIPATED DELIVERABLES

- Technical report; presentation; summary materials

PLAN TO PURSUE ADDITIONAL FUNDING AFTER CONCLUSION OF SWUTC PROJECT:

N/A

BUDGET

	UTC Amount
<i>Salaries</i>	
Vivek Shah	\$ 15,000.00
Total Salaries	\$ 15,000.00
<i>Fringe (41%)</i>	\$ 6,150.00
Total Salaries and Benefits	\$ 21,150.00
Professional Services	\$ 4,550.00
Total Direct Costs	\$ 25,700.00
Indirect Costs (24%)	\$ 6,168.00
Total Budget	\$ 31,868.00

QUALIFICATIONS OF THE TEAM

Vivek Shah – Research Associate, University of New Orleans Transportation Institute
Education:

- Master of City Planning, University of New Orleans 2012

Rachel Heiligman – Executive Director, Ride New Orleans
Education:

- Master of City Planning, University of Pennsylvania, School of Design 2009
 - 2009 ULI / Gerald D. Hines Student Urban Design and Development Competition Honorable Mention
 - 2009 AICP National Student Project Award Recipient for “Climate Change: Impacts and Responses in the Delaware River Basin”
 - Research Assistant to Professor John Landis – local government sustainability
 - Research Assistant to Professor Lynne Sagalyn – public-private partnerships
 - Recipient of the Lewis Mumford Award for outstanding contributions to urban planning history and theory and the Wallace Roberts and Todd Award for outstanding performance in workshop by a first year student
- Bachelor of Arts, Whittier College, 2004 – Majors: Sociology and Spanish

Experience:

- Program Manager, Disaster CDBG Program, City of New Orleans – August 2010 – November 2011. Roles: Oversaw implementation of \$411 million Long Term Recovery D-CDBG Program; Managed and supported program staff; Developed policies, procedures and protocols for ensuring the efficient, effective and compliant delivery of more than 100 recovery projects; Liaised with Mayor’s Advisors on

- budgeting, project and program design and implementation; Oversaw U.S. Housing and Urban Development monitoring and audit visits.
- Senior City Planner, New Orleans City Planning Commission – 2009 – 2010. Roles: Served on lead grant writing team responsible for award of a \$2 million HUD Community Challenge / DOT TIGER II planning grant for the Claiborne Corridor; Pursued and obtained Louisiana Recovery Authority Comprehensive Resiliency Program grant for the Main Street Resiliency project; Created policies and regulatory standards to promote sustainability in the Master Plan and Comprehensive Zoning Ordinance.
 - Other Experience:
 - Mayoral Fellow, City of Chicago – 2008
 - Associate Planner, City of West Hollywood – 2004 – 2007

Skills:

- Languages: English and Spanish
- Computers: Microsoft Office, ArcGIS, Adobe Creative Suite, Sketch-Up
- Analytical: Transit Systems Planning, Demographic and Labor Analysis, Real Estate Finance, Land Use Law, Urban Economic Development Techniques, Growth Management Mechanisms
- Environmental: Modeling Climate Risk, Climate Change Adaptation and Mitigation, Green Buildings, Energy Systems and Policy, Brownfield Remediation and Finance, CEQA, Carbon Footprint and Baseline Analysis
- Professional: Organizational, Meeting Facilitation, Project Management, Communication, Oral / Visual Presentation, conflict Resolution, Interdisciplinary Coordination

REFERENCES

Kristin Gisleson Palmer

New Orleans City Council District C, Chair – Transportation Committee

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