**O** U.S. DEPARTMENT OF TRANSPORTATION



# **Build America Bureau**

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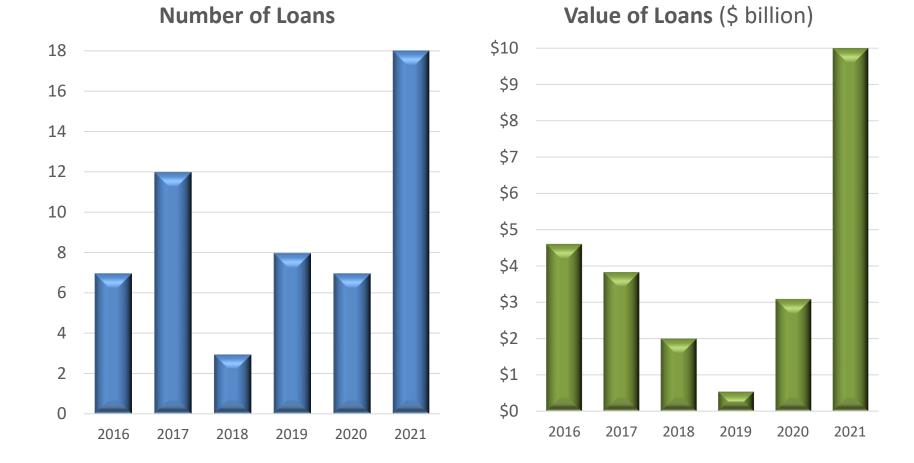
## **About the Bureau**

- US DOT's "one-stop-shop" for federal transportation finance programs and technical assistance
- **Delivering More Good Projects Faster**: The Bureau advances investment in America's transportation infrastructure by:
  - Providing low-interest, long-term loans for urban, suburban, and rural projects;
  - Clearing roadblocks for credit worthy projects;
  - Encouraging best practices in project planning, financing, and delivery; and
  - Fully using available lending capacity while protecting taxpayer resources.



## **Build America Bureau Lending**

### Fiscal Years 2016 to 2021



U.S. Department of Transportation

## **Major Programs**

#### TIFIA

Transportation Infrastructure Finance & Innovation Act of 1998

- Surface transportation and public infrastructure
- Finance up to 33%\* of eligible project costs

### RRIF

### **Railroad Rehabilitation & Improvement Financing**

- Passenger, freight, and commuter rail and transit-oriented development (TOD)
- Finance up to 100%\* of eligible project costs

### Private Activity Bonds

- State/local governments issue tax-exempt bonds
- Private entity responsible for debt service
- Can be used in combination with TIFIA and RRIF

#### Key Features

- Long-term repayment period
  - Up to 35 years
  - Can be deferred for five years following substantial completion
  - No pre-payment penalty
- Highly customizable to meet borrower needs
- Also offer loan guarantees and lines of credit

#### Low Interest Rate

**1.85%** for 35-year loan as of 12/14/21



# **TIFIA Rural Project Initiative (RPI)**

- Rural: Outside a Census-defined urbanized area of population greater than 150,000
- Project costs between \$10 million and \$100 million
- TIFIA can finance up to 49 percent of eligible project costs
- Fixed rate at ½ **Treasury** rate
- DOT can **cover borrower fees**



<sup>1</sup>/<sub>2</sub> the U.S. Treasury rate 0.925% as of 12/14/2021

Webinar recording available:

https://www.transportation.gov/office-policy/rural/routes-webinar-tifia-rpi

### **Other Recently Implemented Programs**

### • RRIF Express

- Streamlined application process and reduced fees for smaller rail projects (including short-line)
- 10 letters of interest received
- First 2 loans expected to close this winter
- TIFIA Lite
  - Streamlined application process for experienced borrowers
  - Loans up to \$100 million



## **Bipartisan Infrastructure Law Changes**

### TIFIA

- Loans for new types of projects including airports
- Expands transit-oriented development eligibility
- Relaxes the requirements for investment-grade ratings
- Expands loan terms from 35 years to up to 75 years for projects with an estimated life of 50+ years
  - Lowering payments
  - More than doubling loan length
- Streamlines processing and increases transparency

### RRIF

- Credit Risk Premium to be repaid to the borrower with interest when the loan is repaid
- Discretionary credit assistance \$50 million per year for each fiscal year 2022 through 2026
  - \$70 million for the return of credit risk premiums. This change is subject to Appropriations.
- Up to 75-year loans for projects anticipated to last 50+ years
  - Lowering payments
  - More than doubling the length of the loan

**BUILD AMERICA BUREAU** 



## **Bipartisan Infrastructure Law Changes**

- Private Activity Bonds (PABs) additional authorization of \$15 Billion
- Previous PABs cap reached in 2021 (\$15 billion authorized in SAFETEA-LU, 2005)

## **New Grant Programs**

### Rural & Tribal Assistance Pilot Program

- A \$12 million, 5-year pilot program to provide rural state, local and tribal governments with:
  - technical, legal, and financial advisory assistance
  - evaluate potential projects to be delivered through alternative delivery methods
  - help pay for early development activities such as:
    - feasibility studies
    - revenue forecasting
    - preliminary engineering
    - environmental review

Technical Assistance Grants for Asset Monetization Projects

- Total of \$100 million over 5 years
- Fund state and local government technical, financial, and legal advisory service costs for alternative project delivery
- Covers pre-implementation costs, including:
  - identifying appropriate assets or projects for asset concessions,
  - developing and issuing requests for proposals,
  - risk analysis, and other activities

### Value for Money (VfM) Requirements

- Detailed VfM analysis and assessment required
  - Major Highway Projects (costing more than \$500 million) that are P3s
  - P3 projects costing more than \$100 million seeking TIFIA financing
  - ANY project costing more than \$750 million seeking TIFIA or RRIF financing
- Review and certification of private partner compliance with the P3 agreement within three years after opening to traffic



## **Bureau Implementation of BIL**

- Immediately implement some changes, such as the additional capacity to approve private activity bonds.
- Engage with partners and stakeholders on implementing such provisions as new TOD eligibilities and longer repayment terms.
- Work with the Office of the Secretary (General Counsel, Policy, Budget, and others) and Operating Administrations on comprehensive interpretations of and implementation plans for new provisions and revisions.
- Roll out fact sheets and guidance materials early in CY 2022





### **Thank You!**

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