Denver Union Station
Area Redevelopment Project

Webinar Series: Innovations in Practice

Webinar 2

March 30, 2016
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- Other Finance Tools
- Public Private Partnerships

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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
DUS History

Marla Lien, Kaplan Kirsch & Rockwell (Former General Counsel, RTD)
- 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)
Free MallRide carries more than 13M passengers a year.

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

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

Intermodal Hub: Commuter Rail & Amtrak
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
Neighborhood Development

- Commercial development
- Residential development
- Retail development
- Pedestrian-friendly streets and signature public spaces
Neighborhood Development Status
Neighborhood Development: Public Spaces

The 17th Street Promenade
More than 30,000 square feet of shady, garden style public space

Great Hall
22,000 square foot, multi-use public space with dining and retail

Wynkoop Plaza
40,000 square feet designed to accommodate outdoor concerts, festivals, and holiday gatherings
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

Intermodal Hub
- Light rail
- Passenger rail
- Regional bus
- Streets

Historic Station
- Historic preservation
- Hotel
- Retail

Neighborhood Development
- Commercial
- Residential
- Retail
"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

Intermodal Hub
- RTD
- DRCOG
- City and County of Denver
- CDOT

Denver Union Station Project Authority (DUSPA)

Union Station Alliance (USA)

Historic Station Redevelopment
- Urban Neighborhoods Inc.
- Sage Hospitality
- Larimer Associates
- REgen, llc
- McWhinney

Union Station Neighborhood Company (USNC)

Transit-Oriented Development
- Continuum Partners
- East West Partners
- Skidmore Owings Merrill
- AECOM
- Hargreaves and Associates
Project Elements and Partnerships

Intermodal Hub

Public Stakeholders (Regional COG, State DOT, City of Denver, RTD)

Denver Union Station Project Authority (DUSPA)

Design-Build Contracting Team

Transit-Oriented Development

Regional Transit Agency (RTD)

Union Station Neighborhood Company (USNC)

Historic Station Redevelopment

Station lease and redevelopment agreement

Union Station Alliance (USA)

Contract for vertical development of DUS sites

Sale of land and master development contract

Design-Build contract for transportation infrastructure development

Legend:
- Public Entity
- Private Entity
- Public-Public
- Public-Private
Project Timeline

- 2001: Planning begins
- 2002: FasTracks approved by voters
- 2003: USNC selected as master developer
- 2004: Intermodal Hub design
- 2005:
  - Value capture districts and DUSPA created
  - ROD issued
  - Intermodal Hub DB negotiations commence
- 2006:
  - Intermodal Hub construction begins, financial close on RRIF and TIFIA loans
  - USNC closes on first TOD land parcels
- 2007:
  - Value capture districts and DUSPA created
  - ROD issued
  - Intermodal Hub DB negotiations commence
- 2008:
  - Intermodal Hub construction begins, financial close on RRIF and TIFIA loans
  - USNC closes on first TOD land parcels
- 2009:
  - Value capture districts and DUSPA created
  - ROD issued
  - Intermodal Hub DB negotiations commence
- 2010:
  - Intermodal Hub construction begins, financial close on RRIF and TIFIA loans
  - USNC closes on first TOD land parcels
- 2011:
  - Value capture districts and DUSPA created
  - ROD issued
  - Intermodal Hub DB negotiations commence
- 2012:
  - Intermodal Hub construction begins, financial close on RRIF and TIFIA loans
  - USNC closes on first TOD land parcels
- 2013:
  - Value capture districts and DUSPA created
  - ROD issued
  - Intermodal Hub DB negotiations commence
- 2014:
  - Intermodal Hub construction complete
  - Historic Station complete
- 2015:
  - Intermodal Hub construction complete
  - Historic Station complete
- 2016:
  - New LRT station opens
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

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<thead>
<tr>
<th></th>
<th>FEDERAL GRANTS</th>
<th>STATE GRANTS</th>
<th>REGIONAL/LOCAL FUNDS</th>
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<tbody>
<tr>
<td></td>
<td>ARRA Federal</td>
<td>FHWA</td>
<td>FTA Grants</td>
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<tr>
<td>Light Rail</td>
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## Utilization of Financing Tools

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<th></th>
<th>FEDERAL</th>
<th>PRIVATE</th>
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<tbody>
<tr>
<td></td>
<td>TIFIA Loan</td>
<td>RRIF Loan</td>
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<tr>
<td><strong>Intermodal Hub</strong></td>
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Historic Station/Union Station Alliance
Uses and Sources of Funds

**Uses of Funds**
- **Construction**: $45.0 million (86%)
- **Financing and Pre-Opening**: $3.0 million (6%)
- **Design and Soft Costs**: $4.0 million (8%)

**Sources of Funds**
- **Mortgage Financing**: $22.3 million (43%)
- **RTD Land Sale Proceeds**: $11.0 million (21%)
- **Equity**: $9.2 million (18%)
- **RTD Grants**: $5.0 million (9%)
- **Tax Credit Financing**: $4.5 million (9%)

Legend:
- Blue: Construction
- Pink: Financing and Pre-Opening
- Red: Design and Soft Costs
- Dark Blue: Mortgage Financing
- Maroon: RTD Land Sale Proceeds
- Light Pink: Equity
- Gray: RTD Grants
- Black: Tax Credit Financing
## Summary of DUSPA’s TIFIA and RRIF Loans

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

- DDA
- DUS Metro District
- DUS Site

Denver Union Station

Former Market St. Bus Station
Political and Legislative Process

Diane Barrett, Chief Projects Officer, City and County of Denver
Intermodal Hub Debt Service Cash Flow

“Upside” Case

[Graph showing the debt service cash flow over time, with categories for TIFIA Debt Service, Pledged RTD Payments, RRIF Debt Service, and Value Capture Revenues.]

(Debt service after completion)
Intermodal Hub Debt Service Cash Flow

“Downside” Case

Project debt can still be repaid on schedule even if value capture revenues are only 20% of forecast

(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

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.