



Planning, Program Development and Real Estate Committee

Item V – C

January 8, 2015

**Approval of Closure of the Transit
Infrastructure Investment Fund (TIIF)
Program**

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

Action Information

MEAD Number:
201156

Resolution:
 Yes No

TITLE:

Closure of TIF Program

PRESENTATION SUMMARY:

The presentation describes the proposed closure of the Transit Infrastructure Investment Fund (TIF) program, and also describes a proposed reallocation of TIF funds from closed/completed projects.

PURPOSE:

To request Board approval to: (1) close the TIF program, and (2) release funds from closed/completed TIF projects.

DESCRIPTION:

The TIF was established in 1997 to complete the 103-mile system (which was still under construction at the time) and to finance transit-oriented projects which (1) provide long-term benefits to the Authority, (2) generate sufficient revenue to replenish the revolving fund, and (3) provide a reasonable rate of return on the investment. Numerous subsequent Board resolutions have expanded TIF program objectives, and allocated funds to Maryland, the District of Columbia, and Virginia for local projects and initiatives. Some of those projects adhered closely to the original TIF program objectives, while other projects' objectives provided less than optimal benefits to the whole transit system.

The proposed guidance in this Board action seeks to close the TIF program, thus redirecting remaining and future funds to the Capital Improvement Program (CIP), where such funds can be invested in prioritized projects and initiatives that more closely support Metro's strategic and financial objectives.

Key Highlights:

- \$27 million in TIF funding can be released from closed or completed regional projects
- Over the next 10 years, an additional \$35 million will be generated by existing joint development projects
- Additionally, \$75 million is expected to be generated by new joint development projects during this time period
- With a total \$137 million in projected funds over the next 10 years, elimination of the TIF program will insure these funds are invested the CIP to support Metro's strategic and financial objectives
- An additional \$2.8 million can be released from closed or completed sub-regional

- (MD, DC, VA) projects and allocated to new projects within those jurisdictions
- The proposed action provides an additional funding source to support Metro 2025 and other CIP initiatives

Background and History:

Since the inception of the TIIF, over \$140 million has flowed into the fund. WMATA finance and real estate staff have reviewed the TIIF-funded projects to identify completed or closed projects that have remaining funds. Approximately \$27 million can be released from these projects for reallocation to CIP initiatives. An additional \$35 million will be generated over next 10 years from existing joint development projects. Further, WMATA has issued eight new joint development solicitations in the past 12 months, and solicitations for another 8-10 projects and surplus dispositions will occur in next 12-24 months. These efforts will result in approximately \$75 million in additional funds flowing from joint development projects in the next 10 years.

Collectively, the release of unused funds and proceeds from existing and new projects will result an estimated \$137 million of available capital funds over the next 10 years, as summarized in the chart below:

Source	Amount
Currently available TIIF funding from completed / closed projects	\$27 million
10-year (2015-2025) expected revenue from existing projects	\$35 million
10-year (2015-2025) expected revenue from new projects	\$75 million
Total funds over next 10 years	\$137 million

This chart does not include \$2.8 million of funds that can be released from closed / completed sub-regional (MD, DC, or VA) projects. These released funds will remain within their designated jurisdiction for reallocation to future jurisdictional initiatives or projects to be approved by future Board actions.

Staff evaluated an alternative approach maintaining the TIIF program with the incorporation of enhanced criteria for prioritization and allocation of funds to projects. While this approach would provide the benefit of a funding source for local jurisdiction projects and initiatives, maintaining the TIIF in this manner presents a few important drawbacks including (1) taking away funding from system-wide CIP projects and initiatives, (2) requiring the ongoing maintenance and oversight of a separate, parallel capital program, and (3) through dividing the limited stream of proceeds among jurisdictions, the resulting small pool funds in each jurisdiction would not be able to support major local jurisdiction initiatives and projects.

The recommended closure of the TIIF program guidance will help ensure that the \$137 million from the chart above is invested in CIP projects and initiatives that support WMATA strategic and financial objectives.

Discussion:

Staff is seeking Board approval to close the TIIF program and redirect future proceeds from joint development projects directly into the CIP.

Further, Staff is seeking Board approval to:

1. Release \$27 million in unexpended approved regional funds from the completed or closed regional projects and make those funds available for the Capital Improvement Program.
2. Release \$2.8 million in unexpended allocated District of Columbia and Virginia sub-regional funds from the completed or closed sub-regional projects and make those funds available for re-allocation to future sub-regional initiatives within those jurisdictions to be approved by the Board in accordance with the existing policy.
3. Reallocate \$4.1 thousand in unexpended allocated Maryland sub-regional funds to the Takoma-Langley Transit Center project.

FUNDING IMPACT:

Proposed action will reallocate approximately of \$27 million in existing TIIF funds from closed/completed projects to the CIP, making those funds available for allocation to new .	
Project Manager:	Stan Wall, Director of Real Estate and Station Planning
Project Department/Office:	Chief Financial Officer, Office of Real Estate and Station Planning

TIMELINE:

Previous Actions	<p>1997 – TIIF program established</p> <p>2000 through 2013 – Over 30 regional and sub-regional TIIF projects and initiatives approved by the Board</p> <p>2014 – Most recent approval of TIIF project allocation (for use of DC TIIF for Metropolitan Branch Trail)</p>
Anticipated actions after presentation	<p>Future proposed TIIF projects for the remaining \$2.8 million in sub-regional funds will be presented to the Board when such projects or initiatives are identified.</p> <p>Staff will report on a quarterly basis, the amount of joint development proceeds received that flow to the CIP as a result of this policy change/</p>

RECOMMENDATION:

Approval of a resolution to: (1) close the TIIF, and (2) reallocate funds from closed/completed TIIF projects.



Washington Metropolitan Area Transit Authority

Closure of the Transit Infrastructure Investment Fund Program

Planning, Program Development, and Real Estate Committee

January 8, 2015



Purpose

- Obtain Board approval to:
 - Close the Transit Infrastructure Investment Fund (TIIF) program
 - Reallocate funds from closed/completed TIIF projects





TIIF History

- TIIF established in 1997 to:
 - Complete the 103-mile system
 - Finance transit-oriented projects which:
 - will provide long-term benefits to the Authority
 - generate sufficient revenue to replenish the revolving fund, and
 - provide a reasonable rate of return on the investment.
- Subsequent Board resolutions have expanded TIIF program objectives beyond these original objectives



Funding Summary

Source	Amount
Currently available regional TIF funding	\$27 million
10-year expected revenue from <u>existing</u> projects	\$35 million
10-year expected revenue from <u>new</u> projects	\$75 million
Total funds over next 10 years	\$137 million



Option 1 – Closure of TIIF

- Closure of TIIF to new funds
- Unexpended regional funds moved to CIP
- Unexpended local funds remain under local control for future allocation

PROS	CONS
<ul style="list-style-type: none">• Maximizes funds available to CIP• Eliminates duplicative prioritization program	<ul style="list-style-type: none">• Eliminates stream of future funds for local use



Option 2 – Maintain T1IF w/Priorities

1. Reduces operating expenses or generates revenue
2. Support the Authority's Strategic Goal to Improve Regional Mobility and Connect Communities
3. Enables Joint Development

PROS	CONS
<ul style="list-style-type: none">• Enhanced guidance ensures better alignment with strategic goals• Provides jurisdictions with ongoing discretionary funding source for local initiatives	<ul style="list-style-type: none">• Takes away funding from system-wide CIP projects and initiatives• Requires the ongoing maintenance and oversight of a separate, parallel capital program• Limits use to smaller projects



Recommended Option

- Closure of the TIIF
- Update Capital Needs Inventory priorities to reflect enhanced prioritization criteria
- Incorporate reporting of joint development proceeds in quarterly report

By closing the TIIF, the \$137 million will now flow directly into the CIP to support WMATA strategic and financial objectives



Benefits

- Supports Momentum Strategic Plan by ensuring financial stability and investing in our people and assets
- Provides additional funding to support the CIP and Metro 2025





Recommendation

- Approval to close the TIIF and to reallocate funds from closed/completed projects



SUBJECT: CLOSURE OF THE TRANSIT INFRASTRUCTURE INVESTMENT FUND

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, On August 10, 2000, the Board of Directors adopted a revised policy on the Transit Infrastructure Investment Fund (TIIF); and

WHEREAS, On September 19, 2002, the Board of Directors amended that policy; and

WHEREAS, \$85.6 million of funds deposited into the TIIF have been allocated to regional projects and initiatives in prior Board of Directors actions; and

WHEREAS, \$59.3 million of funds deposited into the TIIF have been allocated for use on a sub-regional basis in accordance with the rail construction formula in existence at the time of funds were received by the Washington Metropolitan Area Transit Authority (WMATA); and

WHEREAS, \$27 million in unexpended approved funds can be released from completed or closed regional projects, and an additional \$2.8 million in unexpended approved funds can be released from completed or closed sub-regional projects (*see* Attachment A); and

WHEREAS, \$110 million in funds are expected to be deposited into the TIIF over the next 10 years; and

WHEREAS, The WMATA Capital Improvement Program (CIP) provides a framework for guiding capital program investment decisions; and

WHEREAS, Maintaining a separate TIIF program with separate investment priorities duplicates the goals of the CIP; now, therefore be it

RESOLVED, That WMATA will close the TIIF program and redirect to the CIP all future revenue from existing and new joint development projects; and be it further

RESOLVED, That all current regional unallocated funds remaining in the TIIF shall be deposited into the CIP and made available for allocation to CIP projects and initiatives; and be it further

RESOLVED, That the unexpended allocated regional funds shown on Attachment A be released from the completed or closed regional projects, deposited into the CIP and made available for allocation to CIP projects and initiatives; and be it further

RESOLVED, That the unexpended allocated District of Columbia and Virginia sub-regional funds shown on Attachment A remain in the TIIF to be reallocated to future sub-regional initiatives within those jurisdictions to be approved by the Board of Directors in accordance with the existing policy; and be it further

RESOLVED, That the TIIF is closed to new funding; and be it further

RESOLVED, That WMATA staff will report on a quarterly basis, the amount of joint development proceeds that flow to the CIP as a result of this policy change; and be it finally

RESOLVED, That this Resolution shall be effective thirty (30) days after the passage by the Board of Directors in accordance with § 8(b) of the Compact.

Reviewed as to form and legal sufficiency,



for Kathryn H.S. Pett
General Counsel

WMATA File Structure Nos.
4.7 Transportation Infrastructure Investment Fund

ATTACHMENT A

Summary of Funds to be released from Closed / Completed Projects Dollars in Thousands

Project	Allocated Funds	Unexpended Funds	Funds to be Released
Regional Projects			
Huntington Parking	\$ 12,900.0	\$ 97.7	\$ 97.7
White Flint Parking	4,421.7	16.8	16.8
FY05/06/07/08/09/10 Operating	12,000.0	0.0	0.0
FY11 Operating (continues thru FY12)	4,000.0	\$2,000.0	\$2,000.0
FY07/08/09/10 Safe Clean Reliable	26,850.0	0.0	0.0
SmarTrip Program	9,600.0	9,600.0	9,600.0
CNG Buses Procurement	11,800.0	11,800.0	11,800.0
Precision Stopping	3,000.0	3,000.0	3,000.0
TSSM from Twinbrook to Shady Grove	1,000.0	474.4	474.4
Gallery Place Remediation	18.4	0.0	0.0
Total: Regional Projects	\$ 85,590.1	\$ 26,988.8	\$ 26,988.8
Sub-Regional Projects			
District of Columbia			
Tivoli	\$ 2,500.0	\$ 0.0	\$ 0.0
Anacostia Light Rail Program / Demo	10,000.0	990.7	990.7
U Street / Adams Morgan Link	150.0	0.0	0.0
Navy Yard Design	500.0	42.5	42.5
Union Row / U Street	1,500.0	491.3	491.3
Yellow Line Extension	1,500.0	890.9	890.9
Navy Yard Improvements	4,452.0	0.0	0.0
View 14 / U Street & 14th	500.0	0.0	0.0
Total: District of Columbia Projects	\$ 21,102.0	\$ 2,415.5	\$ 2,415.5
Maryland			
New Carrollton Parking	\$ 497.6	\$ 1.6	\$ -1.6
College Park Parking	9,514.7	2.5	-2.5
Largo Parking	2,432.7	0.0	0.0
Largo Day Care Center	3,000.0	0.0	0.0
Takoma-Langley	6,744.3	5,404.8	4.1
Total: Maryland Projects	\$ 22,189.3	\$ 5,408.9	\$ 0.0
Virginia			
Huntington	\$8,082.8	\$ 0.0	\$ 0.0
West Falls Church	2,000.0	0.0	0.0
Royal Street Bus Garage	100.0	0.0	0.0
Ballston (Multimodal Improvements)	1,032.2	101.9	101.9
Rosslyn Station Access Improvements	798.1	26.5	26.5
Shirlington	1,978.0	16.6	16.6
Crystal City Potomac Yard Bus Way	522.0	206.1	206.1
Potomac Yard Station	1,500.0	0.0	0.0
Total: Virginia Projects	\$ 16,013.1	\$ 351.1	351.1