

Connecting Florida

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FOR DECADES, THE MAJOR metropolitan areas in Florida have operated independently and with strikingly different agendas, reflecting differences in business climate and culture. But there are signs that may be changing, prompted in part by new efforts to improve transit options in the state and helped along by Florida's ULI district councils. The efforts come none too soon in a state where auto traffic is getting worse by the day and public transportation options are limited.

ULI saw an opportunity to engage the district councils for Northeast Florida, Tampa Bay, Central Florida, Southwest Florida, and Southeast Florida/Caribbean to analyze the links between transportation and land use around the state. The result was a collaborative effort called Connecting Florida that illustrates both the progress and challenges involved in planning improvements to Florida's transportation system.

Connecting Florida is supported by the ULI/Curtis Regional Infrastructure Project. "I believe a large part of the quality and competitiveness of our future relates to the following questions: How do we live and work? Where do we live and work? How do we move goods and services? And how do we move people?" says Jim Curtis, managing partner of the San Francisco-based Bristol Group and a ULI trustee, who provided the funding for the project.

ULI leaders are using the Connecting Florida initiative, including a special report released in April, *Connecting Florida: Transit + Florida's Economy*, to help leaders get answers to some of these questions and to ensure that the organization plays a larger role in the transportation dialogue.

An effort such as Connecting Florida still needs a spark to ignite. This spark came from Debbie Orshefsky, chair of ULI Southeast Florida/Carib-

bean, who initiated an infrastructure committee that secured the Curtis Project grant, bringing together all five district councils in Florida. "This effort marks a major step forward in having our district councils work together," says Carla Coleman, executive director of ULI Southeast Florida/Caribbean. "I think it's a sign that Florida's cities can find common ground and the power of cooperation to work together on big issues, and it's great that ULI is helping to make that happen."

Connecting Florida also coincides with a new level of awareness statewide of the need for better transit options. For example, when business and civic leaders realized that supporting the existing Tri-Rail service in southeast Florida would benefit the plans for SunRail in Orlando and eventually lead to progress on rail plans in Tampa Bay, attitudes started to change about the need for different areas of the state to work together.

Miami's Metromover is free to riders. Florida's historic vote in support of commuter rail service in southeastern and central Florida was a significant step toward regionally integrated transit systems.



MIAMI-DADE COUNTY

The *Connecting Florida* report describes the transportation progress made by each of the state's metro areas, which involves everything from buses to light rail. The progress varies dramatically.

For instance, in Boca Raton, a new retail center, Village Plaza, has opened, offering coffee or a workout at a fitness center within walking distance of southeast Florida's Tri-Rail commuter-rail line, the state's first regional transit system. It is one of the state's first significant examples of transit-oriented development (TOD). Several other TOD projects are in the planning stages in southeast Florida, and the area is now working on an extension of its Metrorail system, which will connect Miami International Airport with the city.

In the Tampa Bay area, district council leaders are using the *Connecting Florida* report as part of ongoing presentations on how better transit options contribute to more well-defined development patterns and the overall quality of life in communities. And in southwest Florida, several new projects are underway that show a heightened interest in TOD.

In the Jacksonville area, plans are underway to develop transit options for the region, where auto traffic will

A separate traffic lane is reserved for the LYMMO circulator bus in downtown Orlando.

someday be more challenging than it is today. "We want to be ahead of the curve," says Michael Blaylock, CEO of the Jacksonville Transportation Authority and a member of the advisory board for ULI North Florida. "If we build a transportation model that leads to less sprawl and easier commutes, it improves everyone's quality of life. Getting everyone in the state on the same page is what efforts like this report will help to accomplish."

A planned high-speed rail system only heightens the need for creation of light-rail and bus systems in the areas it will serve—Tampa Bay, Orlando, and eventually south Florida. The 84 miles (135 km) of new high-speed track between Tampa and Orlando is being partially funded by a \$1.25 billion federal grant and promises to offer 16 round-trips per day on trains reaching speeds of up to 168 miles per hour (270 kmph).

In central Florida, a commuter-rail transit project called SunRail will run along a 61-mile (98-km) stretch of existing freight track in Orange,



METROPLAN ORLANDO

Seminole, Osceola, and Volusia counties. SunRail is scheduled to begin service in 2013. Metroplan Orlando, the metropolitan planning organization representing Orange, Osceola, and Seminole counties, shared the *Connecting Florida* report with its board to help members make timely, informed decisions on implementation of the transportation plan in their region as high-speed rail and commuter rail become reality.

"A top priority for us in central Florida is to optimize investments being made in rail transit," says Harold W. Barley, executive director of Metroplan Orlando. "ULI's work has been a tremendous help."

And in Tampa Bay, discussions center on the need for a variety of transportation options for commuters when they arrive by high-speed rail in Tampa. Initial efforts are

focused on that city, but the St. Petersburg–Clearwater area is also joining the discussion. ULI Tampa Bay has been working to help raise awareness, with a special committee making more than a dozen presentations to local civic and business groups about the economic advantages of TOD.

Indeed, the reality of high-speed rail is adding a sense of urgency to the need for figuring out how the service should fit into a larger transportation system, as well as expediting efforts to educate the public.

"These issues can be hard to get your arms around, but that only makes it more important for different parts of the state to work together," says Stuart Rogel, CEO of the Tampa Bay Partnership and chairman of the ULI Tampa Bay governance committee.

Rogel has long played a key role in working to bring Tampa and Orlando closer together on regional economic development initiatives. He was part of the ULI team that arranged for the first *Connecting Florida* product in fall 2009—a brochure describing what transit can do for economic development, accompanied by a cover letter signed by all five district council chairs—to be



BUTTERS CONSTRUCTION & DEVELOPMENT

Within walking distance of Tri-Rail's Boca Raton station is Village Plaza, a new retail center. Combining errands and access to the metropolitan region adds to the vitality and convenience of the area.

Lessons from California for a New National Bank for Infrastructure

AT A LABOR DAY celebration September 6 in Milwaukee, President Obama announced plans to create a national infrastructure bank. Although the push for an infrastructure bank got a bit lost in the buzz generated by the president's proposal to channel at least \$50 billion in federal funding to rail, road, and runway infrastructure projects over the next few years, it was a significant development, marking one of the first times Obama has publicly supported a new infrastructure bank as president.

With a growing national deficit and a Highway Trust Fund that seems to constantly teeter on the brink of insolvency, the new push for an infrastructure bank reveals a growing recognition that the nation's existing tools for funding infrastructure are insufficient, and that the way the country is currently allocating the bulk of infrastructure funds—through formula-based grants and earmarks—yields uneven results.

The White House is counting on a national infrastructure bank to “leverage private and state and local capital to invest in projects that are most critical to our economic progress.” The administration also wants

the bank to base investment decisions “on clear analytical measures of performance,” with projects competing against each other for funding. The link with Labor Day was no coincidence: the White House is hoping that expanded infrastructure spending and investments will help boost job figures in the face of stubborn unemployment.

However, any new infrastructure bank will require approval from a skeptical Congress. Draft bills have been introduced in the House and Senate, but more work will need to be done to flesh out how a bank will be governed, operate, and lend money. When lawmakers take up the issue, they will no doubt seek models from the United States and abroad. The Califor-

nia Infrastructure and Economic Development Bank, or I-Bank, warrants a closer look.

The I-Bank was created by the California Legislature in 1994 and has broad powers to issue bonds, make loans, and provide credit enhancements for a wide variety of infrastructure and economic development projects. It is located within the California Business, Transportation, and Housing Agency, but acts like an independent entity, with a five-member board of directors that approves I-Bank financing. The bank is managed on a day-to-day basis by executive director Stanton Hazelroth, who is appointed by the governor and confirmed by the Senate, and has a professional staff of 24. The I-Bank's operations are

funded solely by fees, interest earnings, and loan repayments.

In the early 2000s, the I-Bank received a \$161 million appropriation from the state as seed money for the bank's infrastructure investment program, the Infrastructure State Revolving Fund (ISRF). This fund provides long-term, low-cost loans—with the interest rate subsidized by the I-Bank—to California's local governments for infrastructure projects in 16 eligible categories, including transportation, water, and wastewater. As borrowers began to repay the first group of loans made under this program, the I-Bank issued bonds against the repayment revenues. The bank has leveraged the initial general fund infusion for about \$400 million in infrastructure



R. VENTE, COURTESY OF THE BUCK INSTITUTE

The Buck Institute for Aging in Marin received \$30 million from the I-Bank to build a new stem cell research facility.

loans over the life of the program. Recent projects funded under the bank's infrastructure program have included a wastewater plant upgrade, a police station, and road and utility improvements.

Through fiscal 2009, the I-Bank and its related entities have issued more than \$30 billion in tax-exempt bonds

The I-Bank's other main category of lending is conducted through its Conduit Revenue Bond Financing programs, which issue tax-exempt bonds for eligible economic development facility projects and governmental purposes. Through fiscal 2009, the I-Bank and its related entities have issued more than \$30 billion in tax-exempt bonds. The bank's strong reputation in the market and AA+ rating on its own bonds mean that it can offer competitive rates to borrowers. Taxable bonds make up a very small component of the bank's portfolio.

For these projects, borrowers typically pledge a portion of the project's tolls or fees to investors

for repayment of principle, interest, and fees. Bonds also can be secured by general tax revenues, although this is less common. Projects under this program have included financing for upgrades to the eastern span of the San Francisco–Oakland Bay Bridge. The I-Bank also can lend to qualified private companies for expansion of industrial facilities.

Each of the bank's lending programs has its own set of eligibility requirements, processing timelines, fees, and financing terms. But all I-Bank projects must meet a set of fundamental criteria, including requirements that they promote equity, strengthen the economy, protect the environment, and promote health and safety. In addition, the legislative body of the sponsor must certify the project, and all loan applications are subject to public comment.

I-Bank staff members score infrastructure loan applications according to a variety of measures, with extra points awarded if the project is receiving additional private financing. The I-Bank's board meets monthly to consider financing requests, taking into account project point scores, which grow in importance when funds are running low. The bank's track record is strong, with few restructurings and only one default in its portfolio. The bank is about to undertake a study to examine the impact its lending has had on job creation and economic development.

In the United States, the breadth and depth of the California I-Bank sets it apart. A pilot program launched by the U.S. Department of Transportation

in 1996 led to the creation of a number of state infrastructure banks, but these focus exclusively on transportation. In addition, many states operate revolving loan funds to finance water and wastewater infrastructure, and many cities and municipalities issue bonds.

But for Hazelroth, the California I-Bank's broad sectoral focus and deep stable of in-house financial knowledge make it unique. "Our main advantage is that we have a group of people with expertise in the government who can assist with financing problems and deal with capital markets on an equal footing," he says. "In some cases, when small districts work with banks to borrow, they don't get a good deal." In addition to the private investor dollars the I-Bank channels to projects through the use of bonds, the bank's involvement can make projects more attractive to additional private sector lenders as well.

The I-Bank is sometimes criticized for having overly complicated loan application procedures and lengthy review processes. But Hazelroth says state and federal rules for verifying eligibility for tax-exempt bond treatment make these reviews necessary.

But as the Obama administration and Congress begin to flesh out how a new national infrastructure bank will function, the California I-Bank's strong track record and focus on infrastructure make it worthy of a close look.

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hand-delivered to all 160 legislators in the state capital, Tallahassee.

Coincidentally or not, the result was the essence of transcending narrow regional perspectives: the Tampa Bay votes helped Tri Rail and SunRail funding pass during that session. Suddenly, the lines of competition were transforming into lines

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of cooperation. "We had staffers in the Capitol wave the brochure at us, telling us 'This is good stuff,'" Rogel says. "It tied into some new political momentum for transit, and I think our efforts helped that along."

Now, the state's district councils are making plans for more meetings and taking other steps to work together more closely. "People around the state are learning that helping another part of the state solve a problem doesn't mean that you are hurting efforts in your own area," says Rogel. "And that realization is powerful for everyone involved." **UL**

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