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July 13, 2016

The Honorable John Thune
Chairman
The Honorable Bill Nelson
Ranking Member
Committee on Commerce, Science, and Transportation
United States Senate

The Honorable Bill Shuster
Chairman
The Honorable Peter DeFazio
Ranking Member
Committee on Transportation and Infrastructure
House of Representatives

RAILROAD FINANCING: Stakeholders' Views on Recent Changes to the Railroad Rehabilitation and Improvement Financing Program

America's rail transportation infrastructure, including its passenger rail system, requires substantial repair as well as new capacity to accommodate growth. In April 2016, the Northeast Corridor (NEC) Infrastructure and Operations Advisory Commission estimated that a minimum of \$28 billion is needed to address repair backlogs on the NEC—one of the busiest rail corridors in the world. Amtrak has also estimated that an additional \$151 billion in capital investments will be needed for state of good repair and to enhance capacity on the NEC. In addition, proposed high-speed rail projects in California, Texas, and Florida as well as the restoration and redevelopment of passenger rail stations, such as those planned for New York City, will require billions of dollars.

Financing the various rail infrastructure projects will be challenging. Congress has not funded the Federal Railroad Administration's (FRA) High-Speed Intercity Passenger Rail program—a program used to fund passenger rail projects—since fiscal year 2010 and appropriations to Amtrak have remained relatively steady at about \$1.4 billion over the last 5 years. One potential source of funding is FRA's Railroad Rehabilitation and Improvement Financing (RRIF) program, which is a \$35 billion loan and loan guarantee program to finance, among other things, freight and passenger rail facilities. Since program inception in 1998 about \$2.7 billion in loans have been executed, and no loan guarantees have been made.

The Fixing America's Surface Transportation (FAST) Act made a number of changes to the RRIF program intended to increase use of the program.¹ Section 11611 of the FAST Act includes a provision for the Government Accountability Office to transmit a report within 180

¹Fixing America's Surface Transportation Act, Pub.L. No.114-94, 129 Stat. 1312 (2015).

days of enactment that analyzes how the RRIF program can be used to improve passenger rail infrastructure.²

This report presents information on: (1) the changes made by the FAST Act to FRA's RRIF program and the status of implementing these changes; (2) views of selected stakeholders about the potential impacts of these changes on the RRIF program, particularly in terms of types of projects financed, potential sources of repayments, and overall use of the program; and (3) views of selected stakeholders on the advantages and disadvantages of using the RRIF program for financing passenger-rail infrastructure projects as compared to other sources of financing.

To address changes made by the FAST Act to the RRIF program and the status of implementing these changes, we reviewed provisions of the FAST Act and other statutes pertaining to the RRIF program and interviewed FRA officials. We also reviewed past studies of the RRIF program prepared by the Congressional Research Service, the National Cooperative Rail Research Program, and the Department of Transportation (DOT) Office of Inspector General (OIG), among others, and collected historical information from FRA on RRIF program loans and program costs, including credit risk premiums.³ We also interviewed officials with the Office of Management and Budget (OMB). To obtain selected stakeholders' views about the potential impacts of the FAST Act on the RRIF program, we selected four passenger rail projects to review. They represent a mix of project size, geographic location, project development status, potential use of the RRIF program for project financing, and the potential for transit oriented development (TOD).⁴ Projects selected for review were: Gateway (New York/New Jersey), Chicago Union Station (Chicago), Transbay Transit Center (San Francisco), and Denver Union Station (Denver). For these projects, we interviewed public and private stakeholders, such as city governments, transit agencies, Amtrak, commuter rail agencies, and private development firms. To obtain selected stakeholders' views on the advantages and disadvantages of using the RRIF program for financing passenger rail infrastructure projects, we interviewed stakeholders for the four projects we selected, as well as FRA and OMB officials. Finally, we interviewed other stakeholders, such as credit rating agencies, financial consultants, and a major bank that had been involved with federal credit programs. A total of 19 stakeholders were interviewed. The results of our work are not generalizable to the universe of stakeholders

²Fixing America's Surface Transportation Act, Pub. L. No. 114-94, title XI, § 11611. The Passenger Rail Reform and Investment Act of 2015 was enacted as title XI of the FAST Act. For purposes of this report, we refer to this title as the FAST Act. The FAST Act was enacted on December 4, 2015, and the required reporting date is June 4, 2016. On June 1, 2016, we provided your staff with a preliminary briefing on the results of our review.

³Applicants, or non-federal entities on behalf of an applicant, must pay a credit risk premium to cover the costs to the government of providing financial assistance. The Federal Credit Reform Act of 1990, as amended, changed the budgetary measurement of the cost of direct loans and loan guarantees from the amount of cash flowing into or out of Treasury to the estimated long-term cost to the government. The estimated long-term cost is referred to as the subsidy cost. For the RRIF program, this subsidy cost can be paid for by, or on behalf of, applicants for credit assistance in the form of credit risk premiums.

⁴For purposes of this report, TOD includes the eligible purposes found under 45 U.S.C. § 822(b)(1)(E). Generally, transit-oriented developments are commonly seen as compact, mixed-use (commercial and residential), walkable neighborhoods located near transit facilities—such as rail or rail transit stations. Value capture strategies—joint development, special assessment districts, tax increment financing, and development impact fees—are designed to dedicate to transit either a portion of increased tax revenue or additional revenue through assessments, fees, or rents based on value expected to accrue as a result of transit investments. Revenue generated by the transit-oriented developments has varied, but in some cases has been critical to the financial feasibility of the transit project or to improvements that support transit-oriented development.

that have participated or may participate in the RRIF program. See enclosure I for a description of the projects we reviewed and enclosure II for a list of organizations we contacted.

We conducted this performance audit from January 2016 to July 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Results in Brief

The FAST Act made a number of significant changes to the RRIF program, but FRA and DOT are still in the early stages of implementing these changes. DOT officials said they are still assessing how to implement the changes through updated guidance and standard-operating procedures. FRA officials said that they do not have a comprehensive implementation timeline because some aspects of their implementation are contingent on how DOT structures the National Surface Transportation and Innovative Finance Bureau (Finance Bureau)—a new body created by the FAST Act that will be responsible for administering RRIF and other DOT credit programs, among other things.

Stakeholders we spoke to said that changes in the RRIF program could increase demand for RRIF loans, especially for large passenger rail projects. Expansion of the program to include a broad definition of joint ventures and TOD creates potentially new alternative revenue streams to finance multi-billion-dollar station redevelopment. Stakeholders also said that realizing the potential for new investment brought about by the changes to the RRIF program will depend on how FRA implements the changes.

Stakeholders we spoke to identified advantages and disadvantages of using the RRIF program to finance passenger rail infrastructure projects compared with other financing options. Low interest rates and long, flexible repayment terms were among the advantages most often cited by stakeholders we interviewed. In general, loan interest-rate determinations and loan repayment terms are similar for both RRIF and the Transportation Infrastructure Financing and Innovation Act (TIFIA) loan programs.⁵ However, the requirement for the applicant to pay a credit risk premium and long or uncertain application review time frames were among the disadvantages most often cited by stakeholders. The TIFIA program, in contrast to RRIF, uses federal appropriations to pay the costs to the government of providing financial assistance.

In commenting on this report, the DOT's Assistant Secretary for Administration said that the department valued the stakeholders' views cited in the report and was committed to implementing the FAST Act amendments to the RRIF program in a manner that increases use of the program. He further noted that DOT is working to gain loan-processing efficiencies by aligning RRIF processes with those of other DOT credit programs and that RRIF program consolidation into the Finance Bureau (called Build America Bureau by DOT) will serve to enhance those efficiencies.

⁵The TIFIA program is designed to fill market gaps and leverage substantial nonfederal investment by providing federal credit assistance to help finance surface transportation projects, including highway, transit, rail, and intermodal projects. Some rail projects could be eligible for either TIFIA or RRIF, or both.

Background

RRIF is a federal credit program established in 1998 and administered by FRA, an operating administration within DOT.⁶ Under the RRIF program, FRA is authorized to make direct loans to finance up to 100 percent of eligible project costs, as well as extend loan guarantees. Eligible projects include, but are not limited to, acquiring, improving, or rehabilitating intermodal or passenger equipment or facilities, refinancing outstanding debt incurred for these purposes, and developing or establishing new intermodal or railroad facilities. Both freight and passenger rail projects are eligible, and eligible borrowers may include, among others, railroads, state and local governments, government-sponsored authorities and corporations, and joint ventures that include at least one of the other eligible entities. Total outstanding RRIF loans cannot exceed \$35 billion.⁷ Prior to receiving a loan or loan guarantee an applicant must comply with National Environmental Policy Act and Buy America provisions.⁸ Loan applicants pay the cost of evaluating applications, award management, services from expert firms, loan interest costs, and credit risk premiums, among others. FRA has seven employees who administer the RRIF program along with other responsibilities.

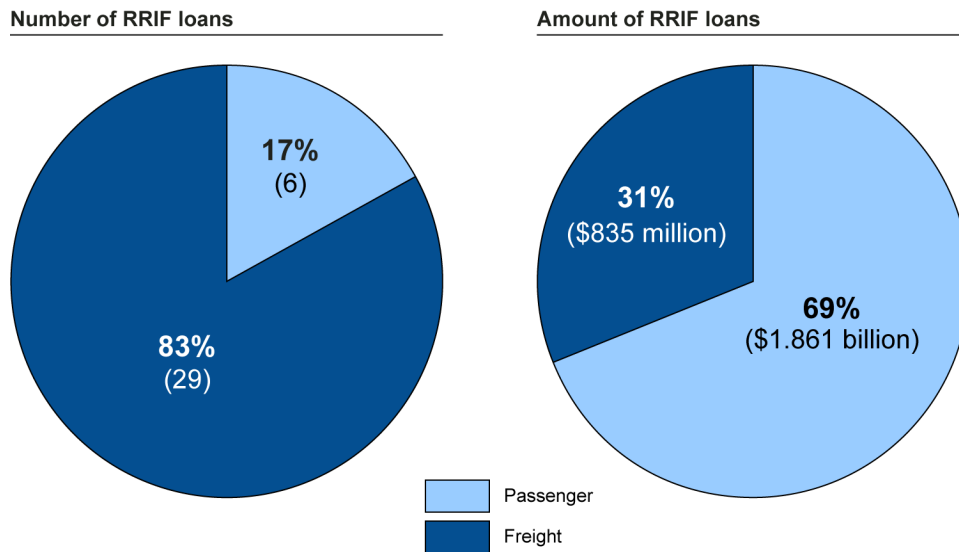
To date, the RRIF program has been underutilized. FRA has executed 35 loans with an approximate value of \$2.7 billion (about 8 percent of total funds available) since program inception in 1998. Loan sizes have ranged from about \$53,000 to about \$967 million with 29 loans executed for freight projects and 6 for passenger rail projects (see fig. 1). According to FRA officials, approximately \$2.5 billion in loan requests are currently under evaluation. While the number of passenger rail loans has been relatively few, they have accounted for about 70 percent (\$1.9 billion) of total loan funds made available. According to FRA officials, there have been no loan guarantee applications to date.

⁶45 U.S.C. §§ 821-823.

⁷By statute, \$7 billion in funds are reserved for freight railroads other than class I railroads. 45 U.S.C. § 822(d). For economic regulatory purposes, the Surface Transportation Board divides the railroad industry into three classes based primarily on annual operating revenues. For 2014, this revenue threshold was at least \$475.8 million for class I railroads, at least \$38.1 million for class II railroads, and less than \$38.1 million for class III railroads.

⁸In general, the National Environmental Policy Act requires federal agencies to consider the potential environmental impacts of their proposed actions. See 45 U.S.C. § 4331(b)(1)-(6). Buy America requires that steel, iron, and other manufactured goods used for a project be produced in the United States. TIFIA implements 23 U.S.C. § 313 (for highway projects) and 49 U.S.C. § 5323(j) (for transit projects). RRIF applies 49 U.S.C. § 24405(a). The Secretary of Transportation may waive this requirement under certain circumstances. 49 U.S.C. § 24405(a)(2)(A)-(D).

Figure 1: Number and Dollar Amount of Railroad Rehabilitation and Improvement Financing Program Loans Approved, Fiscal Years 1998 through 2015, by Loan Type



Source: GAO analysis of Federal Railroad Administration (FRA) data. | GAO-16-714R

FAST Act Made Significant Changes to RRIF, but Most of Them Await FRA Implementation

The FAST Act made a number of changes to the RRIF program. They were designed to increase use of the program and make it more available and attractive to a broader range of applicants and project types. As summarized in enclosure III, these changes included, among other things:

- clarifying the review process for RRIF applications;
- expanding eligibility to include projects that include TOD and project expenses, such as planning and design costs;
- permitting RRIF loans to be included in *master credit agreements*;⁹ and
- increasing the flexibility of repayment terms.

For example, one way in which the FAST Act changes the application and review process is by clarifying and limiting the time frame FRA has to notify applicants that an application is complete.

FRA and DOT are in the early stages of implementing the FAST Act changes to the RRIF program. FRA has developed some preliminary applicant guidance for implementing the FAST Act, but most guidance is still under development (see enc. III). For example, as of May 2016, FRA had only completed about a third (20 of 59) of its standard-operating procedure documents related to the RRIF program, and FRA had yet to develop guidance for TOD. Further, as of May 2016, FRA had not drafted guidance for applicants on the eligibility of TOD for RRIF loans.

⁹In the context of RRIF, a *master credit agreement* is an agreement to make one or more loans at future dates for a program of related projects on terms acceptable to the Secretary. The master credit agreement becomes the main loan agreement to which all sub-agreements adhere.

The FAST Act also requires the DOT to create a Finance Bureau to administer RRIF loans as well as other modal loan programs, such as TIFIA. One goal of creating the Finance Bureau is to reduce uncertainty and delays with respect to environmental reviews and reduce costs and risks to taxpayers in project delivery. DOT's Office of the Secretary (OST) is responsible for establishing the Finance Bureau. OST officials told us they expect both the RRIF and TIFIA credit programs to be consolidated into the new Finance Bureau. As of May 2016, DOT was still in the process of establishing the bureau and determining its roles and responsibilities. Therefore, how the Finance Bureau will administer the RRIF program is uncertain. Officials with OST told us they are in the early stages of planning the Finance Bureau and will develop an implementation plan and timeline once the Finance Bureau's overall structure has been determined. A working group for creating the Finance Bureau has been formed, and FRA representatives participate in the working group.

FRA officials are developing a separate timeline for implementing FAST Act changes, but said that they do not have a comprehensive implementation timeline because some aspects are contingent on completing DOT's implementation of the Finance Bureau. DOT officials told us they will put resources into developing guidance for implementing elements of the FAST Act related to application processing after the department substantially finalizes the Finance Bureau structure and staffing plan. According to FRA officials, one new application for RRIF loans was received since enactment of the FAST Act, but the applicant has since indicated that it will not move forward with its application. All new applications will be handled on a case by case basis applying FAST Act provisions as appropriate.

Selected Stakeholders Said That Realizing the Potential That FAST Act Changes Offer for Program Expansion Depends on FRA Implementation

Stakeholders we interviewed said that demand for RRIF loans, especially for large passenger rail projects financed with alternative revenue streams, could increase as a result of changes in the FAST Act. While, as of May 2016, only six loans had been made to passenger rail projects in the history of the program, according to selected stakeholders, future demand for RRIF loans may come largely from passenger rail projects. About half (12 of 19) of the stakeholders we interviewed said that future RRIF loan applicants could be new entities such as transit providers, city governments, or developers of transit oriented improvements in and around rail stations. The FAST Act included a broad definition of joint ventures that can include any eligible applicant for a RRIF loan. Further, according to 10 of the 19 stakeholders we interviewed, future potential RRIF loan applicants for passenger rail projects will likely have large financing needs. For example, the Gateway project—which includes rail tunnels, bridges, and improvements such as adding tracks to Penn Station in New York City—is currently estimated to cost as much as \$24 billion. Stakeholders involved with the Gateway project said that they will likely apply to RRIF for a large portion of the project financing. Two of these stakeholders also said that a master credit agreement would allow them to use a RRIF loan more easily for such a large project with discreet subprojects such as the tunnels or a bridge. However, the Congressional Research Service reported in 2015 that the potential financial default risks to the government from the RRIF program may increase with a broader range of applicants and increased loan size.¹⁰

Stakeholders expressed particular interest in the eligibility of TOD for RRIF loans. Of the 19 stakeholders we interviewed, 11 said that the inclusion of TOD for RRIF funding could help

¹⁰Congressional Research Service, *The Railroad Rehabilitation and Improvement Financing (RRIF) Program*, Report 7-5700 (May 13, 2015),

finance their projects because it can generate a new alternative revenue stream to repay loans such as tax increment financing (TIF).¹¹ The Denver Union Station project uses a mix of operating revenue, tax increment financing, property and lodging tax, and fare box revenue to repay its RRIF loan.¹² According to 13 of 19 stakeholders we spoke to, future RRIF loan applicants may benefit from alternative finance sources to repay loans for station improvements. However, our prior reports have shown that the success of TOD and TIF varies depending on whether the new taxes are sales or property driven and the demand for development in the area, as well as coordination and support from public- and private-sector entities and state laws facilitating public agencies' and state and local governments' use of TIF.¹³ According to three of the seven public agencies we interviewed, obtaining authority to implement a TIF taxing district around their rail transit projects will be challenging. For example, according to some stakeholders we spoke with, transit agencies generally do not have taxing authority and often have to coordinate with local taxing authorities to help establish a TIF district. Moreover, according to the two credit-rating agencies we interviewed, TIF could introduce additional risk to a project and decrease its creditworthiness. Finally, all four stakeholders for commuter rail projects who had experience applying to RRIF said that previously FRA officials or their paid consultants were largely unfamiliar with TIF.

While the FAST Act changes offer the potential to expand use of the RRIF program, some selected stakeholders expressed concern that this potential will only be realized if FRA implements the changes in a way that does not inhibit the program's use. These stakeholders included national transportation associations, such as the American Association of State Highway and Transportation Officials and the American Public Transportation Association. In addition, representatives from one stakeholder we spoke with said that based on their prior experience applying for a RRIF loan, which included being in the process for about 4 years, they remain skeptical of the RRIF program despite the FAST Act changes. This skepticism could be a challenge for financing TOD projects because the FAST Act includes a 4-year sunset provision for TOD eligibility. FRA and DOT officials said that because guidance is not finalized, they have not yet shared much information about the FAST Act changes and their planned implementation with stakeholders.

Stakeholders Identified Low Interest Rates and Other RRIF Loan Advantages, but FAST Act May Not Mitigate All Identified Program Disadvantages

Stakeholders identified advantages and disadvantages of RRIF loans compared with other financing options.¹⁴ Low interest rates (8 of 13 stakeholders) and long, flexible loan repayment

¹¹Tax increment financing is a public-financing technique used by local entities to encourage economic development. Typically, a public-sector agency issues a special bond to finance infrastructure necessary to support new development and then uses the incremental increase in property value within a formally designated tax increment financing district to fund repayment of the bond.

¹²The Denver Union Station project included TOD that generated tax increment financing, but, according to one financial consultant we spoke with that was previously with FRA, the TOD elements of the project were not eligible for RRIF financing. As a result of the FAST Act, the TOD elements of Denver Union Station could now be eligible.

¹³GAO, *Affordable Housing in Transit Oriented Development: Key Practices Could Enhance Recent Collaboration*, [GAO-09-871](#), (Washington, D.C: Sept. 9, 2009); and GAO, *Public Transportation: Federal Role in Value Capture Strategies for Transit Is Limited, but Additional Guidance Could Help Clarify Policies*, [GAO-10-781](#), (Washington, D.C: July 29, 2010).

¹⁴Thirteen stakeholders identified one or more advantages and disadvantages of the RRIF program compared with other financing options. The analysis of stakeholder data related to advantages and disadvantages excludes 6

terms (7 of 13 stakeholders) were among the primary advantages of the RRIF program identified by stakeholders. In some cases, the RRIF program can offer a considerable interest rate advantage over the private market. RRIF loan rates, like TIFIA loans, are based on U.S. Treasury rates for securities of a similar maturity as a RRIF loan. For example, on May 6, 2016, the interest rate on a 20-year Treasury security was 2.20 percent compared with a 3.65 percent rate for a 20-year Bank of America/Merrill Lynch BBB rated bond—a difference of 1.45 percentage points.¹⁵ Similarly, long, flexible repayment terms also make the RRIF program attractive. One financial institution we spoke with said RRIF loans' maximum 35-year repayment terms and borrowing at Treasury interest rates, as well as the ability to defer interest and principal during construction are generally not available from the private market. The FAST Act provided additional flexibility regarding loan repayments by changing the requirement to begin repaying loans from up to 6 years after the date a loan is executed, to up to 5 years after the date a project is substantially complete.¹⁶ FRA must establish a repayment schedule no more than 5 years after substantial completion of a project.¹⁷ This is similar to the TIFIA program where the maximum maturity date of TIFIA credit instruments is the lesser of 35 years after the date of substantial completion of a project or the useful life of the project (if the useful life of the capital asset financed is of a lesser period). Additionally, repayments can begin up to 5 years after substantial completion. However, while RRIF loans can cover up to 100 percent of eligible project costs, TIFIA loans may not exceed the lesser of 49 percent of the reasonably anticipated project costs, or if the secured loan does not receive an investment grade rating, the amount of the senior project obligations (33 percent for a line of credit).¹⁸

The two most frequently cited disadvantages—each identified by 8 stakeholders—were the requirement to pay or the cost of credit risk premiums and long or uncertain application time frames. Among other disadvantages identified were Buy America provisions or waiver requirements (6 of 13 stakeholders) and high costs that must be paid (4 of 13 stakeholders).

- Credit risk premiums, which are paid by, or on behalf of, the borrower can vary by loan and are determined by FRA based on a variety of factors, including the borrower's creditworthiness. The FAST Act's changes now allow the borrower to propose from a list enumerated in the RRIF statute as a basis for determining the amount of the credit risk premium, which FRA shall accept, in addition to the value of tangible assets. For example, an applicant can now offer investment grade ratings on a loan as a factor in

stakeholders that provided no responses or were not familiar enough with the program to identify advantages or disadvantages compared with other financing options.

¹⁵The 35 RRIF loans made by FRA have an average repayment term of about 24 years. We used the BBB rated bond as a comparison since under the FAST Act, one of the items loan applicants may propose, and the Secretary of Transportation shall accept, in determining the amount of a credit risk premium is investment-grade ratings on the loan or loan guarantee. The BBB rated bond is one of the investment grades acceptable under the FAST Act.

¹⁶Under amendments to RRIF by the FAST Act, loan recipients are required to repay loans by the lesser of the useful life of the project or up to 35 years after the substantial completion of the project. 45 U.S.C. §§ 822(g)(1)(A)-(B). Prior to the FAST Act, a loan recipient was required to repay an obligation by up to 35 years after a loan was executed. 45 U.S.C. § 822(g)(1) (2014).

¹⁷The FAST Act changed the period a repayment schedule must be established from up to 6 years after the date of a loan's disbursement to up to 5 years after the date of substantial completion of a project. 45 U.S.C. § 822(j).

¹⁸For purposes of TIFIA, "project obligation" means any note, bond, debenture, or other debt obligation issued by an obligor in connection with the financing of a project, other than a federal credit instrument. 23 U.S.C. § 602(a)(13).

calculating credit risk premiums.¹⁹ In contrast, the estimated costs to the government associated with TIFIA loans are paid by the federal government through appropriations. For the 35 loans executed by FRA prior to the FAST Act, the credit risk premium ranged from 0 to almost 19 percent. Most credit risk premiums have been less than 8 percent, and a number have been zero, including 3 of the 6 passenger rail loans. FRA officials told us that unused credit risk premiums will be repaid, with accrued interest, on a pro rata basis for loans made prior to the FAST Act once all obligations attached to a cohort of loans have been satisfied. FRA officials told us that no credit risk premiums have been repaid thus far.²⁰ FRA officials told us credit risk premiums are not refundable for loans made after enactment of the FAST Act. Repayment of credit risk premiums was an important issue for some stakeholders we spoke with. For example, one stakeholder expressed interest in using the RRIF program to refinance the balance on an existing RRIF loan but would not do so until the credit risk premium for this loan (\$20 million) is returned. Another stakeholder told us they paid \$29 million in credit risk premiums and are making additional payments of \$8 million per year on their RRIF loan in hopes that the credit risk premium will be returned early.

- RRIF loan-processing time frames can also be lengthy. We found the average time from an application's filing to loan approval for the six passenger rail loans executed by FRA was 582 days (about 1.6 years). Much of the processing time is between when an application is received and when FRA deems it complete. According to FRA, a significant portion of this time may be the agency's waiting for applicants to provide certain documents. In June 2014 the DOT OIG found that FRA took an average of 219 days and as long as 517 days to obtain missing information and determine applications' completeness for 6 RRIF loan applications that the OIG reviewed.²¹ In one instance, an applicant modified its application three times and it took FRA 28 months to process the application. Two development companies told us that developers and capital markets need certainty in time frames for decision making in order to plan and execute their development. Two other stakeholders told us a lengthy review process affected their loan applications—one stakeholder withdrew its application after being in the process for about a year when it appeared FRA would not accept their loan repayment source (a rental car tax). The other stakeholder modified its application significantly during the review process, including changing what the funds would be used for, since it was making little headway on its original loan request. The stakeholder told us that FRA's loan review took over 4 years and that FRA did a poor job communicating about the status and nature of problems encountered.
- Requirements to comply with Buy America provisions apply to both the RRIF and TIFIA programs. The FAST Act did not change the Buy America provisions that apply to the RRIF program. Compliance with Buy America provisions can add time and costs to

¹⁹If the value of the direct loan or loan guarantee is greater than \$75 million, 2 investment grade ratings must be provided.

²⁰The conference report accompanying the FAST Act stated that eligible credit risk premiums be refunded, with interest, within 90 days after enactment of the FAST Act. H. Rep. No. 114-357, at 513 (2015). However, provisions in legislative history, such as in a conference report, are not legally binding on an agency.

²¹DOT, OIG, *Process Inefficiencies and Costs Discourage Participation in FRA's RRIF Program*, Report Number CR-2014-054 (June 10, 2014).

RRIF applications. One stakeholder told us that applicants worry that Buy America requirements will delay their projects. FRA officials told us that complying with Buy America can be a potential stumbling block for applicants and obtaining a waiver can take a minimum of 4 months.²² The RRIF and TIFIA programs are also authorized to charge loan applicants administrative costs or fees, respectively, that are incurred to review and evaluate loan applications. The FAST Act permits federal funds, such as those from two other DOT funding sources—the Surface Transportation Block Grant Program and National Highway Performance Program—to be used by eligible recipients to cover TIFIA administrative costs, including costs and expenses of outside advisors hired in connection with the evaluation and negotiation of TIFIA credit assistance. FRA officials told us federal funds can also be used to pay for RRIF program administrative costs, if such funds are available.

While stakeholders said the FAST Act changes offer the potential for program expansion, the changes may not mitigate all the primary disadvantages identified by stakeholders.

- Loan recipients must still pay credit risk premiums. As discussed earlier, the FAST Act permits loan applicants to propose additional items besides tangible assets to determine credit risk premiums, such as investment grade ratings. Although the RRIF statute permits appropriations of budget authority made to FRA to be used to pay credit risk premiums, to date, appropriations acts have prohibited the use of appropriations for such purposes. FRA officials told us they were not aware of any RRIF loans where federal funds were used to help pay the credit risk premium. Determination of future credit risk premiums may be challenging since the size of potential RRIF loans may increase. At least two of the projects we reviewed—Gateway and Transbay Transit Center—are expected to be multi-billion-dollar projects. Whether large projects will increase potential credit risks and associated credit risk premiums is not yet known and may depend on how much of the total project cost is supported by the RRIF loan. Officials from one rating agency we spoke with said, in general, the greater the RRIF or other loan is as a percentage of a project's financing the greater the loan's risk.
- It is unclear if the FAST Act will reduce loan-processing times. The FAST Act requires applicants to be notified within 30 days if their application is complete or not and changed from 90 days to 60 days the time for a loan to be approved or denied, including review by OMB, once deemed complete by FRA. As discussed earlier, a significant amount of time can be spent in getting to a point where loan applications are deemed complete. Under the FAST Act, RRIF loan applications will likely be handled by the Finance Bureau.²³ However, the Finance Bureau has not yet been established, and it is too early to know how the bureau may, if at all, affect loan-processing times. DOT anticipates that consolidating credit programs will decrease loan-processing times. As a result, DOT officials said the department would put resources into developing guidance for implementing elements of the FAST Act related to application processing after DOT substantially finalizes the Finance Bureau structure and staffing plan. In the interim, FRA

²²RRIF loan applicants can submit waiver requests if they wish to receive an exemption from Buy America requirements. In order to exempt an applicant, the Secretary of Transportation must post waiver notices on a website and solicit public comments, among other things. 49 U.S.C. § 24405(4)(A)-(B).

²³49 U.S.C. § 116(b)(2).

officials said any new applications will be handled on a case-by-case basis with application of FAST Act provisions as appropriate. Future RRIF loan applications for large passenger rail projects may be more complicated and complex due to TOD or use of alternative forms of repayment that may require longer evaluation times.

- Because the Finance Bureau's roles and responsibilities, as well as its cost structure, have yet to be established, it is also too early to tell how costs charged to RRIF loan applicants may change given the FAST Act changes. For example, it is unclear how the bureau's costs may be charged to loan applicants. However, costs paid by RRIF loan applicants could increase in the future as the FAST Act removed the cap on the amount of program costs that can be charged to loan applicants.²⁴ In addition, the FAST Act authorized DOT to collect the costs of award management and project management oversight from RRIF applicants. FRA data show that over the last 5 years advisors and independent analysts hired by FRA to review RRIF loans received a total of about \$5.7 million, with borrowers paying about \$5 million and FRA about \$660,000. In addition, FRA incurred, on average, about \$826,000 annually in staff costs to administer the RRIF program.²⁵ FRA officials noted the RRIF program does not have full time staff but rather individuals who work on RRIF activities in addition to other responsibilities. Given the removal of the cost cap, the additional costs that may be collected, and the potential for larger, higher cost projects, it is possible RRIF costs borne by loan applicants could increase.

Agency Comments

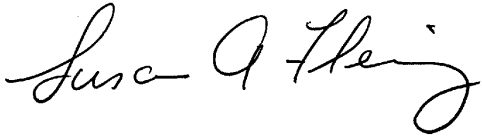
We provided a draft of this product to DOT for comment prior to finalizing this report. In its response (reproduced in enc. IV), DOT's Assistant Secretary for Administration said that DOT values the views of stakeholders cited in the report and was committed to implementing the FAST Act amendments to the RRIF program in a manner that increases use of the program. He further noted that DOT is working to gain loan-processing efficiencies by aligning RRIF processes with those of other DOT credit programs and that RRIF program consolidation into the Finance Bureau (called Build America Bureau by DOT) will serve to enhance those efficiencies. Finally, he said the FAST Act changes to the RRIF program are elements of a broad revision of the department's existing surface transportation finance programs and that DOT's efforts over the past several months have focused on, among other things, determining how to establish and manage the organizational structure and processes for the Finance Bureau.

We will send copies of this report to appropriate congressional committees, the Secretary of Transportation, and the Administrator of the Federal Railroad Administration. In addition, we will make copies available to others upon request, and the report will be available at no charge on the GAO website at <http://www.gao.gov>.

²⁴Prior to the FAST Act, this cap was not to exceed 0.5 percent of 1 percent of the principal amount of the obligation.

²⁵FRA officials told us program staff costs are not paid by loan applicants.



If you or your staff have any questions about this report, please contact me at (202) 512-2834 or Flemings@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in enclosure V.

A handwritten signature in black ink, reading "Susan A. Fleming". The signature is written in a cursive style with a large, stylized "S" and "F".

Susan A. Fleming
Director,
Physical Infrastructure


Enclosure I: Summaries of Projects Reviewed by GAO

Table 1: Description of Chicago Union Station Project, Chicago, Illinois

<p>Project components:</p>  <p>Source: Amtrak. GAO-16-714R</p>	<ul style="list-style-type: none"> • Phase 1 consists of 14 near-term improvement projects that address the most immediate station capacity, safety, service, accessibility and mobility issues throughout the station. Work will include <ul style="list-style-type: none"> ○ Existing conditions assessment ○ State-of-good-repair ○ Historic Preservation Plan ○ Operations Plan Assessment ○ Alternative concept development ○ Visioning analysis and workshop ○ Preliminary engineering design plans ○ Preliminary cost estimates, schedules and phasing plans • Master Development Plan will explore development opportunities at Union Station, and surrounding Amtrak-owned assets with a master development partner. 	
<p>Phase 1A</p> <ul style="list-style-type: none"> • Renovate & expand Canal Street Lobby, concourse, Adams Street entrance and Jackson Boulevard entrance • Install New Canal Street Entrance elevator • Widen platforms & create new vertical access to Surrounding streets • Convert mail platform to passenger platform • Improve interlockings & signals within terminal • Create new pedestrian passageways • Evaluate train shed ventilation and preliminary design • Prepare conceptual design for existing retail 	 <p>Source: Amtrak. GAO-16-714R</p>	
Project sponsor:	Amtrak	
Project initiated:	2015	
Project completed:	Ongoing	
Project cost:	Phase I \$200 million	
Project status:	Phase I procurement	
Funding sources for Phase IA:	Federal (\$millions)	State/Local (\$millions)
Amtrak	\$3.0	
Regional Transportation Authority		\$1.5
Metra		1.0
City of Chicago		0.5
Total	\$3.0	\$3.0
TIFIA/RRIF Financing:	Chicago Union Station project's stakeholders, including Amtrak, said they are considering both RRIF and TIFIA as financing sources.	


Source: GAO analysis of Amtrak data. | GAO-16-714R

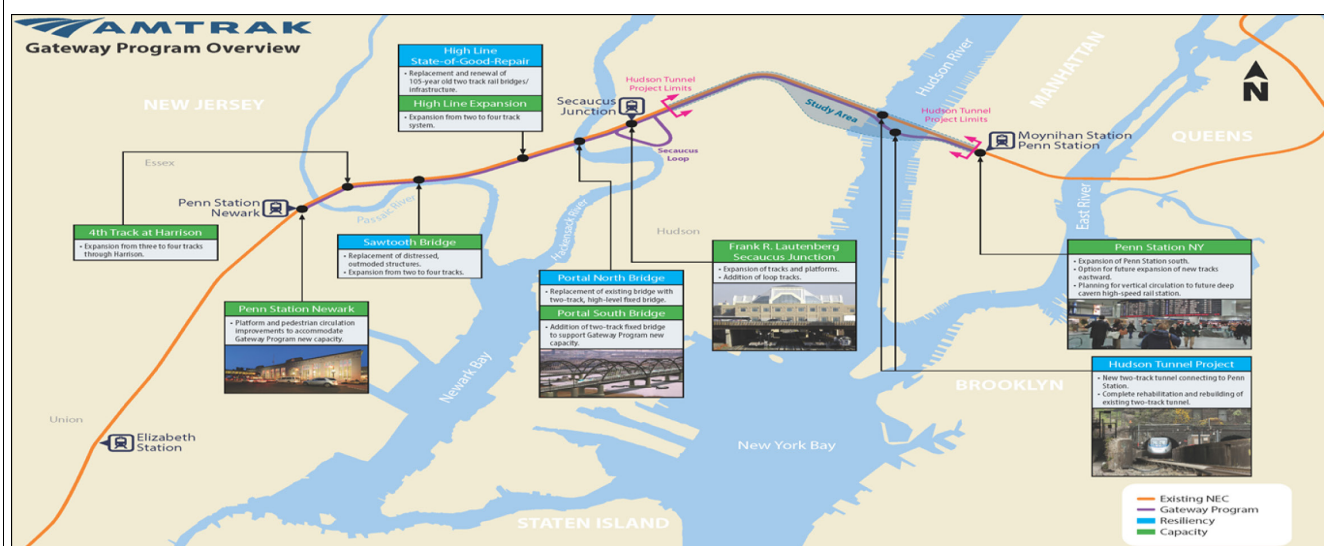
Table 2: Description of Denver Union Station Project, Denver, Colorado

<p>Project components:</p>  <p>Source: Denver Union Station Project Authority. GAO-16-714R</p>	<p>50 acre redevelopment of historic Union Station area including:</p> <ul style="list-style-type: none"> • Construction of light rail and commuter rail stations • A 22 gate underground regional bus concourse • Extension of the 16th Street Mall and the Shuttle service • Accommodation of the Downtown Circulator service • Pedestrian improvements as well as improved street, replacement parking, and utility 	
Project sponsor:	Denver Union Station Project Authority (DUSPA)	
Project initiated:	2008	
Project completed:	2014	
Project cost:	\$487.7 million	
Project status:	Complete	
Funding sources:	Federal (\$millions)	State/Local (\$millions)
Railroad Rehabilitation and Improvement Financing (RRIF) Loan	\$155.0	
Transportation Infrastructure Financing and Innovation Act (TIFIA) Loan	145.6	
Federal Highway Administration grant	41.3	
Federal Transit Administration (FTA) grant	9.5	
American Recovery and Reinvestment Act (ARRA) Stimulus grant	28.4	
Department of Homeland Security grant	0.4	
Regional Transportation District (RTD) contribution		\$46.7
Other state and local funds		28.1
Land Sales		27.4
Total	\$380.2	\$102.2
TIFIA/RRIF Financing:	<p>The TIFIA and RRIF loans are secured by liens on pledged revenues, which consist of an annual payment of \$12 million from RTD to DUSPA and real estate development-related income generated by the DUSPA project area, including tax increment revenues and a levy on property tax revenues. The RTD payment is funded from the 0.4 percent sales and use tax. This is the only time RRIF and TIFIA loans have been combined.</p>	

Source: GAO analysis of FHWA and Denver Union Station Project Authority data. | GAO-16-714R


Table 3: Description of Gateway Project, New York and New Jersey

<p>Project components:</p>  <p>Source: Amtrak. GAO-16-714R</p>	<ul style="list-style-type: none"> • State of Good Repair and Preservation: <ul style="list-style-type: none"> ○ Hudson Yards concrete casing ○ Hudson Tunnel project, including: <ul style="list-style-type: none"> ▪ New Hudson River tunnel, and ▪ Rehabilitation of existing North River tunnel ○ Portal North Bridge ○ Sawtooth Bridge ○ Highline state of good repair • Capacity Expansion <ul style="list-style-type: none"> ○ Penn Station southern expansion ○ Secaucus Loop ○ Secaucus Junction track reconfiguration ○ Harrison 4th track ○ Highline expansion ○ Portal South Bridge ○ Newark circulation improvements 						
Project sponsor:	Gateway Development Corporation						
Project initiated:	August 2013						
Project completed:	Ongoing						
Project cost:	Currently under development and estimated as much as \$24 Billion						
Project status:	Planning						
Funding sources: (proposed)	<table border="1"> <thead> <tr> <th>Federal</th> <th>State/Local</th> </tr> </thead> <tbody> <tr> <td>50 percent</td> <td>50 percent</td> </tr> <tr> <td>50 Percent</td> <td>50 Percent</td> </tr> </tbody> </table>	Federal	State/Local	50 percent	50 percent	50 Percent	50 Percent
Federal	State/Local						
50 percent	50 percent						
50 Percent	50 Percent						
U.S. Department of Transportation/Amtrak	50 percent						
New Jersey / New York	50 percent						
Total	50 Percent						
TIFIA/RRIF Financing:	Gateway project stakeholders said they are considering both RRIF and TIFIA as financing sources.						



Source: Amtrak. | GAO-16-714R
Source: GAO analysis of Amtrak and Port Authority of New York and New Jersey data. | GAO-16-714 R

Table 4: Description of Transbay Transit Center Project, San Francisco, California

Project components:  <p>Source: Transbay Joint Powers Authority. GAO-16-714R</p>			<p>The Transbay Transit Center Project will centralize the region's transportation network by accommodating eleven transportation systems and consists of:</p> <ul style="list-style-type: none"> • Replacing the former Transbay Terminal • Extending Caltrain from Caltrain's current terminus south of downtown • Creating a new neighborhood with homes, offices, parks and shops surrounding the new Transit Center 	
Project sponsor:			Transbay Joint Powers Authority (TJPA)	
Project initiated:			Phase I 2008	
Project completed:			Phase II ongoing	
Project status:			Phase I Complete in 2017, Phase II planning	
Project cost:			\$6 billion total \$2,259 million Phase I	
Funding sources for Phase I			Federal (\$millions)	State/Local (\$millions)
ARRA High-Speed Intercity Passenger Rail			\$400.0	
TIFIA Loan			171.0	
Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users earmarks			53.6	
Transportation Equity Act for the 21 st Century Earmark			8.8	
One Bay Area grant			6.0	
Federal Railroad Administration (FRA) Rail Relocation grant			2.6	
Land sales				\$516.0
Mello Roos Community Facilities District				146.6
AB 1171 (Bay Area toll bridge seismic retrofitting)				150.0
Regional Measure 2 (RM-2) Bay Area toll bridge revenue				143.0
San Francisco Proposition K sales tax				139.3
Regional Measure 1 (RM-1) Bay Area toll bridge revenue				54.4
Alameda County (AC) Transit capital contribution				39.1
Other				428.9
Total			\$642.0	\$1,617.3
TIFIA/RRIF Financing:			<p>The TIFIA loan is secured by a senior lien on project revenues, which include dedicated tax increment revenues from land sold and developed in the state-owned parcels surrounding the Transit Center and passenger facilities charges from AC Transit. TJPA is considering a RRIF loan for Phase II.</p>	

Source: GAO analysis of FHWA and Transbay Joint Powers Authority data. | GAO-16-714R

Enclosure II: List of Organizations Contacted

Table 5: List of Organizations Contacted by GAO

Name of organization	Type of organization
State organizations	
Colorado Department of Transportation	State agency
Moynihan Station Development Corporation	State agency
New Jersey Department of Transportation	State agency
Port Authority of New York and New Jersey	State agency
Local organizations	
Chicago Department of Transportation	Local government
City of Denver, Colorado	Local government
City of New York	Local government
Denver Union Station Development Authority	Local government
Transbay Joint Powers Board	Local government
Transit organizations	
Metra (Chicago)	Transit agency
New Jersey Transit	Transit agency
Regional Transportation Authority (Chicago)	Transit agency
Regional Transportation District (Denver)	Transit agency
Development companies	
CUS Development Company (Chicago)	Real estate development company
Golub & Co. (Chicago)	Real estate development company
McWhinney Development Company (Denver)	Real estate development company
Riverside Investment & Development Company (Chicago)	Real estate development company
Rating agencies	
Fitch Ratings	Rating agency

Standard & Poor's, Inc.	Rating agency
Financial consultants	
Citibank	Financial consultant
WSP Parsons Brinkerhoff	Financial consultant
Parker Infrastructure Partners	Financial consultant
Associations	
American Public Transportation Association	Trade association
American Association of State Highway and Transportation Officials	Trade association
Railroads	
Amtrak	Railroad

Source: GAO. | GAO-16-714R

Enclosure III: Table of Fixing America's Surface Transportation Act Changes to the Railroad Rehabilitation and Improvement Financing Program and Status of Implementation

Table 6: Key Fixing America's Surface Transportation (FAST) Act Changes to the Federal Railroad Administration's Railroad Rehabilitation and Improvement Financing (RRIF) Program and Status of Implementation, as of May 13, 2016

		Subcategories	Pre FAST Act	Post FAST Act	Implementation Status (as of May 13, 2016)
Application and Review Process		Time Frame	Federal Railroad Administration (FRA) must approve/disapprove applications within 90 days. 90 day requirement begins once loan application is complete.	<ol style="list-style-type: none"> 1. Within 30 days, FRA must inform the applicant whether the application is complete. 2. Once FRA confirms the application is complete, FRA must notify applicant of approval/disapproval within 60 days. 	FRA is in the process of aligning the RRIF application process with the Transportation Infrastructure Financing and Innovation Act (TIFIA) application process, which has similar timing requirements. The Department of Transportation (DOT) is developing an updated program guide which will address the new statutory timing requirements.
		Applicant Information	Prior to the enactment of the FAST Act, the posting of applicant information was not required.	DOT must post the following for each application to DOT's website: <ol style="list-style-type: none"> 1. Applicant type. 2. Location of the project. 3. Description of project and purpose. 4. Requested loan amount. 5. Date of application status notice. 6. Date of approval/disapproval. 	FRA has created a table with the required elements. However, FRA has not yet posted information on the U.S. DOT website. With the consolidation of the DOT credit programs under the Bureau, DOT may post this information in the same manner that the TIFIA program posts such information and for each stage of process (including the required information mentioned in FAST Act).
		Eligible Borrowers	State and local governments, interstate compacts, government-sponsored authorities and corporations, railroads, limited joint ventures that include at least one railroad, and for the purpose of constructing a rail connection between a plant or facility and a second rail carrier.	Expanded eligibility to include joint ventures that include <i>at least one other eligible RRIF borrower</i> . Also expanded eligibility by removing requirement that a rail connection be between a plant or facility and a <i>second rail carrier</i> , instead requiring a connection between a plant or facility and a <i>railroad</i> . Also eliminated requirement that a plant or facility be served by no more than a single railroad.	RRIF is able to accept eligible applicants now. DOT is developing definitions of joint venture and amended shipper eligibility categories and submitted for review within FRA and Office of the Secretary of Transportation (OST).
		National Surface Transportation and Innovative Finance Bureau (Bureau)	Prior to the enactment of the FAST Act, the Bureau was not in existence.	Bureau established to: <ol style="list-style-type: none"> 1. Provide assistance and communicate best practices/financing and funding opportunities to eligible applicants. 2. Administer application 	DOT is currently in the process of establishing the Bureau. 90-day interim updates under 49 USC § 116(h)(4) provided to Congress on March 2, 2016, and in June 2016 contain updates for this effort.

		processes, including the RRIF program.	
Loan Terms	Master Credit Agreement (MCA)	Prior to the enactment of the FAST Act, MCAs were not explicitly referenced.	FRA may enter into a MCA so long as each MCA establishes the maximum amount and general terms of each loan or loan guarantee, identifies non-federal revenue sources, provides for the obligation of funds for the direct loans or guarantees, and provides dates for the release of the MCA or of the issuance of each direct loan or guarantee. A draft MCA template is currently under departmental review.
	Subordination	Prior to the enactment of the FAST Act, subordination was not explicitly referenced.	RRIF loans may not be subordinated, absent waiver by FRA under limited circumstances. The Secretary “may” subordinate a loan without a springing lien based on specific conditions. This capability may be used on a case-by-case basis. Wording of this provision is not exactly like TIFIA’s. FRA staff drafted an interpretation of this provision and it is currently under departmental review.
	Sale of Loan	Prior to the enactment of the FAST Act, the sale of loans was not explicitly referenced.	After notifying loan holder, FRA may sell a direct loan to another entity, or reoffer loan into capital markets, if high probability of favorable terms. RRIF is able to do this now. FRA is reviewing the limitations imposed by this language, and is cross-referencing with the TIFIA program interpretation of similar authority.
	Deferred Payments	Prior to enactment of the FAST Act, deferred payments were not explicitly referenced.	If at any time after the date of substantial completion of the project a borrower is unable to pay a scheduled loan repayment, FRA may allow, for up to a time of 1 year over the duration of the loan, to add the unpaid principal and interest to the balance of the loan, while accruing interest. RRIF is evaluating how this ability will be taken into account in the credit risk premium (CRP) model.
	Upfront Costs	FRA could require applicants to pay a nonrefundable charge up to 0.5 of 1 percent of the requested loan amount for the purpose of covering certain FRA costs.	<ol style="list-style-type: none"> 1. Changed up to 0.5 of 1 percent limitation for certain FRA costs to a “reasonable charge” to cover FRA loan servicing and management costs. 2. Expanded collectable charges to include costs of: <ol style="list-style-type: none"> a. Award management and project oversight. b. Services from expert firms. c. All other expenses as a result of default on direct loan or loan guarantee. RRIF is able to collect the charges for the expanded set of purposes now.
	Eligible	Applicants must pay CRP, as determined by FRA, before disbursement of loan. Acquisition, improvement, or	RRIF applicants may propose a basis for determining the amount of the CRP. Expanded eligible purposes to The requirement to pay CRP prior to loan disbursement is the same as before. Under the FAST Act, state and local funds may be used to pay the CRP. RRIF can cover costs related to existing eligible purposes

Repayment Terms	Purposes for RRIF Loans	rehabilitation of intermodal or rail equipment or facilities, including track, components of track, bridges, yards, buildings and shops, refinancing of outstanding debt for such purposes, or developing or establishing new intermodal or railroad facilities.	include: 1. Costs related to existing eligible purposes. 2. Reimbursement for planning and design expenses. 3. Financing of economic development, including commercial and residential development near passenger rail stations.	and planning and design expenses now. RRIF needs to develop guidance on how transit oriented development would be implemented. In the meantime, RRIF is fielding inquiries.
	Repayment Schedule	FRA must establish a repayment schedule that begins no later than 6 years after the date of the original loan disbursement.	FRA must establish a repayment schedule requiring payments to begin no later than 5 years after the date of "substantial completion" of the project.	The RRIF program has implemented this provision.
	Time Frame	Repayment required within 35 years of loan disbursement.	Repayment required to be made within a term of not more than the lesser of: 1. 35 years after "substantial completion" of the project, or 2. The "estimated useful life" of the project.	Because RRIF loans fund various project elements, there are different dates for substantial completion and estimated useful life. RRIF is implementing these provisions on a project element basis.
	Prepayments	Prior to enactment of the FAST Act, prepayments were not explicitly referenced.	Use of excess revenues: borrowers may apply annually to repay a direct loan without penalty using any excess revenues that remain after satisfying scheduled debt service and deposit requirements. Use of proceeds of refinancing: applicants may prepay direct loans from proceeds of refinancing from non-federal funding sources without penalty.	The RRIF program has implemented this provision. ¹ The prepayment of loans without penalty existed prior to FAST Act.

Source: GAO analysis of FAST Act and FRA documentation. | GAO-16-714R

Enclosure IV: Comments from the Department of Transportation



U.S. Department
of Transportation

**Office of the Secretary
of Transportation**

Assistant Secretary
for Administration

1200 New Jersey Avenue, SE
Washington, DC 20590

JUN 29 2016

Susan Fleming
Director, Physical Infrastructure Issues
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Ms. Fleming:

The Fixing America's Surface Transportation (FAST) Act provides new opportunities for the U.S. Department of Transportation (DOT) to achieve a more streamlined, effective, and comprehensive approach to innovative project finance and delivery. The Act's changes to the Railroad Rehabilitation and Improvement Financing (RRIF) program are elements of a broad revision of DOT's existing surface transportation finance programs. The FAST Act¹ establishes a new National Surface Transportation and Innovative Finance Bureau (Build America Bureau) within the Office of the Secretary of Transportation (OST) and calls for the Build America Bureau to fulfill a number of specific responsibilities, such as administering the application process for existing DOT infrastructure finance programs and reducing uncertainty and delays related to environmental reviews and permitting, as well as project delivery and procurement risks and costs.

The Build America Bureau combines the Department's current Build America Transportation Investment Center (BATIC), credit programs—Transportation Infrastructure Finance and Innovation Act (TIFIA), RRIF, and Private Activity Bonds (PAB)—and the new Nationally Significant Freight and Highway Projects program (FASTLANE). The Build America Bureau will work with the project sponsors to educate them on how they can best combine DOT credit, funding, and innovative project delivery approaches such as public-private partnerships (P3s), and offer project-level technical assistance to get them ready to pursue funding or financing opportunities.

The Department's efforts over the past several months have focused on outlining organizational structures and processes in existing credit programs and determining how to establish and manage the organizational structure and processes for the Build America Bureau. The Department is revising many program websites, guidance documents, and regulations that incorporate changes under the FAST Act.

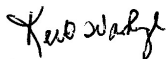
¹ The FAST Act also establishes a new Council on Credit and Finance (the Council) chaired by the Deputy Secretary of Transportation. The Council is charged with reviewing innovative finance applications and applications for the new FASTLANE program; making recommendations to the Secretary; and reviewing approved projects on a regular basis. The Council will build on the existing Credit Council that DOT had previously established through administrative measures.


At the same time, we are optimizing access and the use of credit programs by consolidating potential duplicative processes that support the credit programs. Additionally, all of the credit programs remain open for applications under existing program guidance.

We value the stakeholders' views cited in the draft report. We are committed to implementing the FAST Act amendments to the RRIF program in an appropriate manner that increases use of the RRIF program for valuable transportation projects. Furthermore, the Department is working to gain loan processing efficiencies by aligning RRIF processes with those of other DOT credit programs. The RRIF program's consolidation into the Build America Bureau will only serve to enhance these efficiencies.

The Build America Bureau represents a major step forward in the ongoing evolution of DOT's approach to infrastructure delivery. Its focus is on driving infrastructure development and creating mobility while using valuable taxpayer dollars efficiently and effectively. The Build America Bureau will serve as a single point of contact and coordination for States, municipalities, and project sponsors looking to use Federal transportation expertise, apply for Federal transportation credit programs, and explore ways to access private capital in public-private partnerships. The Build America Bureau's systems, processes, and structures, once in place, will all support this vision.

Sincerely,



 Jeff Marootian
Assistant Secretary for Administration

Enclosure V: Contact and Staff Acknowledgments

GAO Contact

Susan A. Fleming, (202) 512-2834, Flemings@gao.gov

Staff Acknowledgments

In addition to the individual named above, other key contributors to this report were Paul Aussendorf, Assistant Director; Russell Burnett; Camilo Flores; Delwen Jones; Sarah Jones; Richard Jorgenson; Hannah Laufe; Terence Lam; and Joshua Ormond.