TREASURE COAST REGIONAL PLANNING COUNCIL

M E M O R A N D U M

To: Council Members AGENDA ITEM 13

From: Staff

Date: May 15, 2015 Council Meeting

Subject: All Aboard Florida Update

Introduction

The purpose of this item is to provide an update regarding activities related to the Florida East Coast Industries' (FECI) proposed All Aboard Florida (AAF) project. The project is intended to provide new high-speed intercity express service between Miami and Orlando on the Florida East Coast (FEC) rail corridor. Pursuant to the company's application for a Railroad Rehabilitation and Improvement Financing loan, the Federal Railroad Administration is processing an environmental impact statement.

Background

In 2012, FECI introduced the AAF project, which proposes new intercity express rail service between downtown Miami and Orlando, with additional stations in downtown Fort Lauderdale and downtown West Palm Beach. The project has been the subject of extensive Council, local government, and public discussion since its announcement. As currently proposed, the project would provide sixteen daily round-trip trains, totaling 32 additional trains on the corridor with maximum speeds of 79 MPH south of West Palm Beach, 110 MPH between West Palm Beach and Cocoa, and 125 MPH from Cocoa to Orlando. The company has indicated the FEC rail corridor will continue to carry freight service through Florida East Coast Railroad, which is projected to increase over time. Although the rail corridor is privately owned, it is included in the Florida Department of Transportation Strategic Intermodal System, which prioritizes it for statewide transportation funding to advance economic competitiveness and quality of life.

Staff is continuing to monitor agency and local government actions related to the project and will provide any relevant updates at the Council meeting.

Conclusion

The proposed AAF service represents a unique opportunity to expand the utilization of a private freight corridor for economic benefit and mobility. However, the project as currently designed provides only one station in the region, which is located in the City of West Palm Beach. There

is also an increasing level of concern being raised by local governments and the public regarding a range of issues. Council staff will continue to respond to requests for public information and outreach in an effort to expand Council's and the public's knowledge of project-related issues and concerns.

Recommendation

For information purposes only.

ADDENDUM TO AGENDA ITEM 13

CITY OF PALM BEACH GARDENS

10500 N. MILITARY TRAIL • PALM BEACH GARDENS • FLORIDA 33410-4698

May 11, 2015

FDFC Board of Directors
Florida Development Finance Corporation
800 North Magnolia Avenue, Suite 1100
Orlando, Florida 32803

Dear FDFC Board of Directors:

Subject: Bond Resolution for AAF Holdings LLC (All Aboard Florida Project)

This is to inform you the City of Palm Beach Gardens will be passing a Resolution at its June 4, 2015, City Council meeting opposing the All Aboard Florida project due to the adverse impacts it will have on the City's public safety operations, its residents, and businesses.

We believe the All Aboard Florida project is a detriment to the economy, public safety, and overall quality of life for the residents and visitors to our City. This project will create a significant risk to the lives of our residents because of increased public safety response times due to traffic congestion caused by blocked grade crossings, as well as the movement of hazardous cargo through our jurisdiction. Our residents will be faced with decreased property values, rail noise pollution and vibrations, as well as longer commute times. For the reasons listed above, the City Council and I have determined that this project presents no benefit to the City; only serious risks and costs.

On behalf of the City of Palm Beach Gardens, the City Council and I respectfully request that the FDFC deny the request by AAF Holdings LLC for $1.75 Billion in private-activity bonds to fund the All Aboard Florida Project. The City strongly objects to public funding of any project costs or government assistance, in the form of private-activity bonds, to help finance this $2.25 billion private enterprise which will place an undue burden on residents and businesses of the City of Palm Beach Gardens.

The City thanks you in advance for your consideration and careful attention to this critical issue.

Sincerely,

Eric Jablin
Mayor

cc: City Council
Mr. Ronald M. Ferris, City Manager
Mr. R. Max Lohman, City Attorney
Mr. John Winkle, Federal Railroad Administration (FRA)
Mr. Michael Busha, Treasure Coast Regional Planning Council
Mr. Nick Uhren, Palm Beach MPO
Mr. Bill Spivey, VP, Capital Programs, Florida Development Finance Corporation

Mike Busha

From: Linda Cox <LCox@City-FtPierce.Com>
Sent: Monday, May 11, 2015 2:17 PM
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Subject: Treasure Coast Council of Local Governments - Follow Up Information <Watchdog: Virus checked>

Good afternoon all. As promised, Representative Harrell's office has provided the following information:

The Florida Development Finance Corporation has announced the public meeting to consider the bond resolution for the All Aboard Florida Project. It will be on Thursday, May 28 at the Double Tree By Hilton, located at 60 South Ivanhoe Blvd, Orlando, Florida 32804, from 9:00 a.m.–5:00 p.m.

Additionally, the 10 questions that she referenced are as follows:

10. How does the AAF project, the expansion of high speed passenger rail involving the construction of track, bridges and the purchase of railroad passenger cars, qualify for Private Activity Bonds given that Private Activity Bonds were designed to improve low cost capital availability to Florida's manufacturers and non-profit companies that qualify for tax exempt finance under IRS rules?

9. Florida Statute provides for the availability of these bonds for intercity high speed rail facilities. Does the definition of "facilities" include track, bridges and the purchase of equipment such as rail road cars?

8. How does the negative financial impact that AAF will have on the Treasure Coast comport with the stated goal of Private Activity Bonds of "improving the economic and employment conditions of its region"?

7. Does holding this meeting in Tallahassee meet your requirements to "conduct all public hearings in the appropriate jurisdictions" especially given the negative impact on our region?

6. What is the long term financing plan for AAF and why have they not publically disclosed the details of their financial plan?

5. Is AAF using the Private Activity Bonds as a "bridge loan" as is often the case? If so, who is providing permanent financing? What is the risk to bond holders if no permanent financing is procured? (Note: in the application to Federal Rail Road Authority for the RIFF loan, AFF stated that "traditional debt financing in the capital markets is not feasible".)

4. What will be the average price of a ticket and is there a market that will buy tickets at AAF's price? (According to the Friedman report AAF will have to charge $242 for a one-way train ticket between Miami and Orlando to remain financially solvent). Will there be sufficient revenue to pay the debt service on the bonds?

3. Is the FDFC willing to put the State's "stamp of approval" on this project when it is a known fact that intermodal rail throughout the nation is heavily subsidized and rarely successful? Does this commit the State to subsidizing the project down the road?

2. What happens if the project fails? Who is left 'holding the bag"? What is the responsibility of the State? While it is true that FDFC is not a direct issuer or lender of funds and does not directly assume the risk for the project, but is, in fact, a conduit issuer. As such, it places the State's "Stamp of Approval" on the project and the public involvement in the financing can generate substantial community interest in and support for the project financed, ultimately encouraging people to purchase the bonds. In addition, the State has a responsibility to assure that any project that receives financing through Public Activity Bond meets the highest criteria for solvency.

1. Isn't this project really "All About Freight" given the increase in freight traffic on Florida East Coast Rail Road as a result of the expansion of Panama Canal and the Port of Miami? Will AAF or its partner, Florida East Coast Rail Road, be required to use revenue generated from transport of freight on the newly improved infrastructure of AAF to pay off the Private Activities Bonds?

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