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INFRASTRUCTURE BANKS An Innovative Approach to Funding Municipal Infrastructure Dauphin County Infrastructure Bank



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Presenter

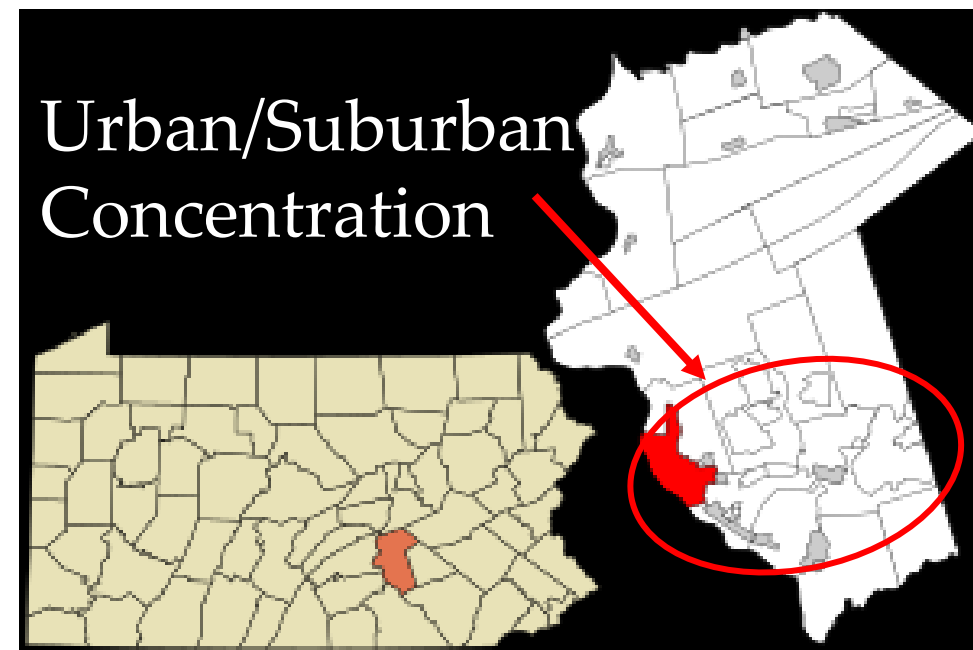
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ENR Mid-Atlantic Design Firm of the Year 2021



Today's Discussion : Dauphin County Infrastructure Bank (DCIB)

- Dauphin County Profile
- Mission
- Origin
- Mechanics
- Outcomes
- Questions & Answers

Dauphin County, Pennsylvania



Urban/Suburban
Concentration



City of Harrisburg
PA State Capital

- 2019 Population: 278,300
- 40 Municipalities
- Largest Employers
 - Commonwealth Government
 - Milton S. Hershey Medical Center
 - The Hershey Company
 - Hershey Entertainment & Resorts Co.
 - UPMC Pinnacle Hospitals
 - Federal Government
 - Pennsylvania State University
 - Pennsylvania Higher Education Assistance Agency
 - United Parcel Service Inc
 - TYCO Electronics Corp.

Program Mission

- > Advance surface transportation improvements that support tourism, economic development, and public safety.
- > Program is intended to:
 - Accelerate project schedules
 - Assist local municipalities or authorities
 - Spur economic development
 - Leverage additional funding sources

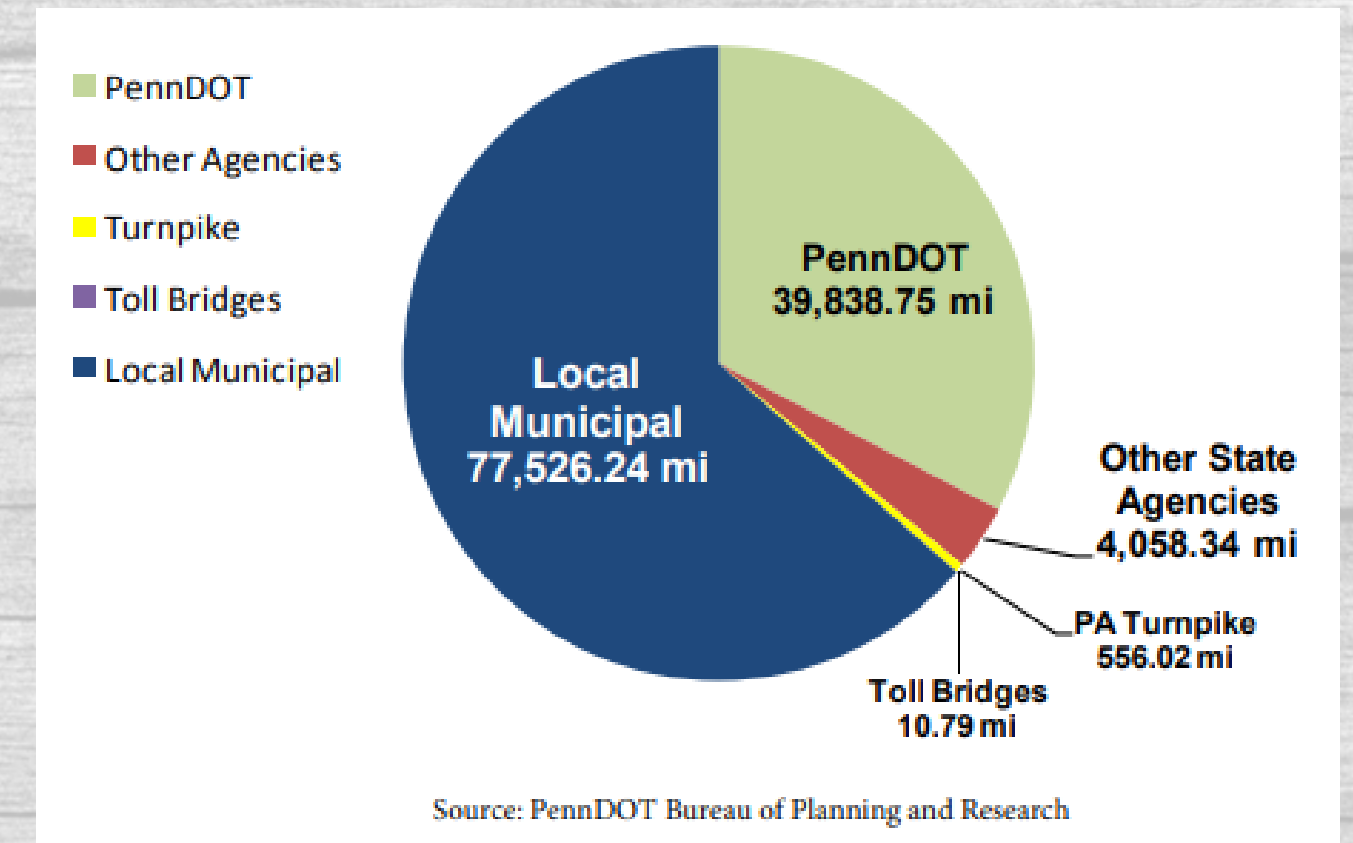


Program Origins: PA Local Government Transportation Infrastructure

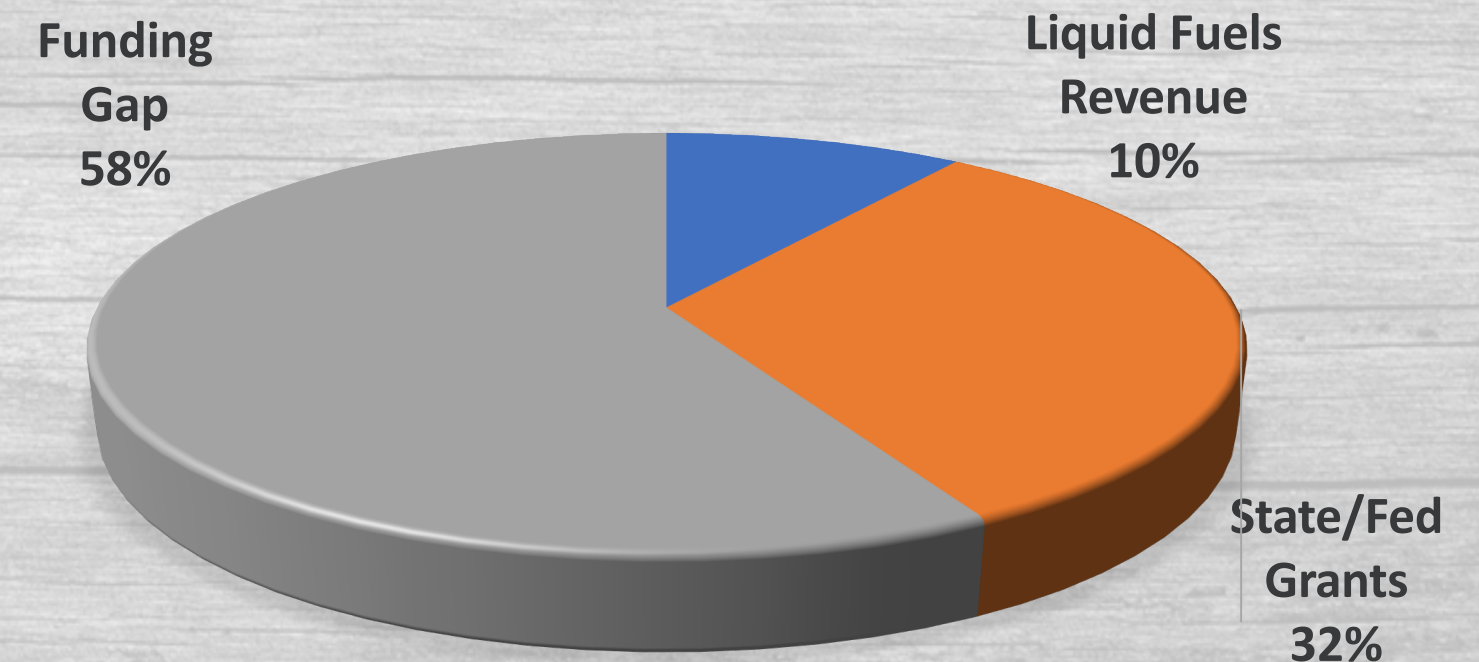
> Local governments are responsible for extensive transportation infrastructure.

Infrastructure	Quantity	Municipal Owned	County Owned
Roadway	77,526 Miles	99%	1%
Bridge > 8 ft	12,000	58%	42%
Traffic Signals	14,000	100%	0%

- > Local governments face a \$2.2 billion funding gap.
- > Local governments:
 - > Struggle to provide basic maintenance
 - > Lack the resources to adequately plan for the long-term capital needs on the system



PENNSYLVANIA LOCAL TRANSPORTATION FUNDING*



Program Origins: Dauphin County Bridge Program Success

- > Dauphin County owns 51 bridges and 0 roads.
- > Through good capital improvement planning and leveraging of funding sources, the county bridge inventory is in a good state of repair.
- > Beginning in 2014, the county had \$350k in “surplus” of its annual \$650k liquid fuels funding
- > Funding legislation required forced distribution of \$350k in liquid fuels funding to the 40 municipalities in the county (\$8.75k/municipality).



Dauphin County Bridge Inventory Condition						
Inventory	Average Age	Posted	Closed	Good	Fair	Poor*
51	41	0	1	11	39	1
		0%	2%	22%	76%	2%
PA County Owned (Mean)		30%	4%	26%	49%	25%

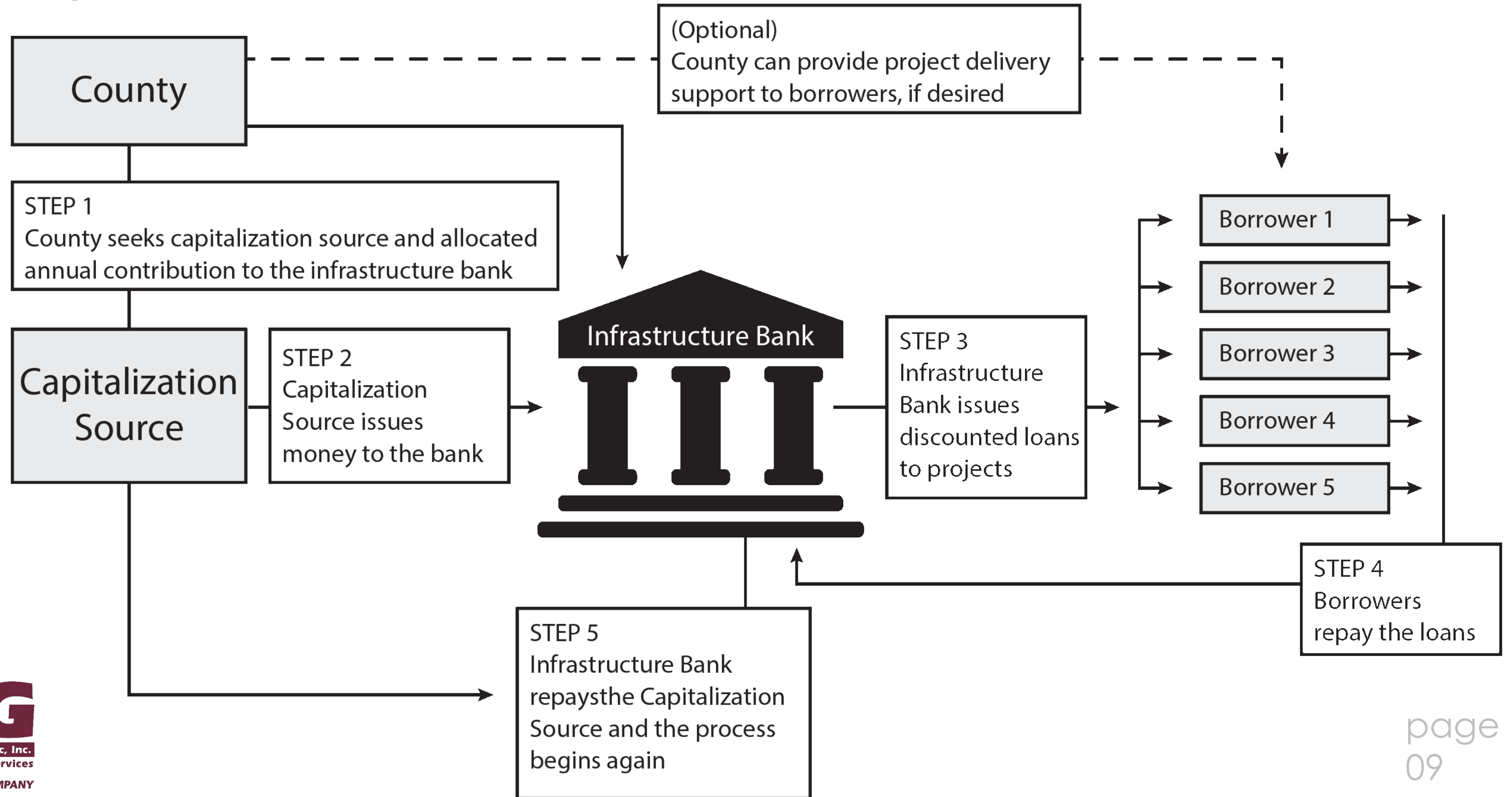
* Formally Structurally Deficient

Program Mechanics: Financing

- DCIB offers low interest loans to eligible applicants than traditional financing
- How?
 - The County's good credit rating generates very competitive rates than smaller local governments can.
 - Through modest investment by the county, the interest is subsidized even lower.
 - Bundling multiple projects together into one loan, the borrowings fixed costs are proportionally across all applicants.
 - Applicants pay back the principal and discounted interest through guaranteed notes
 - The county's debt can be considered self-liquidating and does not injure its credit rating.



Program Mechanics: Financing

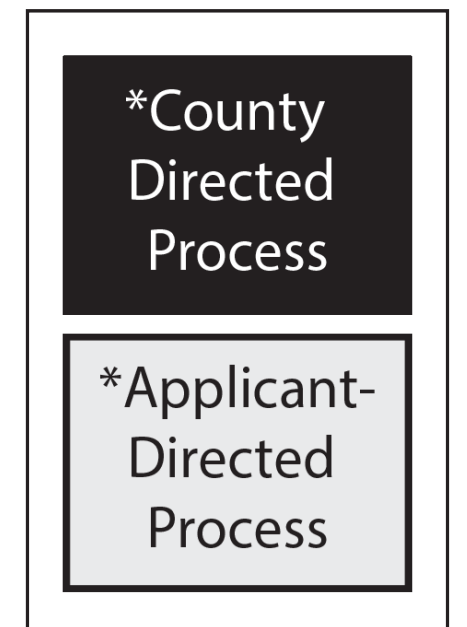
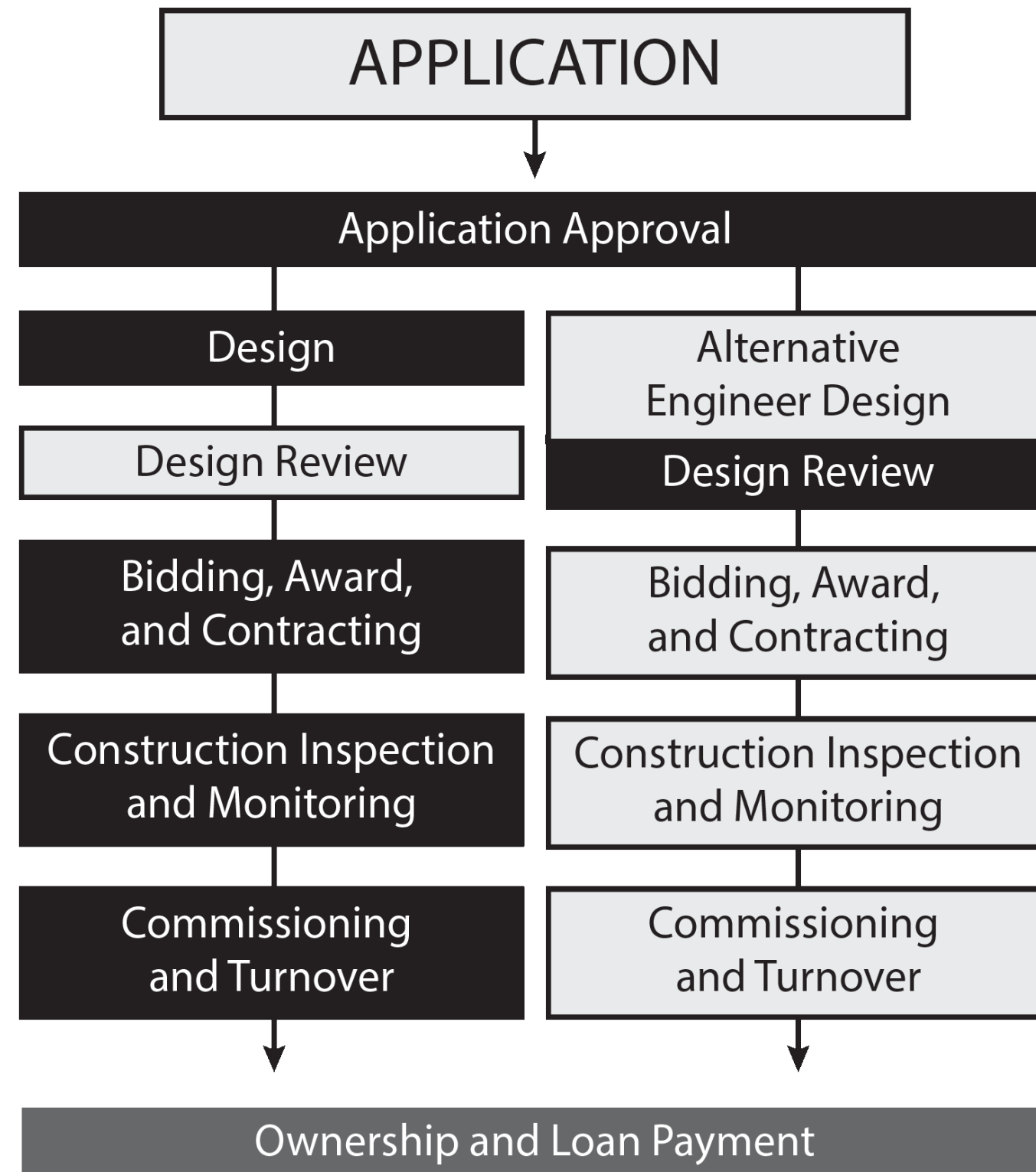
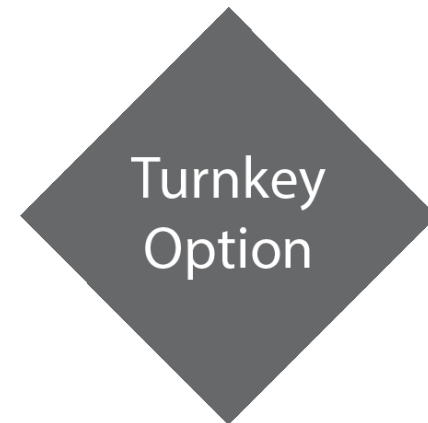


Program Mechanics: Project Delivery

- An inexperienced applicant may struggle to manage the project complexities which could lead to delays or additional costs.
- The county is very experienced at project delivery.
- DCIB offers a “turn-key” project delivery.
- How?
 - The county’s own engineers (or an outside consultant) manages the project delivery for the borrower.
 - Protects the county’s investment.
 - Ensures the project outcome.



Program Mechanics: Project Delivery



Potential Eligible Applicants

- > Municipal Government
- > Municipal Authority
- > Nonprofit organizations
- > Private entities
- > School districts



Credit Criteria

- > Must demonstrate an investment grade rating (Standard & Poor's BBB- rating or its equivalent).
- > Must demonstrate compliance with submitting audited financial statements for the most recent three-year period.
- > All applicants must not be in default of any financial obligations.



Financial Terms

- > Maximum Loan Amount: No limit
- > Term: 10 to 20 years
- > Interest Rates:
 - > Rates subsidized by approximately 1.75% of the interest rate incurred by the county to provide funding.
 - > Tier 1 loans rates are equal to one-half of the United States Prime Rate as reported by the Federal Reserve (i.e., PIB Rate), less the 1.75% county subsidy
 - > Tier 2 interest rates are based upon current market conditions and are not tied into any specific index, less the 1.75% county subsidy

Security

- > Liquid fuels allocations
- > Dedicated municipal revenue
- > Letters of credit
- > Loan guarantees
- > Mortgage and security agreements related to real/personal property (private parties)

Potential Eligible Uses of Program

Butler County
Infrastructure Bank

DCIB

Project Type	Act 13	Liquid Fuels	Fee for Local Use
Roadways	Yes	Yes	Yes
Bridges	Yes	Yes	Yes
Traffic Signals	Yes	Yes	Yes
Traffic Calming	Yes	Yes	Yes
Public Water Systems	Yes	No	No
Stormwater	Yes	Yes*	Yes*
Sanitary Sewer Systems	Yes	No	No
Local 911 Radio	Yes	No	No

* within road right-of-way



Evaluation Criteria

- > Creditworthiness
- > Level of non-county funds secured
- > Loan term requested
- > Project readiness
- > Local support
- > Limited borrowing capacity of small municipal governments
- > Improves mobility within rural communities
- > Low- to moderate-income area economic development
- > Incentivize and support major economic development projects
- > Incentivize and support new or existing tourism initiatives
- > Type of infrastructure improvements (safety, congestion, mobility, access management)
- > Public- and private-sector partnerships
- > Balance buildout and/or reuse potential with transportation infrastructure needs and design

Process Overview

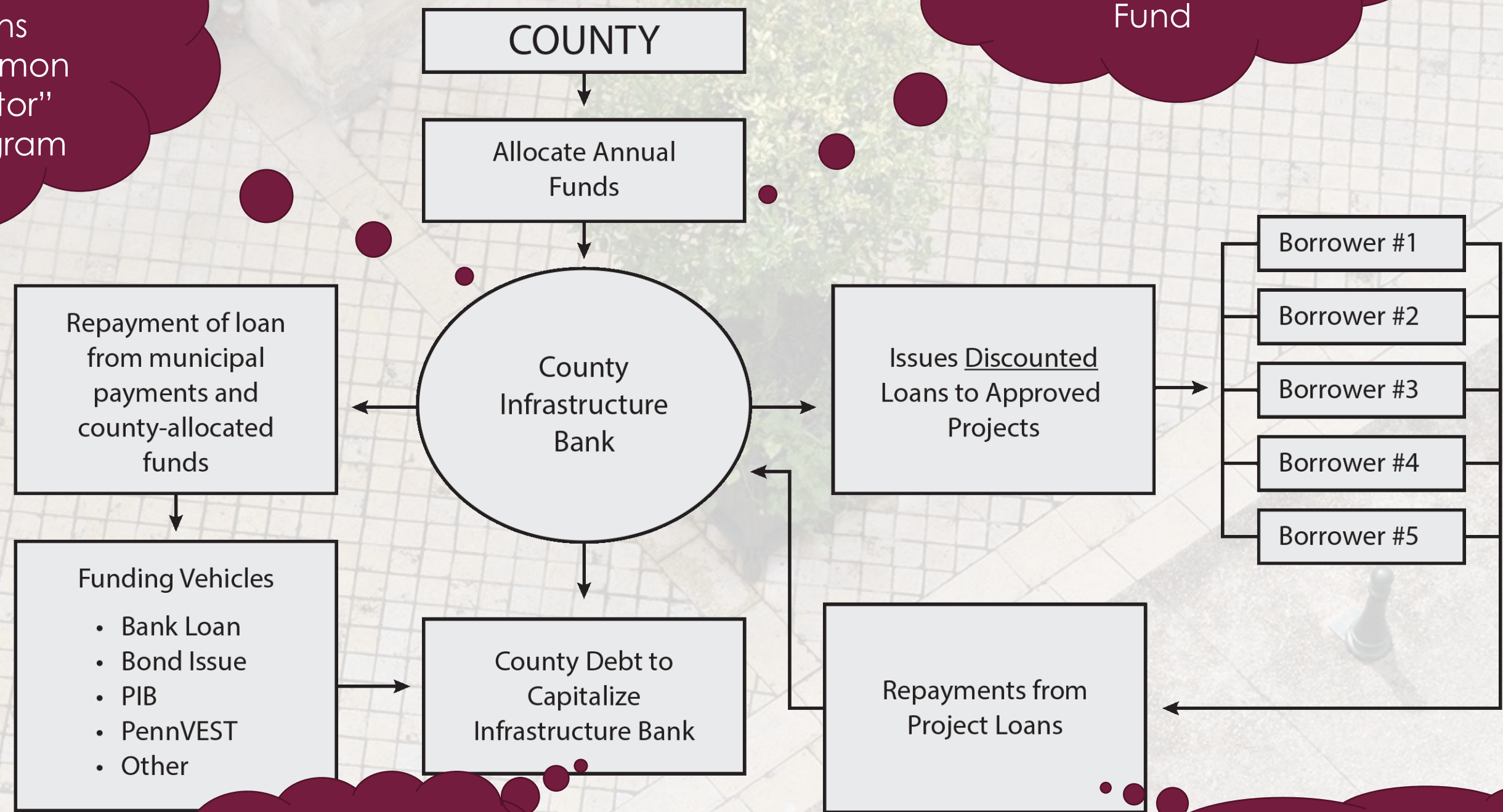
- > Pre-application conference/formal application submittal
- > Applicant presentation to Infrastructure Bank advisory board
- > Infrastructure Bank advisory board application recommendation / county approval
- > County solicits financing
- > LGUDA (Local Government Unit Debit Act) proceedings
- > Settlement with financing entity/loan agreement executed
- > Funding, design, construction

The timeline is driven by factors such as:
LAGUDA/Debt Resolution & the financing RFP

Program Variables

*Fund Use Restrictions
 "Least Common Denominator" guides program

"Annual Funds"* can be any source:
 L.F., \$5 Reg. Fee,
 Gaming, General Fund



"Capitalization Funds"* can be other sources than PIB

"Repayment Funds" Liquid Fuels, General Funds, or Gaming Grants from the County

Dauphin County Program Accomplishments: 2014-2021

Applicant	Project Type	Amount	Round	Capitalization Source
Derry Twp.	SR 743/Homestead Road Traffic Signal	\$.26 M	1	PIB
Londonderry Twp.	3 Bridge Replacements	\$.93 M		
West Hanover Twp.	SR 39/Devonshire Intersection Safety Improvement	\$.83 M		
Middletown Boro.	Streetscape	\$1.5 M		
Swatara Twp.	63rd St. Bridge Rehabilitation	\$1.5 M	2	PIB
Lower Swatara Twp.	Richardson Road Bridge Replacement	\$.50 M		
Susquehanna Twp.	Uptown Stormwater Project	\$4.8 M		
Middle Paxton Twp.	Potato Valley Road Bridge Replacement	\$1.2 M	3	PIB
Londonderry Twp.	Swatara Creek Road (T-496) Culvert Replacement	\$.18 M	4	Bond
Lower Swatara Twp.	Highland Street and Summit Ridge Culvert Replacements	\$1.2 M		
Derry Twp.	Hershey Streetscape; US 322 ; Stauffers Church Rd Culvert	\$2.99M		
Dauphin Boro.	Safety/Accessibility Pedestrian & Transportation Improvements	\$.70 M	5	Conventional Bank Loan
Dauphin County	Local Bridge Bundling Program	\$3.63 M		
Royalton Boro.	Royalton Borough Roadway and Drainage Improvements	\$1.8 M	6	Conventional Bank Loan
Susquehanna Twp.	Paxton Church Road Safety and Stabilization	\$1.6 M		
Hawthorne SPE, LLC	Susquehanna Union Green	\$5.3 M	7	PIB
Conewago Twp.	Mapledale Road Bridge Replacement	\$.39 M	8	Conventional Bank Loan
East Hanover Twp.	Camp Kiwanis Bridge Replacement	\$.29 M		
Jackson Twp.	Bastian Rd Bridge Replacement	\$.20 M		
Londonderry Twp.	Lauffer Road Bridge Replacement	\$.33 M		
Totals	27 Projects in 8 Loan Bundles	\$ 30.13 M		



Example of cost-effectiveness: Bundling multiple small projects together into one loan, the borrowings fixed costs are proportionally across all applicants.

Value Capture Examples: Middletown Revitalization- Union Street Streetscape

Applicant:
Middletown Borough
Loan: \$1.5 M
Capitalization: PIB
Repayment:
Borough-Liquid Fuels
County-Liquid Fuels

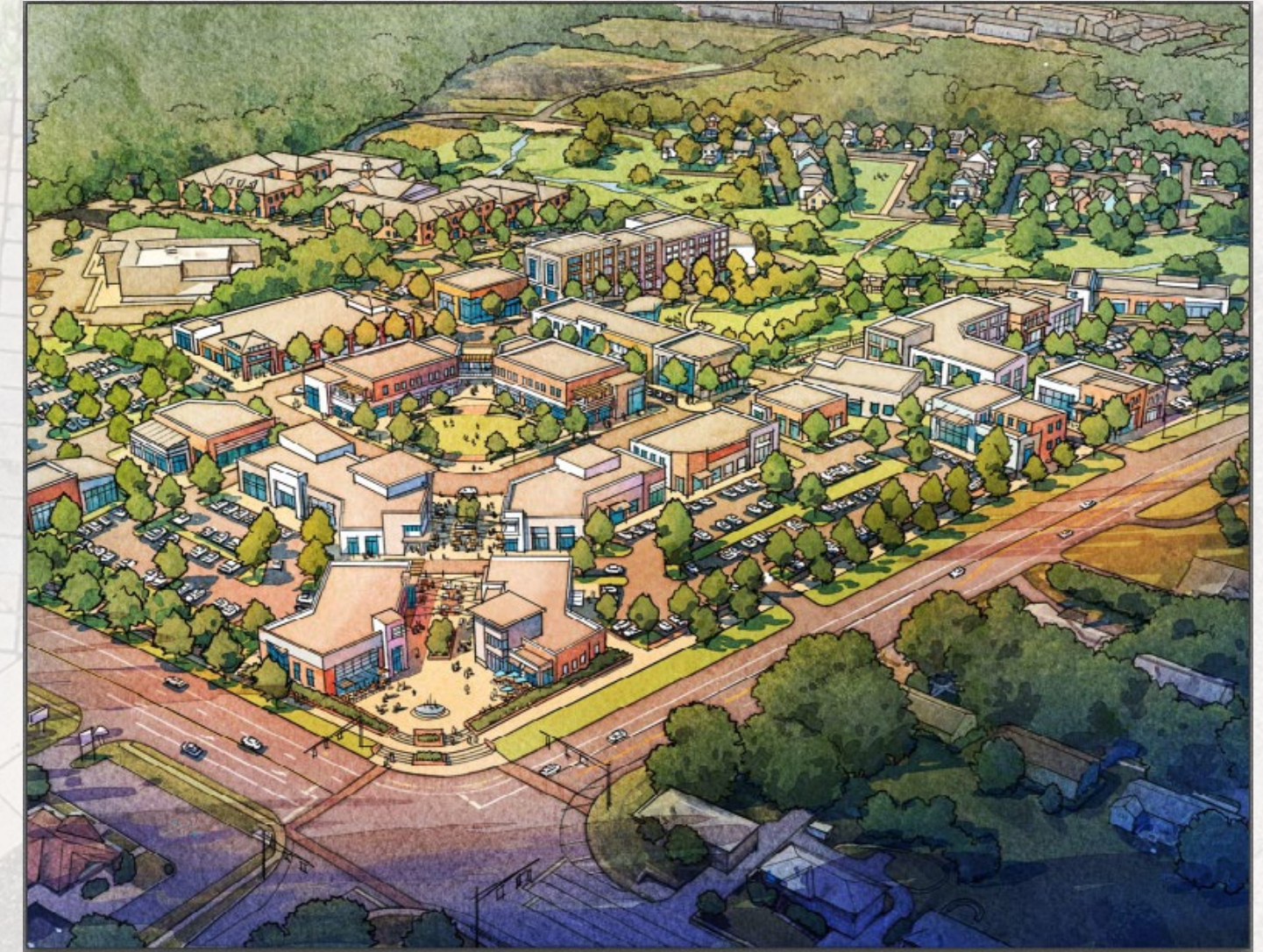


Value Capture Example: Susquehanna Union Green-Public Right-of-Way Access Improvements



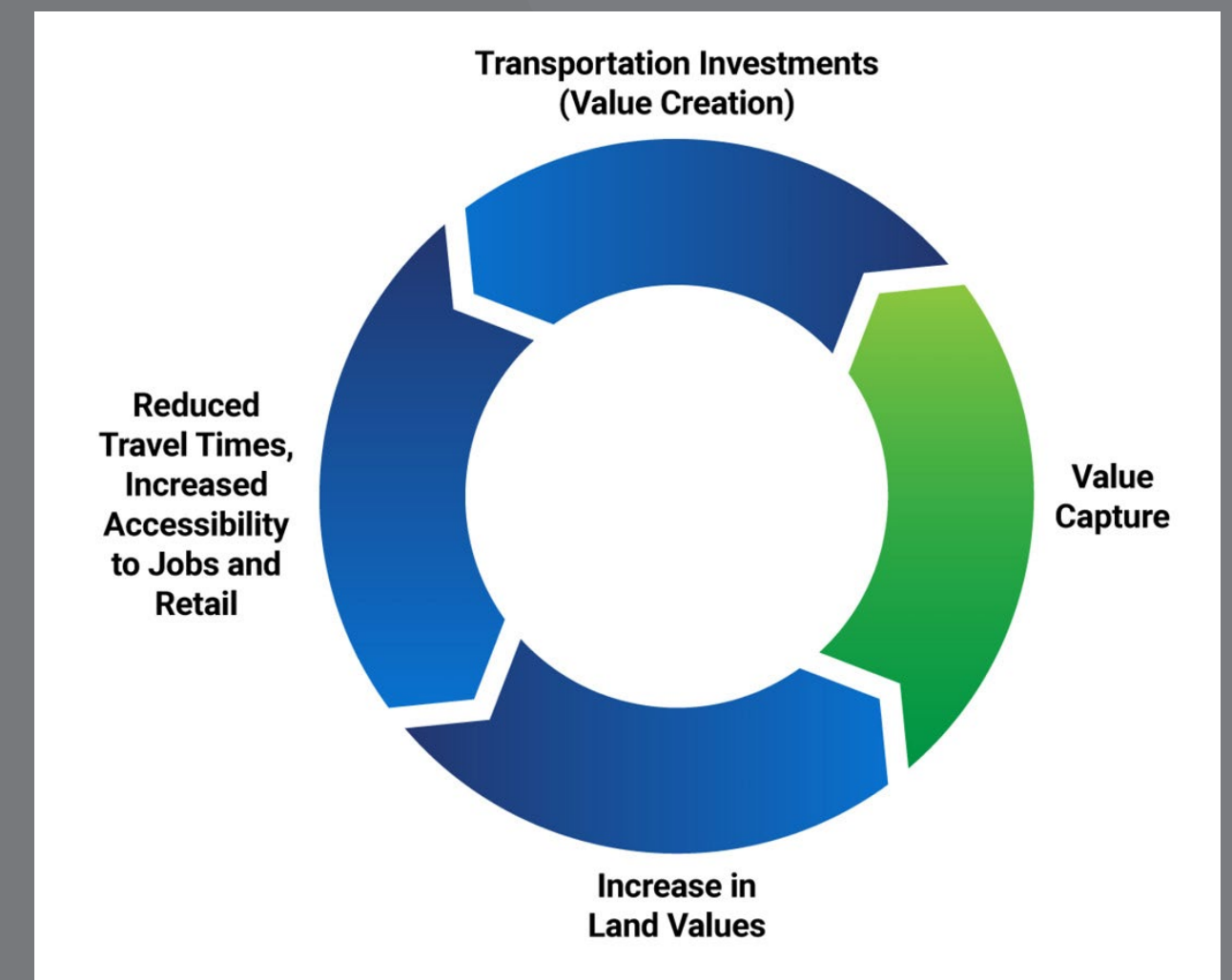
Planned Town Center (58 acres)

- Pedestrian Oriented
- Public Greens-19 acres
- 26 Commercial/Retail Spaces
- Neighborhood Grocery
- 110 room Hotel
- 31 Single Family Homes
- Senior Living Community



Value Capture Example: Susquehanna Union Green-Public Right-of-Way Access Improvements

- DCIB Loan: \$5.3 M (Public Transportation Improvements)
 - Capitalization-PIB
 - Repayment
 - Hawthorn-Project Proceeds
 - County-Local Use Fee
- Development Construction
 - \$ 110 Million Cost
 - 410 FTE jobs w/ \$ 20 Million wages
- Development Full Build Out
 - \$31 Million annual Economic Output
 - 350 FTE jobs w/ \$ 13 Million annual wages
- Direct/Indirect Tax Revenues
 - \$653 K to Dauphin County
 - \$575k to Susquehanna Twp.
 - \$1.651M to Susquehanna Twp. School District



Dauphin County Infrastructure Bank Program Recognitions & Awards

**NACo National
Association of
Counties
2014 Achievement
Award Winner**



**PA DCED
2017 Governor's
Awards for Local
Government
Excellence Winner**



**Dauphin County
has not raised taxes
for the past 16-years**



