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Brightline Rail System Wins Approval to Issue Tax-Exempt Bonds. Not Everyone is Cheering.

All Aboard Florida got the go-ahead Wednesday from a state board to issue \$1.75 billion in federal tax-exempt bonds for its Brightline passenger-rail system, as officials and residents from the Treasure Coast and Central Florida fought over a planned northern extension.

The Florida Development Finance Corp. Board of Directors backed issuing what are known as “private activity” bonds needed to extend Brightline north from West Palm Beach.

The approval came after board members asked Brightline officials for assurances that the Treasure Coast region wouldn’t be hurt economically. Many residents and officials in Treasure Coast areas such as Martin and Indian River counties have long objected to the rail service.

But Central Florida officials, with the backing of the Florida Chamber of Commerce and other business-lobbying groups, view the passenger trains as an alternate link from South Florida that would complement the existing SunRail system in the Orlando area.

Florida Development Finance Corp Chairman Daniel Davis, whose agency has the authority to approve the federal bonds, said after the vote he hoped outstanding issues between Treasure Coast leaders and All Aboard Florida could be worked out.

The board approved a new series of \$1.15 billion in bonds and the refinancing of \$600 million in previously approved bonds, which helped set up the existing southern portion of the service.

Brightline, which started running between West Palm Beach and Miami this year, is looking to extend north to Orlando in 2021. Brightline has also started to work with the state on pursuing an Orlando-to-Tampa route.

Officials representing Martin and Indian River counties, which have brought lawsuits against the service, raised questions about safety and potential economic and quality-of-life impacts of higher-speed trains running through their communities.

Brightline officials said they have approached Treasure Coast communities to consider stops and have taken similar steps for Cocoa in Brevard County.

Indian River County Attorney Dylan Reingold was among critics pointing to low ridership numbers — 74,780 people collectively paid \$663,667 for tickets in the first three months of this year — for the service running between Miami and West Palm Beach, as he forecast little chance of the service becoming a financial success.

Brightline Chief Executive Patrick Goddard responded that the service was running between West Palm Beach and Fort Lauderdale in the first quarter.

Reingold also joined opponents — including state Sen. Debbie Mayfield, R-Rockledge, and state Rep.

MaryLynn Magar, R-Tequesta — in requesting the bond decision be delayed, as federal litigation is pending about environmental impacts and as members of Congress have been looking into the proposal.

Reingold also said if the bonds were approved, conditions should have been added to limit the fiscal impact on what taxpayers must cover to maintain rail crossings that will have to be upgraded from freight service.

“It’s a private company owned by a Japanese hedge fund,” Reingold said. “It expects Indian River County taxpayers to pay for the maintenance of their (rail crossing) improvements for eternity.”

All Aboard Florida is owned by Fortress Investment Group LLC, a global investment management firm acquired last year by Toyko-based SoftBank Group Corp.

Ruth Holmes, a Martin County attorney, said Brightline should also be required to use an alternative route or to double-track the single-rail drawbridge north of downtown Stuart over the St. Lucie River. Otherwise, Holmes said, the constant opening and closing of the spans — from existing freight traffic and Brightline planning 16 daily round trips between Miami and Orlando — would hinder maritime traffic and business in the downtown area.

“That draw closure and opening is going to happen about 52 times a day,” Holmes said. “That effectively shuts down that bridge.”

Indian River County Commission Chairman Peter O’Bryan noted a number of deaths that have occurred in the past year with the new rail service in South Florida and warned that approving the issuance of the bonds would equate to giving “a license to kill for All Aboard Florida.”

Countering those arguments, Central Florida lawmakers urged support for the bonds as they envision Brightline bringing economic growth to the state by removing cars from the highways and giving tourists more travel options.

Rep Jason Brodeur, R-Sanford, said Brightline is seen as a link to South Florida for the SunRail service, and he joined others in pointing out that most of the rails for Brightline have been in place since the late 1890s, when industrialist Henry Flagler brought passenger trains south.

“I have 500,000 people who are really looking forward to this,” Brodeur said of the people he represents in Seminole County, north of Orlando.

Rep. Mike Miller, R-Winter Park, said the expansion of the service means jobs at both ends of the line.

“One of our jobs as legislators is to create an environment where there are jobs,” Miller said. “This not only creates 2,000 jobs, and \$2.4 billion worth of economic impact, directly because of Brightline, but it creates billions of dollars in jobs and job opportunities in Miami, West Palm, Orlando and throughout our state.”

Rep. Tom Goodson, R-Rockledge, said residents in Brevard County are “enthused” at the prospect of a station in Cocoa that could serve the space industry and Port Canaveral.

Dennis Grady, President and CEO of the Chamber of Commerce of the Palm Beaches, said since being introduced in January, Brightline has made the Miami-Dade, Broward and Palm Beach region a “smaller, more manageable place to live and work.”

But he added, for the state goal of a viable inner-city rail system, Brightline must be able to expand to Orlando.

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