

# Value Capture Overview & Federal Resources

## ❑ Audio:

- Via Computer – No action needed
- Via Telephone – Mute computer speakers, call :(800) 683-4564 passcode 861660

## ❑ Presentations by:

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❑ Audience Q&A – addressed after each presentation, please type your questions into the chat area on the right side of the screen

❑ Closed captioning is available at :

❑ Upcoming webinars:

- Visit [https://www.fhwa.dot.gov/ipd/value\\_capture/capacity\\_building/webinar\\_series/](https://www.fhwa.dot.gov/ipd/value_capture/capacity_building/webinar_series/)

❑ Recordings and Materials from Webinars:

- <https://www.fhwa.dot.gov/ipd/>



# Upcoming Webinars

WEBINAR TOPIC & REGISTRATION LINK	DATE	TIME
<a href="https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2027">Understand Value Capture Tools and Federal Resources</a> <a href="https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2027">https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2027</a>	June 20, 2019	1:00 pm–2:30 pm ET
<a href="https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2036">Value Capture: Developer Contributions Techniques and Case Studies</a> <a href="https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2036">https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2036</a>	June 27, 2019	1:00 pm–2:30 pm ET
<a href="https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2037">Value Capture: Capital Improvement Plan</a> <a href="https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2037">https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2037</a>	July 18, 2019	1:00 pm–2:30 pm ET
<a href="https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2038">Value Capture: Special Assessment Techniques and Case Studies</a> <a href="https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2038">https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2038</a>	July 24, 2019	1:00 pm–2:30 pm ET
<a href="https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2039">Value Capture: Incremental Growth Techniques and Case Studies</a> <a href="https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2039">https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2039</a>	August 22, 2019	1:00 pm–2:30 pm ET
<a href="https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2040">Value Capture: Joint Development, Use ROW Agreement, and Case Studies</a> <a href="https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2040">https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2040</a>	September 19, 2019	1:00 pm–2:30 pm ET
<a href="https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2041">Value Capture: Capture Value from Existing Assets to Fund Previously Unfunded Infrastructure Projects and Case Studies</a> <a href="https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2041">https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2041</a>	October 24, 2019	1:00 pm–2:30 pm ET
<a href="https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2042">Value Capture: Advertising, Naming Rights, and Case Studies</a> <a href="https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2042">https://collaboration.fhwa.dot.gov/dot/fhwa/WC/SitePages/Register.aspx?WCID=2042</a>	November 21, 2019	1:00 pm–2:30 pm ET





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## EDC-5 Value Capture Implementation Team



# Value Capture: Capitalizing on the Value Created by Transportation

CAI Home

Every Day Counts

STIC Network

AID Demonstration

Resources



*“The EDC-5 innovations support FHWA’s goals of enhancing safety, improving infrastructure, deploying innovation and serving America efficiently and effectively. We look forward to building on the success of past EDC cycles to expand adoption of proven innovations that save lives, money and time.”*

*- Acting Federal Highway Administrator  
Brandye Hendrickson*



Learn more about Every Day Counts >>

<https://www.fhwa.dot.gov/innovation/everydaycounts/>  
[https://www.fhwa.dot.gov/ipd/value\\_capture/](https://www.fhwa.dot.gov/ipd/value_capture/)



# Introduction to Value Capture

- Key Distinctions
- Value capture Overview & Benefits
- Why is Value Capture Needed?
- Value Capture Mechanisms & Examples
- The Federal Role
- Funding Opportunities
- Q&A



# Key Distinctions

- **Revenue:** Where does the funding come from?
  - ✓ Traditional: Federal-aid (HTF) & State grants
  - ✓ Innovative: Other than traditional
- **Financing:** Pay-As-You-Go versus Borrowing
  - ✓ Pay-as-you-go
  - ✓ Public borrowing (Innovative Finance)
  - ✓ Private equity
- **Project Delivery:** Shifting Responsibility & Risk
  - ✓ Traditional (design-bid-build)
  - ✓ Construction Manager/General Contractor (CM/GC)
  - ✓ Design-Build (DB)
  - ✓ Public-Private Partnerships (P3s)

# Key Distinctions

## ▪ Tax

- ✓ Forced contribution to raise revenue for the maintenance of governmental services offered to the general public
- ✓ Levied whether or not one uses a particular service

## ▪ Value Capture (Fees/Assessments/Incremental Growth Tools)

- ✓ Paid in exchange for a special service, benefit, or privilege not conferred upon the general public
- ✓ Not a revenue measure but a means of compensating the government for the cost of offering and regulating the special service or benefit
- ✓ Payment of a fee is voluntary (can refuse the special service, benefit, or privilege)



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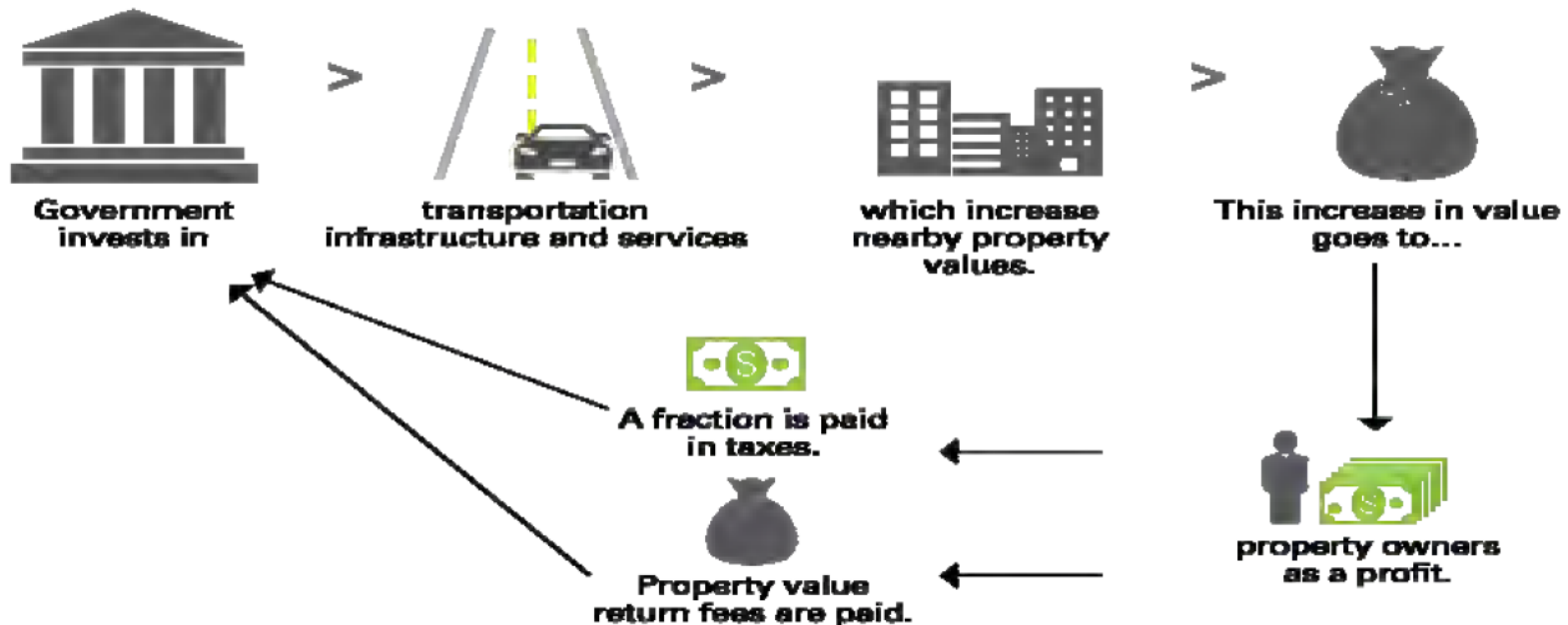
## EDC-5 Value Capture Implementation Team



# Value Capture Overview

# What is Value Capture?

“Value capture” refers to a toolbox of strategies used by public agencies to recover a portion of the increased property value created as a result of public infrastructure investment.



Source: NCHRP Research Report 873



# Examples of Transportation Improvements that Create Value

- Roads and bridges
- Transit improvements and expansion
- Complete Street improvements
- Bicycle and pedestrian connections
- Street trees and landscaping

# Example Beneficiaries of Infrastructure Projects

- Developers
- Property Owners (residential, commercial, retail, industrial)
- Employers
- Businesses
- Investors
- Land owners
- Road Users
- Transportation Operators/Users

# Importance of Value Capture

- Provide alternatives to supplement traditional sources
  - Fund 3.2 million miles of non-federal-aid public Improvements
- Achieve Value Capture of transportation benefits
  - ✓ Beneficiaries of transportation infrastructure contribute to its cost
- Local matching share to State & Federal Grants
- Access to Federal low-interest rate loan programs
  - TIFIA/RRIF, TIFIA-SIBs (rural), Sec.129 Loans, State Infrastructure Banks, Private Activity Bonds
- Attract private capital
- Enhance and speed-up project delivery

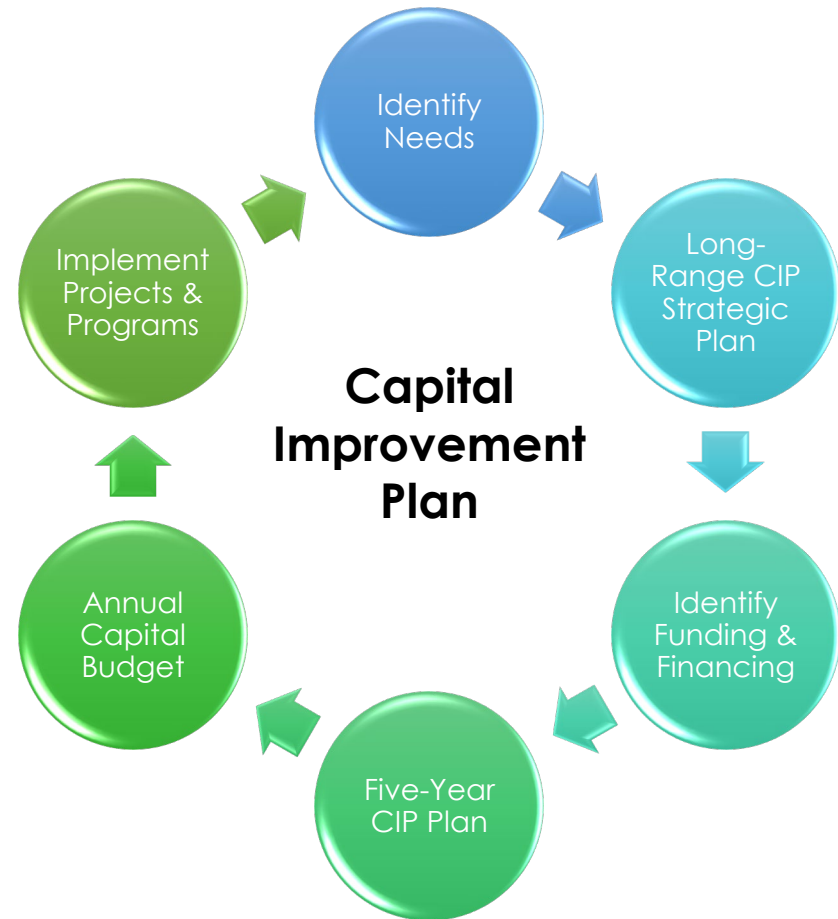
# Value Capture Summary

Value Capture is ...

- A set of powerful funding tools that can help address funding gaps (USDOT supports Value Capture)
- Can be part of the mix of funding sources for transportation improvement solutions
- Can accelerate project delivery, enhance safety, and save time and money when done properly

# Steps to a Successful Value Capture Project

- 10-year Impact fee CIP
  - ✓ Completed
  - ✓ Underway
  - ✓ Future Projects







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# Why is Value Capture Needed?

# Capacity & Conditions Funding Challenges

- Two out of every five miles of America's urban interstates are congested
  - Cost the country \$160 billion in wasted time and fuel
- One out of every five miles of highway pavement is in poor condition
  - \$836 billion backlog of highway and bridge capital needs
- 35,092 people killed in motor vehicle crashes
- Pedestrian deaths on US roads increased 11% since 2015; (5,977 in 2017)



# Condition and Aging of the Bridges

## (FHWA, 12/31/2018)

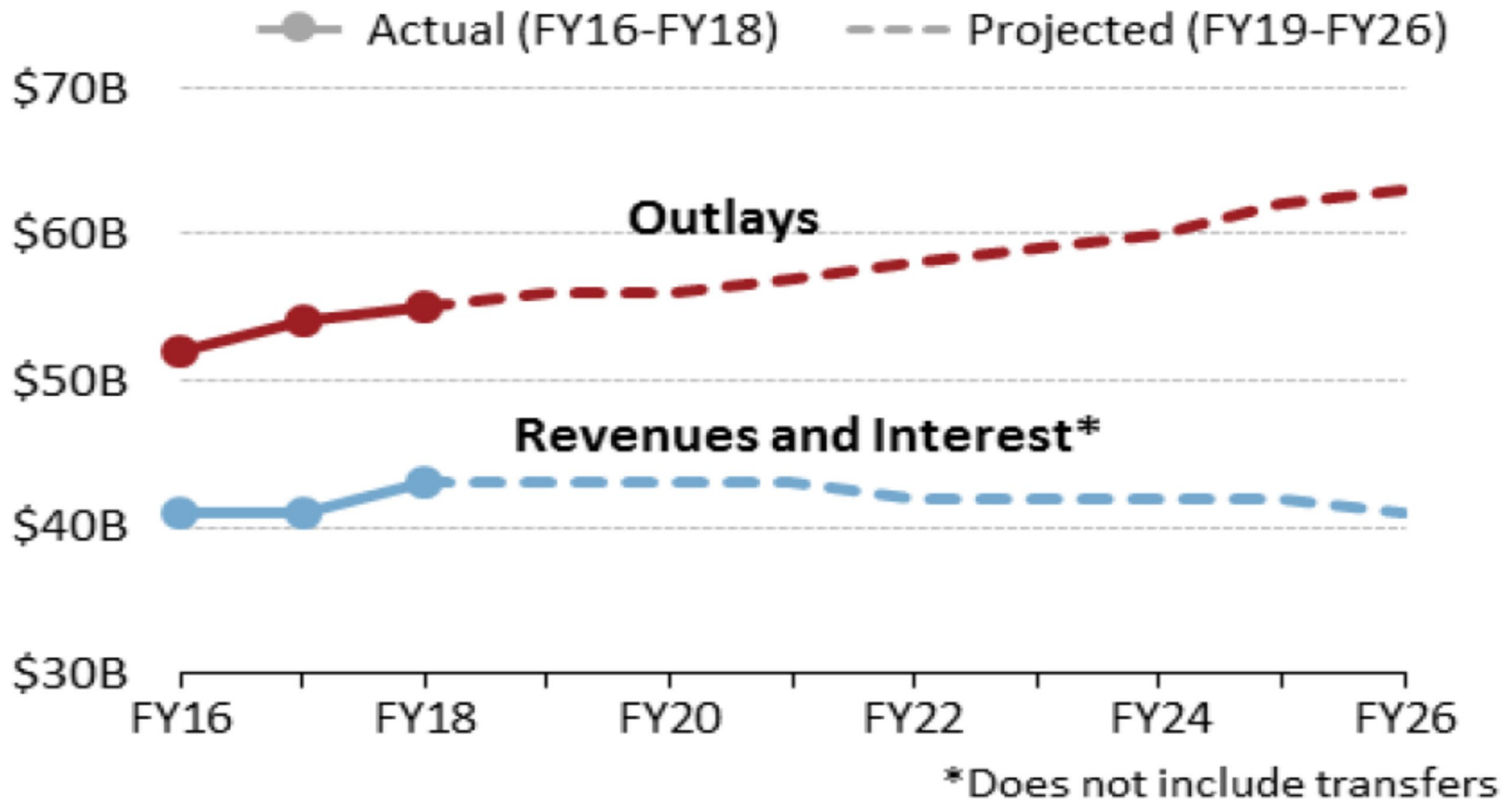
Year Built	Age	Total	Poor
No Value	No Value	25	25
1899 and earlier	119 or more	1,731	514
1940-1949	109-118	5,876	1,840
1910-1919	99-108	5,692	2,055
1920-1929	89-98	17,923	3,895
1930-1939	79-88	41,275	7,057
1940-1949	69-78	25,487	4,034
1950-1959	59-68	63,159	7,664
1960-1969	49-58	99,041	8,996
1970-1979	39-48	81,671	5,390
1980-1989	29-38	78,112	3,043
1990-1999	19-28	81,393	1,486
2000-2009	9-18	71,666	449
2010-present	0-8	43,445	91
<b>Total</b>		<b>616,496</b>	<b>46,914</b>

# Condition of Roads (D+)

- 45% of America's major roads are in poor or mediocre condition
- 15% of U.S. rural roads are rated in poor condition, while 21% are in mediocre condition

Ownership	Federal-Aid Highways (miles)	Non-Federal-Aid Highways (miles)	Total (miles)
Rural	668,082	2,280,612	2,948,696
Small Urban Area	71,792	151,935	223,7327
Urbanized	287,974	723,310	1,011,285
Urban	359,767	875,245	1,235,012
Total	1,027,848	3,155,858	4,183,707

# Highway Trust Fund is Unsustainable



**Source:** CBO, Highway Trust Fund Accounts—January 2019 Baseline.





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# Value Capture Mechanisms & Examples

# VALUE CAPTURE TECHNIQUES SUMMARY



## DEVELOPER CONTRIBUTIONS

One-time charges collected by local governments from developers to offset the cost of infrastructure and services necessitated by new development.



## SPECIAL ASSESSMENTS

An additional fee or tax assessed on businesses or residents in specified geographic areas benefitting proximity to a highway or other transportation facility or corridor.



## FEES

Similar to a utility fee, transportation fees are assessed based on how individual businesses and households use transportation facilities.



## INCREMENTAL GROWTH

A mechanism allocating back to infrastructure from some specified portion of increased property tax revenues fostered by new infrastructure—often for a specified period of time.



## JOINT DEVELOPMENT

Sale or lease of land or air rights on or adjacent to transportation facilities. This can include donations of land or other in-kind resources from the private sector in ongoing commercial operations.



## CONCESSIONS








Sale or lease of government-owned assets—such as toll roads or bridges—to private-sector investors/operators.



## ADVERTISING AND NAMING RIGHTS

Sale of advertising space or naming rights on a transportation facility. Note: Commercial uses within Interstate Highway System right of way, including rest areas, is prohibited by law; however, they may be allowed on toll facilities and in transit stations.

# Value Capture Techniques

Category	Technique	Purpose	Fund or Finance
 Developer Contributions	Impact fees	Capital Expenses	Fund
	Negotiated Exactions	Capital Expenses	Fund
 Special Assessments	Special Assessment Districts	Capital Expenses	Fund or Finance
	Business Improvement Districts	Capital or Maintenance	Fund or Finance
	Sales Tax Districts	Capital or Maintenance	Fund or Finance
	Land Value Taxes	Capital or Maintenance	Fund or Finance
 Fees	Transportation Utility Fees	Operations and Maintenance	Fund
 Incremental Growth	Tax Incremental Finance	Capital Expenses	Fund or Finance
	Transportation Reinvestment Zones		Fund or Finance
	Tax Allocation District		Fund or Finance
 Joint Development	At Grade	Capital Expenses	Fund or Finance
	Below Grade	Capital Expenses	Fund or Finance
	Above Grade (Air Rights)	Capital Expenses	Fund or Finance
 Concessions	Asset Recycling	Capital Expenses	Fund or Finance
 Advertising & Naming Rights	Advertising	Capital or Maintenance	Fund
	Naming Rights	Capital or Maintenance	Fund

# Developer Contributions/Impact Fees

- A one-time fee assessed on new development
  - Intended to pay the cost of expanding & extending public services resulted from new development
  - Assessed at the time a building permit is issued and are paid prior to the issuance of a Certificate of Occupancy
- Rational nexus required
- No voter approval is required
- Covers the cost of new capital facility capacity
- Used for roadways, less frequently used in transit



# Osceola County Road & Bridge Program, Florida

- Value Capture: Impact Fees
  - ✓ Created in 1987
  - ✓ Covering 1,506 square miles
- Scope: Bundled 11 road projects with 13 bridges in Osceola County
- Project Cost: \$350 million
- Funding: 100% locally funded by impact fees
- Benefits: Nine out of every 10 construction dollars going to local contractors. Speed up delivery and save money (\$36 million saving)





# Special Assessment Districts

- A special fee imposed by a local government to property owners to pay for infrastructure development
- Creates zone or geographical area
- Property owners pay an assessment for specific improvements or services
- The assessment represents a portion of the estimated benefit to properties in close proximity to the public project



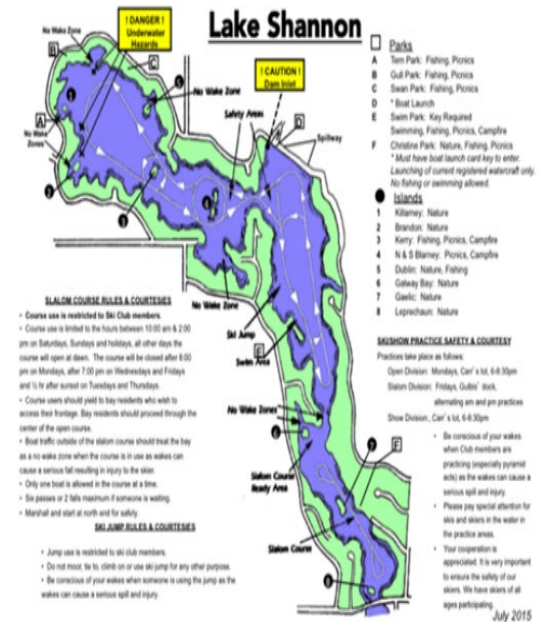
# Virginia Route 28 Transportation Improvement District

- District formed in 1987 jointly by Loudon and Fairfax Counties
- Covers 10,204 acres of land, in an appx. 14-mile-long corridor
- Maximum tax rate of \$0.20 per \$100 of assessed value
- Raises ~ \$23 million in revenue
- \$138 million, 14 - mile widening from two to six lanes completed in 1991
- District and State share project costs 75/25



# Lake Shannon Road Improvement, Tyrone Township, MI

- Petition for repaving roads in exchange for a 10-year tax assessment
- Assessment will be paid in 10 annual installments starting in 2018
- Total cost \$1,310,000 in special assessment bonds



Source: Lake Shannon Assoc.

# Fees/Transportation Utility Fees

- Applies to all residents and businesses
- Paid by property occupants rather than property owners
- Based on the estimated number of roadway trips generated by a property
- Fees are typically added to city utility bills
- 36 cities levying TUFs in five states: Oregon (23), Texas, Colorado, Kansas, and Utah
  - ✓ All of the cities have populations under 100,000 people, and nearly half have populations below 10,000



# City of Newberg, Oregon

- Used Transportation Utility Fee to pay for street repairs, routine maintenance, and pavement preservation
- Adopted the fee in May 2017
- Fees
  - ✓ Single Family: \$4.99/month
  - ✓ Multi Family: per unit
  - ✓ Non Residential: 6 classes based on vehicle trips generated, per sq. ft.
- Generated approximately \$1.2 million for road maintenance



# Incremental Growth: Tax Incremental Finance

- Uses the incremental increase in property tax revenues to finance new infrastructure and services
- Authorized by state statutes in 49 states and the District of Columbia
- Requires the "but for" test - no growth/development would happen but for the use of Tax Incremental Finance
- Offers a source of long-term revenues and generates significant "gap financing"
- Flexible, powerful tool to foster high quality development and redevelopment

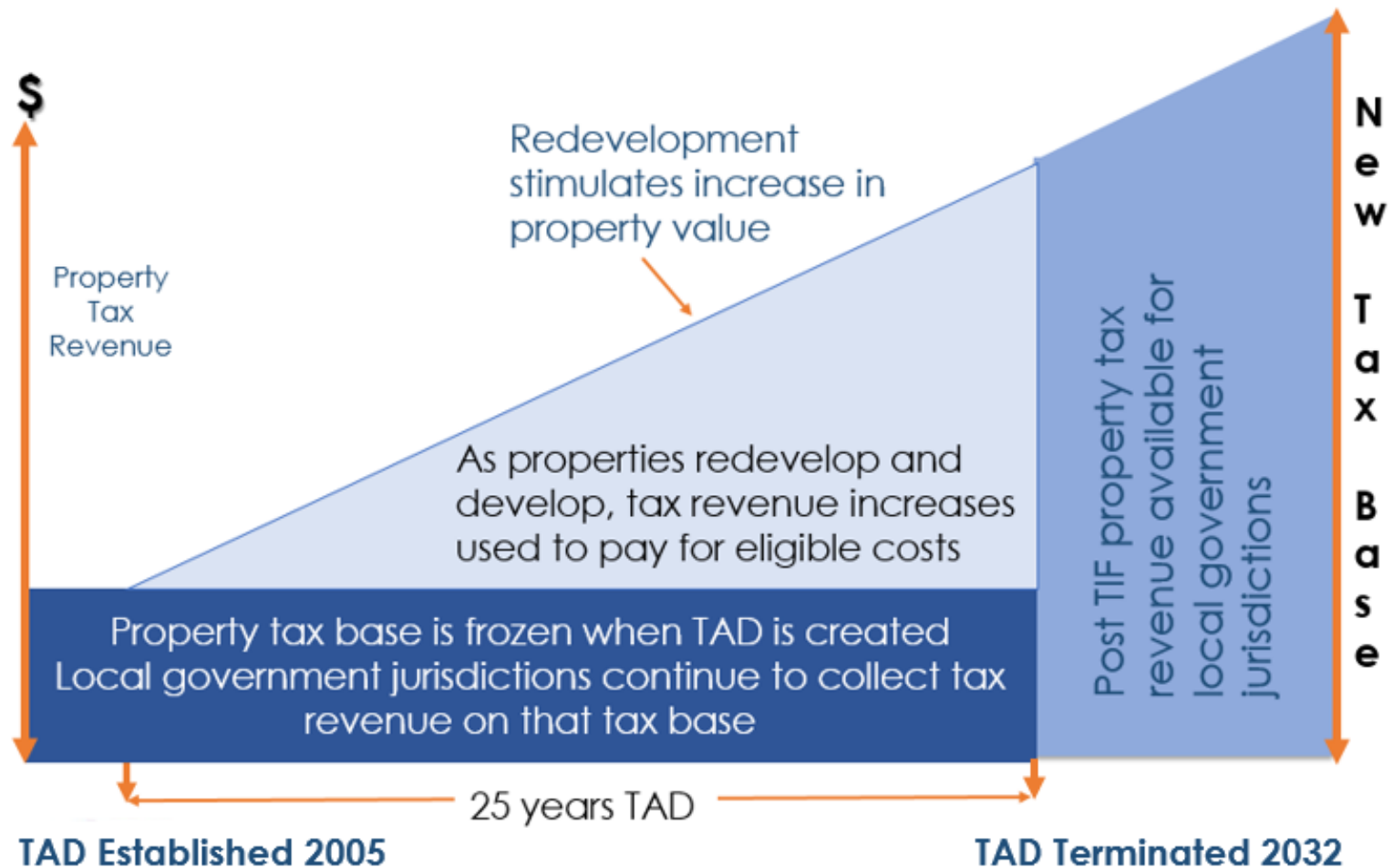


# Atlanta Beltline Project

- Value Capture: Tax Allocation District (TAD)
  - ✓ Adopted in 2005; Sunset in 2032
  - ✓ Length: 25 years
- Scope: Redevelopment 6,500 acre area
- Project Cost: \$4.8 billion
- Funding:
  - ✓ TAD: \$1.75 billion
  - ✓ Federal: \$1.45 billion
  - ✓ Private: \$0.28 billion
  - ✓ City/State: \$0.34 million
  - ✓ City/Park: \$0.18 million
  - ✓ Others: \$0.80 million
- Finance: Tax-exempt bonds



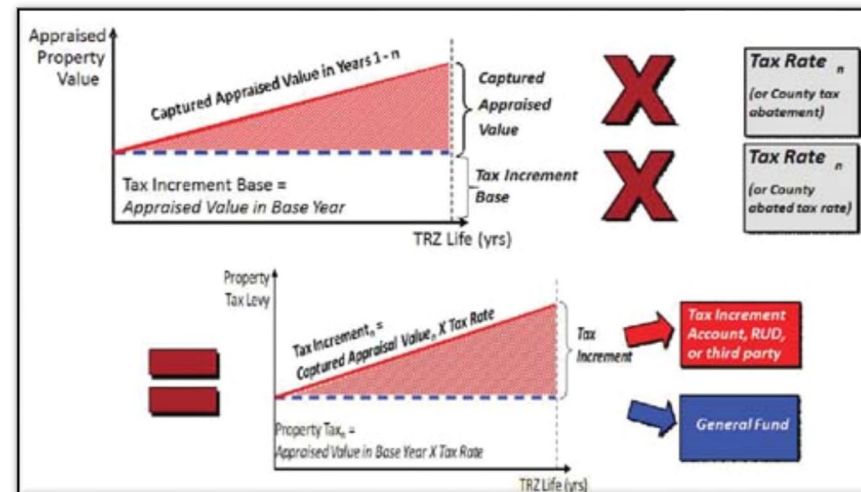
# Atlanta Beltline Project





# I-10/Loop 375 Americas Interchange, El Paso, TX

- Value Capture: Transportation Reinvestment Zones
  - ✓ Texas Legislation, 2007
  - ✓ El Paso established TRZ in 2008
- Scope: I-10/Loop 375 Americas Interchange in the city of El Paso
- Project Cost: \$146 million (phase I)
- Funding:
  - ✓ \$96 million from ARRA
  - ✓ \$30 million in SIB Loan
  - ✓ \$5 million from TxDOT
  - ✓ \$15 million from Border Infrastructure (CBI) funds



# Joint Development

- Involves a partnership between a public entity and a private developer to develop certain infrastructure assets
- **At Grade** - Development on the land near the facility or at the facility
- **Below Grade** - The ROW is leased to private sector
- **Above Grade** – The public agency sells or leases the air rights for development
- Plays key role in some urban projects
- Often practiced in transit agencies



# Capitol Crossing Air-Right Development Project, Washington, D.C.

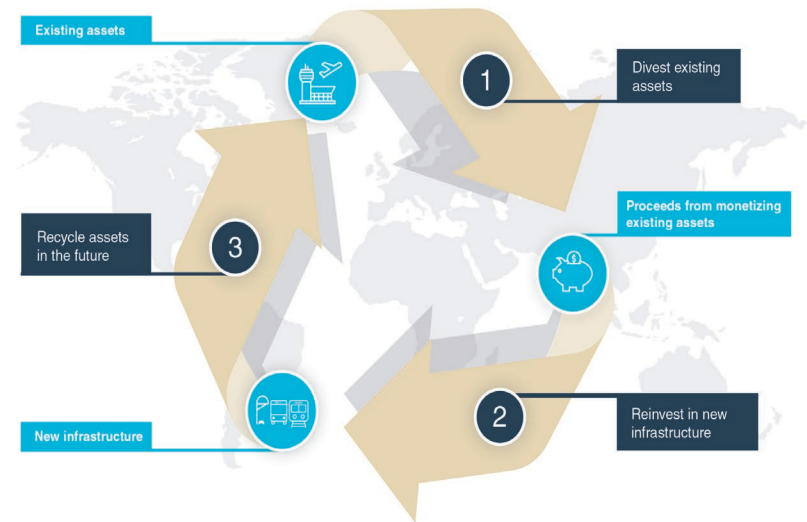
- Value Capture: Above Grade – Air Right
  - ✓ Sold the right to develop the property to Property Group Partners (PGP) in 2012 for \$120 million
  - ✓ Generate \$40 M in new property taxes when completed
- Scope: Seven-acre decked development site above I-395
- Project Cost:
  - ✓ \$1.3 billion development
  - ✓ \$270 million transportation improvement
- Funding:
  - ✓ 100% paid by developer



[https://www.fhwa.dot.gov/ipd/project\\_profiles/](https://www.fhwa.dot.gov/ipd/project_profiles/)

# Concession: Asset Recycling

- A long-term lease of existing highway facility (i.e. toll facility) and use of the lease revenues to pay for other highway improvement needs
- U.S. experience with infrastructure asset recycling is limited
- In Colorado, state sold the prison facilities and leased it back for 20 years, generating \$545 million to funds for rural highway projects



Source: Atkins Acuity



# Indiana Toll Road, Indiana

- 175 mile toll road across in northern Indiana
- Owned by the State, but leased to concessionaire for 75 years – \$3.8 billion
- Funded 10 transportation plan
- Retained all public employees
- Performance Based Maintenance Standards
- As of 2013, over \$300 million has been invested in improvements to the ITR



# Arizona Land Sale

- ADOT sold a 21-acre parcel of land along the north side of Interstate-10 near Phoenix Sky Harbor International Airport for \$28.7 million
- Proceeds will be used for the I-10 widening project

## ADOT's \$28.7M land sale near Sky Harbor will help fund I-10 widening

BY KTAR.COM  
SEPTEMBER 23, 2018 AT 4:01 PM



(ADOT Photo)

PHOENIX — The Arizona Department of Transportation announced last week that it sold a parcel of land near Phoenix Sky Harbor International Airport for \$28.7 million.

The sale of the 21-acre parcel along Interstate 10 is the largest sale of excess property in the department's history.

# Advertising/Naming Right

- **Naming Right/Sponsorship:** A financial transaction and form of advertising whereby a corporation or other entity purchases the right to name a facility or event, typically for a defined period of time.
- **Advertising:** Revenue derived by selling space on transportation facility assets such as inside/outside transit vehicles, transit stations, bus stops, and roadway billboards



# Virginia Rest Areas Sponsored by Geico



Courtesy GIECO



Courtesy VADOT





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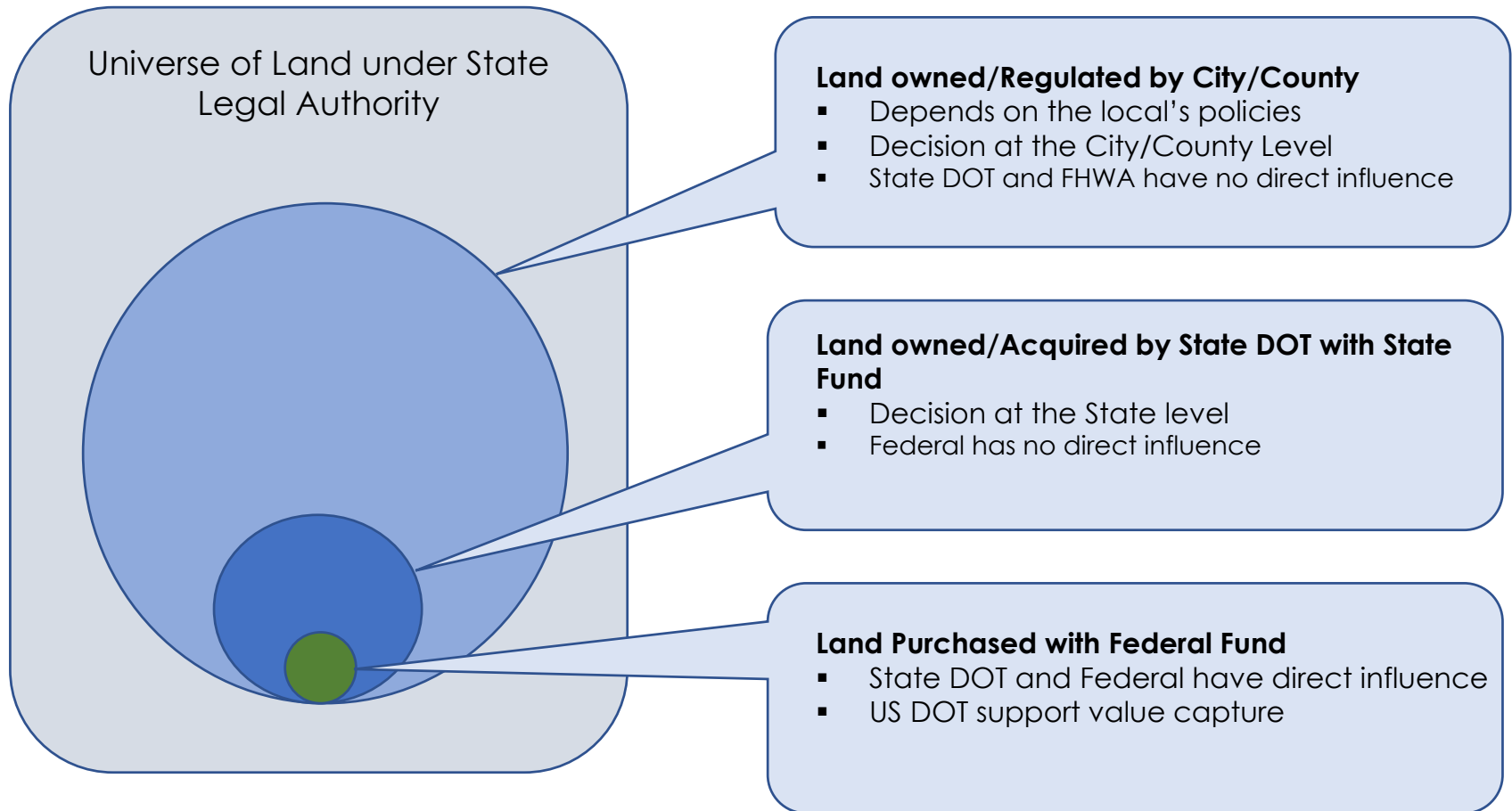
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## EDC-5 Value Capture Implementation Team



# Federal Roles

# Federal's Role in Value Capture Strategies



# Value Capture Implementation Team

## Co-Leads

- Thay Bishop, FHWA Office of Innovative Program Delivery
- Stefan Natzke, FHWA Office of Planning, Environment, and Realty

## Members

- Jennifer Ahlin, Virginia Department of Transportation
- Janine Ashe, FHWA District of Columbia Division
- David Cohen, FHWA Office of Project Development & Env. Review
- John Duel, FHWA Office of Planning, Environment, and Realty
- Kathleen Hulbert, FHWA Infrastructure Office
- Chip Millard, FHWA Freight Management & Operation
- Diane Mobley, FHWA Chief Counsel Office
- Kevin Moody, FHWA Resource Center
- Ben Orsbon, South Dakota Department of Transportation
- Jill Stark, FHWA Office of Planning, Environment, and Realty
- Lindsey Svendsen, FHWA Office of Planning, Environment, and Realty
- Jim Thorne, FHWA Office of Planning, Environment, and Realty
- Bingxin Yu, FHWA Transportation Policy Studies

# VCIT Focus Areas

- **Communication** – Developing the tools to help FHWA staff and others promote Value Capture to local public agencies (Value Capture Implementation Manual)
- **Technical Assistance** – Providing technical assistance to agencies interested in pursuing Value Capture (Peer Program)
- **Clearing House ([website](#))** – Identification of best practices and lessons learned and promoting further discussion on innovative funding options for local public agencies, lessons learned from past and current efforts, etc.

# Clearinghouse for best practices/lessons learned

- EDC-5 Value Capture Sessions:  
[https://www.fhwa.dot.gov/ipd/value\\_capture/resources/value\\_capture\\_resources/edc-5\\_resources.aspx](https://www.fhwa.dot.gov/ipd/value_capture/resources/value_capture_resources/edc-5_resources.aspx).
- Project Profiles:  
[https://www.fhwa.dot.gov/ipd/value\\_capture/project\\_profiles/](https://www.fhwa.dot.gov/ipd/value_capture/project_profiles/)
- Factsheets:  
[https://www.fhwa.dot.gov/ipd/fact\\_sheets/](https://www.fhwa.dot.gov/ipd/fact_sheets/)
- Value Capture Resources:  
[https://www.fhwa.dot.gov/ipd/value\\_capture/resources/value\\_capture\\_resources/default.aspx](https://www.fhwa.dot.gov/ipd/value_capture/resources/value_capture_resources/default.aspx)

# EDC-5 Funding Opportunities

State Transportation Innovation Council (STIC)  
Incentive

- Up to \$100,000 per STIC per year to standardize an innovation

<https://www.fhwa.dot.gov/innovation/stic/>

Accelerated Innovation Deployment (AID)  
Demonstration

- Up to \$1 million available per year to deploy an innovation not routinely used

<https://www.fhwa.dot.gov/innovation/grants>



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## EDC-5 Value Capture Implementation Team



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Tel: 404-562-3695

# Questions & Answers



The Role of Community  
Improvement Districts in Value  
Capture



**SUGARLOAF**  
COMMUNITY IMPROVEMENT DISTRICT

# What is a Community Improvement District (CID)?



CIDs are self-taxing districts that allow commercial property owners to invest infrastructure and other improvements.



There are 27 CIDs in Georgia.




Area investors agree to be a part of the CID and then elect their own Board of Directors.



The directors set a millage (tax) rate to generate funding; matching funds can then become available.



CIDs have a six year lifespan.

A close-up photograph of a person's hands signing a document. The person is wearing a light blue dress shirt and a dark grey tie. They are holding a silver and gold fountain pen in their right hand, writing on a white document. Their left hand is resting on the document. The background is a blurred wooden desk. A semi-transparent white circle is overlaid on the left side of the image, containing the title and list.

## CID Formation Requirements

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- Property owners sign a consent form to join
- Only commercial properties are eligible
- Consenting owners must be a majority (50% + 1) and represent 75% of total appraised value of parcels in a given area

What can  
CIDs do?



STREET AND ROAD  
CONSTRUCTION  
AND MAINTENANCE



PARKS AND  
RECREATIONAL  
AREAS AND  
FACILITIES



STORM WATER,  
SEWAGE, WATER  
TREATMENT AND  
DISTRIBUTION



PUBLIC  
TRANSPORTATION



TERMINAL AND  
DOCK FACILITIES  
AND PARKING  
FACILITIES



OTHER SERVICES  
AND FACILITIES AS  
MAY BE PROVIDED  
FOR BY GENERAL  
LAW



# Sugarloaf CID Context

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- Formed in 2016
- 71 parcels
- Millage rate: 3.5
- Business and entertainment district:
  - 23,544 jobs
  - Infinite Energy Center (over 1M visitors each year)



New  
development  
underway





# Task #1: Identify initial projects for SPLOST funding opportunities

Over \$7M leveraged for intersection and pedestrian projects in our CID





# Initial projects completed

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Right turn lane built through Gwinnett DOT quick fix program at no cost to the CID



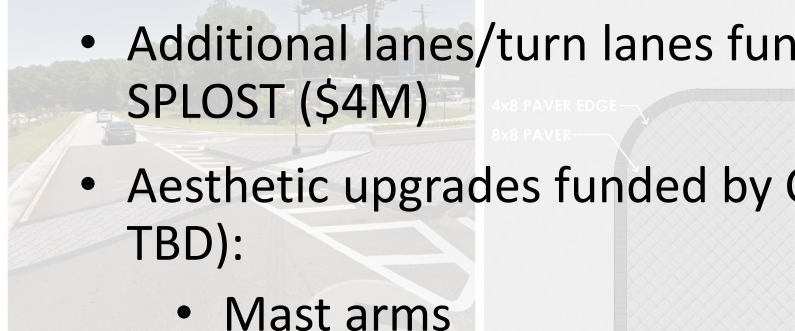
Three sidewalk projects completed with SPLOST funds





# Project underway: Sugarloaf at Satellite intersection improvements

EXISTING INTERSECTION  
SCALE: 1" = 30'



- Additional lanes/turn lanes funded by SPLOST (\$4M)
- Aesthetic upgrades funded by CID (cost TBD):
  - Mast arms
  - Pavers
  - Landscaping







# Loop Trail

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- Regional trail project connecting the Sugarloaf CID to parks, cities, and the Gwinnett Place CID
- \$100,000 grant from the Atlanta Regional Commission for a feasibility to advance the project – the CID is contributing \$12,000 for the local match
- Project is in partnership with Gwinnett County DOT



# Sugarloaf Livable Centers Initiative Master Plan

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- Funded by the CID and Gwinnett County
- Projects in the plan are eligible for grant funding





# BRT Corridor Study

- \$400,000 grant to plan for land use and development for bus rapid transit service connecting Jimmy Carter Boulevard to Sugarloaf Parkway
- Connects three CIDs
- Local match:
  - \$325,000 from Gwinnett County
  - \$25,000 from each CID







# Other CID initiatives

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Security, landscaping, and signage

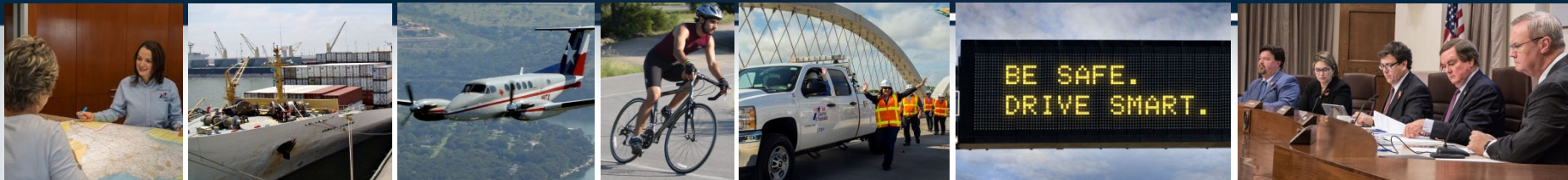


CIDs are critical champions for  
advancing projects.



SUGARLOAF  
COMMUNITY IMPROVEMENT DISTRICT





# TRANSPORTATION REINVESTMENT ZONES

How communities can leverage local funds for transportation projects



**BACKGROUND:  
WHAT IS A TRZ ?**

# What is a Transportation Reinvestment Zone



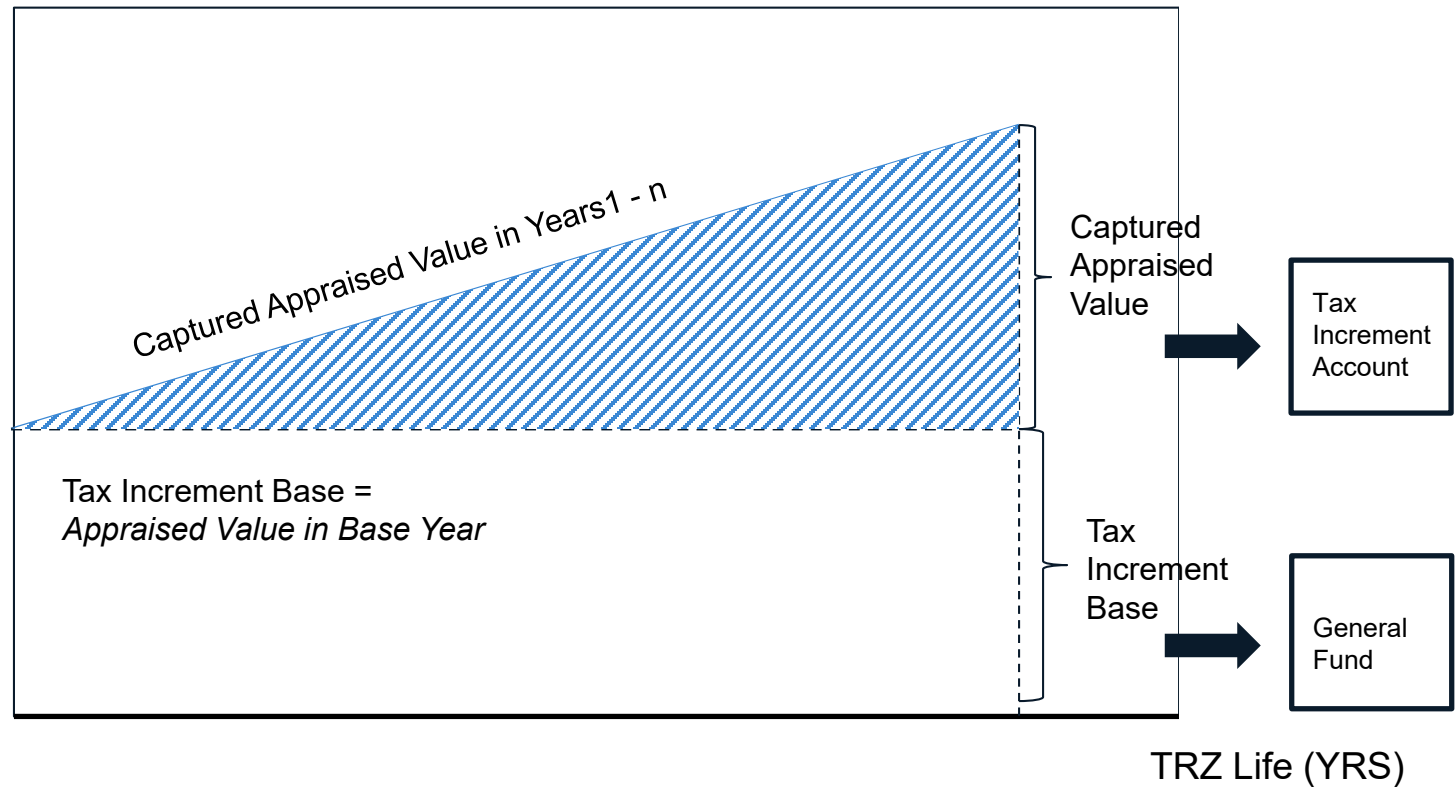
- Transportation Reinvestment Zones are a tool that were created in the 2007 legislative session (Senate Bill 1266) as a **value capture method for transportation projects** where VC revenues are set aside to finance a project
- **House Bill 563 (2011)** – introduced significant changes that increased implementation flexibility. Previously tied to Pass Through projects, but have steadily gained interest since the tool became more flexible.
- Statute Governing Transportation Reinvestment Zones (TRZs):
  - [Texas Transportation Code Chapter 222 Sections 106-111](#)
- What exactly is a TRZ:
  - ***A TRZ is a specific contiguous zone around a planned transportation project that is established as a method to facilitate capture of the property tax increment arising from the planned project***
- Currently there are three taxing entities that can create a TRZ in Texas: **County, Municipality, and Port Authority/Navigation Districts**

# What is a Transportation Reinvestment Zone



## Value Capture Mechanism

Appraised Property Value









- Why use a TRZ and how to find the appropriate project:
  - Allows a community to capture both existing economic growth as well as expected growth generated from the transportation project.
  - A TRZ can be used in conjunction with other financing mechanism to fund a transportation project.
  
- Why haven't they been used more?
  - Has only been detached from Pass Through Toll project since 2011
  - Communities are familiar with TIRZ/TIF
  
- What's the difference with a TIRZ
  - TIRZ/TIF typically used to support non-transportation tools, primarily seen in urban areas
  - A TRZ does not require a board

# What should be included/considered in a TRZ feasibility analysis



The following are recommended items to include and consider in the preparation a TRZ capacity analysis:

- Clear overview of the zone, map, zone delineation, parcel listing (if available)
- List of Participating local governments considering a TRZ for the project (city, multiple cities, etc.)
- Assumptions of the study:
  - The percentage of the property tax value increment in the Zone that is under consideration by the local government
  - Number of years included in the analysis
  - Assumed base year of establishment of the TRZ
- Parcel analysis, including zoning types considered and current breakdown of zoning included in the potential TRZ (e.g: residential, commercial etc.)
- The netting out of existing properties that would not contribute to the revenues (ie: other TIRZ, TIF, abatement agreements, or tax-exempt property)
- 30 years of revenue estimates, including a cash flow table in both nominal and NPV figures
- Historical property value growth trend analysis, based on Central Appraisal District data
- Multiple Economic growth models, i.e. pessimistic, base and optimistic revenue estimate scenarios





**FINANCING**



- Can a TRZ finance a transportation project in its entirety?
- A local government with a created TRZ can use the captured funds directly toward a transportation project or as a pledge for a method of financing (for cities and ports that could include bond issuance)
- Tax Increment Bonds
  - Tax increment bonds can have high costs due to ratings when compared to other municipal debt mechanisms
- TxDOT State Infrastructure Bank Loans
  - The SIB program allows borrowers to access capital funds at or lower-than-market interest rates.
  - GO backstop required
  - Work eligible for the program's funding includes: planning and preliminary studies; feasibility, economical and environmental studies; right of way acquisition; surveying; appraisal and testing; utility relocation; engineering and design; construction; inspection and construction engineering.



# **IMPLEMENTATION PROCESS**





## **Initiation:**

- Project identification
- Preliminary feasibility analysis/ Research of property values under consideration
- Developing stakeholder relations



## **Zone Formulation:**

- Define boundaries, zones, parcels
- Establish benchmark year for tax increment collection
- Refine feasibility study



## **Adoption:**

- Public hearings – 30 days before proposed adoption, and 7 days notice before the hearing
  - Ordinance (Municipal TRZ)
- or
- Order of the Commissioner's Court (County TRZ)





## Implementation:

- Determination of TRZ financing aspects
- Establish mechanisms for funding/partnerships (Inter-local agreements, partnerships with RMA's etc.)



## Monitoring and Evaluation:

- Establish monitoring of TRZ to optimize revenue and payment streams
- Monitor estimated increment revenue vs. actual
- Dissolution of TRZ :
  - December 31 of the year of compliance with contractual requirement or
  - December 31 of the 10th year after establishment if not used for the purpose



**CONTACT  
INFORMATION**



To learn more about funding options for Local Governments, visit:

**[www.TxDOT.gov](http://www.TxDOT.gov)**

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**THANK YOU**