



U.S. Department
of Transportation
**Federal Highway
Administration**

EDC-Value Capture Implementation Team



Value Capture: Capital Improvement Plan

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/

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.

Introduction to Capital Improvement Plan

- What is a Capital Improvements Program?
- What are the benefits?
- What is the legal framework?
- What is a capital project vs capital equipment?
- What is the CIP Process?
- Relationship with the Master Plan?

Capital Improvement Program (CIP)

- A multi-year planning document
 - 5-10-year plan
 - that identifies projects, priorities, funding, and financing
- used by the City/County to
 - Identify and justify capital improvements
 - coordinate the funding, financing and timing of project delivery
- The comprehensive plan is the benchmark.

Capital Improvement Program (CIP)

Which Value Capture Revenue Techniques?

- Impact Fees
- Special Assessments,
- Transportation Utility Fees
- Tax Incremental Finance
- and similar but with local name (such as “overlay district”)

Capital Improvement Program (CIP)

Three “flavors”

- Standard
 - Addresses system deficiencies (road and bridges)
- Comprehensive
 - Addresses changing community needs (multi-modal and complete streets) such as growth and equity
- Transitioning to Sustainability (T2S)
 - Addresses shift to desired future conditions
 - asset management across multiple sectors,
 - incremental contributions
 - such as neighborhood resilience and economic diversity

Capital Improvement Program (CIP)

Why use a CIP?

- Many states require a CIP before the local government can apply Value Capture Revenue Techniques
 - Only projects included in the CIP can be funded with impact fees
 - must satisfy the “Rational Nexus” and proportionality tests
 - should describe use, intensity, and future service standards
- The CIP is a transparent signal to private investors
 - Optimizes the sources of funding, and total fund availability, for asset owners
 - Maximizes community-based outcomes
 - Minimizes threats to individual project delivery schedules

Project Categories

- General Improvements
- Community Improvements
- Parks
- Streets
- Managed by Public Works
- “Clients” are other Departments and Public Work Maintenance
- Other Departments Lead Certain Projects

CIP Elements

1. Influence diagram or narrative
 1. Fundamental objectives and functional requirements
 2. Logic Model of the relationship between prioritized projects and place-based private sector investment decisions
2. Prioritized list of projects and cost estimates
 1. Transportation
 2. Non-transportation
3. Funding and finance solution space(s)
 1. Advanced CIPs can include Federal & state funding, Federal low interest loans, and local infrastructure bank or revolving fund

CIP logic

Do This	By Improving	To Modify
Adjust flows of	Lifeline Infrastructures	Place-based investments
<ul style="list-style-type: none"> • Energy • Information • Matter 	<ul style="list-style-type: none"> • Electric Power Supply • Telecommunications • Transportation • Water Supply • Waste Stream 	<ul style="list-style-type: none"> • Amount (and Intensity) • Pace (Timing and Rate) • Location • Pattern

CIP logic

Modifying Place-Based Decisions

Amount – a change in overall amount (stock)

Pace – a change in the rate

Location – a change in the direction or location

Pattern – a change in the type (density; use)

CIP Process – Comprehensive

1. Guiding Documents

- General Plan
- Specific Plans
- Parks Master Plan
- Bike & Ped Master Plan
- Streetscape Master Plan
- Value Capture revenue techniques or mechanisms
- Regional Transportation Plans

CIP Process

2. Review of current needs and available/new funding sources
 - Needs related to progressive growth
 - Needs related to gap funding (deficiencies)
 - Internal discussions/decisions on priorities, schedules, and funding
 - Maintenance and other requests
3. Commission(s) review and make recommendations to City Council

CIP Process

4. City Council Approval

5. Project Work

- Community Engagement
- Planning, Environmental, Right-of-Way, Design, Construction

CIP for Value Capture

Revenue techniques and mechanisms that capture induced private investment:

- Impact Fees (Public Facility Fees, Traffic Fees, Park Fees) & Mitigation Fees (Project Mitigations)
- Other local / regional sources (Grants, Community Benefit Payments, Assessment Districts, etc.)

Traditional Funding Sources

- State Gas Tax
- Measure X, etc.
- Vehicle Registration Fee (VRF)
- Traffic Impact Fees
- Special Assessments
- Federal, State, Regional Grants
- General Fund
- Others

CIP clones

- Economic Development Administration
 - Ecosystem
- U.S. Army Corps of Engineers
 - Integrated Watershed Management Plan

Questions?



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CITY OF SALEM 5-YEAR CIP FY 2019-20 THROUGH FY 2023-24

Value Capture Presentation
July 18, 2019

CIP PROCESS

- Guiding Documents
 - City of Salem – Policy C-9
 - Master Plans (Parks, Transportation, Water, Wastewater, Stormwater)
- Review of Current Needs and New/Available Funding
 - Infrastructure Committees (Engineering, Planning, Operations)
 - Submission of Issues
 - Scoring and Prioritizing
 - Funding Programming
- Recommendations
 - Presented to Public Works Executive Management
- City Council Approval
 - Public Hearing
- Project Work
 - Public Outreach
 - Design, Bid/Award, Construction

HIGHLIGHTS

- Projects: 143 (All-City)
- Total Project Costs: \$201.3 million
- R&R Utility Projects: Targeted 3-percent per year for each utility
- Funding:
 - Rate Transfer over 5-years: \$71.1 million
 - Revenue Bond: \$50 million
 - State/Federal Grants: \$22.4 million
 - SDCs: \$21.3 million
 - Other: \$36.6 million
- 298 Projects scored and prioritized
- Transportation criteria developed and projects scored
- Public Hearing: April 24, 2019

FOCUS - NEXT 5 YEARS

- Geren Island / Detroit Dam Mitigation Improvements: \$80 million of planned improvements over three years to address cyanotoxins in the City's drinking water and water supply concerns.
 - Ozone Treatment Facility
 - ASR Improvements
 - Groundwater Well Improvements
- Transmission Lines: \$5.6 million allocated to increase capacity and provide operational redundancy.
 - 36-inch to 54-inch Water Transmission Line Interties
 - 54-inch Waterline Repairs, Santiam Water District
 - 36-inch Water Transmission Line CIPP Lining

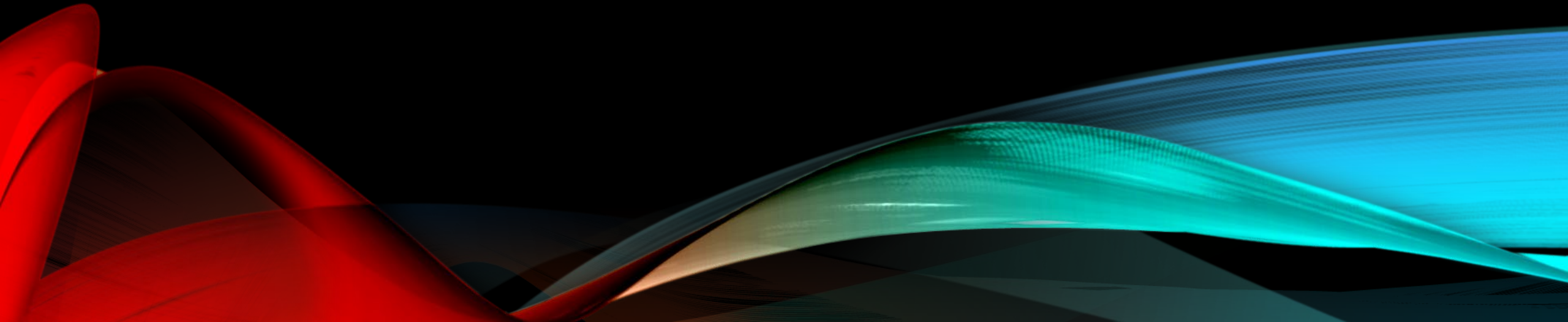
FOCUS - CONTINUED

- R&R Projects: \$15.4 million allocated to assist in restoring and rehabilitating pipe systems throughout the City.
 - Sunrise Ave S, Hansen Ave S, Ben Vista Dr S – Main Replacement
 - Crestview Apartments Waterline Upsizing and Replacement
 - Turnage Trunk SSO Improvements
 - Waldo / Wildwind Pipe Replacement
 - Manzanita Way NE SSO Pipe Replacement

- Willow Lake Treatment Facility: \$16.2 million allocated for wastewater facility upgrades.
 - Hydraulic Improvements
 - Trickling Filter Arm Replacements
 - Headworks 4th Influent Bar Screen
 - South Primary Clarifier Improvements

FOCUS - CONTINUED

- Master Plans for Battle Creek, Pringle Creek, and Mill Creek: \$2.9 million allocated for projects from the result of the draft master plans.
 - Add Levee on West Fork Pringle Creek
 - Replace Railroad and McGilchrist Culverts on West Fork Pringle Creek
 - Waller Dam Sediment Removal



ALLOCATION BY UTILITY

Category	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	TOTAL
Water	\$ 3,670,000	\$ 4,605,000	\$ 10,200,000	\$ 9,861,000	\$ 6,003,240	\$ 34,339,240
Wastewater	3,275,000	5,550,000	1,564,000	500,000	2,977,760	13,866,760
Willow Lake	4,730,000	1,100,000	-	2,388,000	3,904,000	12,122,000
Stormwater	1,415,000	2,745,000	2,236,000	2,251,000	2,115,000	10,762,000
TOTAL Projects	\$ 13,090,000	\$ 14,000,000	\$ 14,000,000	\$ 15,000,000	\$ 15,000,000	\$ 71,090,000

ALLOCATION BY CATEGORY

Category	Projects	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Airport	2	\$ 3,498,330	\$ -	\$ -	\$ -	\$ -	\$ 3,498,330
Art Installations	1	25,000	25,000	25,000	25,000	-	100,000
Buildings	1	241,000	-	-	-	-	241,000
Historic Structures	1	59,000	81,900	35,000	49,000	35,000	259,900
Information Technology	4	192,650	461,320	200,000	388,660	-	1,242,630
Parks	38	2,450,000	3,565,000	2,220,000	2,800,000	2,795,000	13,830,000
Parking Structures	12	90,000	845,000	780,000	856,000	340,000	2,911,000
Transportation	16	7,531,080	495,000	767,000	891,200	417,820	10,102,100
Urban Renewal Agency	13	31,238,100	2,600,000	2,000,000	2,000,000	-	37,838,100
Utilities	55	30,025,000	48,318,000	21,985,000	15,000,000	16,000,000	131,328,000
Grand TOTAL	143	\$75,350,160	\$56,391,220	\$28,012,000	\$22,009,860	\$19,587,820	\$ 201,351,060

FUNDING SOURCES

Funding Type	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Airport	\$ 3,498,330	\$ -	\$ -	\$ -	\$ -	\$ 3,498,330
City of Keizer	164,320	-	-	-	-	164,320
Donations	60,000	60,000	60,000	60,000	60,000	300,000
General Fund	767,650	1,768,220	1,450,000	1,688,660	935,000	6,609,530
Local, State, Federal Grants	21,188,360	1,150,000	-	500,000	-	22,838,360
Revenue Bond	11,770,000	31,640,000	6,590,000	-	-	50,000,000
SDC	8,238,460	4,408,000	3,545,000	2,295,000	2,800,000	21,286,460
State Highway	360,000	345,000	367,000	391,200	417,820	1,881,020
Transient Occupancy Tax (TOT)	75,000	420,000	-	75,000	375,000	945,000
Utility Rates	13,090,000	14,000,000	14,000,000	15,000,000	15,000,000	71,090,000
Urban Renewal Agency	16,138,040	2,600,000	2,000,000	2,000,000	-	22,738,040
TOTAL Projects	\$75,350,160	\$56,391,220	\$28,012,000	\$22,009,860	\$19,587,820	\$ 201,351,060

ISSUES INVENTORY

Category	Total Issues	Programmed over 5 Years	Percentage Programmed
Water	72	15	21%
Sewer	131	14	11%
Willow Lake	13	9	69%
Storm	64	14	22%
Transportation	20	16	80%
Parks	81	32	40%
	381	100	26%

LOOKING FORWARD

- Project Descriptions: Update all descriptions to provide relevant information for estimating, scoring, and prioritizing.
- Project Estimating: Update estimates to insure funds are available for programming. Identify and implement a formula in the estimate for cost escalation.
- Potential CIP Policy Changes
- Master Plans: Complete master plans for Water / Wastewater / Stormwater.
- Stormwater Master Plans: Review projects and determine if larger projects can be phased to assist with funding allocation.
- Public Outreach: Continue to educate the public on the CIP process and how they can participate (Open House, Flyers, City Website, Neighborhood Meetings, Public Hearing)
- Social / Geographic Equity: Institute a process to insure projects in the CIP comply with Title VI requirements.

DISCUSSION / QUESTIONS

