

Webster Regional Rail

1 CASE OVERVIEW

The Webster Regional Rail Project (Webster Rail or the Project), is a 23-mile extension of the Webster's rail system with approximately ten stations including a station at Webster International Airport (WIA) (the WIA Corridor). It is being developed by the Webster Regional Transportation Authority (WRTA). All major planning and environmental approvals have been obtained.

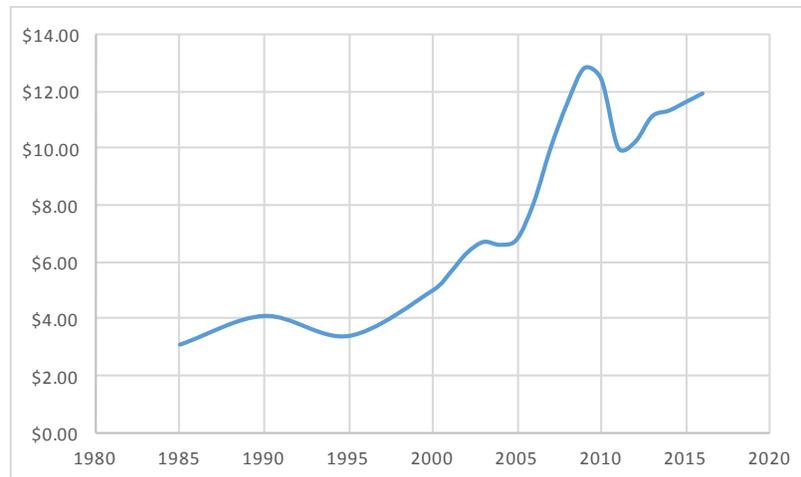
The Project, however, has a funding gap of around \$1,000M, or 20% of the Project.

Local Economic Conditions And Market Considerations

The WIA Corridor is a portion of the Webster region (the Webster Region) in which a key portion of the economic activity in the Webster Region occurs. This includes Galleria retail and office center and other commercial and retail developments, several Fortune 500 companies and other properties along the WIA Corridor with millions of square feet of space. The Galleria area was a classic suburban development with extensive parking lots and garages and relatively low-density that car-focused.

The Webster Region has benefitted from the growth of the state and federal government and ancillary businesses, including IT and telecommunications. As Figure 1 shows, the assessed value of the taxable commercial and industrial properties in the Phase 1 TID essentially doubled from 2001 to 2010 (from \$5B to 12.4B) and grew at a compounded annual growth rate (CAGR) of 4.6% from 1985 to 2016, despite enduring several major real estate cycle downturns as **Figure 1** shows.

Figure 1: Assessed Value of Taxable Commercial/Industrial Property in the Phase 1 TID in \$ billions (Webster County Economic Development Authority, 2016)



Furthermore, projections show that over the next 25 years, the Galleria area population is expected to grow in the corridor by 45 percent and employment by 63 percent (Metropolitan Planning Council, 2016).

Capacity, Organization, Coordination, And Partnership

The planning and organization that went into the Webster Regional Rail was complex and goes back decades and is linked to the creation of WIA.

A group of developers, Webster Rail Initiative Now! (WRIN!) which owns property in the Galleria area and along the WAP Corridor have been frustrated that the project had taken so long since it appeared that the Project was so close to obtaining funding. They want to push the Webster Regional Rail forward and were looking for solutions, including securing financing so that the Project could be built within the next five years. They have heard about value capture tools and are very interested, but do not know how to proceed.

2 CASE OBJECTIVES

You are at the state DOT's Webster Office and have been approached WRIN! for some help because of your know-how of value capture, having participated in the FHWA EDC-5 program. They have asked your suggestions on how realize the Project.

You must recommend the following:

1. What type of value capture tools could be considered? What are most appropriate for the WPA Corridor?
2. How would you implement the value capture program?
3. What would be the role of WRIN, WRTA, WIA, other Webster agencies, the state and the federal government?
4. How could the value capture tool be used to help finance the missing 20% of the Project?
5. What risks do you anticipate?

3 CASE GUIDELINES

Please:

- Read the case materials thoroughly;
- Appoint two people who will serve as facilitators and present your findings to the session attendees;
- Discuss as much as possible the items in section 2 above;
- If any items of the case are unclear or you feel that data are missing, take advantage of your collective experience to make reasonable assumptions;
- Do not consult any sources—online or otherwise about this actual case. The purpose of the exercise is not to find the right answer but to gain understanding about the issues related to value capture;
- Either the facilitators or other group member take notes on poster paper to organize the group's thoughts. This does not have to be pretty—it just has to be legible enough so that your facilitators can read them out loud;
- The facilitators present their findings at the end of the session in around a minute or two.