

Center for Accelerating Innovation



U.S. Department
of Transportation

**Federal Highway
Administration**



Capital Improvement Programs

Disclaimer

The contents of this presentation do not have the force and effect of law and are not meant to bind the public in any way. This presentation is intended only to provide information and clarity to the public regarding existing requirements under the law or agency policies. Value capture techniques and policies are often implemented outside of Federal funding or regulatory requirements.

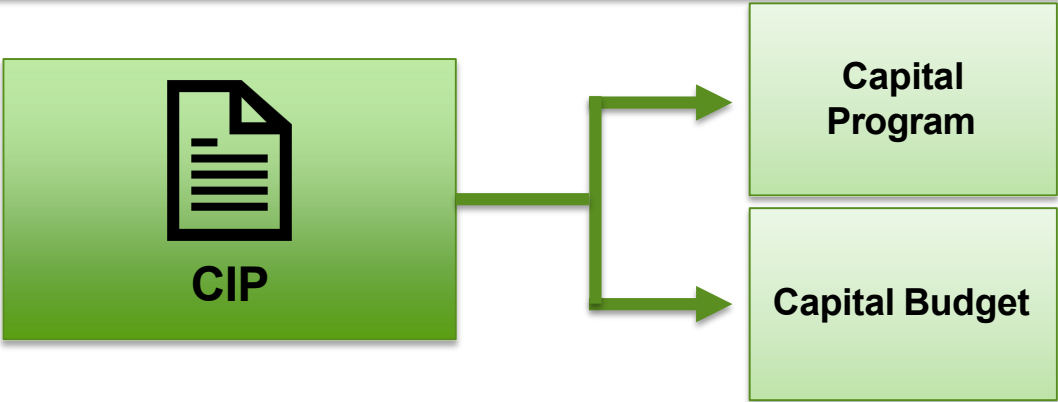
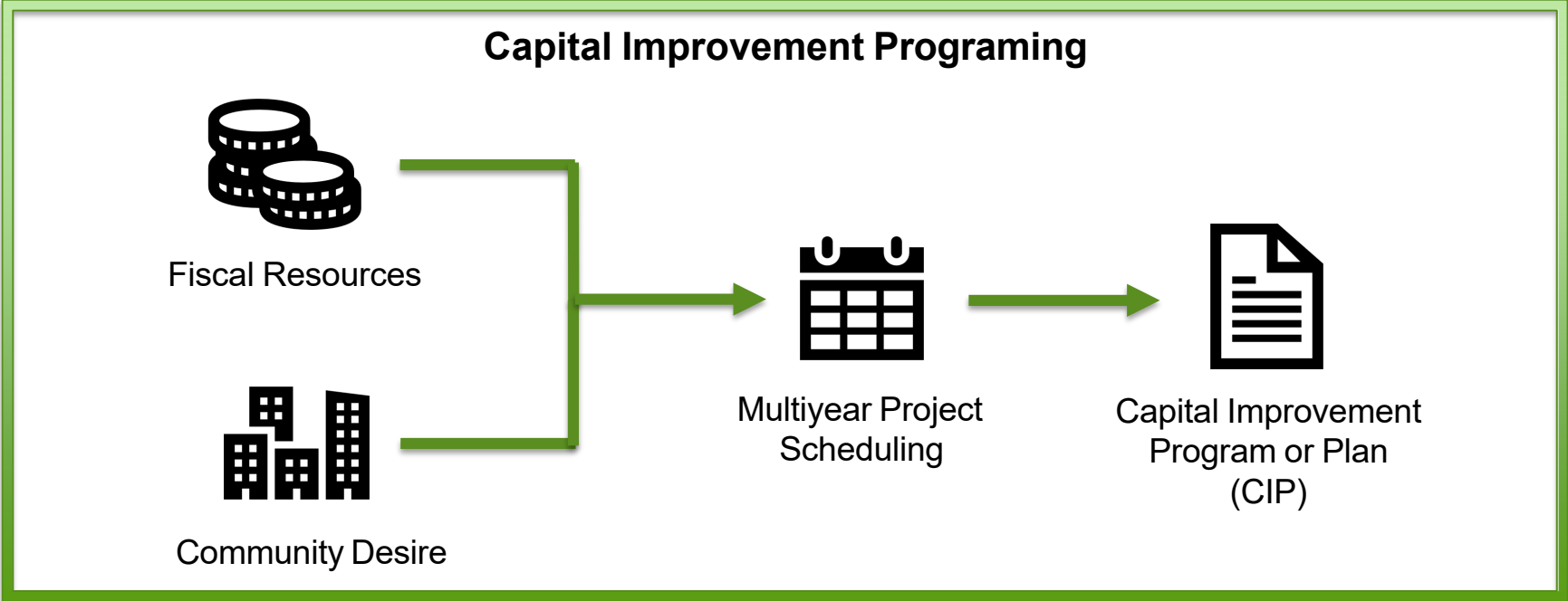
Presentation Outline

- 1 Overview
- 2 Implementation
- 3 Legal Framework
- 4 Opportunities and Challenges
- 5 Value Capture Techniques in the CIP
- 6 Case Studies

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Overview: Capital Improvement Programing



Overview: CIP Objectives



CIP

- 1 Implementation of the comprehensive plan goals
- 2 Ensure timely construction or renovation of infrastructure to provide the LOS identified in the comprehensive plan
- 3 Identify funding sources for each capital improvement
- 4 Provide a baseline (recommended capital budget) for the annual budget
- 5 Coordinate capital and operating budgets
- 6 Create transparency around the process of selection and funding of capital projects considering public inputs
- 7 Inform the public about future needs and capital improvements

Overview: CIP Elements



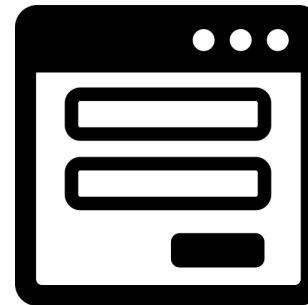
Narrative



Prioritized list of projects and cost estimates

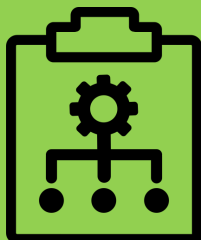


Funding Sources



Project Detail Forms

Overview: CIP Uses



Planning Tool

- Implement comprehensive plans
- Implement transportation plans



Fiscal Management tool

- Identify capital needs in advance allowing time to secure state and federal funds
- Monitor ongoing projects in terms of schedule, costs, and financial status



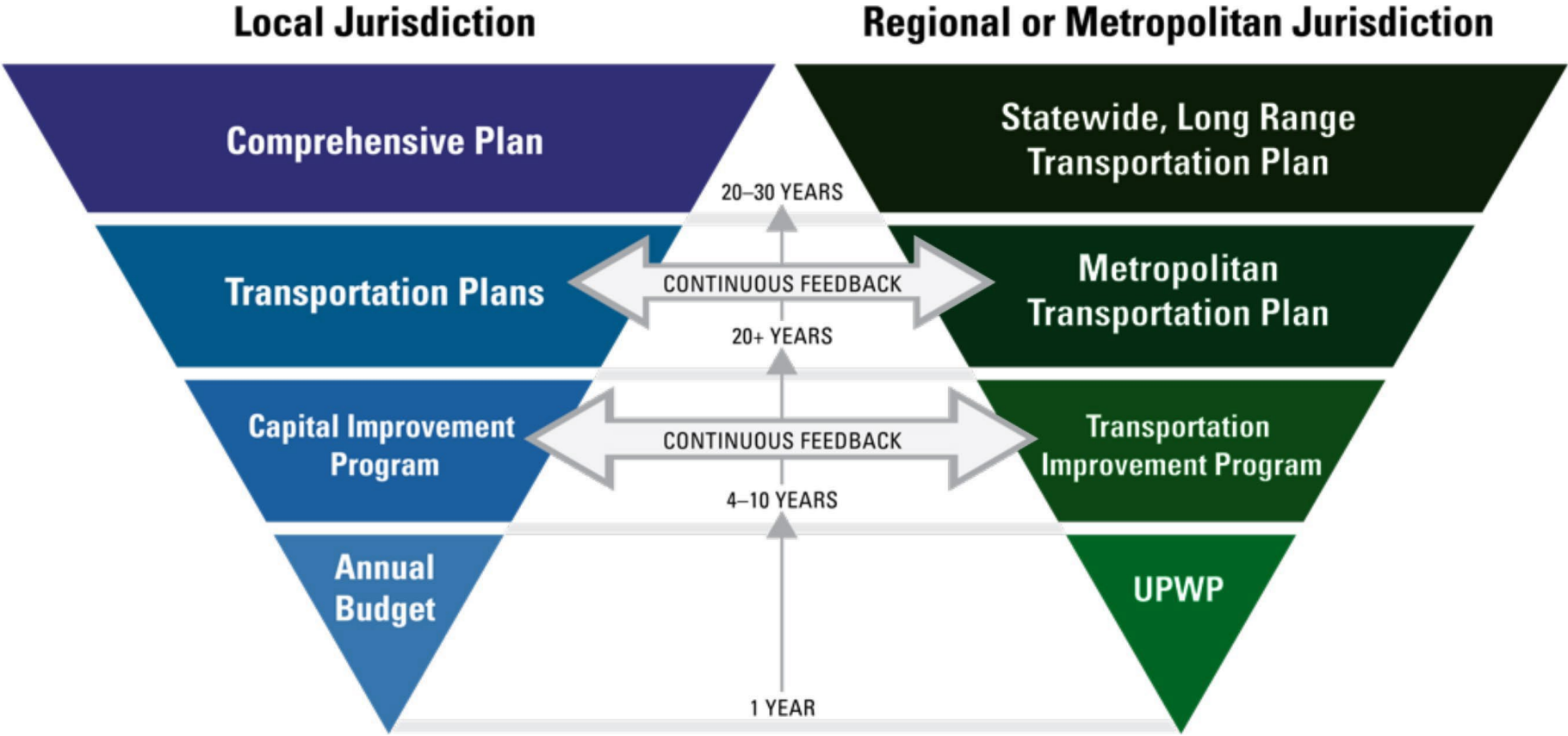
Budget Tool

- Recommend capital budget
- Compute impact of capital improvements on operating budget
- Maintain a balanced budget

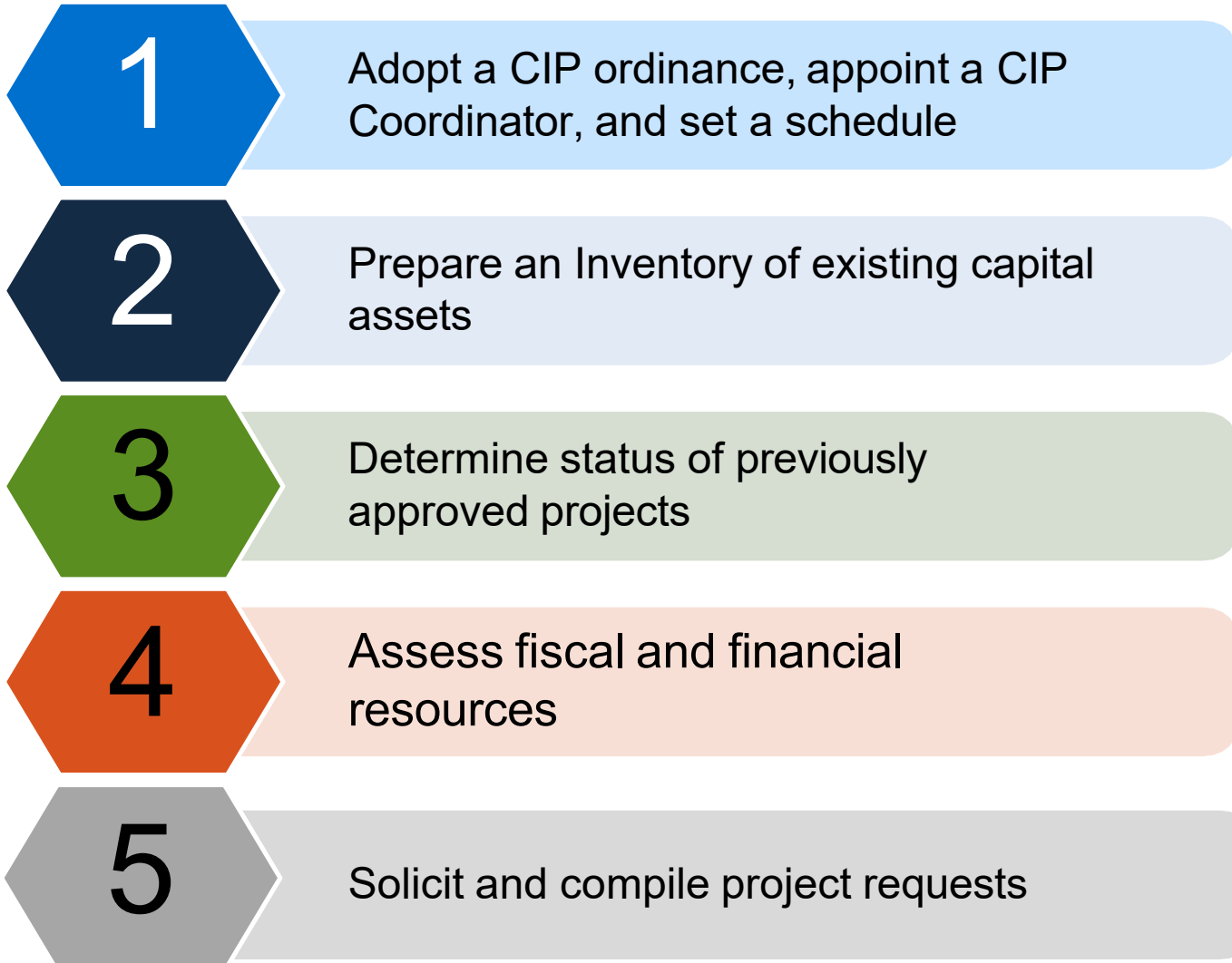
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Implementation of CIP: Guiding Documents



Implementation of CIP: Development



Implementation of CIP: Development



Implementation of CIP: Development

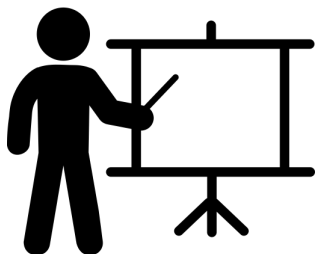
1

Adopt a CIP ordinance, appoint a CIP Coordinator, and set a schedule



Local
Government

If the CIP is implemented for the first time, the local government creates a legal framework for the adoption of the CIP and establishes roles and responsibilities for its development.



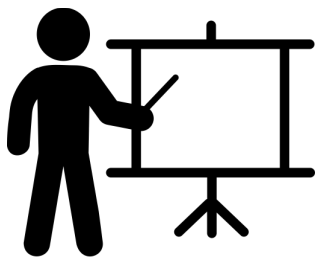
CIP
Coordinator

Each year, the CIP coordinator establishes a schedule for all local officials with specific deadlines for completing each step of the CIP development process.

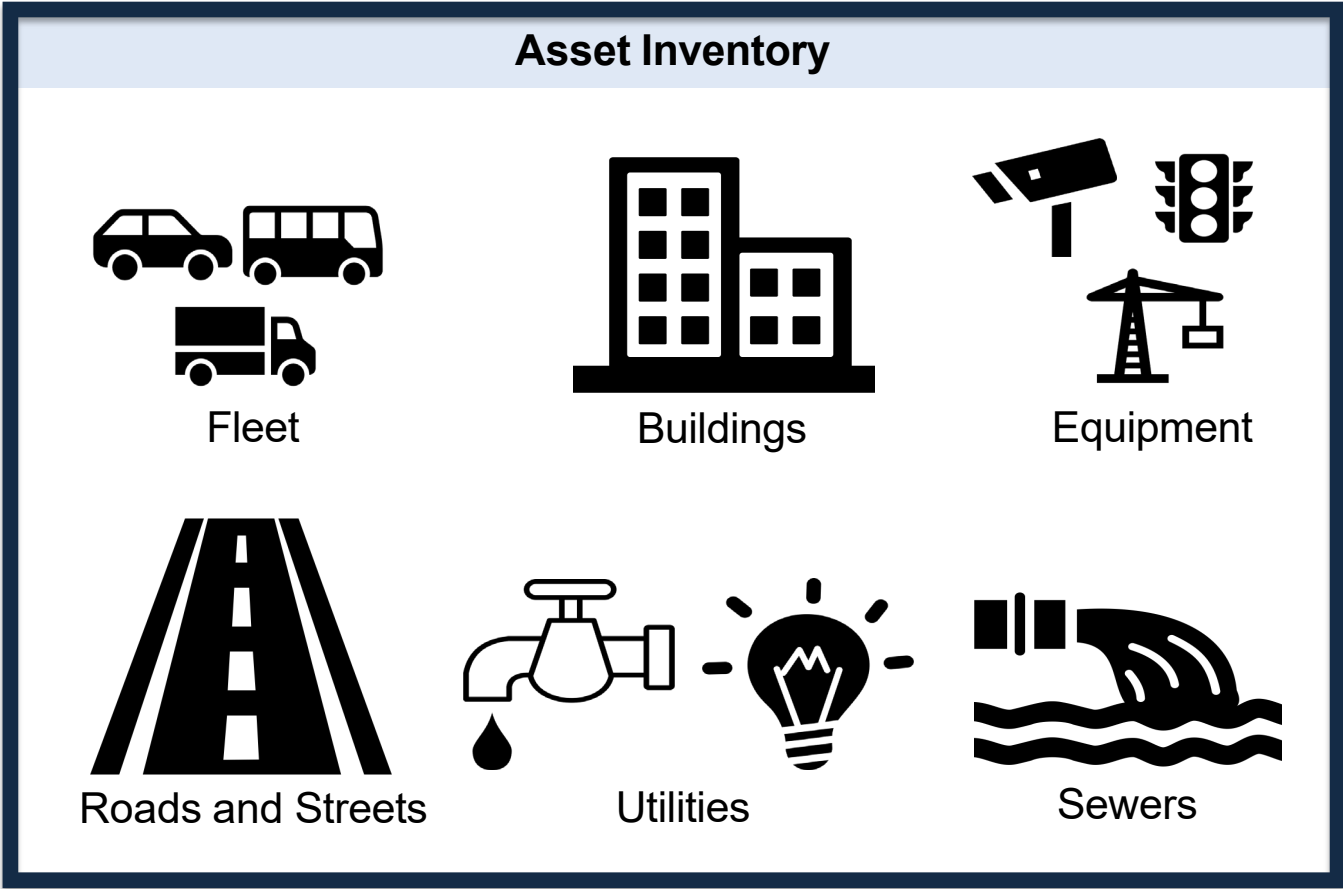
Implementation of CIP: Development

2

Prepare an Inventory of Existing Capital Assets



CIP Coordinator



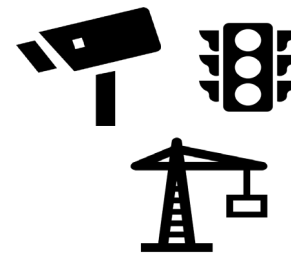
Asset Inventory



Fleet



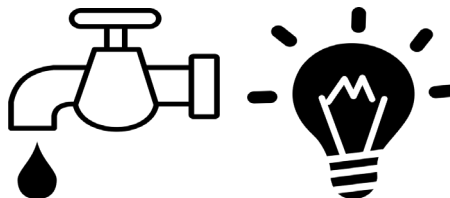
Buildings



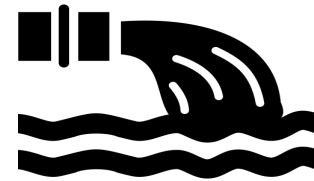
Equipment



Roads and Streets



Utilities



Sewers

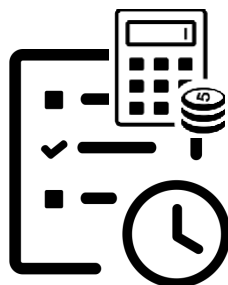
Implementation of CIP: Development

3

Determine status of previously approved projects

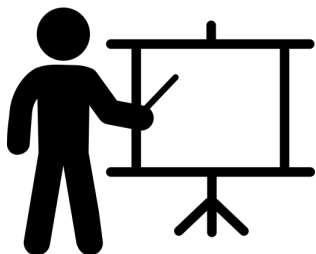


Local
Government



The capital projects that are already underway should be reviewed to evaluate:

- If additional funds are needed
- If there are unspent funds that may become available
- If there are changes in the proposed schedule



CIP
Coordinator

Implementation of CIP: Development

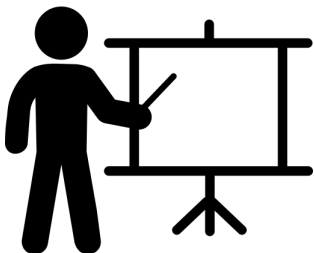
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Assess fiscal and financial resources



Local
Government

Assessment of recent trends and projections of revenues and expenditures, including debt and other liabilities.



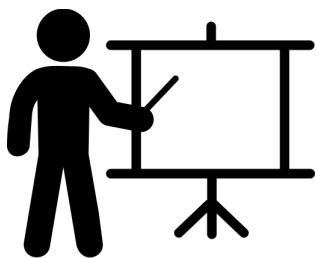
CIP
Coordinator

Results of this assessment helps the CIP coordinator propose a CIP with a funding source schedule aligned with community's fiscal policies and financial constraints.

Implementation of CIP: Development

5

Solicit and compile project requests



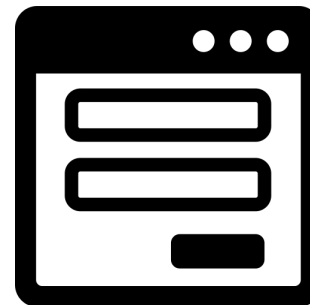
CIP
Coordinator

The CIP coordinator solicits capital improvement project requests from all local agencies and departments ranked in order of priority.

Project Request Forms



Prioritized list of
projects and cost
estimates

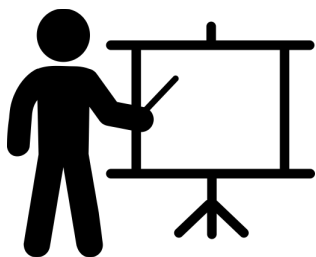


Project Detail
Forms

Implementation of CIP: Development

6

Evaluate, prioritize and select projects



CIP
Coordinator

The CIP coordinator convenes several meetings that include the local government's departmental leadership to review, discuss, and critique the project proposals received.

In this step, public's perspective is gathered and incorporated.

Generally, projects are prioritized using a scoring system based on established criteria to assess the value that each project brings to the community.

This step results in a list of projects selected to be included in the CIP in order of priority.

Implementation of CIP: Development

6

Evaluate, prioritize and select projects

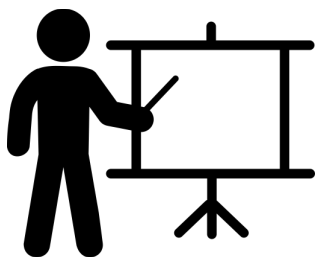
Example of Scoring System from Vanderburgh County, VA

	Criteria	Criteria Explanation	Points
Safety Improvements (40%)	Safety Improvements	Is there an accident history along the project site?	10
		Road accident history include fatality or high injury rate?	15
		Projects that will mitigate a hazard in locations. Does the project reduce conflicts and/or provides safety mitigation for any potential vehicular conflicts?	5
	Multi-Modal Benefit	Is there an accident history along the project site?	10
		Road accident history include fatality or high injury rate?	15
Development and Connectivity (40%)	Contribution to Focus Areas (Land Use)	Project is located in or directly serving a regional TIF District.	15
		Project is located in or directly serves a development, industrial center, or employment core.	10
		Project serves an activity center (Park, University, K-12 school).	5
	Connectivity of Corridor	The project completes a gap in a corridor (i.e. is the roadway on either end of segment constructed to County standards?).	10
Funding and Support (20%)	Non-county funding secured	Project is on the Statewide Functional Classification Roadway Network and eligible for Federal Funding.	5
	Project Support	Project is included in a local plan (transportation plan, corridor plan, etc.).	5
		Project has received stakeholder support (project discussed in stakeholder meeting; 1 person =5, >1 person = 10)	10
Total points possible			100

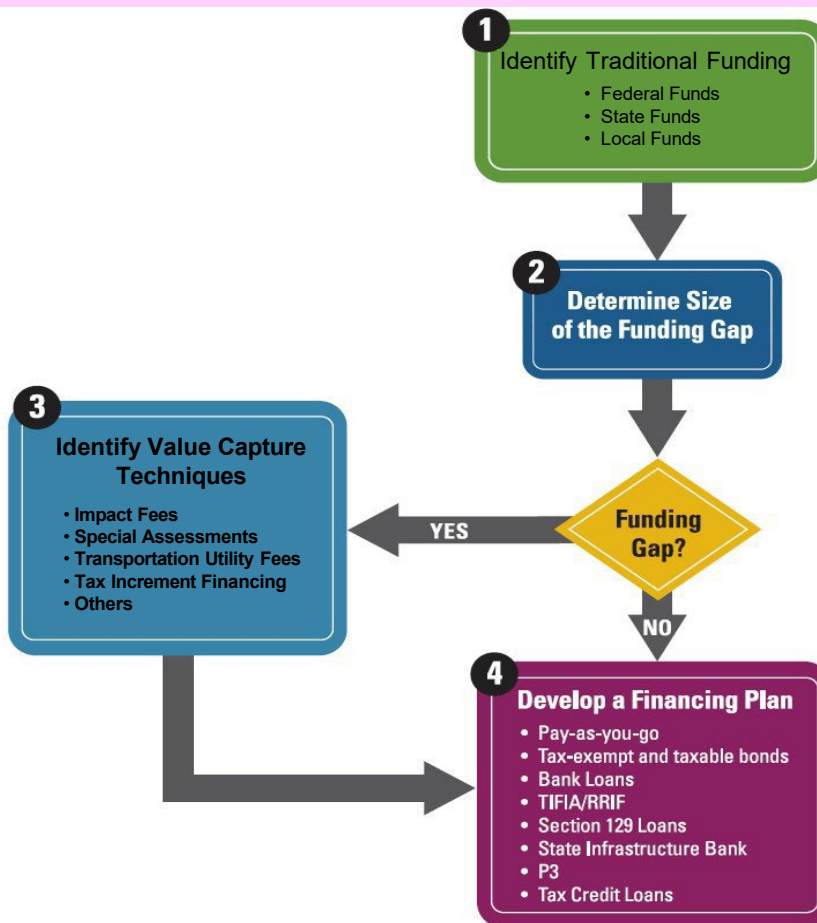
Implementation of CIP: Development

7

Develop a CIP Financing Plan



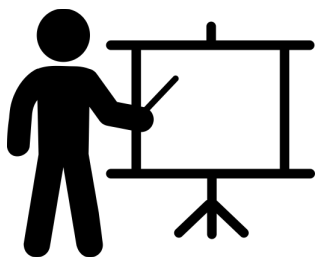
CIP
Coordinator



Implementation of CIP: Development

8

Prepare program draft



CIP
Coordinator

The CIP coordinator prepares the draft CIP and submits it to the governing body for its review and adoption.

Elements of a CIP



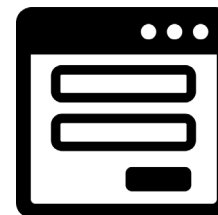
Narrative



Prioritized list
of projects
and cost
estimates



Funding
Sources



Project Detail
Forms

Implementation of CIP: Development

9

Review and adopt the CIP



Local
Government

The governing body reviews all recommended projects included in the CIP draft putting special attention to:

- Projects listed for the next fiscal (they need to be included in the annual budget)
- Projects and capital equipment purchases that are included for the first time in the CIP.
- Ongoing projects incurring in delays or cost overruns
- Projects that are moved forward several years

Public and representatives of public groups and organizations also have the opportunity of reviewing the CIP

The resulting CIP and capital budget are adopted.

Implementation of CIP: Administration

- Local government departments commence the execution of the projects.
- The execution of transportation projects requires a set of actions:
 - ✓ Planning and community engagement
 - ✓ Environmental
 - ✓ Right-of-Way
 - ✓ Design
 - ✓ Construction

Execute the approved CIP

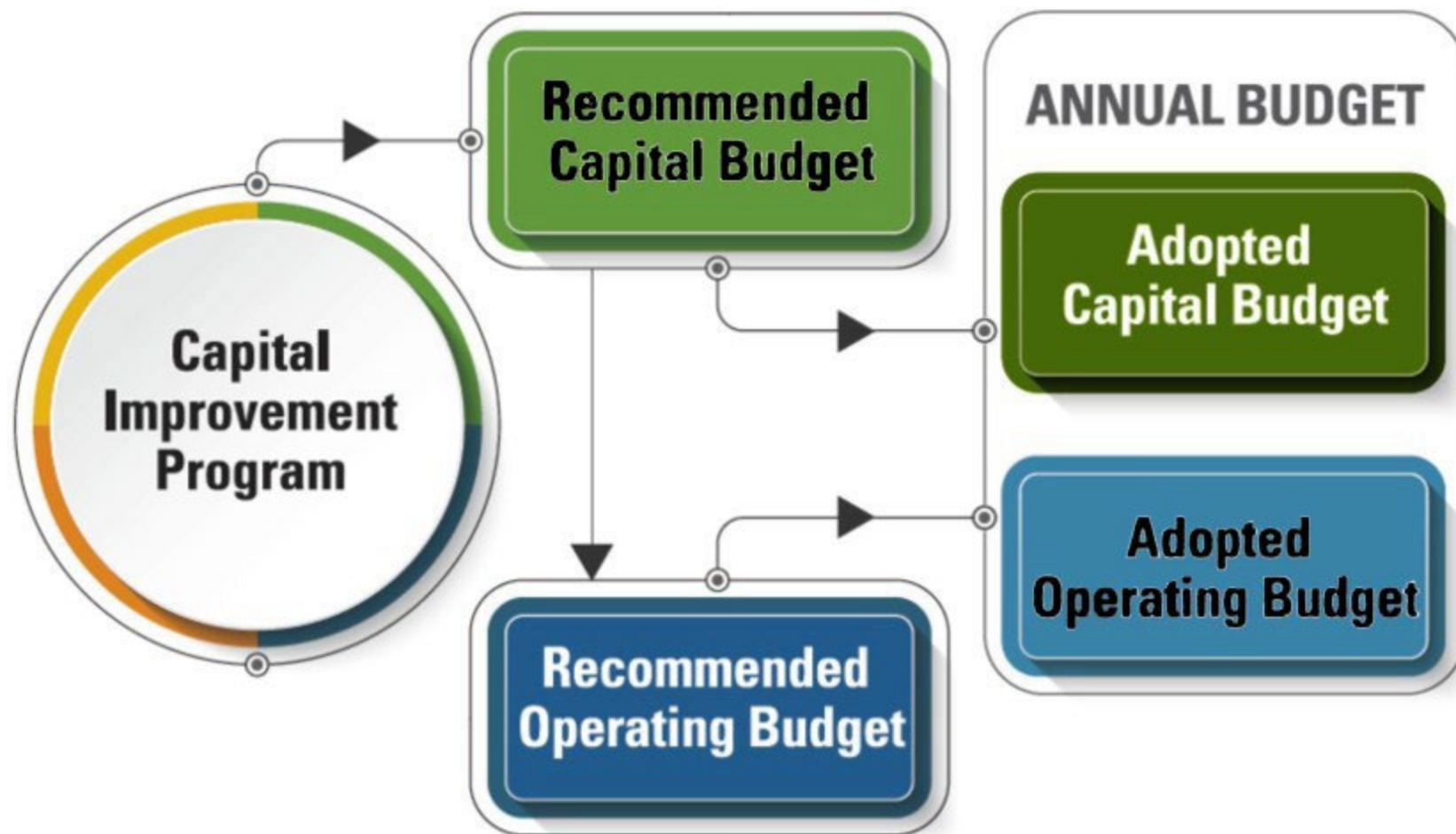


- It is important to update the CIP on an annual or biannual basis to:
 - ✓ Account for changes in community needs
 - ✓ Reflect new information, policies, and projects
 - ✓ Cost and funding amounts for current and future years are updated
 - ✓ Allocate uncommitted funds

Update the CIP



Implementation of CIP: Annual Budget



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Legal Framework: State Requirements



CIP legal framework is generally found in State laws dealing with local government planning and budgeting statutory provisions.

The requirement to adopt a CIP varies from not requiring one to explicitly or implicitly requiring it under certain circumstances.



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Opportunities and Challenges: Acceptance



Public Acceptance

- CIPs includes multiple opportunities to inform the public about capital improvements and gather inputs.
- CIPs also informs business owners, developers, and bond investors regarding the vitality of the community, the cost of services, and the sustainability of its tax burden.



Political Acceptance

- CIPs provide transparency and a rational approach to prioritize capital improvements reducing public pressure on elected officials.
- CIP can help maintain steady payments and tax rates over a period of time.
- In contrast, certain officials who are uncomfortable with sharing control of the process with the public or other officials may not support the adoption of a CIP.

Opportunities and Challenges: Equity

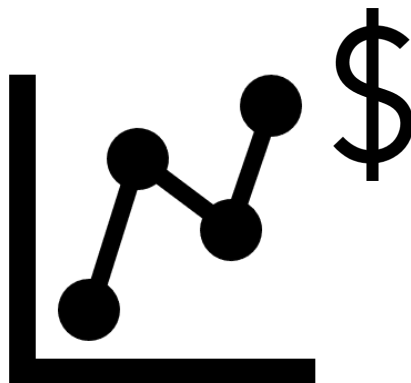
CIPs provide a mechanism to help ensure that capital investment decisions are made considering fairness to all stakeholders in a community in terms of who incurs the costs and consequences of those decisions.



Some cities have gone a step further and added equity-specific indicators to measure how its CIP allocations are distributed within neighborhoods in their jurisdiction.

Opportunities and Challenges: Cost

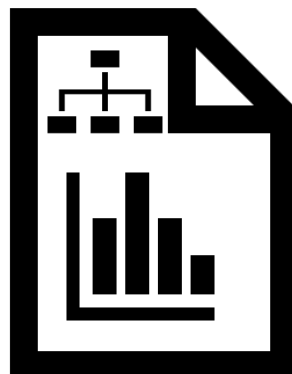
CIP can afford a community financial benefits, such as a good credit rating promoting economic development, spotting hidden costs or avoiding unexpected expenditures, and successfully competing for state or federal funds.



The cost challenge that communities may face in implementing a CIP, is that it requires a multi-disciplinary team skilled in financial management, project management, and public participation.

Opportunities and Challenges: Administration

Managing, maintaining and monitoring a CIP also poses some administrative challenges. Implementing a CIP, particularly for the first time, requires a considerable amount of effort from local government officials and staff.



Over time, the process of updating an existing CIP (or developing a new one) becomes more familiar and less demanding.

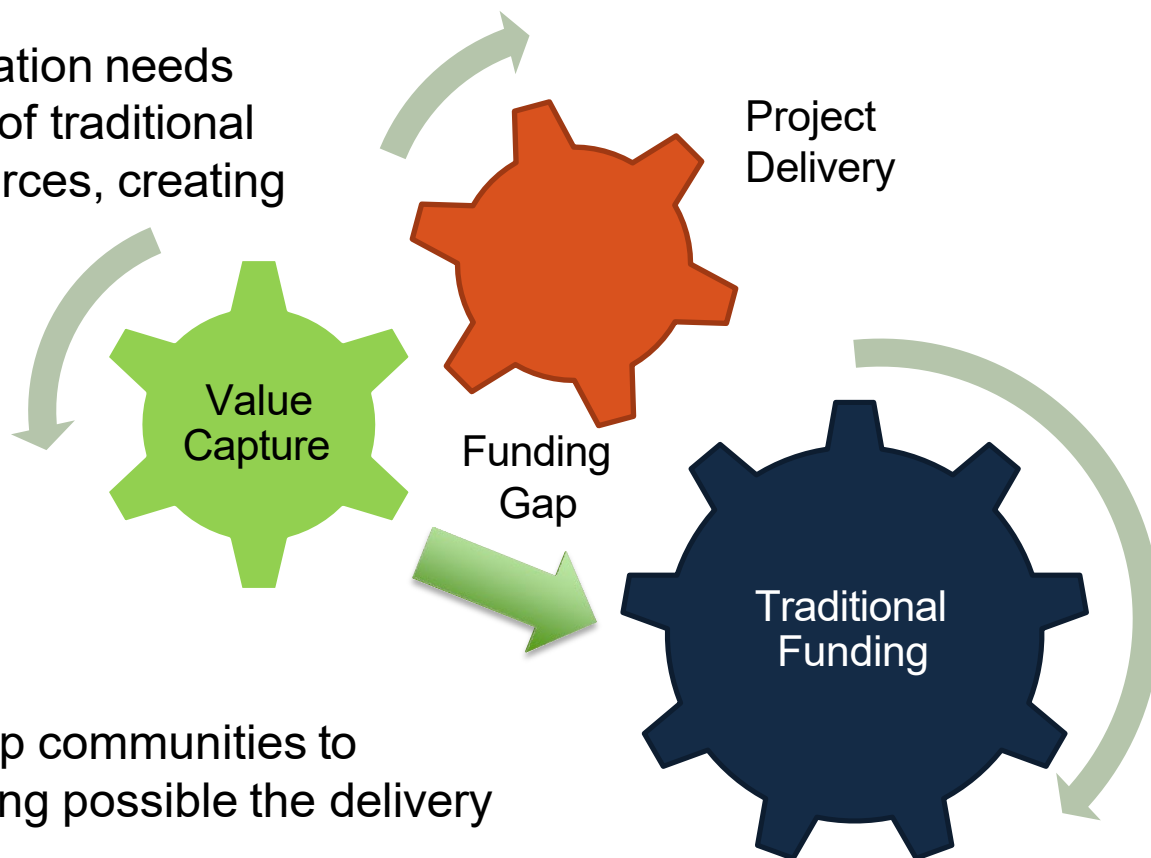
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Value Capture Techniques in the CIP: Role

State and federal transportation funds and grants have been traditionally used to fund transportation improvements.

The growth in local transportation needs has outpaced the availability of traditional state and federal funding sources, creating a funding gap.



Value capture techniques help communities to reduce this funding gap making possible the delivery of critically needed projects.

Value Capture Techniques in the CIP

Common Value Capture techniques included in CIPs

Technique	Definition
Impact Fees	Fees imposed on developers to help fund additional public services, infrastructure, or transportation facilities required due to the new development.
Transportation Utility Fees	Fees paid by property owners or building occupants to a municipality based on estimated use of the transportation system.
Special Assessments	Fees charged on property owners within a designated district whose properties are the primary beneficiaries of an infrastructure improvement.
Tax Increment Finance	Charges that capture incremental property tax value increases from an investment in a designated district to fund or finance the investment.

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TUF - Jackson School Road Project

- City of Hillsboro, OR. Medium size community. The use of the CIP ensures the adequate combination of funds from various sources in time and quantity over entire life of the project.
- Jackson School Road Project includes:
 - ✓ Sidewalks
 - ✓ Cycle tracks
 - ✓ Continuous center turn lane
 - ✓ Street lighting
 - ✓ Culvert replacement
 - ✓ Landscaped planter strips
 - ✓ Landscaped planter strips



Source: City of Hillsboro [Twitter](#)

- The estimated cost is approximately \$28 million. **TUFs** and Impact Fees provide almost \$18 million and traditional sources around \$11 million.

TUF - Jackson School Road Project



Opportunities

- Additional funding to meet road maintenance needs.
- In 2020, revenues generated by the TUF represent approximately 60 percent of the City of Hillsboro street maintenance budget

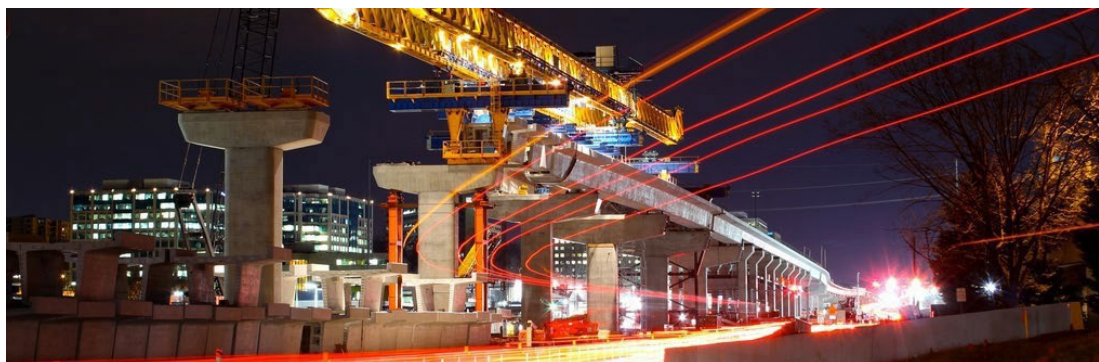


Challenges

- Legal challenges: Principles to establish TUFs not specifically defined by the State of Oregon. **Ad Hoc Transportation Finance Advisory Committee.**
- Political and public resistance: Inequities about how TUF rates are calculated and opposition from schools and non-profit organizations to pay. **Waivers, credits, and incentives. Public education and outreach program.**
- Equity challenges: Fairness at the time the TUF rate need to be revised. **Appointment of an oversight committee.**
- Lack of flexibility of funds: Funds generated by TUFs can only be used for road maintenance projects.

SA - Dulles Corridor Metrorail Project

- Fairfax County, VA. Big size community. Fairfax County uses the CIP as a planning tool coordinate the financing and timing of the Dulles Corridor Metrorail Project in a way that maximizes the return to the public.
- The Dulles Metrorail Corridor Project, also known as the Silver Line, is a 23-mile extension of the Washington, DC, region's Metro system.



Source: <https://www.dullesmetro.com>

- The estimated cost is approximately \$5,684 million. Fairfax County will pay \$730 million using funds generated by two **Transportation Improvement Districts (TIDs)**.

SA - Dulles Corridor Metrorail Project



Opportunities

- The TIDs generate consistent revenue streams that can be used as funding or financing mechanisms.
- Fairfax County has been using funds generated by the two TIDs on a pay-as-you-go basis and to issue bonds.



Challenges

- Implementation challenges: Landowners and developers may see it as a new tax and disagree with district limits. **Landowners Economic Alliance for the Dulles Extension of Rail (LEADER).**
- Revenue stream challenges: Future revenues are uncertain. **CIP and Districts Commissions annual reports.**
- Lack of transparency and equity: TIDs can be perceived as hidden invisible local governments imposing unfair taxes. **Public meetings of Districts Commissions and the Board of Supervisors.**

IF - Baseline and Loop 202 Intersection Project

- City of Phoenix, AZ. Big size community. The city uses the CIP as fiscal planning tool to keep its budget balanced as mandated by the State of Arizona.
- The Loop 202 was recently completed after many decades of planning, public debate, legal action, and then funding issues. The Loop 202 connects with several major arterial streets, and one of those is Baseline Road. A new intersection is needed.
- The estimated cost of the Baseline and Loop 202 Intersection Project is approximately \$3.3 million, and the city contributed approximately \$1.6 million from **street impact fees**.
- The adjacent landowners provided the required public right of way to be dedicated for the roadway improvements.

IF - Baseline and Loop 202 Intersection Project



Opportunities

- Bring the opportunity of having a new funding source, collected upfront, for transportation projects.
- Encourage developers to start the projects as soon as they are ready expediting the pace of development.



Challenges

- Implementation challenges: Significant amount of resources and coordination across city departments to fulfill the obligations mandated by the State of Arizona.
- Revenue stream challenges: Future revenues are uncertain. **The City of Phoenix performs forecasts on impact fee revenue potential for the next 5 years.**
- Resistance from developers and landowners: They may see equity issues because impact fees are higher in the north of the city. **The City of Phoenix created the Committee of Development of obtain inputs from developers and landowners while informing them.**

TRZ - Eastlake Boulevard Extension Phase 2

- Town of Horizon City, TX. Small size community. The city uses the CIP as fiscal planning tool to ensure that project funds are available when needed, develop interagency partnerships, and leverage other financing mechanisms.
- The Eastlake Boulevards Extension Project was critical for the Town, as it significantly improved the Town's access to I-10 and connectivity to the City of El Paso, as well as to its neighboring City of Socorro.
- The project consisted of building a new six lane roadway, the project cost was of \$16.7 million. The Town of Horizon City was responsible for paying \$3.8 million.
- The Town of Horizon City paid its portion using the Town of Horizon City Transportation Reinvestment Zone No. 2 as a financing mechanism.

TRZ – Eastlake Boulevard Extension Phase 2



Opportunities

- Effective cooperation among local government agencies to improve regional mobility and transportation infrastructure.
- Advancement of economic goals through transportation investments.



Challenges

- Internal challenges:
 - Introducing new funding concept to policymakers. **Continuous communication between policy makers and key municipal staff.**
 - Determining TRZ size. **CIP managers and financial staff working together to determine TRZ size.**
- External challenges:
 - Coordinating with external partners. **Designate a team to lead those discussions.**
 - ROW acquisition. **Work with property owners as early as possible.**
 - Changes in Property Designation. **Be prepared!**

FHWA Contacts

Thay Bishop

Center for Innovative Finance Support

Thay.Bishop@dot.gov

Stefan Natzke

Office of Planning, Environment, & Realty

Stefan.Natzke@dot.gov

BASELINE ROAD AND SOUTH MOUNTAIN FREEWAY PROJECT

USING IMPACT FEES TO SUPPLEMENT THE CITY OF PHOENIX'S STREET
CAPITAL IMPROVEMENT PLAN



Ray Dovalina, Jr, PE
Assistant Harris County Engineer
(Retired - City of Phoenix)
602-509-7753

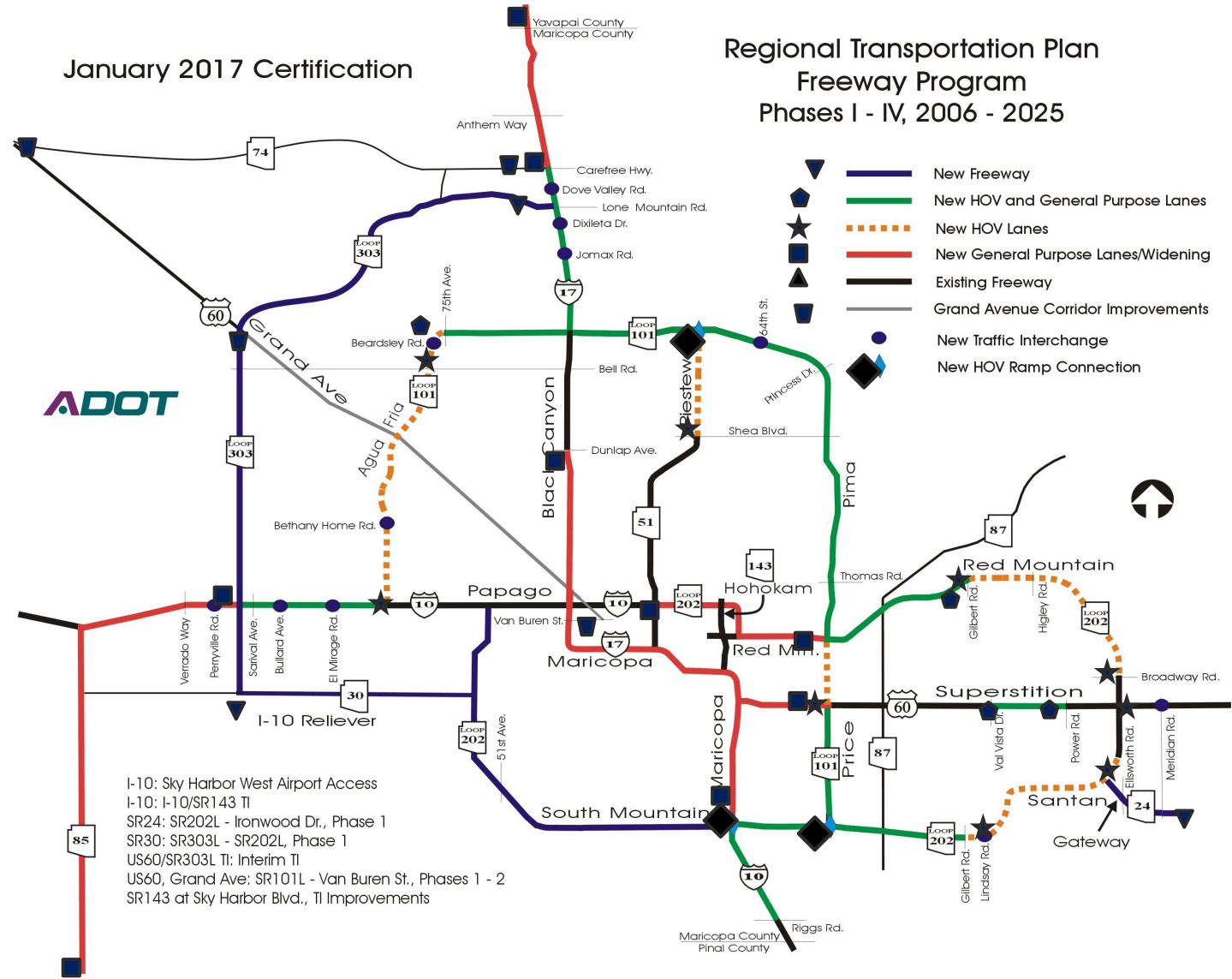
Raimundo.Dovalina@harriscountytexas.gov

PRESENTATION OUTLINE

- SOUTH MOUNTAIN FREEWAY
- CITY'S BUDGET & CAPITAL IMPROVEMENT PROGRAM
- BASELINE ROAD PROJECT
- DEVELOPMENT AGREEMENT & IMPACT FEE PROGRAM

SOUTH MOUNTAIN FREEWAY

- SOUTH MOUNTAIN FREEWAY
- CITY'S BUDGET & CAPITAL IMPROVEMENT PROGRAM
- BASELINE ROAD PROJECT
- DEVELOPMENT AGREEMENT & IMPACT FEE PROGRAM



FREEWAY PROJECT OVERVIEW

The South Mountain Freeway adds **22 miles of freeway** to the **existing Phoenix metropolitan transportation system**. The freeway provides critical relief to existing freeway corridors and local streets. The South Mountain Freeway is ADOT's largest transportation project in state history. **ADOT partnered with Connect 202 Partners(C202P) to design, build and maintain the freeway for 30 years**. In December of 2019, this historic highway was designated as the Congressman Ed Pastor Freeway to honor the late congressman.



PROJECT FAST FACTS

1-10 PAPAGO SEGMENT

- **Direct High Occupancy Vehicle (HOV) ramps** to 1-10 East
- **Frontage roads** along 59th Avenue
- **4.5 miles** of widening and improvements to 1-10

SALT RIVER SEGMENT

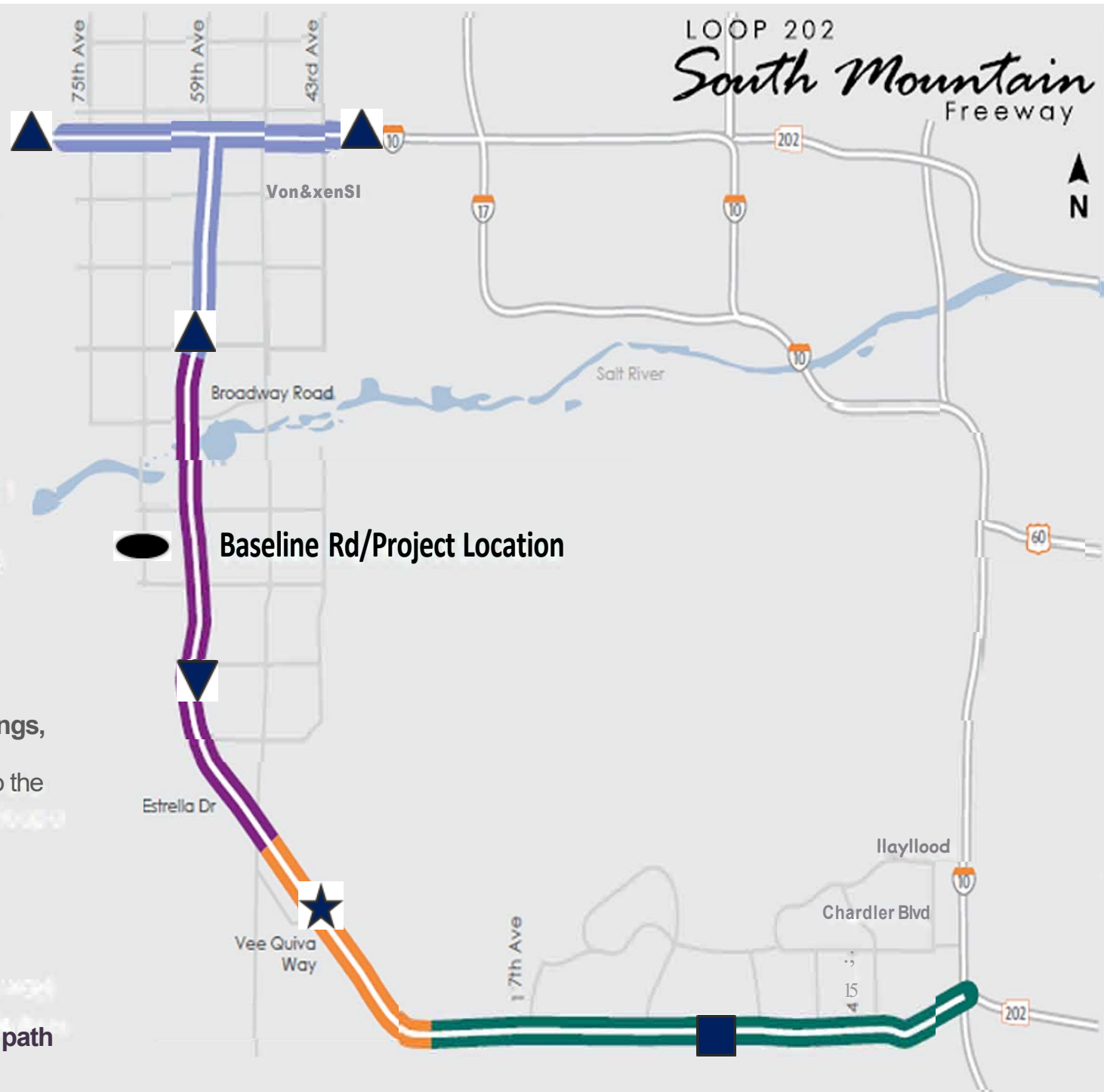
- **Double-roundabout interchange** at Estrella Drive
- **Pedestrian bridge** near Elwood Street north of Broadway Road
- **Two 2,700-foot-long bridges** crossing the Salt River

CENTER SEGMENT

- **Five multiuse underpass crossings**, providing wildlife and community members with connection points to the mountains and a crossing for a Maricopa County trail

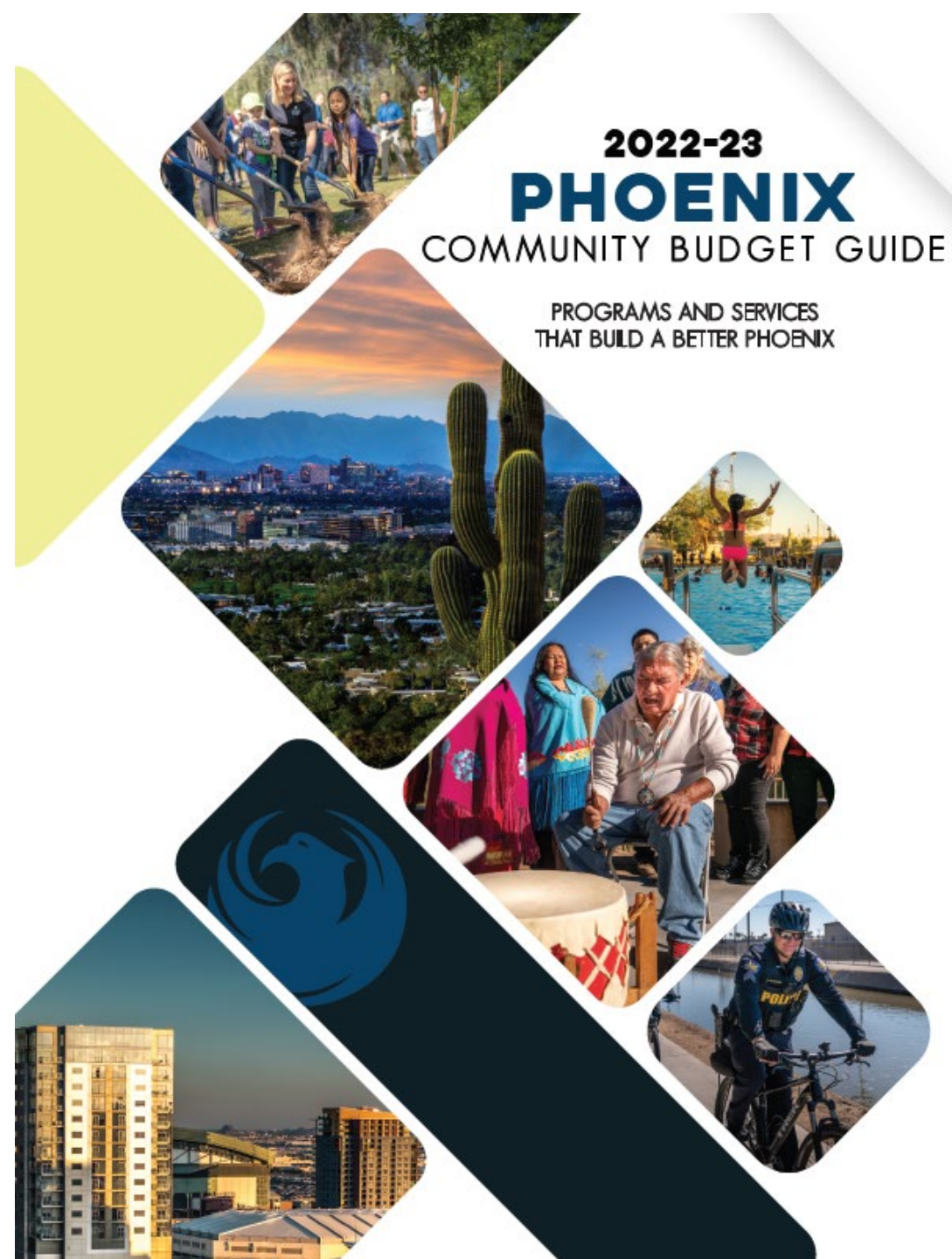
PECOS SEGMENT

- **HOV ramp** to Loop 202 (Santan Freeway)
- **6-mile, 20-foot-wide shared-use path** from 40th Street to 17th Avenue



CITY'S YEARLY BUDGET PROCESS

- **JULY 1 – JUNE 30** – FISCAL YEAR
- **AUGUST — FEBRUARY** - UPDATE REVENUE AND EXPENDITURE ESTIMATES FOR THE CURRENT YEAR, PREPARE BASELINE BUDGET REQUESTS FOR THE COMING YEAR THAT ASSUME CURRENT LEVELS OF SERVICE, AND PREPARE PROPOSED SERVICE LEVEL CHANGES.
- **MARCH** - TRIAL BUDGET AND PRELIMINARY CAPITAL IMPROVEMENT PROGRAM TO COUNCIL.
- **APRIL** - PUBLIC BUDGET HEARINGS ARE HELD TO GATHER RESIDENTS' INPUT ON THE TRIAL BUDGET; COMMENTS ARE COMPILED AND REVIEWED BY CITY MANAGEMENT AND COUNCIL.
- **MAY** - REFLECTING PUBLIC INPUT, STAFF PRESENT THE CITY MANAGER'S BUDGET TO COUNCIL; COUNCIL REVIEWS THE PRESENTED BUDGET AND PROVIDES POLICY GUIDANCE.
- **JUNE** - REFLECTING COUNCIL INPUT, STAFF PRESENT THE TENTATIVE AND FINAL BUDGETS TO COUNCIL, AND THE 5-YEAR CIP IS ADOPTED.
- **JULY** - COUNCIL ADOPTS THE PROPERTY TAX RATES AND PROPERTY TAX LEVIES SPECIFIED IN THE BUDGET.



STREET TRANSPORTATION BUDGET & CIP PROCESS

CITY'S CAPITAL IMPROVEMENT PROGRAM (CIP) IS A ROLLING FIVE-YEAR PLAN FOR CAPITAL EXPENDITURES NEEDED TO REPLACE, EXPAND AND IMPROVE INFRASTRUCTURE AND SYSTEMS.

- LOCAL MUNICIPALITY
- REGIONAL COORDINATION WITH METROPOLITAN PLANNING ORGANIZATION & STATE
- LOCAL AND STATE TRANSPORTATION IMPROVEMENT PROGRAM (STIP)

BUDGET & CIP

Street Transportation budget is approximately > \$200 million/year

Capital improvement program (CIP) devoted to new facilities, repair and rehabilitation is \$150 million/year

While City is growing, majority of CIP is allocated to existing street network

In growth areas, impact fees and developer contributions are key element of new facility construction



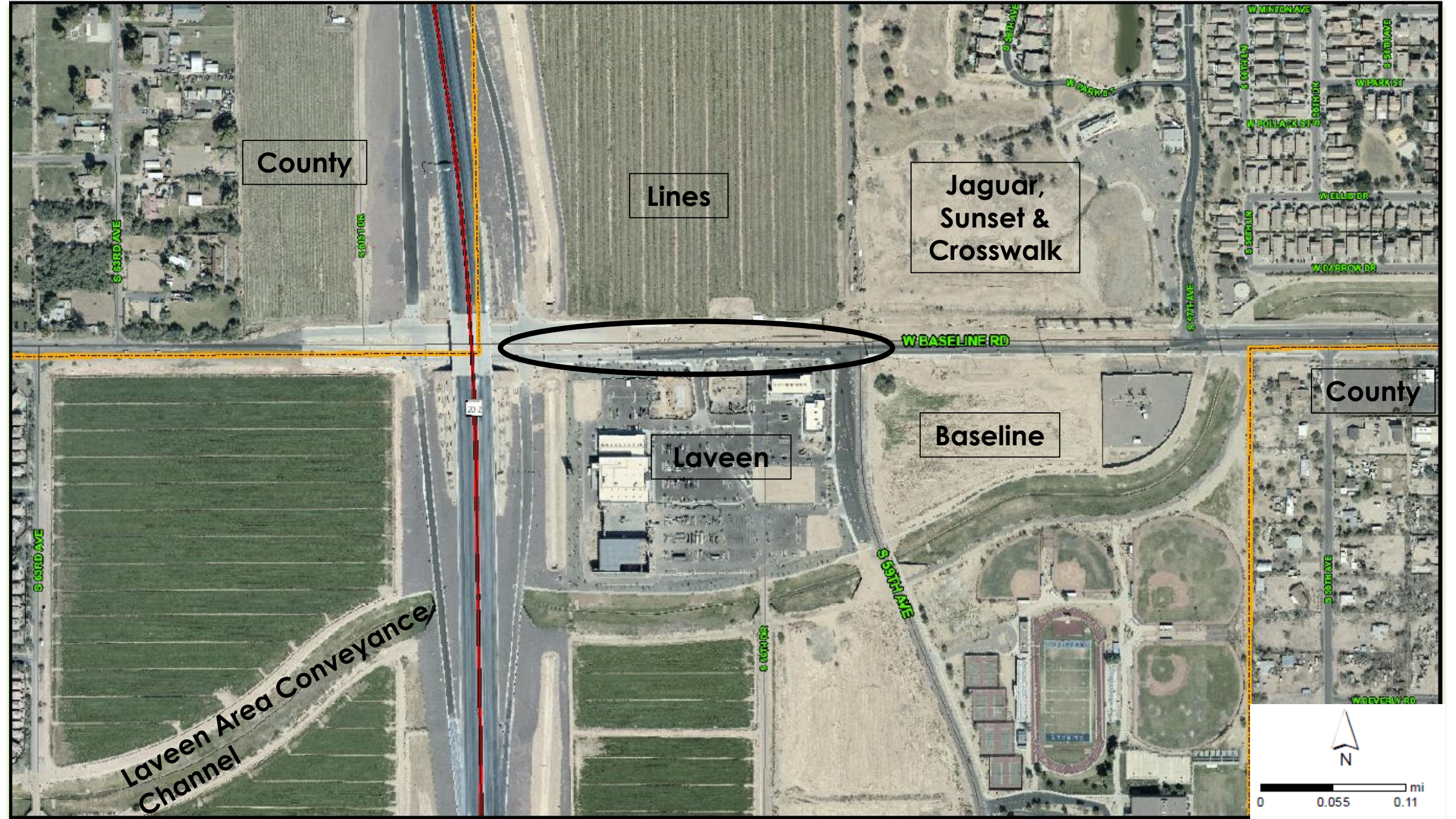
**PROGRAM SUMMARY
2022-27 CAPITAL IMPROVEMENT PROGRAM
STREET TRANSPORTATION & DRAINAGE**

	2022-23	2023-24	2024-25	2025-26	2026-27	Total
Program Area						
Flood Hazard Mitigation	54,690,380	3,384,000	4,134,000	4,134,000	4,134,000	70,476,380
Major Streets & Bridges	117,347,018	52,879,064	47,986,437	55,157,837	38,568,837	311,939,193
Other Traffic Improvements	3,300,000	8,341,000	4,341,000	4,366,000	3,141,000	23,489,000
Pavement Maintenance and Sidewalks	79,779,480	65,595,000	67,355,000	68,355,000	69,355,000	350,439,480
Pedestrian and Bikeway Improvements	16,263,218	9,224,601	3,211,327	3,211,000	3,116,000	35,026,146
Street Lighting	8,567,620	1,100,000	4,429,000	950,000	450,000	15,496,629
Street Modernization & Other Projects	20,793,197	9,316,000	5,632,000	5,632,000	5,632,000	47,005,197
Traffic Signal Improvements	57,814,567	12,046,122	10,692,815	7,840,500	7,593,000	95,987,004
Program Total	358,555,489	161,885,787	147,781,579	149,646,337	131,989,837	949,859,029
Source of Funds						
Operating Funds						
General Funds						
General Fund	1,600,000	1,600,000	1,600,000	1,600,000	1,000,000	7,400,000
Special Revenue Funds						
Arizona Highway User Revenue	90,476,242	80,253,600	68,287,600	80,187,000	72,285,000	391,489,442
Capital Construction	25,322,121	6,311,500	7,061,500	7,061,500	7,044,500	52,801,121
Grants	10,070,000	-	-	-	-	10,070,000
Transportation 2050	88,931,841	42,546,938	42,452,091	40,371,337	31,456,337	245,758,544
Total Operating Funds	216,400,204	130,712,038	119,401,191	129,219,837	111,785,837	707,519,107
Bond Funds						
General Obligation Bond Funds						
2006 General Obligation Bonds	270,000	-	-	-	-	270,000
Total Bond Funds	270,000					270,000
Other Capital Funds						
Other Capital Funds						
Federal, State and Other Participation	97,028,852	31,173,749	26,630,066	20,426,500	20,204,000	195,463,167
Impact Fees	44,856,433	-	1,750,322	-	-	46,606,755
Total Other Capital Funds	141,885,285	31,173,749	28,380,388	20,426,500	20,204,000	242,069,922
Program Total	358,555,489	161,885,787	147,781,579	149,646,337	131,989,837	949,859,029

DEVELOPMENT AGREEMENT

- **SCOPE**
 - RIGHT OF WAY DEDICATIONS
 - ROADWAY IMPROVEMENTS
- **COSTS**
 - TOTAL - \$3.3M
 - \$1.6M/PHX & \$1.7M/DEVELOPERS





County

Lines

Jaguar,
Sunset &
Crosswalk

County

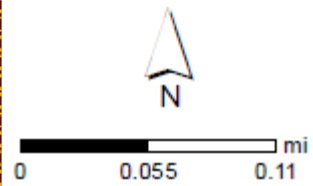


W BASELINE RD

Baseline

Laveen

Laveen Area Conveyance
Channel



#1 - BASELINE PROJECT

- DESIRABLE TO DO ARTERIAL IMPROVEMENTS IN CONJUNCTION WITH OPENING OF NEW FREEWAY
- CHALLENGING BECAUSE MULTIPLE PARTIES WITH FRONTAGE TO BE IMPROVED, EACH WITH OWN TIMING & OBJECTIVES
- CITY AGREED TO CONTRIBUTE CURB TO CURB COSTS IF OTHERS COORDINATE REMAINING IMPROVEMENTS
- CITY FACILITATED COORDINATION THROUGH MEETINGS AND DEVELOPMENT AGREEMENT



#2 - BASELINE PROJECT

CITY'S REGULAR CIP FUNDING ALREADY ALLOCATED TO OTHER PRIORITIES

PROJECT INVOLVED ECONOMIC DEVELOPMENT OBJECTIVES (NEW RETAIL CLOSE TO NEW FREEWAY)

FUNDING FOR DA PROVIDED FROM STREET IMPACT FEES

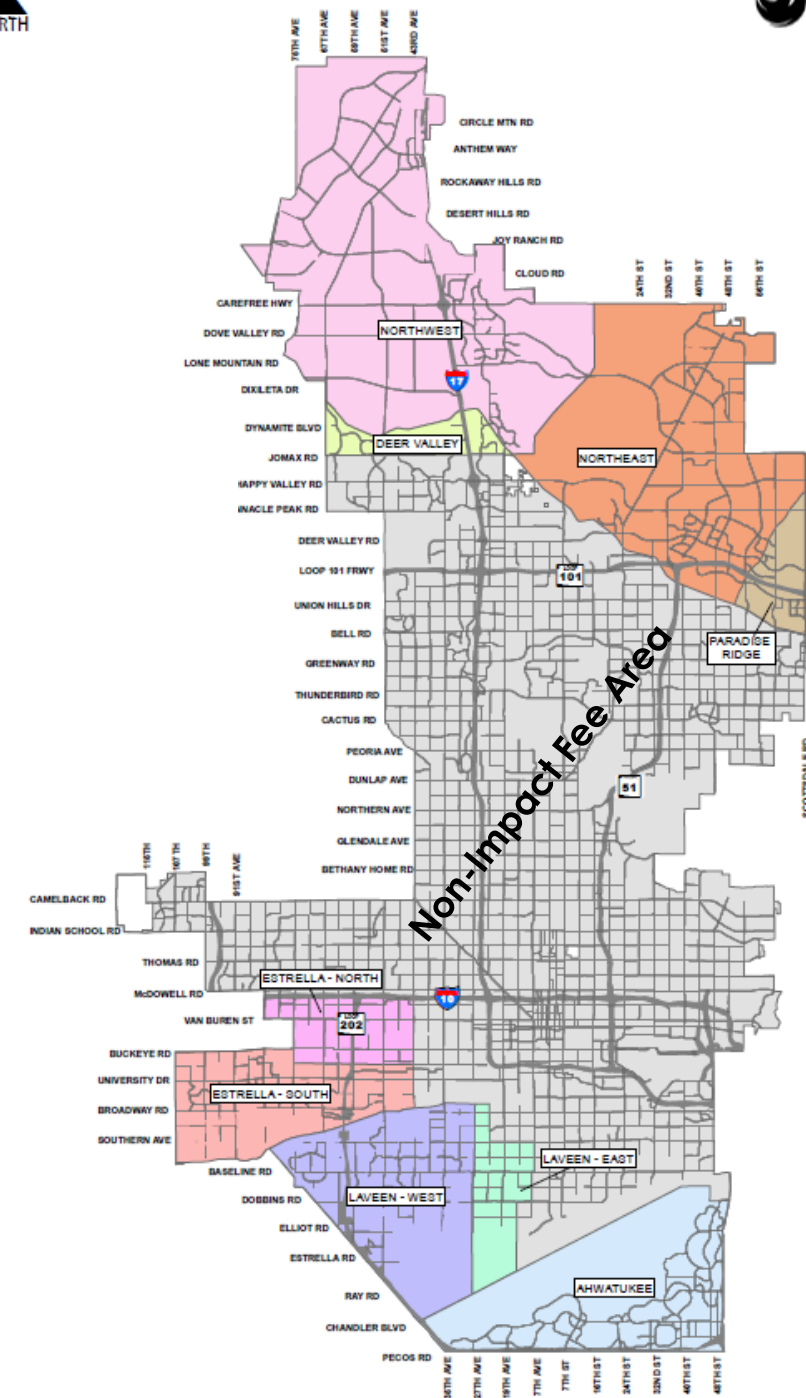
PROJECT WAS CHALLENGING BECAUSE OF NUMEROUS PARTICIPANTS BUT CITY WAS ABLE TO CONTRIBUTE FINANCIALLY & GUIDE THE PROGRESS TO COMPLETION





CITY'S IMPACT FEE PROGRAM

- 1987 – CITY OF PHOENIX ADOPTED AN ORDINANCE TO CREATE THE IMPACT FEE AREAS.
- IMPACT FEE PROGRAM WAS DEVELOPED BASED ON PROJECTED INFRASTRUCTURE REQUIREMENTS.
- IMPACT FEES COLLECTED FOR A SPECIFIC PLANNING AREA & PURPOSE
- IMPACT FEE-FUNDED PROJECTS MUST DIRECTLY BENEFIT THE PARTIES THAT PAID THE FEES.
- IMPACT FEE PLAN HAS BEEN UPDATED THE LAST THREE DECADES AND WAS LAST UPDATED IN 2020.



#1 - IMPACT FEES

FEEs CHARGED THROUGH POLICE –
NOT A TAX – SIMILAR TO SUBDIVISION
REQUIREMENTS

PHOENIX CHARGES FOR NUMEROUS
CATEGORIES INCLUDING WATER,
WASTEWATER, STORM DRAINAGE,
PARKS & MAJOR ARTERIAL STREETS

FEEs CHARGED WITH BUILDING
PERMITS OR WATER METERS

STATE STATUTE & CASE LAW
REQUIREMENTS ARE ONEROUS, AND
PROCESS TO UPDATE FEES IS LENGTHY



POSTED 11/18/2019

CITY OF PHOENIX
INFRASTRUCTURE FINANCING PLAN: 2020 UPDATE
IMPACT FEE STUDY, LAND USE ASSUMPTIONS, INFRASTRUCTURE IMPROVEMENTS PLANS

IMPACT FEE CATEGORIES

Population

- Fire Protection
- Police
- Parks
- Libraries

Land Area

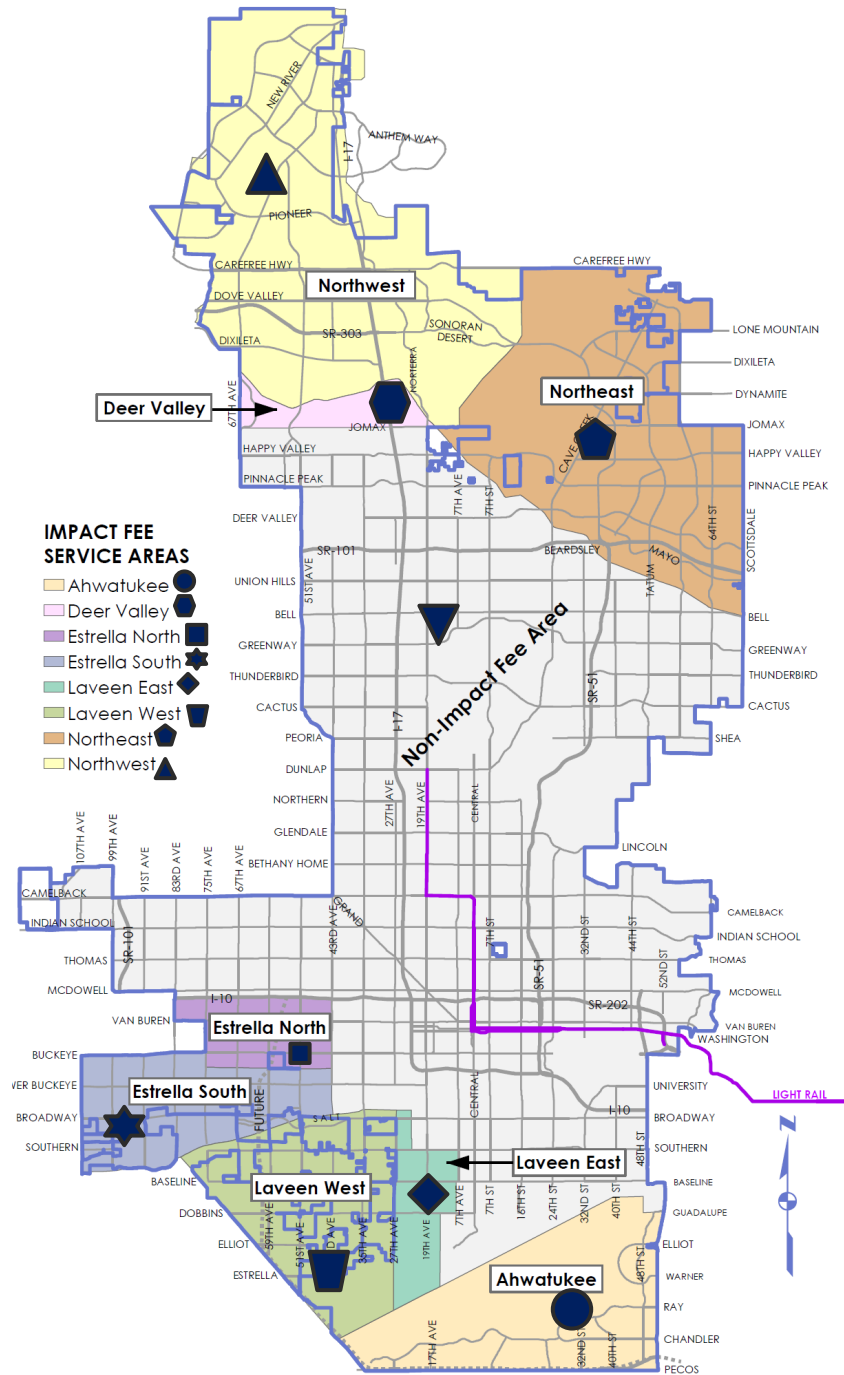
- Storm Drainage

Usage

- Water
- Wastewater
- Water Resource Acquisition

Traffic Projections

- Major Arterials



#2 - IMPACT FEES

UNLIKE WATER-RELATED IMPACT FEES,
STREET FEES RARELY COVER MAJORITY
OF ARTERIAL COSTS

MUNICIPALITIES CAN'T CHARGE FOR
'PASS THROUGH TRAFFIC' PORTION

COMMERCIAL PROPERTY FEES OFTEN
COLLECTED OVER DECADES BECAUSE
OF PHASING BUT STREETS NEEDED
NOW

IN PHOENIX ONLY PORTION OF STREET
COSTS, AND STREET SEGMENTS,
INCLUDED



POSTED 11/18/2019

CITY OF PHOENIX
INFRASTRUCTURE FINANCING PLAN: 2020 UPDATE
IMPACT FEE STUDY, LAND USE ASSUMPTIONS, INFRASTRUCTURE IMPROVEMENTS PLANS

#3 - IMPACT FEES

MANY CITIES & COUNTIES PROGRAM EXISTING & FUTURE IF REVENUES LIKE OTHER FUNDING SOURCES IN CIP

PHOENIX HAS HISTORICALLY BEEN VERY CONSERVATIVE REGARDING IF AND USED TO ONLY PROGRAM COLLECTED FEES

BECAUSE LAND DEVELOPMENT CYCLES SO VOLATILE, PHOENIX OFTEN PUTS FEES IN REVOLVING FUNDS IN CIP THAT CAN BE USED (RELATIVELY) QUICKLY IN DAS

BASELINE PROJECT ONE OF MANY THAT UTILIZE IF FOR PRIVATE/PUBLIC PARTNERSHIPS



POSTED 11/18/2019

CITY OF PHOENIX
INFRASTRUCTURE FINANCING PLAN: 2020 UPDATE
IMPACT FEE STUDY, LAND USE ASSUMPTIONS, INFRASTRUCTURE IMPROVEMENTS PLANS

LESSONS LEARNED

STREET IMPACT FEES GOOD TOOL FOR FACILITATING KEY PROJECTS, OFTEN THROUGH DEVELOPMENT AGREEMENTS

CAN SUPPLEMENT DEVELOPER CONTRIBUTIONS AND OTHER CITY FUNDING SOURCES

STREET FEES ADD FLEXIBILITY TO CIP THAT CAN ACCOMMODATE CHANGING DEVELOPMENT REQUIREMENTS

IN MANY PLACES CIP WILL REQUIRE MULTIPLE FUNDING/FINANCING SOURCES – IMPACT FEES ONLY ONE



POSTED 11/18/ 2019

CITY OF PHOENIX

INFRASTRUCTURE FINANCING PLAN: 2020 UPDATE

IMPACT FEE STUDY, LAND USE ASSUMPTIONS, INFRASTRUCTURE IMPROVEMENTS PLANS



Tina Bailey, PE
Assistant Public
Works Director

Capital Improvement Programs (CIP) & Transportation Utility Fees (TUF)



About Hillsboro

- Suburb of Portland, OR
- Population: 109,532
 - 2010: 92,297
 - 2000: 70,999
 - 1990: 38,983
- “The Silicon Forest”
- 246 Centerlane Miles of Roadway
 - 90 lane miles of missing sidewalk
 - 80 lane miles of missing bike lanes



What is a TUF?

Transportation Utility Fees

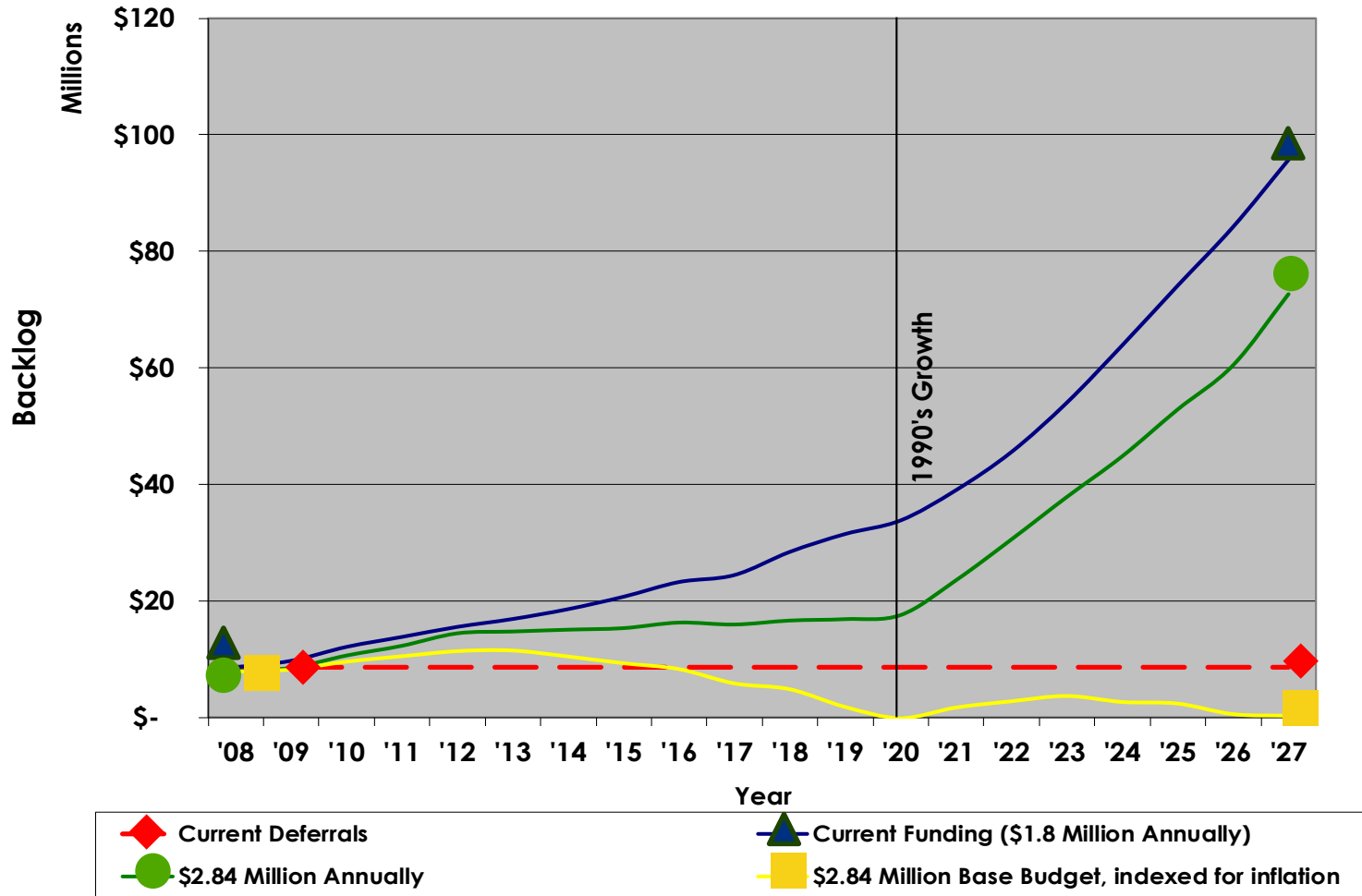
- Treats roadways like other utilities.
- Monthly charge-like storm, sanitary, and water
 - Generally for maintenance of roadways
 - Hillsboro’s also includes an allotment for bicycle and pedestrian improvements
- Assessed in utility bill with storm, sanitary, water, etc.
- All customers pay based on estimated trip generation
 - Other agencies have based on parking stalls, sewer equivalent dwelling units, flat rate per account, number of employees, truck deliveries, building square footage.

Bicycle & Pedestrian CIP's Prior to TUF

Street Improvement	Estimated Cost
2004 - 2005:	
NE 6th Avenue: Jackson Street to Grant Street	\$ 126,000.00
NE Edison Street: 5th Avenue to 6th Avenue	\$ 26,000.00
SE 39th Avenue: Walnut Street to Main Street	\$ 87,000.00
SE Minter Bridge Road: Anthony Street to Meadowlark Street	\$ 395,000.00
subtotal	\$ 634,000.00
2005 - 2006	
SE Oak Street: 12th Avenue to 18th Avenue	\$ 490,000.00
2006 - 2007	
SE 21st Avenue: Cypress Street to Maple Street	\$ 543,000.00
SE Maple Street: 18th Avenue to 24th Avenue	\$ 422,000.00
subtotal	\$ 965,000.00
2007 - 2008	
SW Frances Street: 239th Avenue to Cornelius Pass Road	\$ 570,000.00
2008 - 2009	
NW Garibaldi Street: Ebberts Street to Connell Road	\$ 310,000.00
NW Connell Street: Garibaldi Street to Darnielle Street	\$ 315,000.00
subtotal	\$ 625,000.00

Hillsboro's Critical Message

Projected Maintenance Backlog



"Getting TUF on our streets."

Cost Allocation

Residential/Non Residential Share Proposed

- Split share of arterials, collectors, neighborhood routes 50/50.
- Assign local commercial & industrial streets to non-residential customers.
- Assign local residential streets and alleys to residential customers.
- Resulted in an allocation 75% residential/25% non-residential

Classification	Maintenance Share	
	Residential	Non Residential
Arterials	50%	50%
Collectors	50%	50%
Neighborhood Routes	50%	50%
Local Commerical/Industrial Streets	0%	100%
Local Residential Streets	100%	0%
Alleys	100%	0%

Fee Determination

Residential

- Current: Reduced Multi-family Residential (MFR) to 90% of Single Family Residential(SFR)
 - $SFR \text{ Fee} = \text{Monthly Revenue Target} / (\#SFR + 0.9(\#MFR))$
 - $MFR \text{ Fee} = 0.9(SFR \text{ Fee})$
- Residential customers pay TUF for the Pavement Management Program (PMP) and Bicycle/Pedestrian Improvements (BPCIP)
 - Fee is determined for PMP & BPCIP revenue targets

Fee Determination

Non-Residential

- Bin 1: <7 trips/1000 sq.ft.
- Bin 2: 7-21 trips/1000 sq.ft.
- Bin 3: 25-53 trips/1000 sq.ft.
- Bin 4: 53-151 trips/1000 sq.ft.
- Bin 5: 151-400 trips/1000 sq.ft.
- Bin 6: greater than 400 trips/1000 sq.ft.
- Bin 7: Special for ITE Trip generations not based on sq.ft.

1 Intel
2 School District
3 Target
4 City Hall
5 Wells Fargo
6 McDonalds
7 Regal Cinemas

Fee Determination

Non-Residential

- % of bin trips/total non residential trips equivalent to bins cost share of non residential fee.
 - Bin 7: trip generation per business capped at 1500 trips.
- Rates:
 - Bins 1-6: Bins cost share/1000 sq.ft. in bin
 - Bin 7: Bins cost share/trips in bin

Public Hearing Testimony

- Residential:
 - Generally supported due to bicycle & pedestrian component.
 - Concerns about low income customers.
- Business Lobby Concerns:
 - This is a terrible time to increase taxes.
 - This is anti-business.
 - More money is government's only solution.
 - We pay more than our fair-share.
 - ITE overestimates our trips.
 - We don't benefit from bicycle & pedestrian facilities.

Rates

Category/Bin (ITE Trip Generation)	Rate Basis	At Adoption ('09)	Current
Non-Residential			
1 (< 7 trips/1000 sf)	1000 sf	\$0.22	\$0.27
2 (7-25 trips/1000 sf)	1000 sf	\$0.53	\$0.73
3 (25-53 trips/1000 sf)	1000 sf	\$1.78	\$2.32
4 (53-151 trips/1000 sf)	1000 sf	\$3.73	\$5.26
5 (151-400 trips/1000 sf)	1000 sf	\$10.18	\$14.67
6 (>400 trips/1000 sf)	1000 sf	\$18.41	\$37.5
7 (non square footage based)	Trips (max 1500)	\$0.05	\$0.06
Base Charge		n/a	\$8.20
Residential			
8 (SFR)	Dwelling Unit	\$3.10	\$9.11
9 (MFR)	Dwelling Unit	\$3.10	\$8.20

“Getting TUF on our streets.”

Revenue

Category	Units		Monthly	Annual
MFR	16688 Units	PMP	\$92,451	\$1,109,412
		BCPIP	\$39,446	\$473,352
		Total	\$131,897	\$1,582,764
SFR	23497 Units	PMP	\$144,495	\$1,733,940
		BPCIP	\$61,797	\$741,564
		Total	\$206,292	\$2,475,504
Non-Residential	1430 Accounts	PMP	\$87,035	\$1,044,420
		Total PMP	\$323,982	\$3,887,784
		Total BPCIP	\$101,243	\$1,214,916

Discounts

Single Family Residential

- Motor Vehicle Discount - 30% discount
 - No vehicle registered to address.
- Transit Pass Discount - 30% discount
 - Tenant has purchased annual transit pass.

Non-Residential

- Employer Transit Pass Discount - Up to a 30% discount
 - Employer purchases annual transit passes.
- Employer DEQ ECO Program Discount Up to a 30% discount
 - Employer programs in place to reduce vehicle trips.
- Employers can combine discounts up to a maximum combined of 30%

Bicycle & Pedestrian CIP's With TUF

Project	Estimated Costs	TUF		TIF	Storm SDC
		Pathways	PMP	Transit	
Year 1 - 18th: Maple to Oak	\$ 1,410,000	\$ 800,000	\$ 150,000	\$ 150,000	\$ 310,000
Year 2 - 37th: Main to Brodgen	\$ 1,500,000	\$ 1,100,000		\$ 200,000	\$ 200,000
Year 3/4 - Golden: Brookwood to Imlay	\$ 1,650,000	\$ 1,650,000			
Year 5/6 - Cedar: 32nd to Brookwood	\$ 2,000,000	\$ 2,000,000			
Year 7/8 - Jackson School: Grant to Sunrise	\$ 2,500,000	\$ 2,250,000		\$ 250,000	
Year 9/10 - Jackson School: Sunrise to Rogahn	\$ 1,500,000	\$ 1,500,000			

Projects Originally Proposed for 2010-2019 BPCIP delayed due to reduced funding.

Jackson School: Rogahn to Evergreen	\$ 3,000,000
Sunrise: Jackson School to 17th`	\$ 5,000,000
Bentely: 32nd to Brookwood	\$ 4,400,000

“Getting TUF on our streets.”

Recent & Potential Future Changes

- Previously had a Residential Hardship Waiver
 - Fees were waived for one full year for low income single family customers.
 - Different program from all our other utilities hardship programs made it confusing to customers.
- Fee is not indexed.
 - Does require a “rebalance” every five years.
 - Additional revenue due to new customers is the starting point for a “revenue neutral” rebalance.
- Some indication from individual councilors of an interest to expand the fee for street tree and/or sidewalk maintenance.
- Desire to expand non-residential customers fee to include new sidewalk and bicycle facility construction.

More Information

- City of Hillsboro TUF Website:
Hillsboro-Oregon.gov/TUF
- Tina Bailey
Tina.Bailey@Hillsboro-Oregon.gov

Value Capture Strategies and the Capital Improvement Plan
Case Study
Town of Horizon City, Texas
Eastlake Extension - Phase 2

Terry Quezada
June 7, 2023



Town of Horizon City Background

- Population: 23,162– US Census estimate for 2021
- FY 2023 general fund budget: \$13,187,515
- First dept issuance FY 2014 totaled \$15 million for infrastructure projects

Town of Horizon City Background

- 2018 CIP totals approximately \$13 million for parks and recreation facilities
- 2023 Anticipated CIP \$28 million for infrastructure and a new police department facility.
- Current CIP is estimated at approximately \$115.8 million – mostly unfunded projects

Horizon City Experience

- **Comprehensive Mobility Plans (CMP)** endorsed by participating agencies within the El Paso Metropolitan Planning Organization
- **Transportation Reinvestment Zone (TRZ) Proposals** resulted from comprehensive mobility plans
- **Eastlake Extension – Phase 2** planned project in CIP included in the CMP

2013 El Paso County Comprehensive Mobility Plan

NEW MEXICO



Map No.	Project Name
01	I-10 COLLECTOR DISTRIBUTOR LANES
02	I-10/BORDER HIGHWAY CONNECTORS
03	I-10/VISCOUNT TO AIRWAY RAMP IMPROVEMENTS
04	LP 375/SPUR 601 DIRECT CONNECTOR
05	I-10/FM 1110 BRIDGE REPLACEMENT
06	I-10 COLLECTOR DISTRIBUTOR LANES – MESA PARK
07	I-10/LP 375 DIRECT CONNECTORS
08	DELTA OVERPASS
09	EASTLAKE WIDENING PROJECT #9
10	OLD HUECO TANKS
11	EASTLAKE WIDENING PROJECT #11
12	ROSAS WIDENING
13	FM 1110 CONSTRUCTION/UPGRADE
14	GREG/EDGEMERE
15	ARTERIAL 1
16	MANUEL F AGUILERA HIGHWAY

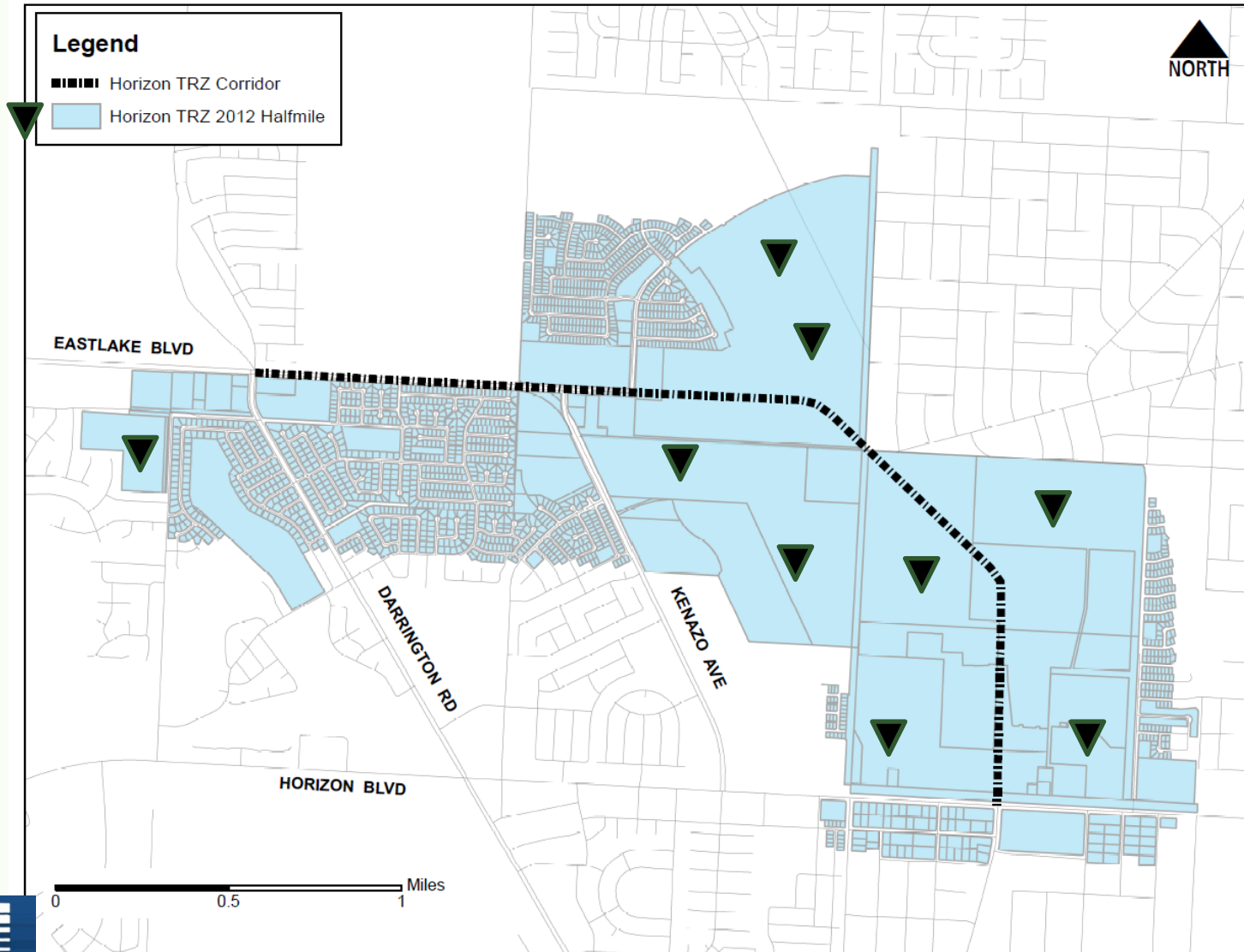
Project Background

2013 County Comprehensive Mobility Plan

Texas Mobility Funds
Vehicle Registration Fees
Transportation Reinvestment Zone
Federal Funds (STP)

Financial Analyses conducted by Texas
Transportation Institute

Proposed Horizon City TRZ



Local Government Considerations

- Zone size
- Zone's impact on General Fund budget
- Zone's term
- Project funding mechanism
- Zone description

Eastlake Phase 2 Funding Mechanism

Three-party agreement – relied on local entities exclusively

- Town of Horizon City
- County of El Paso
- Camino Real Regional Mobility Authority

Agreement Provisions

- CRRMA was clearing house for the project and agreement structure
- Agreement did not utilize State Infrastructure Bank loans as originally contemplated
- Project was not federalized
- CRRMA issued bonds – VRF (County) funds pledged for repayment
- TRZ funds reimburse VRF funds

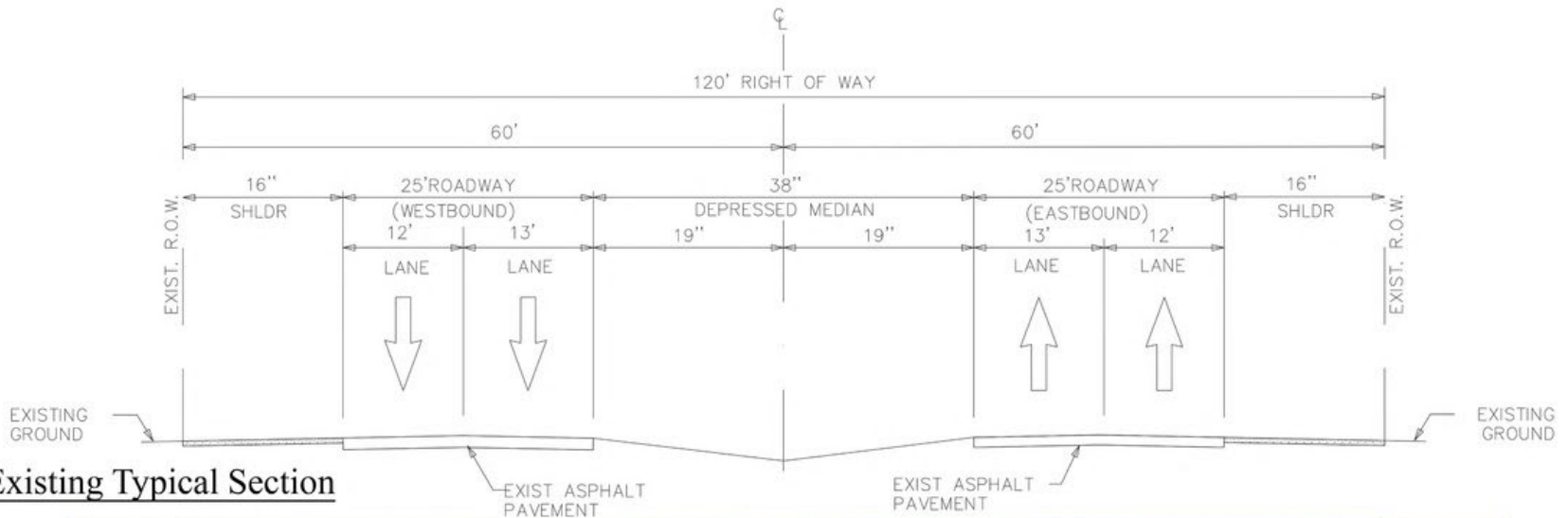
Project Financials - Estimated

Item	Estimated Cost	County Portion	Horizon City
Engineering & Environmental	\$2,269,525	\$1,754,343	\$515,182
Construction	\$16,785,565	\$12,975,242	\$3,810,323
Total Estimate	\$19,055,090	\$14,729,585	\$4,325,505

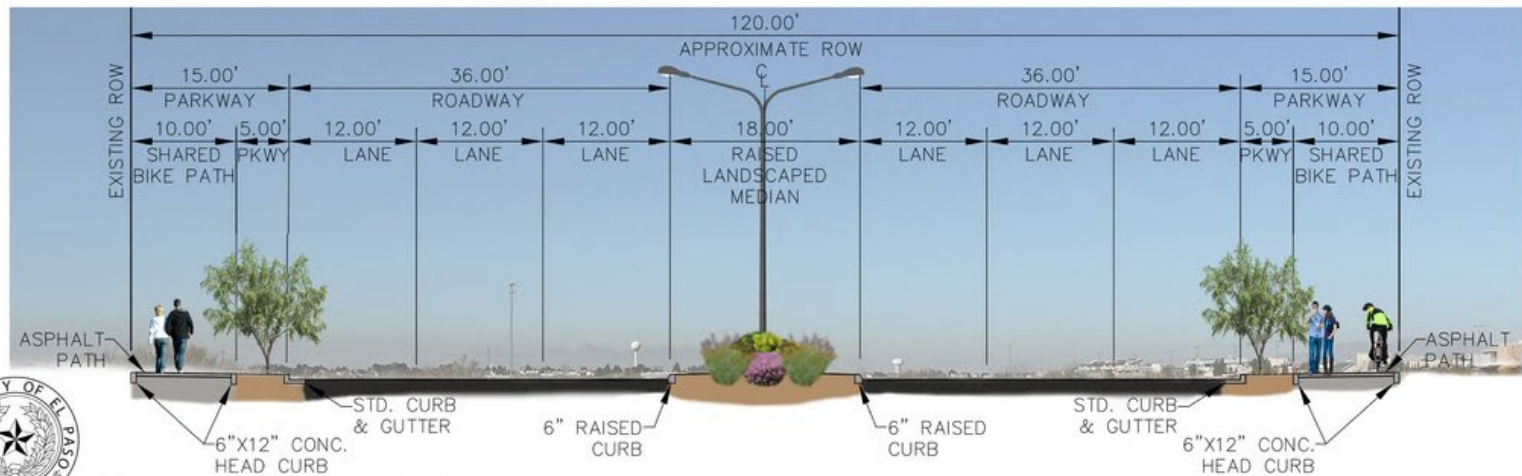
County portion: 77.3%
Horizon City portion: 22.7%

Project Schedule

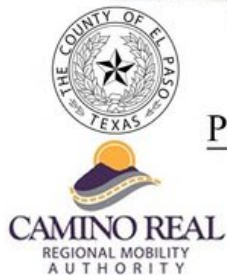
- December 2014 – TRZ #2 adopted
 - July 2015 – Design contract awarded
 - July 2016 – Bids opened
 - November 2016 – three-party agreement executed by all entities
 - January 2017 – Project construction began
 - April 11, 2018 – Ribbon-cutting
 - October 2018 - Town of Horizon City accepted project for maintenance
 - May 2020 – City's first payment to CRRMA
-



Existing Typical Section

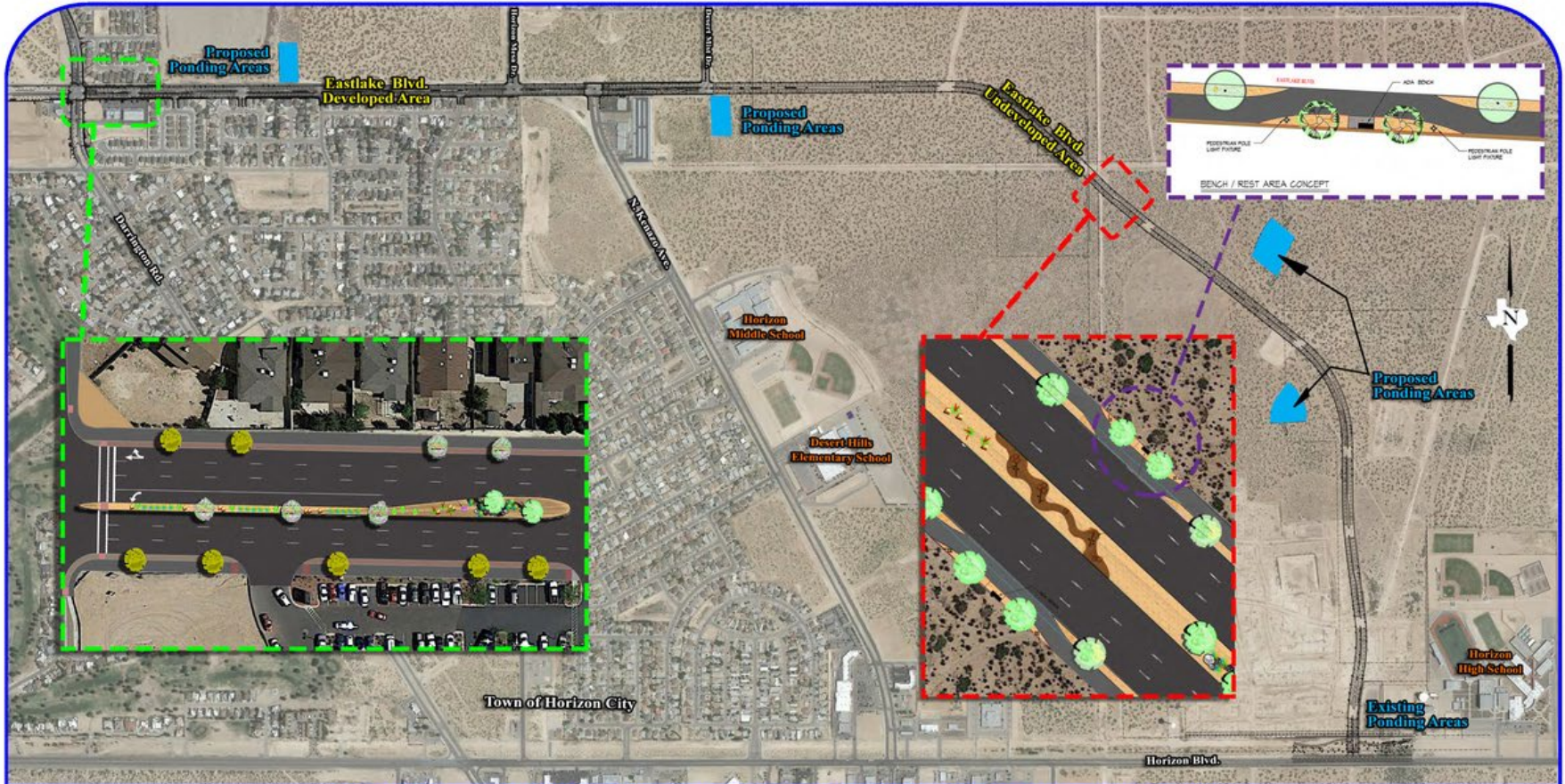


Proposed Typical Section



EASTLAKE BLVD. PHASE 2





CAMINO REAL REGIONAL MOBILITY AUTHORITY

EASTLAKE BLVD. PHASE 2 ROADWAY IMPROVEMENTS





Eastlake at Kenazo

Eastlake at Horizon Blvd.





Project Financials - Actual

Item	Actual Cost	County Portion	Horizon City
Engineering & Environmental	\$1,536,643.33	\$1,187,825.29	\$348,818.04
Construction	\$15,143,337.81	\$11,705,800.12	\$3,437,537.68
Maintenance (October 2018 to May 2019)	\$42,073.14	\$32,522.54	\$9,550.60
Total	\$16,722,054.28	\$12,926,147.96	\$3,795,906.32

County portion: 77.3%

Horizon City portion: 22.7%

Project Financials - Savings

Item	Total	County Portion	Horizon City
Total	\$2,333,035.72	\$1,803,436.61	\$529,599.11

County portion: 77.3%
Horizon City portion: 22.7%

Payment Schedule

- Payments for Horizon City begin May 2020
- Final payment scheduled for May 2038
- Graduated payments
 - \$29,011 in May 2020
 - \$842,816 in May 2038

TRZ Performance

FY 2021 Revenues	\$156,749
FY 2022 Revenues	\$360,553
FY 2023 Estimated Revenues	\$548,403
2023 Payment to CRRMA	\$128,440

Horizon City – Project Highlights

- Town of Horizon City adopted revised TRZ in 2014
- Projected to generate approximately \$6 million to fund a single project: Eastlake Extension Phase 2
- Project – Eastlake Phase 2 was completed in April 2018 – ahead of schedule and under budget

Value Capture & CIP: Considerations

- Identify project need
- Consider projects as economic drivers
- Consider Value Capture as a funding source where project is expected to increase values
- Identify partners
- Study and analyze capture value potential
- Monitor zone values
- Augment incentives in zone

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