

Judge Carlos H. Cascos, CPA

I will now open the Public Hearing for the Proposed
Transportation Reinvestment Zone, Number One

The Court recognizes Mr. Pete Sepulveda, Jr.,
Cameron County Regional Mobility Authority
(CCRMA) RMA Coordinator

Effective Mobility from *borders to beaches*



Agenda

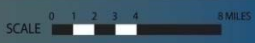
- Transportation Reinvestment Zone (TRZ) Overview
- TRZ Legal Process
- TRZ Implementation

Effective Mobility from *borders to beaches*

SYSTEM MAP



- EAST LOOP PROJECT / ENVIRONMENTAL STUDIES
 - WEST PARKWAY PROJECT / ENVIRONMENTAL STUDIES
 - C SPI 2ND ACCESS PROJECT ALTERNATIVES / ENVIRONMENTAL STUDIES
 - FM 509 PROJECT / ENVIRONMENTAL STUDIES
 - OUTER LOOP PROJECT / CORRIDOR STUDIES
 - NORTH RAIL RELOCATION PROJECT / CORRIDOR STUDIES
 - US 281 EXPANSION PROJECT / CORRIDOR STUDIES
 - FUTURE PORT BRIDGE PROJECT / CORRIDOR STUDIES
 - PORT ACCESS ROAD / UNDER CONSTRUCTION
 - OLMITO EXPANSION / UNDER CONSTRUCTION
 - SH 550 PROJECT / UNDER CONSTRUCTION
 - WEST RAILROAD PROJECT / UNDER CONSTRUCTION
 - PROPOSED FM 1925 PROJECT (BY TXDOT)
 - RAILROAD
- PORT
 AIRPORT
 ● INTERNATIONAL BRIDGES



HNTB

June 3, 2010

o beaches

Overview

- CCRMA is moving forward with developing and constructing the CCRMA system in an effort to encourage economic development while reducing congestion. It is important to move forward with the Transportation Reinvestment Zone (TRZ), a critical funding part of the CCRMA plan.

Effective Mobility from *borders to beaches*

Overview

- The plan will allow Cameron County to pledge a portion of the future tax valuation to help pay for the expedited construction of the CCRMA system. As new roadways are constructed in advance of development, past experience has shown that the properties near the new roadway improvements become more valuable. The tax rate is not impacted. However, the overall amount of taxes collected will increase as the property values increase.

Effective Mobility from *borders to beaches*

Overview

- The CCRMA TRZ Plan is to request that a portion of these increased values be pledged by Cameron County to help pay for 10% to 20% of the construction.
- *TRZs do not raise property taxes.*

Effective Mobility from *borders to beaches*

Background & Purpose

Authorized by the 80th Legislature in 2007 through the enactment of Senate Bill 1266

Provides a mechanism for local governments to generate funding for a project that is derived from the economic growth resulting from the project

Effective Mobility from *borders to beaches*



What is a TRZ?

- Contiguous geographic area in the jurisdiction of a city or county
- Promotes a “pass-through” project that cultivates development or redevelopment of the area
- Allows the county to dedicate a portion of future tax revenues to the project through use of tax increment financing

Statutory Purposes of a TRZ

- Promote public safety
- Facilitate the development or redevelopment of property
- Facilitate the movement of traffic
- Enhance a local entity's ability to sponsor a pass-through project with TxDOT

Effective Mobility from *borders to beaches*

Requirements for County to Form a TRZ?

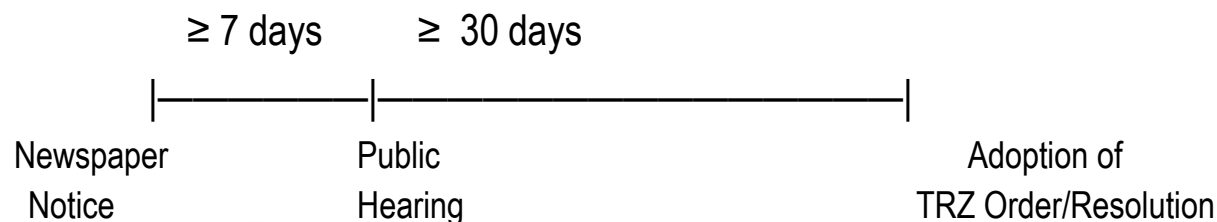
- County must first determine the area to be underutilized and underdeveloped
- Also determine that the creation of a TRZ will further the purposes set forth above

Effective Mobility from *borders to beaches*



Formation – Public Hearing

- County must hold a public hearing at least 30 days before it designates the TRZ
- At least 7 days prior, notice of the hearing must be published in the newspaper
- Interested persons are permitted to speak for or against the designation of the TRZ and/or its boundaries



Effective Mobility from *borders to beaches*

Formation – Resolution

- County must pass a resolution or order designating the TRZ
- The resolution must contain findings that the area is unproductive and underdeveloped and that the designation of the area as a TRZ will serve the authorized purposes

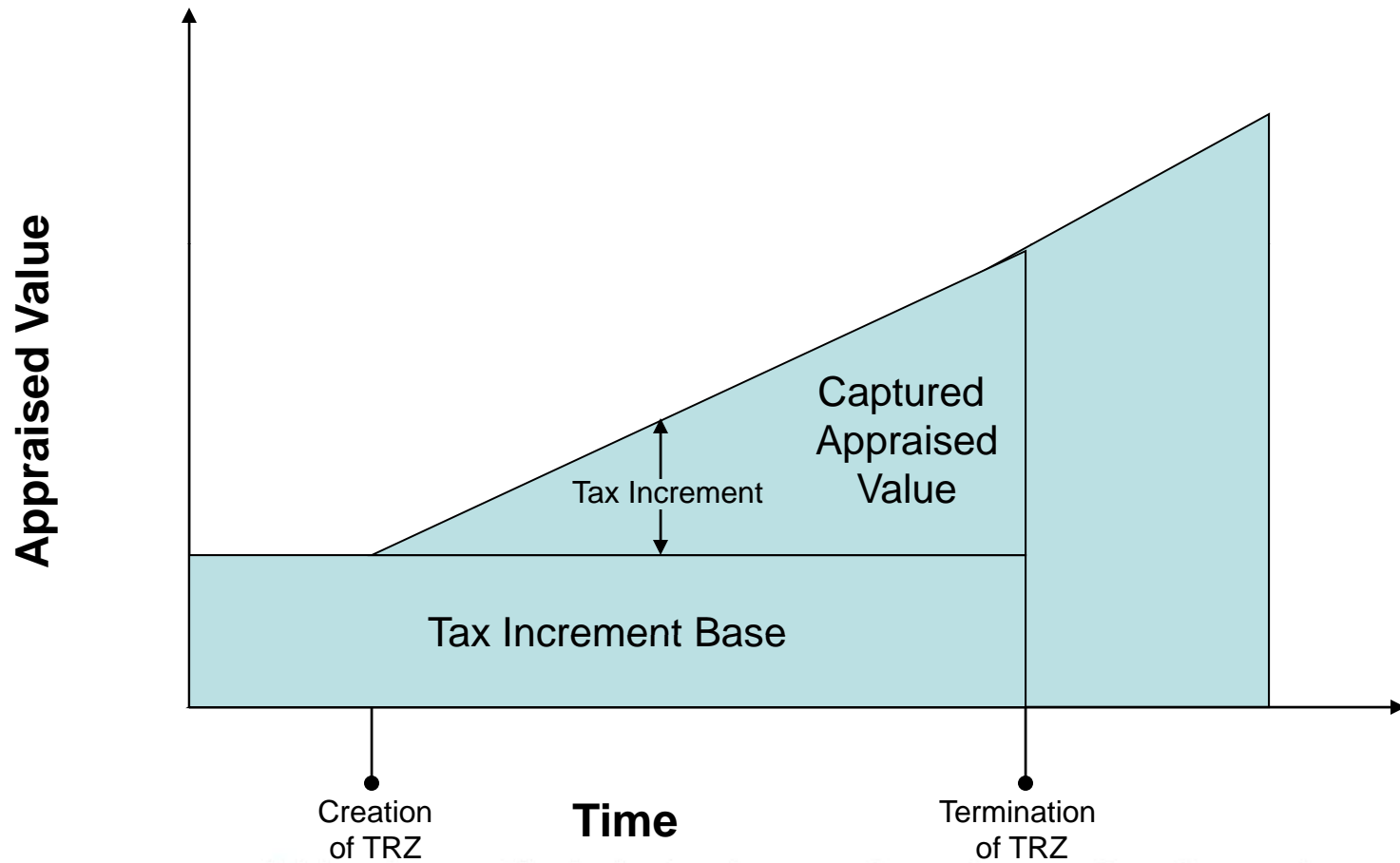
Effective Mobility from *borders to beaches*



Determination of Tax Increment

- Tax increment – amount of ad valorem taxes collected by the county for the year on the captured appraised value of real property in the TRZ
- Captured appraised value – total appraised value of all real property in the TRZ taxable by the county for the year, less the tax increment base
- Tax increment base – total appraised value of all real property in the TRZ taxable by the county for the year in which the TRZ is designated

Generation of TRZ Funds



Effective Mobility from *borders to beaches*

Termination of a TRZ

- TRZ or abatement terminates on:
 1. December 31 of the year in which the county complies with any contractual requirement regarding the pledge of money generated by (or through) the TRZ or the repayment of money owed under the pass-through agreement; OR
 2. December 31 of the 10th year, if before that date the county has not used the zone for the purpose for which it was designated

Effective Mobility from *borders to beaches*

Specific Changes (To Be Proposed – 82nd Legislative Session)

1. De-Couple TRZs from Pass-Through Program
2. Expand Range of Transportation Projects Eligible for TRZs (370.003(14))
3. Improve County Collection Mechanism
4. Increase Flexibility for County Use of Tax Increment
5. Permit Amendments to TRZ Boundaries
6. Recognize Pre-Existing Tax Increment Commitments
7. Prohibition on Reductions in Funding
8. Delegation of Project Development Responsibility
9. Clarify Authorization to Pledge TRZ Revenues

Effective Mobility from *borders to beaches*

Other Issues

- Constitutional Amendment – County Pledge of TRZ Revenues

Effective Mobility from *borders to beaches*



Economic Impact of Transportation

Connection Between Transportation and Economic Growth

- Assumption in long-term forecasting is that region builds “adequate” transportation capacity
- Failure to build new transportation infrastructure has two general negative consequences:
 - Reduction in baseline forecast;
 - Foregoing possible economic development opportunities that occur due to enhanced capacity.
- Congestion is a good indicator whether or not local transportation capacity is adequate.

Effective Mobility from *borders to beaches*

Economic Impact of Transportation

General Areas of Impact

- Industry competitiveness via improved access to markets, materials, and labor;
- Household welfare – through access to employment/economic opportunities and reduced transportation costs;
- Travel capacity – through facilitation of both individuals and firms to and from the area;
- Reduced costs associated with congestion and traffic accidents;
- Direct employment, both for construction and transportation itself

Effective Mobility from *borders to beaches*

Economic Impact of Transportation

Implications for Cameron County

- Decrease production and transportation costs
 - Facilitate industrial growth
 - Enhance inter- and intra-regional competitive position
- Improve workforce and business productivity
- Enhance labor force prosperity and opportunities
- Maintain competitive position vs. other regions of nation and world
- Strengthen the local tax base

Effective Mobility from *borders to beaches*

Cameron County Growth Trends

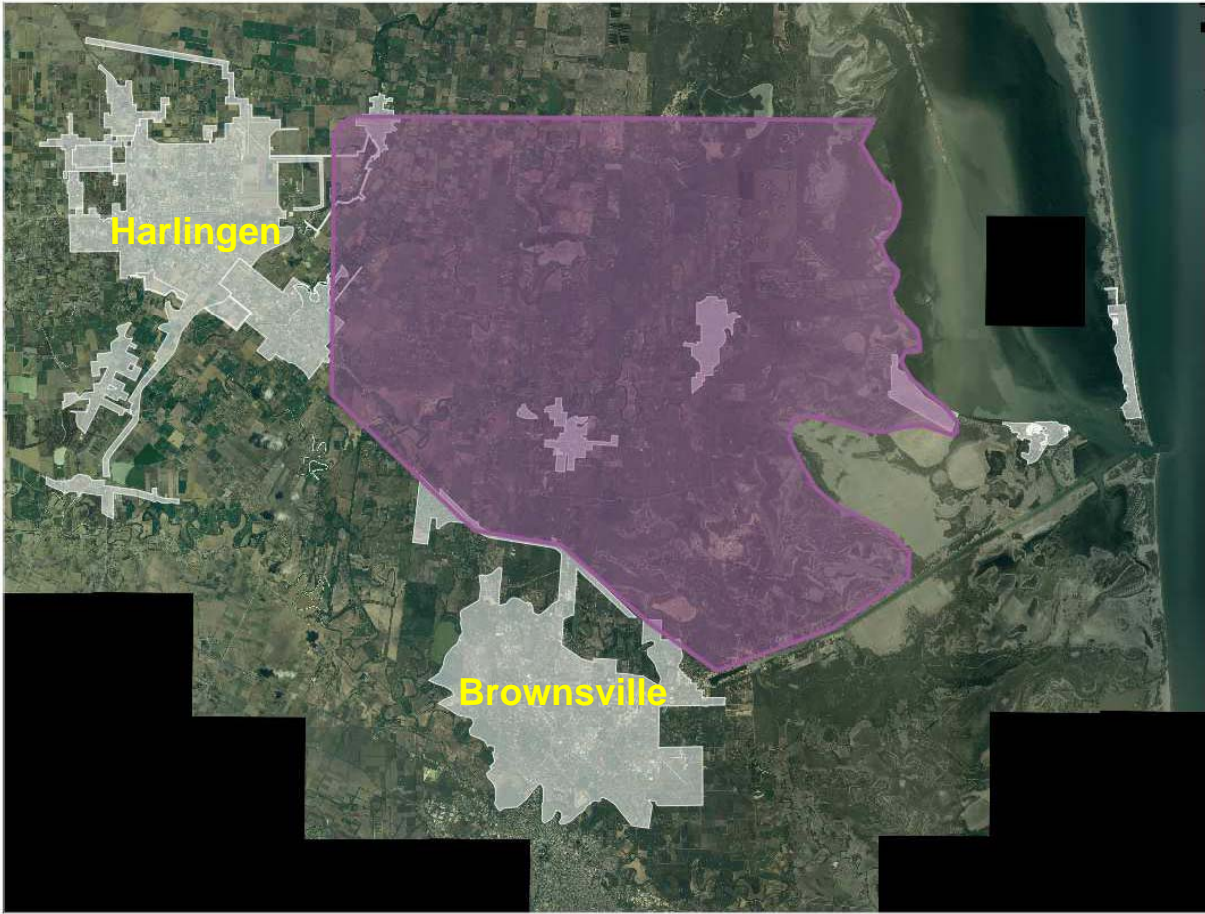
Cameron County Projected Population Growth	
2009	396,371
2040	675,748
Change from 2009 to 2040 Population	279,406
Equal to the total 2009 population for BOTH Brownsville and Harlingen	242,147
PLUS another San Benito...	25,365
AND an additional population of...	11,894

*Source: Texas State Data Center 0.5 Scenario

Effective Mobility from *borders to beaches*



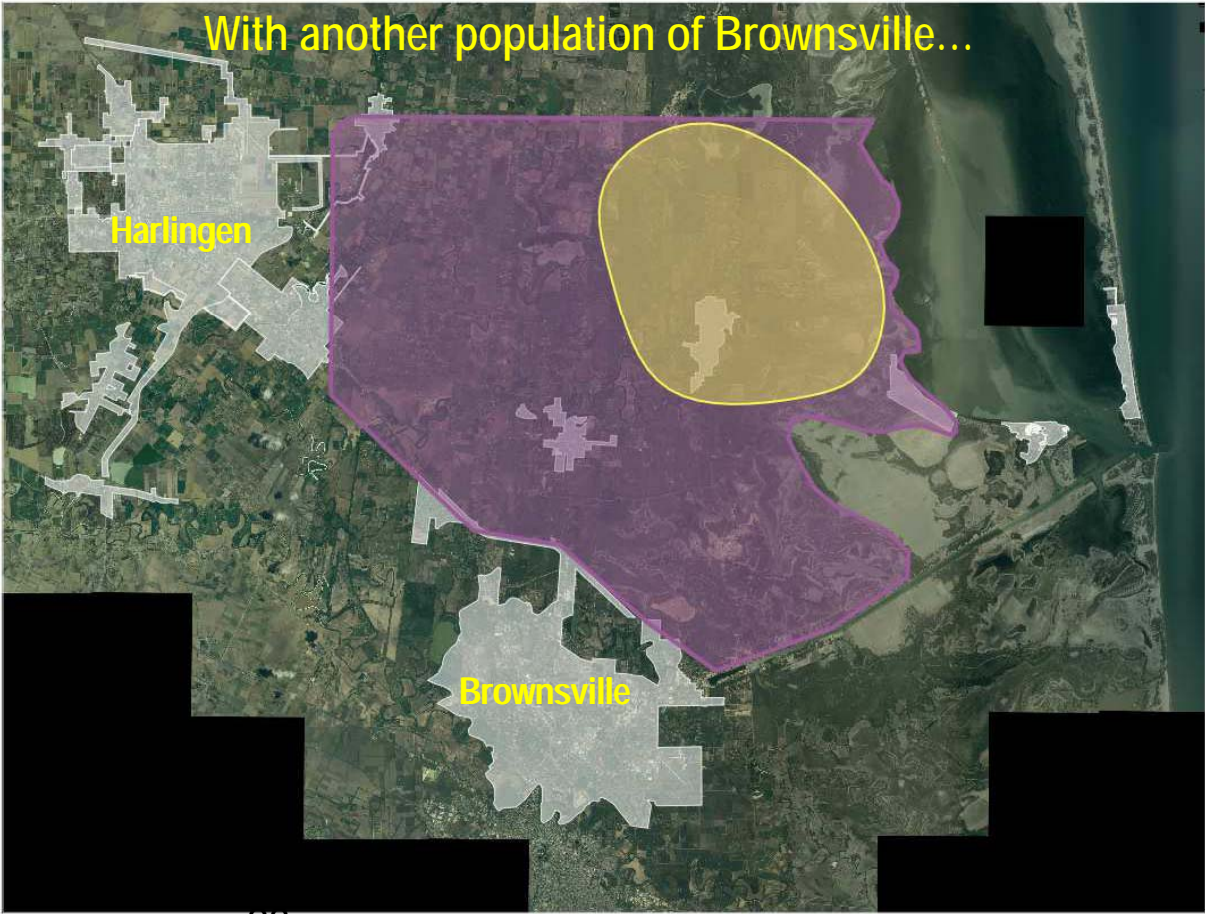
Cameron County Growth Trends



Effective Mobility from *borders to beaches*

Cameron County Growth Trends

In 2040...



23

Effective Mobility from *borders to beaches*

Cameron County Growth Trends

In 2040...



Effective Mobility from *borders to beaches*

Cameron County Growth Trends

In 2040...



Effective Mobility from *borders to beaches*

TRZ Analysis – Summary of Tasks

- Examined four potential TRZ widths
 - 1,000 feet, 2,000 feet, ½ mile, and 1 mile off centerline
- Included all GIS parcels (or polygons) for each TRZ boundary width if any part of the parcel was within the TRZ buffer boundary
- Problem parcels (1-mile buffer)
 - Approximately 1,700 GIS polygons do not have a Property ID/Geo Code ID
 - Approximately 800 parcels that have a Property ID or Geo Code ID do not match a record in the Cameron Appraisal District certified appraisal roll
 - Parcels will need to be researched as part of the Phase 2
- Assumed all unidentifiable properties are Qualified Ag Land
- Did not adjust for homestead tax exemptions
 - This issue will be addressed in Phase 2

Effective Mobility from *borders to beaches*

TRZ Analysis – Summary of Tasks

- Assumed all existing properties appreciate at 2.5 percent per year
- Assumed assessed value equaled taxable value
- Used Texas A&M Real Estate Center average Cameron County cost per new home to estimate the value of new residential housing units.
- Forecast driven off varying growth rates for existing number of households in each TRZ buffer
 - Calculated the existing number of households by multiplying the total single family acreage by 4 housing units per acre
 - Compared results against sub-county population and household forecast

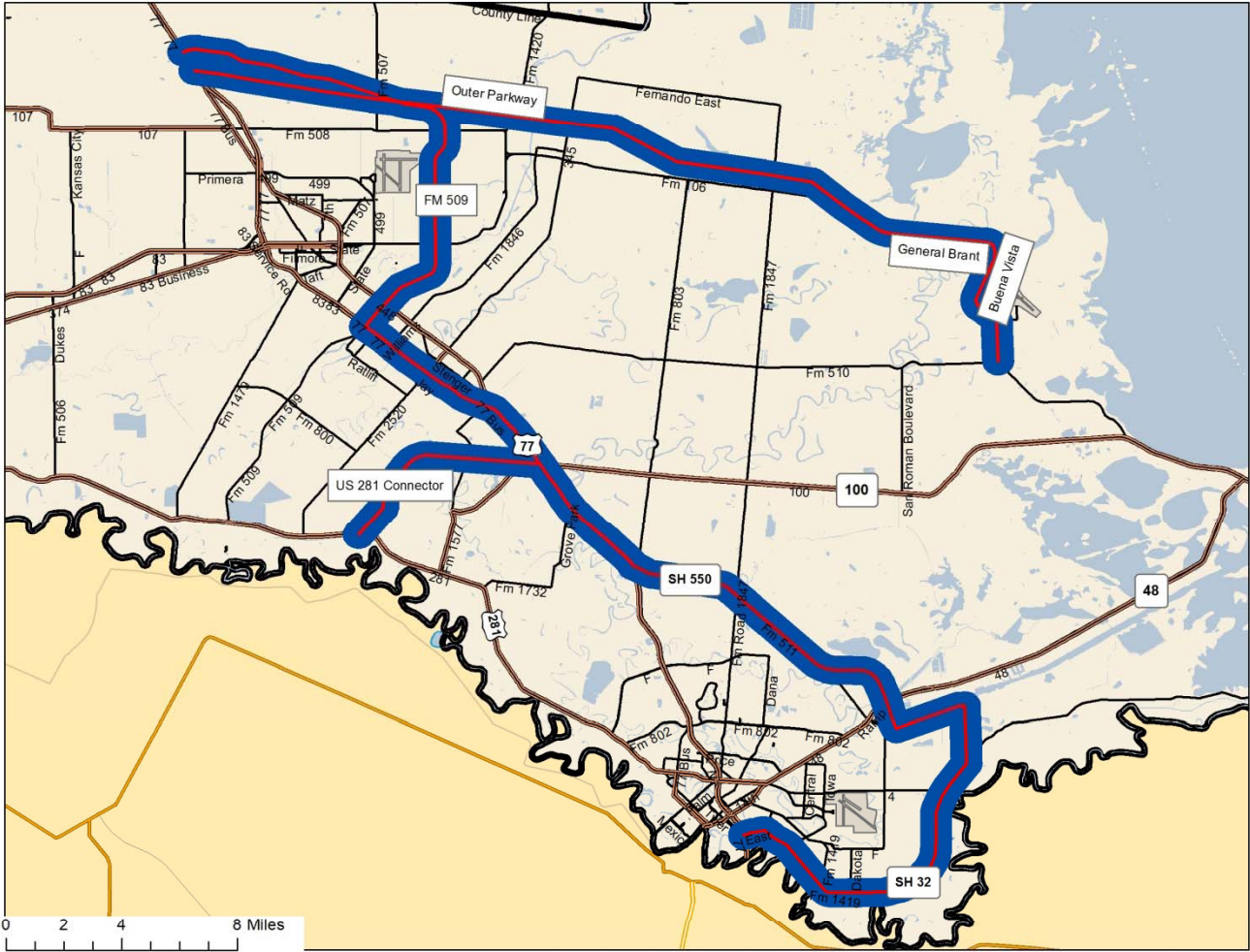
Effective Mobility from *borders to beaches*

TRZ Analysis – Recommendation

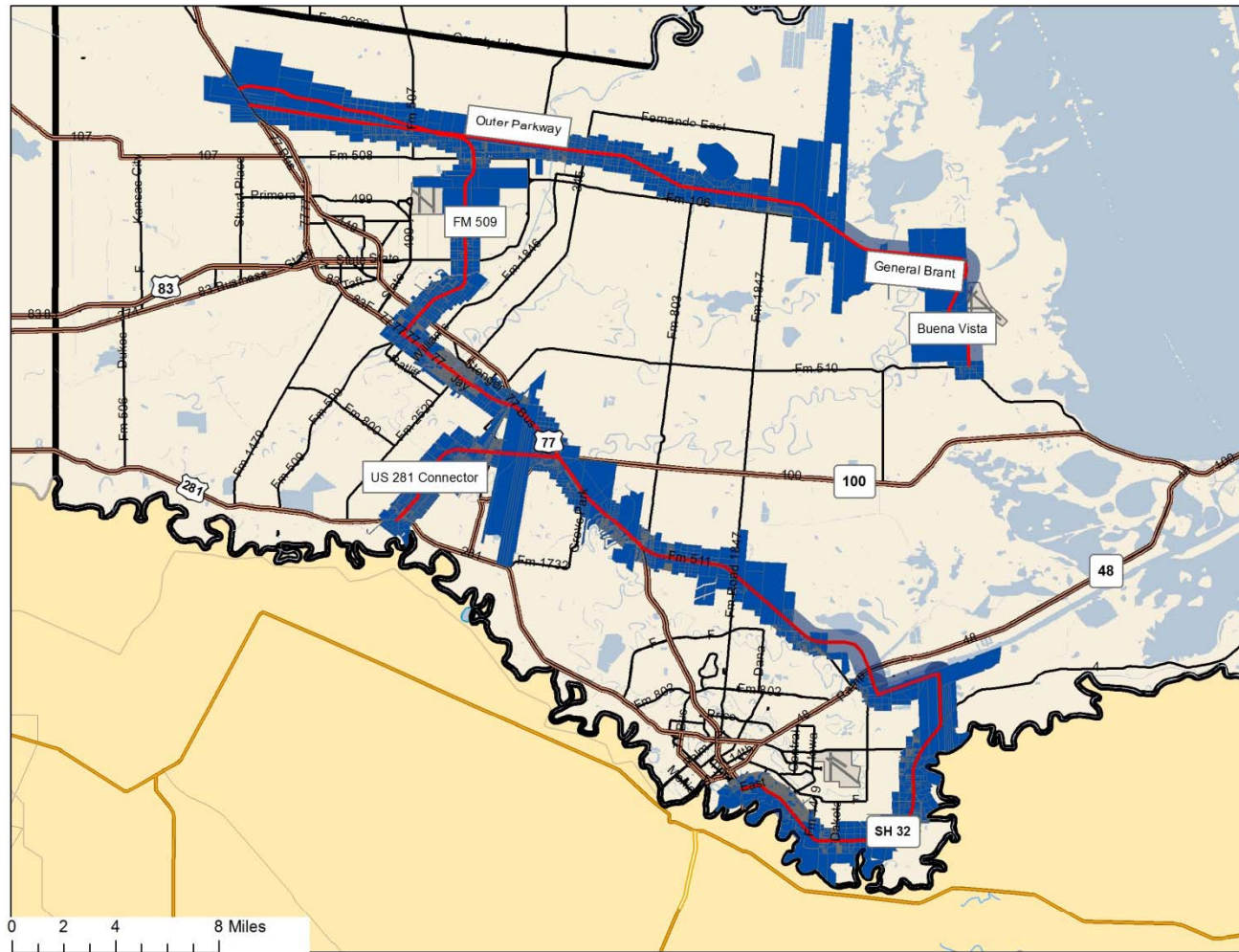
- Establish TRZ that is ½ mile buffer off centerline (total 1-mile width)
 - Provides balance between generating enough revenue to partially finance transportation projects and general fund needed to provided services to Cameron County residents
- Include all parcels that touch ½ mile buffer off centerline
 - Entire parcel is included
- ½ Mile Buffer Overview
 - Approximately 82,000 acres or 14% of Cameron County land acreage
 - Assessed value of \$810 million or 5% of Cameron County tax base
- Determine appropriate tax allocation after upcoming legislative session and investment grade analysis is complete (mid-2011)

Effective Mobility from *borders to beaches*

TRZ Analysis – ½ Mile Buffer



TRZ Analysis – ½ Mile Buffer Parcels



TRZ – Estimated 2009 Land Use

Land Use Code	Land Use Description	Acreage	Assessed Value
A	Single Family Residence	3,254.1	\$432,621,746
A1A	Single Family Residence	0.1	\$15,278
A1C	Single Family Residence	1.7	\$119,160
B	Multifamily Residence	56.2	\$9,925,465
C	Vacant Lot	2,395.3	\$39,520,738
C1A	Vacant Lot/Tract (Urban)	0.0	\$0
C1B	Vacant Lot/Tract (Rural)	6.4	\$166,308
D1	Qualified Ag Land	61,490.7	\$167,678,326
D2	Non-Qualified Land	5,475.2	\$27,779,175
E	Farm or Ranch Improvement	212.5	\$2,114,942
E1	Farm or Ranch Improvement	2,003.8	\$14,637,550
F	Commercial Real Property	2.5	\$274,000
F1	Commercial Real Property	585.7	\$81,726,165
F2	Industrial Real Property	338.9	\$27,376,057
F2A	Industrial Real Property	0.0	\$0
J3	Electric Company (Including Co-op)	2.5	\$16,732
J4	Telephone Company (including Co-op)	0.0	\$0
O	Residential Inventory	37.1	\$2,540,466
X	Totally Exempt Property	5,421.9	
Total		81,284.5	\$806,512,108

Effective Mobility from *b*orders to *b*eaches

% of County Tax Revenue Allocated

Estimated ½ Mile Off Centerline Cameron County TRZ 50-Year Tax Revenue* Nominal Value

	% of County Tax Revenue Allocated to TRZ				
Growth Rate**	20%	40%	60%	80%	100%
1.0%	\$75,126,657	\$150,253,313	\$225,379,970	\$300,506,626	\$375,633,283
1.5%	\$105,102,234	\$210,204,467	\$315,306,701	\$420,408,935	\$525,511,169
2.0%	\$141,151,819	\$282,303,637	\$423,455,456	\$564,607,275	\$705,759,093
2.5%	\$184,568,590	\$369,137,180	\$553,705,771	\$738,274,361	\$922,842,951
3.0%	\$236,925,867	\$473,851,734	\$710,777,601	\$947,703,468	\$1,184,629,335

* The Cameron County tax rate used was \$0.364291 per \$100 valuation

**A constant compound annual growth rate was applied to generate household growth patterns for each scenario for 50-years.

Effective Mobility from *b*orders to *b*eaches



% of County Tax Revenue Allocated

Estimated ½ Mile Off Centerline Cameron County TRZ 50-Year Tax Revenue*
 Net Present Value Using 5 Percent Discount Rate

	% of County Tax Revenue Allocated to TRZ				
Growth Rate**	20%	40%	60%	80%	100%
1.0%	\$14,718,957	\$29,437,914	\$44,156,871	\$58,875,828	\$73,594,785
1.5%	\$20,076,714	\$40,153,428	\$60,230,142	\$80,306,856	\$100,383,570
2.0%	\$26,328,566	\$52,657,133	\$78,985,699	\$105,314,266	\$131,642,832
2.5%	\$33,644,168	\$67,288,336	\$100,932,504	\$134,576,671	\$168,220,839
3.0%	\$42,227,227	\$84,454,455	\$126,681,682	\$168,908,910	\$211,136,137

* The Cameron County tax rate used was \$0.364291 per \$100 valuation

**A constant compound annual growth rate was applied to generate household growth patterns for each scenario for 50-years.

Effective Mobility from *b*orders to *b*eaches



TRZ – Next Steps / Phase 2

- Update and Refine Existing Cameron County Forecasts Based on TRZ Alignment
- Identify Proposed Major Developments within the Corridor
- Identify Comparable Properties or “Control Segments”
- Project New Development and Overall Land Use in TRZ
- Tax Increment Projections for the Corridor
- Create Low, Medium (Most Likely), and High Scenarios
- Document Findings and Results

Effective Mobility from *borders to beaches*

Transportation Reinvestment Zone

Public Hearing

Effective Mobility from *borders to beaches*

