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AGENDA ITEM REQUEST FORM

Hays County Commissioners Court

Tuesdays at 9:00 AM

Request forms are due in Microsoft Word Format via email by 2:00 p.m. on Wednesday.

AGENDA ITEM

Presentation and discussion of Hays County Transportation Reinvestment Zones Phase One Analyses.

ITEM TYPE

WORKSHOP

MEETING DATE

March 19, 2013

AMOUNT REQUIRED

\$0

LINE ITEM NUMBER

AUDITOR USE ONLY

AUDITOR COMMENTS:

PURCHASING GUIDELINES FOLLOWED: N/A

AUDITOR REVIEW: N/A

REQUESTED BY

Michael J. Weaver, Prime Strategies, Inc.

SPONSOR

INGALSBIE

CO-SPONSOR

CONLEY

SUMMARY

On November 13, 2012, the Commissioners Court approved the scope and fee proposal for Prime Strategies, Inc. to conduct analyses to determine the feasibility of creating two or possibly three Transportation Reinvestment Zones (TRZ's) along approved FM 110 and IH-35 Southbound Frontage Road alignments and to prepare the necessary documentation to create the TRZ's. Phase One analyses have been conducted and are ready for presentation to the Court. No action by the Court is required for this agenda item.

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FILED:

HAYS COUNTY COMMISSIONERS' COURT

Resolution # Presentation PG 116



Economic Impact of Transportation Connection Between Transportation and 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

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Economic Impact of Transportation Implications for Hays 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

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Hays County Growth Trends

Texas State Data Center Forecast

Hays County Projected Population Growth	
2010	157,107
2050	474,802
Change from 2010 to 2050 Population	317,695
Equal to the total 2010 population for San Marcos, Kyle, and Buda	80,205
PLUS Waco	124,805
PLUS Round Rock	99,887
AND an additional population of...	12,798

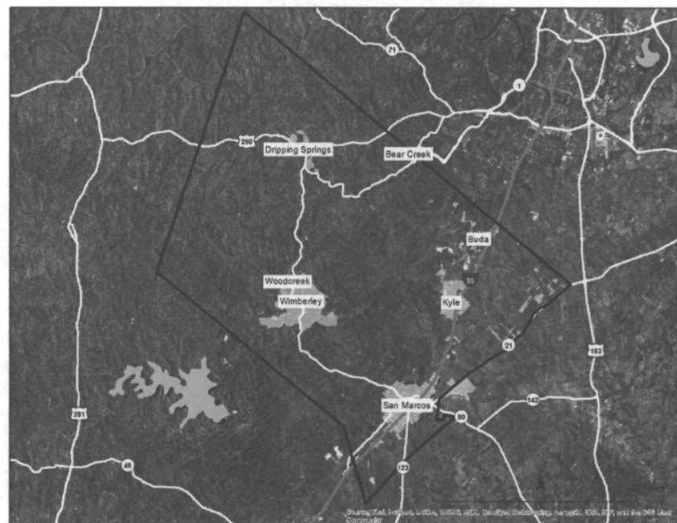
*Source: Texas State Data Center 0.5 Scenario

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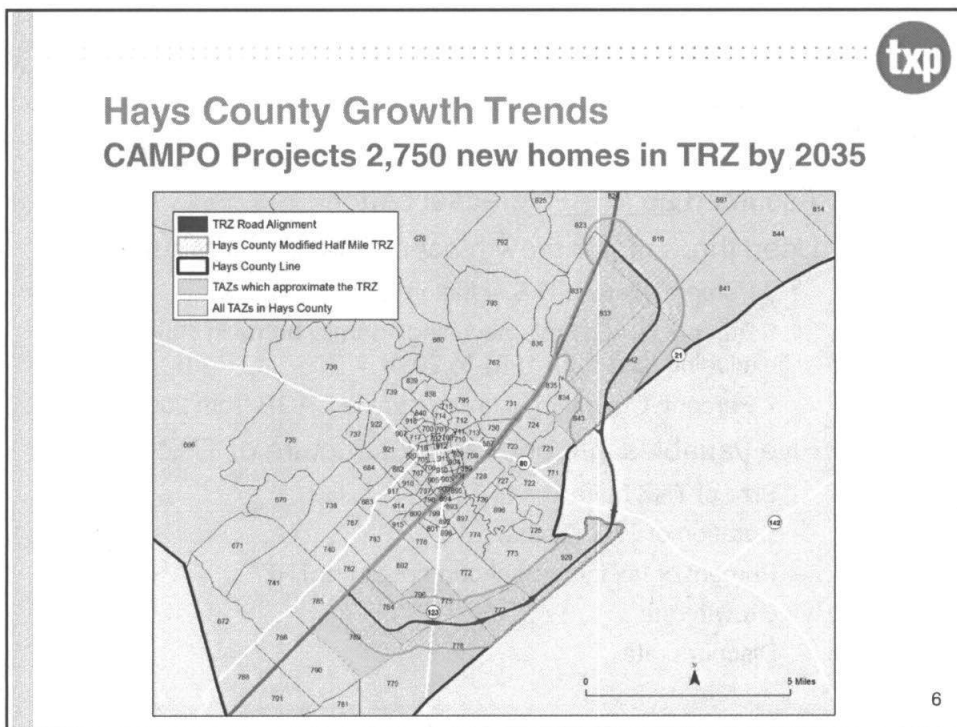
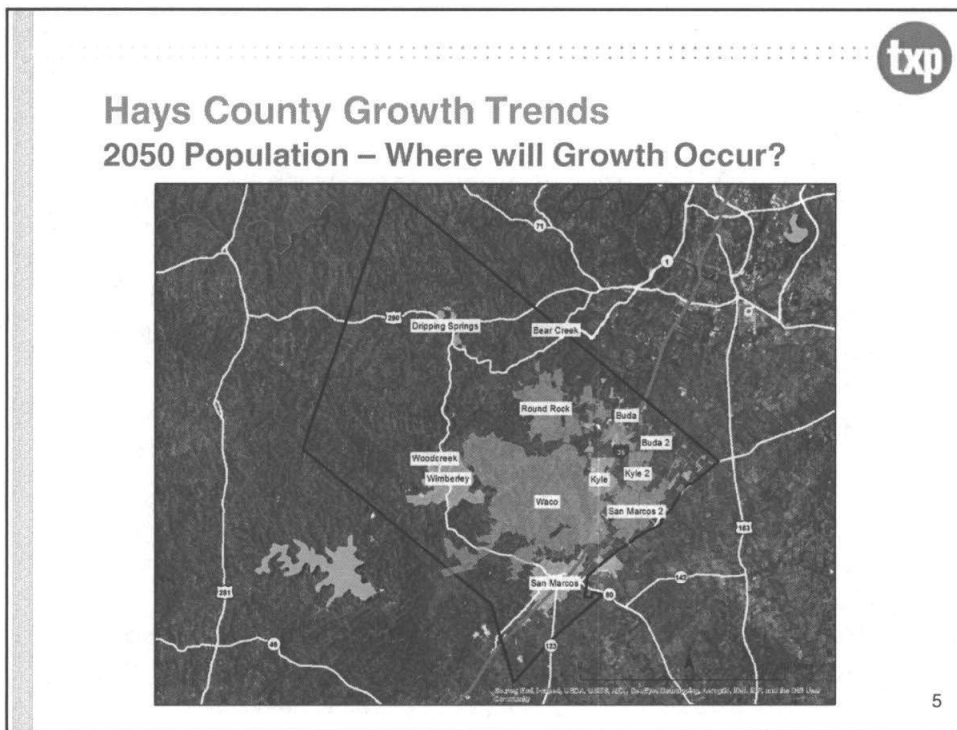


Hays County Growth Trends

2010 Population – Current City Limits



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Hays County TRZ Analysis – Phase 1

Methodology to Create Buffers & Preliminary Results

- Examined three FM 110 TRZ widths for Hays County
 - ½ mile, modified ½ mile, and 1 mile off centerline
- Included all GIS parcels for each TRZ boundary if any part of the parcel was within the TRZ buffer boundary
- Identified “problem parcels”
 - Some polygons do not have a Reference ID
 - Some parcels that have a Reference ID did not match a record in the certified appraisal roll
 - Parcels will need to be researched as part of the Phase 2
- Assumed assessed value equaled taxable value
 - No adjustment for homestead tax exemptions
 - Identified properties likely owned by public sector and nontaxable
 - This issue will be addressed in Phase 2

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Hays County TRZ Analysis – Phase 1

Methodology to Create Buffers & Preliminary Results

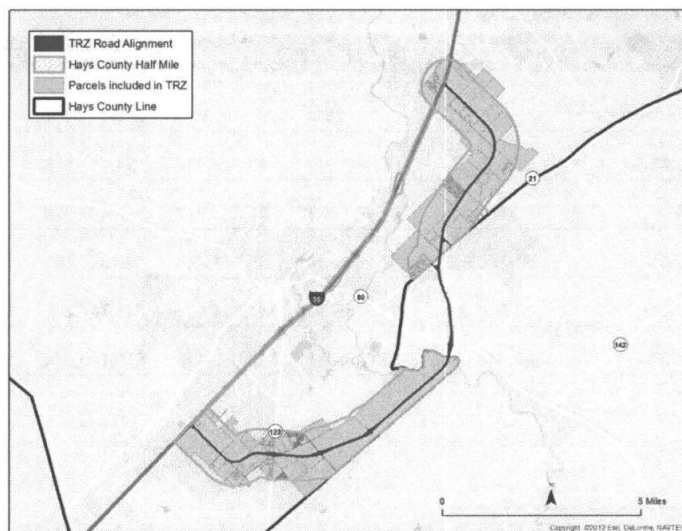
- Assumed 25 YEAR forecast period
- Used three major growth scenarios for each buffer
 - 3 Percent: historic U.S. inflation rate
 - 5 Percent: CAGR of a new single family home in Hays County excluding land from 1981 to 2011
 - 7 Percent: County total taxable value CAGR from 2001 to 2011
- Five variables influence exact structure of TRZ
 - Size of TRZ buffer
 - Duration of TRZ (Years)
 - Percent of tax increment contributed to TRZ
 - Growth rate
 - Discount rate

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TRZ Analysis – ½ Mile Buffer

½ Mile Buffer – Hays Central Appraisal District (2012)



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TRZ Analysis – ½ Mile Buffer

½ Mile Buffer – Hays Central Appraisal District (2012)

Land Use Code	Acreage	Polygon Count	Assessed Value
A	259.1	493	\$52,274,860
B	13.4	1	\$3,701,540
C	66.4	73	\$2,712,100
D	3,890.6	49	\$1,943,610
E	486.0	11	\$1,639,630
Exempt	305.5	51	\$16,302,230
F	488.3	27	\$48,669,415
J	1.8	2	\$143,320
O	0.2	1	\$15,750
Problem Parcels	1,639.4	59	\$0
Grand Total	7,150.6	767	\$127,402,455

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TRZ Analysis – ½ Mile Buffer

% of County Tax Revenue Allocated – Nominal Value

% of County Tax Revenue Allocated to TRZ – 25 Year Forecast					
Growth Rate	10%	25%	50%	75%	100%
3.0%	\$593,003	\$1,482,509	\$2,965,017	\$4,447,526	\$5,930,034
4.0%	\$865,043	\$2,162,609	\$4,325,217	\$6,487,826	\$8,650,434
5.0%	\$1,186,355	\$2,965,887	\$5,931,775	\$8,897,662	\$11,863,549
6.0%	\$1,566,301	\$3,915,754	\$7,831,507	\$11,747,261	\$15,663,014
7.0%	\$2,016,029	\$5,040,071	\$10,080,143	\$15,120,214	\$20,160,286

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TRZ Analysis – ½ Mile Buffer

% of County Tax Revenue Allocated – NPV @ 3%

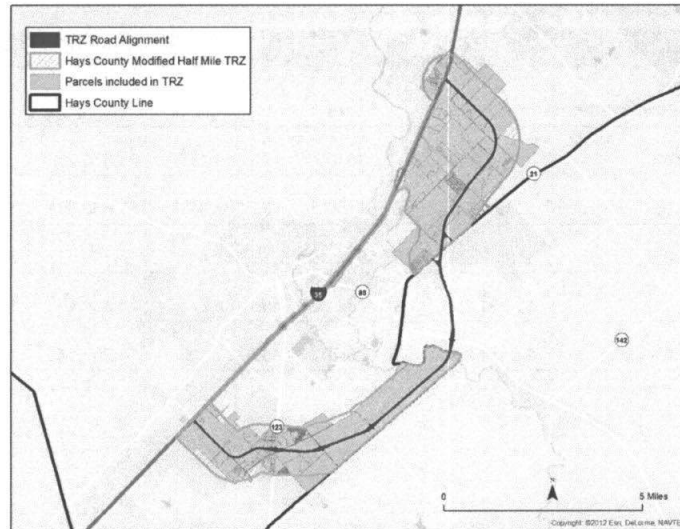
% of County Tax Revenue Allocated to TRZ – 25 Year Forecast					
Growth Rate	10%	25%	50%	75%	100%
3.0%	\$358,402	\$896,004	\$1,792,008	\$2,688,011	\$3,584,015
4.0%	\$519,711	\$1,299,278	\$2,598,557	\$3,897,835	\$5,197,113
5.0%	\$708,470	\$1,771,175	\$3,542,350	\$5,313,525	\$7,084,700
6.0%	\$929,705	\$2,324,263	\$4,648,525	\$6,972,788	\$9,297,051
7.0%	\$1,189,378	\$2,973,446	\$5,946,892	\$8,920,337	\$11,893,783

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TRZ Analysis – Modified ½ Mile Buffer

Modified ½ Mile Buffer – Hays Appraisal District (2012)



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TRZ Analysis – Modified ½ Mile Buffer

Modified ½ Mile Buffer – Hays Appraisal District (2012)

Land Use Code	Acreage	Polygon Count	Assessed Value
A	263.0	496	\$52,552,200
B	15.7	2	\$3,765,890
C	104.1	76	\$3,432,310
D	4,002.9	58	\$2,202,670
E	497.1	13	\$1,679,050
Exempt	393.8	54	\$18,356,060
F	687.7	31	\$70,358,465
J	1.8	2	\$143,320
O	0.2	1	\$15,750
Problem Parcels	2,250.5	63	\$0
Grand Total	8,216.9	796	\$152,505,715

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TRZ Analysis – Modified ½ Mile Buffer

% of County Tax Revenue Allocated – Nominal Value

% of County Tax Revenue Allocated to TRZ – 25 Year Forecast					
Growth Rate	10%	25%	50%	75%	100%
3.0%	\$716,031	\$1,790,077	\$3,580,155	\$5,370,232	\$7,160,310
4.0%	\$1,044,510	\$2,611,275	\$5,222,549	\$7,833,824	\$10,445,098
5.0%	\$1,432,482	\$3,581,206	\$7,162,411	\$10,743,617	\$14,324,823
6.0%	\$1,891,254	\$4,728,136	\$9,456,272	\$14,184,408	\$18,912,544
7.0%	\$2,434,284	\$6,085,711	\$12,171,422	\$18,257,133	\$24,342,844

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TRZ Analysis – Modified ½ Mile Buffer

% of County Tax Revenue Allocated – NPV @ 3%

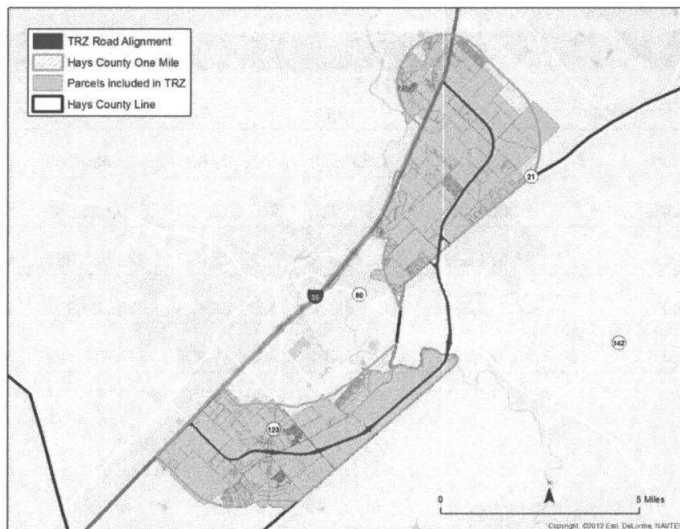
% of County Tax Revenue Allocated to TRZ – 25 Year Forecast					
Growth Rate	10%	25%	50%	75%	100%
3.0%	\$432,757	\$1,081,893	\$2,163,787	\$3,245,680	\$4,327,573
4.0%	\$627,533	\$1,568,833	\$3,137,667	\$4,706,500	\$6,275,334
5.0%	\$855,453	\$2,138,632	\$4,277,264	\$6,415,896	\$8,554,528
6.0%	\$1,122,587	\$2,806,466	\$5,612,933	\$8,419,399	\$11,225,865
7.0%	\$1,436,133	\$3,590,332	\$7,180,665	\$10,770,997	\$14,361,329

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TRZ Analysis – 1 Mile Buffer

1 Mile Buffer – Hays Central Appraisal District (2012)



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TRZ Analysis – 1 Mile Buffer

1 Mile Buffer – Hays Central Appraisal District (2012)

Land Use Code	Acreage	Polygon Count	Assessed Value
A	552.9	1,019	\$106,707,339
B	57.5	6	\$40,249,260
C	323.6	217	\$10,611,040
D	6,096.1	111	\$5,421,940
E	802.5	26	\$2,933,700
Exempt	705.1	71	\$24,338,120
F	896.4	56	\$167,905,355
J	2.8	4	\$384,710
O	4.8	31	\$535,500
Problem Parcels	3,475.5	203	\$0
Grand Total	12,917.0	1,744	\$359,086,964

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TRZ Analysis – 1 Mile Buffer

% of County Tax Revenue Allocated – Nominal Value

% of County Tax Revenue Allocated to TRZ – 25 Year Forecast					
Growth Rate	10%	25%	50%	75%	100%
3.0%	\$1,786,740	\$4,466,850	\$8,933,699	\$13,400,549	\$17,867,399
4.0%	\$2,606,406	\$6,516,015	\$13,032,030	\$19,548,045	\$26,064,060
5.0%	\$3,574,529	\$8,936,322	\$17,872,643	\$26,808,965	\$35,745,287
6.0%	\$4,719,321	\$11,798,302	\$23,596,603	\$35,394,905	\$47,193,206
7.0%	\$6,074,364	\$15,185,911	\$30,371,822	\$45,557,732	\$60,743,643

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TRZ Analysis – 1 Mile Buffer

% of County Tax Revenue Allocated – NPV @ 3%

% of County Tax Revenue Allocated to TRZ – 25 Year Forecast					
Growth Rate	10%	25%	50%	75%	100%
3.0%	\$1,079,876	\$2,699,691	\$5,399,381	\$8,099,072	\$10,798,762
4.0%	\$1,565,908	\$3,914,771	\$7,829,542	\$11,744,313	\$15,659,084
5.0%	\$2,134,645	\$5,336,612	\$10,673,224	\$16,009,835	\$21,346,447
6.0%	\$2,801,234	\$7,003,085	\$14,006,169	\$21,009,254	\$28,012,338
7.0%	\$3,583,638	\$8,959,096	\$17,918,191	\$26,877,287	\$35,836,383

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Hays County TRZ Analysis – Next Steps

Phase 2 Tasks

- Update CAMPO projections for TRZ buffers using current Hays County population and employment data
 - CAMPO projections for 2005 to 2035
- Identify Proposed Major Developments within the Corridor
- Create Low, Medium, and High growth scenarios
- Project tax increment for the TRZ alignments
- Coordinate with TxDOT on TRZ creation and assumptions
- Document findings and results

OVERVIEW

Transportation Reinvestment Zones

Hays County Commissioners Court

March 19, 2013

Atlanta, Austin, Chicago, Dallas, Hong Kong, Houston, London, Los Angeles, New Orleans, New York, Sacramento, San Francisco, Washington, DC

Background and Purpose

- Authorized by the 80th Legislature in 2007 through the enactment of Senate Bill 1266
- Significantly improved and expanded by the 82nd Legislature in 2011 (HB 563 / SB 1420)
- Provides a mechanism for local governments to generate funding for a project that is derived from the economic growth resulting from the project.

What is a TRZ?

- Contiguous geographic area in the jurisdiction of a city or county
- Allows the county to dedicate a portion of future tax revenues to the project
- Is not a tax increase

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Statutory Purposes of a TRZ

- Promote public safety
- Facilitate the development or redevelopment of property
- Facilitate the movement of traffic

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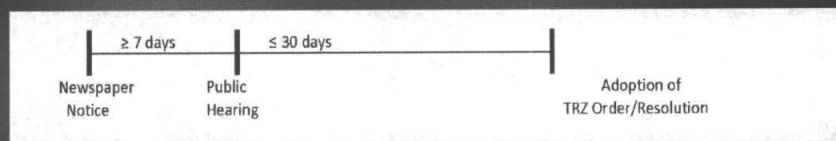
Requirements for County to Form a TRZ

- 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
- Formation is to promote a transportation project

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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



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Formation - Resolution

- County must pass a resolution or order designating the TRZ
- The resolution must:
 - describe the boundaries of the TRZ
 - provide for effective date and designate the base year
 - establish a tax increment account

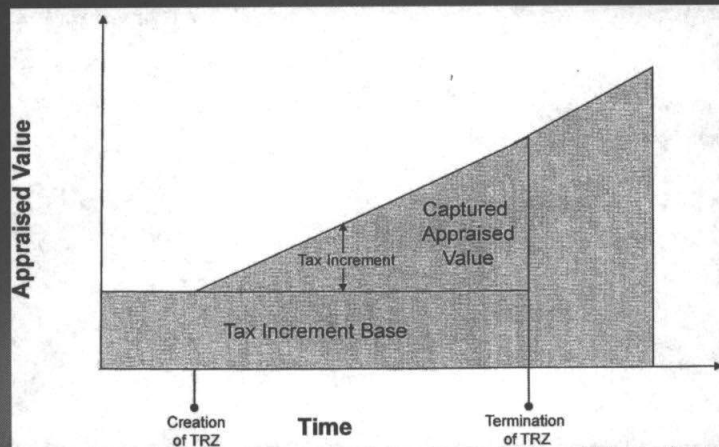
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Determination of Tax Increment

- **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

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Generation of TRZ Funds



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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.

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Other Issues

- Constitutional Issue – County Pledge of TRZ Revenues
- Differences from Tax Increment Reinvestment Zones/TIFs