




WCCLRMA

WEBB COUNTY - CITY OF LAREDO
REGIONAL MOBILITY AUTHORITY



Loop 20 Preliminary Tax Revenue Assessment for Area TRZ

June 18, 2018



HNTB

Background

- The Webb County City of Laredo Regional Mobility Authority (WC-CL RMA) is vigorously investigating methods of funding for the upgrade of Loop 20 South (Cuatro Vientos) from US 59 to the new proposed Port of Entry (Bridge 5).
- For that goal, WC-CL RMA has commissioned TXP to develop a preliminary tax revenue assessment for an Area Transportation Reinvestment Zone (TRZ).

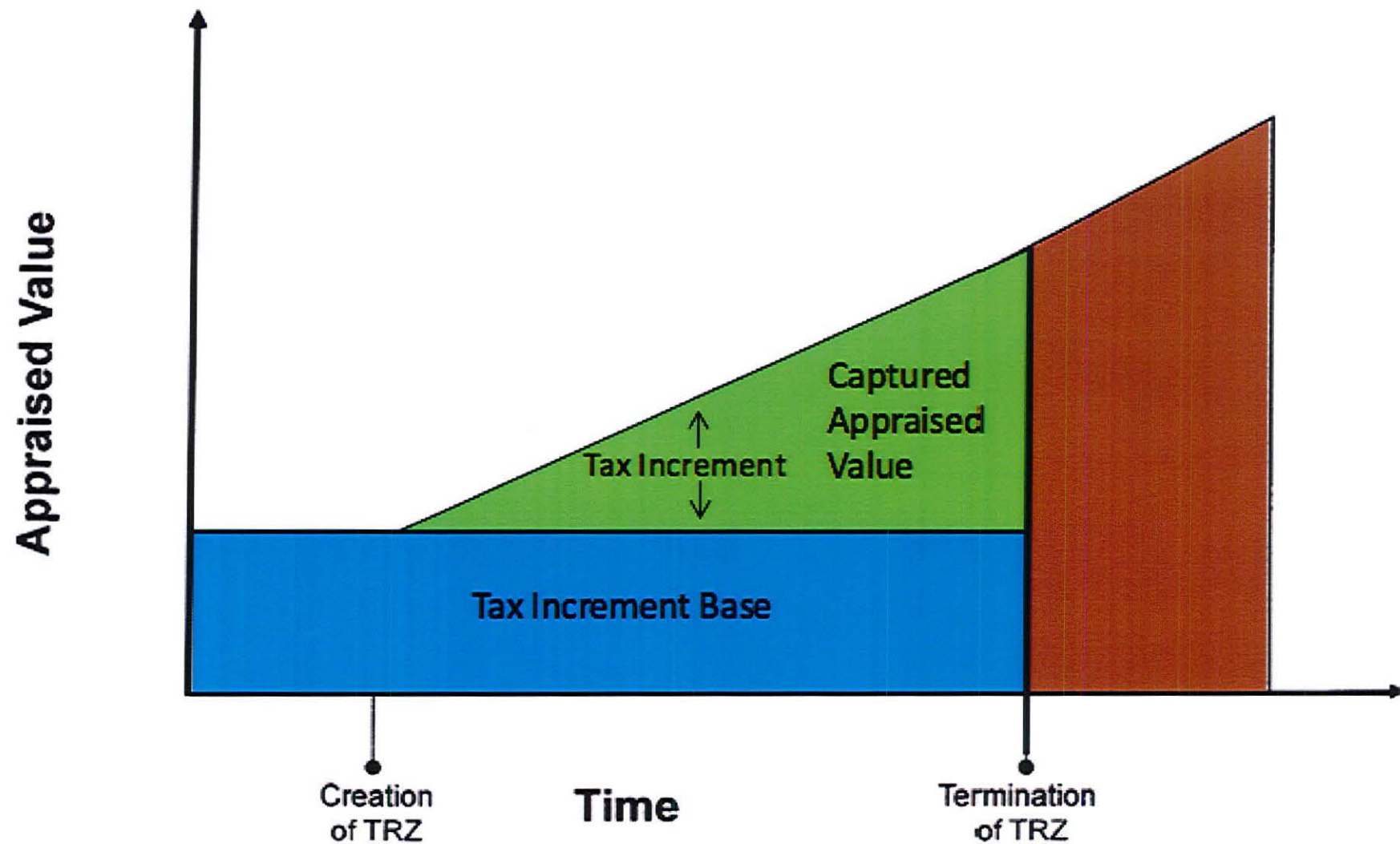
What is a Transportation Reinvestment Zone (TRZ)

- A municipality designates a contiguous geographic area as the boundary of the TRZ and captures the increase in tax revenues resulting from growth spurred by a designated project(s).
- All or a portion of the future captured revenues can be used in connection with project funding- growth helps to pay for itself.
- Is NOT a tax increase

Purpose of a TRZ

- Purpose of a TRZ is to:
 - Promote public safety
 - Facilitate the improvement, development, or redevelopment of property
 - Facilitate the movement of traffic
 - Enhance a municipalities ability to sponsor a transportation project.
- A municipality must make findings that:
 - the area within the TRZ is unproductive and underdeveloped
 - Creation of a TRZ will further “Purpose of a TRZ” as listed above.

Generation of TRZ Funds

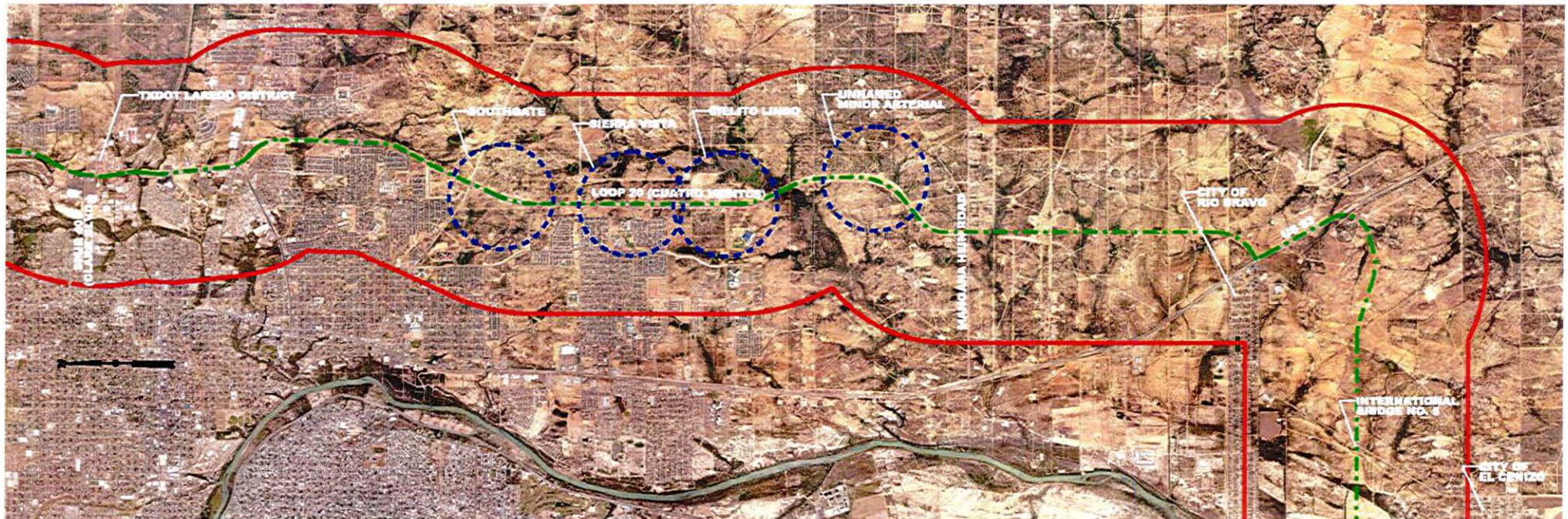


Feasibility Study Focus

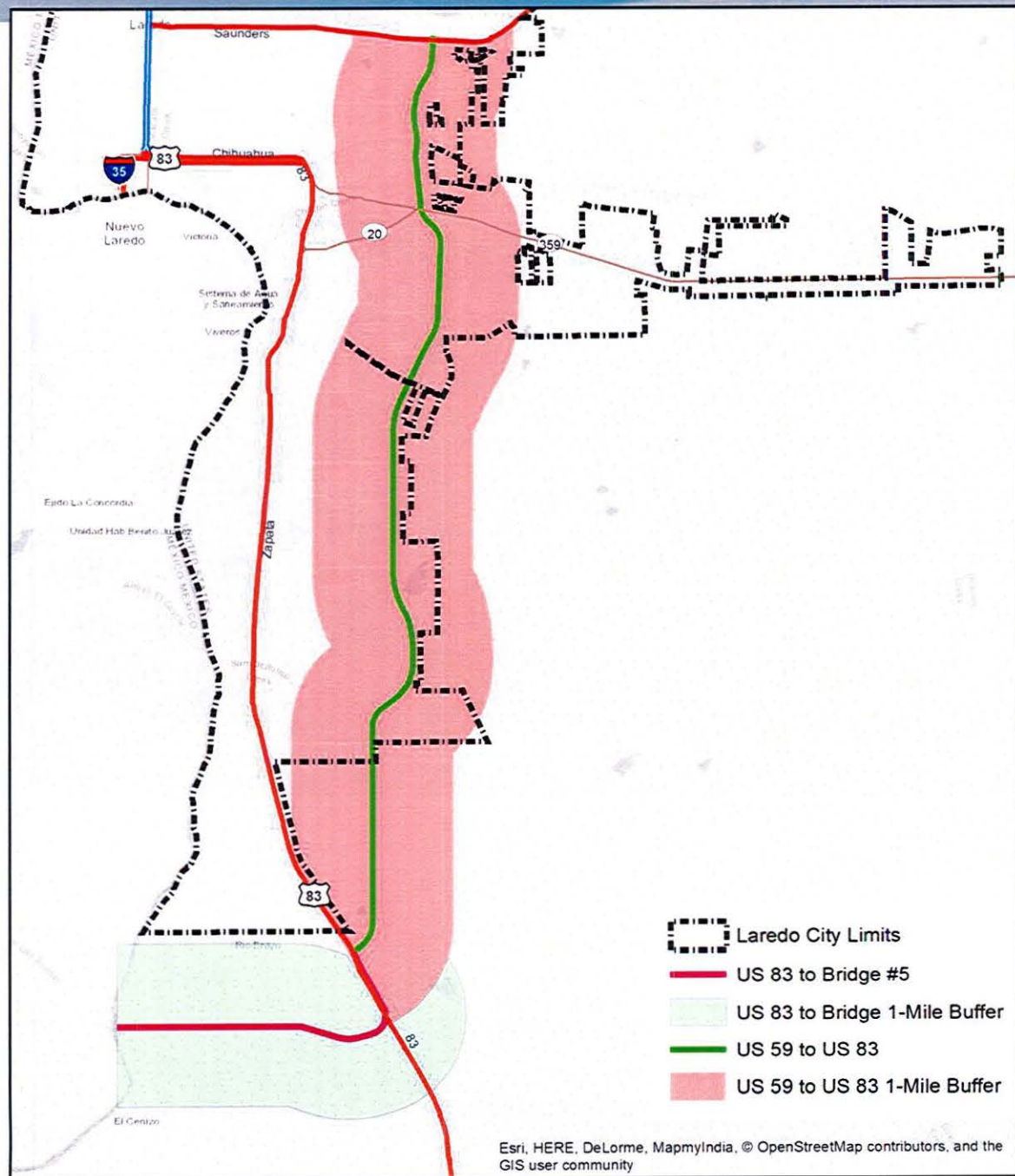
TXP study focused on the following major tasks:

1. Economic & Real Estate Assessment of the Loop 20 Area
2. Collect and Analyze Webb County Appraisal District Data
3. Establish a Loop 20 TRZ Preliminary Tax Revenue Forecast
4. Create 30 Year Tax Revenue Forecast

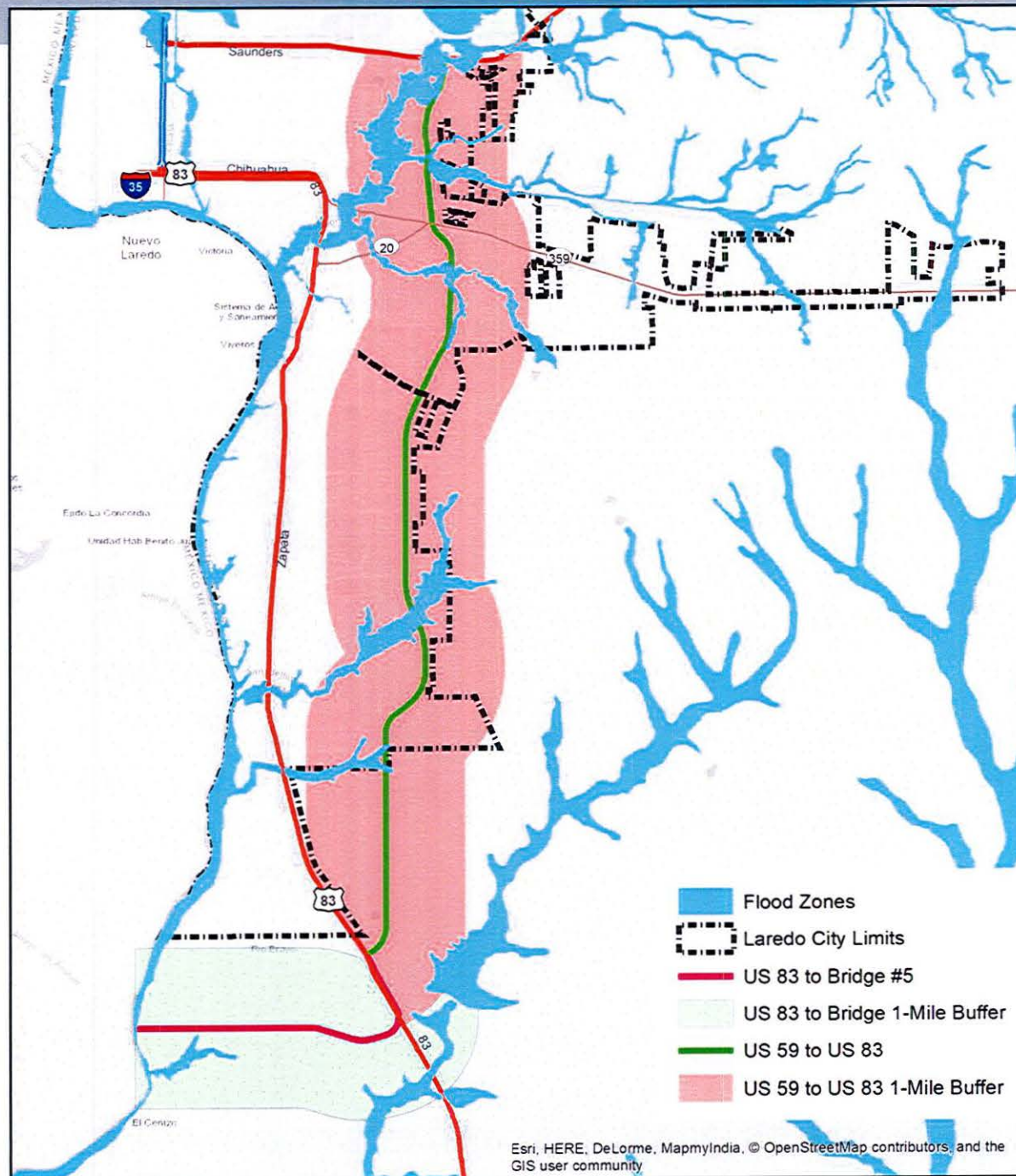
Loop 20 South (Cuatro Vientos) TRZ



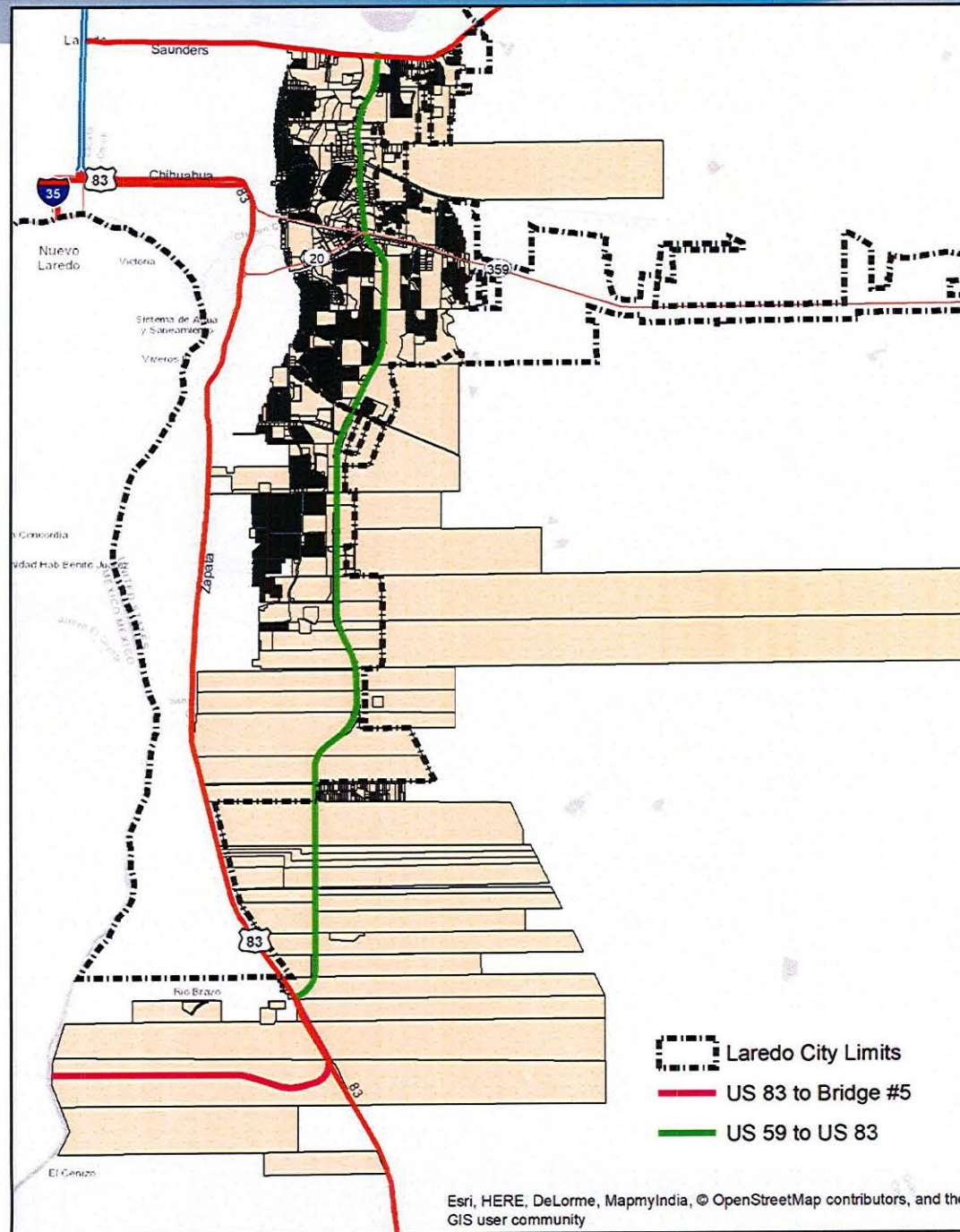
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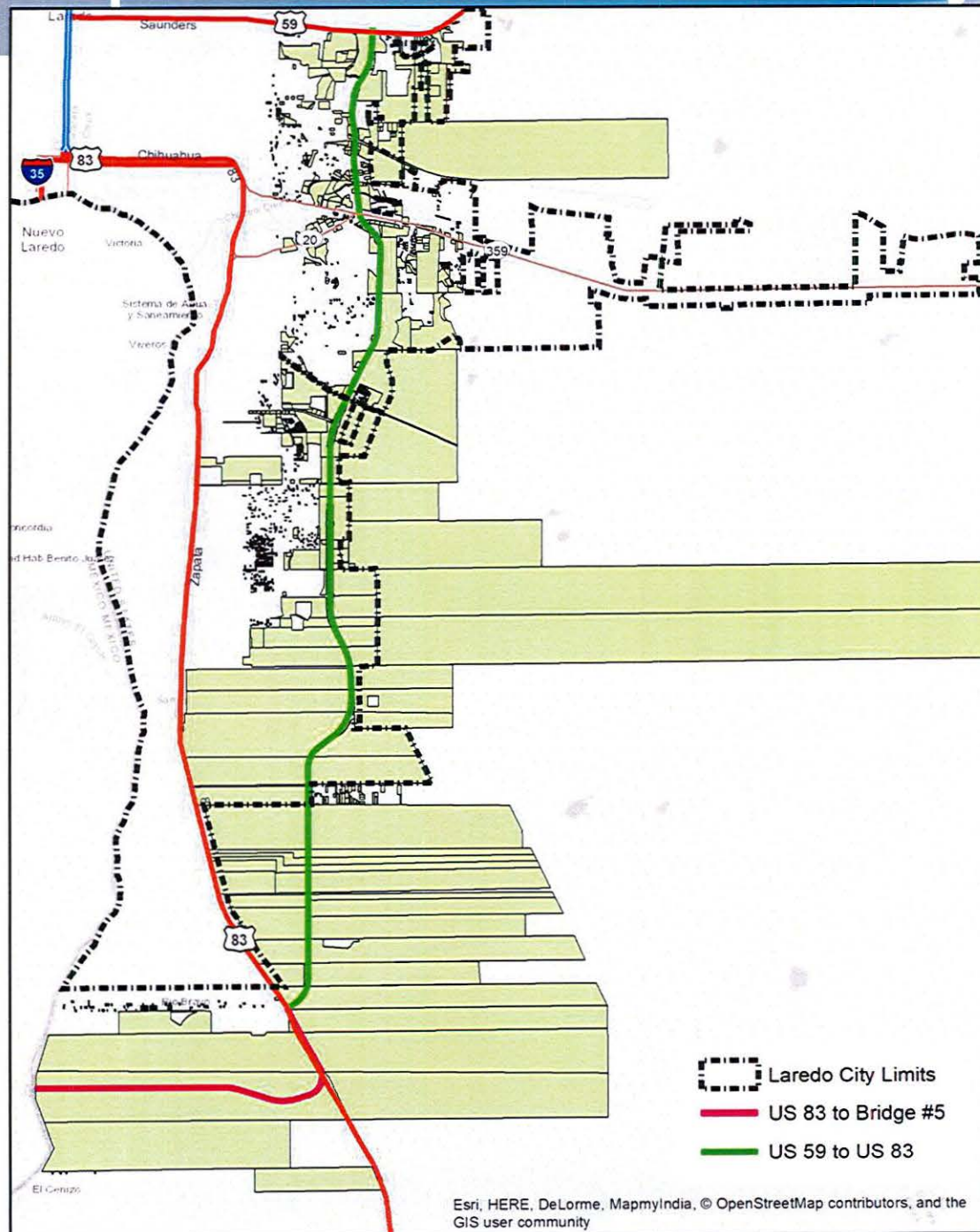
Flood Plain and Existing City Limits in TRZ



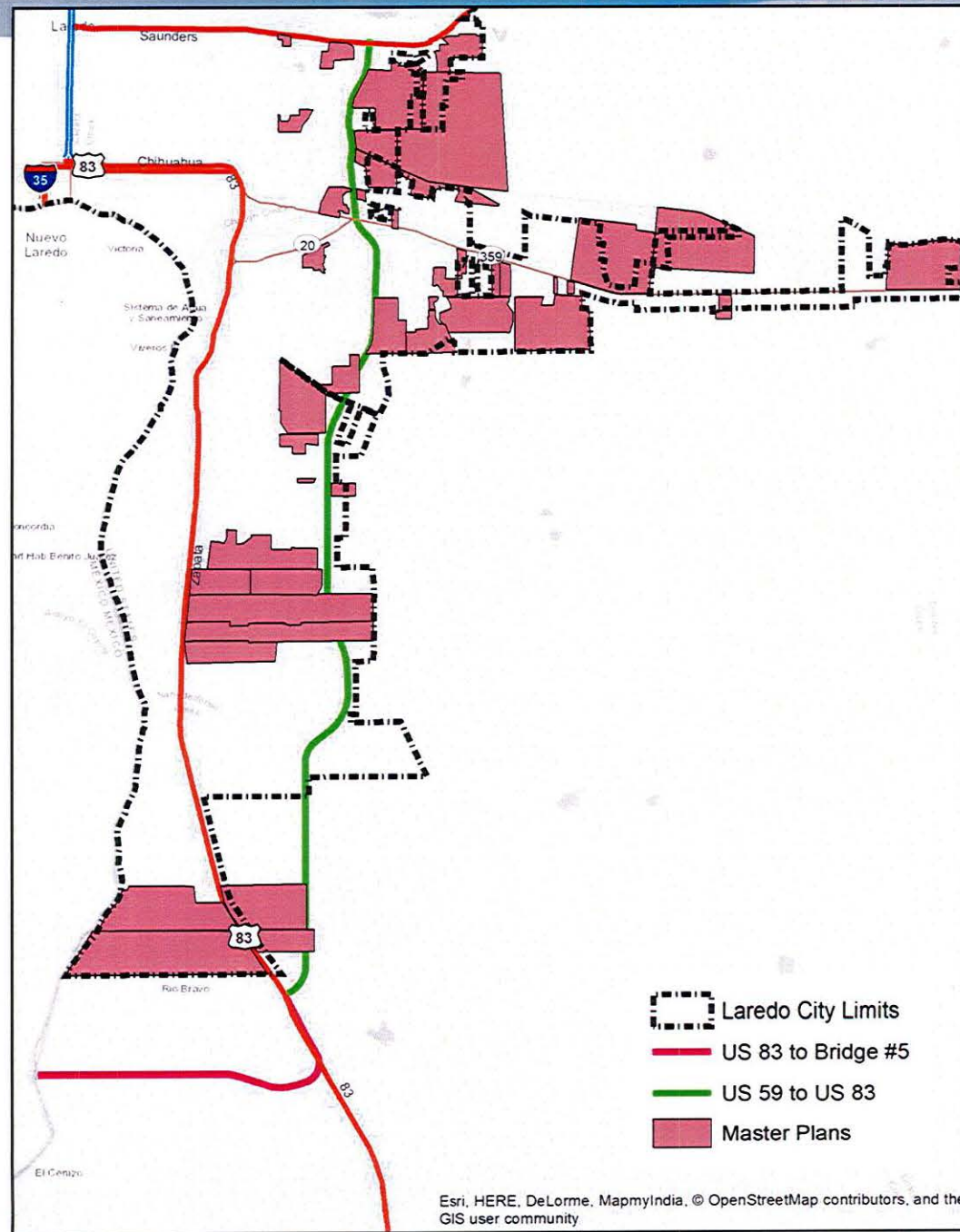
Existing Land Parcels within TRZ Study Area



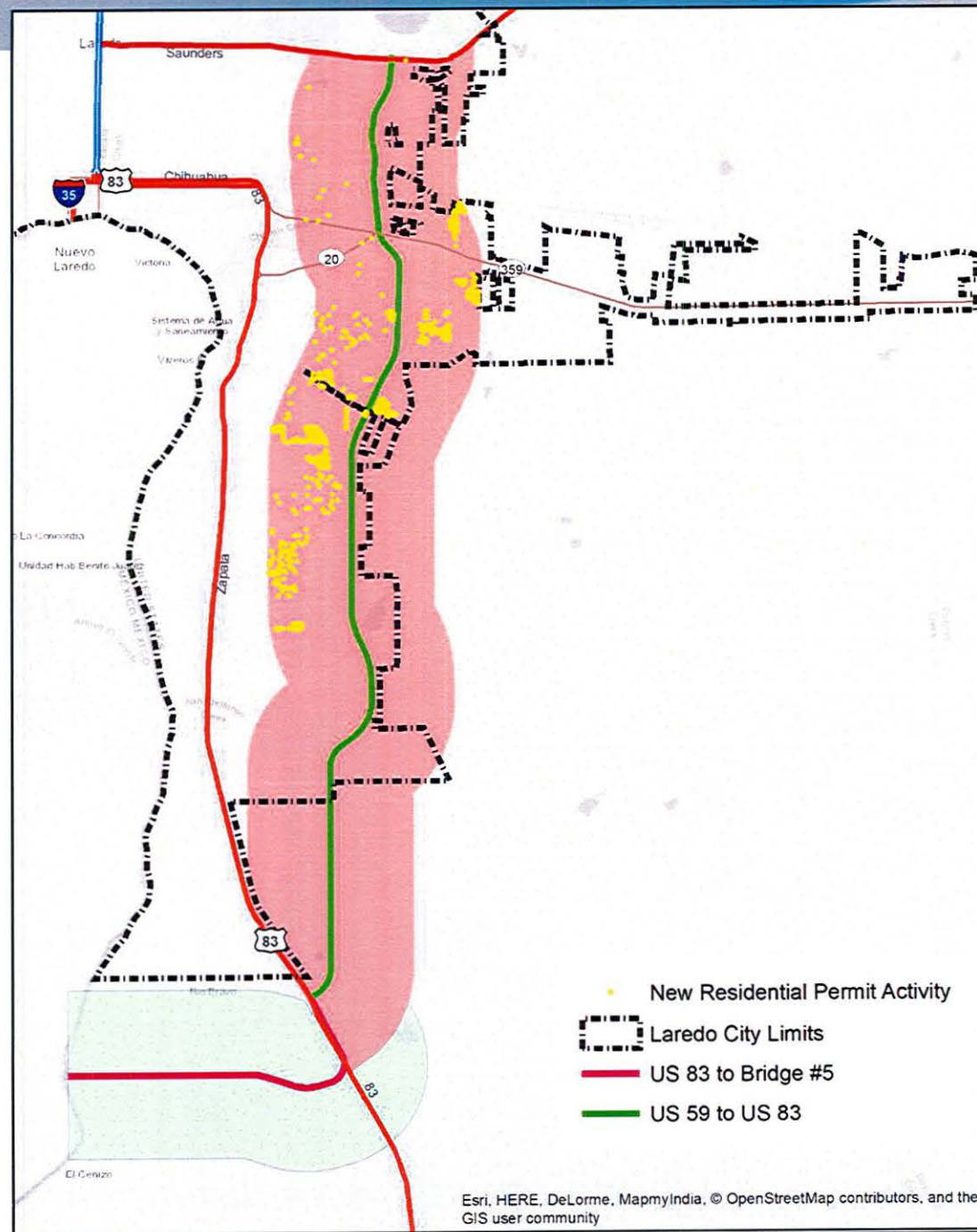
Undeveloped Land within TRZ Study Area



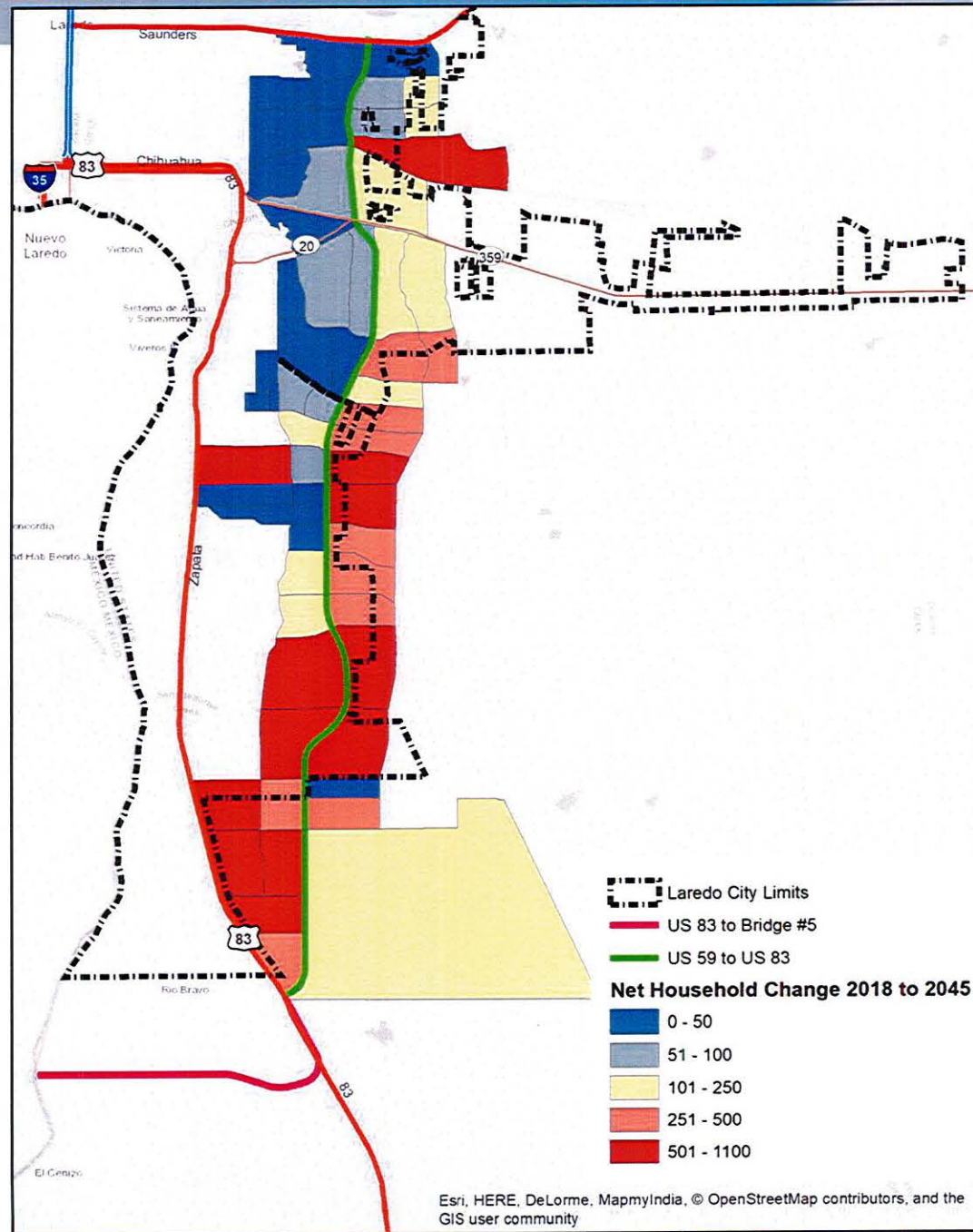
Documented Master Plans & Future Development within TRZ Study Area



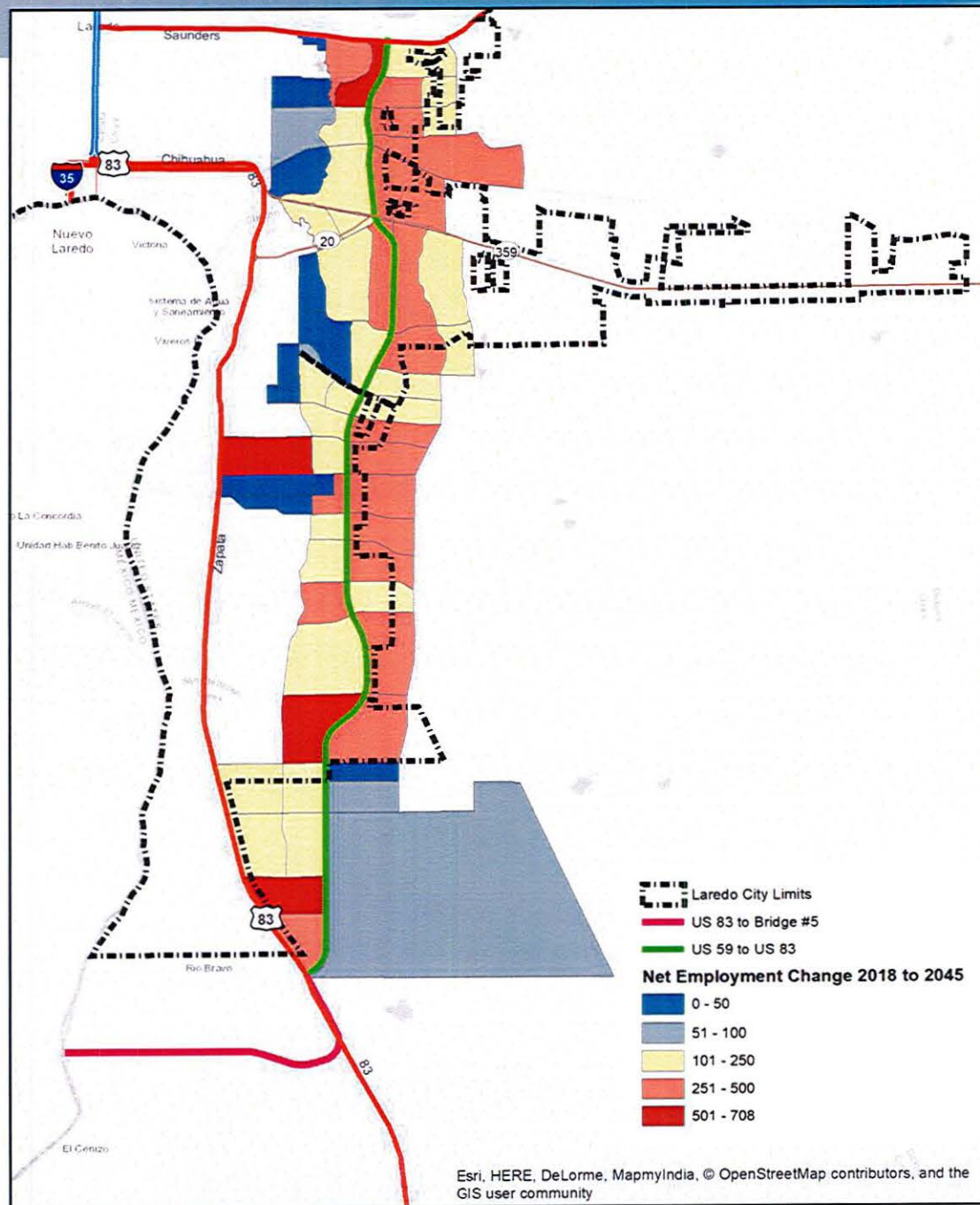
Residential Building Permits within TRZ Study Area between 2013 and 2017



Traffic Analysis Zones Net Change in Households (2018 to 2045)



Traffic Analysis Zones Net Change in Employment (2018 to 2045)



TRZ Characteristics

Based on the geometry of the TRZ, the following items were taken into account:

1. Portion of the TRZ East of the Loop 20 ROW Corridor is outside the City Limits.
2. The area is generally residential development and vacant long triangular tracts. Based on discussions with the Land Owners, the projected future development will be similar.
3. A potential limiting infrastructure issue discussed in the southern and southeastern portion of the study area is the lack of current waste water infrastructure which limits development.
4. Currently, Loop 20 terminates at Mangana-Hein Road. In addition, a potential Loop 20 TRZ would include the area west of Loop 20 from US 83 to the proposed Bridge #5.
5. TXP assumed this new bridge crossing would not open for 10 years and the Loop 20 would be extended South of Mangana-Hein Road.

Loop 20 South TRZ Forecast Assumptions

- TRZ Revenue projected for 30 years
- Because the City of Laredo still needs to provide basic services to residents and businesses, assumed a maximum future increment of 50%.
- Assumed that the area East of Loop 20 would be annexed by the City of Laredo.
- Assumed that the utility infrastructure (water and sewer) South of the Las Lomas intersection would be implemented to continue to spur development along the Corridor.

Vallecillo TRZ Forecast Scenarios

- **Scenario 1** is based the most recent five-year pattern of residential building permits within the TRZ buffer area to project household growth. TXP held the countywide ratio of population to employment constant for 30 years.
- **Scenario 2** combines the Laredo MPO TAZ forecast data with estimated home value based on stakeholder feedback. The consensus was south Laredo would begin attracting a more expensive housing product than in the past. This scenario assumes a new home is taxed at \$125,000 (\$2017).
- **Scenario 3** uses the Laredo MPO TAZ forecast, but the starting residential value for new units is based on the existing 2017 average value of roughly \$100,000 for the buffer area (house plus land). This reflects uncertainty over how many mobile home units will be attracted to this area and the tax law about whether or not the mobile home is treated as real or personal property.

Projected 30 Year Tax Revenue for a Hypothetical Loop 20 TRZ

TRZ Allocation (\$ Millions)					
Scenario 1	10%	20%	30%	40%	50%
Total	\$26.7	\$53.4	\$80.1	\$106.8	\$133.5
NPV @ 5%	\$9.6	\$19.1	\$28.7	\$38.3	\$47.8
Scenario 2	10%	20%	30%	40%	50%
Total	\$48.9	\$97.9	\$146.8	\$195.7	\$244.6
NPV @ 5%	\$17.3	\$34.6	\$51.9	\$69.1	\$86.4
Scenario 3	10%	20%	30%	40%	50%
Total	\$42.0	\$84.0	\$125.9	\$167.9	\$209.9
NPV @ 5%	\$14.8	\$29.6	\$44.4	\$59.2	\$74.0



How does this fit for Building Overpasses on Loop 20 South (Cuatro Vientos)?

- Total Project Cost for the Five Overpasses and the Southern Extension of Cuatro Vientos to the new Bridge No. 5 is approximately **\$200 million**.
- Over the next 30 years, a Loop 20 South TRZ could generate between \$133.5 million and \$244.6 million in nominal incremental tax revenue assuming a 50 percent allocation to the TRZ.
- Using a 5.0 percent discount rate, the hypothetical TRZ could generate between **\$47.8 million and \$86.4 million (Net Present Value)**.

Conclusion/ Next Steps

- The Loop 20 improvement projects are a critical component of the City of Laredo's overall transportation system.
- The project would provide improved access to thousands of acres of undeveloped land between US 59 and US 83.
- The Loop 20 project would support a catalytic Bridge #5 that could transform this portion of Webb County.
- If the City of Laredo decides to move forward with a TRZ, the following are the next steps:
 - Refine the TRZ boundary to exclude existing developed properties in the north and northwestern portion of the study area.
 - Consider extending the TRZ boundary east along State Highway 359 to take advantage of pending projects that would access and utilize Loop 20 improvements.
 - Collaborate with landowners on annexation within the study area so as to capture the increment from new development prior to construction beginning.
 - Recalculate the TRZ increment value based on the above and move forward with implementation



QUESTIONS?