

OEA 2007 Growth Summit

Communities Responding to Change

Transportation Financing

Presented by:

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Observations

- US still has not learned the logic of controlling urban sprawl and most military installations are at exurban locations
 - Double indemnity- Must pay to suburbanize all edges of the region plus extra edge(s) influenced by the base- Hundreds of millions of dollars required simultaneously
 - Very hard to balance

Quandaries

- Huge investments needed now but benefits accrue over time
- Current BRAC less sensitive to local unfunded mandates- Requires local jurisdictions to be more creative

Quandaries

- Many economic development incentive programs are not very powerful
 - Jobs credits, income tax rebates, property tax TIFs, while helpful, have low yield and can not be amassed to address large multi-element initiatives
 - Property Tax is ok, but requires proof of growth
 - Sales Tax and project based financings are powerful tools

Tools That Have Significant Capacity

- MODESSA
- CAT
- Vision Iowa
- KTDA
- Matches
- PFD
- SAD
- Creed
- TIF
- MAPS
- CRA
- Star Bonds
- Jurisdiction Linking
- Tax Exempt bonds for non-traditional purposes
- Gerrymandered Districts*
- Meals Tax*
- Gaming and Lottery*

* *Anathema in many locales*

**Convention Center District
Puerto Rico Convention Center
San Juan, Puerto Rico**



110 acre reuse of Naval Air Station

2% island wide hotel tax

Up to 2% special sales tax within the District itself

Free land transfer

Addressed \$200 million in public investment and over \$65 million in unfunded infrastructure

Downtown Waterfront Redevelopment Waukegan, Illinois



Legacy of poor planning

Cities to the north, on the lake fully, on upswing

Large Hispanic community

Minimum \$350 million infrastructure \$ needed

Strategy:

- Double current number of gambling positions in Illinois
- Chicago land-based casino
- Two new other riverboat casinos
- Existing casinos expand
- Horse-racing track slot machines
- Generates between \$1 billion and \$2 billion per year
- 70% allocated for construction & transit
30% for education

Bayfront Master Plan Corpus Christi, Texas



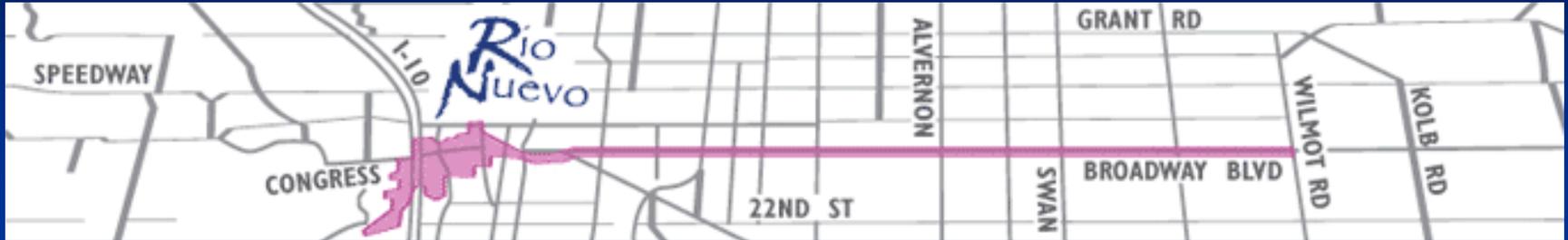
Much of vacant land controlled by 1 owner

Failed developer solicitation for \$1 billion project- politics

Desire to improve waterfront appearance and infrastructure-\$100 million project

Public vote for state enabled 1% local option sales tax

Rio Nuevo TIF District Tucson, Arizona



City of Tucson Rio Nuevo Tax Incremental Financing District (Cont.)
Estimated TIF and Other District Revenues Available for Debt Service (in Inflated \$000's)

For FY Ending June 30,	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Current TIF Collections	\$33,534	\$36,429	\$39,468	\$42,659	\$46,009	\$49,527	\$53,221	\$57,100	\$61,172	\$65,449
Incremental TIF Revenues (1)	\$9,615	\$10,259	\$10,671	\$11,101	\$11,542	\$12,016	\$12,509	\$13,021	\$13,479	\$13,955
Facility Operating Revenues and Expenses (2)	\$16,018	\$16,559	\$17,042	\$17,542	\$18,051	\$18,580	\$19,123	\$19,683	\$20,260	\$20,853
City of Tucson Bed Tax Revenues	\$199	\$200	\$201	\$203	\$204	\$205	\$206	\$208	\$209	\$210
Construction Sales Tax	\$3,703	\$3,795	\$3,890	\$3,988	\$4,087	\$4,189	\$4,294	\$4,402	\$4,512	\$4,624
Administrative Expenses	(\$1,892)	(\$2,017)	(\$2,138)	(\$2,265)	(\$2,397)	(\$2,536)	(\$2,681)	(\$2,832)	(\$2,989)	(\$3,153)
Interest Earnings (TBD)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Revenues Available for Debt Service	\$61,178	\$65,225	\$69,135	\$73,227	\$77,497	\$81,982	\$86,674	\$91,581	\$96,643	\$101,939

Notes:
 1) Includes incremental TIF revenues from Tucson Convention Center, Arena, Museums, CC Hotel, and retail development.
 2) Includes TCC operating loss, Arena operating income, and Hilton Hotel operating income.
 Source: Johnson Consulting

Quid Pro Quo for Phoenix Civic Plaza

Gerrymandered District

6 mile TIF stretched to include major mall

Encourages U of A to cross campus in to CBD

\$900 million in capacity ultimately

Coralville Development Site Coralville, Iowa



Highly contaminated site on I-80

Beneficiary of CAT grant

Use of Vision Iowa program-
Sales Tax TIF linked to
largest mall in Iowa

Resulted in site clean up,
hotel and conference center;
Green space along river

Was to also be location of
Earthpark; ultimately site
was too small

Downtown El Paso El Paso, Texas



Hmmm....

Huge base expansion

5,000 military employees at high pay grades

Technology hub for military

Desire to create vibrant center city

Federal investment

-Base expansion

-\$1,000,000 OEA Grant

Local "Consequences"

-\$400 million school bonds

- Required to liquidate 4,000 acres for cash

Observations

- Tax structures vary nationally and one size does not fit all
 - Northeast- taxes dominated by states and remanded back to municipalities- more politics required
 - Sunbelt- States empower local jurisdictions to tax for their needs by providing enabling legislation and stay somewhat out of the picture locally

Observations

- City-County-State Politics hinder decision making
 - Unigov structures are best able to address regional issues- Indianapolis, Lexington, Louisville
 - States with multiple big cities suffer
 - Texas, Florida, California, Ohio, Missouri

vs.

- New York, Massachusetts, Illinois, Georgia, Washington, Oregon
- Quid pro quo helps single city states