

Missouri Flat Area Transportation Projects
Funding Priorities and Strategies
September 2008

The Missouri Flat area represents one of the County's most significant commercial and industrial areas. For many years, attention has been placed at improving the traffic circulation in the area to support economic development. To facilitate the funding and construction of transportation infrastructure improvements in the Missouri Flat area, a Master Circulation and Financing Plan (MC&FP) was developed and a communities facilities district (CFD) was formed where 85% of all new tax revenues generated in the Missouri Flat area CFD are dedicated to funding the transportation improvements.

The purpose of this document is to identify plausible funding scenarios for three critically needed projects that will allow them to be constructed within the next five years. It is important to note that the following scenarios are based on future events that may not occur. The reader of this document must understand that the assumptions provided herein are subject to change and there is no obligation of the County to be committed to these scenarios. The priority of funding projects rests with the Board of Supervisors and this document is not an obligation of the Board. It is developed by the Department of Transportation as a means to establish the viability of funding these projects.

1. Missouri Flat Interchange Phase 1

The highest priority project for the MC&FP area is the Missouri Flat Interchange Phase 1 Project. This project when complete is projected to provide adequate traffic service through the year 2015 and will support an additional level of commercial development of approximately 800,000 square feet. Total commercial development capacity for the Phase 1 project is about one million square feet but some of that capacity has been absorbed by recently completed developments - primarily Walmart and Safeway. Due to funding constraints, the Missouri Flat Interchange Phase 1 project was separated into two projects for construction:

Phase 1A – this project is currently under construction and is 100% funded by local Traffic Impact Mitigation (TIM) Fees. \$34.9 million is currently budgeted for this project. When complete and all bills paid it is anticipated that there will be approximately \$900,000 in surplus funds that can be reallocated to other projects.

Phase 1B – this project is expected to be in construction during the spring of 2009. The total budgeted cost of this project (design and construction) is \$37.8 million where \$27.5 million is coming from the STIP, \$2.9 million is coming from the SHOPP, \$5.9 million is coming from MC&FP bond sales and the remaining \$1.5 million is coming from West Slope TIM Fees. If the current construction bidding climate continues, it is conceivable that construction bids could come in 15% under the Engineer's Estimate of \$30.1 million. This would realize a savings of approximately \$4.5 million that could be reallocated to other projects.

**2. Diamond Springs Parkway
(formerly named Missouri Flat/Pleasant Valley Connector)**

This project is the next highest priority project in that it provides the greatest opportunity for furthering commercial development in the MC&FP area. In addition, the Diamond Dorado Retail Center (DDRC) being advanced by *GGV Missouri Flat* provides a unique opportunity to leverage public and private resources to maximize public benefit.

The estimated cost for the Diamond Springs Parkway (DSP) is \$29.4 million which includes all project delivery, right-of-way and construction costs. The revenue sources for this project, as currently being advanced by DOT for approval by the Board of Supervisors as part of the Capital Improvement Program (CIP) updating process, are as shown in the following table. The BOS will need to weigh the priority of this project against other projects competing for the same funding sources before the proposed numbers can be considered “programmed”. Even after such programming, the numbers included in future CIPs are still subject to change based on economic conditions or BOS priorities.

REVENUE SOURCE	TOTAL (millions)	COMMENTS
2004 GP TIM	\$2.8	These revenues are based on having a total of 850 permits in the West Slope over the next 5 years.
Other TIM Funds	\$4.7	These revenues have already been collected and are not subject to future permits
Developer Advanced (TBD)	\$21.9	These revenues are anticipated to be provided through R/W donations, advanced TIM Fee payments as well as cash advancements that will be reimbursed.
TOTAL PROJECT COST	\$29.4	

As indicated above, the funding source for approximately \$21.9 million is identified as Developer Advanced (TBD). The specific source of these funds must be determined before this project can be constructed. The current funding scenario assumes that these monies will be advanced by the *GGV Missouri Flat* partnership since this partnership is also advancing the development of the DDRC and a significant portion of the \$21.9 million is anticipated to come from the coordination of the development of the DDRC and the DSP projects as shown below.

POTENTIAL SOURCES OF REVENUE FROM ACTIVITIES ASSOCIATED WITH DDRC	TOTAL (Millions)
TIM Fees for commercial development of 280,000 SF	\$3.4
Dedication of R/W for 2-lanes	\$2.1
Import Borrow for raised profile	\$1.8
Engineering for 4 lane widening	\$0.1
Additional R/W acquisition costs for 4-lanes	\$0.8
Grading (cut & fill) for widening 4 lanes, 30,000CY	\$0.9
Const cost for paving/stripping widening from 2 to 4 lanes	\$0.8
Subtotal Developer Funding associated with DDRC	\$9.9
Remaining shortfall (\$21.9 - \$9.9)	\$12.0

Even with the coordination of these two projects, there remains a \$12 million shortfall that must be available prior to construction of the project. To meet the project’s expected time frame and be under construction within the next 5 years, it is expected that *GGV Missouri Flat* will advance the remaining \$12 million of funds. The advancement of these funds would be reimbursed from future county transportation revenues.

It is possible that there will be additional funds available that could be used to reduce the amount of shortfall on the project or be used to improve the reimbursement capacity of the County. It is again important to note that the availability of the following funding sources is

based on future events that may or may not happen – and is therefore speculative. However, as of this writing, the additional funding sources that may be available are shown below:

FUTURE UNSECURED REVENUE SOURCES THAT COULD BE USED TO COVER SHORTFALL	ESTIMATED AMOUNT (Millions)	
Shortfall	\$12.0	
Surplus project funds from Mo Flat 1A project. The exact amount of these funds should be known by Jan 1, 2009		\$0.9
Excess MC&FP bond sale proceeds and accumulated MC&FP revenues. Actual value of first bond issuance is unknown but is expected to be at least \$6.6 million and could be as high as \$8 million. \$5.9 million is reserved for Mo Flat 1B project. The actual amount of excess funds will be known in Spring 2009 after the award of the Mo Flat 1B project but is assumed to be about \$0.7 million. In addition to these excess bond sale funds, there is \$3.7 million accumulated MC&FP revenues that are not yet obligated.		\$4.4
Bid savings from Mo Flat 1B. Current construction projects are coming in at 15% or more under the Engineer's Estimate. Actual bid savings will be known in Spring 2009 after the award of the Mo Flat 1B project.		\$4.5
Funds that must be advanced to cover remaining shortfall	\$2.2	
85% of new sales and property tax generated in the MC&FP area is dedicated to infrastructure improvements in the MC&FP area. Pending BOS approval, 85% of sales and property tax from DDRC, in excess of the monies needed for debt retirement, could be dedicated to reimburse the Developer. If DDRC develops an additional 280K SF of commercial space the additional revenues coming into the MC&FP are estimated to be about \$800K. These revenues would also allow for another bond sale in about 3 years that could realize about the same amount as the first bond issuance of \$7 million. These funds could be used to reimburse DSP project costs or previously completed MC&FP projects funded with TIM fees.		TBD ~ \$7 M
Current revenue projections for West Slope TIM FEEs anticipates 850 permits for the 5-year period ending Jun 30, 2012. Since 1995 the five year total of number of permits has never been less than 2,000 permits. For every 100 permits received approximately \$2 million of TIM fee revenue is realized. Permits received above those anticipated will generate TIM Fee revenue that can be used for other projects including reimbursement of advanced DSP funds.		\$2 million per 100 excess permits

3. Headington Road Extension

This project is similar in priority to the Diamond Springs Parkway project. The County is preparing the plans for this project and will be able to begin construction in 2009 pending funding availability. Priority for funding this project is currently lower than Diamond Springs Parkway. Estimated Project cost is \$9.9 million to be funded from TIM fee revenues.

Conclusion

The information presented above presents a viable solution to funding the Missouri Flat Phase 1, Diamond Springs Parkway and Headington Road projects. Though the information is speculative, the validity of many of the assumptions made will be more certain after the award of the Missouri Flat Road Interchange Phase 1B project which is scheduled for Spring of 2009.