

APPENDIX I

Implementation and Funding

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The Montgomery County Precinct 2 Mobility Study identified a number of short-term and long-term improvement projects and program strategies. The cost for all the recommended improvements totals over \$3 billion and requires planning and coordination before securing funding and scheduling implementation. Some of the short-term projects, such as signalization and signage and roadway markings are less costly programs and do not require as lengthy planning and design processes. These projects may be funded and implemented through the County's, Precinct 2's or individual municipality's CIP or road and bridge funding cycle. Strategies for implementing these projects may include bundling several similar projects together into one program and identifying the appropriate funding strategy for the most efficient implementation as one package.

Other more complex and expensive projects, such as a new roadway, roadway expansion and/or widening or an intersection redesign, will require more detailed planning, design, and engineering work. These tend to be more long-term projects and also require greater coordination with multiple interests. Identifying the benefits and multiple entities involved to construct and implement the project is a critical step in determining the funding strategy and partnerships needed to move forward with the project. Montgomery County, Precinct 2, and area jurisdictions may identify a number of capital improvements and package these for bonding capacity to fund the project. An example would be grade separations or roadway extension. As many of the area roadways are TxDOT roads and thoroughfares, coordination with TxDOT will be critical for both securing appropriate funding and scheduling.

Transportation improvements address multiple needs of the community, such as improved access to a development, drainage improvements to enhance resilience, and Intelligent Transportation Systems (ITS) that promote safety. Depending on the nature and extent of the project and entities involved with the improvement, project funding may be secured through area MUDs, TIRZs, Management Districts and CDBG grants. Often, documenting the project benefits and associated costs is an integral step in submitting request/applications for funding.

As funding for projects becomes more competitive and multiple jurisdictions and agencies are actively planning a variety of transportation improvements and enhanced safety measures, coordination and partnerships are critical to the cost effective and efficient implementation of projects. All of the funding strategies identified in the Toolbox below require coordination and a joint agreement of the need, extent, and benefit of the project. Coordination and communication that takes place at the project identification and conceptual planning stage will help craft the most appropriate partnerships, funding strategies and implementation plans.

DEVELOPMENT FUNDING TOOLBOX	PROGRAM FUNCTION	STATUTORY AUTHORITY	APPLICABLE JURISDICTION	PROJECT TYPE	USES FOR LAWFUL PURPOSES	PROs	CONS
<p>Regional Transportation Plan (RTP) and Transportation Improvement Program (TIP) Funding</p>	<p>Transportation Improvements designed to enhance mobility, relieve congestion, support the safe and efficient movement of people, goods, and services, promote economic growth and development, improve regional air quality, maintain state of good repair and protect natural environment and resources.</p>	<p>Houston Galveston Area Council Transportation Policy Council (TPC)</p>	<p>Municipality / County</p>	<p>Federal and state funding to advance transportation improvement projects throughout the region. Identified projects must meet criteria of the appropriate funding category and reflect a local need.</p>	<p>The Transportation Improvement Program distributes state and federal funds to various local jurisdictions and agencies to support transportation and infrastructure maintenance and improvements. Distribution of funding is competitive. Projects are reviewed, evaluated and prioritized based on state of readiness and other criteria.</p>	<p>The TIP provides funding for a variety of transportation improvements including, roadway, transit, ITS and active transportation. The TIP is a four-year program and updated regularly. Projects that have a local sponsor, meet stated criteria and funding category requirements, and reflect project readiness have an opportunity to apply for available funding.</p>	<p>The selection of TIP projects is competitive and is based on evaluation criteria ranking. A local sponsor must be identified and provide local match funding. Most likely will require environmental review and clearance.</p>
<p>Capital Improvement Bonding (CIP) Capacity</p>	<p>Provide funding to finance major capital improvements through the issuance of bonds.</p>	<p>County, City, Municipality capacity must be approved by voting residents of the jurisdiction and bonding capacity identified</p>	<p>County, City, Municipality, Jurisdiction with legal bonding capacity</p>	<p>Capital improvement project (not for operations)</p>	<p>Legal jurisdiction secures funding for capital projects by selling bonds and using the funds to finance projects. Bonding capacity must be approved by taxpayers.</p>	<p>Provides opportunity to meet funding requirements in a timely fashion to design and construct a complete project. Bonding capacity is established and then bonds are issued for the amount needed at the time. Bonds are a flexible means of raising capital and enables more cash to be available to finance the project. Bonds serve as a capital investment with relatively low risk.</p>	<p>Bonds are debt and interest payments are required to be paid regularly. Revenue must be available to pay the bond's value at the time of bond retirement. There are costs associated with bond issuance; accounting and legal fees, commissions and underwriting fees.</p>

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Local Government Corporation (LGC)	An entity that provides an alter ego of the city & county that allows a separate board to be created to administer the approval of public improvements. Typically used in Gulf Coast Region to complement TIRZ/TIF operations.	Chapter 431, Subchapter D of Transportation Code	City or Counties	The LGC acts as the Board to implement a Plan which can include public works implementation, transportation improvements, acquisition; improvements are not subject to public bidding requirements; Board appointed entity	Powers, as granted by the city or county and can be used for any lawful purpose including all transportation improvements. Can be created over large areas.	Flexible within the scope of the City Charter or within County Statutes	Does not provide additional sources of revenue unless created with other overlapping economic development entities. Most powerful when coupled with TIRZ, or PID, or MMD districts.
Community Development Block Grant (CDBG)	Funds can be used for public improvements for Low Mod Income Areas; should be part of the City or County CDBG Program	Housing and Community Development (HCD) Act of 1974, Part 570	Municipality / County	Infrastructure, ROW, road improvements as well as social programs, affordable housing and economic development programs	Compete with other small cities for available \$ to benefit low- mod Census tracts	Properly structured application may provide wide benefits	Must meet Federal oversight requirements, project specific and not all cities or counties have CDBG entitlement funding. Therefore, grants may be competitive.
Tax Increment Reinvestment Zone (TIRZ)	Tax Increment Reimbursement Zones (TIRZ or TIF) allows a portion of city or county tax revenue increment to be applied to an area or project improvement	Chapter 311 of Tax Code	Municipalities create and counties can participate through interlocal agreements	Public improvements to promote new or re-development of specifically designated zones or projects including transportation.	An ordinance, a Project & Financing Plan, appointment of a Board, increment only available city or counties. If created with sales tax powers other revenue streams can be applied to the eligible project funding.	Works best with an active developer and catalyst project, County may participate or as an incentive for creating new development.	Limited to the increment, works best with an active developer and catalyst project

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Public Improvement Districts (PID)	PIDs allow a city or county to charge a special assessment against properties within the designated area, or district, to pay for improvements. Created by petition.	Chapter 372 of Local Government Code	City or Counties	Authorized improvements include a variety of roadway and sidewalk improvements such as constructing, widening, rerouting, and acquiring right-of-way.	The governing body may undertake an improvement project, including transportation project, that confers a special benefit on a definable part of the municipality or county or the municipality's extraterritorial jurisdiction.	Eligible costs fully reimbursed either through assessment fees or the issuance of bonds. Multiple improvement projects can be combined and financed as one project.	Requires coordination between local government and developer or petitioner. Formation of PID can be time consuming. Bond counsel, financial and assessment consultants, etc. needed to manage bond funds. Ongoing reporting needed by responsible municipality.
Municipal Management Districts (MMD)	Public Improvements include intersection, mobility improvements as well as water, sewer, drainage, landscape architecture, and monuments. Again, an area approach that imposes overlapping tax or assessment depending on the type of creation.	Chapter 375 of Local Government Code	City, County or ETJ or In City	Public improvements in a specifically designated district	Created by Legislature and can be done by special legislative, (most common) or follow TCEQ process; provides for overlapping taxing authority, appointment of a Board	Districts ordinarily can do any lawful purpose within its geographic boundaries	Districts are used extensively throughout the Gulf Coast. The use has region wide success

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Housing Initiatives	This initiative allows cities or counties to incentivize area development of Housing which can include a requirement for on-site and off site transportation improvements.	Chapter 380/381 of Local Government Code	Created by City or County	Reimbursement can be tailored to the economics of the development including off-site transportation related improvements needed to make area improvements. Increment is generated by new housing within the area 380/381 district created. Can be used for housing codes.	The incentive is paid from new increment generated by the new real property housing revenues; term in determined by creating entity	This tool can be used to provide needed housing for the area due to resin boom construction and influx of construction and permanent employees.	This program has not been used in the area, but can be created by the cities or counties based on their future housing plans or needs.
County Assistance Districts	A special district, managed by the commissioners court or and appointed board of directors, that may impose a sales and use tax or accept grants or loans.	Chapter 387 of Local Government Code	County	The county assistance district may perform construction, maintenance, or improvement of roads or highways, in addition to other functions.	The district may perform any act necessary to perform its functions related to roads or highways, law enforcement and detention services, recreational facilities, public health or welfare, and the promotion of economic development and tourism.	The district may use money available to the district to perform any function of the district on a road or public right-of-way.	Requires public approval to create. Commissioners court must call an election to create County Assistance District, and the creation of the district must be approved by the majority of voters. Only a tax authorized at an election may be imposed.

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Impact Fees	A charge or assessment imposed by a political subdivision against new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to the new development.	Chapter 395 of Local Government Code	Municipality, County or other local government	Capital improvements or facility expansions of water, wastewater, storm water, and roadway facilities which are owned and operated by a political subdivision.	An impact fee may be imposed only to pay the costs of constructing capital improvements or facility expansions, including and limited to the: construction contract price; surveying and engineering fees; land acquisition costs; and fees actually paid or contracted to be paid to an independent qualified engineer or financial consultant preparing or updating the capital improvements plan who is not an employee of the political subdivision.	Provides funding source to help infrastructure keep up with new growth and development in a region. The facilities supported by the impact fees benefit users and owners of new developments. Often supported by developers because they provide predictability and impartiality in development approval.	Impact fees may only be used to pay for construction, acquisition, or expansion projects identified in capital improvements plan. Repair, operation, and maintenance of public facilities not covered by impact fees. Impact fees may not be enacted or imposed in the extraterritorial jurisdiction for roadway facilities.
Municipal Utility District (MUD)	Public Improvement Finance which can include transportation if RUD, Road Utility District Powers are also created	Chapters, 47, 49, 51, 53, 54 of Water Code	Within Cities, County or ETJ including In City	TCEQ or Legislature created taxing authority for water, sewer, drainage and park improvements; If Road Utility District Powers are granted can be used for transportation improvements	TCEQ or special legislation. Minimum acreage is necessary to realistically use MUD tools. Not as effective for developed areas but very good for greenfield.	Eligible costs fully reimbursed; typically advanced by the developer subject to an overlapping tax and reimbursed by bond issues of the MUD	Overlapping tax rate and typically requires legislative creation to be most effective versus TCEQ administrative process of approval

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<p>Federal Grant Programs</p>	<p>Various Federal Grant Programs award transportation funding to applicants based on a given set of criteria.</p>	<p>U.S. Department of Transportation (USDOT)/Federal Highway Administration (FHWA)</p>	<p>State DOT, Metropolitan Planning Organizations, Local Governments</p>	<p>Various transportation and mobility projects throughout the region. Identified projects must meet criteria of the appropriate funding category and reflect a local need.</p>	<p>USDOT programs authorization and funding appropriation approved by Congress. Distribution of funding is competitive. Legal eligibility is per funding opportunity.</p>	<p>Federal grants can provide funds for existing infrastructure repair, safety and performance improvements, and innovative transportation solutions. US DOT provides tools for local public agencies to assist with the grant selection and application process.</p>	<p>Grants may be competitive. Must meet Federal oversight and project specific requirements. Some grants are restricted to specific transportation modes which do not apply to project. Application process can be slow.</p>