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# INNOVATIVE FEDERAL FUNDING TOOLS

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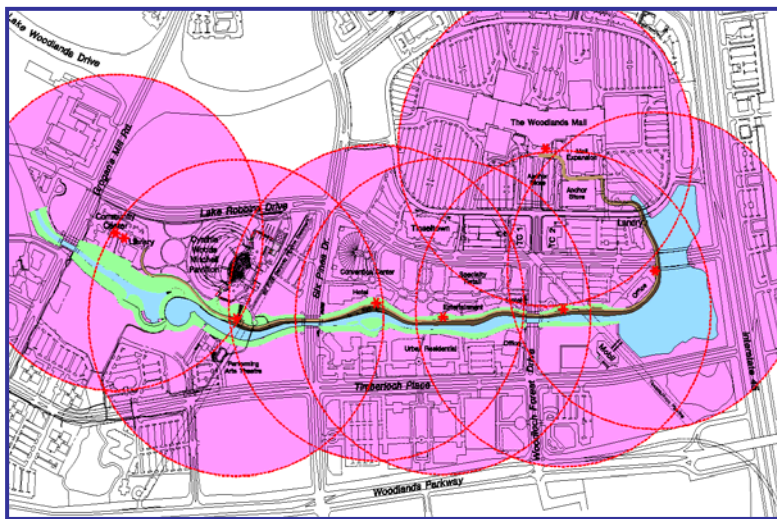
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## INTRODUCTION

Over the last few years, the transit industry has been afforded an increased opportunity to utilize public transportation as a tool for community improvement. The increased opportunity comes from a change in emphasis by the federal government, reflected through the federal Livable Communities Initiative (LCI) program, on utilizing transportation funding to create a more positive environment for pedestrian/transit access. This program provides a framework through which several funding avenues can be utilized to improve communities that are served by public transportation. This program has been emphasized by the Executive Branch government, as well as through policy direction from the Federal Transit Administration (FTA) (the successor to UMTA), and the Federal Highway Administration (FHWA). In August 2005, President Bush signed the Safe, Accountable, Flexible, and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) that provides \$286.4 billion in guaranteed funding for federal surface transportation programs over five years through FY2009, including \$52.6 billion for federal transit programs, but has an even greater impact since the funding is for a five-year program instead of the TEA-21 six-year program. This reauthorization is a 46 percent increase over the transit funding guaranteed in TEA-21. The underlying theory behind this increased emphasis is that a better pedestrian environment leads to a higher utilization of public transportation. A secondary objective is to utilize community betterments to provide opportunities for economic development and revitalization.

Another provision in federal law that increases the opportunity to utilize transit to impact development is manifested through the joint development provisions developed by FTA in concert with its legislative base.



These joint development provisions essentially enable a transit entity to pursue redevelopment opportunities within a 1,500-foot radius of any transit terminal, and a 500-foot radius around any transit stop. Thus, depending on the local enabling legislation utilized to establish the transit system, a transit entity may acquire land and develop that land in a manner compatible and conducive to public transit improvements in order to generate economic value and additional revenue to help support transit operations. By combining the principals of the federal LCI program with the joint development capability contained within the FTA legislative framework, a transit entity has powerful tools in which to utilize a variety of federal resources to positively impact those communities within which they operate, and to provide increased opportunities for community revitalization, economic development, and employment. There are a myriad of funding programs that stress the use of federal authorizations and appropriations for LCI improvements. The following outlines the objectives and characteristics of the LCI, and several of the existing federal initiatives that provide specific funding to support community betterment under the LCI umbrella.

## **FEDERAL LIVABLE COMMUNITIES INITIATIVE**

With the passage of SAFETEA-LU, and its predecessor TEA-21, the Executive Branch and the United States Congress have made a strong financial commitment to the improvement of communities under the federal LCI program. This commitment reinforces the importance of integrating and linking communities with the nation's transportation systems through infrastructure improvements that provide greater access to public transportation. The statutory basis for the initiative is found at 49 U.S.C. Section 5309(a)(5) and (7) (formerly Sections 3(a)(1)(D) and (F) of the Federal Transit Act). These provisions authorize projects that enhance the effectiveness of mass transportation projects. The flexible funding provisions of SAFETEA-LU strengthen the funding opportunities for transit investments that meet the needs of communities. The FTA LCI program is thus firmly grounded in law. The essential purpose of the federal transit laws is not simply to fund the capital and operating costs of transit systems, but to improve the quality of life in urban and rural communities through the use of transit systems, and recognizing them as the lifeblood of livable communities. Therefore, the objective of the LCI program is to improve mobility and quality of services available to residents in neighborhoods by:

- Recognizing the importance of integrating and linking communities through infrastructure improvements that provide greater access to public transportation;
- Developing a transit-based mobility program, integrated with supportive land uses, that, in turn, create a more positive environment for the pedestrian;
- Providing a public transportation linkage to local and regional mobility systems;
- Implementing transit terminal parking to promote public transportation;
- Implementing a mixed-use development concept into the transit terminal parking to maximize services linked by transit (i.e. retail, daycare, community facilities, residential, etc.);

- Implementing pedestrian infrastructure improvements connecting transit terminal parking and transit stops to local attractions, thus promoting alternative travel modes and providing mobility alternatives to the automobile;
- Obtaining the commitment of the local government and transit provider to give priority to a transit based mobility system;
- Obtaining support of the stakeholders, the municipality, and the congressional representatives;
- Stimulating increased participation by community organizations and residents, minority and low-income residents, small and minority businesses, persons with disabilities, and the elderly, in the planning and design process;
- Increasing access to employment, education facilities, and other community destinations through high-quality, community-oriented, technologically innovative transit services and facilities; and
- Leveraging resources available through other federal, state, and local programs.

The characteristics of livable communities include the following:

- Full community participation in the decision-making process by residents, neighborhood organizations, and the business community including small and minority businesses;
- Well-planned and designed neighborhoods where housing, schools, and parks are within easy walking distance of user-friendly transit and also link residents to job opportunities and social services;
- Transit, pedestrian, and bicycle access that is compatible with land use, zoning, and urban design to reduce dependence on the automobile;
- Mixed-use neighborhoods that complement residential areas with commercial, recreational, educational, health, and other social services;
- Transit services and facilities that provide safety, security, and accessibility for all passengers, including disabled persons and elderly members of the community; and
- Sound environmental practices including careful parking and traffic management techniques to reduce auto trips, conserve space, encourage green areas, avoid gridlock, and improve air quality.

Eligible recipients of federal support are transit operators, metropolitan planning organizations (MPO), city and county governments, states, planning agencies, and other public bodies with the authority to plan or construct transit projects. Non-profit, community, and civic organizations are encouraged to participate in project planning and development as partners with eligible recipients. Eligible project planning activities include:

- Preparation of implementation plans and designs incorporating livable communities elements;
- Assessment of environmental, social, economic, land-use, and urban design impacts of projects;
- Feasibility and technical studies;
- Participation by community organizations and the business community, including small and minority-owned businesses, and persons with disabilities;
- Evaluation of best practices; and
- Development of innovative urban design, land use, and zoning practices.

Metropolitan and other planning organizations that receive FTA planning funds are expected to incorporate livable communities elements into their regular planning work programs. Eligible capital activities or capital project enhancements of demonstration projects include:

- Property acquisition, restoration, or demolition of existing structures, site preparation, utilities, building foundations, walkways, and open spaces that are physically and functionally related to mass transportation facilities;
- Purchase of buses, enhancements to transit stations, park & ride lots, and transfer facilities incorporating community services such as daycare, healthcare, and public safety;
- Safety elements such as lighting, surveillance, community police, and security service;
- Site design improvements including sidewalks, aerial walkways, bus access, and park & ride facilities; and
- Operational enhancements such as transit marketing and pass programs, customer information services, and advanced vehicle locating, dispatch, and information systems.

In seeking federal funding using the LCI guidelines, several factors must be presented as evidence that support the project. These factors include the following:

- Evidence that the project has been developed from a community planning process and contains community endorsement, including community involvement in the planning, design, and implementation of the project;
- Evidence that the project promotes increased access to jobs, educational opportunities, or social services;

- Evidence that the transit project is a product of a coordinated transit and community planning process;
- The degree to which transit ridership is increased and single-occupant automobile trips are reduced;
- The degree to which the project responds to community needs through the inclusion of community services, customer conveniences, and transit and pedestrian-oriented mixed-use developments;
- Evidence that the project provides opportunities for small or disadvantaged business participation in the planning, design, and implementation phases of the project;
- The level of funding pledged by local and state agencies and other federal programs;
- The degree to which the enhancements improve the physical environment of the community, including safety and security;
- The degree to which the project stimulates commercial and housing development around the subject transit facility;
- The degree to which the project generates jobs for unemployed community residents;
- Evidence of local ordinances reflecting supportive land use policies and business development initiatives;
- Market feasibility (as applicable) of the relevant project elements; and
- Reasonableness of the financial plan to cover the local share of the capital costs, and long-term operations and maintenance costs of the relevant project elements.

The project elements to be considered when developing an LCI project are:

- The physical or functional relationship of the project to transit must be evident;
- Community participation must occur in the planning and design of the project;
- The site functional plans must be coordinated to account for transit facility operation and maintenance procedures;
- The design of transit must be integrated with community service and customer convenience components;
- Environmental requirements must be addressed;
- The market and financial feasibility of the community services and customer conveniences should be evident;

- Applicable zoning and land use policies must be in place, such as higher density considerations, mixed-use guidelines, parking management, and pedestrian/bicycle transit-oriented design standards;
- Property leasing arrangements should be presented;
- Disposition of project real property should be presented; and
- Inclusion of the project in an approved Unified Planning Work Program (UPWP), Transportation Improvement Program (TIP), or State Transportation Improvement Program (STIP).

## **FEDERAL FUNDING RESOURCES**

### *FTA Section 5307 and Section 5309 Statutory Provisions*

FTA allocates funding on an annual basis to all urbanized and rural areas for support of the planning, operation (in some urban and rural areas), and development of transportation systems and improvements that provide a linkage between transportation infrastructure and the community. The Section 5307 program is an annual allocation to designated recipients (generally transit agencies, states, or cities) who can use their appropriated allocation for planning, engineering design, construction, and, in some cases, operations. The FTA Section 5309 program is a discretionary fund to support bus and rail improvements that, in recent history, had been earmarked directly by Congress for specific projects. It is within the Section 5309 program that many communities in the nation have pursued and achieved congressional support for transit access-related programs under the LCI umbrella.

- **Advantage** - The advantage of pursuing FTA discretionary Section 5309 funding is the opportunity to achieve a direct congressional earmark for specific project needs over and above other formula funds. This program depends significantly upon a high degree of local cooperation and support from a congressional delegation when pursuing these discretionary funds.
- **Disadvantage** - Congress earmarks funding in this category in competition with projects throughout the nation. Competing projects may have strong political support, but are not necessarily worthy on their own merits.

### *Federal Transportation and Community and System Preservation (TCSP) Pilot Program*

SAFETEA-LU authorizes a category of funding known as the Transportation and Community and System Preservation (TCSP) Pilot Program at an annual level of \$25 million for projects that meet the following objectives:

- Improve efficiency of the transportation system;
- Reduce the future need for costly public infrastructure;
- Ensure efficient access to jobs;



- Create a positive environment for development; and
- Reduce the impact of transportation on the environment.

In FY2002, Congress appropriated approximately \$270 million of TCSP funding for special projects. Based on experience during the first five fiscal years, a successful applicant could anticipate, assuming congressional approval, funding in the range of \$1.5 million to \$2 million. Eligible applicants/recipients include a wide range of political subdivisions such as states, cities, MPOs, and transit agencies. The program is divided into a research component for recipients seeking to utilize TCSP funding to establish methodologies linked to meeting the objectives identified above, and a grant component for projects linked directly to implementation (engineering, design, and capital development). SAFETEA-LU authorizes a similar funding level, with \$25 million during 2005 and \$61 million each year from 2006 to 2009.

- **Advantage** - TCSP funding competes with no other federal community betterment appropriation and, in most cases, requires no local share.
- **Disadvantage** - The TCSP program research and grant components require dedication of a portion of the awarded funds toward an evaluation component for the program.

#### ***Federal Congestion Mitigation and Air Quality (CMAQ) Improvement Program***

Congress established, with TEA-21, the federal Congestion Mitigation and Air Quality (CMAQ) Improvement Program to address projects that lead toward reduction of congestion and air pollution in urban areas that have been identified as either nonattainment or on the threshold of nonattainment. CMAQ money is also available to attainment areas through annual allocations to state departments of transportation. CMAQ money is very useful in addressing community betterment projects that have a direct nexus to reducing vehicular congestion and air pollution. The local MPO identifies a wide range of community betterment projects and decides CMAQ programming priorities. A project that receives 80 percent of project costs must demonstrate that it will create a linkage to reducing congestion and pollution.

- **Advantage** - Uses FHWA flexible funding for transit projects, both capital and operating.
- **Disadvantage** – For access to direct CMAQ funding through the MPO process, the area must be in some level of nonattainment.

#### ***Federal Surface Transportation Program***

SAFETEA-LU provides federal Surface Transportation Program (STP) funding on an annual basis to support both highway and transit improvements. In nonattainment areas, STP funding can be programmed to support local downtown improvements such as reconstruction of streets, sidewalks, and other streetscape elements. STP funds are generally programmed by the local MPO in different categories, one of which includes urban improvements.

- **Advantage** - Utilization of STP funding is an excellent choice for community betterment appropriation since it enables recipients to tap more traditional community betterment resources to supplement any available STP funding.
- **Disadvantage** - State departments of transportation generally resist utilization of STP funding for community betterment programs since this is a fairly traditional highway construction component of the FHWA funding base.

## **LEVERAGE/USE OF LOCAL RESOURCES**

Communities often fail to take advantage of local resources that can be used as local match to leverage federal funding. A myriad of opportunities exist to provide local match in a way that reduces or eliminates any requirement for additional general fund commitments to a federally assisted project. For the most part, all of the federal programs identified above require a 20 percent cash or in-kind local contribution. Local contributions can qualify as local match as follows:

### ***Land Donation***

The value of land not previously dedicated to support transit-related purposes can be utilized under the FTA program as match for capital improvements. FTA requires two appraisals of a parcel (one prior to grant approval) to support its value for leveraging purposes. The value of the land often meets the local share requirement of the specific community betterment project being targeted for use of federal funds.

### ***Private Utility Relocation***

City franchise agreements with private utility companies often include the provision that the utility company is responsible for relocation costs associated with publicly funded community betterment improvements. Cities around the nation have taken advantage of private utility investment in required utility relocation associated with public improvements such as street/sidewalk reconstruction and streetscape to provide an urban-friendly transit utilization atmosphere. The value of private utility company investments associated with these public improvements can be used as local match for federally funded projects.



## **USEFUL FEDERAL FUNDING TOOLS**

### ***Capital Cost of Contracting***

The federal government encourages the utilization of private contractors to provide transportation services, including operations and maintenance. FTA provides funding through its Capital Cost of Contracting (CCC) program that rewards the public entity's contracting with private sector providers with "bonus" money representing the capitalized portion of the contract cost being provided by the private provider (e.g., depreciated value of equipment or facilities furnished in the provision of privately contracted services). This bonus money, which can reimburse 80 percent of the costs that range from 10 percent to 100 percent, can be used to support local share costs of other federal capital improvement programs.

### ***Joint Development Provisions***

Joint development provisions enable a local government or transit entity to pursue redevelopment opportunities (with or without private sector participation) to implement mixed-use development into the transit terminal/parking facility development to maximize services linked by transit (i.e. retail, daycare, community facilities, residential, etc.). A local government or transit entity may acquire land and develop that land in a manner compatible and conducive to public transit improvements in a way that generates economic value and additional revenue to help support transit operations. The joint development approach also reflects combining transit terminal operations with a parking facility, in lieu of building just a parking garage, to maximize the funding opportunity provided by creating facilities to promote public transportation. The joint development approach can also be used to maximize private funding opportunities, using these funding opportunities to leverage future federal funding matches. Joint development benefits are provided to projects that maximize the services linked to public transportation, such as daycare, retail, restaurants, health care, and community facilities.

### ***Transportation Corridors***

Federal transit legal provisions enable the acquisition of real property by a federally supported transit agency within a 1,500' radius of any transit terminal, to support development that is compatible and conducive to public transit improvements in a way that generates economic value and additional revenue to help support transit operations. Local government funding of pedestrian infrastructure improvements and utility improvements through public works and Community Development Block Grant (CDBG) resources can be used to satisfy the local share to compliment federal funding grants or appropriations, and to leverage future federal funding matches.

### ***Funding Partnerships***

Public/private partnerships offer opportunities for the development community to donate land in fee simple interest, through a long-term lease or easement, which is used to support transit/pedestrian related improvements. The value of the land or interest donated can be used to

match federal funding and/or leverage additional federal resources to fund other transit improvements.

### *Parking and Farebox Revenues*

Transit terminal parking facilities served by a transit system offer parking revenue streams which can be used to meet the local funding obligations for the project and which can be used to offset the operating and maintenance costs for the facility and transit system. While Federal dollars provide funding for parking and transit infrastructure, each transit terminal facility generates revenue over time. Parking revenues offer the financial means to fund the operating costs for the transit terminal facility and the transit system.

## **APPLICATION OF TOOLS/PROJECT EXAMPLES**

The following pages provide examples of projects funded using existing federal programs, which exemplify LCI and joint development tools.

### ***GALVESTON***

#### *Transit as a Downtown Revitalization Tool*

The City of Galveston has initiated a comprehensive transit/pedestrian revitalization program pursuant to the federal LCI program. The revitalization covers a 25-block area in Galveston's downtown known as the "Historic Strand District." This part of Galveston generates a significant amount of annual tourism due to the historic nature of the area, as well as the many visitor attractions and other entertainment venues. During the last 10 years, the area has seen deterioration of the public infrastructure necessary to support an active pedestrian environment. Sidewalks are in a state of disrepair and discontinuous in some parts of downtown. Access for the disabled is limited in some areas, and there is no orderly method of way-finding and other information to guide both automobiles and pedestrians to their intended destinations.



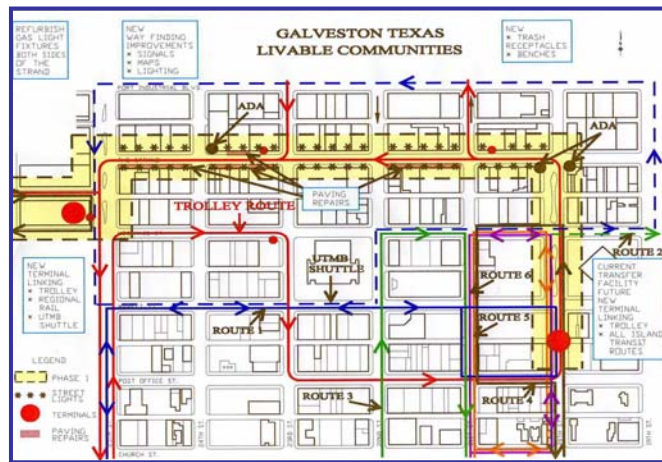
Due to the significant amount of transit activity in this part of Galveston and the aggressive TIP being pursued by the City through its transit department, a substantial amount of federal funding has been committed to the City for the pedestrian/transit revitalization. Revitalization will take place in several phases focusing on The Strand alignment between 20<sup>th</sup> and 25<sup>th</sup> streets, which runs in an east-to-west direction, as well as several north/south block segments that provide corridors to various activities in the downtown area. An official committee of stakeholders was formed by the Galveston City Council to help guide the urban design aspect of the program. A significant part of the revitalization is centered around a proposed transportation terminal on the vicinity of 25<sup>th</sup> Street and The Strand. This intermodal transportation facility will accommodate

passengers utilizing the existing rail trolley system that links downtown with the beach area and is soon to be expanded to serve the University of Texas Medical Branch (UTMB) campus, which is the site of approximately 13,000 individuals who daily work, learn, or take advantage of the medical facilities offered by UTMB. Other modes of transportation include the City's fixed-route bus system, as well as a recently inaugurated electric bus connection between Moody Gardens to the west and the historic downtown Strand area. Work is also underway to establish a passenger rail connection between the historic Galveston Rail Road Museum and destinations on the mainland.

The presence of these transportation modes, combined with the development of a transportation terminal, enables public infrastructure to be revitalized within a 1,500-foot radius of the terminal. Thus, the entire 25-block area of Galveston's historic downtown can be revitalized systematically over time.

**Sustainability and Funding:** The approximate cost of all projected improvements, which includes pedestrian access, a downtown transit parking intermodal terminal, and rail trolley extensions, is approximately \$20 million, supported by 80 percent federal participation and 20 percent local participation. The 20 percent local share is being provided through a combination of parking meter revenues derived from those tourists who take advantage of the amenities and attractions in The Strand area, as well as State of Texas Transportation Development Credits. Additional local share is being provided through capital contributions of partners such as the UTMB and the Galveston Housing Authority, as well as transit capital improvement bonds and general fund revenues. By improving the infrastructure to be conducive to more active pedestrian utilization, it is hoped that increased tourism will result in additional revenues for the City, through parking meters and sales taxes, and will help to stimulate economic development in The Strand area itself with a positive impact on property taxes. Additional revenues derived can be utilized to maintain improvements through the LCI program, as well as to provide additional local share for subsequent phases of the project.

### Galveston Downtown Revitalization



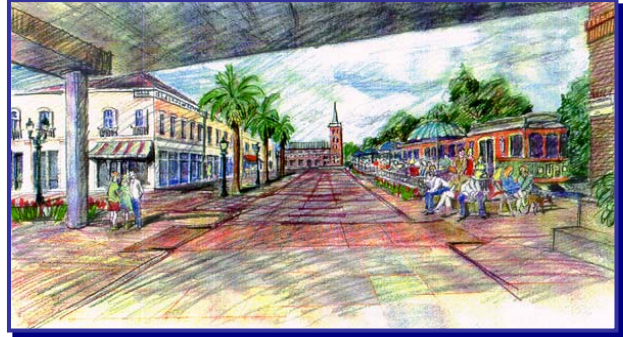
**City of Galveston Downtown Revitalization  
Project Costs and Federal and Local Funding Sources**

<i>Improvements</i>	<i>Project Cost</i>	<i>Funding Sources</i>
Downtown Street Revitalization	\$5,250,000 Three Phases	Section 5309, CMAQ, Parking Meter Revenue, Transportation Development Credits, and General Fund
Downtown Transit Terminal	\$8,500,000	Section 5309, CMAQ, STP, General Fund, and Land Donation
Trolley Extension	\$6,250,000	
<b>Total:</b>	<b>\$20,000,000</b>	
<b>Federal Share 80%</b>	<b>\$16,000,000</b>	
<b>Local Share 20%</b>	<b>\$4,000,000</b>	Transportation Development Credits, Parking Meter Revenue, Housing Authority, UTMB, Land

## ***EL PASO***

### ***Transit Terminal Parking as a Downtown Revitalization Tool***

The City of El Paso has been pursuing an aggressive TIP during the last 10 years that includes the development of peripheral transportation terminals to provide intercept locations for the surrounding communities and direct express transit services into downtown and other areas. In addition, Sun Metro, El Paso's transit district, has been upgrading its bus fleet to serve increasing demand in this community of low- to moderate-income



workers. Another focus has been on the downtown El Paso area, which for decades has served as the retail shopping center for many Mexican nationals who cross the border daily to shop in El Paso. This demand for retail shopping in downtown El Paso, combined with other traditional uses such as commercial, office, banking, and entertainment, has resulted in downtown revitalization rising to the top of the list of El Paso priorities.

The area of focus for revitalization in downtown El Paso during the last 30 years has been the "Union Plaza" part of downtown. This area, which is anchored by the Historic Union Plaza railroad terminal, is currently the administrative and operational headquarters of Sun Metro and has been studied no less than eight times during the last several decades in an effort to create an implementable revitalization program. The LCI program finally provided the framework through which the City of El Paso could combine local resources with federal resources to utilize public transit as a tool for revitalizing the Union Plaza and downtown area.

The central focus for the Union Plaza LCI program is a development of a transportation terminal/parking garage adjacent to the convention center, which is currently undergoing expansion. The new transit terminal will serve as the headquarters for the rubber-tire trolley buses, which provide access throughout the downtown area and from the downtown area to key destination locations. Due to a significant parking shortage in downtown El Paso and its “nonattainment” environmental status, it is hoped that the transportation terminal parking garage will provide more convenient mobility and access for those who park there and take transit. Another anchor of downtown revitalization was the creation of the Oregon Street Transit Pedestrian Mall, which helped to relocate bus transfer activity around the City’s downtown central park area to a linear mall, thus providing much more efficient assembly and distribution of transit passenger trips.



These two anchor projects, utilizing provisions contained within the FTA LCI and joint development guidelines, have enabled a 24-square block revitalization program to be paid with 80 percent federal funding. The revitalization includes the construction of new sidewalks, landscaping, way-finding, streetscape, parks, fire museum, and other amenities to significantly upgrade the pedestrian atmosphere within the downtown area, encourage economic development, and substantially increase use of the City’s Sun Metro public transit system.

The Sun Metro Union Plaza LCI program is an excellent example of the utilization of transit as an effective tool for community betterment and sustainability. Additionally, the upgraded infrastructure in the downtown area will attract private investment in restaurants, retail spaces, and other uses, which will result in increased property sales taxes and increased quality of life for downtown El Paso residents and patrons.

**Incentive Tools:** Additional tools being developed by the City of El Paso’s Downtown Redevelopment Office to encourage private sector investment in a newly revitalized downtown area include tax abatement, marketing outreach program, property owner’s association, availability of low-interest loans, and funding to support other infrastructure development.





*Union Plaza Transit Terminal and Parking Facility*

**City of El Paso  
Union Plaza Downtown Revitalization  
Project Costs and Federal and Local Funding Sources**

<i>Improvements</i>	<i>Project Cost</i>	<i>Funding Sources</i>
Union Plaza Streetscape Program	\$7,500,000	
Union Plaza Transit/Terminal Parking	\$8,500,000	
Oregon Street Transit/Pedestrian Mall	\$5,700,000	
Rubber-tire Trolleys	\$2,900,000	
Signalization Upgrade	\$2,000,000	
<b>Total</b>	<b>\$26,600,000</b>	
<b>Federal Share 80%</b>	<b>\$21,280,000</b>	Section 5307, Section 5309, CMAQ, STP
<b>Local Share 20%</b>	<b>\$5,320,000</b>	Tax Reinvestment Zone, Sales Tax, Private Sector

<i>Local Share Funding Components</i>	<i>Amount</i>
Downtown Reinvestment Zone	\$2,000,000
Transit Sales Tax	\$1,300,000
Land Donation	\$2,000,000
	<b>\$5,320,000</b>



## ***THE WOODLANDS***

### ***Transit to Influence Better Urban Development***

The Woodlands is a suburban new town community located approximately 35 miles north of Houston, Texas, with a population base of approximately 80,000. The Woodlands Development Company (TWDC), the developer for the project, has also included a 14 million sq. ft. mixed-use urban center known as “Town Center,” which includes office, medical, hotel, convention center, retail, residential, and entertainment-related uses.



Several years ago FTA and TWDC entered into an agreement to jointly transform a drainage ditch running through Town Center into a transit/pedestrian corridor. The corridor would combine water, pedestrian, and transit access integrated into the beginning of this new mixed-use urban center, as a means of generating greater transit usage and reducing future traffic congestion. This concept of providing the pedestrian/transit orientation first was to reduce the problems that have been experienced by other central business districts and activity centers such as The Galleria developments in Houston and Dallas and other similar developments that follow the typical parking/highway network strategy for access and circulation to their centers of activity.

The specific arrangement that was agreed upon by the federal agency and the private developer was a 50/50 percent split of the cost of developing the corridor and a commitment by the developer to (a) orient land uses to the new corridor and (b) create development guidelines that encourage density, shared parking, and corridor utilization. It was also envisioned that the increased value of the surrounding land would be “captured” and utilized to support corridor development and maintenance for the future because of the infrastructure of the corridor itself, consisting of a water and ground transportation system.

**Special Districts:** In order to accomplish this “value capture,” several special districts have been created to support the Town Center development, including the integration of the pedestrian/transit corridor. A Road Utility District (RUD) was formed to provide the basic utility infrastructure to support the 14 million sq. ft. development, including roads, bridges, water, sewer, and other utility requirements. The RUD derives its economic value by establishing an additional assessment per hundred-dollar value of square footage on development



contained within the RUD area. A Public Improvement District (PID) was formed around a regional shopping mall (located at the east end of the corridor) and includes the pedestrian/transit corridor and other Town Center areas stretching west to Lake Woodlands. The PID derives its economic value from an additional ½-cent sales tax on sales within the PID, with the regional shopping mall being the largest generator of value for this special district. These districts, operating in concert

with TWDC and private sector users of the land surrounding the corridor, have combined to provide the necessary resources to integrate the corridor with the surrounding land use according to the federal agreement.

**Operation of Transit in the Corridor:** A three-party partnership was created to provide an appropriate framework for future operations of public transportation along the corridor, to ensure that public investment results in accurate corridor utilization, and to satisfy federal, state, and regional agencies. FTA and TxDOT are the funding agencies that channel the federal resources utilized for corridor development. Brazos Transit District is the provider of public transportation services for Montgomery County and the legally eligible recipient of federal transit funding.



As the recipient of the funds, and the operator of corridor transit services (through a 30-year easement to operate public transit services along the pedestrian/transit corridor), Brazos Transit District entered into an agreement with TWDC to jointly develop the corridor. Therefore, TWDC has followed all federal and state procurement requirements to design corridor pedestrian and transit improvements and to provide oversight of construction activities. Brazos Transit District operates a fleet of six boats and four buses along and accessing the corridor. The boats use rechargeable electric propulsion and the buses are fueled by propane to fulfill the added desire for a clean, efficient fuel and an appropriate design theme that fits the overall Town Center character. Stops have been selected based on extensive demand analysis of immediate and future ridership utilization linked to the corridor land use plan developed by TWDC.

**Land Use Impact/Sustainability:** The majority of The Woodlands Town Center Pedestrian/Transit Corridor has been completed. The final linkage to Lake Woodlands is currently under construction. Both water taxis and rubber-tire transit vehicles travel from the entrance to the regional mall along the corridor past restaurants, retail, an outdoor amphitheater, a public library, and a 30-story office building. In addition, significant ongoing and completed



residential development and additional office development utilize shared parking in a mixed-use concept to divert additional trips to the transit services. The corridor also will be linked to regional park & ride transportation, provided by Brazos Transit District, serving The Woodlands to activity centers in the Houston core. Land values have risen significantly since the initial development of the pedestrian/transit corridor and land use development has been accelerated over the original anticipated development program.

Integration of the corridor with the surrounding land uses, including the hotel, convention center complex, and multiplex theater, ensures continued sustainability in the heart of The Woodlands and attracts future high-quality development. The project is gaining momentum with a critical mass of development and reliable transit services. Early project skeptics are now recognizing and agreeing with the wisdom of the vision created more than 15 years ago by the federal government and the developer.



### **The Woodlands Pedestrian/Transit Corridor Project Costs and Federal and Local Funding Sources**

<b>Improvements</b>	<b>Project Cost</b>	<b>Funding Sources</b>
Waterway	\$4,500,000	
Transitway	\$1,200,000	
Bridges	\$8,500,000	
Utility Relocation	\$3,000,000	
Pedestrian Amenities	\$1,800,000	
Land Donation	\$5,800,000	
Construction Management	\$200,000	
Design/Engineering	\$600,000	
<b>Total:</b>	<b>\$25,600,000</b>	
<b>Federal Share</b>	<b>\$12,800,000</b>	Section 5309, CMAQ, STEP
<b>Local Share</b>	<b>\$12,800,000</b>	Land Donation, Public Improvement District, Private Sector, Road Utility District

<i>Local Share Funding Components</i>	<i>Amount</i>
Transitway	\$300,000
Bridges	\$6,500,000
Land Donation	\$5,800,000
Construction Management	\$200,000
	<b>\$12,800,000</b>