



From the Office of Robert T. Herrera, City Manager
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“Executive Summary”

April 5, 2016

Mayor Dunn, City Council, and Blue Ribbon Committee Members:

In 2015, the Cibolo City Council instructed the City Manager to explore options to extend FM 1103 to IH 10.

The City is in a unique position to finance, construct and extend a major north to south thoroughfare from Wagon Wheel Way to IH 10 within a five-year period with assistance from the Texas Turnpike Corporation **without** the City of Cibolo having to expend, commit, pledge or use city property taxes or other city sources of revenue.

Additionally, the City will also look very carefully at creating a Tax Increment Reinvestment Zone (TIRZ) or a Transportation Reinvestment Zone (TRZ) to border the existing FM 1103 roadway and the proposed Cibolo Parkway project. A TIRZ or TRZ sets a geographic boundary around a particular area within a city. The primary purpose of creating this particular “zone” is to pay for future maintenance of FM 1103 and Cibolo Parkway.

The extension and realignment of FM 1103 to IH 10 was formally recognized in 2006 and was incorporated into Cibolo’s Future Land Use Map & Future Thoroughfare Plan and our Capital Improvement Plan (CIP) over the last ten years.

Development of a high-capacity roadway passing through the City of Cibolo that connects Interstate Highway 35 with Interstate Highway 10 may enhance public transportation and provide needed connectivity between two of the nation’s major transportation corridors.

The Cibolo Parkway will be designed to be used only by those individuals who choose to use it to access and travel to or from IH 35 and IH 10. There will always be free alternatives.

Furthermore, the Cibolo Parkway will include the construction of an overpass over **Union Pacific Railroad tracks and SH 78**; thereby, improving emergency vehicle response times by affording Police, Fire, and EMS first responders access to both sections of the city.

The northern end of the 7.1 mile long extension starts at the existing intersection of Wagon Wheel Way and FM 1103. The roadway will extend south through a proposed “greenfield” route and connect to IH 10 near the existing Zuehl Road overpass.

The proposed right-of-way width is 150-feet. This right-of-way width is designed to accommodate up to three traffic lanes in each direction with a raised median.

The proposed project would consist of building **four lanes, at this time** with an estimated cost of \$110M - \$125M.

City staff evaluated several options to extend a new road system from Wagon Wheel Way south to SH 78 and to IH 10. The primary goal of pursuing a new roadway system was to attempt to:

- Meet the objective of the City's current and prior Master Plans.
- Address growing transportation and mobility concerns along FM 1103.
- Address the timing of when road improvements could be made to IH 10.
- Provide the community and our immediate region an additional north to south corridor.

An additional benefit from this roadway extension for the City of Cibolo is the creation of economic opportunities that come with opening undeveloped property. The proposed 7.1-mile extension of FM 1103 may impact over 2,000 acres within a quarter-mile of the roadway.

The synergy that would be created at the "four corners" resulting from extension of FM 1103 to IH 10 may be game-changing for the City of Cibolo. Additionally, the road frontage along IH 10 within the city limits of Cibolo and the following intersections could explode with interest and commercial activity:

- SH 78 intersection
- Lower Seguin Road intersection
- Zuehl Road intersection

The options listed below were considered and each had some advantages. Ultimately, the cost associated with financing the construction of the proposed roadway and its impact to the community were the determining factors which led to staff's recommendation that a public/private partnership with Texas Turnpike Corporation be favorably considered. This option has the least amount of risk for the City and would not require the City to finance or leverage the cost to build the new road.

- **TXDOT funding the extension;**
- **City of Cibolo funding the extension; and**
- **Private sector funding the extension.**

TXDOT has indicated it simply did not have the funding for this project and indicated that there were other public road projects which were a higher priority than Cibolo's project. They advised that if they could assist with the funding of the project it may be considered 20 to 25 years into the future with no guarantee on the timing or that funding would be available.

The **City of Cibolo**, Texas is simply just too small a community to take on this additional debt. To assume a debt of \$100M would tie up the City's ability to address any future general obligation bonds it may need to issue within the community. This funding source would require the City to ask the voters to approve general obligation bonds for the project in a city-wide bond election. There is a good chance that the voters may not recognize this proposition as one which they could support if it doubled the city's tax rate or if the issuance would place the City in a negative position to add other capital improvement projects which need to be funded from general obligation bonds (example: fire station, drainage, park projects). Our Administration does not recommend this version be considered, even if it was considered to be done in phases, due to the financial pressure it would place on the City as an organization.

Private sector option - negotiate a contract with Texas Turnpike Corporation (TTC).

Under this scenario, the private sector would raise the capital to construct the Cibolo Parkway. They would not seek funding or a pledge of funding from the City, nor would the City have to pledge any of its assets as collateral. TTC would assume the risk associated with building and maintaining the roadway and they would work with the City to obtain the needed right-of-way for the road. The Cibolo Parkway would become a City-owned road and would not be owned by the State of Texas. If necessary, the City would agree to use its condemnation authority to obtain road right-of-way for the Cibolo Parkway.

TTC would design the roadway to meet the City of Cibolo's planning and development guidelines.

TTC would also coordinate and obtain all approvals needed to construct the road including meeting all of TXDOT regulations, negotiating with Union Pacific Railroad, obtaining all environmental clearance and working with the City to design and plan for interchanges along the roadway.

TTC and the City of Cibolo would charge a toll road fee for the travel use of the Cibolo Parkway. Only vehicles which travel on the Cibolo Parkway will be required to pay a toll fee. The initial revenues collected would go to reimburse TTC for the documented costs associated with the road construction, financing, maintenance, and management of the new road. The City would share in a portion of the toll fees but at a reduced level for a period of time. As construction bonds get retired, the City will see an increase in toll fees it may receive.

The City would commit to looking at creating a Tax Increment Reinvestment Zone or a Transportation Reinvestment Zone along all or portions of FM 1103 and the Cibolo Parkway in order to capture the incremental increase in property values once built to help defray future maintenance of the Cibolo Parkway and the City will be in a future position to divert excess TIRZ or TRZ revenues to other pressing needs of a like nature within the zone's boundaries. The creation of a TIRZ or TRZ would fall under the authority of the Cibolo City Council.

A “reinvestment zone” allows the City to use a portion or all of the tax generated from the incremental property value increase which occurs within the zone to fund costs within the zone. A Tax Increment Reinvestment Zone or a Transportation Reinvestment Zone does not result in an additional tax to property owners in Cibolo, Texas. A property owner has the same tax liability with or without creation of the zone. The incremental increase associated with increased property values which occur within the “Zone” by design may be used to offset future road maintenance and improvements along FM 1103 and Cibolo Parkway; thereby, allowing future growth within the zone to pay for the maintenance of the roadway in addition to capturing and leveraging the economic growth.

The creation of a TIRZ or TRZ does not impact the city’s property tax rate. A TIRZ or TRZ has no taxing or assessment power.

A private/public partnership with the Texas Turnpike Corporation or its assigns appears to be a viable financing and management option to consider.

Thank you,



Robert T. Herrera
City Manager

CC: Peggy Cimics, City Secretary
Rudy Klein, Director of Planning & Engineering
Mark Luft, Director of Economic Development