

January 30, 2024



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Commissioner Robert Patrick  
DeKalb County, Georgia  
District 1  
1300 Commerce Drive  
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Decatur, GA 30030

### Proposal

Transit Oriented Development (TOD) and Multi-use Trail Value Capture Analysis for the Area of the Proposed I-285 “Top End” Bus Rapid Transit (BRT)  
Atlanta, Georgia

Dear Commissioner Patrick:

It was my pleasure to speak with you recently regarding your interest in the planning for bus rapid transit (BRT) servicing the top-end of I-285, as well as an associated multi-use trail as part of the overall vision.

As we have discussed with Bill Floyd of Pendelton Consulting, the concept is being studied by MARTA, following a multi-government agreement signed in 2023. According to press reports, MARTA’s planning process includes visioning, scoping, planning and a conceptual study, including station designs, transit movements, and access points.

In an effort to keep DeKalb County’s interest in the forefront of this important planning activity, you are interested in including KB Advisory Group’s economic, demographic, and real estate planning expertise as part of the process. Our firm (formerly known as Bleakly Advisory Group) has been part of numerous transit planning exercises throughout the 20-plus years of our existence. We have provided consulting services as part of planning teams working for DeKalb County, MARTA, as well as most other governmental entities along the top-end of I-285. We have deep experience examining options for transit expansion, TOD projects, as well as in planning for Georgia’s local economic development tools such as TAD (Tax Allocation Districts).

Specifically, you are interested in **understanding possible revenue sources and their relative capacity to generate proceeds to support the capital and operational costs of developing the BRT and multi-use trail network**. The work outlined in this proposal would be a first step in understanding the feasibility of using a “value capture” mechanism, such as TAD, which is Georgia’s form of tax increment financing (TIF), to achieve this goal.

Our proposed work will assess the “baseline conditions” at possible station areas in terms of real property tax assessments, the future planned development/ growth potential, and the corresponding economic and fiscal benefits that would result from implementing the future vision for the still-conceptual BRT and trail projects.



In an effort to achieve the goals stated above, our proposed detailed scope of work is outlined below.

## **SCOPE OF SERVICES**

### **Task 1: Baseline Demographic, Economic, Real Estate and Value Assessment**

To drive the use of a “value capture” strategy, the likely market demand for housing and commercial development at the BRT station areas, and along the multi-use trail, are the key underpinnings and assumptions driving the financial feasibility analysis of the BRT line and the trail facilities.

The primary objective of the first proposed task will be to assess the current economic and demographic context of the top-end area overall, and at up to 10 station areas. The location of the station areas will be determined in collaboration between consultant and client, as will the potential multi-use trail path.

In addition to providing context regarding the existing demographics and economics of the area, this task will quantify the current real estate inventory and help to assess the likely market demand for development, by land use, at the defined station areas and near the trail path. This real estate demand will, in turn, help to drive property values and other potential funding streams for the transit and trail project(s).

Demographic data will include population and household trends, economic data will include employment and commuting trends, and the real estate assessment will include inventory and performance summaries for all major classes of commercial real estate and the home sales market.

Further, understanding the base property value of the area can be useful to determining priority strategies to unlock additional value and corresponding tactics to capture tax increment to fund transit and trails. For each station area we will conduct research using multi-jurisdictional county-level tax parcel data to determine the current overall area tax property value. The results of the research and analysis will allow us to report on overall real property tax collections and the distribution of the collections by jurisdiction based on current millage rates. The understanding of this baseline condition will provide a starting point for determining the usefulness of a value capture strategy at possible station areas and along the trail route.

The final report will include summaries of the demographic, economic, real estate, and property values for the top-end study area, including up to 10 specific station areas.

### **Task 2: Real Estate Value Forecast**

To understand the potential of using a value capture tool, it will be necessary to forecast tax digest growth in each station area from both the background growth and the new growth driven by new development. Background growth will be estimated based on the average annual growth of the local jurisdiction’s overall digest over the past five to seven years.

New growth forecasts for up to ten station area in this high-level analysis will incorporate current zoning assumptions, small-area planning efforts, recent growth trends, and available land for development within each station area to create a growth forecast. This development-based forecast will anticipate annual tax digest growth in order to understand the potential relative order of magnitude of future value capture strategies. It should be noted that these forecasts will be



aspirational and based on market dynamics. Given the many jurisdictions that control land use decisions along route, we can in no way guarantee that the approvals will be granted to build the additional real estate that will drive the value growth. It will be assumed that the compelling prospects of enhanced transit and trails will generate support among the local governments to allow for the type of development envisioned in the forecasting exercise.

The analysis will assume a conservative “Base Case” scenario and a more aggressive, although still likely, “Upside Potential” scenario.

- Base Case
  - Using various forecasts of growth, this scenario will assume that each station and trail area will compete for a “fair-share” of the market in the overall region that is willing to make trade-offs for an environment near BRT and trails. The base case will assume that BRT and a trail will not necessarily have a transformative catalytical effect on the area overall, but still serve as an organizational framework to better meet market demands in a more compact, transit-supportive manner. Further, as the impacts of BRT and a multi-use trail on land use patterns remain emergent, we will assume in this “Base Case” scenario that the market will respond to and be motivated by the walkable environment created by the station area opposed to the transit itself.
- Upside Potential
  - Based on share of market that is willing to make trade-offs and pay more to live near transit and trails, there is likely upside potential to the “Base Case” scenario. This more aggressive, but still highly likely, scenario will assume the introduction of BRT and a trail can accelerate growth by capturing a portion that otherwise would have gone to other parts of the Atlanta region. The share of the market that is highly motivated by transit is low and there will be competition from development around MARTA stations, the Beltline, and potentially additional transit lines in the region. However, redirecting even a small portion of this market could have significant impacts on the level of demand within the station areas.

### **Task 3: Public and Private Financial Options**

By combining several local revenue sources it could be possible to generate sufficient revenues to address the entire operating and maintenance costs of the BRT line. This task proposes to evaluate the potential of a wide range of local revenue sources to potentially help support the creation and on-going operation of the proposed top-end BRT project.

A range of existing and potential local financing sources will be identified that counties, municipalities, and other taxing entities could use to support the capital and operational costs of the top-end BRT. This analysis will provide possible combinations and levels of local revenue sources for analytical purposes.

We will apply both growth forecast scenarios to the current rates of collection for the various financing sources and compare the potential collections to the estimated cost of construction. Cost estimates will be conducted by other entities outside the scope of this analysis.

Modeling the higher levels of growth included in the Upside Potential will capture more of the regional demand for trail- and transit-oriented development in the area. However, these local



revenue sources will not all be available uniformly throughout the development period. In particular, revenue sources based on newly stimulated development via value capture, begin slowly and build throughout the development period. Thus, a dynamic combination of development-based revenue sources, along with other broad-based revenue sources, will be required to assure sufficient annual funding, particularly in the early years of the development period. This analysis will provide an initial look at the order of magnitude of tax collections that may be possible to fund the top-end BRT and multi-use trail, but as with any long-range forecast, will need to be continuously updated as market conditions, and cost-assumptions change.

#### **Task4: Final Report**

We will present the analysis results in a report with visualization summaries and provide you with an electronic copy of the final report for your use.

We will go over our findings with you internally to ensure complete understanding of the methodology and assumptions involved in the analysis required to effectively communicate the findings. After your review, we will incorporate necessary revisions and issue a final draft of the report. We will also be available to present the report findings at one public meeting.

#### **TIMING & FEE**

We anticipate it will take approximately **14-16 weeks** to complete the assignment as described above, upon project initiation. Our fee to prepare this analysis and deliver a final report will be **\$68,500. We will require a retainer of \$9,500 at the time of authorization** – paid prior to our work commencing. We will invoice you monthly for the work accomplished in the prior 30 days. Invoices are due and payable upon receipt.

**If this scope and terms are acceptable to you, please sign and return a copy of this engagement letter to us, along with the retainer, as authorization to proceed.**

Thanks for reaching out to us. We look forward to working with you on this important project.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'G. Koski'.

Geoff Koski, President



Accepted by: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_



**NOTE:** After 20 years, **Bleakly Advisory Group** is now doing business as **KB Advisory Group**. We are still officially incorporated in the state of Georgia under Bleakly Advisory Group and officially recognized as doing business under our new name by Fulton County, GA.

**Terms and Conditions Governing this Research and Report**

**Accuracy of Report:** Every reasonable effort will be made to ensure that the data developed in this assignment reflects the most accurate and timely information possible and is believed to be reliable. This consulting assignment will be based on estimates, assumptions, and other information developed by KB Advisory Group ("KB") from its independent research efforts, general industry knowledge, and consultations with the client for this assignment and its representatives. No responsibility is assumed for inaccuracies in reporting by the client, its agents or representatives or any other data source used in preparing or presenting this study. The research and reports are based on information that is current as of the date of the report. KB assumes no responsibility to update the information after the date of the report. The research may contain prospective financial information, estimates, or opinions that represent our view of reasonable expectations at a particular point in time, but such information, estimates, or opinions are not offered as predictions or assurances that a particular outcome will occur. Actual results achieved during the period covered by our prospective analysis may vary from those described in our research and report, and variations may be material. Therefore, no warranty or representation is made by KB that any of the projected values or results contained in the work product from this assignment will actually be achieved.

**Usage of Report:** The research product may not be used, in whole or in part, in any public or private offering of securities or another similar purpose by the client without first obtaining the prior written consent of KB.

**Termination:** Should you determine to terminate this agreement for any reason, you agree to notify KB via letter and agree to pay for work completed by KBA up to the date of the notification of termination.

**The entirety of Agreement:** The terms and conditions of this agreement embody the entirety of the agreement and understanding between the parties hereto. There are no other agreements and understandings, oral or written, with reference to the matter hereof that are not merged herein and superseded hereby. No alteration, change, or modification of the terms of the agreement shall be valid unless made in writing and signed by both parties.

**Dispute Resolution:** If a dispute arises out of or related to this agreement or the breach thereof, the parties will attempt to settle the matter through amicable discussion. If no agreement can be reached, the parties agree to use mediation before resorting to a judicial forum. The cost of the third-party mediator will be shared equally by the parties.

**Limitation of Liability:** The client agrees that due to any mediation or legal action resulting from this assignment, KB's maximum liability is limited to the fees it receives for the assignment.

**Governing Law:** The agreement shall be governed by the laws of the State of Georgia.