



LONE STAR RAIL DISTRICT

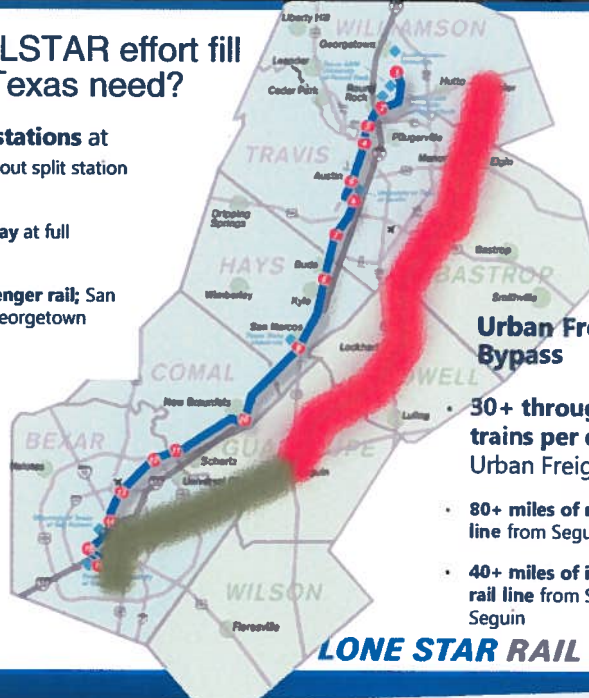
Local Funding Support Update

Joe Black – Lone Star Rail District
Joe Lessard – Knudson LP

August 5, 2013

How does LSTAR effort fill a Central Texas need?

- **Originally 16 stations** at full service (without split station service)
- **32 round trips a day** at full service
- **118 miles of passenger rail**; San Antonio north to Georgetown



Urban Freight Rail Bypass

- **30+ through freight trains per day** rerouted to Urban Freight Rail Bypass
- **80+ miles of new freight rail line** from Seguin to Taylor
- **40+ miles of improved freight rail line** from San Antonio to Seguin

LONE STAR RAIL DISTRICT

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PROJECT CONNECT PARTNERSHIP:

RAIL



CMTA - MetroRail



LSTAR - LSTAR



COA - Urban Rail

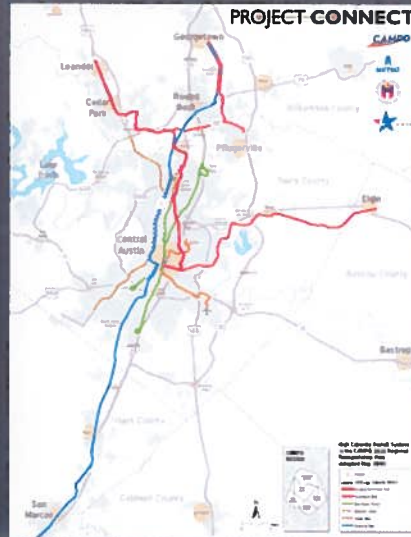
BUS



CMTA - MetroRapid



CTRMA - Express Lanes



PROJECT CONNECT
REGIONAL HIGH-CAPACITY TRANSIT IMPLEMENTATION

CAMPO

METRO

COA

LSTAR

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PROJECT CONNECT

- **System:** high capacity transit plan as a single system?
- **Organization:** organize to develop and operate the system?
- **Funding:** pay for the system over the long term?



PROJECT CONNECT
REGIONAL HIGH-CAPACITY TRANSIT IMPLEMENTATION

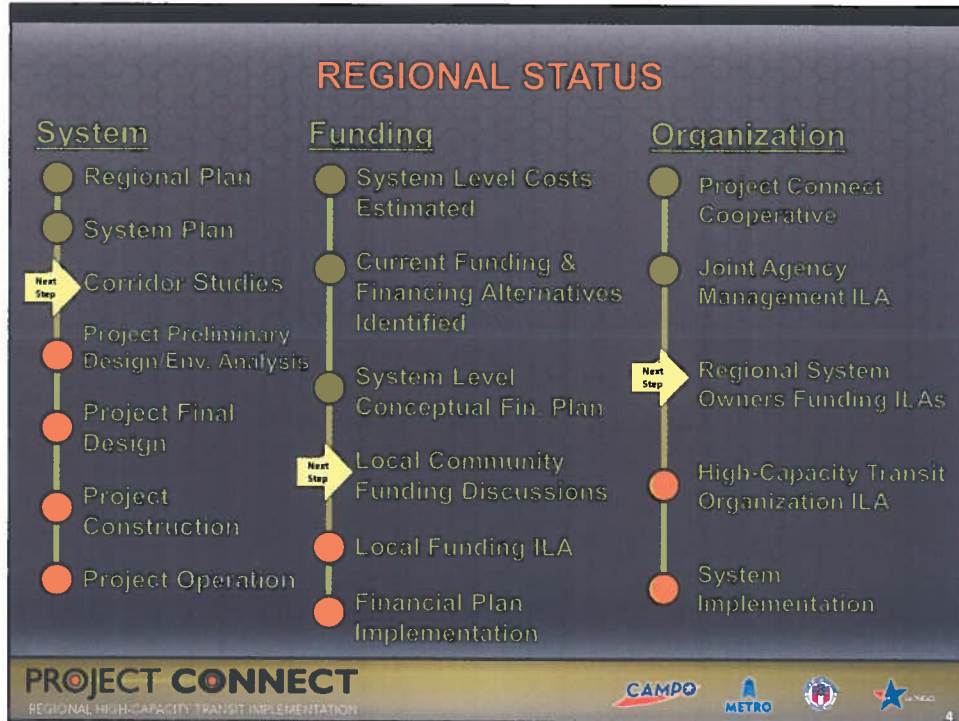
CAMPO

METRO

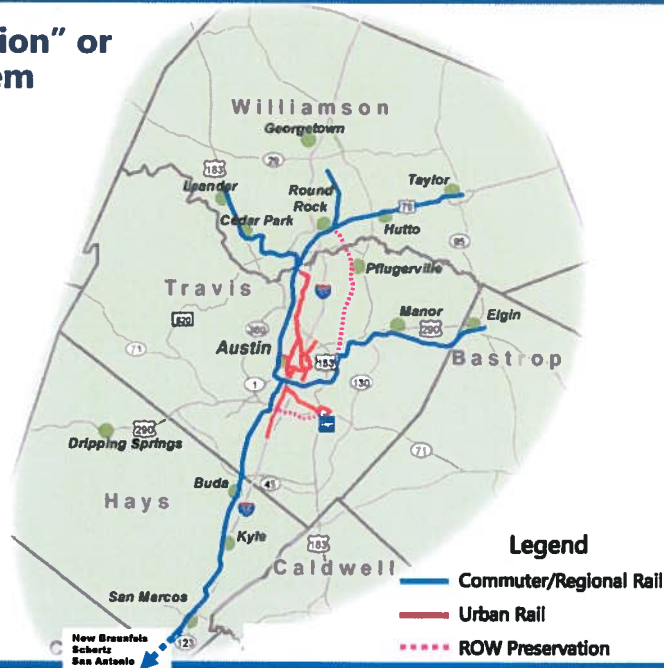
COA

LSTAR

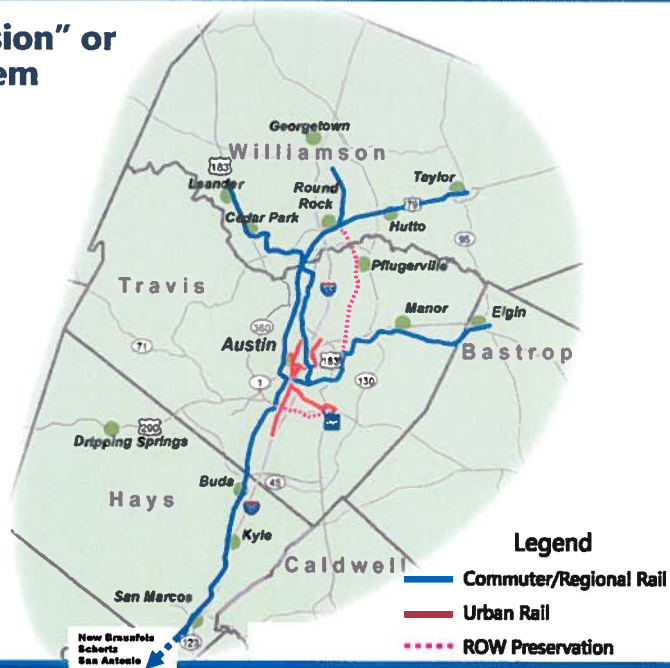
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2040 TWG "Vision" or Preferred System

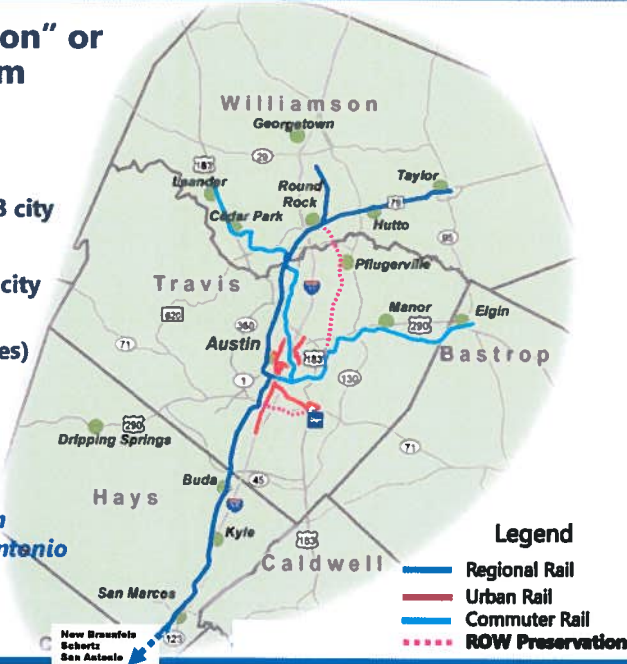


2040 TWG "Vision" or Preferred System



2040 TWG "Vision" or Preferred System

- Moves the regional commuter rail system
 - from a limited 2-3 city system
 - To a potential 10 city system (adds up to 7 cities)
- *Vision has 10 Cities connected via LSTAR*
- *Also connects to South Central Texas - San Antonio*



CENTRAL TEXAS RAIL VISION

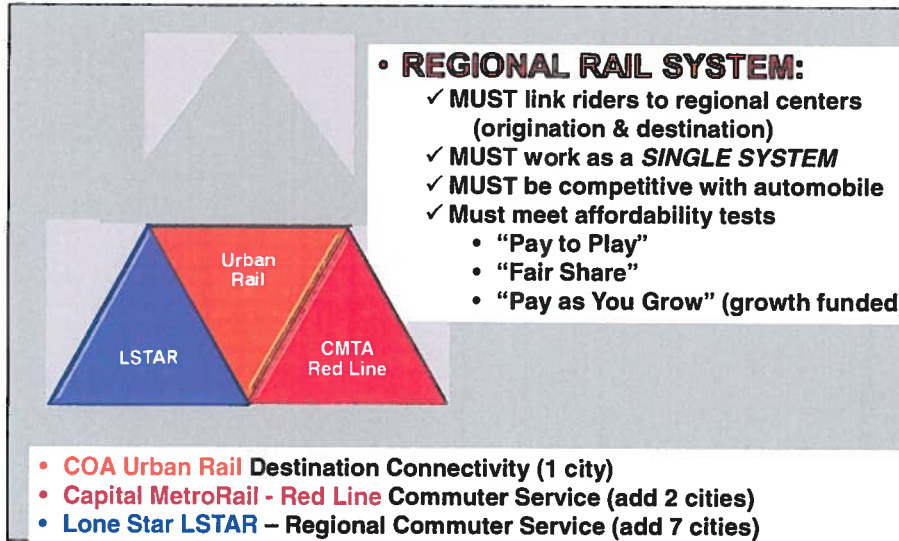
• URBAN RAIL:

- ✓ Serves region's core destination center (inside Austin's ring of congestion)
- ✓ Key to final destination rail service
- ✓ Meets build from core outward requirement

Urban Rail

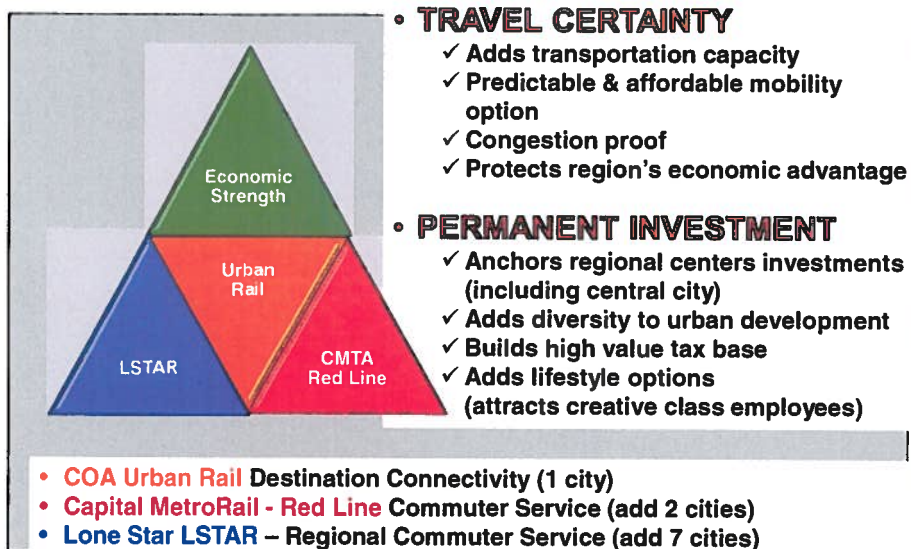
- COA Urban Rail Destination Connectivity (1 city)

CENTRAL TEXAS RAIL VISION

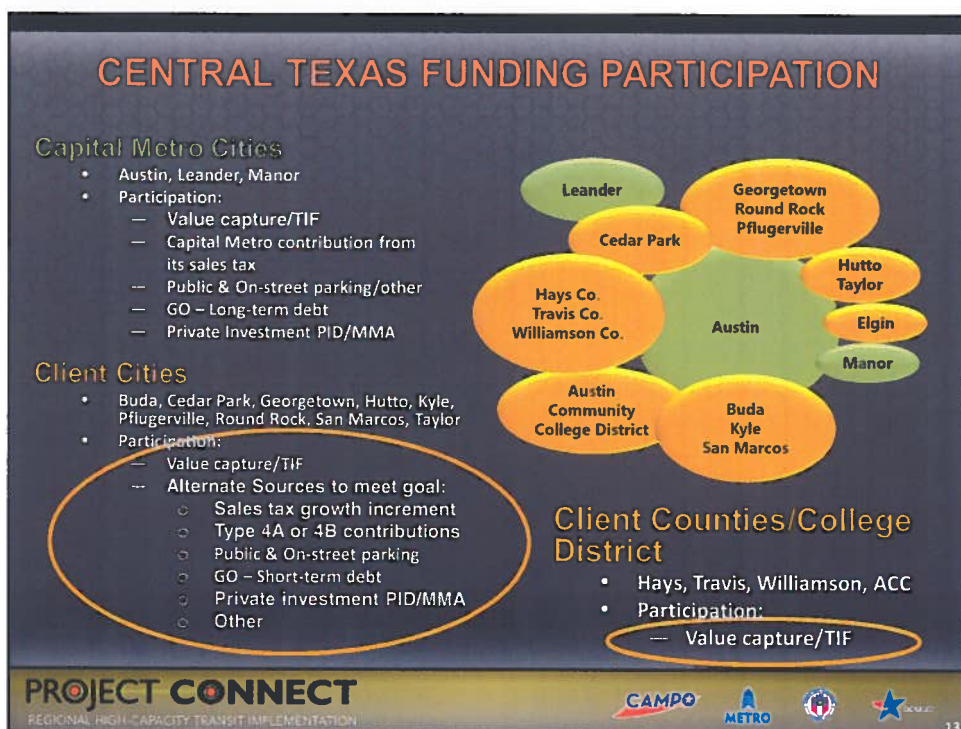
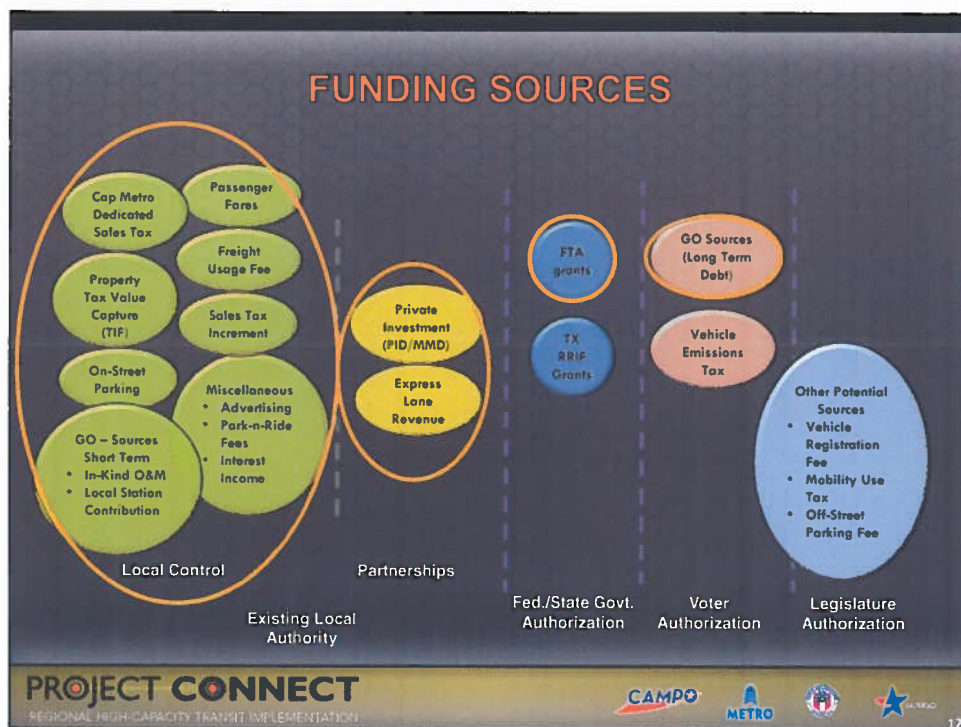


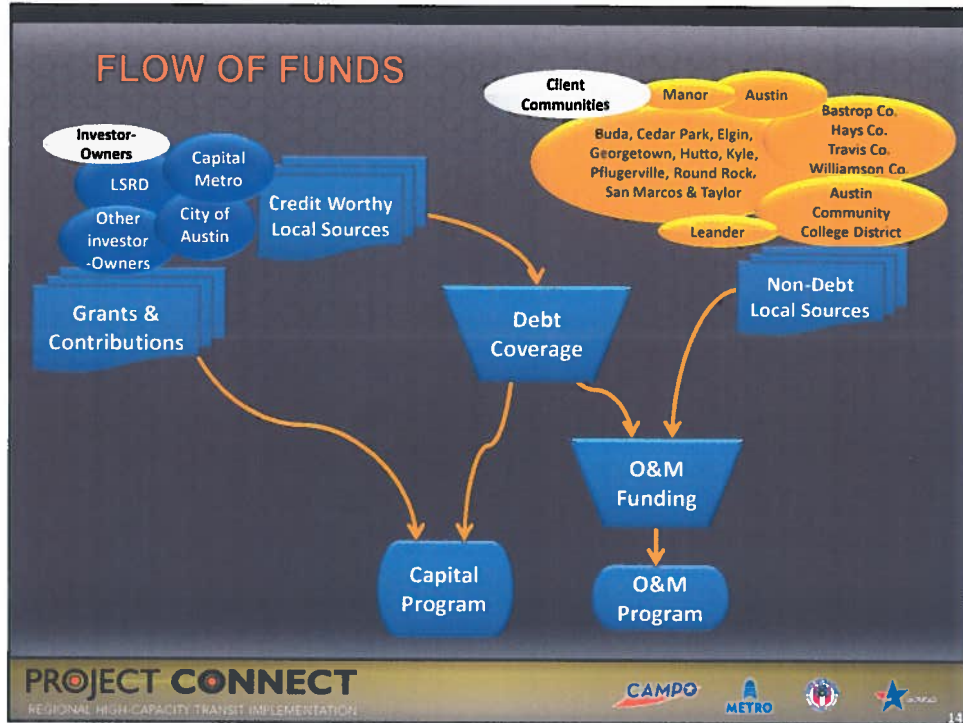
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CENTRAL TEXAS RAIL VISION



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LSTAR: CAPITAL COSTS

- LSRD retains the obligation to secure capital funding
- Goal is to secure the capital funding within six (6) years



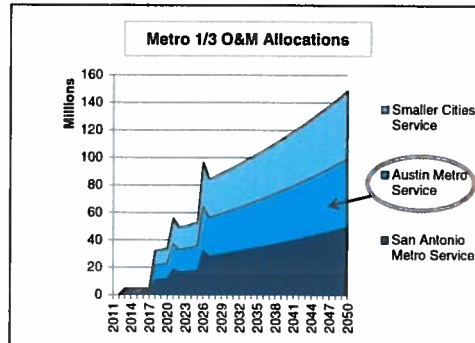
<u>LSTAR Service Level</u>	<u>Initial</u>	<u>Base</u>	<u>Full</u>
Psg'r Improvements	\$ 700 mil	\$ 840 mil	\$1,400 mil
Freight By Pass/Relo	<u>\$1,160 mil</u>	<u>\$1,160 mil</u>	<u>\$1,160 mil</u>
Subtotal	\$1,860 mil	\$2,000 mil	\$2,560 mil

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LSTAR: O&M COSTS

- O&M is one key to securing capital funding
- The Draft *LSRD Business Plan* O&M costs split* by thirds (after fare box & misc. revenue):



Service Level *	Initial (2018)	Base (2023)	Full (2028)
Small Cities value capture funding	\$ 10.56 mil	\$ 19.57 mil	\$ 33.78 mil
Central Texas value capture funding	\$ 10.56 mil	\$ 19.57 mil	\$ 33.78 mil
So. Central Texas value capture	\$ 10.56 mil	\$ 19.57 mil	\$ 33.78 mil
Total	\$ 31.68 mil	\$ 58.70 mil	\$ 101.33 mil

* Escalated over time at 2.5% annually; 15 year avg. of 1/3 cost is \$15.16 million (2018-2032)

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LSTAR: COST - BENEFIT

Local Participation

Austin

1. Value Capture funding
 - o Growth in Property Tax
2. In-kind Service & Station Upgrades

Capital Metro

1. Sales Tax

Other Cities

1. Value Capture funding
 - o Growth in Property Tax
 - o Growth in Sales Tax
2. Station Area Parking Revenue
3. In-kind Service & Station Upgrades

Private Property

1. MMD or PID participation
2. Added station location

LSTAR Benefits

Local Jurisdictions

1. Congestion proof transp. mode
2. Regional Project Connect Partnership
 - o Project Connect Single System
 - o "Vision" - 10 Central TX Cities
3. Value growth from LSRD investment & Economic Sustainability
4. Alt. to sprawl development pattern
5. Union Pacific RR participation
6. Remove through freight trains from urban cores
7. Capital Investment
 - \$1.86-\$2.73 billion
 - Passenger Rail Improvements
 - Urban Freight Rail Bypass

Private Property

1. Value increase from LSRD investment

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LSTAR INVESTMENT

Question: Why focus local funding on O&M level of support?

Answer: O&M funding is required to secure capital funding
O&M is affordable for local funding – Capital is responsibility of LSRD
O&M is traditional responsibility of local jurisdictions
O&M aligns with growth and service demand

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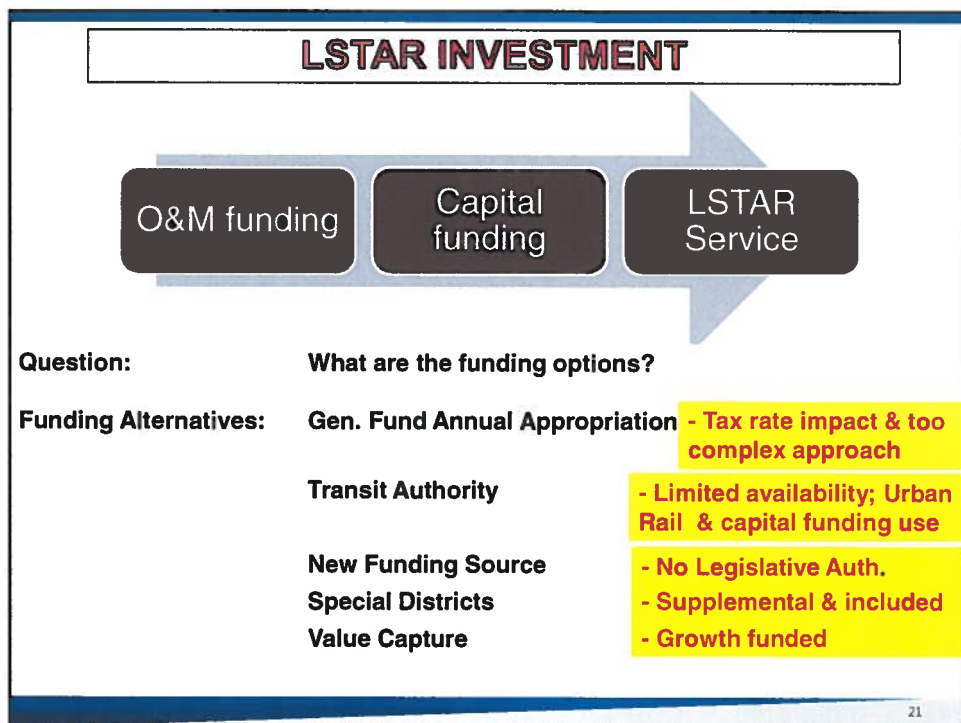
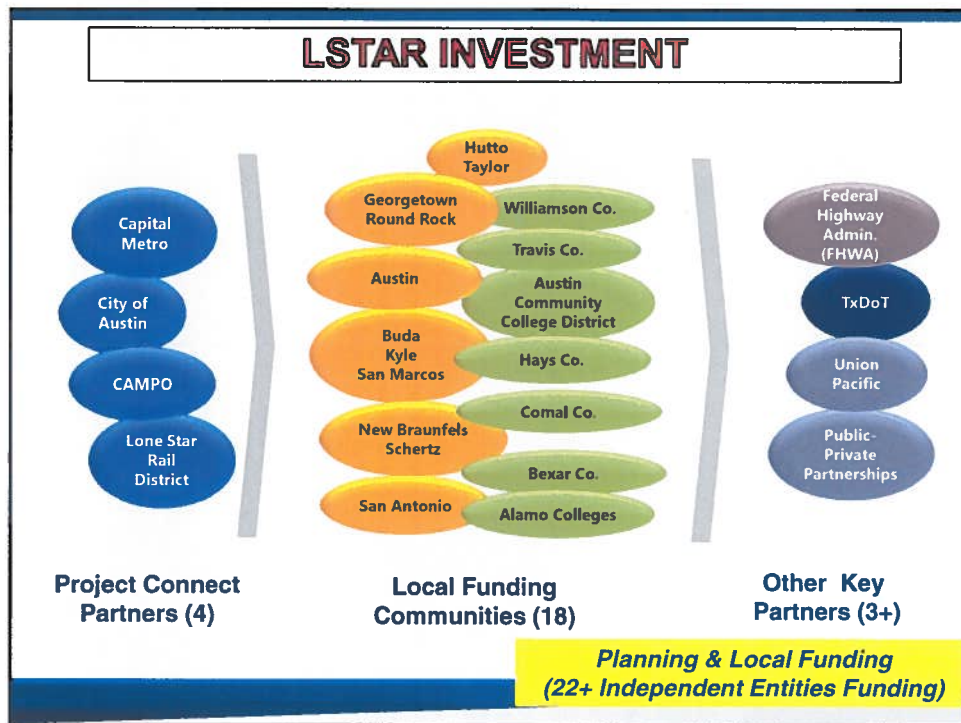
LSTAR INVESTMENT

Question: What are the funding options?


Funding Alternatives: Gen. Fund Annual Appropriation - Tax rate impact & too complex approach

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LSTAR INVESTMENT




Question: Why use a value capture mechanism for O&M?

Answer: Source authorized by Texas for rail
 Value capture allows growth to pay for itself
 Driven by LSRD capital investment - not guaranteed by local debt
 Regional partnership needs simple & predictable source
 Other options are not available or appropriate

LSRD: No full cost guarantee requirement/demand
 Pay as you go funding – not debt guarantee obligation
 Affordable approach:

- Regional partnership cooperative
- Growth sources approach
- Eases transition for local jurisdictions
- Service adjusts to available sources

LSTAR INVESTMENT

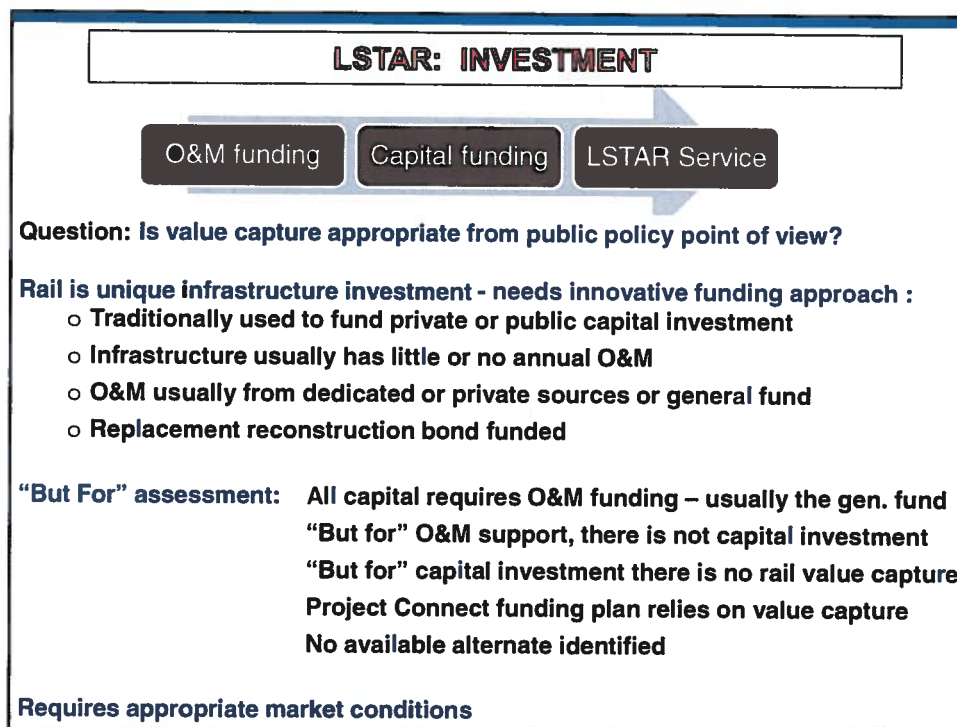
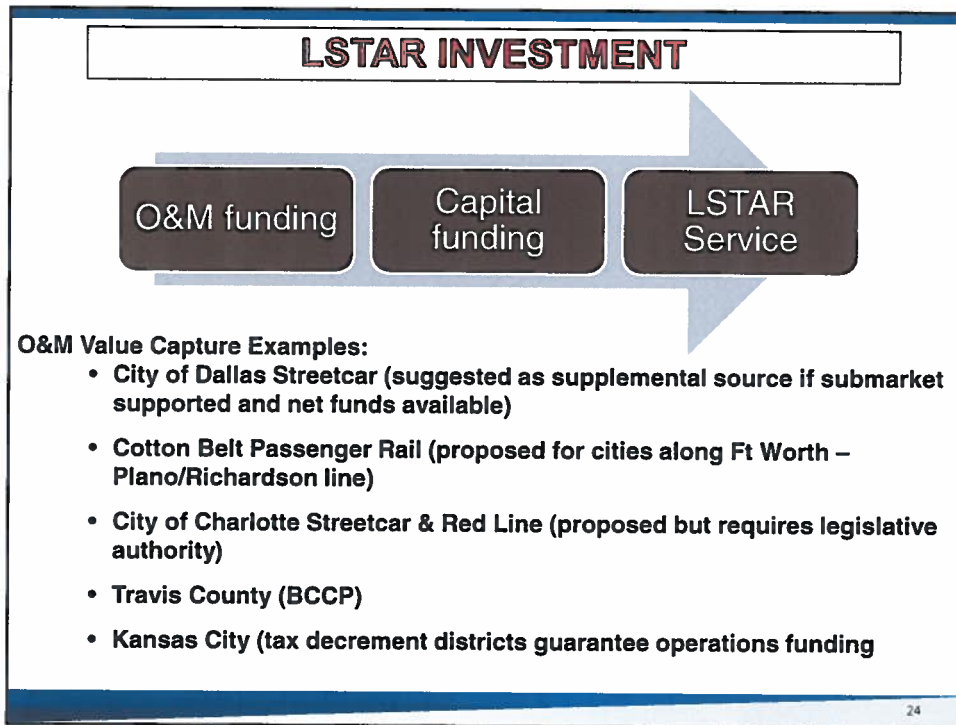


O&M Authorizations

- Texas Tax Code, Chapter 311 - (transp. or transit O&M of property in TIRZ)
- Texas Transp. Code 173 – design, construction, operation or maint. of transp. facilities (TIZ)
- Maryland (TOD, sustainable community infrastructure and & Prince Georges Co. maint. & marketing of TIF funded Convention Ctr.)
- Maine - salaries, fuel and maint. of new or expanded transit systems
- Florida, Georgia, Indiana, New Jersey, Pennsylvania and Rhode Island allow some use of tax increment funds for admin. or operations costs

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LSTAR INVESTMENT

O&M funding

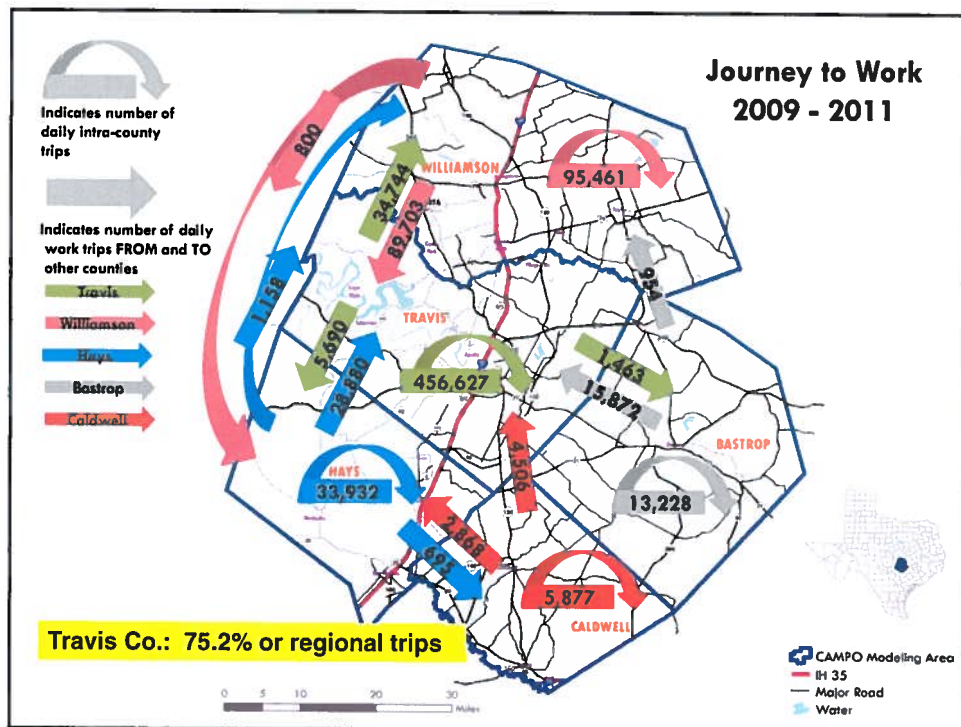
Capital
funding

LSTAR
Service

Appropriate Market Conditions:

- Regional growth pattern likely impacted by rail availability
 - Regional system will provide adequate coverage
- Station submarkets are targeted for growth
 - Available opportunities for development
 - rail service will influence development patterns
- Stations are in areas where real estate values are considered relatively stable

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LSTAR INVESTMENT

O&M funding

Capital funding

LSTAR Service

Austin:

- **Role**
 - Economic center of region
- **Risk**
 - Transportation system inadequate for peak employment travel
 - Demand exceeds supply of close-in property locations
 - Raises property values and lease rates
 - Fosters sprawl growth
- **Opportunity**
 - Expand location supply via rail connectivity
 - Link to and anchor other economic centers
 - Influence regional sustainability
 - Support quality of life brand

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Investment Issues

Funding

- Regional service needs regional approach to funding
 - Support from communities that benefit or "Pay to Play"
 - Each community contributes "Fair Share / Equal Effort"
 - Growth pays for the service or "Pay as You Grow"
- Early local participation will ease local participant's transition to cover costs
- Cost sharing eases burden on any single local participant

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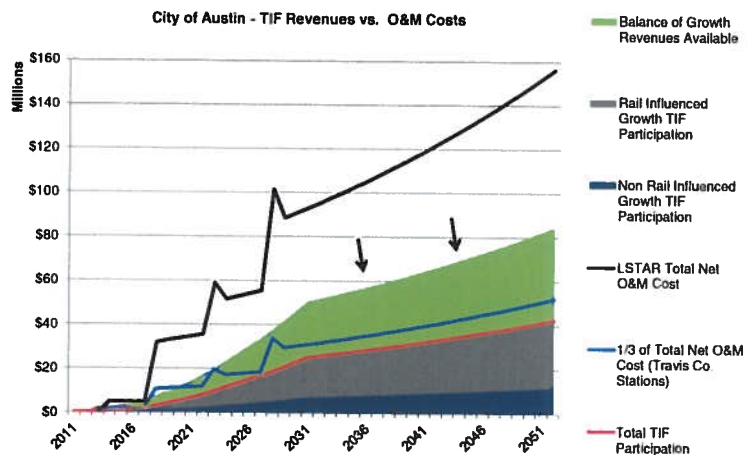
Investment Issues

Funding

- Late joining or "opting out" community impacts:
 - Extensions compete against other system investments
 - Private development decisions impacted
 - *Interim developments may lock-in non-transit dev.*
 - *May limit revenue growth & lower affordability*
 - Economic development may go to other locations
 - Community makes needed capital investments and/or catch-up payments
 - Provide dedicated, credit worthy funding sources

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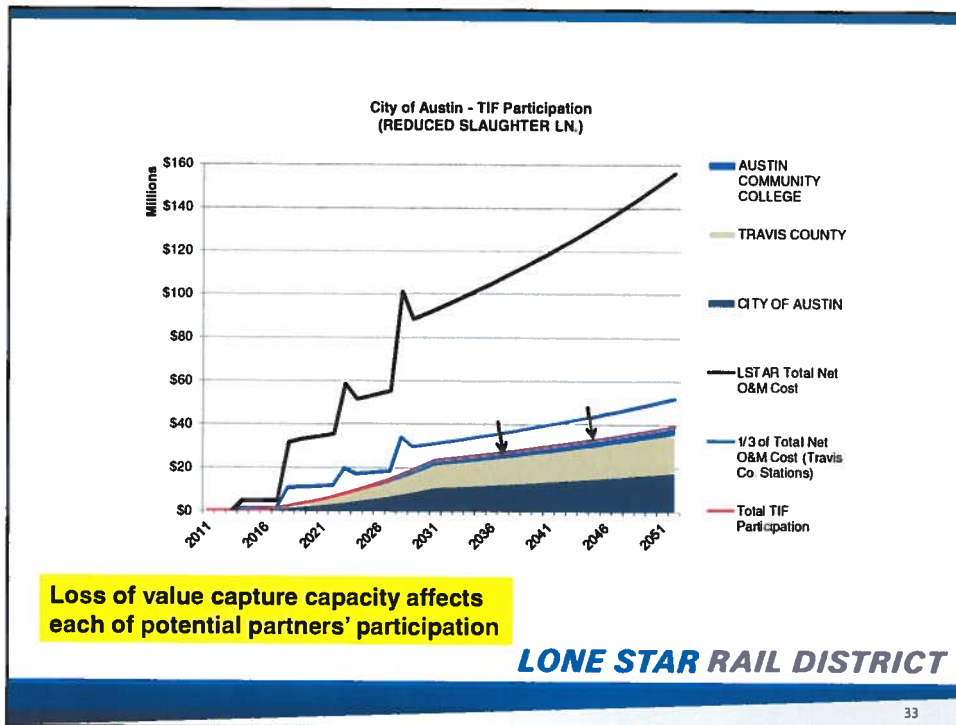
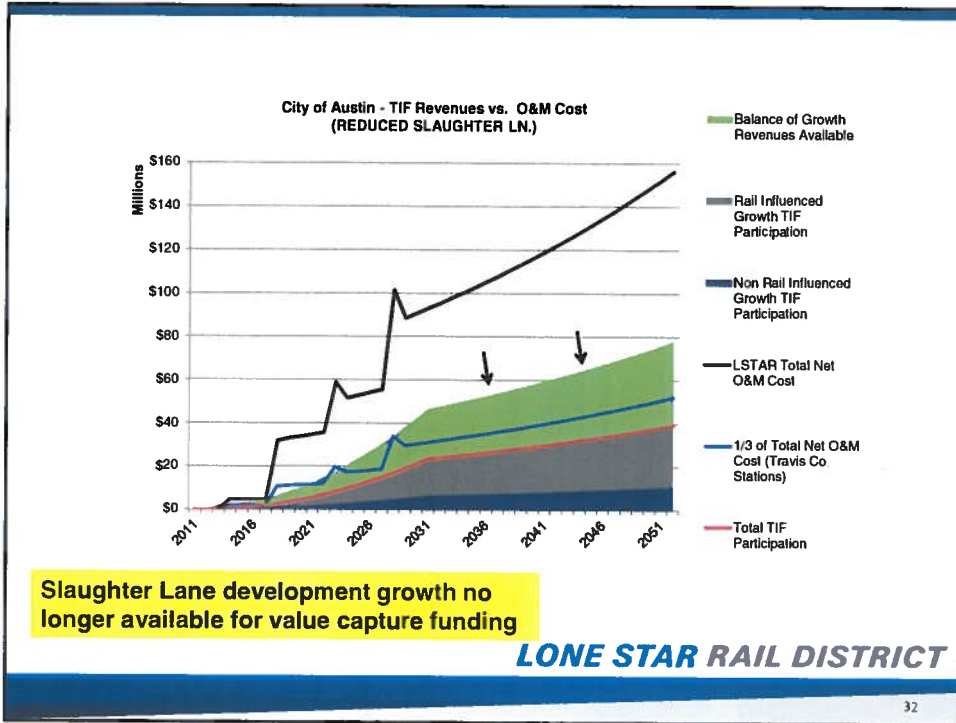
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Loss of development opportunity
reduces value capture funding

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Interlocal Agreement

1. **TIF districts by Mid 2013 – Gateway to LSTAR Capital Funding:**
 - a. 50 % participation of new growth
 - b. Federal ½ mile distance standard for station locations
 - c. Exclude existing single family and duplex residential
 - d. Tax exempt parcels added when developed
 - e. Honor preexisting economic development agreements
2. **Prior to initiating service, LSRD will not expend TIF funds without approval of corresponding jurisdiction**
3. **If LSTAR capital not funded in six years, participants may begin retracting their unused portion of TIF funds**
4. **LSRD will not exceed Base Service Level in region without prior approval of largest participating City until 2036**
5. **When in operation, LSRD will annually identify excess TIF funding for return to contributing jurisdictions**

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Next Steps



- **Local funding for the LSTAR line is gateway to Federal, State and private partner capital funding**
- **Lone Star Rail District is requesting:**
 - **Begin development of value capture funding mechanisms for adoption by Dec. 1**
 - **Capital Market Research update economic impact studies, including downtown restudy**



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Thank you
for your support!

LONE STAR RAIL DISTRICT

www.LoneStarRail.com

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LSRD Split Service Station Concept

Location

- Buda & Kyle
- San Marcos
- Round Rock
- Austin
- Austin

Split Service

Downtown - ACC Campus
Downtown - Outlet Malls
Downtown - Avery Center
Parmer - McNeil Junction
35th - Anderson

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LSRD Split Service Station Concept

Funding

- Property TIZ (1/2 mile radius & 50% of growth participation)
 - Split operations of one station into two stations: 1 in Buda and 1 in Kyle
 - Split operations of one station into two stations: 2 in San Marcos
- Sales Tax Allocation (1/2 mile radius & 50% of growth participation)
 - For each TIZ
- Station are parking cost & revenue sharing
 - ¼ mile on-street parking cost & revenue sharing
 - LSRD off-street parking
- Station maintenance & security cost sharing
- PID/MMD & City costs sharing for stations:
 - Capital Improvements – land acquisition, structures, parking lot, turn lanes, bus access, landscaping, utilities, security fencing, restrooms, public art, etc.
 - Custodial, maintenance and security

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LSRD Split Service Stations Concept

Funding

- Property TIZ (1/2 mile radius & 50% of growth participation)
- Sales Tax Allocation (1/2 mile radius & 50% of growth participation)
 - For each TIZ
- Station are parking cost & revenue sharing
 - ¼ mile on-street parking cost & revenue sharing
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