



Update on Interlocal Agreement (ILA) Lone Star Rail District (LSRD)

Financial Services Department

November 19, 2013 – Council Work Session

Council Resolutions 20131107_045 and 20130829-077



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Council Actions and Briefings

- Resolution 20130829-077
 - Work with LSRD and Capital Metro to **develop interlocal agreement and ordinances to provide value capture revenue** from station areas within Austin
- October 22, 2013 update at Council work session
 - Overview of LSRD “ASK”
 - COA Points of Disagreement
- November 5, 2013 Audit & Finance Committee
 - Terms of financial agreement between COA and LSRD, interlocal agreement, and proposed financing of Project Connect (LSRD)
- Resolution 20131107-045 requested today’s briefing



LSRD ILA Status

- Ongoing discussions between COA, LSRD and Capital Metro
- Current LSRD proposed agreement is not recommended
- Substantive issues remain with LSRD's proposed "ASK"
 - No public process required by Transportation Code to create zone
 - Zone economic studies not likely to support 50% value capture
 - 40 year term; automatic 40 year renewal
 - Conflicts with Council direction
 - Use of Tax Increment Fund prior to rail operations
 - Expands allowable uses beyond O&M costs to all project costs

Alternative offer for Council's consideration
that has been presented to LSRD.



Alternative COA Offer to LSRD

- Interlocal agreement creates tax increment zones or TIZ for Austin proposed stations
- Base value set at January 1, 2014 for calculating tax increment
- Initial tax increment participation value **at 0%**
 - Re-evaluate after analysis of City's Project Connect cost
 - May amend ILA to finalize tax increment participation percent
- LSRD to provide data required by Transportation Code for ILA
 - Project description, location, estimated cost
- Term of 36 years; extension option for additional 20 years
 - Year 34 Council considers and votes on extension option
- Other deal points specified by COA

Alternate COA Offer-Timeline

- To meet Council's December 31 decision goal
 - Use **Transportation Infrastructure Zone (TIZ)** legislative guidance; insufficient time remaining to use Tax Code (TIRZ)
 - Council action on December 12 or special called meeting
 - Public process - speakers on December 12 Council RCA for resolution approving interlocal agreement





Alternate COA Offer-Deal Points

- Proposed measure for determining LSRD project viability
 - LSRD has contractual agreement with Union Pacific to relocate its rail operations and
 - LSRD has secured all capital funding to build proposed rail bypass and commuter rail transportation facilities and
 - LSRD has financial plan for repayment for all debt or loans
- Key Dates
 - Two years – if by January 1, 2016, interlocal agreements are not approved by cities of Kyle and San Marcos and counties of Hays and Travis, COA may at its option exit
 - Six years - if by January 1, 2020, proposed measure for determining LSRD project viability is not met, COA may at its option exit



Alternate COA Offer-Deal Points

- City to establish and control Rail Tax Increment Financing Fund
 - Property tax increment - only funding source for COA participation
 - Property tax increment participation level shall not exceed 50%
- No other COA funding sources will be provided (e.g., parking)
- Uses of Rail Tax Increment Financing Fund
 - No monies disbursed until proposed measure for determining LSRD project viability is met
 - LSRD complies with Transportation Code (Ch. 173) - use of monies
 - To provide a local match for acquisition of right-of-way in territory of the local government; or
 - For design, construction, operation, or maintenance of transportation facilities in local government's territory



Next Steps

- Continue discussions with LSRD and Capital Metro to fully develop City's offer into an interlocal agreement and RCA for December 12 Council agenda

Questions / Discussion

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Resolution 20130829-077

- Council supports CAMPO Transit Working Group's regional vision
- Directs City Manager to work with Lone Star Rail District (LSRD) and Capital Metro Transportation Authority to **develop interlocal agreement and ordinances to provide value capture revenue** from station areas within Austin
 - LSRD's consideration - include Austin's stations in rail project's environmental impact study for Federal approval in a Record of Decision
 - Allow time for adequate consideration and public input for Council action prior to December 31, 2013 decision goal
- Directs City Manager to create a restricted fund to retain value capture revenue to be **disbursed only if LSRD's passenger rail system becomes operational**
- **City support conditional upon support by other Central Texas local jurisdictions** via adopted resolutions provided by LSRD on or before October 31, 2013