

AGENDA



Recommendation for Council Action

Austin City Council	Item ID	29371	Agenda Number	19.
---------------------	---------	-------	---------------	-----

Meeting Date:	12/12/2013	Department:	Finance
---------------	------------	-------------	---------

Subject

Authorize the negotiation and execution of an interlocal agreement with LONE STAR RAIL DISTRICT (LSRD) to create a transportation infrastructure zone comprised of several proposed rail stations and adjacent areas within the territory of the City of Austin to facilitate the City's contribution of financing to the LSRD rail.

Amount and Source of Funding

Future property tax increment revenue from the transportation infrastructure zones (TIZ) comprised of one or more proposed rail stations and adjacent areas within the territory of the City of Austin set aside in the City's Rail Tax Increment Financing Fund.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	Council Resolution 20130829-077; Council Resolution 20131017-035; Council Resolution 20131107-045
For More Information:	Elaine Hart, 512-974-2283. Robert Goode, 512-974-2411.
Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

This interlocal agreement between the City of Austin (City) and Lone Star Rail District (LSRD) will create a transportation infrastructure zone (TIZ) comprised of several proposed rail stations and adjacent areas within the territory of the City of Austin to facilitate the City's contribution of financing for the LSRD rail system. The City's funding will be limited to property tax increment or "value capture" revenue arising from increases in assessed valuation in the TIZ above the base year valuation. Other key provisions of the interlocal agreement are summarized in the following paragraphs.

This interlocal agreement establishes parameters for this tax increment financing including the tax increment base year used for calculating the property tax increment (Base Value at January 1, 2013 Assessed Valuation), the initial property tax increment participation level of zero percent, and a maximum property tax increment participation level of fifty percent (50%). The City shall establish and control a Rail Tax Increment Financing Fund into which the property tax increment revenue from the TIZ shall be deposited.

The property tax increment participation level will be re-evaluated following an analysis of the City's cost for all components of Project Connect to be completed in Spring 2014. Subsequently, the City may amend the interlocal agreement to finalize the tax increment participation level.

The interlocal agreement defines a "measure for determining viability" of LSRD's project. It also sets two key times at which the City or LSRD, at either's option, may terminate the interlocal agreement, close the City's related zone, and the accumulated tax increment revenue in the Rail Tax Increment Financing Fund may be redirected by the City Council for any lawful municipal purpose.

- Two years – If by January 1, 2016, similar interlocal agreements with LSRD are not approved by the city of San Marcos and the counties of Hays and Travis.
- Six years - If by January 1, 2020, the defined "measure for determining viability" is not met.

This interlocal agreement provides guidelines for using monies deposited in the City's Rail Tax Increment Financing Fund. No monies shall be disbursed before the "measure for determining viability" of LSRD's project is met. Once the "measure for determining viability" is met, and during the 24 months before initiation of passenger rail services, LSRD may request reimbursements for reasonable and necessary start-up costs. Once LSRD begins providing passenger rail service to Austin residents, payments from the City's Rail Tax Increment Financing Fund will be made semi-annually on March 1 and September 1 (or the first business day thereafter). In all cases, LSRD must comply with provisions of the Texas Transportation Code (Ch. 173) that states monies may be used (1) to provide a local match for acquisition of right-of-way in territory of the local government; or (2) for design, construction, operation, or maintenance of transportation facilities in local government's territory.

The initial term of the interlocal agreement will be thirty-six (36) years, with an extension option for an additional twenty (20) years subject to Council consideration and vote in Year 34 of the Agreement.

This interlocal agreement is responsive to Resolution 20130829-077 which affirmed Council's support for the vision for a regional high capacity transit system ("Project Connect") adopted by the Transit Working Group, a subcommittee of the Capital Area Metropolitan Planning Organization (CAMPO). The resolution directed the City Manager to work with Lone Star Rail District (LSRD) and Capital Metro Transportation Authority (Capital Metro) to develop an interlocal agreement to provide value capture revenue from station areas within Austin. The resolution called for creating a restricted fund in which to retain value capture revenue to be disbursed only in the event LSRD's passenger rail system becomes operational. In addition, the resolution stated that the City's support is conditional upon support by other Central Texas local jurisdictions via adopted resolutions to be provided by LSRD on or before October 31.