

To: Austin City Council and City Manager

From: The City of Austin Planning Commission

Date: April 25, 2017

Re: Recommendations on the Long-Range Capital Improvement Program Strategic Plan

[Note: Strikethrough and underline indicate changes from 2016 Recommendation Letter]

Each year the City of Austin Planning Commission presents a letter to the City Manager during formulation of the Long-Range CIP Strategic Plan (LRCSP). Annually updated, the LRCSP is a data-driven approach to planning for the City's future capital improvements that support the way Austin grows and functions in the coming years, as articulated in the Imagine Austin Comprehensive Plan as well as related plans and priorities that guide City capital investments. The plan is part of a larger Capital Improvement Program planning cycle, a multi-year, continuous process of planning, funding, and implementation of capital improvements, and also includes the Five-Year CIP Plan and the annual Capital Budget.

RECOMMENDATION SUMMARY

This letter includes recommendations related to the LRCSP as directed by the City Charter, which requires that the Planning Commission annually make recommendations on capital improvements that are necessary or desirable to implement the City's Comprehensive Plan, Imagine Austin. The recommendations contained in this letter build on the recommendations that were provided by the Planning Commission last year. Our recommendations are:

1. Build on the passage of the 2016 Mobility Bond by continuing to identify specific future Strategic Initiatives funding opportunities for Growth Centers and Corridors. Use infrastructure funding to realize Imagine Austin growth models.
2. Identify additional innovative funding sources for capital renewal, continue to prioritize use of annual Capital Budget funds for the most critical Capital Renewal projects, and in doing so, direct additional resources to Strategic Initiatives in Imagine Austin Growth Centers and Corridors.
3. Study who pays for capital investment and long-term maintenance costs of infrastructure in different development patterns to better inform current and future policies that impact Austin growth patterns.
4. Continue to include potential fiscal impact of code as key consideration factor in the evaluation and formulation of CodeNEXT components and -adopt a new Land Development Code which leverages CIP and robustly addresses fiscal impact.
5. Establish a Joint Committee (of the Land Use Commissions) to encourage increased feedback on critical fiscal health issues related to adopted polices, development issues, and infrastructure investment.

6. ~~Make~~Continue to use housing affordability, flood mitigation, and transportation as key filters to the planning and implementation of Strategic CIP Initiatives.
7. Provide increased resources to city staff to align CIP Capital Renewal and Strategic Initiatives with the vision of our many current and future planning efforts.

The Working Group realizes that these are ambitious recommendations that will take time and effort to implement. This year's letter acknowledges the accomplishments of the last year, and identifies some detailed actions that can be taken over the next 12 months to continue to make progress on each of these recommendations. ~~But addressing~~Continuing to address these issues ~~will make~~s it possible to use the CIP as a more meaningful vehicle for implementing Imagine Austin.

Perhaps the most difficult recommendations to implement will be Recommendations 1 and 2, finding resources to fund Strategic Initiatives to realize Imagine Austin's vision, while adequately funding the Capital Renewal projects necessary to keep our existing infrastructure operating as the public expects. We realize that both are important goals. However, implementing recommendations 3, 5, 6, and 7, which address the connections between infrastructure investments, land use policies, private development, affordability, and the City's fiscal health, should assist the City in meeting those first two goals.

While there will continue to be a struggle to find adequate resources to fund both Capital Renewal and Strategic Initiatives adequately, ~~the Working Group found in learning about and reviewing the LRCSP that~~ Strategic and Capital Renewal infrastructure investment need not be mutually exclusive. CIP investments in capital renewal and service demand needs can also be strategic investments if they are planned and coordinated to achieve strategic outcomes in a given area, or in some cases they can be catalysts for strategic investment (e.g., the need for road reconstruction in a major growth corridor can be a critical investment that allows that corridor to develop as planned).

LAND USE COMMISSION REVIEW

~~As was done f~~For the first time this last year, the CIP working group ~~expanded to include~~included both Land Use Commissions, involving members of both the Planning Commission and the Zoning and Platting Commission. This collaboration gives us the opportunity to give both the City Manager and City Council more specific recommendations based on the pressing issues each of the commissions deal with regularly. From our key vantage point, our two commissions can assess the opportunities and obstacles presented by our current infrastructure capacity and conditions. Increasingly, we are presented with critical planning decisions that are dependent on the availability of adequate infrastructure. Austin's rapid growth rate strains our ability to meet both planning and infrastructure needs. The Land Use Commissions are presented consistently with many of the following questions:

- Can increased entitlements be tied to provision of increased infrastructure (water, environmental protection, parking, transportation options, connectivity) while reducing escalating impacts on housing costs?
- What is the relationship between existing zoning, realities of the cost of redevelopment, and the needed development intensity to better fund the renewal of surrounding infrastructure?
- How do we best implement needs identified in our existing Neighborhood and Small Area Plans?
- How do we achieve more objectivity in the review of city ~~of~~ planning and infrastructure issues as we often hear only the most vocal advocacy groups?

These questions, and our review of the LRCSP, lead to the following recommendations based upon identified needs.

It is our goal that our expanded review of the LRCSP and associated recommendations will give City leaders a working guide for making better use the plan each year and to make strategic shifts so that the CIP is more effective in addressing policies and goals identified in Imagine Austin.

Bruce Evans

Chair, Joint Comprehensive Plan Committee of Planning Commission and ZAP

ATTACHMENT: DETAILED RECOMMENDATIONS

1. Identify specific future strategic funding opportunities and focus strategic initiatives on Growth Centers and Corridors.

Description: Actively seek future funding opportunities to focus additional resources on enhancing infrastructure in Imagine Austin Centers and Corridors to incentivize both redevelopment and greenfield development in areas where we can better plan for high density “complete communities” as envisioned in Imagine Austin.

Rationale: The City has not set a clear policy direction to shift resources to Strategic Initiatives and seek other resources for Capital Renewal projects. Finding a balance between addressing on-going capital renewal needs, meeting increasing service demands, and addressing strategic planning and policy initiatives will remain a major challenge. To better achieve strategic goals and implement key planning and policy directives, the City needs to be able to focus more CIP resources on Strategic Initiatives. It is clear that additional funding resources are required to address city growth challenges. Previous letters from the Planning Commission have highlighted this need. In the absence of sufficient funding for all renewal and growth needs we must truly prioritize our recommendations.

Accomplishments

- Passage of \$720 Million 2016 Mobility Bond
- Formation of Corridor Program Implementation Office to ensure Corridor investments support Imagine Austin
- Capital Metro Adoption of Connections 2025
- Initiation of Strategic Mobility Plan

Proposed FY 2017-2018 Actions

- Focus on Imagine Austin Corridors and Centers during development of 2018 Bond package
- Coordinate CodeNEXT mapping with 2016 Mobility Bond Investments
- Coordinate with Capital Metro during development of the Strategic Mobility Plan to align transit planning with CIP Planning in Imagine Austin Corridors.

2. Identify additional innovative funding sources for capital renewal, and continue to prioritize use of annual Capital Budget funds for the most critical Capital Renewal projects.

Description: Recognizing that the annual Capital Budget has limited discretionary resources to allocate in any given year, we recommend that the City Council prioritize use of those funds for the most critical Capital Renewal projects. In doing so, we should direct additional resources to Imagine Austin Growth Centers and Corridors.

Rationale: While wanting to direct capital investments to areas that will begin to implement Imagine Austin in a significant way, we also realize that Capital Renewal remains the largest part of the City's Capital Improvement Program. CIP departments operate a large number of ongoing CIP programs dedicated solely to keeping existing infrastructure operational through rehabilitation or replacement. The City will need to continue focusing resources to protecting the investments we have already made.

Accomplishments

- Passage of \$720 Million 2016 Mobility Bond
- Formation of Corridor Program Implementation Office to ensure Corridor investments support Imagine Austin
- Ongoing implementation of Drainage Utility Fee

Proposed FY 2017-2018 Actions

- Consider capital renewal needs during development of 2018 Bond
- Continue to identify "dig once" opportunities to ensure that capital renewal projects including street maintenance and rehab, sidewalk repair, drainage, and renewal of wet and dry utilities are coordinated where possible.
- Identify innovative funding methods for capital renewal projects that allow eventual transition to funding on-going renewal needs through methods other than issuance of GO Bonds.

3. Study who pays for capital investment and long-term maintenance costs of infrastructure in different development patterns to better inform current and future policies that impact Austin growth patterns.

Description: Initiate a study of who pays for capital investment and long-term maintenance costs of infrastructure with respect to different development patterns: higher density urban infill versus new greenfield development. This study would help identify the long-term fiscal impacts to the City and its residents and business owners from different development patterns. The study should provide guidance to inform current and future policy decisions related to land use development pattern decisions and CIP investments as our city continues to grow.

Rationale: As the City rewrites the City's land development code through the CodeNEXT process, those efforts should also consider the relationship between land use and infrastructure, a relationship that the Land Use Commissions see on a regular basis. There is a fundamental disconnect between land use development and infrastructure planning that must be remedied. Decisions made in these two areas also have profound impacts on the issues of affordability and equity in providing services to our citizens. The City needs to evaluate and articulate further the allocation and cost effectiveness of limited infrastructure resources with respect to higher density urban infill versus new greenfield infrastructure outside the urban core.

Accomplishments

- CodeNEXT release of draft Land Development Code (includes new zones/development standards, regulations for TIAs, Sidewalk Fee in Lieu, Parkland Fee in Lieu, etc)
- Exploration of Street Impact Fee through Strategic Mobility Plan
- 2013 Update of Water and Wastewater Impact Fees

Proposed FY 2017-2018 Actions

- Conduct a comprehensive inventory of existing City of Austin development fees, requirements, and policies that require private sector investments in public infrastructure (including fiscal surety requirements for subdivisions, TIA requirements, fee-in-lieu policies, water tap fees) and develop analysis and preliminary findings related to whether existing tools strike the right balance between public and private investment and/or are supporting desired development patterns.
- Consider incentivizing desired development through various methods including expedited processes and fee waivers.

4. Include potential fiscal impact of code as key consideration factor in the evaluation and formulation of CodeNEXT.

Description: The City Manager should direct the staff and consultants working on CodeNEXT to include considerations related to the City's fiscal health as part of the CodeNEXT rewrite, and determine ways to estimate the impact on fiscal health of proposed code changes.

Rationale: Another important issue that should be addressed as the City updates its Land Development Code is that of the City's fiscal health. Decisions regarding the Land Development Code affect not only how private developers make investments but also how the City makes investments in infrastructure, which have a critical impact on the City's overall fiscal health. The code affects land development patterns, which affect decisions on when and where to build infrastructure, and how the City maintains that infrastructure throughout its life. Fiscal health and the forces that shape it are issues that are as important as the issues of affordability, equity, and how compact and connected our future development patterns are. It should be given equal weight to these other concepts as we revise and update our Land Development Code.

Accomplishments

- Development of CodeNEXT Prescription Paper analyzing fiscal health related to the Code;
- CodeNEXT release of draft Land Development Code

Proposed FY 2017-2018 Actions

- Ensure that fiscal health is adequately addressed through revised CodeNEXT regulations.
- Ensure that CodeNEXT map is consistent with CIP locations.
- Ensure that the private sector contributes appropriately to the cost of maintaining and expanding infrastructure through the Transportation Impact Analysis process as well as various development exactions and fees.

5. Establish a Joint CIP Committee (of the Land Use Commissions) to encourage increased feedback on critical fiscal health issues related to adopted policies, development issues, and infrastructure investment.

Description: Establish the Joint Committee for the CIP composed of membership from the Planning Commission and the Zoning and Platting Commission to study the existing disconnects between adopted policies, realities of development costs, city monetary process, and the CIP.

Rationale: During its discussions, the Working Group recognized that Land Use Commission decisions on land use issues are not made independently of other important factors, and recognized the need to discuss long range CIP policies in conjunction with land use policies on an on-going basis.

Accomplishments

- Discussion occurred, but formal joint committee was not formed.

Proposed FY 2017-2018 Actions

- Develop recommendation to develop a Joint CIP Committee for consideration by City Council Audit and Finance Committee

6. Use housing affordability, flood mitigation, and transportation as key filters to the planning and implementation of Strategic CIP Initiatives.

Description: The CIP Working Group recommends that the City address housing, flood mitigation, and transportation issues on any strategic CIP initiatives it plans and implements in the future.

Rationale: While these recommendations focus primarily on infrastructure and its relationship to the work of our Land Use Commissions, they are also strongly connected to the important public policy issues of affordability and equity. As the City plans and implements future strategic CIP projects, those decisions should also take into consideration two key issues affecting affordability: housing and transportation.

Accomplishments

- Approval of Flood Mitigation Task Force Report
- Initiation of Strategic Housing Plan
- On-going coordination activities of Housing + Transit + Jobs Action Team

Proposed FY 2017-2018 Actions

- Incorporate CIP recommendations from Flood Mitigation Task Force Report as appropriate into future Long Range CIP Strategic Plan and Bond Development
- incorporate CIP recommendations from Strategic Housing Plan as appropriate into future Long Range CIP Strategic Plan and Bond Development
- Ensure that H+T+J Action Team recommendations related to leveraging housing affordability, jobs and transit are reflected in revised land development code under CodeNEXT.

7. Provide increased resources to city staff to align CIP Capital Renewal and Strategic Initiatives with the vision of our many current and future planning efforts.

Description: Provide city staff the resources to align efforts for CIP implementation planning to bridge between the visions of Imagine Austin, related small area plans, and future plans and CIP project development ready for funding.

Rationale: In order to best develop a prioritized list of recommendations, the working group noted that the continued development of the Strategic Investment Analysis (page 43) will be instrumental to successfully transitioning our CIP from renewal heavy to more balanced allocation to implement Strategic Initiatives. To take further steps forward towards increased realization of Imagine Austin goals with finite funding streams, we must be clear in our alignment of resources with priorities.

To create a convergence of strategic planning efforts that incentivize sustainable and affordably developed infrastructure in directed growth areas, the efforts of CIP and land use planning departments should be more aligned with increased capacity for implementation of both existing and future plans (i.e. Corridor Plans, Small Area Plans, Existing Neighborhood Plans, Growth Centers identified within Imagine Austin).

Accomplishments

- Integration of Long Range CIP Plan into city processes
- Continued development of internal CIP coordination tools
- Continued alignment of activities of Imagine Austin Priority Program teams
- Continued monitoring and coordination of small area plan implementation including implementation of CIP recommendations within Neighborhood Plans

Proposed FY 2017-2018 Actions

- Develop future bond packages in the context of workload/project development capacity of staff and vendors.
- Develop future neighborhood, small area, and corridor plans through collaborative, multi-departmental processes.
- Continue to develop Long Range CIP Plan updates annually through a collaborative multi-departmental process.
- Continue to develop technology that ensures that regulations and capital investments are operating in tandem to support implementation of Imagine Austin.