



# Update on Bond Program Development

June 13, 2017





# Bond Development Process

## Comprehensive Bond Election Program

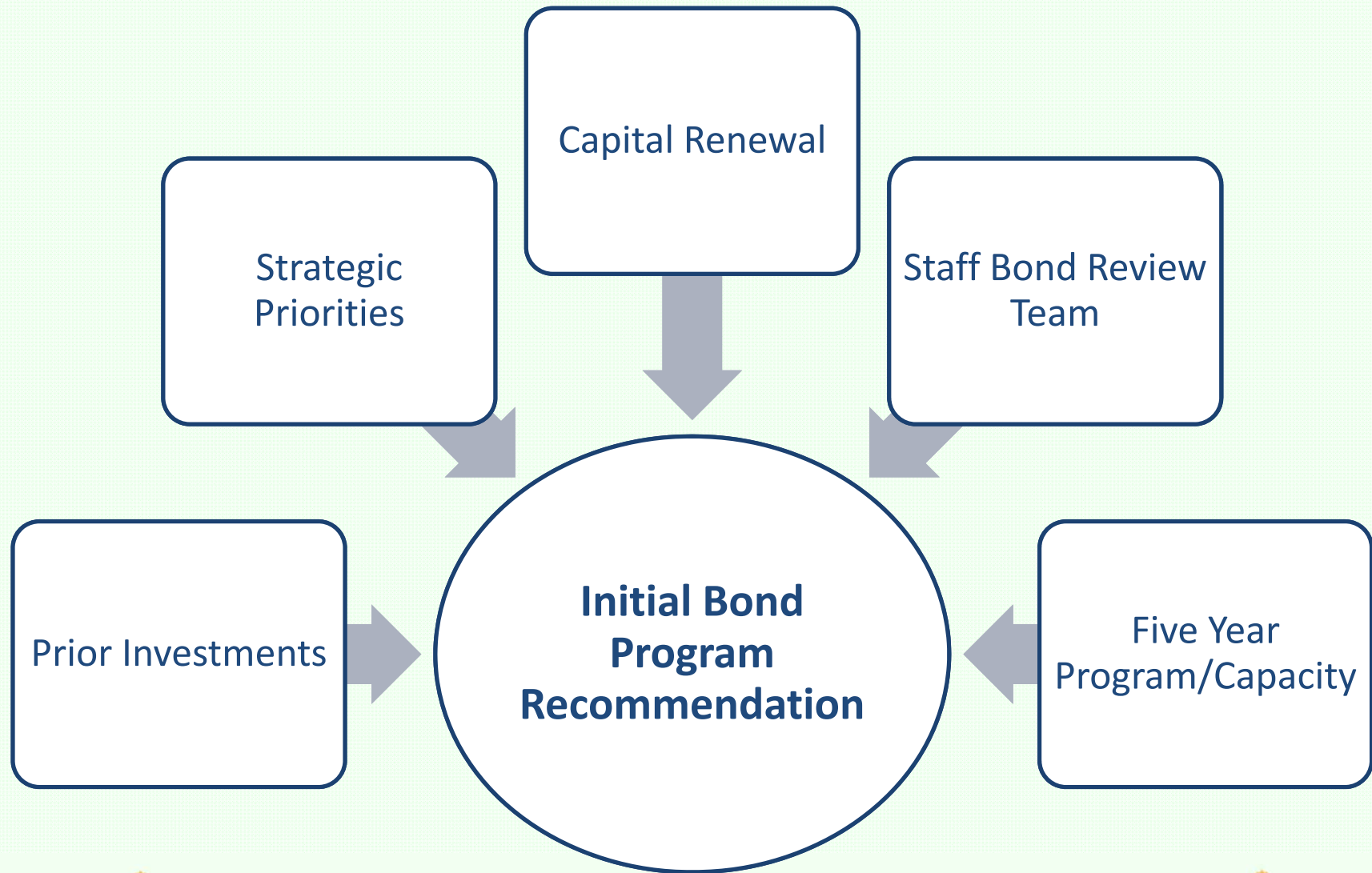


# Today's Briefing

- Bond Election Advisory Task Force (BEATF) meets Friday, June 16<sup>th</sup> to receive Initial Bond Program Recommendation
- Provide early look for City Council
- Highlight our Process to Date
- Summarize the Initial Bond Program Recommendation
  - BEATF will have a detailed look
- Go-forward process & next steps

*Initial Bond Program Recommendation is a Starting Point ... for BEATF, for the Community, and for City Council*

# 2018 Bond Program Development Process



# How is a Bond Program Developed?

**City Council Policy & Objectives**

## Master plans

- Neighborhood Plans
- Dept. and/or site specific
- Developed from Strategic Plans

## Public Input

- Task forces
- Boards and Commissions
- Hearings

**Imagine Austin**

**Facility/Site Condition Assessment**

**Rolling Needs Assessment**

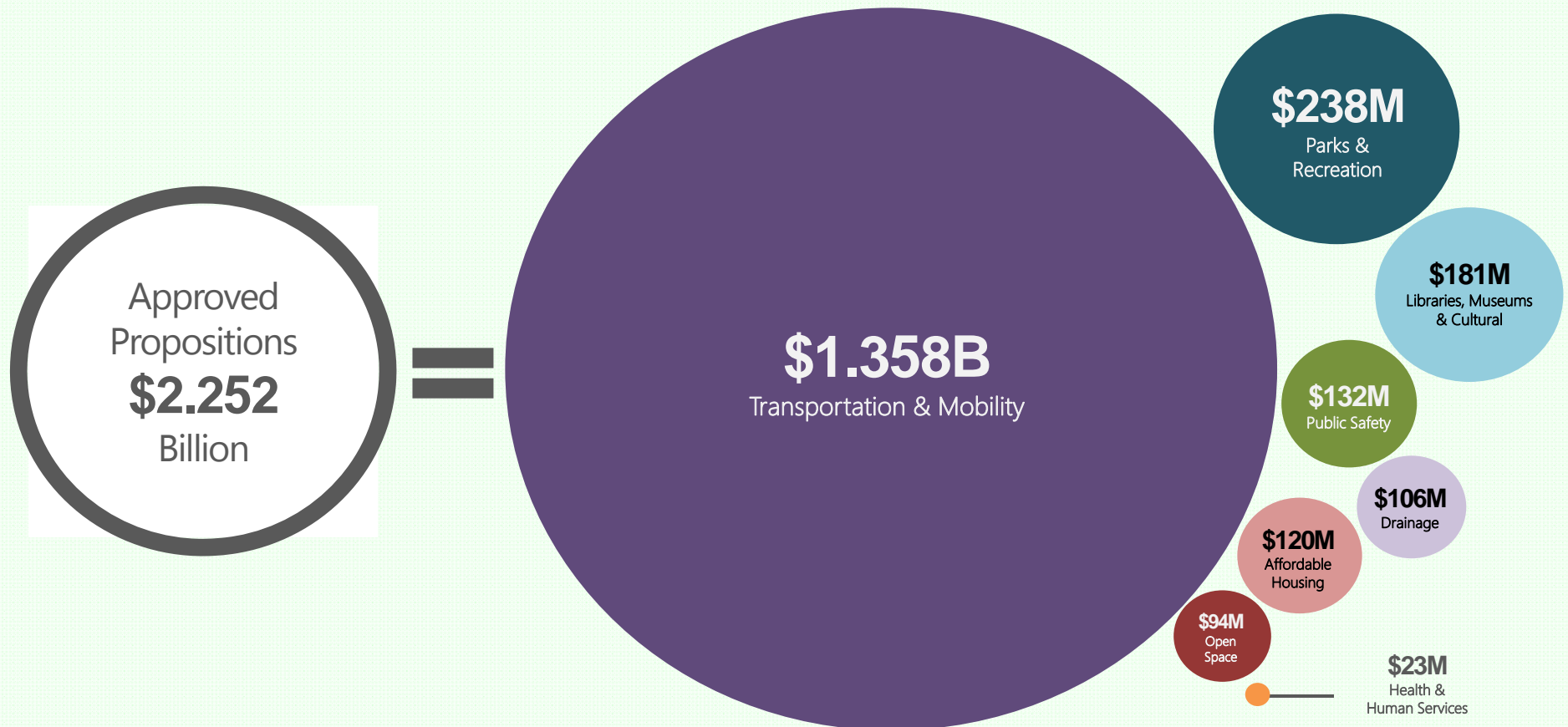
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## BOND PROGRAM NEEDS ASSESSMENT

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# Bond Election History: *1998-2016*

## City of Austin Bond Election History GO Bond Elections 1998-2016



# Funding Flow

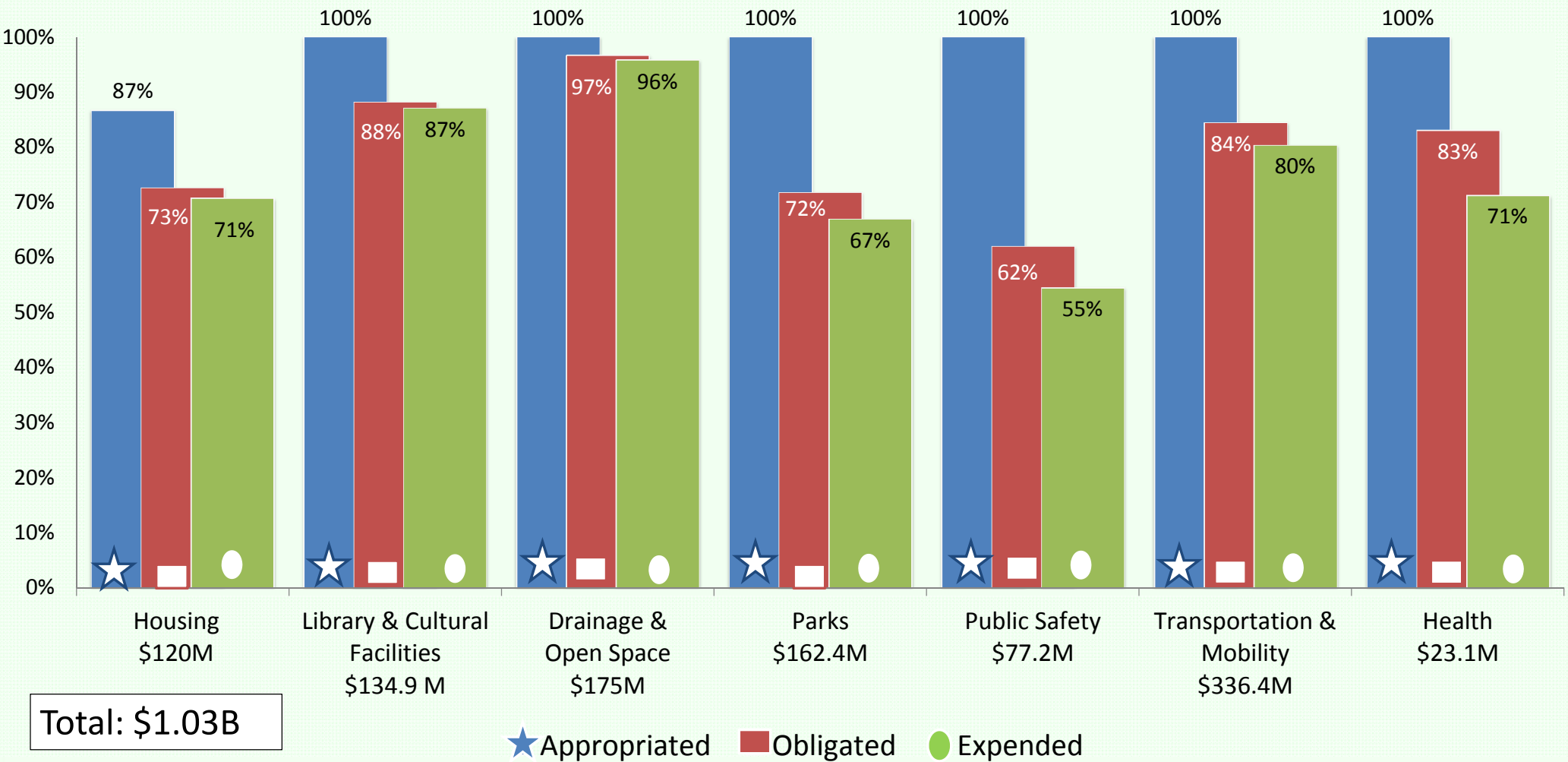
Annual Appropriations

Contracts

Obligation/Spending

Annual Bond Sales

# Active Bond Program Expenditure: 2006-2013



# Debt Capacity: *Preliminary Look*

## *Assumptions*

- \$851.47 million still to be sold for existing bond programs
  - \$720 million in 2016 Mobility bonds
  - \$131.47 million in 2006-2012 GO bonds
- 2 ¼ cent tax rate increase associated with 2016 Mobility Bond Program still to be implemented
- Six year look at capacity
  - Consistent with Financial Policies
  - Bonds are sold over course of Bond program
  - City would continue to utilize Reimbursement Resolutions to fund projects, i.e. appropriate funds in one year, sell bonds in subsequent years
  - Tax rate impacts are spread out over several years
  - Allows for a 5-Year Bond Program

# Debt Capacity: *Preliminary Look*

Tax Rate Impact	2018 Election: New Capacity
No additional increase	\$325 million
+ 1-cent	\$575 million
+ 2-cents	\$825 million

- Positive impact of increased assessed value and refunding of debt
  - \$250 M “preserved” from 2016 analysis is now estimated at \$325 M
- Too early to dial-in on capacity numbers
  - First bonds would not be sold until August 2019
  - Two more years of tax rates and assessed valuation data
  - Interest rate environment
  - Additional updates will occur in January 2018 and Summer 2018

# Bond Program: *Parameters*

## *Five Year Program*

- Consistent with financial policies
  - Project appropriations over 5 years
  - Bond sales over 6 years
- Limits risk of cost estimation
- Flexibility as community priorities evolve
- Remaining bond programs still to be completed

# Bond Program: *Context*

- Nationally, \$2.8 trillion transportation infrastructure funding gap
- Strong market exists for municipal bonds
  - Municipal bond markets finance approximately 75% of annual infrastructure spending
- Global demand of \$90 trillion for new infrastructure over next 15 years
  - Public-private partnerships are gaining popularity, but still small component (9%)
  - Need for combination of low-cost effectiveness of municipal tax exempt bonds with the efficiencies of the private sector

***Focus on reinvestment in existing City infrastructure***

# Bond Program: *Categories*

**Reinvestment  
in Facilities &  
Assets**

**Transportation  
Infrastructure**

**Stormwater**

**Parkland &  
Open Space**

**Affordable  
Housing**

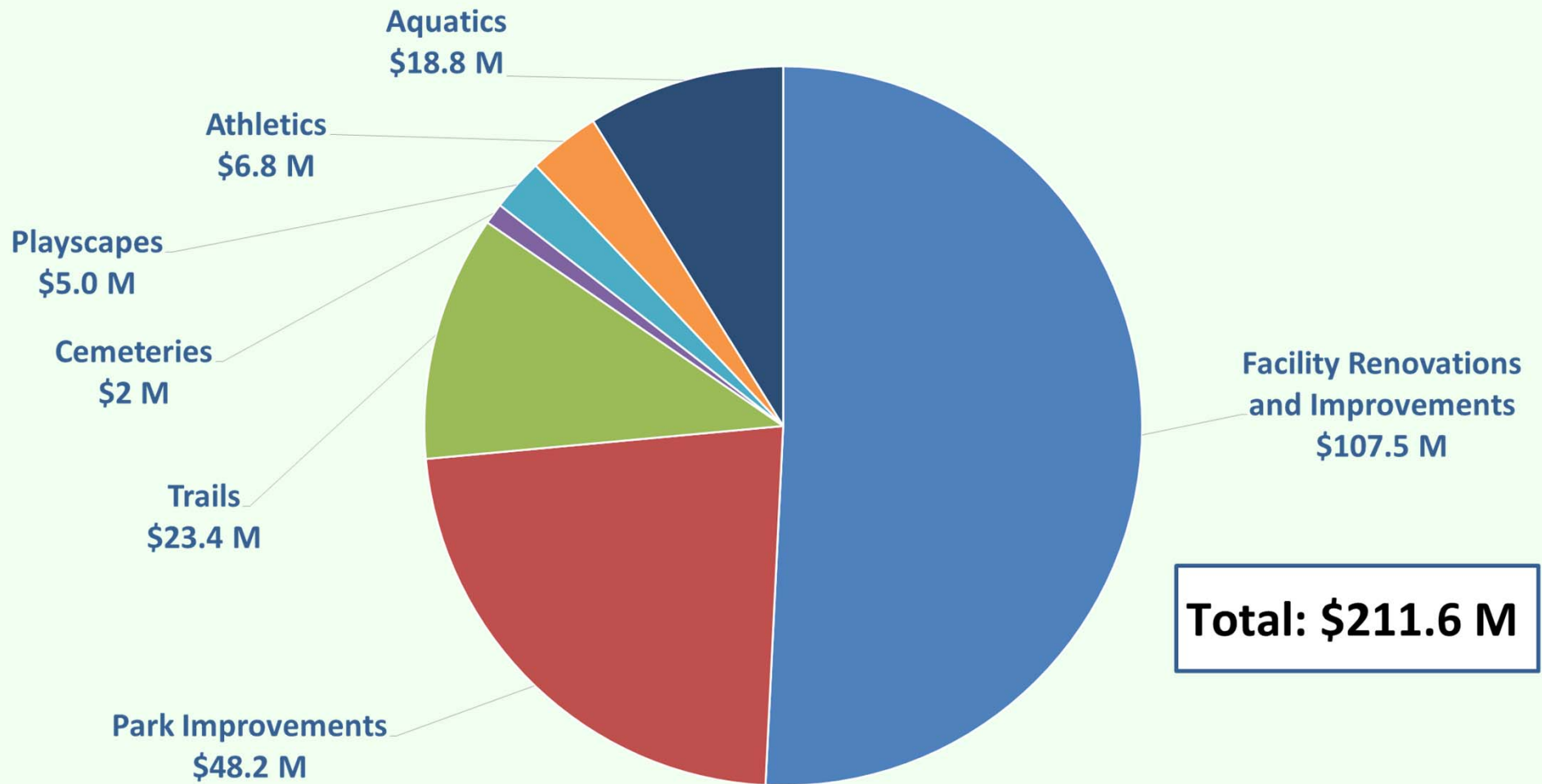
# **REINVESTMENT IN FACILITIES & ASSETS**



# Reinvestment in Facilities & Assets: *Summary*

Department	Amount
Parks & Recreation	\$120 Million
Library	\$20 Million
Austin Public Health	\$10 Million
Public Safety	\$90 Million
<b><i>Total</i></b>	<b><i>\$240 Million</i></b>

# Parks & Recreation: *1998-Present Investments*



# Parks & Recreation: *\$120 Million*

- Aquatics - \$15 million
  - Compliance with regulations
  - Leaks & Shell replacements
  - Failing Decks
- Facility Improvements - \$40 million
  - Roofs
  - HVAC
  - ADA Compliance
  - Daugherty Arts



# Parks & Recreation: *\$120 Million*

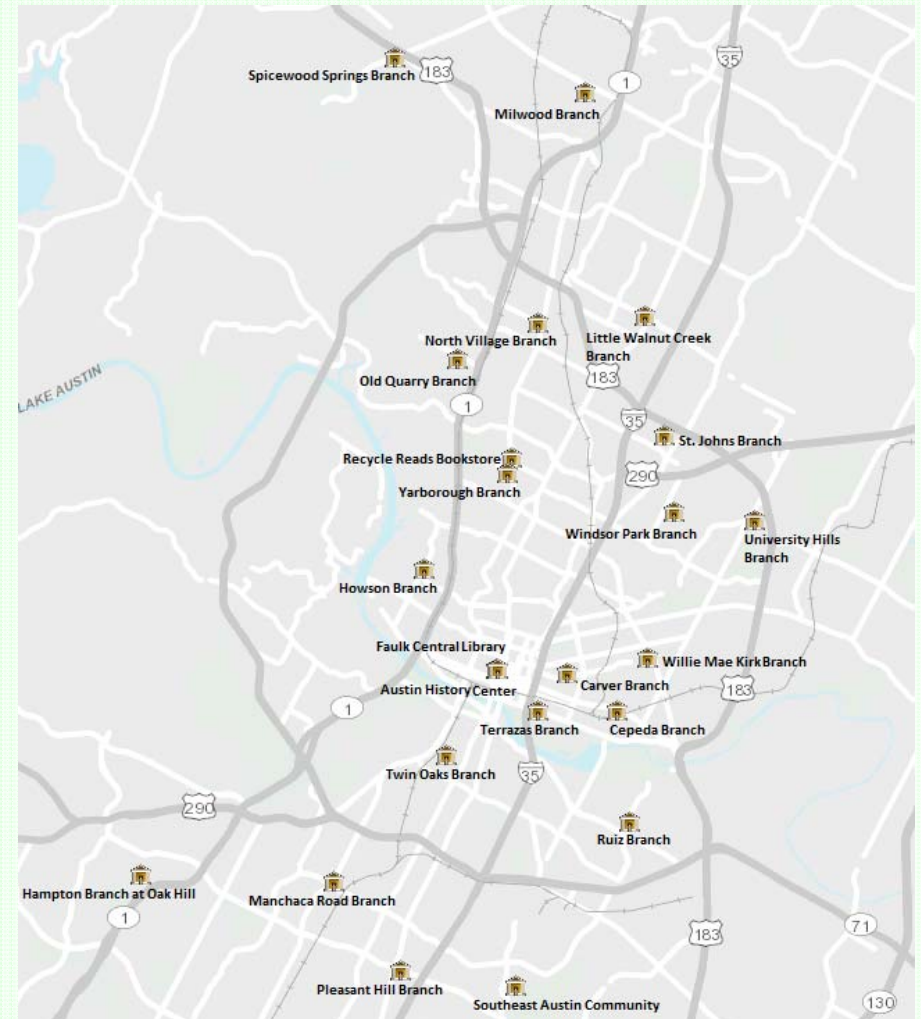
- Infrastructure - \$65 million
  - Trails
  - Sports Courts & Facilities
  - Playscapes
  - Parking Lots/Roadways
  - Cemeteries
  - Parkland improvements



# Library: *1998-Present Investments*

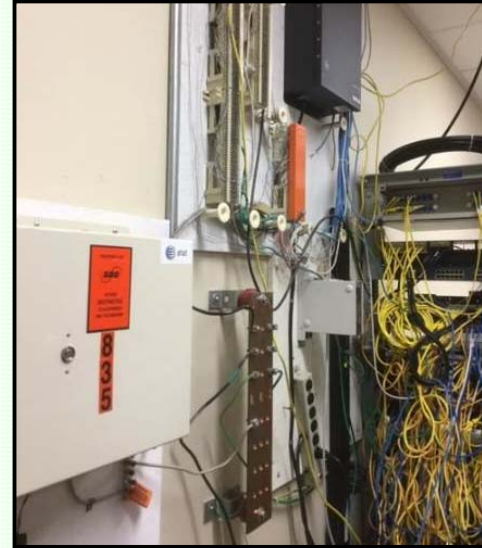
## *\$158 million*

- \$24 million in new/replacement branch libraries
  - Twin Oaks
  - North Village
  - Montopolis/Riverside Branch
  - Carver Library
  - Terrazas Branch
  - Spicewood Springs
- \$9 million in branch library Improvements
  - University Hills
  - Millwood Branch
  - Pleasant Hill Branch
  - Zaragoza Warehouse
  - Will Hampton Branch
  - Austin History Center Upgrades
  - Cepeda Branch
- \$125 million for New Central Library



# Library: \$20 Million

- Branch Library Improvements- \$18 million
  - Carver
  - Willie Mae Kirk
  - Yarborough
  - Old Quarry
  - Little Walnut
  - System-wide furniture and fixtures
- Austin History Center- \$2 million
  - Archival upgrades



# Austin Public Health: 2006-Present Investments

## *\$30.8 million*

- \$11.1 million for facility improvements
  - Women and Children's Shelter
  - Far South/ Montopolis Clinic and Neighborhood Center
  - Betty Dunkerley campus
- \$19.7 million for the Animal Shelter
  - Includes other funding sources



# Austin Public Health: *\$10 Million*

- Facility Improvements- \$10 million
  - Roofs
  - HVACs
  - Campus improvements



# Public Safety: *1998-Present Investments*

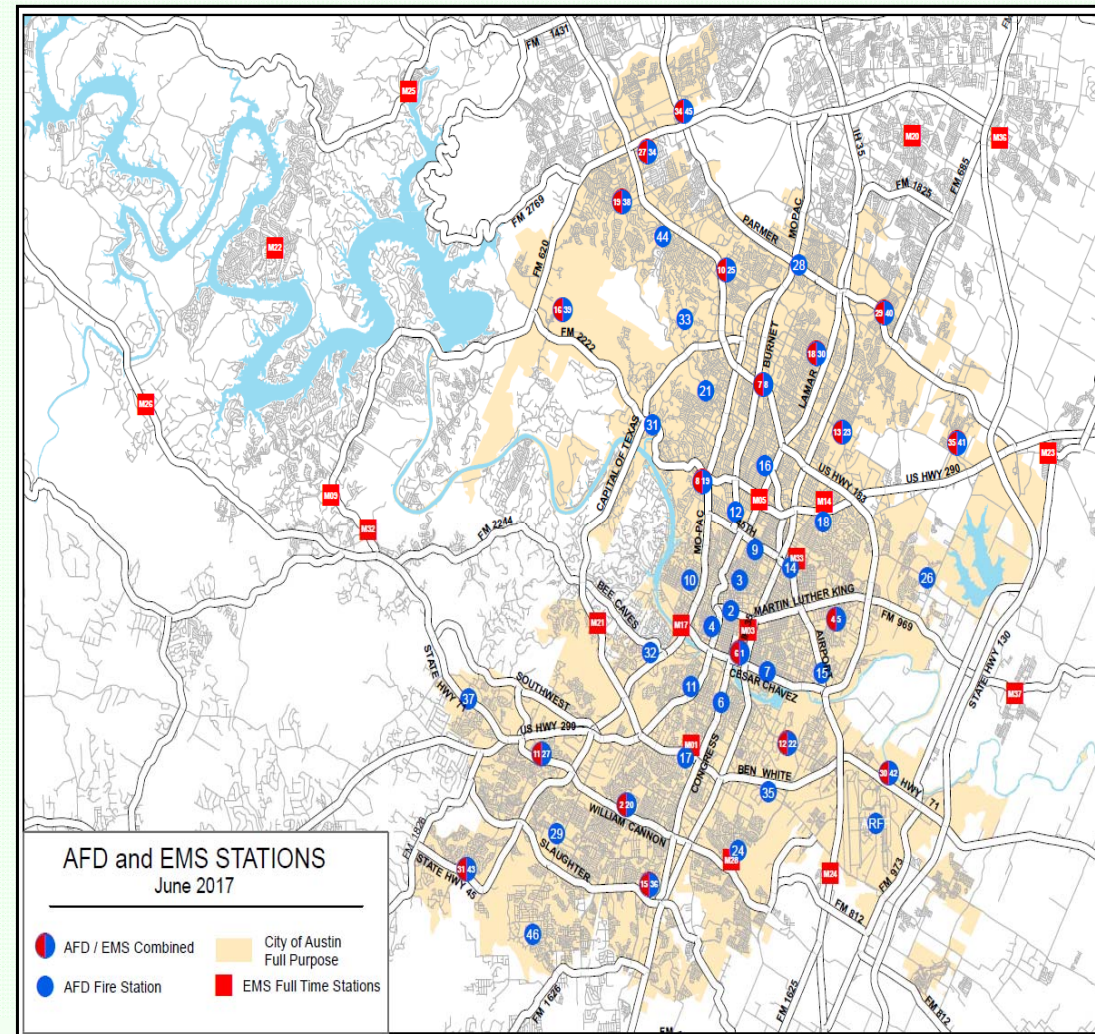
***\$131.8 million***

- \$96.7 million for new facilities
  - CTECC
  - Police Substations
  - Fire/EMS Stations
  - Public Safety Training Center
- \$35.1 million for facility improvements
  - Locker rooms
  - Driveway replacements
  - Forensic lab improvements



# Public Safety: \$90 Million

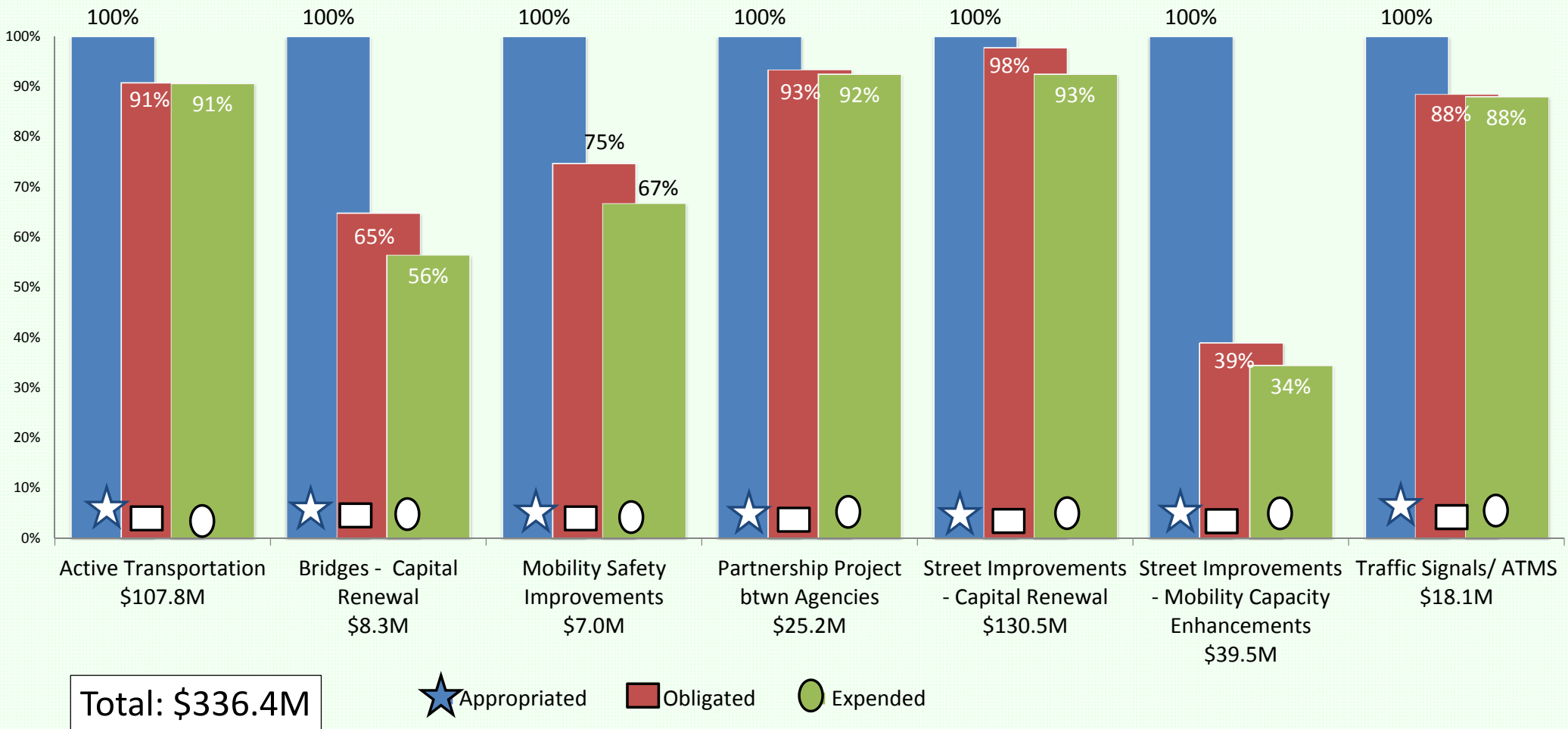
- Fire/EMS- \$82 million
  - Driveway Replacements (9 stations)
  - Full station renovations (4 stations)
  - Full Station replacements (2 joint stations)
- Police- \$8 million
  - Air Operations Facility



# TRANSPORTATION INFRASTRUCTURE



# Transportation Infrastructure: 2006-2012 Investments

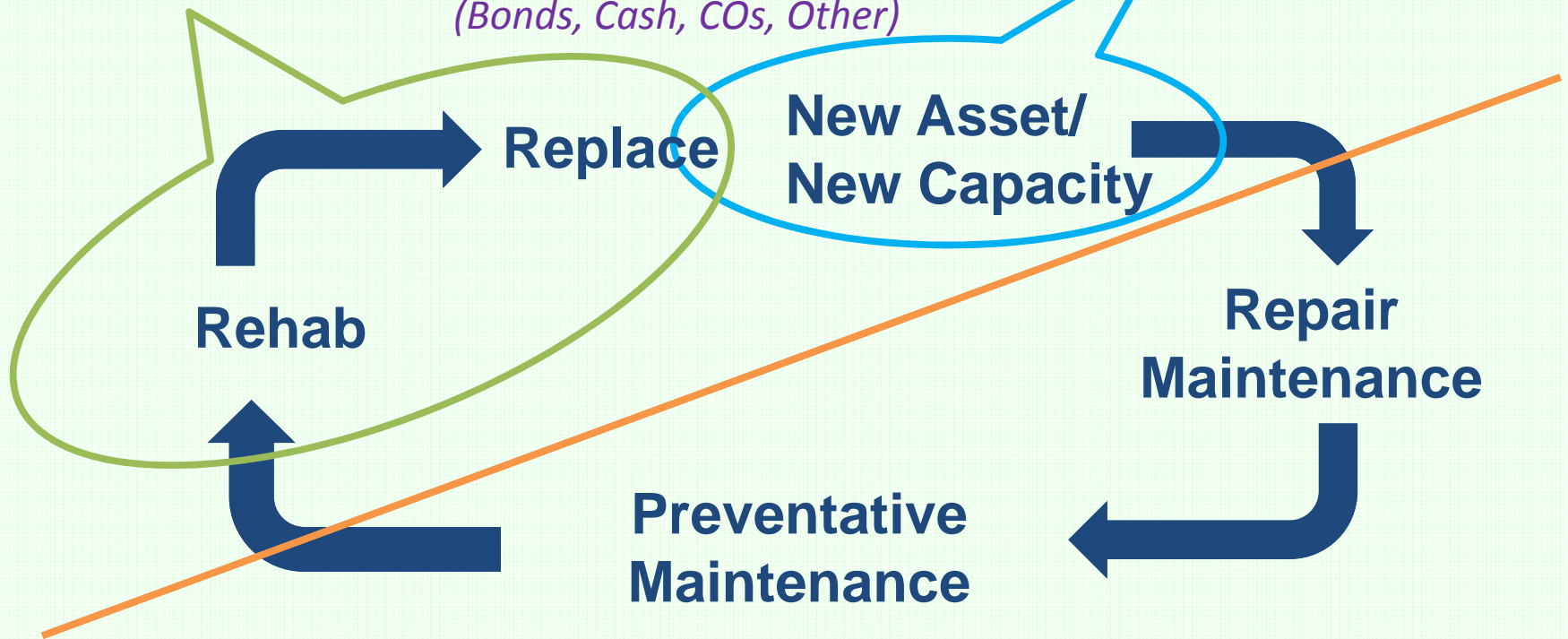


# Transportation Infrastructure: *Funding Approach*

2018 Bond – Transportation  
Infrastructure  
Recommendations

*Capital Funding*  
(Bonds, Cash, COs, Other)

2016 Mobility Bond



*Operations and Maintenance Funding*

# Transportation Infrastructure: *\$190 Million*

Program	Amount	Reinvestment Plan
Bridges, Culverts and Structures	\$54.0 M	Grant match to replace 1 major bridge; Rehabilitate or replace ~3 major bridges
Sidewalk Rehabilitation and Replacement	\$20.0 M	Rehabilitate ~42 miles of sidewalks to functionally acceptable
Street Reconstruction Program	\$75.0 M	Reconstruct or rehabilitate ~ 158 linear miles of streets; Street network condition projected to fall to 72% satisfactory condition.
Neighborhood Partnering Program	\$1.0 M	~ 18 projects
Traffic Signal/ATMS System	\$20.0 M	~15 new signals, ~15 new PHBs, ~15 new rapid flashing beacons, ~15 new school zones, signal modifications and upgrades, ~13 signal cabinet replacements, and communications and cybersecurity enhancements
Transportation Safety/Vision Zero Traffic Improvement Program	\$20.0 M	Replace loop detection at ~40 signals, extend traffic monitoring capabilities with ~100 CCTV cameras, upgrades to City traffic management center, transit signal priority, updated conflict monitors, updated signal controllers and firmware, Emergency Vehicle Preemption, Accessible Pedestrian Signals at ~56 signals, Retroreflective Backplates at ~130 signals , and ~145 Battery Backups with roughly half to refurbish battery systems at the end of their life
<b>TOTAL</b>	<b>\$190.0 M</b>	

# ( Stormwater )

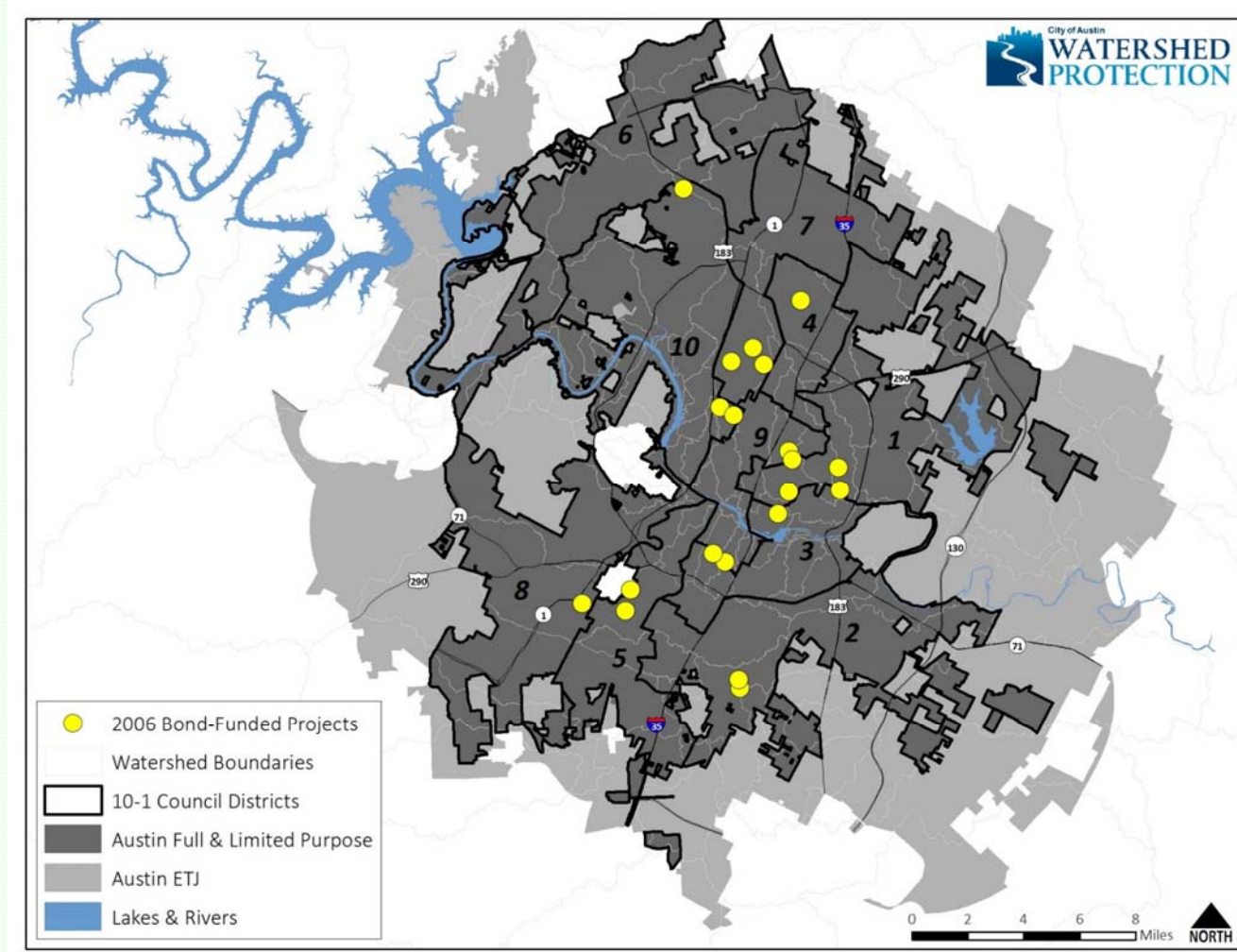


# Stormwater: *1998-2012 Investments*

**\$106 million**

- 22 Projects
  - Creek Flood Mitigation
  - Creek Erosion Mitigation
  - Storm Drain Improvements
  - Water Quality Protection

*Bond investments have been leveraged with annual drainage CIP funds*



# Stormwater: *\$75 Million*

- Flood Mitigation-  
\$20 million
  - Bank stabilization
  - Dam maintenance
- Drainage Improvements-  
\$55 million
  - Storm drains
  - Low water crossings

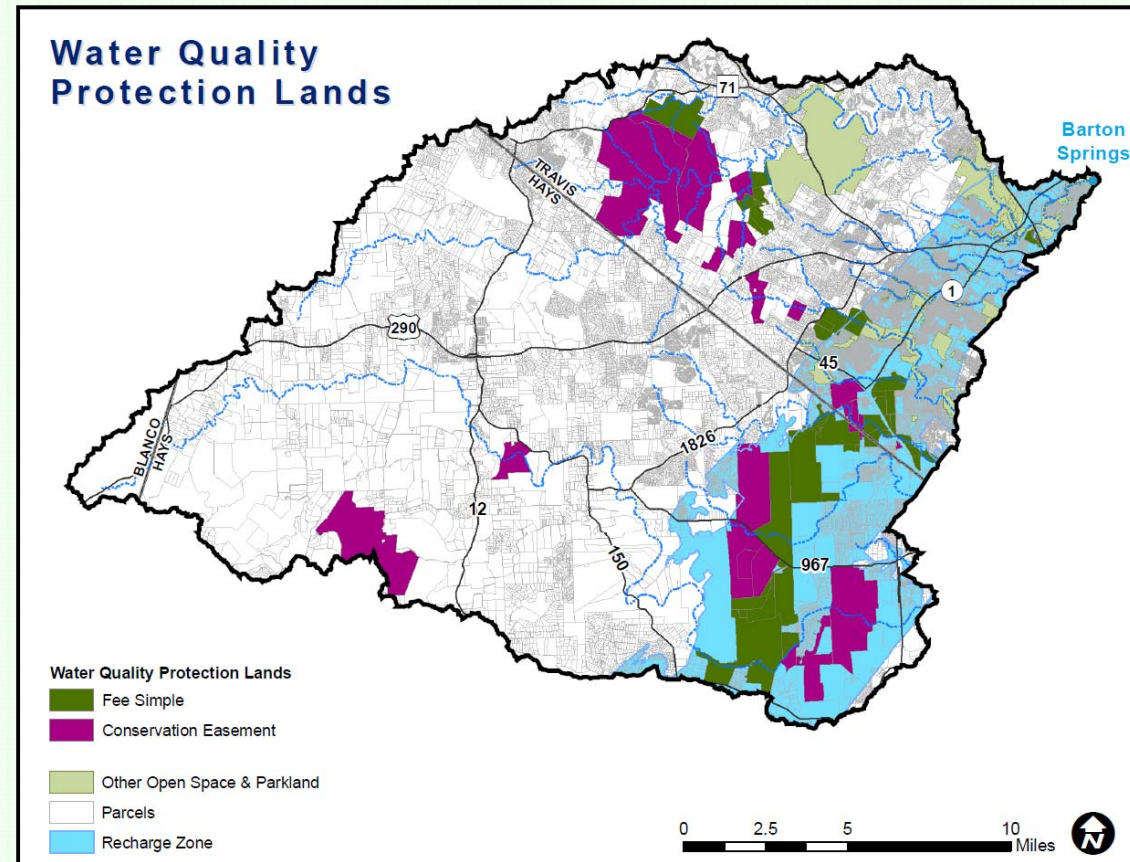


# **( PARKLAND & OPEN SPACE )**



# Parkland & Open Space: *1998-Present Investments*

Year	Amount*	Estimated Acreage Acquired
1998	\$114.5 M	17,700
2000-2004	\$14.0 M	5,000
2006	\$82.2 M	7,300
2012-Present	\$47.7 M	2,600
<b>Total</b>	<b>\$258.4 M</b>	<b>32,600</b>



\*Includes all funding sources

# Parkland & Open Space: *\$50 Million*

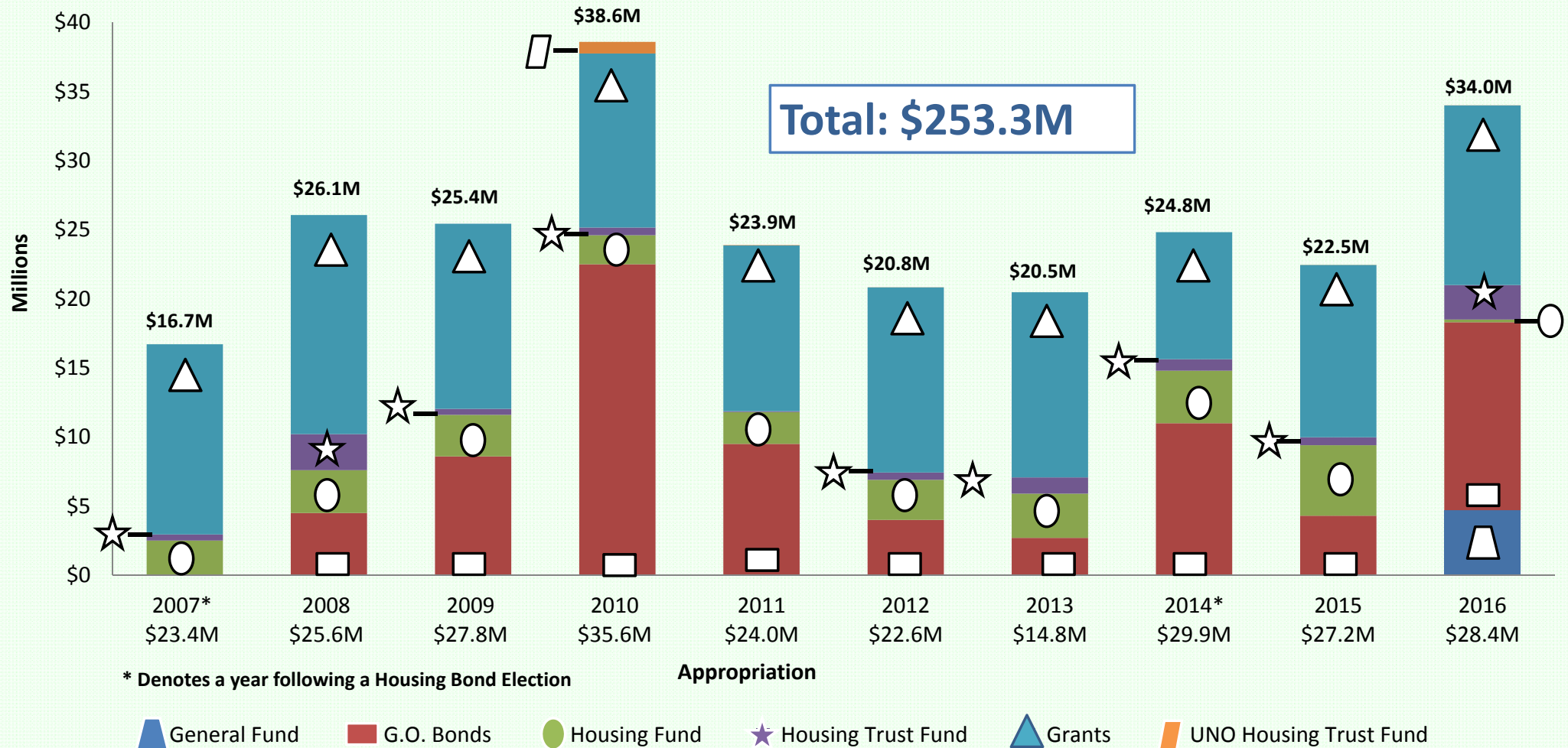
- Open Space- Parkland: \$30 million
  - Destination parks
  - Greenways
  - Infill parks
  - Preserves
- Open Space- Water Quality: \$20 million
  - Aligns with the guidance set forth in Imagine Austin for the city's growth and development over the next 30 years
  - Additional purchases are needed to continue successful implementation of program



# **AFFORDABLE HOUSING**



# Affordable Housing: 2006-2013 Investments



# Cost of the Affordable Rental Housing Gap

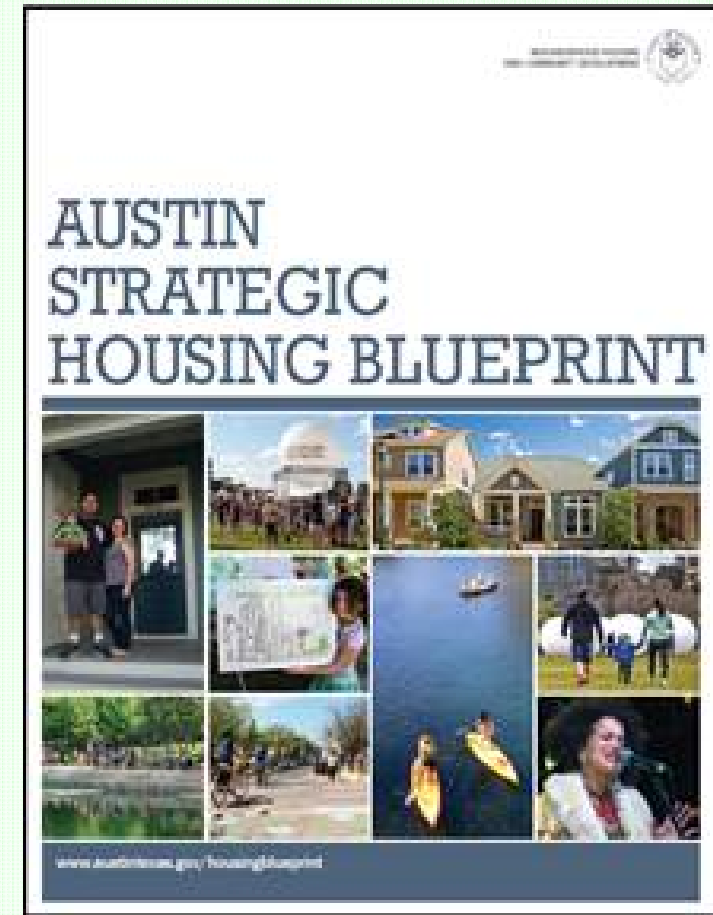


- Cost of closing Austin's Affordable Housing Gap Today  $\approx$  \$6.48 Billion for 48,000 unit gap



- Cost of closing Austin's Affordable Housing Gap 2025  $\approx$  \$11.18 Billion

- Calculation:  $\$135,000$  (estimated construction cost)  $\times$  48,000 units = \$6.48 billion.
- Calculation:  $\$164,430$  (estimated construction costs in 2015 dollars)  $\times$  68,000 units (continued rate of increase from 2008 through 2014) = \$11.18 billion.
- Does not include land costs.



# Affordable Housing: *\$85 million*

- Home Ownership Program: \$18 million
- Rental Housing Development Assistance: \$39 million
- Home Repair Program: \$18 million
- Land Acquisition: \$10 million



# Initial Bond Program: *Summary*

Program	Amount
Reinvestment in Facilities & Assets	\$240.0 M
Transportation Infrastructure	\$190.0 M
Stormwater	\$75.0 M
Parkland & Open Space	\$50.0 M
Affordable Housing	\$85.0 M
<b>TOTAL</b>	<b>\$640.0 M</b>

# New Facilities: *An Innovative Approach*

- 35+ New Facilities, totaling nearly \$1 billion, were identified
  - Fire / EMS Stations
  - Neighborhood Centers
  - Creative Hub
  - Regional Resource Libraries
  - Service Centers
- Take a more rigorous look at each need
  - Operational needs
  - Space requirement analysis
  - Impact on future Operation & Maintenance budgets
- Third-Party / P3 Approach
  - Achieve transfer of risk and cost reduction

# Bond Election Advisory Task Force (BEATF)

Over course of four meetings, BEATF has been briefed on various Bond Program elements:

- Debt
- Lifecycle of a Capital Project
- Update on Progress of Previous Bond Programs
  - Bond program spending from 2006, 2010, 2012, and 2013 bond

*BEATF is ready to receive Initial Bond Program Recommendation*

# Next Steps





# Questions?

