

How was the Urban Rail route selected?

The route was identified through a year-long technical evaluation and public input process. Considerations taken into account include existing population, employment and ridership, anticipated future growth patterns and ridership, coordination with the existing Capital Metro Red Line, and likelihood that the City could receive federal grant or match funds to pay a portion of the costs of high-capacity transit service.

What is the estimated cost of the Urban Rail line?

The 9.5-mile-long Urban Rail line has an estimated capital cost of \$1.38 billion in 2020 dollars. That amount includes project construction, an initial fleet of nine urban rail vehicles, a vehicle maintenance facility, the cost to obtain land associated with the project, as well as professional services for planning, designing, engineering and project management-related costs.

If approved, the City would not issue the \$600 million in public improvement bonds to pay costs (other than expenditures for planning, designing and engineering) of the Urban Rail project unless: 1) the City obtains commitments for grant or match funding from the Federal Transit Administration or from one or more other federal or state sources for the cost of the Urban Rail system; and 2) the City provides not less than \$400 million of funding for roadway improvement projects identified in the 2014 Austin Strategic Mobility Plan.

When would the first line of Urban Rail be operational?

If voters approve the proposition and the conditions discussed above are met, the City expects the Urban Rail line to be operational in 2022.

Were modes of transit other than Urban Rail considered during development of the proposed project?

Yes. The project team considered a number of modes including bus rapid transit, light rail, streetcar, high-speed rail, gondola and monorail. The modes were evaluated based on current and projected population as well as employment density, existing transit service, proximity to destinations, constructability issues and more. The key factor that led to the identification of Urban Rail as the recommended mode was capacity for ridership growth and system expansion.

What would happen if the City does not receive federal grant or match funding to pay for a portion of the costs of the Urban Rail line?

As indicated in the bond proposition, the City cannot issue bonds to pay costs (other than expenditures for planning, designing and engineering) of the Urban Rail line unless the City obtains commitments for grant or match funding from the Federal Transit Administration or from one or more other federal or state sources for a portion of the cost of the Urban Rail system. As discussed above, the City must also provide funding for certain road improvement projects before constructing the Urban Rail line.

When would the City apply for the grant or match funding for Urban Rail?

If the proposition is approved, the City would likely apply for grant or match funding in approximately 2018-2019. Before applying, the City would conduct a federal environmental process, known as NEPA, which would include reviewing stop locations, analysis of the proposed route's effect on the local community, and gathering additional public input.

When would the City begin building Urban Rail?

If funding is approved and the conditions discussed above are met, construction could begin in 2019 and the line may be operational in 2022.

How were the roads selected for inclusion in the 2014 Austin Strategic Mobility Plan?

Before calling the election, City Council directed City staff to coordinate with regional transportation agencies to identify potential road and highway improvements that are consistent with the Imagine Austin Comprehensive Plan. Those projects were included in the 2014 Austin Strategic Mobility Plan, which Council endorsed in June and which was used to develop the bond proposition. The roadway improvement projects involving I-35 were developed through the I-35 Capital Area Improvement Program in partnership with the City of Austin and Texas Department of Transportation (TxDOT). In the process of developing the I-35 projects, the City and TxDOT met with neighborhood and community groups and hosted open houses virtually and in person.

Would approval of the bond proposition affect the City's property tax rate or my property tax bill?

Yes. Based upon market conditions as of the date of adoption of Ordinance 20140807-017 on August 7, 2014, and using taxable assessed values for the 2013 tax year (2013-14 fiscal year), without adjustment for anticipated growth in the taxable assessed value in future years, if the bonds and notes are authorized, the estimated total tax rate of the City is expected to be approximately \$0.6277 per \$100 of taxable assessed value, which represents an increase of \$0.1250 per \$100 of taxable assessed valuation as compared to the City's total tax rate as of the date of adoption of Ordinance 20140807-017 on August 7, 2014.

Assuming annual increases in Taxable Assessed Value, a tax increase of 6.25 cents spread out over five years would support repayment of the bonds and notes, if approved and issued, resulting in a projected increase in the debt service portion of the tax bill of \$217 by 2020 on a home currently valued at \$200,000.

Why and how does the City use bonds to fund some capital improvement projects?

The City funds its Capital Improvement Program in several ways. One way is through voter-approved general obligation bonds (GO bonds). GO bonds give cities a tool to raise funds for capital improvement projects such as roads, bridges, bikeways and urban trails and parks that are otherwise not funded by City revenue. As a result, GO bonds are typically used to fund capital improvement projects that will serve the community. Except for some specific types of projects, the issuance of GO bonds must be authorized by voters pursuant to a bond election. If voters approve a bond proposition on an election ballot, the City is authorized to sell bonds up to the amount indicated in the proposition to fund capital improvement projects that meet the public purpose of that bond proposition. For example, in November 2012, voters approved City of Austin Proposition 14, authorizing the City to borrow up to \$77,680,000 to fund parks and recreation projects.

The City's GO bonds are backed by the levy and collection of an ad valorem tax on taxable property within the City.

If voters do not approve the bond proposition, would the City still fund other projects of regional significance?

If the bond proposition is not approved, there would not be a requirement to fund the roadway improvement projects of regional significance before funding Urban Rail. The City may then weigh the projects of regional significance against other identified transportation and general financial needs as part of the City's established capital needs identification process, which includes the Rolling Needs Assessment of unfunded capital needs, located in the Long-Range CIP Strategic Plan (www.austintexas.gov/strategicplan).

The City identifies potential capital improvement projects using technical assessments of infrastructure condition and need, public input received through individual department's planning efforts, staff input and requests from City Boards and Commissions. The City expects to conduct another assessment of citywide unfunded capital improvement needs as part of the development process for a future general obligation bond program.

Why does the City of Austin contribute to renovation and repairs to roadways owned by the State of Texas, like I-35?

Recognizing that these major roads are part of a large transportation network that is used by and serves many in our community, the City of Austin routinely contributes to maintenance and repair costs on State of Texas-owned roadways. The Texas Transportation Institute notes that 85 percent of traffic on I-35, the most congested roadway in Texas, is local—meaning the trip starts or stops in Austin. Other major roadways, such as Loop 360/Capital of Texas Highway, MoPac, RM 2222, sections of Lamar Boulevard, a portion of South Congress Avenue and others, are all state-owned roadways within the Austin City limits and are utilized heavily by our residents and visitors. Due to the limited availability of funding, state and local entities coordinate to develop and build projects.

Why aren't any residential roads, bikeway or sidewalk projects included in the City's 2014 Austin Strategic Mobility Plan or in the 2014 Bond Election?

Residential road, bikeway, trail and sidewalk projects were major components of the 2010 and 2012 bond programs. For more information about these programs, please visit www.austintexas.gov/cip. City Council directed staff to bring a list of regionally significant projects forward for their consideration in 2014. Routine infrastructure may be proposed in future transportation propositions in future years.

If voters approve \$600 million in general obligation bonds, and the federal or state funding match is \$600 million, how will the rest of the \$1.38 billion total estimated capital cost for the Urban Rail project be funded?

The City could consider multiple options to address the estimated \$180 million difference.

1. Identify cost savings opportunities. If voters approve the bond proposition, an environmental impact statement and preliminary engineering would be prepared over the following 2-3 years. During that process, the team would look for opportunities to reduce the project's construction cost. Opportunities may include reducing the scope and cost of the proposed bridge over Lady Bird Lake or crossing the existing MetroRail Red Line tracks on an aerial structure instead of a tunnel.
2. Identify other funding sources. The City may seek other sources of funding such as federal or state grants.
3. Account for value of right-of-way. Most of the proposed project will be located within existing, publicly-owned right-of-way; i.e. local streets. The current cost estimate does not account for the value of the City of Austin's right-of-way and the University of Texas right-of-way that is expected be used for the Urban Rail project. The Federal Transit Administration allows for the value of this right-of-way to count toward the local contribution. During the preliminary engineering and environmental study process, this property would be identified and appraised.

How would the City fund the \$600 million for urban rail?

If approved, the City would issue \$600 million in public improvement bonds for Urban Rail. These bonds would be issued over multiple years, to coincide with the expenditures of the project. At this time, the City anticipates the first issuance of these public improvement bonds to occur in 2015, and continue through 2020.

Issuance of the \$600 of public improvement bonds million for urban rail is contingent on (i) receiving Federal grant or match funding, and (ii) the City providing funding for no less than \$400 million of roadway improvements of regional significance. How would the City fund this \$400 million commitment?

The majority of the regionally significant roadway improvement projects are for state highways. Pursuant to authority conferred by the Texas Government Code, which authorizes cities to issue bonds to finance costs of non-toll projects on the state highway system, the City expects to issue state highway improvement general obligation bonds secured by the levy and collection of ad valorem taxes. These state highway improvement general obligation bonds do not require voter approval. As with the public improvement bonds, these state highway improvement general obligation bonds would be issued over multiple years. At this time, the City anticipates the first issuance of state highway improvement general obligation bonds to occur in 2015, and continue through 2020. In addition to state highway improvement general obligation bonds, other sources of financing for the regionally significant roadway improvement projects may include voter approved public improvement bonds, other debt and cash funding.

Will this bond program use all of the City's bonding capacity?

The City's bond capacity is determined by the existing tax rate, state law, and financial ratios, among other factors. At the current FY 2014 tax rate, the city has no new bonding capacity. The \$600 million in public improvement bonds for Urban Rail and the \$400 million in general obligation debt for roadway improvement projects (expected to be provided through the issuance of non-voted state highway improvement general obligation bonds), would require an estimated increase to the tax rate of \$0.0625 cents (assuming growth in taxable assessed values). State law dictates that the city's total tax rate cannot exceed \$2.50 cents per \$100 of valuation. The city's current FY 2014 tax rate of \$0.5027 is below this threshold. Finally, the City's financial policies state that net debt to assessed valuation (AV) should not exceed 2%. Current debt/AV for tax rate pledged debt is 1.39%.