

AGENDA



Thursday, June 21, 2007

**Public Hearings and Possible Actions
RECOMMENDATION FOR COUNCIL ACTION****Item No. 151**

Subject: Conduct a public hearing and consider approval of an ordinance creating the proposed Tax Increment Financing Reinvestment Zone No. 17 for the Waller Creek tunnel project and related facilities, establishing a Board of Directors for the zone, and related matters. The proposed zone is to be located within the area bounded on the west by Red River Street from 12th Street south to 3rd Street, then west along 3rd Street to Trinity Street, then south along Trinity Street to Town Lake; on the south by Town Lake from Trinity Street east to Cumming Street, then east along Cummings Street to East Avenue; on the east by East Avenue from Cummings Street north to the south bound access road of IH-35, then along said access road north to 11th Street, then west along 11th Street to Sabine Street, and north along Sabine Street to Red River Street; and on the north by 12th Street between Sabine Street and Red River Street.

For More Information: John Stephens, Chief Financial Officer, 974-2076

The Waller Creek tunnel project was first included in the May 1998 bond election. An amount of \$25,000,000 was approved for the project. The purpose of the project was to divert 100-year storm event flows from the lower Waller Creek channel. This would provide flood protection to existing buildings, prevent the flooding of roadway crossings, and reduce the width of the floodplain. The reduction in floodplain produced by the project would significantly increase the amount of developable land area in the lower Waller Creek watershed.

After the 1998 bond election, the Brown & Root / Espey Padden Joint Venture was selected to review the project and prepared recommendations to meet the original design goals. The recommended project provided 100-year storm event flood protection with no out-of-bank or roadway flooding. The tunnel would be 22 feet in diameter and approximately 5,400 feet in length. The project originates in Waterloo Park with discharge to Town Lake. A Sabine Street route was recommended. Significant inlet and outlet structures are required and because the structures are in parkland, aesthetics of the structures are a major consideration. The inlet structure would include a pond, a cone or morning-glory shaped inlet structure, small dam, access bridge, pump building and significant landscaping enhancements. The inlet also includes mechanical screens to ensure operational reliability and a system to pump small quantities of water from the tunnel to the creek. This pumped water will augment the base flow in the creek and by so doing enhance its aesthetic appeal and water quality. The outlet structure includes a pond, an outlet shaft, and a de-watering pump system. A floating stage is planned to be located on the outlet shaft. An outdoor amphitheater is planned to be built on the slopes surrounding the outlet pond. The park facilities to be located at the tunnel inlet and outlet will be finalized following meetings with the public and the Parks and Recreation Board. Since 1998, associated revenues and costs of the project have increased. The cost of the project is now estimated at \$123.7 million (in June 2006 dollars).

The Waller Creek tunnel project would stimulate economic development throughout downtown, in particular in an area where development has lagged the rest of the city. The project would enhance the available parkland and trail along the creek by providing amenities in Waterloo Park and on Town Lake and by preventing flooding and implementing erosion control. Further, the project will increase quality of life by enhancing the quality of water flowing into Town Lake. The project is also expected to improve the connectivity between east and west Austin, and promote tourism by serving as an added attraction for convention and other visitors.

To finance this project, the City proposes to form a tax increment financing reinvestment zone ("TIF") in accordance with state law. In a TIF, one or more political subdivisions contribute up to 100% of the property tax on the increase in value ("tax increment") to TIF purposes. Under the proposal, the City would contribute 100% of its tax increment, and Travis County would contribute 50% of its tax increment.