

AGENDA



Thursday, March 20, 2008

**Financial and Administrative Services
RECOMMENDATION FOR COUNCIL ACTION****Item No. 6**

Subject: Approve the execution of an agreement with Travis County to fund and participate in the Tax Increment Financing (TIF) Reinvestment Zone No. 17 (Waller Creek Tunnel Project).

For More Information: Leslie Browder, Chief Financial Officer, 974- 2283

Boards and Commission Action: To be reviewed by the Board of Directors of the TIF Reinvestment Zone No. 17 on March 20, 2008.

Prior Council Action: Created Tax increment Financing District No. 17 on June 21, 2007; approved TIF Board appointments on October 18, 2007.

On June 21, 2007, the Austin City Council approved an ordinance creating Tax Increment Financing (TIF) Reinvestment Zone No. 17 to finance the construction of flood control improvements along lower Waller Creek. To finance this project, the City of Austin formed TIF Reinvestment Zone No. 17 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 of real property in the district (tax increment) for TIF purposes. Under the terms of this Agreement to Participate in Tax Increment Reinvestment Zone No. 17 between the City of Austin and Travis County, the City of Austin will contribute 100% of its tax increment, and Travis County will contribute 50% of its tax increment. The construction project will be funded in part by the future issuance of certificates of obligation that will be repaid primarily from the tax increment revenues collected during the 20-year duration of TIF Reinvestment Zone No. 17. At the end of the 20-year TIF, the City will be responsible for paying all remaining debt, as well as ongoing operations and maintenance expenses.

The Agreement to Participate in Tax Increment Reinvestment Zone No. 17 between the City Of Austin and Travis County defines the responsibilities of both parties during the life of the TIF. The City of Austin will be solely responsible for managing the design and construction of the Waller Creek tunnel project, and for operating, and maintaining the tunnel after its completion, and administering the TIF zone. In the event the actual costs exceed estimated project costs outlined in the attached project and financing plan, the City of Austin will be responsible for funding those additional costs to the extent that project or operating costs exceed the available TIF revenues to be contributed by the City and Travis County. The City will issue certificates of obligation under its own authority to finance design and construction of the tunnel project. Travis County will be responsible only for contributing 50% of its tax increment to be derived from the TIF Reinvestment Zone No. 17. The terms and conditions outlined in the agreement between the City and Travis County are consistent with the preliminary financing plan approved by the City Council when the TIF Reinvestment Zone was established in June 2007.