

AGENDA



Thursday, March 20, 2008

Financial and Administrative Services
RECOMMENDATION FOR COUNCIL ACTION

Item No. 7

Subject: Approve an ordinance approving the project and financing plan for Tax Increment Financing (TIF) Reinvestment Zone No. 17 (Waller Creek Tunnel Project); and provide for emergency passage.

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

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

As part of the requirements of Chapter 311 of the Texas Tax Code, the Tax Increment Financing (TIF) Board must consider and approve a project and financing plan. The project and financing plan is attached as a separate document.

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.

The TIF is 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 Lady Bird Lake; on the south by Lady Bird 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.

The purpose of the Waller Creek Tunnel project, which is to be financed through TIF Reinvestment Zone No. 17, is to provide 100-year storm event flood protection with no out-of-bank or roadway flooding for the lower Waller Creek watershed. The project will provide flood protection to existing buildings, prevent the flooding of roadway crossings, and reduce the width of the floodplain in the Reinvestment Zone area, essentially containing it within the creekbed. This reduction in floodplain area resulting from the project will significantly increase the amount of developable land area in the lower Waller Creek watershed. Design is underway, and construction is expected to begin in 2010.

To finance this project, the City of Austin formed TIF Reinvestment Zone No. 17 (see Exhibit 3 for TIF boundaries) 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 an 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 project will be funded by the 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 any remaining debt, as well as on- going operations and maintenance expenses.

As part of the requirements of Chapter 311 of the Local Government Code, the Tax Increment Financing (TIF) Board must consider and approve a project and financing plan. The project and financing plan is attached as an exhibit to the Agreement to Participate in Tax Increment Reinvestment Zone No. 17

between the City of Austin and Travis County. The project and financing plan reflects the basic principles described in the preceding paragraphs, as well as additional information regarding estimated costs and project timelines, estimated TIF revenues and other financial information.