

AGENDA



Thursday, February 17, 2011

**Financial and Administrative Services
RECOMMENDATION FOR COUNCIL ACTION**
Item No. 25

Subject: Approve an ordinance approving Amendment No. 1 to the project and financing plan for Tax Increment Financing (TIF) Reinvestment Zone No. 17 (Waller Creek Tunnel Project) to update current project design and project cost estimates, provide the most recent estimates of underlying funding sources that are anticipated to pay for the construction, operation and maintenance of the tunnel, and to provide for emergency passage.
Related to Items #12, 17, 24, & 26.

For More Information: Leslie Browder, Financial & Administrative Services, 974-2283; Joe Pantaloni, Watershed Protection, 974-3438

Prior Council Action: On June 21, 2007, the City Council approved an ordinance creating TIF Reinvestment Zone No. 17 to finance the construction of flood control improvements along lower Waller Creek. On March 20, 2008, the City Council approved the project and financing plan, as well as an Agreement to Participate in TIF Reinvestment Zone No. 17 with Travis County.

On June 21, 2007, the Austin City Council approved an ordinance creating TIF Reinvestment Zone No. 17 in accordance with state law 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 Cummings 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 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.

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 reinvestment zone (tax increment) for TIF purposes. Under the terms of TIF Reinvestment Zone No. 17 and an Agreement to Participate in Tax Increment Reinvestment Zone No. 17, executed between the City of Austin and Travis County in March 2008, the City of Austin contributes 100% of its tax increment, and Travis County contributes 50% of its tax increment. The project will be funded by the issuance of debt 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 pay all remaining debt and operations and maintenance expenditures.

In accordance with state law, the Board of Directors of the Waller Creek TIF Reinvestment Zone No. 17 at any time may adopt an amendment to the project plan consistent with the requirements and limitations of applicable State law. The amendment takes effect on approval by the City of Austin, as the municipality

that created the zone, and by the Travis County Commissioners Court, under the terms of the Agreement to Participate in TIF Reinvestment Zone No. 17. If an amendment increases the total estimated project costs, the approval must be by ordinance, adopted after a public hearing that satisfies the procedural requirements outlined in State law. The City has completed the necessary procedural requirements, including presentations to local taxing jurisdictions regarding Amendment No. 1, and plans to hold a public hearing on February 17, 2011. Notice of the public hearing was published in the Austin American Statesman on January 29, 2011. The public hearing will be conducted prior to consideration of an amendment to the project plan adopted by the Council in 2008. Among the items to be updated with the TIF amendment are (1) current project design (identifying changes from the preliminary plans during the final design process), (2) Waller Creek Master Plan recommendations (and other proposed changes to the City's Comprehensive Plan, zoning ordinances and building codes), (3) updated project cost estimates, and (4) the most recent estimates of underlying funding sources that are anticipated to pay for the construction, operation and maintenance of the tunnel.