

## AGENDA



Thursday, February 17, 2011

**Financial and Administrative Services  
RECOMMENDATION FOR COUNCIL ACTION**
**Item No. 26**

**Subject:** Approve the execution of an amendment to the 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, Financial & Administrative Services, 974-2283; Joe Pantalion, Watershed Protection, 974-3438.

**Boards and Commission Action:** To be reviewed by the Board of Directors of the TIF Reinvestment Zone No. 17 on February 17, 2011. To be approved by Travis County on February 22, 2011. Related to Items #12, 17, 24, & 25.

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 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 the TIF Reinvestment Zone No. 17 and an Agreement to Participate in TIF Reinvestment Zone No. 17 (the Agreement), 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.

The Agreement defines the responsibilities of the City and the County during the life of the TIF. The City 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 that actual costs exceed estimated project costs outlined in the updated project and financing plan (attached as an exhibit to the amendment to the Agreement), the City will be responsible for funding those additional costs to the extent that project or operating costs exceed available TIF revenues to be contributed by the City and the County. The City plans to issue certificates of obligation under its own

authority to finance design and construction of the tunnel project. The County is 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 are consistent with the preliminary and final project and financing plans previously approved by the Council.

The purpose of this amendment is to incorporate the updated project and financing plan that reflects (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.