

A G E N D A



Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	9735	Agenda Number	27.
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Meeting Date:	October 20, 2011
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Department:	Purchasing
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Subject

Authorize award, negotiation, and execution of a professional services contract with JEFFREY A. PARKER & ASSOCIATES, INC., Philadelphia, PA, for financial advisory services, financial analysis and financial planning services related to rail transit alternatives in an amount not to exceed \$556,316.

Amount and Source of Funding

Funding is available from the Capital Metro Quarter-Cent program in the Fiscal Year 2011-12 Capital Budget of the Austin Transportation Department.

Fiscal Note

There is no unanticipated fiscal impact, a fiscal note is not required.

Purchasing Language:	
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Prior Council Action:	
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For More Information:	Byron Johnson, Purchasing Officer, 974-2050; Leslie Browder, Chief Financial Officer, 974-2283; Robert Goode, Assistant City Manager, 974-2411
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Boards and Commission Action:	
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MBE / WBE:	This professional services contract is exempt from the MBE /WBE Ordinance. This exemption is in compliance with Chapter 2-9B of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this contract.
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Related Items:	
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Additional Backup Information

As part of the Austin Strategic Mobility Plan, the City is studying alternatives for a transit investment to serve key destinations in Central Austin and provide direct connections to other regional transit systems and the overall Central Texas mobility network. Planning efforts are underway to provide the community with the information it needs — about routes, technologies and costs — to help make a future investment decision. The Austin City Council has expressed its interest in bringing a rail transit system to Austin's voters in the future. As part of this planning effort to date, work that has been undertaken by City staff has mostly focused on potential funding sources for an initial phase of urban rail, primarily federal transit funding, general obligation debt, and tax increment financing.

The financial analysis that is currently underway needs to be supplemented with the help and expertise of transportation financial professionals to move to the next stage of planning, which is the development of financing strategies for a long-range regional system plan that is currently being developed in cooperation with the City's transportation partners. This proposed contract with Jeffrey A. Parker & Associates, Inc. will include the development of a longer range financing plan and strategies to help identify funding for a comprehensive regional system over time. The firm is an independent advisor on finance and public private partnerships for infrastructure with specialization in highway, mass transit and intermodal facilities.

As part of its financing strategy, the City plans to aggressively seek federal transit funds for rail, primarily through the New Starts program, and the process is a multi-step, multi-year process, involving a series of reviews and rankings that concludes with the execution of a "full funding grant agreement" with the Federal Transit Administration and then federal appropriation by Congress. A commitment of local funds must occur prior to the approval of federal funding, and Austin's rail proposal would be ranked and compared to other submittals from around the country, approximately 100 projects nationally that are at the same stage in the process as Austin. As part of this effort, the City needs to understand how to best competitively position itself at this early stage in the planning process and has retained the services of a federal legislative professional through the law firm of Holland and Knight. The New Starts application process is complex and services obtained under this proposed contract with Jeffrey A. Parker & Associates will assist with required grant documentation, as well as evaluation of loan programs that include credit instruments available under federal programs like TIFIA (Transportation Infrastructure Finance and Innovation Act).

Due to the extremely competitive nature of the federal grants and loan processes, the firm will explore approaches like public private partnerships that could potentially provide alternative funding sources over time. As planning gets underway in this area, the City will work with the firm to identify whether subcontracting opportunities might be beneficial with other firm(s) knowledgeable of the region's real estate market and related development opportunities. The City also plans to take a conceptual look at new funding tools that might possibly be pursued legislatively at some future date...tools that have been successful in areas outside of Texas.

The firm will assist the City with research, or complete research on the City's behalf regarding the successful (and recent) financing of at least five rail transit systems in the U.S., similar to the system Austin is considering. These case studies will outline the amount and source of funding for both capital and operating costs. The firm will also help the City determine the feasibility of seeking airport funding for segment(s) of the system that will serve the airport.

In addition to assisting the City with longer range system financing, the firm will review the work completed so far on a potential first investment for reasonableness, including estimated capital costs, operations and maintenance costs and fare recovery estimates.