

Closed Caption Log, Council Work Session, 05/22/12

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>> Mayor Leffingwell: Good morning.

I'm austin mayor lee leffingwell.

A quorum is present, so I'll call this work session of the austin city council to order on t MAY 22nd, 2012 AT 09:05 A.m.

We're meeting in the board and commissions room, austin city hall, 301 west second street, austin, texas.

First we'll take up item a-1, which is to approve a resolution canvassing the results of the may 12th, 2012 election.

Before we take the motion, is there anyone in the audience that would like to be heard on this item?

Hearing none, the returns of the election show that there were 25,446 votes for lee leffingwell.

18,126 Votes for brigid shea.

And 5,310 votes for clay dafoe, with lee leffingwell receiving a majority of all votes cast for the office of mayor.

The returns of the election also show that there were 21,196 votes for laura presley and 26,462 votes for mike martinez.

With mike martinez receiving a majority of all votes cast for city council place 2.

The returns of the election also show that there were 2,721 votes for john f duffy, 968 votes for john a rabin, 610 votes for ra bo transmission dent, 416 votes for tina cannon.

26,100 Votes for bill spelman.

8,649 Votes for dominic dom chavez and 1,550 votes for david wyatt conley with bill

[09:06:00]

spelman receiving the majority of all votes cast for city council place 5.

The returns of the election also show that there were 32,395 votes for sheryl cole and 13,323 votes for shaun ireland, with sheryl cole receiving the majority of all votes cast for city council place 6.

Is there a motion to approve the resolution canvassing the returns for the may 12th, 2012 election?

>> Cole: So move, mayor.

>> Mayor Leffingwell: Mayor pro tem cole movers.

Councilmember morrison seconds.

Is there any further discussion?

All in favor say aye.

Opposed say no.

That vote passes on a vote of five to two with councilmember tovo and councilmember spelman off the dais.

>> Martinez: Mayor, i think it should be a vote of five-0, not five-2.

>> Mayor Leffingwell: 5-0.

If I said 5-2 I stand corrected.

Congratulations, everyone.

And I have an official certificate for each one of you.

[Laughter] mayor pro tem cole?

Congratulations.

Councilmember spelman I'll hold for a minute.

Councilmember martinez.

>> Martinez: Mayor, congratulations.

[Laughter]

>> Mayor Leffingwell: We'll put bill's over here so we don't forget it.

[Applause]

[09:08:08]

>> Mayor Leffingwell: So the next item on the agenda is item a-2 for discussion and possible action regarding the 2012 city council inauguration date.

So I believe, and correct me if I'm wrong, that the inauguration date has to be set after June 15th because everyone's terms expired on June 15th.

So we have two choices basically.

We can have the inauguration on June 28th as a part of preceding the regular council meeting, or we can call a special meeting.

For the purposes of the inauguration and select a date on that.

I would just like to get everyone's input on that.

And see what your pleasure is.

Councilmember Morrison.

>> Morrison: My personal preference would be to call a special meeting because I think that there's a lot of celebrating going on, and to be able to focus on the celebrating on one day and focus on the work on another would be optimal.

>> Mayor Leffingwell: Anyone else?

>> Martinez: I agree with Councilmember Morrison.

And I will throw out as a suggestion, since we don't have a council meeting on JUNE 21st, THAT THAT BE A Consideration for a special called meeting just for the inauguration ceremony.

>> Mayor Leffingwell: I will be out of town on JUNE 21st.

>> Martinez: We can do it without you.

[Laughter] just kidding.

So --

>> Mayor Leffingwell: Any other date?

>> Martinez: Yeah.

Well, okay, let me retract that then and ask, are there absolute dates that we cannot have it because of travel and/or other commitments?

And obviously that's one of them.

So what about the 19th, the 20th?

>> Mayor Leffingwell: 19Th, 20th and 21st are the dates that I'll be out of town.

>> Martinez: What about

[09:10:00]

the 26th on tuesday?

Typically the inauguration ceremonies that I've been a part of here have been in the evening hours.

So --

>> Mayor Leffingwell: That is subject to discussion too.

>> Martinez: And I think it should be because so many folks work.

And you want to invite folks to be able to attend, so if we contemplated tuesday the 26th, I would suggest that we do it, you know, early evening, fiveish, sixish, somewhere in that range, have a short ceremony of about an hour and then everyone can move on.

That would be a suggestion.

If that date works.

I just don't want -- you know, I saw we were already advertising on channel 6 that we were going to do the inauguration on july the 3rd.

It was really puzzling to me that -- I think they chose that date because of potential runoff or something, but I saw it scrolling on channel 6, and you know, the farther we move it back I think it just makes it that much more difficult and challenging schedulewise because that is the traditional council break during the summer.

So I would like to hold it sometime before that last council meeting.

>> Spelman: I would have a preference for thursday and friday and not a monday, tuesday or wednesday because I have a class on monday, tuesday, wednesday evenings throughout june.

But it's not a strong preference.

Y'all can hold this -- you can't hold it without the mayor, but you can hold it without me.

>> Mayor Leffingwell: By the way, you got your certificate there.

>> Martinez: Mayor, what ABOUT JUNE 22nd?

Are you still gone that friday?

>> Mayor Leffingwell: No.

>> Martinez: That sounds good.

June 22nd is a friday.

Sounds like chris is going to be out of town.

>> Cole: Yeah, we will be out of town.

Well, let's check.

[09:12:02]

>> Mayor Leffingwell: The evening of friday, june 22nd is clear for me.

>> Martinez: That's the week of the dc trip, right?

Is that the travel conflict that comes in?

So everyone should be back that friday.

>> Martinez: Should be back thursday night.

Anyone object, staff, any considerations?

>> Martinez: They don't want to stay late on a friday, I'm sure.

>> We'll be back, won't we?

>> Cole: 22Nd is okay.

>> Mayor Leffingwell: Let's see if there are any other possible dates.

>> Mayor Leffingwell: City manager is going to be out of town.

>> Martinez: Councilmember riley has tickets to meat loaf that friday.

>> It might be an issue for some folks.

>> Martinez: So as long as he should be able to go see meat loaf.

[Laughter]

>> Martinez: Okay.

25Th, 26th?

Anybody have any problem with those dates?

>> Martinez: That would be councilmember spelman class conflict on the 25th?

>> Mayor Leffingwell: In the evening?

>> Martinez: Yes.

>> Cole: Oh.

Do you want to consider a 12 noon?

>> Mayor Leffingwell: I personally would be very amenable 12 noon.

How about 12 noon on the 25th?

Good?

[09:14:00]

>> Martinez: We have a capital metro board meeting that day at noon, councilmember riley and i.

WHAT HAPPENED TO THE 22nd?

Can somebody tell me why that was taken off the table?

>> Mayor Leffingwell: I believe the city manager can't be here.

Or you don't want to be here.

I don't know.

>> Mayor Leffingwell: How about the evening of the 25th.

Councilmember spelman, do you have class on monday nights?

>> Spelman: Yeah.

I have -- class starts at 6:00.

I could probably change it, if that's the only time it would work for other people, then I can do that.

>> Martinez: Can we try monday evening if councilmember spelman can rearrange his schedule?

>> Spelman: I'll move it.

>>

>> Mayor Leffingwell: All right.

That's monday, june 25th at ?

?

All right.

We have a consensus on monday, june 25th at six p.m.

All right.

Without objection then and by consensus, it will be that date and time.

All right.

Moving back to serious business here, we'll take up item number a-3.

And before we get into this, let me just say that this is not the last discussion we're going to have on this.

As I understand it, it's going to be basically a briefing on the operations

[09:16:01]

of the transit working group over the last six months.

And followed by a discussion on financing, possible financing options.

And then we'll come back later in another meeting and talk about other aspects such as governance and so forth.

And I think it will make things go a lot smoother if we can try to hold our questions until we get through the slide presentation.

Maybe jot 'em down if you have a question.

And we'll try to get through this and have some time left for the regular agenda items.

So mr. goode?

>> Thank you, mayor.

Robert goode, assistant city manager.

I have rob spillar with the transportation department and some of our consultants, our financial team consultants that will allow to introduce themselves when we get to their part of the presentation.

As the mayor mentioned we have two work sessions on urban rail.

This work session and one next week.

And then as you all recall we also have a bond program, two work sexes one at the end of june and one at the end of august to bring all the elements back together again, so it will be in front of you a few times in the next months on the bond program.

These work sessions on the urban rail, what we're trying to hit at is three main items.

The system, how the urban rail would fit into a high capacity transit system across the region, organization, how will our region organize and develop and operate this system, and then funding.

Obviously a huge element on how we could fund this on a go forward basis.

These are what we'll focus on the next two work sessions.

Today's session I will do a real quick briefing on the urban rail history and the campo working group and get you up to speed.

They've had 16 meetings and I'll try to get you up to speed on how much progress that that group has made.

I want to thank the mayor and councilmember spelman for your dedication and leadership on that committee.

It's been a really great group and a lot of effort to get to where we're at today.

We'll focus today on urban

[09:18:01]

rail recommendations.

A part of the working group process that we've been involved in focusing on the recommended building blocks, the recommended prioritization and really today's focus is the recommended financing plan.

I want to mention briefly because our financial team, consultant team is only here today, not for next week.

We want to try to get through some of the alignment issues very quickly, focus on the financing and then rob will come back and lead you next week on any of the alignment and phasing issues.

So today we're trying to focus more on the financing element so we can use the expertise of our team here.

Real briefly, and you all know this, in central texas we do have a problem.

It's a good problem to have.

We have a growing community, a vibrant community, but as we continue to grow we have mobility challenges.

Our team has been fourth quartered on that for quite some time as a tran at this time working group but even before that we've been working on how to make sure we have a regional, multimodal transportation plan that ensures that we have a quality of life on a go forward basis.

How we've been doing that, on a regional planning aspect, as you know campo 2035 has a multimodal transportation plan that was plan included a roadway element, a transportation element, bike, ped and freight and it was restrained as a requirement of the federal government that we have a plan that is essentially financially on strained and we have a way that we can fund this on a go forward basis.

That was the basis of our funding he effort.

From a quality standpoint on urban rail, how that fits in we've done a lot of work in this community with austin's leadership and our partners we've done many urban rail studies as you all are well aware, imagine austin incorporates a transportation plan that you will be considering this week, downtown austin plan that you all have adopted includes urban rail, austin strategic mobility plan really began the process of how we prioritize projects in this region, especially within our boundaries in the city of austin.

The east riverside corridor plan included an urban rail

[09:20:01]

element.

Mueller redevelopment anticipates urban rail.

And then some history, central austin circulator and the all systems go from capital metro, envision a rail system that we also have been building on ever since 2004.

And then we've gotten to the transit working group.

I'm going to give you a real brief history of where we're at at that point.

The transit working group was really formed to evaluate and give input towards a regional high capacity transit plan for central texas.

We had as a basis for that transit working group the process that we've been involved with is called project connect.

That's the technical process that we've been using to try to achieve that charge.

Project connect, as you well aware, was a city of austin funded process that had partners that we all worked together in a technical team to reevaluate the system plan that was developed in campo 2035.

So with lone star rail, capital metro and campo's help, the city of austin met with those partners and really worked with the transit working group to try to focus on is campo 2035, especially the high capacity transit system, is that for our region and is that something we should move forward as a region to try to implement and make sure we have that high capacity transit element.

So what have we done so far in project connect?

We started out working out with the transit working group to define the high capacity transit mode.

You see a sheet on your place that tries to define the difference between regional rail, commuter rail, urban rail, bus rapid transit and express lanes that the ctma is working on on mopac.

And we looked at each of those modes and tried to define which mode worked best in which particular corridor.

We then evaluated the high capacity transit corridors but throughout the region and this map indicates the result of that.

From the conclusion of that work we determined that the best corridors that are

[09:22:03]

ready for high capacity transit are the north central, which is the green up towards round rock, and the central corridor, which is the central austin region that we're working on with urban rail.

The medium high was in the northwest, east and southwest.

So what we've determined through that process is what high capacity transit corridor should be addressed in the near future and near range future to ensure that those corridors are served by high capacity transit.

And the specific mode that would work within those corridors.

So again looking at campo 2035 as our baseline, we then began to look at what systems would -- should be implemented to affect high capacity mobility throughout the region.

We looked at as a one system approach.

Again, we had a partnership with lone star rail and capital metro and the city of austin and campo and trying to ensure this that this system if developed would be seamless and coordinated and that the fares and routings would work together and really be a coordinated system so that the users would see a seamless system that they could travel very well throughout our entire region.

So what does campo 2035 as a baseline that was adopted as I mentioned in 2010, what does that have in there?

It has lone star rail.

All the way from georgetown to san antonio, through austin.

It has metro rail, which is the capital metro's red line.

And it has our urban rail core connections.

It also includes bus, rapid transit, the metro rapid line that capital metro is working on.

And then managed lanes as i mentioned earlier that ctrma is working on, the mopac express lanes on mopac.

And those would include transit.

That's a key element of the transit system as well.

And then we looked at -- as through the transit working group we've looked at again that baseline and said what else could we do?

Is that the right system?

We actually expanded that through project connect.

Now we show urban rail lines

[09:24:01]

that could go up north lamar, south congress, barton springs and seaholm, so the idea is -- this is again a long-term vision.

What would this high capacity transit system, urban rail look like in 2035, 2040 and beyond.

So zeroing in or focusing in on the urban rail components in the downtown central region, all of the elements that we've looked at in the transit working group, the big picture, high counties are all based on an urban core.

How all the systems can work together and circulate the users of the high capacity transit system within our core.

It doesn't only -- it's not only good to get people into the core, but how do you circulate within the core.

This is a foundational item that all three scenarios that we looked at for the transit working group have included.

Therefore we feel comfortable coming forward with you today to talk about urban rail and a potential investment that the city of austin can make to begin building that high capacity transit system.

I won't go into this in great detail.

Rob spillar will cover this in more detail next week.

This is the prioritization team went through to determine of that urban rail component, what would be the next investment, the first investment that we could make as a region.

And it turned out that the region -- that that investment would be from pleasant valley to mueller.

And then we started looking at the capacity that the financial constraints of that component.

And determined that the next step that we should probably take that in two phases.

Mainly because of the cost of that component.

So now we're looking at from downtown up to mueller, that phase one.

We would do this in two phases.

But the phase one would be about \$550 million.

And the o and m for that would be about \$60 million a year.

I wanted to lay one ground rule or foundation on those

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costs.

As we looked at now how to build this and implement this system, we had to look at year of expenditures, when do we think we'll be building this rail line and when do we think we'll be operating it?

And that's very important from cost estimates that we've done in the past because as we've looked at and perhaps we're not going to be building this rail line because of some of the federal requirements that we'll be into that our financial team will allude to later, we have to ensure that we inflate those dollars so we have enough money at the time we're going to build that line to accomplish that task.

So we've looked at year of expenditures instead of current dollars and that's where we've gotten this this phase one capital plan of 550 million.

Again we'll get into that in greater detail.

With that I'll turn it over to jeff parker, the financial team leader, and he'll walk you through the rest of the presentation.

>> Thank you very much.

It's a pleasure to be here.

We have had the pleasure of working with the staff and numerous agencies in the austin area for the past six months to roof this stage so we can give you a fairly comprehensive briefing on the options that we've examined and some of the recommendations that we'd like to offer at this time.

Just a little bit of background for a moment on our firm.

We have done this many times before.

We have been in business since 1981 as an independent financial consultant.

Our work focuses entirely on the transportation sector.

There are numerous rail lines in operation under construction around the country today where we began at this point in the process.

Charlotte, north carolina being one.

We have been working very closely in the district of columbia on a street car systems that will ultimately be a 37-mile system.

Commuter railroads in orlando.

Barts extension to oakland airport.

And some very large

[09:28:02]

intermodal centers in miami and atlanta.

We also -- and I know this is a topic of interest.

I've had a lot of involvement with federal loans and grand grant programs.

Almost all the programs that we've worked on have involved federal participation, mostly grants, but also recently about two and a half billion dollars of tif alone, we have closed five of those loans and we have been involved in numerous public-private partnerships, design-build projects and traditional projects.

So I think it's with that background that we come to you this morning and I think the first thing that we wanted to cover just a national trend, some things that are going on out there now because what we did in the mid 80's fu light rail in pittsburgh is not necessarily what we did here.

Jeff booth is here this morning and he will be talking about some of those items.

The federal new starts program has been the cornerstone in the united states for funding new transit projects.

And it's a blessing and not so much of a blessing at the same time.

It is available money, it has a lot of planning requirements.

It does drive a lot of the timing constraints that are out there.

Many projects are sized according to how much funding is reasonably attainable through that source with the given local match.

I think you will be hearing some of that this morning as we go through our presentation.

What's new on the horizon is the emphasis towards the street car projects, and we're sort of trying to sort out what we are over here and I think that's more rob's area than ours.

The street cars are smaller systems.

They tend to be done through

[09:30:01]

municipalities as opposed to the transit systems.

And we'll talk a little bit more about how those have sort of created a new space that we're seeing in the united states right now that might be applicable to what you're considering here.

As I mentioned, the federal program has its good sides and has its down sides.

So we're going to get into that because it touches on one of the points that robert mentioned about the cost estimates and the timing.

It takes a long time to go through the process.

There are many projects competing for these funds as jeff will talk about.

And the impact of that is additional soft cost in the beginning that raise the cost of the project, and a much longer duration to actually see the trains running, which drives up the overall capital costs.

On the other hand, the federal government is paying typically for half of it.

So I think that's the trade-off that one is always trying to manage.

Just as an aside to give you a preview, one of the ways to sort of jump the queue and get to the head of the class and short earn that time frame is to have a local match in hand.

So I think that's a point that we want to keep in mind.

But many states and cities and authorities link their own participation to confirmation and availability of the federal funding.

So they don't get out front of that.

And I think that's been a source of discussion here.

So we've looked at some of the typical sources of local share.

Sales taxes pretty common around the united states.

It's obviously something that you're quite familiar with here.

There are property tax backed initiatives in san francisco in general obligation the kind of financing you're talking about here is somewhat unique.

[09:32:00]

It's more relevant to some of the street car type programs that are emerging.

We're looking at that in district of columbia.

And general revenue support is another area that the federal government has gotten comfortable with over the years.

One of the key things that is important to me, and that has jumped out as we have worked through our process is that you'll see the city is taking the leadership here, you're putting your money on the table first.

It's very important when you move into these projects to have a lot of partners because the costs grow as the system expands, as time goes on.

Operating costs are far more -- a far larger factor in the financial success and the viability of these projects and the initial construction costs.

Ongoing rehabilitation costs are extensive and they're hard to defer because there are critical public safety issues involved.

So when you go into this it's important to have those partnerships in place.

And the timing, the politics of all of that is something that I think we all have to be mindful of as we just look at the dollars and be thinking about how over time this burden can be shared with other stakeholders, other levels of government, other authorities, even to a small extent on the operating side.

Finally, the value capture conversation is something that goes on nationally.

And it's sort of the field of dreams concept on the one hand.

On the other hand, depending on the nature of the community, the nature of the urban environment, it can have more or less of an impact.

An one has to be very careful in transferring the experience of new york city building a three billion dollar rail line using value

[09:34:02]

capture to austin, texas or the situation we're in in with the most valuable real estate outside of manhattan doing a special assessment to pick up the major costs of a street car system relative to some of the value capture opportunities that are available here.

I think there's a lot of good experience out there, but I think it will have to be applied very judiciously and taken into consideration with the city's own general revenue sources from property taxes.

So I think the largest piece of funding that we're concerned about and we wanted to look at very carefully is the fta new starts program.

There is also an fta small starts program that could come into play.

I would like to turn to mary to talk about that.

Mary is in our philadelphia office.

She's been with our firm for about five years and she pretty much leads our national public transit practice.

She's a planner by background and also a highly comfortable financial modeler.

Mary has been working closely with the staff here to come up with the background to make this presentation.

Mary?

>> Good morning, everyone.

Just a few other comments on the new starts program, just as an introduction, knowing that jeff will be here at the end for some further follow-up.

So as jeff said, it's a grant program and it's very highly competitive, so with that the federal process has brought about these different phases that one must apply to and progress through to kind of make sure that they're looking at good projects going forward.

So right now urban rail would be looking at starting to complete an alternative analysis, sort of as the planning stage as they define a locally preferred alternative.

[09:36:00]

And then the lpa, the locally preferred alternative would have preliminary engineering would design would begin and usually the neba process is completed, the environmental process and assessment.

And then the project would apply for the financial design stage where engineering be completed, utility work begin, right-of-way acquisition could begin and the project could really start.

But then a full funding grant agreement would have to be received before large chunks of the federal funding appropriations would have to come in during construction.

So that's usually the last piece that's needed to begin construction and get that 50% match.

The 50% match is the usual standard that we're seeing on projects.

That's what they're receiving.

But the funding levels of the new starts program overall is subject to reauthorization for new transportation bill in congress.

Jeff could talk more about that later.

On the next slide, we just kind of pulled a few example projects from the latest new starts reports.

These are larger light rail projects.

Currently there's about 15 projects in the new starts process.

So this gives you a sense of their size both in alignment miles and also capital cost investment.

And that most of them are achieving the 50% federal match.

We pulled different ones from all those different phases, different engineering phases, and ones that are in construction now, and you can get a sense for how long they've been in the new starts process.

We could speak specifically on the charlotte project where we've been working on since it entered preliminary engineering back in 2007, and even before that on another project that is in operations currently.

This table also gives a sense of the different

[09:38:00]

variety of the local funding sources.

As jeff talked about sales tax, general funds, payroll taxes, property tax.

And there's also a lot here, participation from the state as well from the transportation trust funds or other funding as well.

On the next slide we show examples of the smaller street car projects.

Street cars are not always the historic trolley that it once was.

It's looking at a lot of modern vehicles as well.

But these are sized a little bit smaller than some of the larger light rail projects.

They've often been sized based on what federal grants they have received through the tiger program or the urban circulator program.

And they're in different stages.

A lot of them, depending on how shovel ready they really were when they applied for the federal grants, some of still sitting in planning stages even though they received the federal money a few years ago.

Because they're still working on securing the local share as well.

Turning to the urban rail side, different funding sources, we evaluated the two largest ones being the city's general obligation bonds and the fta new starts match.

We also looked at what could be remaining on the quarter cent program, what's not allocated to other projects right now.

Surface transportation program, metropolitan mobility funds, ftpmm funds that have been obtained for the planning process that aaneva process that I talked about.

We also talked about possibilities for tax increment financing, the use of tif's, and also possibility, if there was one, for tafia financing as well.

And a big assumption here is that everything was looking at assuming operations would

[09:40:02]

begin by 2021.

If we look at the next slide, we start to look at schedule here, and as jeff mentioned, year of expenditure is a very important point to look at.

So we wanted to look at the schedule, and it's more on the conservative side because the federal process can be so drawn out.

We want to target that the project would be open in 2021.

Of course, the project team will definitely try to beat that, but we wanted to be on the conservative side for estimating the costs.

So here we're looking at each phase banded how early they could begin, but also how late they could extend to.

So these are the estimates, sort of the range that things could fall into.

So if we look at the next slide we're looking at phase one with the base year cost.

Once you use that schedule to estimate the year of expenditure dollars, we're looking at order of magnitude of \$550 million.

That would be downtown, north along red river to the mueller extension.

So if you break that down on the next slide between the 50/50 between federal and local, that's going to break down to about a 275-million-dollar city go obligation.

I don't know, jeff, if you wanted to talk more on that.

>> Well, I think this is the area where I emphasize the need for partners.

Because with this large and initial stake in the project, the city needs to be careful that as it goes forward, that future extensions, future operating and maintenance cost, future financial exposure that's associated with the investment is shared with other partners.

And that those partnerships need to be formed before these commitments are really solidified so that everyone

[09:42:00]

knows the level of expectation and is comfortable with that and the city is comfortable with the fact it's not going to be going it alone, particularly as subsequent phases come on stream.

And I think this also as mary points out, is schedule driven.

We don't necessarily need to see costs of this magnitude if the process can be expedited.

And I think that is -- that schedule that you see of cars -- of cars actually running on tracks in 2021, that could happen anywhere from three to four years earlier depending on how these funds come together and the extent to which we are subject to the federal process.

And again, this is an evolving question that jeff will touch on because there are changes proposed in the federal process that would allow a more expedited approach if the local funding is available.

>> And on the next slide we can look at again, assuming the current process to remain conservative, this is the spending profile for the capital schedule.

The gray line would be the capital costs going forward, and then the bars could be the funding available to meet those costs.

So in the next year it would be the planning nepa stage, and that has secured the funding and the local match is secured as well and then you will be entering into a few years of design where it would likely be a lot of -- almost 100% local funding at that point.

But that local funding will be used to achieve the 50% federal match during the later stage.

But the beginning they're going to look for local money paying for the cost before the federal funds will start to flow in.

We will probably start to see the federal grants more at the end of design and

[09:44:00]

final design or definitely when the ffga is obtained and construction begins, the federal funds will be appropriated and start flowing to the project.

So on the next slide, just to look at some other considerations we had looked at, we did look at the tif estimates on the red river corridor for phase one, providing very minimal debt needs, and also it's a consideration to look at the riverside corridor out to pleasant valley for phase two and possible tif's there as well.

We understand that the city is looking for a broader discussion on tif's as well.

So on the next slide -- there's also things to continue to consideration different participation from those other stakeholders, like jeff mentioned.

At this time nothing is committed so we haven't brought it into the funding plan, but as things could be achieved and committed to those pieces can help define that local share a little bit further and not rely so hard on the g.o. bonds.

Things that could be looked at is tif participation maybe from the county or , looking at in kind right away donations, especially from the university.

Perhaps another donation from the state being that the rail goes to the state campus or from the university or other stakeholders.

Ancillary revenues, perhaps an increase to university fees.

These are all possibilities, but nothing is committed at this point.

These are things to look at and continue to try to partner on.

And we also looked at tifa financing as well.

I didn't know if you want to make a comment on that as well.

>> The tifa program is typically available for 33% of the project costs and it

[09:46:00]

is highly competitive.

And we looked at these other revenue streams, be they from parking districts, be that from tifs, the pids where they are special assessments levied, ticket purchases or whatever.

What we were trying to do is literally put together a basket of cats and dogs type revenues.

And see if we could use that to leverage some tifa money because the -- as an debt, the tifa program would not really be applicable as a direct alternative for a general obligation commitment from the city.

It's usually a school boardnated pledge.

It's usually not particularly strong revenue sources and people use that because the borrowing rate treasury rate plus one basis point.

So if you can offer very marginal revenue type streams and borrow against them at the federal rate it's a real homerun.

In this case we don't get to the threshold that you would really to be competitive and if we took some of the g.o.

Out of it and tried to borrow on a school boardnated basis on some other structured finance basis, the federal folks have shown that they're not keen on that in terms of giving you a competitive score relative to other projects because they'd say you've got full access to the capital markets, you don't need us.

So I think that's the down side of having an excellent credit rating.

But -- so we did explore this just from the standpoint of trying to put together some lower quality revenue streams that we could then borrow against at the federal rate and it just

[09:48:00]

hasn't been coming together.

But we'll continue to look at that.

>> Mayor Leffingwell: Could you explain the other aspects, for example, tifa, it's deferred until construction begins.

>> Sure.

It's a very attractive source of funds because not only is the interest rate attractive, it's the structure of the program itself.

There's no negative carry.

One can just draw against the outstanding loan balance, the outstanding principal amounts on an as-needed basis.

You can accumulate interest through the construction period and five years of a the construction period.

You can then back in the repayment so if you're looking at something like a tif where there may be buildout occurring over a long period of time, you can structure the repayments so that they match up with when you expect the revenue streams to come in.

And we work in a very large project in new york right now for replacing the (indiscernible) bridge and it's a five billion dollar projects and we've pride for a couple billion dollars of tifa.

And our staff has done a calculation on that just to give you a example on if the new york through way was to issue a toll revenue bonds, for every \$100 million of toll revenue bonds against a given revenue stream, we could bore rewith that same revenue stream 130 million under tifa.

So there is a large up take that one gets by using the tifa program.

Thank you for raising that question.

>> Well, that gives the first look at the capital side of things.

Then we can turn to the o and m side.

So different sources that were considered in bringing

[09:50:00]

in fair box revenue.

The existing sales tax for the region, property tax.

There would be incremental fta formula grants that will come in just because the project is built based on the revenue miles and the route miles of that project.

And those formula grants would have to be used for specific purposes on the capital side like vehicle replacement or preventive maintenance, but those would be available during the o and m period.

Also looked at was the public improvement district, the pid, pid's in lieu from other stakeholders, the parking meter program, revenue from that.

Ancillary revenues can be looked at advertising and sponsorship as things get closer.

The large assumptions on the operating side is again opening year would be by 2021 and that the opening year cost estimates right now at 16 million would grow at three percent per year because you really need to look at o and m period on a long range basis.

And that the fair box recovery rate was estimated 15% by another consulting team.

So if we turn to the next slide we're looking at what funding has been secured so far.

So again the gray line is showing the long-term o and m costs.

And this is before even thinking about vehicle, medicine life overhauls or vehicle replacement even further out.

So the bars show the funding that is secured or estimated to be secured would be the fair box recovery at the 15% rate and then 750,000 from the parking program.

So as you can see, there's a bit of a shortfall making up those costs with those revenues.

So we have to begin -- we have to continue looking at all those other sources that were listed before, so if we go to the next slide we can look at special assessments on the downtown pid, downtown austin alliance, and then matching pi d's in

[09:52:04]

lieus from other stakeholders, the county and university since they're benefitting so much from this project.

Looking as well as maybe instituting a pid along the red river corridor, look at contributions from the existing sales tax.

Looking at those fta formula funds.

The city's general fund.

The possibility of ancillary revenues and then again looking at maybe new taxes or new fees that would actually require more action.

Jeff, do you want to summarize anything there?

>> Well, I think we've kind of teed up some of the opportunities as well as some of the challenges that are out there and look forward to discussing that with you.

I think that the critical issue at this point is the operating expense and making sure -- that is something that many communities don't focus on at this stage.

It's something which falls almost entirely on local.

There are usually state support for those kinds of things.

There's no federal operating support other than the ongoing capital maintenance of the assets that you have, which is rather limited.

And there is some money available for ongoing overhauls and replacements that doesn't kick in until eight years of a the trains start running.

So it's an area that before one embarks on the capital side it's important to know where that's coming from because that does fall disproportionately on the local.

I think we highlighted the importance of the new start program and the fact that it is evolving now as a federal legislative process is moving forward finally.

And jeff booth is here with us this morning and he's really the one that is closest to those development.

>> Good to see you again.

[09:54:01]

Jeff booth from the washington, d.c. office.

As jeff and mary have mentioned, the new starts program is in a period of transition.

And it's transitioning both on capitol hill and also at fta.

Bp to fta, the biggest transition is that we're in the midst of rule making.

The comment period is closed.

We're expected to go to final sometime before the end of the year, but the biggest change that's made to that program is a shift away from the traditional focus of looking at the peak hour trip

and focusing on travel time savings so now focusing on the sheer number so we don't care how far you travel, we just want to look at the sheer number of trips that happen in a project corridor.

And the purpose of that change was to focus on circulators, to encourage street cars or to encourage circulator projects, but also to focus on the relationship of those projects to land use and economic development.

And so the communities that will farewell in that program have a couple of factors.

One, they have strong land use in the project corridor, they've made decisions about concentrated economic development.

And there are lots of trips in that corridor.

Why say it's in the sweet spot of the proposed rules?

Because the proposing the connection to the university of texas, the state capitol, the amount of activities that happen in austin year-round all of which generate trips.

So it will create a lot of circulation in the downtown corridor, so those things matter a lot under the proposed change in the rule making, and really with the linkage to future economic development and the that's already happened in the city, all those things bode well in terms of how the project will be evaluated by fta in light of the changes.

So this project really as i said earlier does meet the sweet spot because it's very consistent with where the rule is trying to go and where fta would like to take it.

We're also seeing on capitol hill a change in the program in that congress is looking at the authorization bill as we speak.

They are supposed to meet again next week when they get back from recess.

[09:56:01]

And at this point the house is working against current law, the senate is working against its bill, but both of them would assume the elimination of final decision as the decision step.

So we would have a three step process.

So the project -- so what that means is you would have entering the project development and the next step would be your full funding grant agreement.

We're in this period where we're being evalley waited under the current law and current rule.

And by the time we get to the next project step we'll be evaluated under a new law and new rule.

We're very much in the transition period.

So I'd say that as the program is looking forward we're right where we want to be as the program is looking forward in light of those changes.

I think the other question that I get a lot has to do with federal funding.

I would just point out to you that the new starts program and the bill that it's funded, which is the transportation housing and urban development bill every year is the only program that's grown in that bill the last two years.

And there's strong political support for the new starts program and the senate bill even grows the program an additional \$80 million over last year.

So there's a lot of support on the hill for the new starts program.

We see it authorized in both the house and senate bills at the fy '12 funding levels.

So the senate appropriations committee is proposing to increase it even beyond those authorization levels because of that level so I remain very optimistic about the program, but as jeff and mary have said, it is a very competitive program.

And if you're interested we can talk about the factors and enhanced competitiveness, but it is a very competitive program.

So the more that we can do to tee that project up and be ready, the more favorably it will be reviewed at fta.

And lastly, I will just say that jeff talked about the tifa program, the other program that is in all probability going to change in the authorization bills.

There's a great interest in expanding it to a billion dollars a year.

In addition there's talk of increasing the percentage of project costs from 33 to 49% to increase the role that tifa can play in project

[09:58:00]

finance.

I think there's a great interest on the hill in looking at communities that can come to use tifa as a leveraging source to use funding for their project, as well as bring other funding sources to the table.

Certainly in the house bill it was encouraged folks to do that to bring the other private sector sources to the table as you're looking at the financial plan for the project.

And with that I'll give it back to robert.

>> Thank you, jeff.

I want to just summarize then the next steps and we'll obviously be open to questions and discussions.

As we mentioned earlier, this is the first work session.

Next work session we'll be talking about organizational details, how we would operate, propose to operate this system.

And then all the phasing alignment details.

Rob will leave that discussion and your discussion on where the rail goes and why that route was chosen.

And we have overall bond program discussion.

June 5th is probable going to be cancelled because we're still working with the advisory committee and putting all of this together.

We'll probably be at june 25th for the overall bond program discussion.

And august 7th would be your final session that you would have in front of an august 16th election, to call an election.

I want to mention a couple of things before we open it for questions.

On the cost and schedule i think we've said this a few times today, but I want to emphasize that.

We've been consciously very conservative on that because we intend to continue to look at tif's and other funding sources, especially on the capital, to bring that number down, but at this point we really are encouraging you to stay at that 275-million-dollar number for a bond program and over the years we would work to bring that down.

We're comfortable we could bring it down.

We don't want to refine that so close if you choose to go to an election that we would be struggling to build that line when we get to that point.

So we have been consciously conservative, but we think it's the correct approach at this point.

Obviously on the operation and maintenance we've got a lot of work to do.

We need to talk on our regional partners and begin discussions, official discussions now on how we can work together as our team has said, that's a crucial element of this is how we could -- once we build it how we could operate it in the long-term.

So that's a key element that we haven't quite solved yet, but we have to continue that discussion, but we thought it was certainly primed for you to hear this presentation, where we're at at this point.

And mayor, we'll be happy to open it up for any questions and discussions at this time.

>> Mayor Leffingwell: Yeah.

I just want to follow up on your -- one of your last statements there on page 28 you talk about the sources much capital funding on phase one.

And my understanding is 275 bonds from the city is a very conservative number.

It's in current dollars.

>> Year of estimate.

Year of expenditure dollars.

>> Mayor Leffingwell: But I guess what I mean is now it would be less than that if we started tomorrow.

>> That's exactly right.

>> Mayor Leffingwell: So -- and I think that's a good thing because we've seen so many projects kind of fall by the way side because they were delayed and there wasn't enough money at that time in the future.

But then on page 31, another conservative aspect of that estimate you talk about additional sources of funding.

And I'm assuming things like in kind right-of-way donations and university, other stakeholders' contributions, that would be used -- that could be used bond number as well as something we've talked about fairly extensively, and that's other value engineered initiatives that could be -- could also reduce the total cost.

So I just want to -- my understanding is that -- and I want you to either confirm it or refute it, is that these numbers are very conservative and there's a very good chance that the financial cost would be much less than this.

>> We've done that.

As I mentioned earlier, consciously set bar that we're comfortable that if we got the authorization you choose to set an election and we got the authorization from the society voters that we would reduce that number, we wouldn't be coming back and saying we needed more.

We wanted to be conservative on that number.

>> Mayor Leffingwell: It's not a worst case scenario, but very nearly a worst case scenario.

If none of these other things come in, that's what it would be.

Councilmember martinez.

>> Martinez: Thanks, mayor.

Appreciate the information and the presentation.

I wanted to ask -- I want to drill down a little bit on fair box recovery.

I wanted to ask what our anticipated ridership would be in year one of operations?

>> Councilmember, robert spillar, austin transportation department.

We've not provided estimates of ridership.

We have early riderships when we were looking at the system level.

We are continuing to work on the ridership estimates and we should have them mid summer.

That said, we know that this corridor using a transit efficiency index or transit likely ridership index scores very high because, as jeff booth has said, we've connected to three major employment areas.

We know that the overall system performs very well and we know that from those early studies that the north part and the south part are separate routes, but operate very well.

I will try to provide you some preliminary estimates at our next work session, but I don't have them here with me.

And at the risk of rattling off a number that's not close to correct --

>> Martinez: And the reason I ask is because 15% fair box recovery is a pretty high benchmark.

I believe the red line is operating about 11% right now.

If estimates remain true that \$16 million a year will be the o and m, you're looking at trying to 4 million a year in fair box recovery, that's \$6,575 per day.

So at a dollar per customer you would need almost 7,000 boardings a day, paid boardings.

Again, I just want to add a little context to these estimates that there's still a whole lot more work to be done.

Because I don't think we anticipate 7,000 boardings a day on phase one.

>> Actually, councilmember, we would probably anticipate greater than 7,000 on opening day, yes.

And the major difference here between other systems that we have operating in this region, the red line, remember week talking about service on the order of 10 minute head ways, which means a train every 10 minutes going through the heart of our employment center into very good residential drivers of ridership as well.

That's in contrast to commuter rail, which obviously is working very well given the trains are arriving full, but those are on a longer headway, closer to 30 minutes, 15 to 30ments.

And so the more trains you have going through the densest part of your city can deliver more people.

So in fact, this system is designed to carry much more than 7,000 people per day.

>> Martinez: Great.

>> Just to follow on rob's remarks, my own perspective is that the 15% is low compared to the experience we're seeing nationally.

And I think it's somehow linked to where the bus system is operating currently, and I think that is something that's probably going to need to be addressed, you know, over the long-term as this planning process continues.

Because it solves both the revenue side and the cost side to derive that 15% number.

As rob points out, commuter rail is much more expensive service to provide.

It operates less frequently.

It has lower density, so you would expect to see some lower recovery rates in there.

Like an urban rail program, I've been sort of pushing to get it closer to 20%, which is what we see in a lot of urban circulator programs around the country, not necessarily portland, oregon at 40%, but recognizing the nature of the market that you have here, I think the 15% is low and is a way to narrow that gap.

>> Martinez: Right.

Thank you so much.

>> And by low it means conservative in this stance.

>> Mayor Leffingwell: And to follow-up.

It seems that the commuter lane and the urban rail line would work together and boost each other's ridership, as well as express buses.

They would all be complimentary.

So the numbers on the commuter rail would probably go up with an efficient operating urban rail system.

Any other questions?

>> Martinez: I didn't see in the presentation.

I'm going back through the slides.

What is the mileage of phase one that -- the direct --

>> five and a half miles.

>> Martinez: Because I'm looking at the comparison charts of the different projects that are put in here.

>> If you're trying to calculate the cost per mile you will see that the example projects are all over the place depending upon the terrain that they have to go through.

So when you look at Seattle the cost per mile is very high, and then there are other systems that have very utilities and so forth.

So the -- and there are much lower.

So the costs we've used, as you can see there, is right around 100 per mile, 100 million per mile.

That's for a double track system.

And so that's right in the national average right now.

>> I would like to amplify and say I've talked to communities and officials such as yourself.

You've seen one project, you've seen one project.

Every project corridor is different.

As Rob alluded to, every project corridor has its own set of issues depending upon the operating environment you're putting the project and the number of structures you have to build or don't have to build will dictate costs per mile.

So you can use these as ballpark and averages, but I get nervous using them as the benchmark because our corridor is going to be different or this corridor will be different than other corridors I'm working on.

So it's important to be mindful of that.

Use them as a basis of comparison, but don't use them as hard fact because what you're also not looking at here is the time of construction versus the time we're going to construction, so don't measure the impact of inflation from the time that these projects were built versus the time our project will go forward at construction, so it's important not to look at these, butted in the limitations of what it is when you're looking at those projects.

>> Mayor Leffingwell: Yes.

Even in our case here in Austin, phase two you have to cross Lady Bird Lake and several creeks to get out to Pleasant Valley.

>> Also the governance issue that needs to be raised that can affect the cost as well.

Our experience in Charlotte is instructive in this regard because the transit system in Charlotte functions as a department of the city.

And in their first light rail in the upcoming 2 billion light rail extension, it's going to be constructed under the auspices of the public works department and the transit department.

And what we have seen is that in that environment naturally you go through, there's infrastructure, there's pipes, there's electrical lines, there's other things that -- there's street beautification, sidewalk treatments, other things, and somehow we have the ability to manage all those expectations as we go through the process as a challenge and it will often show up as a higher cost per mile.

So I think who builds the system can have an effect on what the ultimate costs are and how the management structures are set up to make value engineering decisions, as the mayor alluded to.

It's very important.

>> Mayor Leffingwell: Any other questions?

Councilmember Spelman?

>> Spelman: Let me summarize your presentation as briefly as I can.

If we're going to build a train we should expect it to not get completed before 2021 and maybe we'll get lucky.

That we can expect if we put our proposal together, a 50% match from fta, that if we can get tif's and partnerships and ancillary fund that would be great, but we shouldn't count on that until we've actually nailed that down.

In the meantime we should spend or expect to spend bonds and for this project it's about \$250 million.

Is that about right?

Okay.

Let me back way up and unask the basic question.

If what we're trying to do is to move people from place one to place two, and looking at your high capacity transit fact sheet, and finding that commuter rail, regional rail, that's for different purposes, long trips, for short trips however there's not a big difference between bus rapid transit and urban rail.

Two to four blocks, half a mile apart.

I'm not quite sure why you have shorter trips for -- shorter distances between stations for trains than you do for bus rapid transit, but they look about right, about the same, about the same capacity per hour, about the same headway as what you're estimating here.

So why are we talking about a train and not a bus rapid transit line?

>> Okay.

First of all, councilmember, the bus rapid service that's on lamar and north guadalupe is really a different corridor than the corridor we've proposed.

And just most people would not think to walk between those two corridors to use the transit route.

So first of all, those two corridors don't compete against each other.

They really are compatible and reinforcing each other.

And so that's the first piece.

When we look at bus rapid, the stops are fort apart.

That's a big part of what helps bus rapid in this community's definition achieve faster speeds is that frankly you're stopping fewer times.

It also has control of the signals.

With urban rail, remember we're doing two jobs with the same technology, if you will you.

We're providing the downtown urban circulator, but we're also reaching out to the close-in residential corridors, the red river, mueller, airport corridors, where we would hope to have high density.

Urban rail can provide a greater moving capacity than bus.

The bus rapid, typically the focus is to get further out than what we're focused on with urban rail.

And so therefore you are skipping more stops if you will than potentially on urban rail.

The stops shown here on urban rail are just for conceptual.

It does not necessarily mean that all those white spots on that rail would show up.

So I want to make sure that's true.

Then the economic development piece kicks in.

There's been a lot of discussion that, well, with bus rapid if you provide dedicated lanes, then isn't that telling the development community that that investment is there long-term?

I would argue, councilmember, that it does not because the buses are still driven by a person and they can still be diverted off that route should the community or should economics decide to.

When you put physical infrastructure in the ground, rail, and potentially other he will men's of that investment, it certainly signals that you're there for the long-term.

And that you're going to remain there in terms of the service and the public investment in those corridors.

And so what we've seen from other communities, whether they be seattle, salt lake, phoenix, is the development responds.

Not because it's rail, but because there's been a permanent public infrastructure element added to a specific corridor.

On top of that, when you look at the capacity that can be brought in, and remember we're blending two technologies together, street car and modern light rail, if you will.

As we narrow down on a specific brand of technology, I think one of the things that will be important is to at least be able to train two vehicles together so that you could run even greater higher capacity.

A single urban rail vehicle or modern street car type vehicle can carry more than a bus rapid that we are bringing here, even the articulated versions.

So as you put that together, given the very significant constraints in terms of what you need to move dramatic numbers of new people into our regional core, we think rail plays a very important role in that.

There would be one other item that I would mention.

We've seen from this region a commuter rail system that is under high demand.

The trains during the peak period deliver full.

The phenomenon that, quite frankly, a lot of us did not expect, is that the people coming in tend to walk to their final destination.

Now, that may be just because there's enough demand in the vicinity of that final downtown stop that they can ride, but there's not a lot of people moving from that rail investment into a bus investment to go other places.

And I think capital metro should be commended on what they did for the connecting bus service there.

They really tried to make it an upgraded type service.

Which I think they did.

But they've cut back on that service because they weren't getting the transfers to those buses.

People chose to walk for a variety of reasons.

I think when you talk to people, they like to walk, they like to bike.

There's a lot of reasons that people do what they do.

But we know from other regions people do see transferring to rail to rail as very advantageous.

We know that when people ride bus to a rail station they will ride the bus to get to the rail station.

What we tend to see is an aversion going from what they would perceive as the premium type technology, rail, to a bus.

So I can't explain that.

It's just what we observe.

>> Spelman: People go from bus to rail, but not from rail to bus.

>> That's right.

And people walk to get to a bus and people walk to get to rail.

>> Spelman: Right.

I know from my own experience that I used to take a bus, a train everyday, and now it's in reverse you go from rail to bus.

>> Absolutely.

>> Spelman: Going into town on the bus to rail made sense.

So we're talking about capacities on your 16 by 11 shade of 7200 passengers by rail.

Is that if you tying together a couple of trains or is that a couple of trains?

>> I would have to get back to you on that?

>> Spelman: What I'm trying to do is get a sense for how much more capacity we'll get from a train than a bus system.

To what extent will we be luring people -- what's the term you've been using?

Choice riders?

People who have a choice.

People who would ordinarily -- right now are driving and don't have to be driving.

The extent to which a train is more likely to lure choice riders than a bus rapid transit system with all the same characteristics.

And I guess the extent to which we can get the same characteristics of the bus.

Why couldn't we have a bus that runs every -- stops every two to four blocks.

We can put up a station the same as a train station, operate the station in exactly the same way we do a train station.

What's inherently different other than the fact that it's got rubber tires and some people will find the train to be just cooler and snazzier?

And snazzier?

>> I think you can run a bus --

>> Spelman: Just talking in terms of riders.

>> It takes more buses and each bus has to have a separate driver as opposed to the train.

You can train two or more cars together, and in this town it's probably two cars together and driven by a single driver.

So there's a lower operating cost when you compare the two to get the same level of capacity.

>> Spelman: Okay.

>> That's a major issue.

And then just typically, like I said, we're going to be running a blended service between street car and light rail.

And so as we leave the area where we need strong access to number of businesses every single blocks, every two to three, four blocks, then those stations will start to spread apart so that you can regain that speed.

We know that from experience in other places, drivers tend to give rail a wider berth, meaning that they tend to obey the dedicated lanes, etcetera.

I think what we've seen everywhere from Houston to Dallas in HOV lanes that were originally built for primarily transit, an ongoing demand to allow additional vehicles in between those transit vehicles, private cars in between those transit vehicles, so it's harder to sustain that independent guideway with buses.

That's just an observation, it's not scientifically proven, but it's an observation of what tends to happen.

That there tends to be a political demand to fill up the space between the transit vehicles.

That tends not to happen with rail.

Especially at the frequencies we're talking about because in downtown, you know, if you take the average headway of 10 minutes during peak period and split it as your average, you're only five minutes from a vehicle, which means you probably will be able to see the next vehicle.

And so that tends to self-reinforce itself in terms of people seeing it as an asset and allowing it its space within the transportation system.

That's what I can tell you.

>> Spelman: The 10 minute heed way, I've seen that phenomenon with both trains and bus rapid transit, cities that do have dedicated lanes, for example you look up the street and there it is.

It seems to me that the headway, but I understand your point about being able to articulate trains because of the track in a way that you could have much tighter turns, a lot more flexibility as far as how your route can go, for example.

>> Absolutely.

It tends to, from a visibility perspective, self-sustain itself because people -- it's always in their minds that there's an infrastructure investment there in the street.

They can see it.

It depends to generate, as i said, higher development response.

You know, here in this community we do absolutely have a response to bus transit.

We see it in the university housing that is adjacent speedway and riverside before it was torn down.

So we've seen a response.

The question is I would propose that the type or rather the response I would give is that the type of development that you see from rail tends to be -- tends to be a little bit more sustainable in terms of the materials that are used because the developers, knowing that they can make a longer term investment, with response to that infrastructure.

It's the same with roads.

When you see new roads blazed out into the suburbs you will see investments respond in terms of single-family housing developments.

And so it's not necessarily a phenomenon about urban rail, it's a phenomenon about a public investment that appears to be permanent.

>> Spelman: Okay.

I'm going to ask you a rude question.

I understand you want to defer most of the root questions until later, but this is a fundamental one and it speaks to the difference between bus and train.

In both your slide 14 where you have the urban rail lines downstream laid out, and you've also put in the bus rapid transit proposal of capital metro, I also -- you didn't mention this, but in our long-term vision, the same phenomenon carries through.

The green line on the city, which is the bus rapid transit proposal from capital metro carries through as a long-term vision until 2040 and beyond.

And it seems to me that if our -- all of those arguments in favor of a train versus a bus rapid transit system are accurate, then we can carry more people with lower long-term operating costs and get a much greater economic development boost with train than with bus rapid transit.

Then all that stuff in green that capital metro is using on bus rapid transit ought to eventually turn into a train.

>> Well, councilmember, there's one element that i didn't mention, is that especially as we go out towards the west, and you will see the southwest, the terrain there lends itself better to a tired vehicle.

Now, that's a unique issue, yes.

Earlier we were kind of chuckling about some of the diverse costs in rail systems and I'll point out the seattle system, which is -- would on the surface look to look very expensive.

Well, it's because they're going underground and through some pretty hilly terrain.

So that would be the similar experience if you were trying to get to the west here is that you would have to make sure that the grades were such that rail could accommodate that.

It's not saying you couldn't do it.

It would just be rather expensive.

So in the southwest corridor bus rapid actually potentially is a much better mid to long-term investment.

As we look at south congress and definitely north lamar, I think we have to be mindful that this region just did receive a major federal grant of around 30 to \$40 million.

I think jeff booth can reiterate typically when the feds join a project, bus or rail, whatever it is, they expect you to carry through with that project and operate it for a useful lifetime.

And so those extensions down south congress and up lamar need to be coordinated with that investment that's going to construction right now as we -- add we're starting that process right now.

In corridors, like those two corridors, it is possible to have multiple technologies operating, but serving different sectors of the market.

So for instance, I would think that as you added bus rapid into both south congress and north lamar -- sorry, urban rail well into the future into those corridors, you might change the operating aspects of bus rapid and have it focus on the outer parts of the corridor so that it would be in express mode until you get further out in the corridors.

And then let urban rail focus on the inner corridors.

So you would have different types of riders to the two technologies.

So that's a future coordination level through through the public process we heard pretty elegantly from a number of people that let's not forget south congress and north lamar.

We're not.

To get to the fundamental connection to the red line you have to go further.

If you're on those corridors to get to that corridor.

It is not a compete corridor to the ones we've talked about.

It is a complimentary corridor.

Because again remember with urban rail you can't walk between those two corridors.

So we're really serving two separate corridors.

Both are good corridors.

I will tell you red river is a little bit easier to envision how you would get elbow room to put in this technology and get your own running space.

It is well coordinated with the university's plan.

I understand they're developing a master plan for the university right now that that counts on urban rail through the san jacinto corridor.

And then headed out riverside again, you know, i think there was a lot of discussion early on about, well, why are you headed to the airport?

We know that rail lines don't typically generate a lot of ridership to airport.

Our airport happens to be at the end of a very good transit corridor.

Although it's being redeveloped right now, it will again be a very good transit corridor.

>> Spelman: That's a comfortable stopping place, but all the way riverside is where you will be picking up your riders, not the airport.

Let me push back a little bit with you because it seems to me that there's -- there's a little bit more going on than is apparent.

If I wanted to turn north lamar and south congress into a really great transit boulevard, if in the long run -- short run brt makes a lot of sense.

We get 30 million bucks from fta to turn it into at least the first start towards a really good transit corridor.

i get that.

Is it not possible, though, since most of the capital money is going to be going into transit station improvements, that we could create a transit station which could be served as well by a bus as by a train?

We would have the boarding -- we could find a train or bus for the boarding heights were the same and we could just lay down the track at some point in the future.

Jeff, you're grinning at me.

What's going on here?

>> This is an active issue right now at the department of transportation.

Fta is reintroducing urban circulators into urban environments because the issue is typically light rail has been a right-of-way and you can raise the platform to the door.

As we start moving street cars to side running systems, you now have the issue with the curb size because a bus typically has curb -- a bus goes to a curb height where so the issue is how do you reconcile the need for the bus door to open up with the train car and the platform.

So we have those interface issues going on right now as we're in the midst of the federal transit administration looking at the application of a.d.a.

And the equivalency in terms of how we treat those access issues and getting on no transit, particularly as we run street cars.

So it is an issue being discussed right now.

It's a very active issue for introducing urban circulators to the departments, so I don't have an answer for you today, but I would say that the interfaces are proving to be somewhat vexing.

As you were trying to -- to introduce the street car into that environment where you're trying to offer street car in the same block and it's vexing to have the access board expectations and the interface of those two technologies.

[One moment, please, for change in captioners]

>> we want you to look at the seattle transit tunnel built with the tracks embedded in place in future rail.

And when the rail finally came to be, the first thing it did was go into the tunnel and rip out all of the rails and start all over again.

And with an economic standpoint what we see is that the trains can full -- can combine with urban development policies, zoning policies, incentives, infrastructure improvements for water and sewer and so forth.

You can channel development and skip over the need for this prolonged evolutionary change to take place and focus your development and realize the benefits of rail.

Buses are expensive to operate.

Those buses need to be replaced every few -- the articulated ones are different, could be 10 to 18 years.

The rail cars are 30.

And as rob pointed out, the capacities are different.

So from a pure economic standpoint and a financial standpoint, which is my perspective, I'm not convinced of the efficacy of that evolutionary approach.

I think the community knows where it wants to go, they can channel investment and get there directly.

>> That would be my preference.

For better or worse, when I have thought for a long time was the best transit corridor in town is going to be taken up with the bus for the foreseeable future, how long will cap metro need to run that bus for fta to believe they have their money's worth?

>> Let me make two comments about that.

One, it's a minimum of at least 20 years.

Must be in place for 20 years you have to repay the grant.

THAT'S FT A's EXPECTATION.

But the other thing is that i don't know that they're incompatible.

Given the design of the rail system and the way the rails will be laid, I'm not sure they're incompatible.

When I look at the corridor, they're going to be looking at the bus rides -- the bus transit system, they want to be dropped off there, a one-seat ride, okay?

I don't see that they're incompatible investments and operate on the same street with the design of the urban rail system, they can design on the city streets, sacramento, light rail runs into the city street and doesn't have a dedicated right of way.

There are plenty of examples of light rail on city streets that can be compatible with cars and buses on the same street.

It's not an either/or.

To me, I say there's no reason that brt shouldn't be able to operate because it's a different corridor.

The people using it to get a one-seat ride to get to downtown, they can do that.

The urban rail will serve different corridors.

They can make the choice of whether they get off or stay on the bus.

That's going to be an operations issue and design issue, but i think it's premature to say it's incompatible operated in the same corridor.

>> Okay, so on north lamar, for example, we can have brt in a train at the same time.

And we'd have to deal with the station issue somehow.

And that's vexing.

But there's a way to work it out.

We can figure it out.

>> One of the design issues is they share the same block but the train would be dropped off at one point in the block and the bus off at the other point of the block so you don't have to raise the entire curb to accommodate the bus whose doors open at a lower level than the urban streetcar will.

We can deal with the streetcar in terms of the drop plate.

So there are design issues that can be addressed in looking at what sort of urban form, looking at how you want those two systems to operate on a city block.

>> Spelman: Okay, my apologies for going to this fairly technical issue this early on in the process, but it's a pretty fundamental issue, do we need a train?

And roughly, which corridor do we want to run the train in?

And it sounds to me as though although in the long run running a train north lamar to south congress makes great good sense and we ought to plan on that being an extension of urban rail, the first place for us to run would will be the corridor different from that because we have some value from the brt going on.

>> Yes.

It's really spreading the investment in high capacity trains out over the greatest collection area, if you will.

>> Spelman: Yeah.

>> In the proposal you have here, it assumes the bus is running in that other corridor.

You're really covering two central corridors with the high capacity transit investment.

>> Mayor Leffingwell: And we do have a subsequent meeting that's going to focus more on alignment.

That's really the discussion to be had at our next meeting, i think.

>> Thanks.

>> Mayor Leffingwell: I would like to propose that we end this discussion in about ten minutes so that we'll have time to deal with the other items on our agenda?

>> Spelman: Okay.

>> Riley: Just a few questions.

Jeff, you offered to speak to the factors that could enhance the competitiveness of our application under fta.

Can you speak to that?

>> Okay, first of all, I think the biggest issue is that the bond referendum is successful this fall coming to the fta on the table, the local mandatory in place is significant.

We have the issues that need to deal with.

Having the capital match is a huge plus compared to the other projects compared to competing in the corridor.

The second is given the development downtown, one can go to the corridor and see that it's already there.

It's not speculative.

You have major trip generators already in the corridor that are not hard to miss.

You have the university, you have the state capitol, you have the downtown.

Those fixed investments will project ridership from day one compared to other cities working down the road hoping that the land use decisions will influence the ridership.

We know we have trip generators right away that will drive ridership.

Also given the -- your downtown is fairly compact compared to other downtowns that I've been to.

Because it's compact, you have a lot of short trips.

You're going have a lot of people -- the other thing we see with the urban circulator systems is that to me one of the closest parallels of this project is the valley metro system to phoenix that connects the university.

Weekday ridership is as high as weekend ridership and off peak as high as peak ridership because the people were using the system 20 hours a day.

Because of the students on the alignment in terms of what they wanted to do on the corridor.

You find the system gets heavily used throughout the day.

And the frequency will pick up that ridership because people know where it is and they know i can step to the corridor and get a train in five or ten minutes.

They'll use it in lieu of driving because of the access it gives them.

I look at that and see all of the corridors hope for in terms of land use, you already have.

You can make a compelling case to the fta about what's there in the corridor that are already drive trips.

Those, to me, I look at where the program is going to come in this project extremely well compared with other projects off ear competing with.

>> On the operations side, there's a talk of the idea that the voters could approve a vehicle emissions fee that can help the operations.

I don't see that under the possibilities of operations costs.

>> That was mentioned at the twg that's a possibility that our transit system has.

We did not include that here.

We simply talked about partnering with capitol metro.

And this presentation here really is to let you know that this is a formal discussion that we're starting right now with capitol metro.

Whether it be from their sales tax receipts or from their new tax that they go to the voters for.

I think that's really up to the capitol metro board to do that.

>> Riley: Okay.

>> But that's possible.

>> Riley: Okay.

Just a couple of questions on 5 miles in the first phase, how much of that do you anticipate would be shared with -- with auto traffic as opposed to running in dedicated lanes.

>> If you'll indulge me and let me show you that slide next work session, it's more than 50% off of the top of my head, that you can do with independent right away.

>> Riley: Would that be the time to address questions about construction periods that local merchants might be concerned about?

>> Yes.

That would be the better time if you'll allow me to talk about it then.

>> Riley: I do have to ask one question.

I notice on the map you show on page 16, there's a little football icon up on San Jacinto.

I know there have been issues of whether we would be able to run rail for football games.

>> Right, and that would be an events schedule in what you would do off of the top of my head is run trains in from both the south and the north but turn them back on either side when the game is going, you can run them through.

Just an events management strategy you would do.

That works well, you know, if you're barbecuing downtown in the capitol area, you can do that, get on the train, go to the front door, then back out.

>> Riley: Okay, great.

Thanks for working on this.

>> Mayor Leffingwell: Following up on Chris on some of your statements.

This is the list of possible revenue sources for both capitol and O&M.

This is not an all-inclusive list?

There are other things that we've discussed and other things that are still on the table and will continue to discuss those.

This is a very conservative way of looking -- this perspective is very conservative.

And as to -- we've heard in the transit working group that we are in a very good position with respect to competing with new start money.

Because of all of the things you just outlined.

But you can't really begin that process, that competition process, until you have your local funding.

You know, set in place.

You could, but you're not going to be very competitive.

But that local funding in place, plus the other attributes that you talked about the built-in density we already have the built-in markets that we have for this product, whatever, and it's going to be very competitive.

Mayor pro tem?

>> Cole: I understand this is the time we're discussing the financing plan and the finance resources.

So I want to try to get a big picture understanding of that just because we won't get a chance to discuss it but twice.

And that's just putting up on a real tight timeline.

First of all, in the process of me lobbing a few questions at you, I'd like greg to come forward.

Don't move, rob, let someone else move.

Just come down there.

Rob, tell us where we are with the state, potential state holdings?

You talked about talking to , you talk about talking to capitol metro and talk about talking about the county.

I'm glad there are ongoing discussions.

I appreciate that.

But when we order the election in august and we put it on the ballot, potentially, in november, do you think we will have stake holders at the table?

Or should we be considering this \$275 million for the city alone?

>> I'll see if I can address that one.

From this standpoint as i mentioned, we suggest you put \$275 million and work hard in the upcoming years to reduce that.

Because you won't have -- if you think of the partnerships that we have been talking about, i don't envision that we'd have every dot, every I and every t crossed.

So we would expect that number to come back down.

But we wouldn't commit to that.

So the worst thing we can do from the low calorie john is to fall short of funding.

Then we enter the fta process we don't have something for a local match because something didn't come through that we were thinking that didn't come true.

From that, we're hoping to stay at that number and work hard to reduce it.

We're comfortable we can.

We likely won't have those partnerships solidified by that time.

>> Cole: I can understand we want to be optimistic but we need to be clear among ourselves that what you are recommending that you go to the voters with the \$275 number.

>> Yes, ma'am.

>> Cole: Greg, tell us what that means in terms of assuming that we have a \$400 million meat and potatoes package that we normally have every six or seven years.

And on top of that, we put \$275 million.

>> Certainly, mayor pro tem.

We're at the financial services department.

We recommended council a capacity analysis of the ability to issue bonds and the tax rate impact.

We looked at different scenarios of not increasing taxes all the way up to three pennies.

Three pennies gets you to that \$700 million range.

I will say this, as part of robert mentioned that here at the end of june we'll be coming back with the bond program update and one of the components of that will be an updated capacity analysis.

Obviously, since january, we've come forward with the new financial forecast.

We work with our appraisal district to look at different subjects about assess valuation.

And so we want part of that presentation will be updating that entire capacity analysis which will include tax rate impacts

>> Cole: If we were to -- i believe each penny represents about --

>> slightly over \$100 million.

\$110 Million, \$115 million depending on, obviously, the longer we go at it is a little less.

What we modelled at it is \$115 million.

>> Cole: We use an estimate of the median range for a home.

So what do you think would be an estimate of the monthly or yearly financial impact of a three-cents increase?

>> Certainly, again -- and this is something we'll revisit.

But bond programs typically -- you have an election, you don't start selling debt for the bond programs until about a year later and then we sell debt just like we have on our previous bond programs over five, six, seven years.

Again, that's something in an updated model.

So when we analyzed that back in early January, a two-cent increase was looking about an \$80 per year impact on a typical home of \$200,000.

>> Cole: An \$80 impact annually on the average home --

>> for about a two-cent increase for three cents, it's above \$100.

>> Above \$100.

>> Those are the numbers we will provide updates.

>> Cole: I understand.

The financing guys were here.

We made a decision on \$275 million, we're talking about other sources to the extent that we need to work harder at other sources to decide what the number has to be.

We need to talk about that.

Or, the commitments that we have to have from partners.

Are we going to do it?

Are we going to do it on our own now?

Greg, have you had any discussions with any other local entities about their plans for going out for bond initiative elections or any of that?

>> I have not.

I know certainly there's discussions going on.

Every entity is out there looking at the infrastructure needs just like we do as well.

So certainly -- but I'm not aware that we've been approached about any specific timing of any new bond programs that are coming forward.

>> Cole: I'm going to generate that question to Laura Morrison or the mayor because we have a subcommittee meeting on whatever update we have on that.

>> Morrison: Right, we want to talk with Ed.

The last joint meeting with the county and the school district, all of the finance people had talked to each other and they came and gave us an overview of each of the entities' perspectives.

In fact, they pulled in accord on it.

What we're planning to do, and hopefully here on our June agenda, what we did was ask each of them to go back and work together and give us a simple time line, joint timeline of what potentially each one of us is looking at.

Because there was talk about trading off and making sure we're not overdoing it, cumulatively.

And lastly they were also asked to get together with central health because that's another big piece of the project.

And I know Mr. Lamberas is here.

Maybe he can talk on if we're making some progress on that.

>> Social City Manager of Committee Services.

We are bringing that item on for the June 22nd joint subcommittee meeting.

A report will come to that group at that time.

That's the plan.

>> Morrison: It's of interest to everybody on the council so it would be good to find a way to push that information to everybody.

>> We'll certainly do that.

>> Mayor Leffingwell: Mayor pro tem, we're well aware that we're not the only body in this region.

And we're -- we're closely watching what everybody else is going to be doing.

That's going to be a factor in the final decision too.

We just don't have that information yet.

>> Cole: We're in the process of getting it to the subcommittee.

>> Mayor Leffingwell: We're in the process of doing it.

Not just at subcommittee, but other subcommittees too.

>> Cole: I would like to suggest that the whole council have that presentation in some type of briefing, maybe before you come back, because I just don't think it's wise to look at it in a silo for us when we know the other entities, the school district, the central health district, and all of that --

>> Mayor Leffingwell: I totally agree.

I couldn't agree more.

Right now, the time is just not right because we don't have that information.

But I did want to point that -- and you kind of touched on this.

Even though the money is authorized, it doesn't mean that it -- the money is actually used and in our case, probably no significant amounts of money would be for at least three years.

That's when the preliminary engineering comes in to place.

The total construction process will be further away from that.

So even though it looks like that up front, it's not going to come into play for quite a while.

Actually capacity is going to be increasing every year.

That's got to be the fact or of what the impact is it going to be.

Not right now, but when we handle what other bodies, what their plans are and that is the appropriate time to come back with a comprehensive cumulative analysis.

Councilmember morrison.

>> Morrison: I do want to -- after a couple of questions to get a big picture view of things because we're going to have a lot of answers to provide to the folks who are interested in this issue.

I heard you loud and clear that when you see one rail system, you've seen one rail system.

I liked that.

But on number 23, you did -- on slide 23, you did provide some sort of picture of what other cities have been doing with their new starts program.

And I'm curious.

They do vary quite a bit.

550 Potentially for us puts us sort of on the lower side which I think is interesting.

But -- but then again, we're talking about phase one.

So we may be looking at significantly more.

Can you give me an idea of say baltimore which comes in at the top here with over \$2 billion, i guess that is.

Was that a pretty full system that we were talking about?

Or was that just one or -- of the system.

It was -- it's noted as the red line?

>> Yeah.

>> That one specifically, i can't really talk to.

But it's good to keep in mind that this first slide here, these are the light rail projects which often are bringing the exclusive right of way completely.

And sometimes dealing with negotiations with other railroads and acquiring all of that right of way, it leads to a lot more cost what the urban rail system would be.

On the other side on the lower end is also the streetcar projects which are sharing a lot of right of way on the streets.

So it gives you the range of possibilities here.

It's like each project is different

>> Morrison: So the right of way can add substantially.

It's not just about construction.

>> Each project?

I can tell you what makes them difference and what might add to their project costs given the proposed --

>> Morrison: Do you know the red line?

>> It's got tunnels that operate in a very urban environment.

It's going to have tunnels.

Navigating through historic neighborhoods, environmental justice communities, so it has a lot of mitigation issues associated with the project of the proposed alignment.

That's why it has the issues that it has.

The right of way for a substantial portion of the project is increasing the project cost and has a lot of structures associated with the project because of the chosen alignment.

They're replacing bridges.

There's a lot of infrastructure costs associated with that project to build it.

Once again, it operates down the state road.

But once it gets to milwaukee, there's an infrastructure cost because of the end of the line station and how it was operating the alignment.

Central corridor, also operates down the city street.

It's probably the most fairly close and parallel to the project in terms of the operations.

So it's a fairly close parallel.

But they also have issues to deal with in environmental process and environmental justice communities that delayed the project and had to do a supplemental environmental assessment to address those issues locate in the communities to make sure the impact of the communities was addressed.

Drapers is a fairly straightforward project.

It's in street, a straightforward project.

The university link as rob alluded to earlier, the topography of seattle requires a lot of the system be put on elevated structures.

So it gets very expensive to build in seattle because of the topography.

>> Morrison: I appreciate that.

It is informative in some ways and it tells me that we're potentially look at a first phase that's --

>> Spelman: Pretty straightforward.

>> Morrison: And getting a certain bang for your buck in terms of that and that's an important point to grasp here today.

>> That's why we chose not to put in phase one crossing the river with that bridge.

It's a high-risk, high-environmental issue that we would have to deal with.

Phase two, we're willing to address that.

>> Mayor Leffingwell: You mean high financial risk?

>> Yes high financial risk as well.

Our consultants advised us, pick something that's easiest to build and a project that you can hit the ground running with.

So that's why that part of that we chose to recommend in phase two.

>> And if I may, these systems whether they be seattle or charlotte, the systems they're funding right now that tend to be more expensive or not their first rail lines.

They've gotten experience.

They've gotten experience in terms of working with the feds.

And so I think that's -- that's a takeaway as well is that all of the systems -- I worked on the seattle system -- saved the more challenging system until after they had institutional experience of how to do it.

>> Morrison: Right, and i imagine also you have sort of proof of concept with the citizens of the city that, yes, they are willing to embrace rail so that when you go to phase two, they know they're investing in something that's going to be worth it.

>> There's no product that they're buying, yes.

>> Morrison: Right, okay.

That's helpful.

Another one to jump to, the o&m discussion you presented on slide 33.

I guess the question here is it's critical that you plan for how o&m is going to be handled.

So whether our plans were -- when do we figure that out?

>> We'll begin discussions with our transportation partners right now and we hope that -- to start talking to capitol metro for one.

One of the, I think, saving grace for this is it did add expense to the capitol.

But if it's out until 2021, we've got some time to figure that out.

But we certainly have to have some answers before we go.

To our community on how we're going to operate this.

So we're going to begin talking next week about the organizational side, what I have is the organizational award and we'll have to have some pretty intense and quick discussions with capitol metro and lone star and figure out how to fill that gap.

It has to happen quickly, to have that discussion

>> Morrison: You're saying we should have some good strong commitments to partnership before we make the decision to go to the voter s?

>> I would hope that we have a good indication of how to fill that gap?

>> Morrison: Okay.

I agree.

I think that's really critical.

Because we need to be able to tell people why this makes sense long-term.

As you mention, that's a critical piece of it.

And then, let's see.

I think the last question I have is slide number 29 is a bit of a timeline.

And I wanted to ask about in 2013, I sigh see na and aa.

Is that the completion of the alternative analysis?

>> Yes, ma'am, that's the completion of the alternative analysis.

One of the major steps we've been working towards is having a conversation about recommending a first phase to you so we can now focus the remainder of the alternative analysis on that as well as focus the environmental on that effort.

>> Morrison: So we have an ongoing alternatives analysis effort?

>> Yes, ma'am.

>> Martinez: -- Right now and it's helped us get to this point.

And are there -- do we have like studies and reports that we have been -- the milestones that we've met, strin -- for instance?

>> They're published on our website.

I can never remember the web site.

They're in the report.

The website is in the report.

We have our central austin transit study, the study that talks about how we got to here and evaluates the corridors as we move towards the first investment.

Last week, we also delivered a first investment recommendation memo to councilmembers that's publicly available also on our website.

>> Morrison: Okay, and when do -- so ridership numbers have not come out of those yet.

>> We have preliminary ridership numbers based on the system investment.

We're now refining those investments to be able to give you estimates on the first investment.

>> Morrison: Okay.

>> But those take sometime to continue.

As a region, we've been working on the updated travel model.

That's important as we continue through this analysis.

The website just for the record is austinurbanrail.com.

>> Morrison: Okay, great.

That includes the environmental impact statement.

>> That includes the environmental impact.

This time last year, we initiated the environmental process.

Two of the things that we heard from that early process was, number one, how does this tie into the system?

So that generated the push on project connect to help define the system or redefine the system plan.

Obviously, we were operating under the 2035 developments that were in the regional plan.

And then the second thing is to focus in on a first investment.

Okay, this -- the system is much larger -- even then a lot of people thought we could achieve in a first lift.

So to define the first investment and then focus on the environmental down on that.

That's what we're headed towards.

>> Morrison: One of the issues that I frequently ask you about when we talk about the environmental impact statement or assessment is the whole concept of potential displacement of folks around the route because if we're going to look at, especially if we're thinking about tips we're counting on property values going up.

That's something that is addressed to some degree in the environmental impact statement?

>> Yes, ma'am, that's looked at in terms of environmental justice and winners and losers analysis in terms of the costs and so forth along the corridor.

You know, we've learned from places like denver and seattle and portland is that the infrastructure by itself certainly generates a demand for land use response that it is the policy that is wrapped around that investment that encourages affordability or encourages value increase.

And so I think as we move forward, once funding is identified, that's one of the areas that we need to work on is what would be the supporting policy in terms of the regional goals or the city's goals in terms of what happens with those investments.

>> Morrison: Just to mention it to all of my colleague, there's some very interesting studies that other cities have done.

I think denver, minneapolis, los angeles, about, you might find unless you search for like rail equity, rail and equity and things like that.

And they, I think they take the environmental impact statement as a jumping off point.

But really delve into, you know, area-by-area, what kind of impacts we can expect to see with regards to change in the community.

And then, the next step, of course, is to delve into how can we mitigate what might be considered negative change in the community?

Like displacement of long-time residents and things like that.

So I'm looking forward to us being able to really try and get ahead of the curb tcurve and do some work like that.

I look forward to working with you and bringing forward a resolution maybe to ask us to get started on that kind of work.

I think that's critical.

>> The department of transportation just issued a notice on monday that indicates to all modal agencies that there -- enhanced focus on title six.

They came ahead of the curve and focused in on the issues.

We will have to do that as part of the environmental process, what's the impact of the neighborhoods and how we mitigate the impact and there will be concerns about displacement and how to address that displacement issue.

We have to look at the issues.

And fta will have an enhanced focus on that as we move the project through the environmental process.

So, yes, that's something that we'll have to address in an area of particular concern with the administration vis-a-vis the announcement made yesterday that was in the federal register.

>> Right.

>> Morrison: I'm sorry.

>> Councilmember, we're in an advantage of the corridor.

There's an east riverside plan that incorporates the project of rail, certainly the downtown austin plan that was adopted by council that includes urban rail through the core, the evolving capital master plan, as well as the university plan, obviously planning with that in mind, and then noaa.

So we're well down that direction if you will in incorporating the relationship between land use and rail.

It's something that helps to make us competitive for federal funding as we move forward.

Certainly we need to continue with those policies.

>> Morrison: And appreciate that.

With regard to the notice that came out yesterday that there's talk in some detail about the expectation of what's --

>> it's more a direction to each of the modal agency implement -- fully implement the policy.

It's less directed to the transportation and more to the highway transportation administration.

They're looking at the issues with respect to the national environmental act processes.

It's to apply across all of the modes.

While it wasn't mode neutral, it was very much directed to modal agencies who have historically paid less attention to those issues than perhaps the fta has.

>> Morrison: Thank you.

>> Mayor Leffingwell: Can i say, it will have positive impacts in the federal effort looking at how the -- looking at the issues like affordable housing and good public transportation work together and complement each other and they're looking at that as a total package.

>> That's a good point.

The fta process under the proposed rule as it goes to the final to the issues picked up in that respect, when they want to double count riders as a person, a transit rider and second to look at the land use and the corridor, the connections of the impact of affordable housing will be explicitly called out in the analysis of the project and looking at those two measures, so, yes, that will get enhanced treatment under the rule once it goes to final.

>> Mayor Leffingwell: Good public transportation enhanced is affordability.

That's the fact.

This is as you can see a very complex issue in the transit working group, which bill and i are on, there's about 17 people on it, it's a regional effort.

We've got people from roundrock and san marcos and bastrop.

It's a broad spectrum group.

We've been meeting every three hours for six months.

So trying to convince all of the things that we talked about into just a couple of sessions is going to be really challenging.

But I encourage you to come to our remaining transit working group meetings some friday 30, you're always welcome.

Councilmember martinez?

>> Martinez: Yeah, I'm sorry, mayor.

I have one last question.

It's really important.

That is, is there a shelf life for the alternatives analysis, the environmental assessment underneath the process.

And if so, what is that shelf life?

As you said, it's complex and may take some more time to get to a final decision if we've started that process, how long do we have before we have to totally decide to move forward or not?

>> I will tell you the alternatives analysis has a legal shelf life of about three years.

So most of -- and so all of these projects, typically what you do is you refresh it every three years, which is built in to the understanding of the timeline.

That's typical.

And so the refreshing means after the original environmental document is published, we go back and focus on have there been any changes that we need to take account of.

But that's normal for any project of this size.

The alternative analysis, obviously, has a local shelf life depending on what -- what the community believes that to be I things dramatically changed.

And obviously that may change.

But once you get into the investment, you're pretty well moving forward with the agreement you make with the federal government.

Because at that point, they're really a co-investor in what you're doing.

>> Thanks.

>> Mayor Leffingwell: Mr.

Spelman.

>> Spelman: Briefly, I want to booth was here and he had suggestions to enhance the competitiveness of this proposal.

You mentioned several things along there way.

I wanted to give you a chance to say anything else that we need to know that we haven't heard yet.

>> If you look at -- land use and economic development receive a large percentage share of the weights under the project evaluation process.

The more that the city council -- that's something that you decide in the city council in terms of land use and density in the corridor.

So the decision to make around land use in the project corridor and the decision to drive investment into the corridor will enhance the project's competitiveness.

So you want to look at those decisions that you've made, look at how strong they are, also, look at the existing development in the corridor as well as any planned or expected development.

So to the extent that we move the project forward and the plans become more real and the corridor more defined, you'll find that the developers particularly in this market will get ahead of the project and make acquisitions of property and make development plans around the project in expectation of it coming.

So I think that you'll -- that will also bode well for the project competitiveness to the fta because you'll see the plans are real.

>> If I can add when we talk about density, we know it's a sensitive issue.

It doesn't have to be just through the corridor.

It can be areas of established neighborhoods that are maintained as there are.

There can be areas of parks along the corridor that obviously remain parks.

Doesn't mean you have to develop everything to a high density level.

Where it's appropriate, that's the community's advantage and where it's not.

That's for the community to maintain what's there.

>> We can -- I'm on the board to reconnect america.

We have a series of studies, pod 101, 102, and 103 talking about station design.

The community stations are context sensitive.

Depending on the location, you can design the station in the context to where it's located.

I commend those studied to you where you can look at the applications of the surrounding development and the community.

>> Spelman: They're on the reconnecting america website?

>> Yeah, they are on the website.

>> Spelman: Appreciate it.

>> Mayor Leffingwell: Thank you very much.

I think it was about 35 minutes ago I said we'd go for another ten minutes.

All good stuff.

Now open for discussion on any items.

No preselected items.

So staff is not going to necessarily be here to answer questions.

But if there's any particular items members wanted to discuss.

Councilmember morrison?

>> Morrison: Thank you.

I did want to share with everyone, you know, we have the imagine austin comprehensive plan on our agenda.

And our comprehensive plan of transportation subcommittee last week, I talked about some potential amendments that i wanted to consider taking it forward and I wanted to share those with everybody here.

I have --

>> Mayor Leffingwell: What item is that?

>> Morrison: It is -- it's at the end.

It's a big number.

>> Mayor Leffingwell: Three-digit number.

>> Morrison: Three-digit number greater than 110.

I'll find it just a second.

135, Thank you.

So I have two of them that I had written up and passed out.

To my colleagues on the committee.

And I wanted to make sure that these were made available to everybody else.

I've been working with some folks through what they see as barriers.

And things that still need the change on the comprehensive plan.

So been working to try to adjust these.

And I'm not going to necessarily read them out loud.

But what I passed out a revision to chapter 4 to add some language that basically sort of highlights some of the policies that we already have in place.

Highlighting that we are with the gross concept maps, that we're intending to protect the environment.

That growth comes with constraints and things like that.

And it does it in line with the policies.

And then the second on this page, a revision to chapter five, and I have some more of these.

I'd be happy to pass them out to anyone in the audience that's listening and interested.

Chapter 5, the intent is to clarify and I think it has been noted elsewhere in the diagram, in the imagine austin.

But to put it in to language that we do intend to continue neighborhood planning in the areas that don't yet have neighborhood plans, and to highlight there that imagine austin is not going to

dictate decisions in the so-far-unplanned neighborhood planning areas but they imagine austin will work with the new planning efforts that are under way.

They'll work together.

I'm also -- I also discussed at the committee meeting an interest in sort of raising the bar on the priority of local business in our plan.

There is a priority program on workforce development and the economy.

I'm still working with staff.

We haven't quite gotten together yet.

It does -- that program either three or five does talk about local business in a couple of ways but the idea was to try to raise it up and make it more of a priority there.

So we're going to be looking at language to do that.

There was one other suggestion i made that I had to work on and that was there was a discussion in I believe it was in that priority program and that was how there was a challenge to low-income folks with regard to housing.

And I wanted to highlight that that challenge for low income and medium income folks, affordability is not just the low-income concern.

So, at that point -- at this point, those are going to be some proposed amendments that i will make to the plan on thursday.

And I'd be happy to hear any comments.

I know you haven't had much of a chance to think of any of this.

>> Spelman: I wish I had thought of this myself.

>> Morrison: I should say I'm still thinking.

There's other things I'm considering.

There's concerns about the growth concept map.

And as you'll recall, one of the exercises that folks went through at the end of last year was to compare the growth concept map with the land use map in the neighborhood plans.

And I thought it would make sense to note that on the growth concept map, that it's consistent with the land use maps and the neighborhood maps and that's the intent.

>> Mayor Leffingwell: I have a couple of nitpicky things here.

Environmentally sensitive areas such as recharging and contributing zones, I would just suggest such as but not limited to --

>> Morrison: Okay.

>> Mayor Leffingwell: And then under lulp 22, whatever that means, where it says transportation development and environmental areas, I would just suggest the syntax environmentally sensitive areas.

>> Morrison: That actually is just a quote straight out of the plan already.

But --

>> Mayor Leffingwell: That's for them then.

>> Morrison: Right.

Thank you.

I appreciate the other one.

>> Mayor Leffingwell: Any other comments on that?

Okay.

Other items?

Councilmember tovo?

>> Tovo: I have a question, a couple of questions for my colleagues on 89.

>> Mayor Leffingwell: Eighty --

>> Tovo: Or I guess anyone who wants to talk through them.

So this resolution -- I guess I'd like some sense of how this committee will interact with the existing cross departmental team that exists already.

And I guess what revisions are contemplating, how it will mesh with the existing team and also whether there's a financial impact of this resolution.

Sorry to put you on the spot, but if anyone wants to chime in?

>> Yeah, what we're doing is -- we're not necessarily reinvention of the wheel.

We already started this in the special events.

South by southwest, acl fest weekend.

So we're just asking for a formalized process of a special events team that consists of all of the folks that we know that get tagged in the special events and after, you know, work extra hours and answer a lot of questions and sign off on a lot of traffic plans, event plans, and making sure that there is a cohesive coordinated effort to facilitate these events happening much more smoothly.

Just as we've learned over the years, we want to take the best practices and outcomes and formalize that into a full special events team process.

>> Tovo: I applaud the goal.

I think that's really critical.

I've been a party to lots of conversations about the need for that kind of coordination.

I guess it was my understanding that we had a special events team and that had come out of the st -- closure task force and those were parties you mentioned from transportation, special events.

Music may not be particularly called out in that special events team.

So maybe this is a new direction.

I just couldn't -- wasn't familiar enough with the existing process to know how it might shift if this resolution is passed.

>> Yeah.

michael McDonald, deputy city manager.

Historically, we've had a -- you know, I wouldn't call it -- we've had certainly staff that have been assigned to with various responsibilities for each area.

And I think that's what the councilmember martinez was speaking to.

But, you know, one of the challenges has been internally and externally that you know there are so many different parts -- so many different areas that are involved that sometimes it becomes difficult to coordinate.

The city manager recognized that.

Several months ago and so we -- he directed us to begin a process of pulling the different departments together and so we've already identified space or in one texas center that the city manager has signed off on.

And so that -- the process, you know, in terms of what's being communicated here, we're certainly well into it.

So, it wouldn't be a need so much to create a new team.

There are individuals that are responsible.

But what we hope to accomplish is more on the lines of what we've done with the one-stop shop where we co-locate everyone to make it easier for us internally and for external customers.

>> So if I may, the special events team I was familiar in were the individuals from different departments, police, , who have been meeting regularly, i thought, once a week.

>> Right.

>> Tovo: To handle events.

So it sounds like one change is that is -- as you said, they're going to be co-located in an office devoted to special events.

That's a dramatic shift.

>> You are correct.

We took all of the individuals that dealt with the special events from all of the different departments including music that we will put over there also because they have become a big part of special events and put them all on the same floor, all located together so that when you have a special event, an individual can walk in one place, talk to all of those individuals if there are questions or concerns, they can be routed to any one of the individuals, particularly, whether it be a special event that has a transportation issues or south-by-southwest for transportation issues.

Music, safety, all of those kinds of things.

We recognize that even though they have been talking together, they do work together really well, it would be much easier for a customer and also easier for them if they're together and can solve that problem immediately as opposed to having to get together on a weekly or monthly bay -- basis.

There's not a change within the staff itself.

It's just how we co-located them in a formal process that we put together that they will be working on.

>> Tovo: So are these staff who are at this point 100% devoted to special events?

And if not, will they then be 100% devoted to special events in how they spend their time?

>> Most of the staff are already dealing with special events.

There's different parts of it.

Part of it is permitting.

As I mentioned before, part of it is really the music looking at noise reduction and that sort of thing.

And the application there.

You have the police who are also dedicated to special events.

So these particular individuals have already been there.

There's nothing -- I guess I'm asking about their workload.

>> Tovo: Are these individuals right now 100% -- is 100% of their workload focused on special events?

Or will that, too, be a shift?

In essence, I'm asking, are these individuals who are now doing, you know, multiple things for our departments are going to be focusing 100% of their time on special events or are they already devoted to -- are their staffing devoted to special events?

Or are they co-locating?

>> For the most part, certain departments and units, you may have an individual who may have some other responsibility but most of them their primary responsibility is to deal with special events.

But there may be a circumstance like where for example where police where there are some ancillary responsibilities that they have to do.

And that's not all bad.

Particularly there is a down time where they're not affected and actually working on a specific project.

But their primary responsibility, the individuals that sue Edwards is talking about is special events.

>> If I could, I would just add that it's sort of -- it's -- I envision it as an evolution process.

We have pace.

Pace is more concerned with occupancy load and public safety.

It's good.

They'll still keep doing that.

But we have to evolve and expand that mission beyond just safety.

It's traffic, it's sound, it's impact on neighborhoods.

And so we're just kind of expanding that existing scope to be more comprehensive to all of the issues that we continue to come up with during special events.

>> Is there an estimated fiscal impact?

Will there be one on Thursday's agenda?

Part of the backup?

>> At this point, we don't anticipate there will be an impact.

>> Tovo: Just those who do multiple things in connection with special events will continue to have that broad portfolio, they'll just focus on that more?

>> That's right.

>> Tovo: I will throw this out.

I would hope at some point we could get some system for fully accounting for special events in terms of the costs and benefits, financial costs and benefits.

I know we've gotten some information through the budget process and others.

But the street closure -- the street closure ordinance, a financial accounting of that, so we could see as a city financially how we benefit from events what the costs are and whether the fees we assess are appropriate to that.

We benefit from all of the festivals and the events that make our city so lively and make it a place with a high quality of life but I do think we should keep our eye on the cost of those.

>> Martinez: Okay.

>> Mayor Leffingwell: I got one on 140, the sdr public hearing, consideration of an ordinance.

I had stake holders from both sides of the process, ongoing process, neighborhood people and the other side have requested postponement in that, so are requesting a postponement.

In addition to that, we have the fact that the planning commission is supposed to begin consideration of this tonight.

And whether or not they will actually have a decision tonight is problematic.

It's very complicated, controversial issue.

I would just like to see how everyone feels about going ahead and postponing this now so we don't have a bunch of people standing by for a long time and come out here for the public hearing.

Councilmember?

>> Spelman: If I could just add to that, the austin city auditor has conducted an audit.

Done some work on behalf of the audit and finance committee for this issue.

The final report just became available last night.

I don't know if it's been distributed to all of the interested stakeholders at this point or not.

I suspect it has been.

It would only give us 48 hours to take a look at it.

>> Mayor Leffingwell: Yeah, that puts the crunch on having a very short -- even if the planning commission did finish work on it tonight, that would be a very short time to evaluate that as opposed to what i understand are two different other proposals, the staff proposal and the stake holder proposal and the planning commission.

I just think it makes sense to give us time to get the full analysis of the auditors' report and the planning commission's recommendation and spare people from coming out here to wait for a public hearing and then wind up having to postpone it.

Mayor pro tem?

>> Cole: I would support that.

>> Tovo: Mayor --

>> Mayor Leffingwell: I know we can't do it until 4:00 tomorrow.

>> Okay.

>> Mayor Leffingwell: Is that what you were going to say?

What we've done is the changes and the corrections that we anticipate at 4:00 doing that?

>> Yes.

>> Mayor Leffingwell: So is there any -- councilmember moreson in.

>> Morrison: Sorry, I was ready to move on to another topic.

>> Mayor Leffingwell: Yes, okay.

Councilmember tovo?

>> Tovo: We had the discussion a little this spring on the timing of this.

At the time I pointed out that this has been in progress since July of 2010, that was the month that the planning commission initiated changes, initiated the stakeholder process.

And I guess we'll see after tonight whether they make any changes to the initial recommendations but they had the initial recommendations in place for several months now, since before that council resolution to do some audited studies.

So, you know, I'm not --

>> Mayor Leffingwell: I think it's very powerful that the stakeholders and the other side are both requesting.

And normally we -- especially when both sides agree that there should be a postponement that we grant it.

>> Tovo: Have we gotten -- I missed the lead-in to this discussion.

I know I heard you talking about this.

But I didn't understand whether there had been a formal request from all parties?

I've heard talks in the wind.

>> Mayor Leffingwell: We can verify if it's been a formal request.

But my office was contacted with the request.

The attorney recommends neighborhood groups.

>> Tovo: That would be good to verify, thanks.

>> Mayor Leffingwell: Okay.

I just -- I think it would be good to provide some advance notice to people who are coming out.

00 tomorrow afternoon.

But we can provide advance notice that's our intent.

>> Tovo: Thursday?

>> Mayor Leffingwell: Thursday?

>> Tovo: What day can we do it?

By 4:00 on wednesday?

>> Mayor Leffingwell: 00 on wednesday.

Special meeting tomorrow, 4:00.

All right, you have another topic?

Councilmember morrison?

>> Morrison: I don't know if staff is here to talk about green, but it would be interesting to get a comment on where we might be.

And I also did want to let folks know that I had submitted some questions just today because it was only this weekend that i really got to read the proposed contract between these.

Some interesting things that popped out at me reading the contract.

I'll look forward to providing answers to.

They'll be a common interest.

In the contract it says with regards to prevailing leads, that the developer would adhere to prevailing wage or use good faith efforts to adhere to prevailing wage.

And same with osha requirements and things like that are of a concern to me about why -- maybe not fair -- I do want to alert folks for the concern that i have.

And I'll be looking forward to answers.

>> Councilmember sue edwards.

That was the language that apple put in their agreement that they agreed to.

You will see some new language coming out probably this afternoon, hopefully.

We've been working on the memo with the many questions on it and we met with them yesterday to try to finalize those responses.

I think you will see a new response to that particular issue.

They have at this point indicated they have no problem with abiding by osha.

They have talked to the workers' defense fund and have invited them to the site any time they want to come.

You will see a formal letter that goes out to worker's defense.

But it will also be a response in the memo that you will get hopefully this afternoon.

In addition, they have been working with the affordable housing individuals.

And I think have seen some movement there also.

So they have tried very hard to make the changes the council has requested of them.

You will see the answers.

And a single sheet in addition to the memo that has all of the changes from the original agreement.

>> Morrison: I appreciate that.

I understand that some of the housing advocates and housing works have put in a lot of effort and crow has been working quite hard on the affordable housing issues is the report i got from the advocate.

I really appreciate that.

That's going to be good.

I apologize.

We did submit more questions this morning.

>> It's okay.

>> Morrison: Everyone will get a copy of them.

The one I want to raise is there are a lot of prohibitive uses in the -- in the agreement.

And some of them just seemed really curious to me and I was concerned about the prohibitive uses really sort of trying to craft a luxury upscale feeling.

Like, for instance, it says that stores selling alcoholic beverages other than upscale stores selling alcoholic beverages are prohibited.

And the same with tobacco shops, only high-end tobacco shops.

Those are the things I wanted to question.

And usability issues such as large day care, pet services, and prohibiting, for instance, goodwill.

I guess -- those kinds of things are really just curious to me why we would want to do that.

Do you have any comment on that?

>> I do.

We can respond to that.

Those uses were laid out in a policy for second street.

One of the things that the council at that point tried to do was try to prevent second street from turning into a sixth street where all you had were bars.

What they did was specifically outline the uses they wanted to see and the uses they prohibited setting out an -- a consistent environment for second street.

And that was a long-term.

So we have used those prohibitive uses for every agreement that we have along second street.

One of the things that we have changed, and we do change them periodically, I want you to know that, one of the things we did change is we got a lot of residents downtown with a lot of animals, we -- there was an ask for pet store and for boarding downtown and so that was one of the changes that was made so that we could allow pet stores that could board animals downtown.

That has been used since probably -- I want to say 2001.

And that was in every agreement that we have that has retail in it.

But we're certainly, as I said, amenable to some changes.

And there's some flexibility in that language.

We wanted it to be a street, retail, we wanted people to continue to walk down the street.

Having people there that were active.

So we did prohibit things like dental office.

But if you see around the corner on second street, there is a dental office.

So we've tried to accommodate but at the same time keep second street as retail active as we could as opposed to a cleaners or something like that.

They occur but occur on the side streets, not on second street.

>> Morrison: My understanding and what my expectation of green is that it's going to be a hub of living and so you do need doctors offices and things like that.

So it might make sense to take a fresh look at these -- it's not just an expansion of second street that we're doing.

>> We will look at that.

Also we've had some conversations with trammell crowe about -- not directly on second street, then they can be on the side street.

So you still have them available to you.

It's just that we were trying to maintain that activity of retailing on second street.

We can certainly look at that.

>> Morrison: Okay.

Maybe I misread it.

It seemed to be prohibited anywhere in the development as opposed to just the second street?

>> They have -- they have originally, they were.

We've been flexible.

We look at the development over the period of time.

We have flexibility in that.

So over the period of time as we've seen new uses, we have new uses coming into the area, we look at those on a one-on-one basis.

That's the way we have used that is on a one-on-one basis.

>> Morrison: So then you go back and change the agreement and waive the limitations or --

>> we have not changed the agreements.

In most of the agreements, i don't remember if we have it in this one or not, the ability to be somewhat flexible.

If we don't, maybe what we can do is make sure we do have in the agreement the ability to be flexible.

To beore flexible on that.

>> Morrison: There's a prohibition of bowling alleys on the ground floor.

What's the rationale on that?

>> I cannot tell you.

I have no idea.

>> Morrison: If you think about let's just have bowling alleys upstairs so the people downstairs get to hear it.

Okay, well, we're getting down to the nitty-gritty of this, but I -- I would appreciate some more thought about these kinds of things.

Because I think that, you know, we wanted to make this a place where real people can live.

>> Mayor Leffingwell: I didn't know we had a bowling alley item on that.

>> It's a prohibition against bowling alleys on the ground floor.

I'm thinking dart bowl could expand and it would be a real draw.

>> Mayor Leffingwell: Councilmember martinez?

>> Martinez: Thanks, i appreciate the work going on.

It's been a long negotiation process.

But if you could just provide us the direct language of the flexibility that you're referring to in the agreement to allow you to make individual decisions after council has made their final decision, I just want to take a closer look at that.

One of the things that has been brought to our attention is that most major apartment corporations have certain rules that are standard nationwide.

One of those is a breed-specific ban on pets.

And we know now that there's much more that goes into dealing with pets as opposed to just breeds.

It's really about behavior and size.

And one of the things we're being asked to contemplate as a city is not to allow breed-specific bans.

But more behavioral and size of the animal.

And didn't know if that flexibility remained in this agreement for us to visit that issue later.

Because I'm not sure I'm going to have a proposal for thursday on this specific issue but wanted to make sure if I didn't that we would have the opportunity to revisit that later.

>> That issue has never come up in our negotiations.

So, yes, we can try to work something in.

>> Martinez: This was something that recently came up in the campaign cycle.

It was a question asked at a forum -- most apartment complexes have breed-specific bans.

So they're asking us to either create an ordinance that disallows that or in cases where we are actually a partner in the agreement that we create the language that would be more palatable to an animal-friendly community as opposed to bans.

>> Mayor Leffingwell: I understand the concern, but, you know, I heard that question too.

And the concern I raised is if I'm an apartment owner, I say, okay, no dogs at all.

You know?

And following that line of reasoning, it's conceivable that someone, you know, we have a very high occupancy rate in apartments right now.

Someone trying to get into an apartment and the apartment owner says you can't have a dog or a pet.

Okay, off to the shelter.

I'm dumping my dog.

>> Martinez: One of the things that comes up is it becomes a marketing tool for those apartment complexes as well to folks who do want to own a pet that's of a specific breed or a certain size.

Because there are bans in other places.

And what they've found is that all of the available units that don't have breed-specific bans are now consumed.

It's very hard to find an apartment that they can have their companion animal with them because of their sites or their breed.

>> Mayor Leffingwell: I just think it's important to make sure all of the possible unintended consequences.

>> I agree.

>> Martinez: That's why I'm asking is there language to allow us to do that because of some of the points I just made, it's a little more complicated than just coming up with something on the fly.

I wanted us to have that discussion with the animal advisory commission and come up at a later time and revisit that with Trammell Crowe.

The last thing I'll say is we've been asked for a time certain on this item because of the folks who want to participate in the discussion.

So I anticipate on Thursday that I will be asking for a time on this item.

>> Mayor Leffingwell: Just make a note on that.

And are there any other requests for something like that?

And/or items that you intend to pull from the agreement that you can let me know about that.

That's very helpful.

>> Morrison: I would like to do that, mayor, with the comprehensive plan too.

I think there are several people who want to speak to it.

Also for 6:00 p.m.

>> Mayor Leffingwell: What item was that?

>> Morrison: Same item?

>> Tovo: 135 I think.

>> Mayor Leffingwell: And so -- was -- was the green -- what was that, mike?

--

>> Morrison: 12, I think.

12 Plus some others.

The comprehensive plan is 135.

>> Mayor Leffingwell: 12 And , you're going to ?

I think it's just 12, mayor?

>> Mayor Leffingwell: Okay, let's double check.

>> 13 Deals with infrastructure.

We went 12 and 13, we should take them both.

We should take a vote at the same time.

>> Isn't 14 the same thing?

>> Its's only 12.

13, 14, 13 And 14 is a tiff issues.

The tiff items.

12 Is green, 13 and 14 are the tiff items that refer to the sea horn district.

>> Mayor Leffingwell: Okay.

My notes are wrong.

>> Tovo: Should be the 13 and 14?

They're related and not 12 and 13?

>> Mayor Leffingwell: It's only item number 12.

>> Spelman: Mayor?

>> Mayor Leffingwell: Might it is not a good time certain.

30, they go on more than a half an hour.

We don't usually come back until 6:30.

30 as being a more accurate time for people coming back from dinner or wherever else they're going?

>> Martinez: Sure.

>> Spelman: I have a question on the green case while ms.

Edwards is here but I'll wait until we work the rest of this stuff out.

>> Mayor Leffingwell: I'm open to suggestion on that.

00, you want to use 6:20?

>> Spelman: I don't know that we have to be that certain?

>> Mayor Leffingwell: 6:30?

>> Tovo: I'm good with 6:30.

22 Will be, request of staff would be moved to 6:00.

Anything else.

>> Mayor Leffingwell: Is there consent?

>> There's a clarification that 12 and 13 are related.

>> Mayor Leffingwell: All right.

Thanks.

Any other items to be discussed?

Riley then spelman.

>> Riley: 139.

I was expecting to see an updated affordability impact statement on that and haven't gotten one yet.

So I hope -- I hope we're able to see that by thursday.

And if not, but -- check with staff and see the beginning of that by thursday.

>> Mayor Leffingwell: Okay.

And, bill.

>> Spelman: You had discussions with trammell crowe yesterday and you did some revised wording in the contract or the term sheet.

When we will see that?

>> Hopefully this afternoon.

Two items.

One is a memo that responds to questions that I believe councilmember morrison had and maybe councilmember tovo.

And the second thing would be if we get it all nailed down, it will be the exact changes in the language, changing from what is now existing in the agreement to the changes in the agreement.

So that it will be the exact wording of the changes in the agreement.

Hopefully we'll get that one out this afternoon.

I know the memo will be coming out this afternoon.

>> Spelman: Could you get the contract in red line form so it would be easier to flag those changes?

>> Yes.

>> Spelman: That would be great.

Thanks very much.

>> Tovo: I have a follow-up on green as well.

Are you in a position to be able to say what some of the changes with regard to affordable housing are, or are those still being ironed out?

>> I know they were negotiating yesterday.

And I have not had the opportunity to talk with Trammell Crowe today.

So I'm not in the position to know exactly what the final decision was.

But I know they're wrapping that up today.

>> Tovo: I look forward to seeing that.

Thanks to everyone who's been involved in the hard work.

Councilwoman Morrison, I appreciate your reading of the prohibitive uses.

I was particularly interested in one of them you mentioned which was large day care.

There was a lively discussion several years back about the lack of day care and the downtown area.

And so that -- I just wanted the us to kind of be thinking about -- there's some discussion at the time among some in the child care industry about some in the city.

How in the city we could craft policies that would encourage more downtown day cares.

And so that's -- that's not something that kind of rose to the radar where there are areas where it was discouraged or prohibited.

>> It's just to the second street and second street district.

Running along second street.

The only reason for the limitation, again, is they wanted a very active retail where there was nothing down here to begin with.

They don't limit day care on the second floor or any of the side streets downtown.

Or anywhere other than second street itself.

It was not addressed specifically to we don't like those things.

It was only what they were trying to do positively for second street.

>> Tovo: I understand that.

That does seem to be a use that I would like to see reconsidered for green development if it does apply to the whole development rather than just the street level.

I think there may be some other challenges with second-level day cares in terms of age of children.

But perhaps that's just for schools that you have to have certain aged children on first floors.

Anyway, if that can be reconsidered for the green project, I think that's it.

>> Morrison: Mayor?

>> Mayor Leffingwell: Councilmember morrison.

>> Morrison: Two last things.

I was going to be asking for a 30 start time for -- time certain for item 139 which is slide lots.

Because I know people have crossover interest in that.

And then my last question is, on item number 69, the contract, the concession contract at the convention center, I know that there's some discussion going on because there are some follow-ups on our audit on that.

And I wonder if we're going to be able to integrate those follow-ups into the decision on the contract.

And as I understand it, the follow-ups aren't quite available yet.

Show the timing, I wanted to know about the timing and what the timing was.

>> Assistant city manager.

We have submitted all of the information back to the city auditor's office.

They have the information now.

I have not had a conversation with kim to determine whether or not he is completed with his review.

But he had the information and the completed audits for a couple of weeks.

And I would have to check with them whether or not he feels like he's satisfied.

>> I think that would be good if you could answer the question for us.

>> Absolutely.

>> Morrison: I did have an opportunity to talk with him, but I think it would be better if you could talk with him directly.

And the other question I have, and I don't know the propriety of this, because it's procurement and all of that, but I'm interested to know how the audit -- the previous audit findings that we did get were folded in to the evaluation of the proposal.

>> The audit findings, the primary concerns that were found were more internal controls that we needed to put in place and coordinate with arrowmark.

Those have been incorporated prior to anything to this point.

We've done -- it's taken several actions with staffing and then just different reporting mechanisms and controls in place to address the concerns that we're addressing.

It's been in place now for at least the last 18 months, when ever -- I can't remember the specific date of that audit.

>> Spelman: The fact is because we talked about this, you recall, I think you indicated that there's been marked improvement in terms of -- in terms of their performance based on the controversy that we had to deal with about a year ago, is that correct?

>> Absolutely.

Yes, sir.

>> Morrison: Okay.

And then the -- I guess what's pending is that there was -- i guess there's the second auditors that were independent auditors that were brought in to look at air arrowmarks numbers.

They came back and said that things were fine.

But we as the audit and finance committee asked our auditor to take a look at that.

And so because there was such a -- there were some questions about that resolution.

And so I think that's where we are at this point.

>> Just to follow up -- just so we have completed -- the independent audit firm.

Their name escapes me.

Mhn?

>> Morrison: Yeah.

Mhn, the certified public accounting firm, they completed all of the audits 2006-2011 and issued a clean or unqualified opinion.

And I guess at this point, it would be whether or not the auditor has any issues with the INDEPENDENT CPAs THAT WORKED ON That and they dispute their findings.

But at this point, we're comfortable with the work done by the independent firm.

>> >> Morrison: THE AUDIT AND Finance committee, we had specifically asked the auditor for feedback on that.

>> Right.

>> Mayor Leffingwell: Councilmember tovo?

>> Tovo: Can you help us understand the timing of the contract in light of the issues that councilmember morrison raised and I had an opportunity to talk to them about this.

When is the contract up and how long do you anticipate needing to negotiate the new one?

>> The current contract is up september 30, so the end of this fiscal year.

We -- we believe that if, in fact, we're able to proceed with our recommendation, we should be able to complete the negotiations in a matter of a couple of months.

We've done a lot of work to this point.

And are very comfortable that we could complete the audit, I mean the contract prior to september 30.

A couple of months.

>> Tovo: A couple of months?

So it sounds like based on that timing, that a delay to june 7 wouldn't make this an impossibility?

>> That's correct.

>> Tovo: Okay.

Thank you.

>> Mayor Leffingwell: Okay.

Nothing else?

Without objection, we're adjourned at 11:57.