



MEMORANDUM

TO: Mayor and Council

FROM: Robert Goode, Assistant City Manager

CC: Marc A. Ott, City Manager
Rob Spillar, Austin Transportation Department
Elaine Hart, CFO

DATE: December 5, 2014

SUBJECT: Lone Star Rail

You have an Item from Council coming forward for consideration at your December 11th Council meeting related to Lone Star Rail District (LSRD). Although we support Lone Star Rail, after speaking with the City Manager regarding this action, I wanted to express some concern with this proposal...mainly that **setting an increment now for the LSRD Transportation Infrastructure Zone seems premature.**

Background

Council adopted an Interlocal Agreement (ILA) with the Lone Star Rail District (LSRD) on December 12, 2013 directing staff to create a Transportation Infrastructure Zone comprised of several proposed rail stations and adjacent areas within the territory of the City of Austin to facilitate the City's contribution of financing to the LSRD. The tax increment was initially set at 0% since the City was evaluating the potential costs/impacts of "Project Connect" at that time.

Item from Council

This "IFC" would amend the Interlocal by changing a key performance date and the City's participation level as follows:

1. Changes the date by which the other partners (San Marcos, Hays County, and Travis County) must approve an ILA for participation in funding the operation of the proposed rail facilities from January, 2016 to May, 2017. If those agreements are not reached, then the City may terminate the agreement.
2. Increases the City's increment participation level from 0% to 50%.

Evaluation

Setting the increment - Staff relayed concerns during your deliberation last year regarding dedicating funding to this piece of “Project Connect” without knowing the complete funding picture and without knowing which project would be the top priority as we continued to work through that study. We believe you agreed with that general premise because you ended up setting the LSRD increment at 0% to allow more time for the “big picture” to develop and you also required LSRD to get more partners “on board” before the City’s financing was committed.

Some things have come into greater focus since that time. As you know, the Council adopted a “*2014 Austin Strategic Mobility Plan*” (2014 ASMP) on June 26, 2014 that proposed \$1.0 billion for “Projects of Regional Significance”...a mix of major roadway projects and Urban Rail. The Council called for a Bond Referendum in November asking voters to consider funding the projects identified in the 2014 ASMP. The voters decided against that proposition.

I’m sure you have heard conversations and post-election analysis that seems to indicate that most citizens agree that Austin does indeed have a traffic/transportation mobility challenge, but that the plan proposed wasn’t the right solution in a majority of the voters’ minds.

The traffic/transportation mobility challenge is not going away. Defeat of the plan proposed in November simply means that we have to go back to the drawing board...not only in regards to high capacity transit identified in Project Connect, but the entire multi-modal system. We need to work diligently to develop that “next plan”.

So, not knowing what the future plan will look like, not knowing what projects will become priorities resulting from that planning process, and not knowing what the new Council will set for Transportation Policy goals, **setting an increment now for the LSRD Transportation Infrastructure Zone seems premature**. Please understand that we support the Lone Star Rail project...I believe that it will ultimately be a project we will want to deliver in our next plan...but I just don’t know, without the next planning/prioritization effort, if it is the “next project” to fund from the City’s standpoint.

Next Steps

We are already working on the next steps in addressing our transportation challenges. I’m sure the plan will involve short, mid, long term projects that will take us forward in a positive direction. However, the new Council will obviously need to weigh in with their policy direction on this vital issue. A common issue on the campaign trail has been “transportation” and we’re assuming that the newly elected body will want to tackle this challenge as one of their top priorities.