

AGENDA

**Recommendation for Council Action****AUSTIN CITY COUNCIL****Regular Meeting: May 10, 2018**Item Number: **054****Item(s) to Set Public Hearing(s)**

Set a public hearing on Amendment No. 2 to the project and financing plan of the Waller Creek Tax Increment Financing (TIF) Reinvestment Zone No. 17 to update current project design and project cost estimates, to extend the length of time in which the TIF operates, and to provide the most recent estimates of underlying funding sources that are anticipated to pay for the construction, operation and maintenance of projects within the District. The projects are proposed to be expanded to include parks and other infrastructure to improve the developed land in the area. (Suggested date and time: May 24, 2018, at 4:00 p.m. at Austin City Hall, 301 W Second Street, Austin, TX)

Lead Department	Financial Services
Fiscal Note	There is no fiscal impact.
Prior Council Action	February 17, 2011 - Council approved an ordinance approving Amendment No. 1 to the project and financing plan for Tax Increment Financing (TIF) Reinvestment Zone No. 17 (Waller Creek Tunnel Project) to update current project design and project cost estimates, provide the most recent estimates of underlying funding sources that are anticipated to pay for the construction, operation and maintenance of the tunnel, and to provide for emergency passage. On June 21, 2007, the City Council approved an ordinance creating TIF Reinvestment Zone No. 17 to finance the construction of flood control improvements along lower Waller Creek. On March 20, 2008, the City Council approved the project and financing plan, as well as an Agreement to Participate in TIF Reinvestment Zone No. 17 with Travis County.
For More Information	Greg Canally (512)974-2609; Leela Fireside (512)974-2316

Council Committee, Boards and Commission Action	None.

Additional Backup Information:

On June 21, 2007, Council approved an ordinance creating the Tax Increment Finance (TIF) Reinvestment Zone No. 17 in accordance with state law to finance the construction of flood control improvements along lower Waller Creek. The TIF is located within the area bounded on the west by Red River Street from 12th Street south to 3rd Street, then west along 3rd Street to Trinity Street, then south along Trinity Street to Lady Bird Lake; on the south by Lady Bird Lake from Trinity Street east to Cummings Street, then east along Cummings Street to East Avenue; on the east by East Avenue from Cummings Street north to the south bound access road of IH-35, then along said access road north to 11th Street, then west along 11th Street to Sabine Street, and north along Sabine Street to Red River Street; and on the north by 12th Street between Sabine Street and Red River Street.

The purpose of the Waller Creek Tunnel Project is to provide 100-year storm event flood protection with no out-of-bank or roadway flooding for the lower Waller Creek watershed. The project will provide flood protection to existing buildings, prevent the flooding of roadway crossings, and reduce the width of the floodplain in the Reinvestment Zone area, essentially containing it within the creekbed. This reduction in floodplain area resulting from the project will significantly increase the amount of developable land area in the lower Waller Creek watershed. The City is proposing to expand the project to include parks and other infrastructure within the District to improve the developable property within the District and to benefit the community that uses the area.

In a TIF, one or more political subdivisions contribute up to 100% of the property tax on the increase in value of real property in the reinvestment zone (tax increment) for TIF purposes. Under the terms of TIF Reinvestment Zone No. 17 and an Agreement to Participate in Tax Increment Reinvestment Zone No. 17, executed between the City of Austin and Travis County in March 2008, the City of Austin contributes 100% of its tax increment, and Travis County contributes 50% of its tax increment. The project has been funded by the issuance of debt that will be repaid primarily from the tax increment revenues collected during the 20-year duration of TIF Reinvestment Zone No. 17. At the end of the 20-year TIF, the City will pay all remaining debt and operations and maintenance expenditures. The City is proposing in this second amendment to expand the time that the TIF is operating to contribute 100% of the City's tax increment for a second 20 year period to make further improvements in the District in addition to the flood control improvements previously undertaken. If the County is interested in paying

all or a portion of its contribution, the City would execute an amendment to the agreement with the County to reflect that continued contribution.

In accordance with state law, the Board of Directors of the Waller Creek TIF Reinvestment Zone No. 17 at any time may adopt an amendment to the project plan consistent with the requirements and limitations of applicable State law. The amendment takes effect on approval by the City of Austin, as the municipality that created the zone, and by the Travis County Commissioners Court, under the terms of the Agreement to Participate in TIF Reinvestment Zone No. 17. State law requires that a hearing be held and an ordinance be adopted that satisfies the procedural requirements outlined in State law.

Prior to holding the hearing, the City will have completed the necessary procedural requirements set forth in Texas Tax Code 311, including presentations to local taxing jurisdictions regarding Amendment No. 1, and plans to hold a public hearing on May 24, 2018. Notice of the public hearing was published in the Austin American Statesman on May XX, 2018. The public hearing will be conducted prior to consideration of a second amendment to the project plan adopted by the Council in 2008, and amended in 2011. In addition to extending the term of the TIF, the items to be updated with the TIF amendment are (1) list and description of TIF funded projects , (2) updated project cost estimates, and (3) the most recent estimates of underlying funding sources that are anticipated to pay for the construction, operation and maintenance of the tunnel

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