



MEMORANDUM

TO: Mayor and City Council

FROM: Robert Spillar, P.E., Director,
Austin Transportation Department 

DATE: October 9, 2020

SUBJECT: **TURP Fund Redirect – ATD Program Implications**

On October 1, 2020, the Austin City Council considered redirecting \$3.7 million in funding from the Austin Transportation Department (ATD). During deliberation, Council requested additional information from ATD as to the specific impacts of the reduction in the Temporary Use of Right of Way Permit (TURP) fee transfers. The purpose of this follow-up memorandum is to provide greater specifics about the impact to ATD's FY21 planned activities, should Council act to redirect these funds.

ATD Funding Background

ATD is an enterprise department, generating its annual budget from three primary budget sources: Transportation User Fee (TUF), Temporary Use of Right-of-way Permit (TURP) and other street use fees, and Parking Management/Mobility Service Management fees. TURP fees (rental fees) are collected when public streets and other rights-of-way (ROW) are used for private use – typically to facilitate construction projects. This revenue stream is the most flexible of the funding sources collected by ATD and is used to not only pay for services to manage the ROW, but also directly reinvested in the transportation system to improve safety (Vision Zero), respond to citizen requests, construct signals, develop roadway design, plan for future mobility needs, encourage alternative modal uses and to maintain and operate the transportation system of Austin.

Collected TURP fees are deposited into ATD's Mobility Fund and have been used to fund transportation operations, maintenance and infrastructure investment. TURP revenue has remained strong throughout the COVID-19 pandemic and has become the primary funding source for many of ATD's programs that are either not fundable or which are under-funded using the TUF.

ATD also generates parking revenue. Parking revenue is deposited into a range of geographically restricted and unrestricted funds that are used to manage traffic congestion, plan for future transportation investments, and improve the pedestrian environment citywide. Additionally, the Parking Fund annually transfers out \$780,000 to the Great Streets program, which is managed by another department. Revenue generated by ATD from parking has historically allowed the department to minimize its need to request increases in the TUF. The impact of the COVID-19 pandemic has severely impacted parking revenue, resulting in a 40 percent, or \$9 million, decrease in revenue. The impacts of this decrease have required ATD to significantly reduce funding transportation infrastructure and other mobility programs normally funded using parking revenue.

As indicated in earlier communications from ATD, the Transportation User Fee (TUF) is the other significant source of funding for the department. The TUF is a restricted funding source that can be used for the maintenance, operation, and management of Austin's roadway network. TUF funds are split between the Public Works Department, Corridor Program Office, and the Austin Transportation Department. ATD strives to minimize our dependency on the TUF, using funds generated through the TURP and parking revenues to moderate annual TUF increases.

Planned Reduction in Services

ATD renders service in the operation and management of Austin's mobility networks in accordance with the Austin Strategic Mobility Plan (ASMP) and the SD23 Mobility Priorities identified by Council. Although reductions in funding may somewhat delay the realization of desired outcomes, we believe that over the long-term that such delays can be mitigated. In response to the proposed transfer of \$3.7 million in TURP revenue from ATD to the SAVES Fund, ATD has worked to identify specifically what programs and services would be impacted in our FY 21 Budget.

1. Reductions in Capital Improvement Program

a. Delay replacement of vehicles and field equipment used by ATD Staff (\$550,000)

If the funds are redirected, ATD would continue to operate with its current fleet of field vehicles and field equipment. Some of these vehicles/equipment are scheduled for replacement due to age, high mileage, and high repair costs. Older working units require added maintenance and potentially result in reduced availability. By delaying replacement, the efficiency of our operations may be negatively affected. Field equipment is critical for field teams to performing safe and efficient services. For FY21, timeworn, damaged, or faulty field equipment will be replaced or leased at a level sufficient to assure safety of our employees. Otherwise, the department will continue to use existing vehicles and equipment. ATD would identify alternative funding for vehicle and equipment replacement in our FY22 budget proposal to meet operational needs.

b. Traffic signal construction (\$300,000)

ATD annually identifies and ranks warranted signals for construction. We prioritize those signals according to safety and impact on congestion. In a typical year, there are more warranted signals within our network than the department has capacity or financial budget to construct. The redirection of this funding would result in deferred construction for warranted signals. Delayed signal construction in any given year is moved to a subsequent year for reprioritization and consideration for construction. When the construction of an intersection signal is postponed to a subsequent year, it is reranked against other signals identified for consideration in that future year and may or may not qualify for construction, depending upon the other intersections evaluated in that year. It does not simply go to the top of the next year's list of signals for funding. For FY21, a proposed warranted signal at Loyola and Colony Loop in District 1 would likely be bumped from our list of planned signal construction reduction in FY21 budgets. This signal location, if not fundable in FY21 will be considered in FY22 and ranked against other signal needs

2. Defer Transportation Demand Management (TDM) Program (\$350,000)

As previously communicated, travel demand is down in Austin with daily weekday volumes roughly 25percent lower than this time last year. Many organizations and companies are implementing long-term telework policies, supporting the City's TDM objectives. Given these changing commute patterns, ATD is reassessing its TDM Program and will be focusing greater attention on transit improvements and incentives, and partnership opportunities with other organizations. As a result, ATD plans to reassign some TDM staff to meet other funded planning and departmental needs. Shifting staff into projects that are either funded from Parking, TUF, grant or bond related funds allows us to reduce our use of TURP revenue. ATD is working on the necessary process to make these reassignments, which will result in a temporary reduction in TDM activities for FY21 and FY22.

As will be noted on the October 15 Council Agenda, ATD is seeking approval of a contractual agreement to support our TDM Smart Trips Program, a key element of our on-going focus (Council Agenda Item 33). The Smart Trips Program will largely be grant funded, requiring only a small local contribution. We are partnered with Capital Metro on this program and ATD will continue to provide leadership staffing for this program. The savings proposed under our deferment of TDM will not be affected by continuation of our Smart Trips effort.

3. Delay Downtown Austin Core Transportation (ACT) Plan (\$300,000)

Downtown mobility and access will change with the proposed final configuration of IH-35 due to its reconstruction. Staff have been working closely with TxDOT on the IH-35 effort. The original budget for development of the ACT Plan contemplated pursuit of a consultant contract. ATD believes delaying the project until mid- to late-2021, would allow us to better understand the effects of the IH-35 project on traffic in the downtown and would allow internal staffing, currently deployed on other city-wide planning and transportation objectives, to lead the ACT plan internally. We have reserved sufficient funding from the original project budget to support the technical modeling that may be needed. We will continue to refine the scope of work so that the project can be achieved effectively. Delaying the ACT plan to allow time for internal staffing to lead the effort is not anticipated to significantly affect the outcome, only delay completion of the effort by 6 to 12 months.

4. Defer Great Streets Development Program Transfer of Parking Revenue (\$800,000)

ATD transfers a portion of parking revenue generated in the downtown to the Great Streets Development Program. The transfer provides funding to improve downtown streets and sidewalks, fund street furniture and similar elements in developing a rich pedestrian environment. It provides financial assistance in partnership with private developer investments to implement streetscape standards that go above and beyond the City's minimum requirements. The program is managed by the Housing and Planning Department and currently has an estimated fund balance of approximately \$6 million. ATD proposes an indefinite freeze on the annual transfer from Mobility to the Great Streets Fund to reduce the impact on the Parking Fund. Because of the pandemic, ATD is currently supporting the Parking Fund by transferring funds from our Mobility Fund which holds TURP revenue. By reducing the demand on the Parking Fund, ATD can reduce the transfers from the Mobility Fund into the Parking Fund, thus freeing TURP revenue for transfer to the SAVES fund. Because of the significant balance

in the Great Streets Fund and because most new developments in the downtown core already build to the Great Streets design standard for aesthetic and economic reasons, the impact of deferring the transfer from the Parking Fund to the Great Streets Fund is not anticipated to have a major impact over the next two years. ATD commits to engage with the Housing and Planning Department to reevaluate the Great Streets Program and come back to Council with a proposed long-term plan for this program moving forward.

5. Freeze Vacant Positions/Staff Augmentation (\$1,400,000)

ATD will defer hiring current vacant positions and reduce utilization of staff augmentation for transportation planning, design, traffic operation, and development review. The impact of these reductions will limit the ability of ATD to provide service over the next two years or until alternate funding sources are identified to allow discrete hiring decisions to occur. The existing vacancies and augmentation staffing targeted by this freeze occur throughout the department and so all areas of ATD's program performance will be negatively affected (e.g., signal timing, traffic engineering, system planning, systems development, signs and markings, public engagement, and administration).

ATD is working closely with the Corridor Program Office and with the Public Works Department to find ways to shift responsibilities between the three organizations. ATD is also looking at opportunities within our own budget to make administrative modifications that may allow some of the frozen vacancies and/or augmentation staffing to move forward with alternative funding.

Likewise, as we complete our close of last year's FY20 fiscal budget, we will explore the use of any remaining fund balance for potential opportunities to relieve our need to reduce mobility programs in FY21. ATD has identified \$2 million in funding that would normally flow into our fund balance for programming in FY22 (next fiscal year). Because the availability of this funding will not solidify for another month or so, ATD has requested that our expenditure authority be maintained in our FY21 budget to allow us to take advantage of some of this fund balance, thus reducing the potential impact of the SAVES transfer currently under consideration. This is reflected in the fiscal note provided by the Budget Department showing a reduced potential impact to ATD's FY21 budget. However, until our FY20 budget fully closes, the ending balance available for this mitigation may still fluctuate and hence our cautious approach to identifying it for use this year to mitigate the transfer.

Should Council approve the transfer of TURP fees to the SAVES Fund, ATD will also look to the FY22 budget process to reestablish funding for programs reduced or frozen in FY21 so as to be able to continue our ability to transfer funding to the SAVES Fund next fiscal year while also meeting our full mobility mission. ATD would also move net revenue generated from Temporary Use of Right-of-Way Permit (TURP) fees, in the downtown core, excluding the Rainey Street District to the Save Austin's Vital Economic Sectors (SAVES) Fund. These funds were previously programmed as part of ATD's FY21 approved budget.

As always, our objective is to provide Council with information needed to make critical decisions. Should you have further questions or need additional information, please contact Director Robert Spillar at 512-974-2488.

CC: City Manager Spencer Cronk
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