



M E M O R A N D U M

To: Mayor and City Council
From: Gina Fiandaca, Assistant City Manager *Gina Fiandaca*
Date: July 30, 2020
Subject: **Staff response to Resolution 20200729-090**

The purpose of this memorandum is to provide preliminary information in response to City Council Resolution No. 20200729-090 related to funding for displacement mitigation and options for implementing and funding active transportation. Now that Council has approved this item, staff will begin working quickly to meet the tight turnaround, but wanted to provide this memorandum as an initial response. Information provided in this document will help guide our planned discussion with Council on 8/4/2020.

Tax Rate Election

The Item from Council directs the City Manager to present at least two different funding options for the additional active transportation improvements – either funding as part of the tax rate election being considered to fund Project Connect or by funding the investments as a separate general obligation bond program. On Monday, July 27, the City Council approved resolution 20200727-002 directing the City Manager to include 8.75 cents in the Fiscal Year 2020-2021 property (ad valorem) tax rate to invest in the Project Connect System Plan and transit-supportive investments. This Council action includes \$300 million for transit-supportive anti-displacement strategies but does not include funding for additional investment in active transportation improvements – beyond those that will be completed in order to deliver the transit projects. On July 30, 2020, the City Council adopted a maximum tax rate that it would consider in FY 2020-21, including the 8.75 cents to invest in Project Connect. To be responsive to Council and given the extremely short turnaround time, staff will focus their time on developing strategies for funding active transportation as a separate funding proposal for consideration by Council.

Bond Development & Financial Policy

It is important to note that City staff has not engaged the community regarding a potential transportation investment for voters to consider this year, outside of Project Connect and our normal project development process. We understand that the item by Council is in direct response to a petition and input from the larger active transportation advocacy community, but staff has not directly engaged the larger community on active transportation elements for a potential bond.

Bond development typically involves extensive community outreach, consultation with Boards and Commissions, and input from Council. This process assures the proposed bond programs are reflections of Austin's priorities, available bond capacity, and financial policy, while also taking the most meaningful steps to advance the outcomes in Council-adopted policy such as the Austin Strategic Mobility Plan (ASMP) and the Strategic Direction 2023.

Over the past 10 years, the City has enjoyed successful mobility bond proposals in 2010, 2012, 2016, and most recently in 2018.

The 2010 Mobility Bond represented a single-issue \$90 Million bond proposal to the voters. For this proposal, the City established a Citizen Task Force prior to the bond election to review and prioritize project bond recommendations. The Citizen Task Force sought public review via in-person and on-line communication means.

In 2012, a transportation bond for \$143 Million was presented to voters along with other bond measures. For the 2012 bond proposals, City Council established a Bond Election Advisory Task Force to identify and prioritize bond funding that would advance the vision identified by the Imagine Austin planning process within the scope of needs assessment provided by City Staff. The Advisory Task Force sought public input in making their recommendation to Council.

In 2016 and again in 2018, the City used a similar process as used in 2012 to pursue mobility funding for a \$720 Million and a \$160 Million funding package, respectively. These mobility bond requests were made in tandem with other bond items needed to meet the larger set of City needs. In both 2016 and in 2018, a Bond Advisory Task Force was engaged along with numerous public meetings to generate input on the project elements. Advice from relevant commissions and Council Committees were also sought in preparation of the funding proposals. Ultimately, a Bond Oversight Commission was engaged and continues to be engaged on the deployment of funds gained from these successful bond referendums.

Existing Funding

The Austin Transportation Department and Public Works Department continue to advance projects funded by the 2016 and 2018 Bond programs; the 2016 Mobility Bond is on an eight-year spend plan, and the 2018 Bond is on a six-year spend plan. Program teams continue to deliver projects on time and on budget, providing needed safety and mobility improvements to the City's transportation network and our community. Construction spending on many of these projects accelerates towards the end of the 8- and 6-year deployment targets.

We have approximately \$119 million from 2016 dedicated to active transportation programs, plus an additional estimated \$40 million included in the Corridor Programs. We also have \$38 million from the 2018 bond program. In total, we have more than \$200 million in project funding allocated to active transportation improvements programmed through 2024 that will be built in the coming years. The table below highlights the balance of 2016 and 2018 Bonds specific to the programs inquired about (*as of July 16, 2020, via the City's Controller website*). Staff also recently presented information regarding progress on bonds to the Bond Oversight Commission. The presentation is available on ATXN, [online here](#) (see item 2a).

Please note, in addition to the programs below, the 2016 Mobility Bond Program also included funding for Corridor Mobility and Regional Mobility projects that include significant investment in active transportation elements, such as new and repaired sidewalks, bike facilities, ADA-curb ramps and infrastructure, shared use paths and more. For example, the Corridor Program's Corridor Construction Program *alone* is estimated to include approximately \$40 million in behind-the-curb bike and pedestrian improvements along the corridors. Similarly, there are also projects in the 2018 Bond program – such as the replacement of the Red Bud Trail Bridge – that include improvements to bicycle and pedestrian facilities, in addition to the program-specific spending above. These dollars are not as easy to extrapolate

from the overall projects. Because of the required design phases for these larger bond elements, these projects are now initiating construction and will further accelerate bond expenditures over the remaining program term.

| | Included in Proposition | Sum of Expenses <i>(expenditures & encumbrances)</i> | "Unspent" | Percent Unspent | Percent Spent |
|---|-------------------------|---|---------------------|-----------------|---------------|
| 2016 Bond (Local Mobility only) | | | | | |
| Bikeways | \$20,000,000 | \$4,455,866 | \$15,544,134 | 77.70% | 22.30% |
| Sidewalks <i>(new sidewalks)</i> | \$32,000,000 | \$20,751,470 | \$11,248,530 | 35.20% | 64.80% |
| Urban Trails | \$24,700,120 | \$5,112,644 | \$19,587,476 | 79.30% | 20.70% |
| V0/Intersection Safety | \$15,000,000 | \$5,625,714 | \$9,374,286 | 62.50% | 37.50% |
| Safe Routes to School | \$27,500,000 | \$4,871,473 | \$22,628,527 | 82.30% | 17.70% |
| 2016 total from selected programs | \$119,200,120 | \$40,817,167 | \$78,382,953 | 65.76% | 34.24% |
| 2018 Bond (Proposition G - select programs only) | | | | | |
| Urban Trails | \$3,000,000 | \$0 | \$3,000,000 | 100.00% | 0.00% |
| Sidewalk <i>(rehab)</i> | \$20,000,000 | \$867,949 | \$19,132,051 | 95.70% | 4.30% |
| V0/Intersection Safety | \$15,000,000 | \$193,456 | \$14,806,544 | 98.70% | 1.30% |
| 2018 total from selected programs | \$38,000,000 | \$1,061,405 | \$36,938,595 | 97.2% | 2.8% |

Note: these figures are as of July 16, 2020, via the City's Controller website

Funding Additional Improvements

As previously described, the timeframe to fully develop the recommendations as directed by Council and work with legal counsel to review a potential bond program not previously contemplated is extremely ambitious and will prevent us from engaging the community on this recommendation, except to the extent that they have already been involved in creation of mode-specific plans (i.e., the Bicycle Plan or Urban Trails Plan) and the ASMP. That being said, like many priorities in our fast-growing community, we will always have unfunded needs for these type programs based on the growing demand for expanded and improved infrastructure. Staff will detail those unfunded needs currently identified in our various modal-specific infrastructure plans (e.g., the All Ages and Abilities System Plan, Sidewalk Inventory Plan, and Vision Zero Intersection Safety plans). Staff will provide information on program needs in our full response to Council anticipated next week.

In addition to grants and other debt related funding mechanisms, Council is also considering a Street Impact Fee. Where active transportation infrastructure is identified as part of a complete street design and where a project is increasing the overall capacity of the transportation network, funds collected through a future street impact fee may contribute to our ability to fund additional active transportation infrastructure.

In regard to bond programs, the City Council has the following approved financial policy:

General Obligation Debt Financial Policy #7: Timing of general obligation bond elections shall be determined by the inventory of current authorized unissued bonds remaining to be sold. An estimated two years of authorized unissued bonds shall remain before an election will be held.

Given this financial policy, the next General Obligation bond election would not be anticipated to take place until 2024, at the earliest. The City still has \$1.4 billion of bonds to issue that are associated with prior bond programs approved by voters. Because of this, it is important to note that any approved active transportation bond funding scenario adopted by Council would require additional taxes. For example, a \$750 million bond to be used over a 6-year period would require an estimated two and half cent increase in the tax rate, beyond that which is already contemplated for Project Connect and our annual budget increases.

Next Steps

Austin Transportation, in collaboration with Public Works, will work in earnest to fully detail options for the City Council to consider that offer a range of financial investments and timeframes. As mentioned in response to a question from Council, the City’s Council-adopted financial policy supports another bond program in 2024. This policy will also help to inform our recommendation. We will be prepared to discuss tax rate impacts for these investment options in our next communication as well.

Again, the purpose of this memorandum is to provide early information to Council to aid in your consideration of possible funding scenarios, especially given the extremely short timeframe for consideration. I have asked Rob Spillar, ATD Director, to collaborate with PWD, the Law Department, Budget Office, and Treasurer to present options for Council consideration, and anticipate sharing those in the coming days. Per state law, Council must order an election before August 17.

Should you have further questions please do not hesitate to reach out to me.

- CC:** Spencer Cronk, City Manager
- Rob Spillar, Director, Austin Transportation Department
- Richard Mendoza, Director, Public Works Department
- Mark Dombrowski, Interim Chief Financial Officer