



MEMORANDUM

TO: Bond Election Advisory Task Force (BEATF)

FROM: George Adams, Assistant Director
Planning and Development Review Department

DATE: April 11, 2012

RE: Request for additional information on Waller Creek Needs Assessment Projects

At your March 7, 2012 meeting City staff presented the Waller Creek District needs assessment projects, and representatives from the Waller Creek Conservancy presented information on their organization and activities. At that meeting members of the BEATF had a number of questions and requests for additional information. The purpose of this memorandum is to respond to those requests and provide additional background on the Waller Creek project. If you need additional information please contact me at george.adams@austintexas.gov or 974-2146.

Background

Much of Waller Creek is in substandard condition; sections of the trail are impassable and closed to the public, sections of the creek bank have been undermined by floods, especially below 5th Street, and lower Waller Creek is identified in the Watershed Master Plan as one of the top 10 erosion, and top 15 water quality problems city-wide. Partially as a result of these conditions Waller Creek and Waterloo and Palm Parks are very underutilized by the general public. These basic infrastructure conditions are the responsibility of the City. The projects presented at the March 7 meeting would address these infrastructure needs by restoring the creek bank and bed, ensuring sidewalks and trails meet minimum safety and accessibility standards, repairing damaged utilities, making initial improvements in Palm and Waterloo Parks, and providing key streetscape and street extensions. As a complement to this public investment the Waller Creek Conservancy has committed to bringing resources to the area beyond basic infrastructure to enhance public parkland, provide additional amenities, and assist with operations and maintenance for the area.

BEATF Questions and Staff Responses

1) What will the creek look like?

The Tunnel project consists of four major elements: 1) the tunnel inlet and associated work in Waterloo Park; 2) the tunnel outlet near the mouth of Waller Creek; 3) side inlets on the eastern side of Waller Creek near 4th and 8th Streets; and the tunnel itself. The Tunnel project does not provide park, stream bank, sidewalk, trail, street, or streetscape improvements to the creek or

surrounding area. Once the tunnel is complete, water will be pumped from the tunnel inlet at 12th Street into the creek at 5 to 10 cubic feet per second (cfs) during dry weather. At this pumping rate, Waller Creek will resemble a gently flowing Hill Country stream, or a “babbling brook”. Rain events will cause the creek to rise by as much as 4 to 5 feet during a 100 year storm.

2) What is the development capacity (in square feet and property valuation) of the TIF area?

The Waller Creek District Master Plan (WCDMP) identified development capacity within the Waller Creek District (note: the boundaries of the Waller Creek District differ from those of the Waller Creek TIF). The methodology used to establish development capacity was based on the concept of an "opportunity site". An opportunity site was defined as a minimum 1/4 acre site under common ownership that is likely to develop over the next 20 years. The Master Plan consultants estimated development capacity of these sites under two scenarios: 1) existing zoning with major constraints such as Capitol View Corridors, and; 2) a density bonus program, as proposed under the Downtown Austin Plan, with major constraints such as Capitol View Corridors. Please note development capacity is the maximum potential development on a site based on the available entitlements. It does not take into account specific site limitations such as protected trees or floodplain. It also does not take into account market demand or market conditions.

Based on these parameters the Waller Creek District Master Plan identified a total development capacity within the Waller Creek District of approximately 9.9 million square feet under existing zoning, and approximately 11.75 million under a density bonus program. Please see Page 66 of the WCDMP for this information (See item 8, below, for a link to the WCDMP).

The most recent market projections used to develop the estimated property valuation increases within the TIF district were \$2.3B to \$2.8B over the 20 year TIF period (See also item 5 for additional information on the TIF). The City will dedicate 100% of its tax increment and Travis County will dedicate 50% of its tax increment to the TIF fund over the 20 year TIF term.

3) What are the State requirements for creation of a TIF?

State law requirements include a TIF project and financing plan which describe the project scope and anticipated funding mechanism for the improvements, public notices, public hearings, establishment of a TIF Board, and approval of preliminary and final project and financing plans. The City is also required to submit an annual report at the end of each year documenting the TIF's financial performance (See also item 5 for additional information on the TIF).

4) Are the improvements proposed for the full length of the creek?

The improvements proposed as part of the \$63 million needs assessment extend from Lady Bird Lake to Waterloo Park.

BEATF Information Requests

5) The BEATF requested additional information on the TIF, the TIF projections, and the TIF financing plan.

We have provided a link to the "Tax Increment Financing Reinvestment Zone No. 17 (Waller Creek Tunnel Project) Final Project Plan and Reinvestment Zone Financing Plan" which includes all of this information.

See: <http://www.austintexas.gov/edims/document.cfm?id=148519>

Because the report is 116 pages long we have also provided excerpts in Attachment A.

6) The BEATF requested additional information on currently available funding for Waller Creek projects.

As of March 2012 the following funding is available for Waller Creek-related projects:

\$3.175M	Lower Waller Creek Stream Restoration. Source: Drainage Utility Fund.
\$1.189M	Waller Creek Trail Development. Source: Block 21 Proceeds.
\$2.736M	Sabine Street Streetscape Imp. Source: STP-MM grant.
\$1.700M	Trail design and Sabine Street Streetscape Imp. Source: 2010 Bond (\$600k used as 20% match for Sabine Street grant).

\$8.800M** **Total available funding**

** Please note that the \$8.8M in available funding has been deducted from the total cost estimate to arrive at the \$63M estimate presented to the BEATF.

7) The BEATF requested more detailed information on the estimated cost of the Waller Creek projects.

The total needs assessment request of \$63 million was divided into four major elements: Creek and Trail Improvements, Sabine Street, Mobility Improvements, park improvements. The request for Waller creek and trail improvements is \$40.5M. The majority of this is for the area below 5th Street due to the degraded condition of the creek in that area:

- Lady Bird Lake to 5th Street \$30 million
- 5th Street to 12th \$10.5 million

Estimates for creek and trail improvements include:

- Design, engineering, surveying, inspection
- Project management
- Real estate / easement acquisition
- Temporary & permanent erosion control, demolition, clearing
- Stream bank restoration (materials, construction)
- Pedestrian improvements (sidewalks, curb ramps, etc.)
- Landscaping and lighting
- Art in Public Places (AIPP)
- Contingency
- Debt service
- Inflation

The second and third elements of the Waller Creek needs assessment are the Mobility Improvements (or extensions of Sabine & Rainey Sts.) with a total estimated cost of \$8.8 million, and the Sabine Street Streetscape Improvements with a needs assessment request of

\$10.7 million. These numbers include all of the elements cited above with the exception of stream bank restoration. The final element is the parks improvements. The \$3 million needs assessment request for Palm and Waterloo Parks is seen as an initial investment and is not based on specific improvements.

8) The BEATF requested a copy of the Waller Creek District Master Plan prepared by ROMA Design Group.

Please see the following link to the on-line version of the plan:

<http://www.austintexas.gov/page/waller-creek>

9) The BEATF requested information on other potential funding sources that could be used for improvements in the Waller Creek District.

Please see the following list of potential and unavailable funding sources.

Potential Funding Sources:

a) Drainage Utility Fund (DUF)- *The DUF provides funding for a variety of flood, erosion control, and water quality projects, as well as other Watershed Protection Department needs (equipment, vehicles, IT/GIS, etc). The DUF generates approximately \$2.3M to \$4.8M per year for citywide erosion projects. Given this annual funding is applied citywide and the Waller Creek project has been allocated \$3.175M from the DUF (see item 6, above) the DUF will not likely be a significant source of additional funding for Waller Creek.*

b) General Obligation Bonds - *The current needs assessment request is for GO bonds.*

c) Federal and State Grants - *The City received an STP-MM grant for Sabine Street in December 2011 and will continue to pursue all potential grant opportunities.*

d) Public-Private Partnerships - *The framework for a public-private partnership between the City of Austin and the Waller Creek Conservancy was put in place through a Memorandum of Understanding approved by the Austin City Council in May 2011.*

Unavailable Funding Sources:

e) Tax Increment Finance (TIF) District - *Waller Creek and surrounding properties are covered by the existing TIF. The property tax increment within the TIF district is fully committed to the repayment of debt on the tunnel bonds for 20 years.*

f) Public Improvement Dist. (PID) / Business Improvement Dist. (BID)- *All of the Waller Creek District is covered by the existing Downtown PID and a portion of the Waller Creek District is covered by the 6th Street PID. Approval of a PID or BID requires property owner support for additional assessments.*

g) Hotel/Motel Tax- *The Hotel/Motel tax is at its maximum under current law and is allocated to the following programs:*

- Convention Center debt service and operations*
- Waller Creek tunnel debt*

- Austin Convention and Visitors Bureau
- Cultural Arts Fund

h) Revenue Bonds- Revenue bonds must be tied to a confirmed source of revenue that can be bonded. No source of revenue is available.

10) The BEATF requested staff identify the minimum acceptable project for Waller Creek and a phasing strategy for the project.

Based on the request from the BEATF staff developed a revised recommendation for a minimum public investment in Waller Creek. In reviewing this request we ask that the Task Force consider the following issues:

- *The minimum Waller Creek project needs to be significant enough to change public perceptions and public use of Waller Creek, Waterloo and Palm Parks.*
- *The Waller Creek Design Competition is underway and a final concept is to be identified in October 2012. Bond proposition language will be set before this date so staff will need flexibility in applying public investments in coordination with the Conservancy.*

In identifying a smaller investment staff selected the Phase I project from the Waller Creek District Master Plan (e.g. creek and trail restoration from Lady Bird Lake to 5th Street) to illustrate the type and scale of project that is needed to serve as a catalyst for Waller Creek.

The cost of this project was estimated at \$21.7 million in the Waller Creek Master Plan. However, the Master Plan estimate did not reflect the full costs of design, engineering, project management, real estate acquisition, debt service, and inflation. The updated needs assessment request for the same project is \$30 million. It is important to emphasize that the creek and trail restoration from Lady Bird Lake to 5th Street is an illustrative example, not necessarily the first project to be undertaken due to the need to coordinate public and private investments in the creek.

*In summary, the revised request for Waller Creek is **\$33 million**, which would permit a project of the scale of the Lady Bird Lake to 5th Street creek and trail restoration, and an initial investment in Waterloo and Palm Parks. This is the minimum required to serve as a catalyst for Waller Creek and to effectively leverage private sector resources for improvements to the creek, nearby parks, and open space.*

cc: Sue Edwards, Assistant City Manager
Robert Goode, Assistant City Manager
Greg Guernsey, Director, PDR
Joe Pantalion, Deputy Director, WPD