Austin City Council/ Capital Metro Board

JOINT WORK SESSION

JANUARY 14, 2020
AGENDA

• PROGRESS RECAP

• INVESTMENT OPPORTUNITIES
  • FEDERAL INVESTMENT OPPORTUNITIES
  • CAPITAL METRO AND POTENTIAL PARTNERS INVESTMENT OPPORTUNITIES
  • CITY OF AUSTIN INVESTMENT OPPORTUNITIES

• TRANSIT SYSTEM ANALYSIS
PROJECT CONNECT
PROGRESS RECAP
PROJECT TIMELINE

APR 2019  Project Connect
OCT 2019  Plan Alternatives
          Analysis Begins
JAN 2020  October 30
          Joint Work
          Session
MAR 2020  January 14
          Joint Work
          Session
MAY 2020  Investment
          Program
          Recommendation
NOV 2020  Potential
          Investment
          Program Approval
2021 – Beyond

Potential
Referendum

It’s Go
Time!

Community Engagement Ongoing
LEARNING, LISTENING & COLLABORATING

City Council and CapMetro Work Session
Update on Project Connect Program Elements

LOCAL OUTREACH
Over 25,000 people engaged - 5,000 since Oct. 30

• Street team outreach
  7,938 engaged; 1,509 since Oct. 30
• Community outreach events
  12,847 engaged; 963 since Oct. 30
• Live open houses
  591 engaged; 234 since Oct. 30
• Virtual open houses
  4,532 engaged since Oct. 30

ADVISORY GROUPS ENGAGED
Technical Advisory Committee (TAC) Project Connect Ambassador Network (PCAN)

Corridors Program Coordination Technical Group Reviews

City Council & CapMetro Work Sessions

<table>
<thead>
<tr>
<th>Date</th>
<th>AUG</th>
<th>NOV</th>
<th>MAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCT</td>
<td>6</td>
<td>28</td>
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<tr>
<td>JAN</td>
<td>30</td>
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<td>MAR</td>
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<td>MAY</td>
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COMMUNITY ENGAGEMENT / NEXT STEPS

**JAN-FEB 2020**
Community education, group presentations and activation at community events

**MAR-APR 2020**
District, neighborhood meetings and online engagement to get feedback on recommended projects

**MAY-NOV 2020**
Community education; Potential referendum

**2021 – Beyond**
Continued community engagement
FEDERAL INVESTMENT OPPORTUNITIES
CAPITAL INVESTMENT GRANT OPPORTUNITIES

New Starts

- Fixed guideway
- Greater than $300M total or
- Greater than $100M in CIG funds
- Recent Federal Average Participation 45%
- Orange, Blue and Gold Lines
- Potential Green Line

Core Capacity

- Infrastructure investments for systems at or above 95%
- Existing fixed guideway at capacity or will be in five years
- Expands capacity by more than 10%
- Recent Federal Average Participation 42%
- Potential Red Line
CAPITAL INVESTMENT GRANT OPPORTUNITIES

Small Starts
- Fixed guideway or corridor-based BRT
- Less than $300M total or
- Less than $100M in CIG funds
- Recent average funding is 53%

Potential MetroRapid Opportunities
- Expo (Manor Road)
- Pleasant Valley
- Burnet to Manchaca & Oak Hill
- MLK
- Crosstown
- Parmer
- ACC Highland to Tech Ridge
FTA REQUIREMENTS FOR GRANT AGREEMENT

**Project Justification**
- Project definition, scope and schedule
- Technical capacity
- Maximum federal investment in agreement
- Independent risk assessment
- Community benefits

**Local Financial Commitment**
- Current financial condition
- Committed local funds without additional actions or approvals
- Sound audited finance plan

**Committed Funds**
- Programmed capital funds that **have all the necessary approvals** (legislative or referendum)
  - Examples:
    - sales tax
    - property tax
    - vehicle emission tax
    - funding partners
- Programmed in the Metropolitan Planning Organization’s (MPO) Transportation Improvement Plan (TIP) and/or other Capital Improvement Program (CIP)
CAPITAL METRO INVESTMENT OPPORTUNITIES
CAPITAL METRO’S FINANCIAL OUTLOOK
LONG RANGE FINANCIAL PLANNING POLICY AND PROCESS

Aligns financial capacity with long term service objectives

Ensures fiscal stability and sustainability:

- All reserves are fully funded
  - Three months of operating expenses
  - New capital expansion fund started in FY2018

- State of good repair of all agency assets are programmed

- Zero debt with AA - S&P bond rating
Planned in Long Range Financial Plan
Capital Expansion Fund
• Revenue available after funding existing operations and asset management requirements
• Estimated $60M - $70M by 2022

Project Connect Planning & Development
NEPA, Project Development, Record of Decision and 30% Design
• Total of $56M programmed for Project Connect
• $13.4M spent to date
OPERATING SOURCES

Projected Recurring Sources

O&M Funding Sources
• Revenue available after funding existing operations and asset management requirements
• FY 2023 to FY 2040 sales tax growth of 3.75% would generate an average of approx. $36M per year

Reallocation of Existing Resources
• Service replacement of current route 801 and partial route 20 with implementation of Orange and Blue Lines
• Approximately $7M-$16M (2028$) available for reallocation
POTENTIAL NEW REVENUE OPTIONS

**Fare Revenue**
Could generate additional $17M - $40M per year in 2028$*

- 10% fare recovery currently (fare revenues/operating costs)

**Parking Revenue**
- Assumes $2 per day for passengers living within service area and $4 for outside service area
- Annual estimated revenues of $5M in 2028 to $10M in 2040

**Vehicle Emissions Tax (VET)**
- Existing legislative authority, election must be held in the entirety of Capital Metro’s service area
- Long term revenue potentially impacted by evolving engine technology, including electric vehicles
- Forecasted revenue between 2020 and 2040 ranges from $5M - $6M annually

* Projections include inflationary fare increases
POTENTIAL OPERATING REVENUE OPTIONS

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<tr>
<th></th>
<th>2028 ($M)</th>
<th>2040 ($M)</th>
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<tbody>
<tr>
<td>Low</td>
<td>High</td>
<td>Low</td>
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<tr>
<td>Potential Vehicle Emissions Tax</td>
<td>5</td>
<td>6</td>
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<tr>
<td>Potential Park &amp; Ride Fees</td>
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<td>5</td>
</tr>
<tr>
<td>Additional Fare Revenues</td>
<td>17</td>
<td>40</td>
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<tr>
<td>Routes 801 &amp; 20 Service Reallocation</td>
<td>7</td>
<td>16</td>
</tr>
<tr>
<td>Potential Available Sales Taxes</td>
<td>33</td>
<td>39</td>
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<tr>
<td>TOTAL</td>
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POTENTIAL OTHER PARTNERS

• Cities
• Counties
• State
• Other Partners
  • Central Texas Regional Mobility Authority – CTRMA
  • Capital Area Metropolitan Planning Organization - CAMPO
CITY OF AUSTIN
INVESTMENT OPPORTUNITIES
City Council Direction

- Council-adopted Austin Strategic Mobility Plan (ASMP) includes a goal of 50/50 mode split;
  
  “We should increase transit share by ... Supporting the creation of a high capacity transit system ...”

- City Council Resolution 20190808-081:
  
  Directed the City manager to “analyze and report on options for the [City and other entities] to leverage resources to support the creation, operation, and maintenance of a high-capacity transit system...”
Criteria for Local Funding

• Can generate sufficient funds for the investment
• Can fund all aspects of the investment
  • Capital
  • Operations & Maintenance
  • Capital Repair & Replacement
  • Operating Reserves
  • Debt Reserves
• Can meet Federal Funding requirements and leverage all federal funding opportunities
LOCAL FUNDING OPTIONS: CITY OF AUSTIN

Existing Tax Rate Revenue

Current Tax Rate is all Dedicated

• City’s General Fund (Operations & Maintenance)
  • Use would require re-allocation away from existing general fund uses
• Debt service (General Obligation Debt Service)
  • Pledged for existing outstanding debt / approved bond programs
Value Capture Opportunities

• **TIRZ (Tax Increment Reinvestment Zone)** is a financing tool to encourage economic development within a defined geographic area or zone.

• Purpose is to set aside property tax revenues – above a base year - due to assessed valuation growth in zone to use for specific purposes in zone.

• City of Austin use of TIRZ has been strategic and specialized
  • Financial policy limits total aggregate value of TIRZ zones will not exceed 10% of City’s total tax base.

• Could be used in future as tool to leverage “placemaking” investments and to achieve other policy objectives around transit stations.
General Obligation Bonds

• Public Improvement Bonds (PIBs) are authorized via Bond Elections
  • Since 2010, City has conducted six Bond Elections
  • Per City’s financial policies, next scheduled bond election would be 2024

Criteria for Funding: Bonds

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<tr>
<th>Criteria</th>
<th>Funding Option</th>
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<tr>
<td>Capital</td>
<td>Yes</td>
</tr>
<tr>
<td>Operations &amp; Maintenance</td>
<td>No</td>
</tr>
<tr>
<td>Capital Repair &amp; Replacement</td>
<td>No</td>
</tr>
<tr>
<td>Operating Reserves</td>
<td>No</td>
</tr>
<tr>
<td>Debt Reserves</td>
<td>Yes</td>
</tr>
<tr>
<td>Leverage Federal Funding</td>
<td>Partial</td>
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LOCAL FUNDING OPTIONS: CITY OF AUSTIN

Tax Rate Election

• New State Law (Senate Bill 2)
  • 3.5% cap on increases to operations & maintenance funding from property taxes
  • Mandatory election if a city goes above the 3.5% cap
• Transparency for voters on specific transit investment
  • Addresses intent of Legislature to allow voters to decide on local taxes
  • In subsequent years, the “new” piece of tax rate revenue would be dedicated to the specified purpose
  • Existing O&M tax rate & uses would not be impacted

Criteria for Funding: Tax Rate Election

<table>
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<tr>
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CITY OF AUSTIN/CAPITAL METRO: A PARTNERSHIP

Potential Partnership Framework

Local Government Corporation (LGC)

- Can be established per Transportation Code
  - Chapter 431, Subchapter D
- Would allow for dedicated joint governance to implement the investment
- Transparency for taxpayers
- Can issue revenue bonds
- Can leverage federal funding opportunities
- Can fund operations & maintenance

City of Austin Funding

Capital Metro Funding

via a Joint Development Agreement

Local Government Corporation

Federal Funding
TRANSIT SYSTEM ANALYSIS
October 30 Joint Work Session
• Projects looked at on individual level
  • Shown with independent utility for analysis purposes
  • Project ridership, capital costs and operations of maintenance based on individual projects

January 14 Joint Work Session
• System analysis
  • Assumes projects operate as a system
  • Projects system-wide ridership
<table>
<thead>
<tr>
<th>System Elements</th>
<th>Cost Range</th>
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<tbody>
<tr>
<td>MetroRapid</td>
<td>$150M - $170M</td>
</tr>
<tr>
<td>MetroRail Red</td>
<td>$55M - $65M (Phase I)</td>
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<td></td>
<td>$340M - $380M (Phase II)</td>
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<tr>
<td>MetroRail Green</td>
<td>$460M - $510M</td>
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<tr>
<td>MetroExpress and Park &amp; Rides</td>
<td>$85M - $100M (Phase I)</td>
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<td>$95M - $120M (Phase II)</td>
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<tr>
<td>Neighborhood Circulators</td>
<td>$2M – $3M</td>
</tr>
<tr>
<td>Support Facilities (Bus and/or Rail)</td>
<td>$250M - $300M</td>
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<tr>
<td>Fare Collection Systems</td>
<td>$20M - $30M</td>
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<tr>
<td><strong>Total System Elements</strong></td>
<td><strong>$1.5B - $1.7B</strong></td>
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</table>

Note: Excludes Orange, Blue and Gold Lines

**Total System Elements**

- **40% Federal**
  - $600M - $680M
- **Local Commitment**
  - $900M - $1.02B

**Note:** Excludes Orange, Blue and Gold Lines
VISION PLAN
HIGH CAPACITY TRANSIT OPTIONS

**Orange Line**
- Tech Ridge to Slaughter

**Blue Line**
- AUS Airport to ACC Highland and Republic Square

<table>
<thead>
<tr>
<th>High Capacity Transit (HCT)</th>
<th>BRT Street Level</th>
<th>BRT Elevated</th>
<th>LRT Street Level</th>
<th>LRT Elevated</th>
</tr>
</thead>
<tbody>
<tr>
<td>System Ridership total with HCT (2040)</td>
<td>247,000</td>
<td>258,000</td>
<td>277,000</td>
<td>294,000</td>
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<tr>
<td>HCT Capital Cost 2025$ (B)</td>
<td>$3.2B</td>
<td>$5.5B</td>
<td>$5.9B</td>
<td>$8.3B</td>
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<tr>
<td>HCT O &amp; M, 2028 (M)</td>
<td>$39M</td>
<td>$50M</td>
<td>$86M</td>
<td>$85M</td>
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VISION PLAN
LRT SYSTEM WITH DOWNTOWN TUNNEL

Orange Line
- Tech Ridge to Slaughter

Blue Line
- AUS Airport to ACC Highland and Republic Square

Downtown Tunnel
- Conceptually Guadalupe, 4th Street, Trinity
- 1.6 Miles

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<th>High Capacity Transit</th>
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<tr>
<td>System Ridership total with HCT (2040)</td>
<td>287,000</td>
<td>299,000</td>
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<tr>
<td>HCT Capital Cost 2025$ (B)</td>
<td>$7.9B</td>
<td>$10.3B</td>
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<tr>
<td>HCT O &amp; M, 2028 (M)</td>
<td>$96M</td>
<td>$89M</td>
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CITY OF AUSTIN RIGHT OF WAY

LRT & BRT SYSTEM

Orange Line (LRT)
- North Lamar Transit Center to South Congress Transit Center

Blue Line (LRT)
- Airport to North Lamar Transit Center

Gold Line (BRT)
- ACC Highland to Republic Square

MetroRapid (801)
- Tech Ridge to North Lamar Transit Center
- Slaughter to South Congress Transit Center

<table>
<thead>
<tr>
<th>High Capacity Transit (Only)</th>
<th>LRT Street Level</th>
<th>LRT Elevated</th>
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<tbody>
<tr>
<td>System Ridership total with HCT (2040)</td>
<td>270,000</td>
<td>281,000</td>
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<tr>
<td>HCT Capital Cost 2025$ (B)</td>
<td>$3.9B</td>
<td>$6.4B</td>
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<tr>
<td>HCT O &amp; M, 2028 (M)</td>
<td>$61M</td>
<td>$51M</td>
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CITY OF AUSTIN RIGHT OF WAY

LRT & BRT SYSTEM WITH DOWNTOWN TUNNEL

Orange Line (LRT)
- North Lamar Transit Center to South Congress Transit Center

Blue Line (LRT)
- Airport to North Lamar Transit Center

Gold Line (BRT)
- ACC Highland to Republic Square

MetroRapid (801)
- Tech Ridge to North Lamar Transit Center
- Slaughter to South Congress Transit Center

Downtown Tunnel
- Conceptually Guadalupe, 4th Street, Trinity
- 1.6 Miles

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<td>$5.9B</td>
<td>$8.4B</td>
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<tr>
<td>HCT O &amp; M, 2028 (M)</td>
<td>$63M</td>
<td>$55M</td>
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HIGH CAPACITY SYSTEM SUMMARIES

**BUS RAPID TRANSIT**

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<tr>
<th>Ridership 2040</th>
<th>Capital Cost &amp; Funding Split 2025$ (B)</th>
<th>O&amp;M 2028$ (M)</th>
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</thead>
<tbody>
<tr>
<td>PC Vision Map</td>
<td>$2.2B (F)</td>
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<tr>
<td>PC Vision Map with downtown tunnel</td>
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<tr>
<td>COA ROW LRT &amp; BRT System</td>
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<td>COA ROW LRT &amp; BRT System with downtown tunnel</td>
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**LIGHT RAIL TRANSIT**

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**Notes:**
- Described on Slide 31
- Described on Slide 32

- 40% Federal Share
- 60% Local Share
## VISION PLAN CAPITAL COSTS SUMMARY
### PROGRAM LEVEL

### OVERALL SYSTEM VISION

<table>
<thead>
<tr>
<th>High Capacity Transit (HCT)</th>
<th>BRT Street Level</th>
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<th>LRT Street Level</th>
<th>LRT Elevated</th>
<th>LRT Street Level with Tunnel</th>
<th>LRT Elevated with Tunnel</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$3.2B</td>
<td>$5.5B</td>
<td>$5.9B</td>
<td>$8.3B</td>
<td>$7.9B</td>
<td>$10.3B</td>
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</table>

| + System Elements $1.7B    | $4.9B            | $7.2B        | $7.6B            | $10B         | $9.6B                         | $12B                   |

| 40% Federal Funding        | $2B              | $2.9B        | $3B              | $4B          | $3.8B                         | $4.8B                  |

| Local Funding              | $2.9B            | $4.3B        | $4.6B            | $6B          | $5.8B                         | $7.2B                  |

### COA ROW LRT & BRT SYSTEM

<table>
<thead>
<tr>
<th></th>
<th>LRT Street Level</th>
<th>LRT Elevated</th>
<th>LRT Street Level with Tunnel</th>
<th>LRT Elevated with Tunnel</th>
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<td>$3.2B</td>
<td>$5.5B</td>
<td>$5.9B</td>
<td>$8.3B</td>
<td>$7.9B</td>
</tr>
</tbody>
</table>

| $4.9B               | $7.2B            | $7.6B        | $10B                        | $9.6B                    | $12B                     |

| $2B                 | $2.9B            | $3B          | $4B                         | $3.8B                    | $4.8B                    |

| $2.9B               | $4.3B            | $4.6B        | $6B                         | $5.8B                    | $7.2B                    |

| $3.4B               | $4.9B            | $4.6B        | $6.1B                       |                          |                          |

+ Federal Funding = 40% of total

Local Funding = 20% of total

High Capacity Transit (HCT) = 30% of total

System Elements = 20% of total
PROJECT CONNECT ADDITIONAL STEPS
INVESTMENT, PROJECT FUNDING & GOVERNANCE

• Develop program construction sequencing timeline

• Develop a Federal Transit Administration compliant integrated revenue and cost model

• Establish roles and responsibilities of City, Capital Metro and a potential LGC Joint Venture