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AGENDA ITEM REQUEST FORM

Hays County Commissioners Court

Tuesdays at 9:00 AM

Request forms are due in Microsoft Word Format via email by 2:00 p.m. on Wednesday.

AGENDA ITEM

Presentation by representatives of the Lone Star Rail District's LSTAR rail line.

ITEM TYPE	MEETING DATE	AMOUNT REQUIRED
PROCLAMATIONS/PRESENTATIONS	May 14, 2013	

LINE ITEM NUMBER

AUDITOR USE ONLY

AUDITOR COMMENTS:

PURCHASING GUIDELINES FOLLOWED: N/A AUDITOR REVIEW: N/A

REQUESTED BY	SPONSOR	CO-SPONSOR
	COBB	N/A

SUMMARY
Presentation to be provided in Court.

Catch it.

Local Funding Support Update
Joe Black – Lone Star Rail District
Joe Lessard – Knudson LP

May 14, 2013

What are the Objectives of the Lone Star Rail District?

Created by the Legislature to:

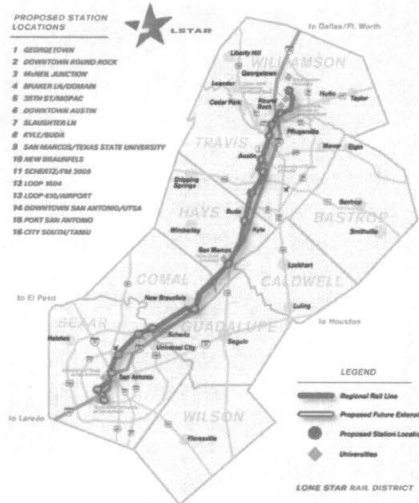
- **Improve Public Safety** throughout the corridor by moving through freight trains out of cities and urban cores
- **Improve Mobility** throughout the corridor by reducing congestion
- **Speed NAFTA Freight Deliveries** through development of a new Freight Service Urban Bypass
- **Create New Tax Base Possibilities** for city and county governments
- **Offer an Energy-Efficient Transportation Alternative** to nearly 300,000 students, faculty, and staff at colleges and universities along the route
- **Provide Predictable, Reliable Travel Choice** allowing people to make more productive use of their time
- **Maintain Air Quality Status** by removing cars and trucks from the roads
- **Create a Seamless Multi-Modal Transportation System**
- **Provide a Catalyst for Exciting Economic Development Opportunities;** provide impetus for directing growth & development in preferred areas

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Jurisdictions and Service Area

- **Cities:**
Georgetown, Austin, San Marcos, New Braunfels, Schertz, San Antonio
- **Counties:**
Williamson, Travis, Hays, Bexar
- **Transit Agencies:**
Capital Metro, CARTS, VIA, ART
- **MPOs:**
CAMPO, SA-BC MPO
- **Region's Board Representation:**
20 members representing the political leadership and business community of Central/South Texas, plus "at large" members appointed by the TxTC.

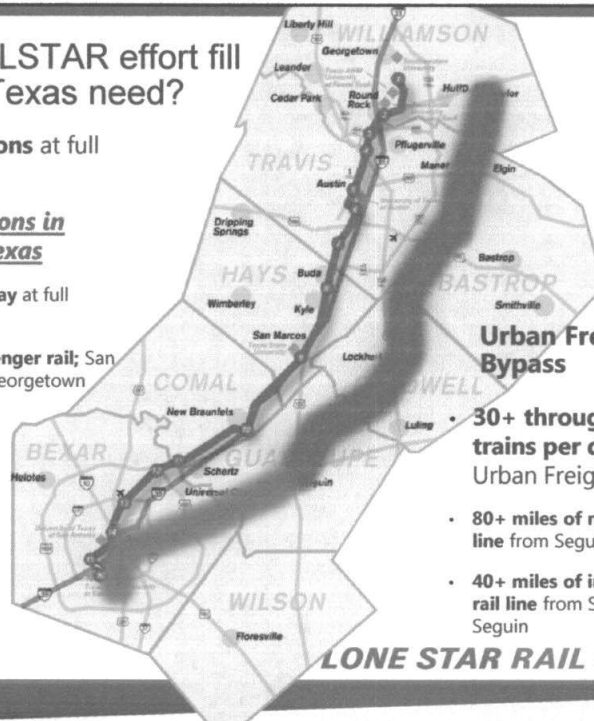


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How does LSTAR effort fill a Central Texas need?

- **Up to 16 stations** at full service
- **7-10 stations in Central Texas**
- **32 round trips a day** at full service
- **118 miles of passenger rail**; San Antonio north to Georgetown



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LSTAR – Broad Based Regional Benefits

Mobility

- Regional linkages to activity centers
- Congestion proof predictable service
- Expandable/responsive capacity
- Reduces growth in traffic demand

Economic Development

- Focuses development within activity centers
- Anchors downtown investment/property values
- Retains region's competitive advantage
- Job creation of over 300 jobs in construction and ongoing operations

Community Development

- Reinforces community identity
- Aligns with community plans/goals
- Mobility options and affordable community service delivery
- Safety and aids in air quality attainment

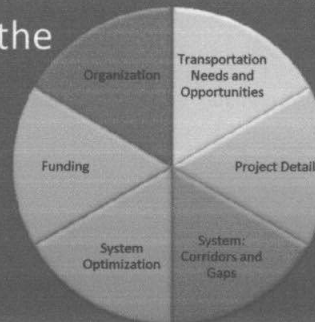


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PROJECT CONNECT

- System: How will high capacity transit components in CAMPO 2035 plan work as a system?
- Organization: How will our region organize to develop and operate the system?
- Funding: How will we pay for the system over the long term?



PROJECT CONNECT
REGIONAL HIGH-CAPACITY TRANSIT IMPLEMENTATION

CAMPO

METRO

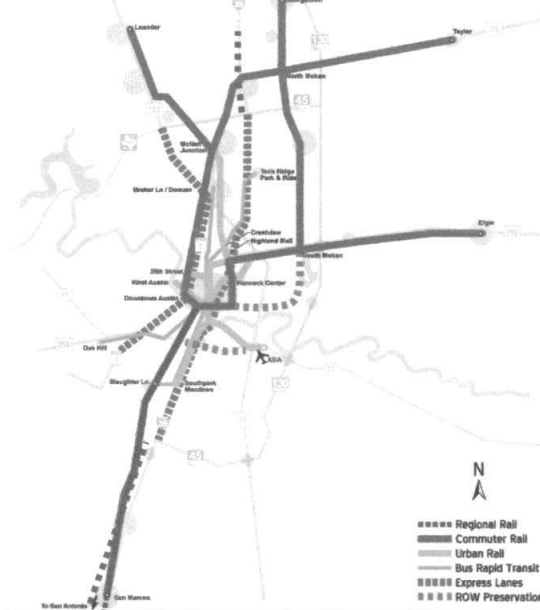


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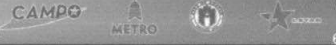
VISION MAP

- 25 Centers & ABIA
- 4 Counties/13 Cities
 - Bastrop: Elgin
 - Hays: Buda, Kyle, San Marcos
 - Travis: Austin, Manor, Pflugerville
 - Williamson: Cedar Park, Georgetown, Hutto, Leander, Round Rock, Taylor

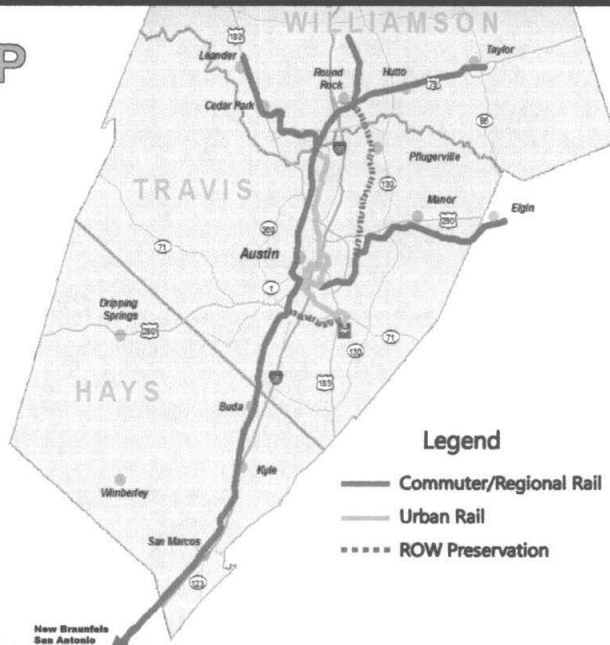
PROJECT CONNECT



PROJECT CONNECT
REGIONAL HIGH-CAPACITY TRANSIT IMPLEMENTATION

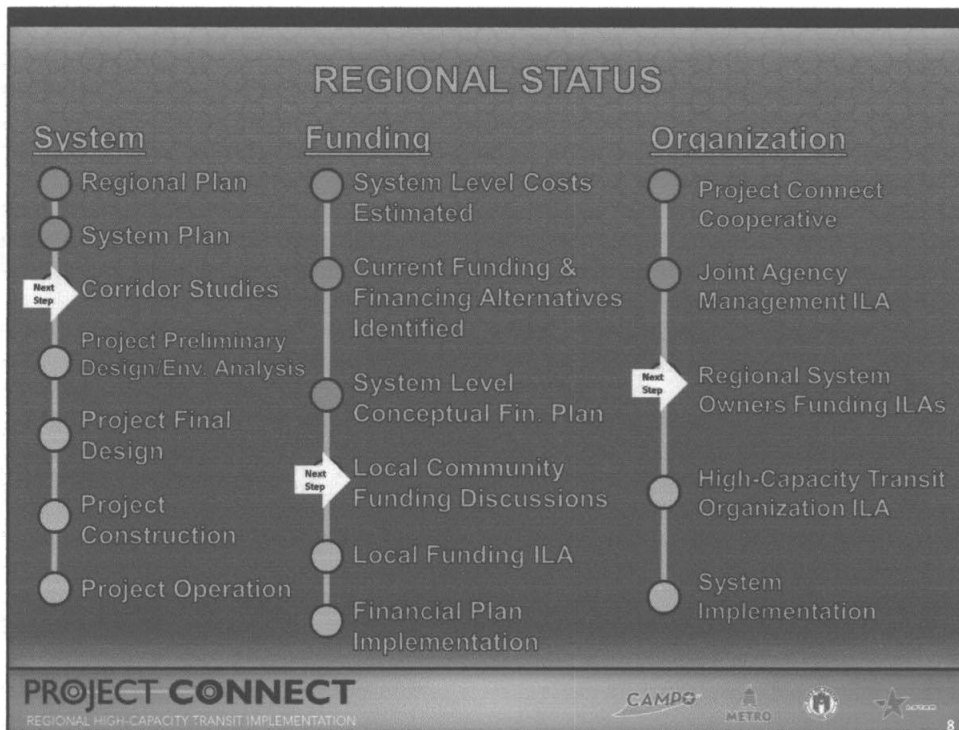


VISION MAP



PROJECT CONNECT
REGIONAL HIGH-CAPACITY TRANSIT IMPLEMENTATION





- ## SYSTEM FINANCIAL PLAN
- **Conceptual level of analysis**
 - “Envelope of Affordability”
 - Based on TWG “Vision” leading project contenders (high priority corridors)
 - No final project decisions – corridor studies
 - Assume ongoing commitment to development in TIF districts
 - **System level implementation rather than individual project implementation “all boats rise together”**
- PROJECT CONNECT**
REGIONAL HIGH-CAPACITY TRANSIT IMPLEMENTATION

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CONSENSUS PRINCIPLES & AFFORDABILITY

Cost Share

- ✓ **Federal/state participation**
- ✓ **Regional partnering**
- ✓ **Benefiting jurisdictions make equitable contribution to costs**
- ✓ **Private development growth**

Growth Sources/Ease Transition – New Revenues

- ✓ **Use new or growth revenues to minimize budget shock**
- ✓ **Station area value growth**
- ✓ **Additional/Alternative Growth Sources**
- **Voter/Legislature authorized expansion sources**

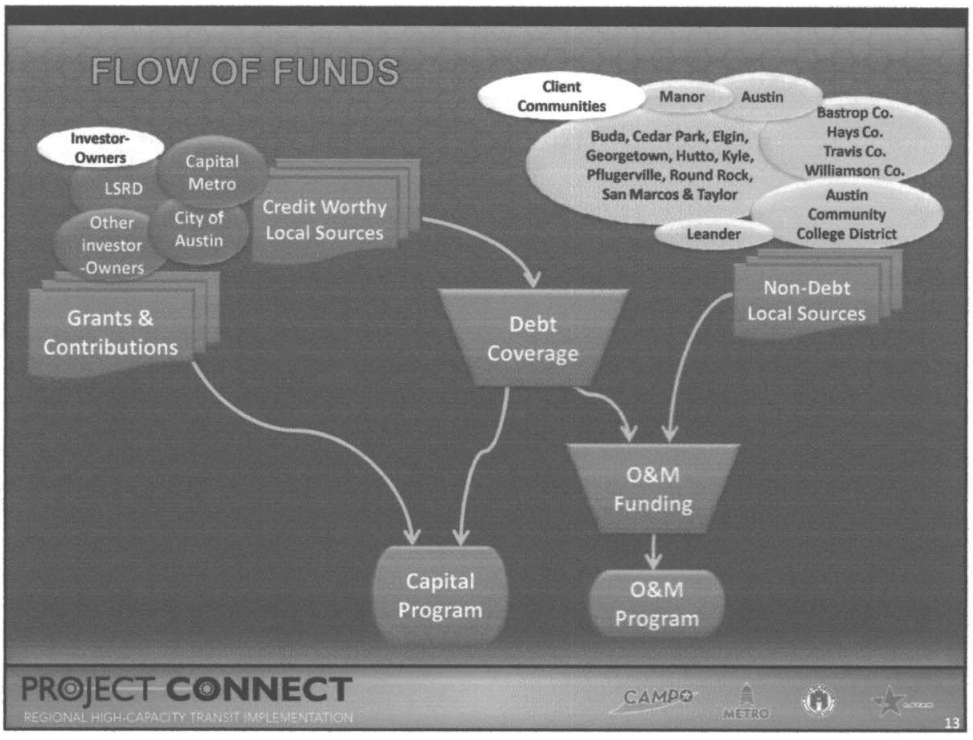
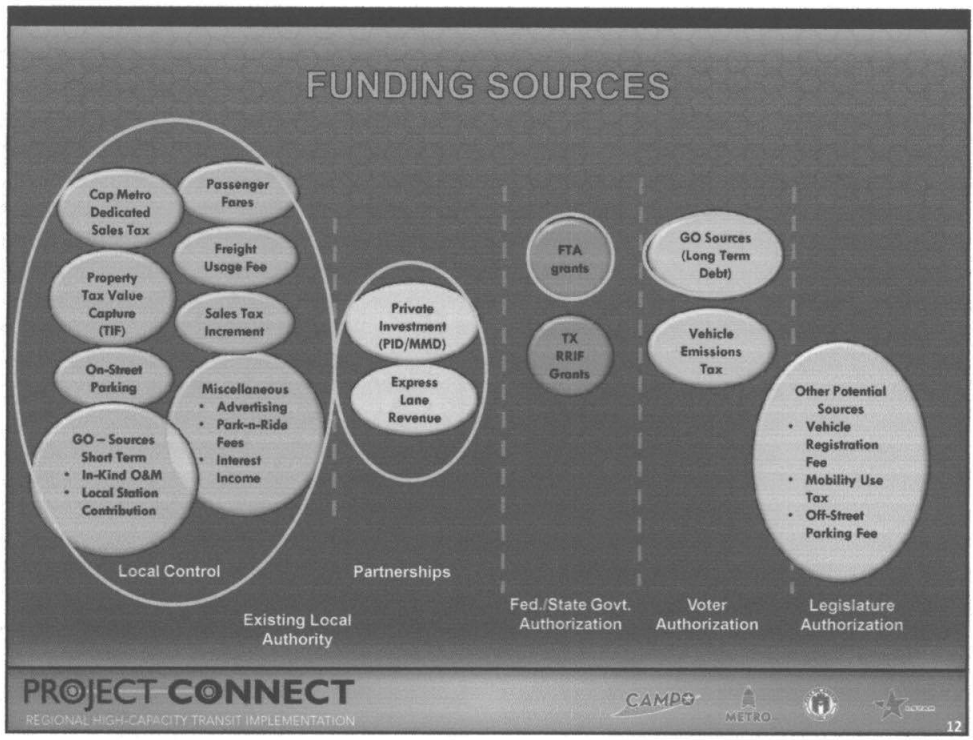
CONSENSUS PRINCIPLES & AFFORDABILITY

TWG Consensus Principles

- ✓ **“Pay to Play”**
- ✓ **“Fair Share”**
- ✓ **“Pay as You Grow”**

Finance Plan Next Steps

- **Develop/refine corridor Investment Plans**
- **Local Community Discussions**



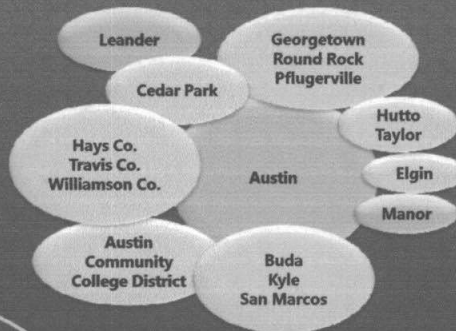
CENTRAL TEXAS FUNDING PARTICIPATION

Capital Metro Cities

- Austin, Leander, Manor
- Participation:
 - Value capture/TIF
 - Capital Metro contribution from its sales tax
 - Public & On-street parking/other
 - GO – Long-term debt
 - Private Investment PID/MMA

Client Cities

- Buda, Cedar Park, Georgetown, Hutto, Kyle, Pflugerville, Round Rock, San Marcos, Taylor
- Participation:
 - Value capture/TIF
 - Alternate Sources to meet goal:
 - Sales tax growth increment
 - Type 4A or 4B contributions
 - Public & On-street parking
 - GO – Short-term debt
 - Private investment PID/MMA
 - Other



Client Counties/College District

- Hays, Travis, Williamson, ACC
- Participation:
 - Value capture/TIF

TAX INCREMENT FINANCING (TIF)

- “Value Capture” approach based on real estate values around rail station locations
 - Low yield early; grow considerably over time
 - TIF creation ideas:
 - Urban Rail (City of Austin)
 - All Regional Rail stations (Georgetown, Round Rock, San Marcos, et. al)
 - All stations on Commuter Rail (Capital Metro Service Area, Cedar Park, Pflugerville, etc.)
 - ¼-mile or ½-mile radius TIF districts around stations
 - Sunset after around 40 years

Investment Issues

Funding

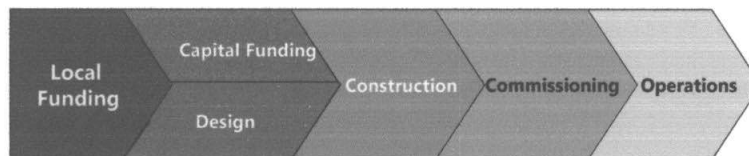
- Early local participation will ease local participant's transition to cover costs
- Cost sharing eases burden on any single local participant
- Late joining communities impacts:
 - Service extensions compete against other regional system invest. options
 - Private development decisions based on type and level of transit
Interim developments may lock-in non-transit dev. and limit local revenues
 - Economic development may be attracted to other locations with higher transit service
 - Postponing communities may need to make the necessary capital investments and/or catch-up impact payments
 - Delaying communities may need to provide dedicated and credit worthy local funding sources

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Project Timeline – Passenger & Freight Service

Local funding is the **gateway** to capital funding from public and private sources.



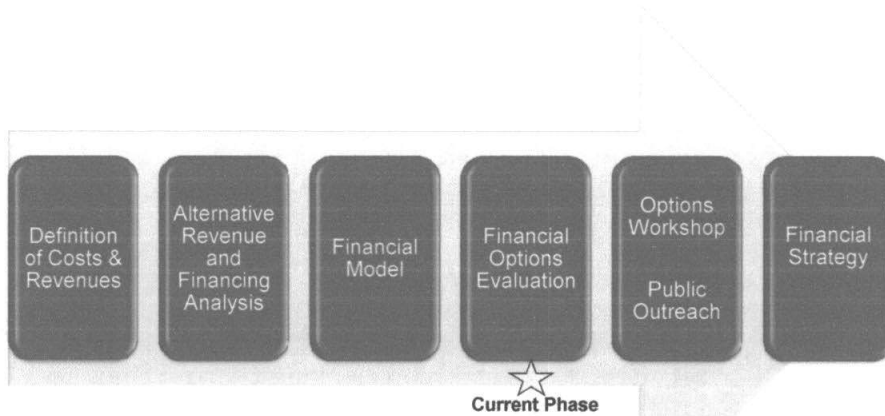
Timing

- Capture value from land speculation, zoning and other entitlements
- New development influenced by rail opportunity
- Local funding necessary to secure capital funding
- Helps reduce through freight in community downtowns & neighborhoods

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Financial Plan Alternatives Development



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Capital Funding Outline

- Lone Star Rail District will acquire the Union Pacific RR right of way from Taylor to San Antonio; proceeds will be used to construct the freight relocation line.

<u>Service Level</u>	<u>Initial</u>	<u>Base</u>	<u>Full</u>
Psg'r Improvements	\$ 700 mil	\$ 840 mil	\$ 1,400 mil
ROW Purchase/Relo*	\$1,160-1,330 mil	\$1,160-1,330 mil	\$1,160-1,330 mil

- Local revenue sources for annual O&M and lifecycle costs are the "gateway" to accessing the capital funding and financing sources



* High end price includes UP costs for full double track

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LSTAR O&M

- **Operating and maintenance (O&M) expense allocated 1/3 each to:**
 - Austin Region
 - San Antonio Region
 - Other Corridor communities



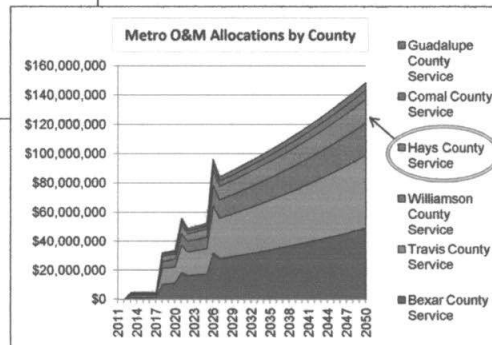
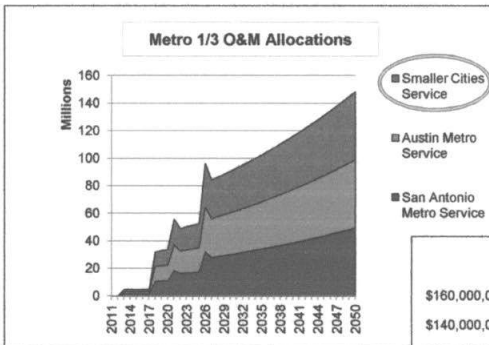
- **The Draft 2012 LSRD Business Plan O&M costs split* (after fare box & misc. revenue accounted for):**

Service Level	Initial (2016)	Base (2021)	Full (2026)
City of Austin & Travis Co.	\$ 10.05 mil	\$ 18.62 mil	\$ 32.15 mil
City of San Antonio & Bexar Co.	\$ 10.05 mil	\$ 18.62 mil	\$ 32.15 mil
Smaller Cities & their Counties	\$ 10.05 mil	\$ 18.62 mil	\$ 32.15 mil
<i>Total</i>	\$ 30.15 mil	\$ 55.86 mil	\$ 96.45 mil

* Escalated over time at 2.5% annually

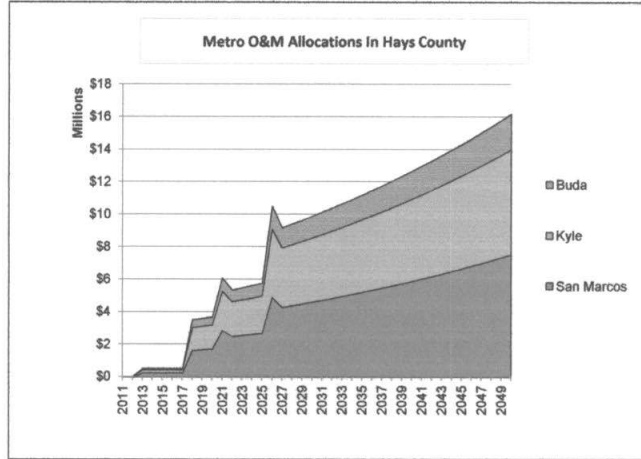
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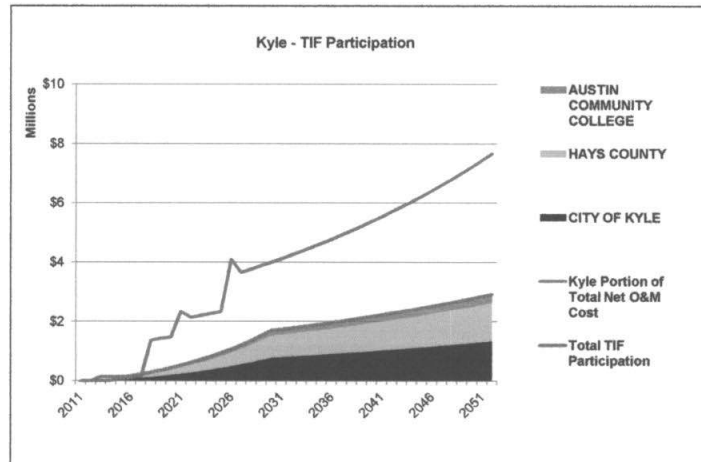


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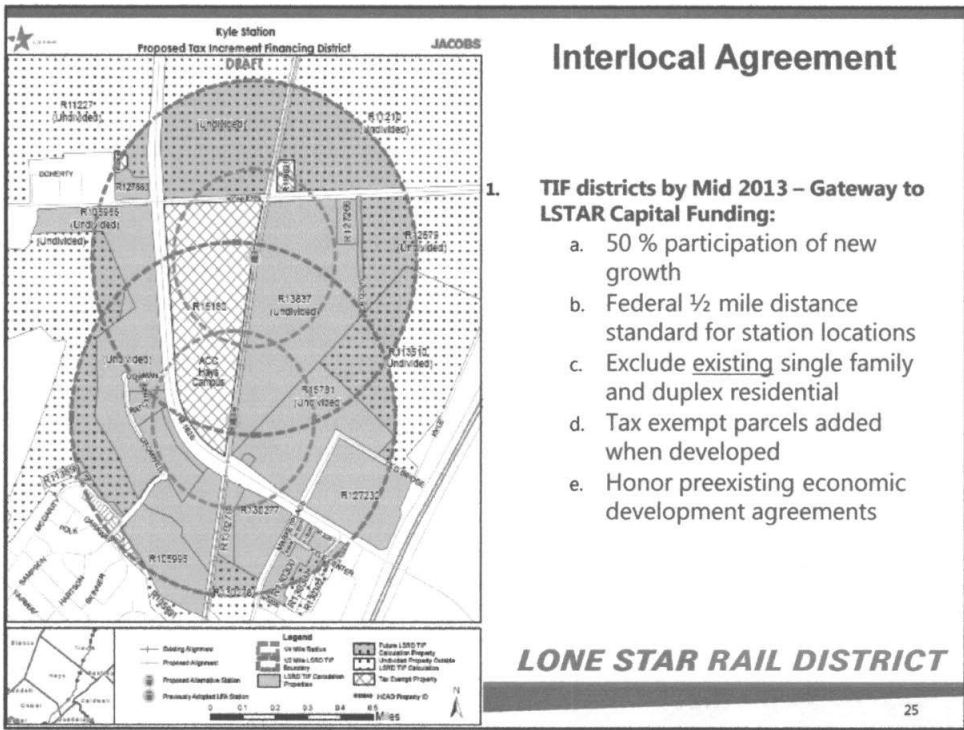
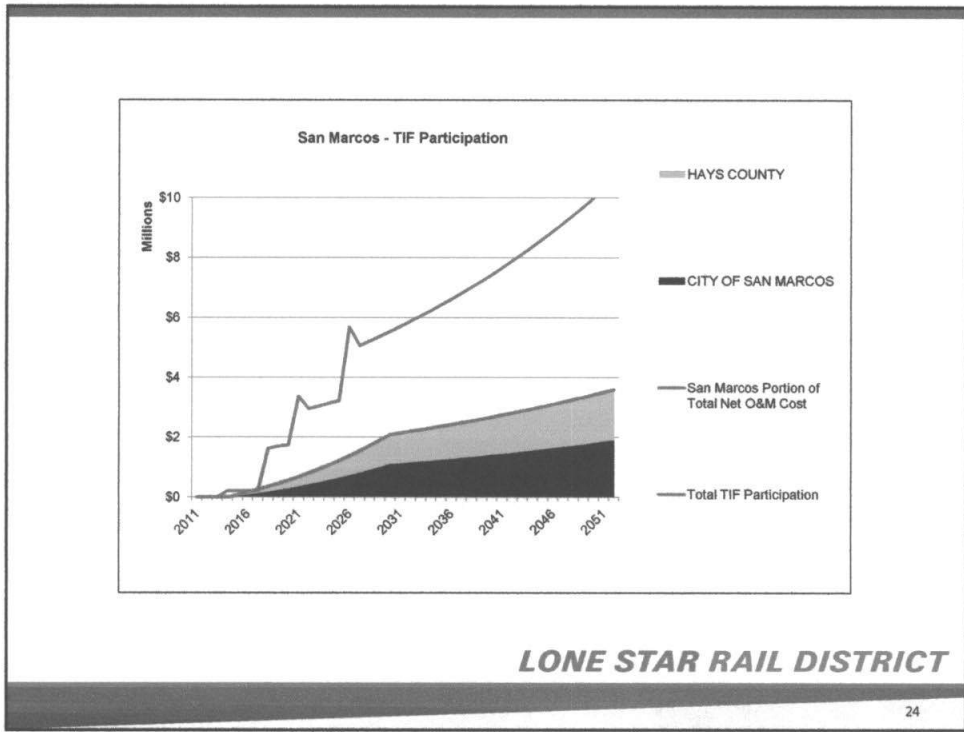
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2. If LSTAR capital not funded in six years, participants may begin retracting their unused portion of TIF funds
3. When in operation, LSRD will annually identify excess TIF funding for return to contributing jurisdictions

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Next Steps

- Local funding for the LSTAR line is gateway to Federal, State and private partner capital funding
- Lone Star Rail District is requesting:
 - County feedback on the funding approach
 - Commissioners Court direction on next steps to review LSRD funding request
 - LSRD work with County staff to prepare initial draft of funding agreement
 - Coordinate with other local jurisdictions
 - Return to Commissioners Court in 45-60 days.



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Thank you
for your support!

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www.LoneStarRail.com