



Austin-San Antonio Intermunicipal Commuter Rail District

Board Meeting and Workshop

Friday, June 2, 2006

9:00 a.m.

San Marcos Activity Center

501 E. Hopkins

San Marcos, Texas

1. Call to Order

Notice was duly posted and a meeting of the Austin-San Antonio Intermunicipal Commuter Rail District was held on Friday, June 2, 2006. Chairman Covington called the meeting to order at approximately 9:20 a.m.

Participants:

Sid Covington, Chair

Tullos Wells, Vice-Chair

Tommy Adkisson

Lisa Birkman

Mary Briseño

Mariano Camarillo

Patty Eason

Fred Harless

Dave Marsh

Al Notzon

Richard Perez

Carroll Schubert

John Thomaidis

Other participants included Ross Milloy, Bill Bingham, Alison Schulze, Clif Davis, Tom Shelton, Bill Woodford, Pat Coleman, and Craig Hoshijima.

2. Chairman and Member Comments

Chairman Covington thanked the Board and the audience for attending, and welcomed special guests: Gary Nelon, Mayor, City of Georgetown; Paul Brandenburg, Georgetown City Manager; Jim Briggs, Georgetown Assistant City Manager; Ed Polasek, Georgetown long-range planner; Sheryl Sculley, San Antonio City Manager; and Wilda Won, TxDOT. Mr. Covington explained that the meeting would be a workshop format and standard agenda items would be postponed until the next meeting so that the Board could focus on starter projects and financing strategies.

Chairman Covington directed the Board's attention to a sample resolution in support of the Texas Rail Relocation and Improvement Fund, included in the agenda packet in response to Board members' request at the May Board meeting, for each member to use and revise as necessary. Commissioner Adkisson suggested that Board members reach out to various local entities and organizations and emphasize the need to approve resolutions and support State funding of the Rail Relocation and Improvement Fund.

3. Consider and Take Appropriate Action on Consultant(s) for Federal Legislative Assistance

Dave Marsh, Chair of the Proposal Evaluation and Selection Committee, reported to the Board that after considering five proposals for Federal Legislative Assistance, the Committee (comprised of Commissioner Adkisson, Councilmember Thomaides, and Dave Marsh) recommends that the Board award the contract to Smith Dawson and Andrews—the District’s current legislative consultant, for the remainder of the fiscal year, which ends September 30, 2006. Bill Bingham noted that the Committee also recommended authorizing the Executive Director to negotiate and execute a contract with Smith Dawson Andrews not to exceed \$50,000. Vice-Chairman Wells made a motion to approve the Committee’s recommendations, which was seconded by Councilmember Perez. The Board unanimously approved the motion, with Carroll Schubert abstaining.

4. Report on Status of Phase 3 (TOD-based) Ridership Results

Clif Davis, Project Director of the Planning & Preliminary Engineering Team, introduced the presentation on Phase 3 ridership with a recap of ongoing issues for the benefit of new Board members and guests. Mr. Davis provided a brief verbal summary on the status of negotiations to access Union Pacific’s right-of-way, the Federal Transit Administration (FTA) New Starts process and the Board’s decision to defer the June 30th submittal of a New Starts application, opportunities for alternative federal funding, the Texas Rail Relocation Fund, and the District’s ridership studies. Each issue is a component of implementing the commuter rail project and each affects the project’s funding—the primary topic of today’s workshop.

Bill Woodford and Pat Coleman, AECOM, gave an overview of the three-phase ridership studies performed to date: Phase 1, completed in 2004, for the 2004 Feasibility Study Update; Phase 2, completed in May 2006, developed in compliance with current FTA New Starts regulations; and Phase 3, recently completed, which assumes significant transit-oriented development (TOD) in the vicinity of the stations and travel acceptance of commuter rail equivalent to that in cities with existing commuter rail service. Mr. Woodford reiterated that the Phase 3 results are not based on current FTA rules for ridership modeling and cannot be used for purposes of a New Starts submittal.

The Phase 3 forecast results show a range of average annual ridership in the year 2030 as follows:

- Downtown Austin to Downtown San Antonio: 1,150,500 – 1,178,000
- Round Rock to San Marcos: 2,095,200 – 2,134,700
- San Marcos to Downtown San Antonio: 572,300 – 573,700
- Georgetown to KellyUSA: 3,240,400 – 3,281,600

A brief discussion followed on TOD impacts, ridership projections compared with other systems, tools that drive ridership (e.g., density, connectivity, marketing), and the importance of seamless connections between modes at the stations. The final report on the Phase 3 ridership results will be complete by the end of June.

5. Consider and Discuss Options and Criteria for Starter Project

Clif Davis and Tom Shelton, Carter & Burgess, presented eight possible options for small starter projects that could be locally funded as an alternative to the federal New Starts program. The starter projects range in length from 15-29 miles, and cost \$100-160 million. The advantages of a starter project are two-fold: to develop a track record of ridership and operations with a starter line and then pursue New Starts funding for future extensions of the system, and to implement service early while negotiating with Union Pacific on access to the entire corridor. The starter project would be the first step toward implementing the entire 112-mile system.

The Board commended Carter & Burgess for offering options outside the FTA program. Fred Harless noted that Capital Metro is funding its starter line with local funds and FTA has agreed to recognize the local funds spent on the starter line as Capital Metro's match for future New Starts grants. Since the local funds could be used as the local match for the future extensions, all Rail District members will benefit from a small locally funded starter line. Chairman Covington noted that as the Board considers local financing strategies in agenda item 7, the Board needs to realistically look at phasing the 112-mile project.

6. Consider and Discuss Federal Railroad Administration (FRA) Funding Program

Ross Milloy noted that FTA's New Starts program doesn't recognize the impact of NAFTA trade in the Austin-San Antonio Corridor, the importance of I-35 as a national trade corridor, and the need for transportation alternatives in the corridor. In addition to the FTA program, he is exploring FRA and FHWA programs, which would allow the District to use a cross-disciplinary approach to raise the profile of the corridor. Mr. Milloy distributed a report released by the U.S. Department of Transportation, *National Strategy to Reduce Congestion on America's Transportation Network* (May 2006), and said he would continue to pursue all funding avenues.

7. Consider and Give Direction on Local Financing Strategies

Craig Hoshijima, Public Financial Management (PFM), presented information on local-share cost allocation methods used throughout the country and potential methods to allocate the Rail District's project costs to local jurisdictions. There are 22 commuter rail systems in the U.S. and the methods used to allocate costs vary widely from simple population-based formulas to complex cost-of-service methods. Typically, the unique characteristics of a system (e.g., route configuration, ridership patterns, funding sources, number of agencies) dictate how the costs are split, and different methods are used to allocate initial capital costs and ongoing operating costs. Mr. Hoshijima highlighted 8 commuter rail systems and reviewed the unique characteristics and cost allocation of each system. He then presented 5 methods to allocate local costs among Rail District jurisdictions: rail miles, city population, county population, station locations, and boardings.

A lengthy discussion ensued. Board members discussed the viability of tax increment financing (TIF) as a funding source. TIF revenue projections are encouraging; but, as a funding mechanism, TIF revenue is uncertain—the Rail District needs to identify existing revenue sources for initial capital costs along with a cash flow schedule. The cities and counties could use TIFs as a basis for a revenue stream over time and a bonding program.

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The funding allocation formula must be equitable for all of the entities in the District. Equity should be tied to access and use, and local jurisdictions should resolve to work together in good faith for the benefit of the region.

Members discussed the need to identify sources for the project's initial capital costs, which would then allow members to realize TIF revenue. The challenge is to find the initial \$100-\$150 million in local funds to build a starter segment, and to identify each community's fair share. Building the rail project is a public investment, just like roads and other transportation infrastructure. If local governments aren't willing to make the investment, economic activity in the corridor will move elsewhere. Board members agreed that the Rail District needs to identify the starter project and the capital cost of the project, allocate the cost to local governments and, once the project and the cost are clearly defined, obtain local funding commitments.

The Board directed the consultants to develop more detailed information on a short list of viable starter projects (target cost about \$150 million), project costs (capital costs, operating costs, shared overall project costs, and segment-specific local costs), and funding formulas for the starter segment. The consultants will present the information to the PMO Committee. The PMO Committee will then recommend to the full Board 2 or 3 starter projects and 2 or 3 formulas to allocate local costs.

The Board also directed staff to execute the appropriate contract amendments to allow the consultants to perform the additional work to be presented to the PMO Committee.

8. Public Comment

There was no public comment.

9. Adjourn

Chairman Covington thanked Board members, special guests, and the audience for their attendance and participation. There being no further items, the meeting adjourned at 11:45 a.m.