

# ***LONE STAR RAIL DISTRICT***

## **Board Meeting Summary**

**Friday, June 1, 2012**

10:00 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 Lone Star Rail District Board was held on Friday, June 1, 2012. Board Vice Chairman Tullos Wells presided, noted a quorum was present and called the meeting to order at 10:07 a.m.

#### **Participants:**

Tullos Wells, Vice Chairman

Tommy Adkisson

George Antuna, Jr.

Mary Briseño

Mariano Camarillo

Sheryl Cole

Will Conley

Dean Danos

Patty Eason

Karen Huber

Sandy Nolte

Kim Porterfield

Carroll Schubert

Other participants included Ross Milloy, Joe Black, Alison Schulze (Rail District), Bill Bingham (Rail District General Counsel), Joe Lessard (Knudson, LP), and Jennifer Moczygemba (TxDOT Rail Division).

### **2. Chairman and Member Comments**

Chairman Wells welcomed everyone and introduced two newly appointed Board members: Schertz's incoming Mayor Pro Tem George Antuna, Jr., and New Braunfels Council Member Sandy Nolte. San Antonio Council Member Carlton Soules was also recently appointed to the Board but was unable to attend due to a previous commitment. Chairman Wells remarked that the Rail District is fortunate to have three enthusiastic and knowledgeable new representatives on the Board. Staff will conduct an orientation session for the new members in the near future.

Chairman Wells noted the recent passing of Schertz Mayor Hal Baldwin who was a passionate proponent of the Rail District's project, a terrific colleague on the Board, and a great friend to many in the Austin-San Antonio corridor. The region lost a giant who will be long remembered with great affection.

### **3. Items for Consent**

#### **A. Consider Approval of March 2, 2012 Board Meeting Summary**

#### **B. Consider Approval of Financial Statement**

Chairman Wells noted the two consent items would be considered for approval by one motion, and either item could be removed from the consent agenda upon request. There was no discussion. Upon a motion by Commissioner Will Conley and second by Board Member Dean Danos, the Board unanimously approved the consent agenda items.

#### 4. **Committee Reports:**

##### A. **Executive Committee Meeting April 6, 2012**

Chairman Wells directed the Board's attention to the meeting summary included in the agenda packet. The meeting was held by conference call at four locations and the Executive Committee considered the following items:

- The Committee amended the Hahn, Texas contract for Local Government and Stakeholder Engagement Services to add KGBTexas, a San Antonio communications firm, to provide strategic communications counsel and logistical support for public outreach and stakeholder engagement in the greater San Antonio area.
- The Committee approved switching the funding source on the Union Pacific project reimbursement contract from federal funds to state funds and authorized the Board Chairman to execute the agreements.
- Staff updated the Committee on freight planning issues, the freight bypass alternatives analysis, and stakeholder engagement on the freight bypass. Staff will present the issues to the Board under agenda item 8.
- Staff also briefed the Committee on service development plans and on-going tasks on the passenger rail project. Staff will present the issues to the Board under agenda item 9.

##### B. **Executive Committee Meeting May 4, 2012**

Board Member Mariano Camarillo noted the May meeting of the Executive Committee was also conducted via conference call and the meeting summary was included in the agenda packet. Mr. Camarillo summarized the items considered by the Committee:

- The Committee authorized the Executive Director to retain the services of Bill Newman for federal legislative assistance for a cost not-to-exceed \$100,000.
- The Committee heard a detailed and very informative presentation by Joe Lessard on tax increment financing, approved provisions for tax increment financing support from local jurisdictions and authorized staff to initiate formal negotiations with Travis and Hays Counties. Mr. Lessard and staff will brief the Board under agenda item 6.
- Staff briefed the Committee on the status of the business plan, which is substantially complete except for the financial element. Staff will brief the Board under agenda items 5 and 9.
- Staff also updated the Committee on passenger rail and freight rail planning issues. Staff will present the issues under agenda items 8 and 9.

#### 5. **Consider Executive Director's Report**

Ross Milloy reported several items of interest.

- In April the Mineta Transportation Institute published a report entitled *A Decision-Support Framework for Using Value Capture to Fund Public Transit: Lessons from Project-Specific Analyses*. The report examines a wide range of financing tools and provides a basis for analyzing the various mechanisms. Staff will make the report available to Board members upon request.
- Development of a comprehensive business plan is underway by staff and consultants. The plan encompasses need for the passenger and freight rail projects, benefits, financial and implementation strategies, costs, and operational scenarios. A preliminary draft is complete except for the financial element, which is being developed by Public Financial Management. Staff and consultants have completed cost estimates, service plans, and revenue estimates; still to be defined are the private sector opportunities, an appropriate business structure, and a procurement approach. The draft plan should be complete by mid-summer.
- Last year the Capital Area Metropolitan Planning Organization (CAMPO) awarded the Rail District \$8 million for environmental studies on the freight relocation project. The award requires a \$2 million match. In April Mr. Milloy and Board Chairman Covington met with Phil

Wilson, TxDOT Executive Director, to discuss using state funds for the match and combining the passenger and freight rail environmental efforts into one process and one document. Chairman Covington subsequently sent a letter to Mr. Wilson formally requesting state funds for the match. The Transportation Commission will consider the Rail District's request on June 28.

- The San Antonio Mobility Coalition (SAMCo) is sponsoring a transportation leadership luncheon on July 9. The topic is *Rail, It's the Way Freight Rolls*. Mr. Milloy will participate in the panel discussion along with representatives of Union Pacific, BNSF, and Port San Antonio.
- Public engagement activities in May included presentations to the Greater Austin Chamber of Commerce Transportation Committee, May 3; Travis County Commissioners Court, May 17; VIA Board of Directors, May 22; City of San Marcos Comprehensive Plan Committee, May 24 ; and participation in Project Connect open houses and a stakeholder forum. Rail District staff continues to actively participate in the CAMPO Transit Working Group and Project Connect initiatives to define a future high-capacity transit system in the CAMPO study area.
- Commissioner Will Conley, chairman of CAMPO's policy board, and Commissioner Tommy Adkisson, chairman of the San Antonio-Bexar County MPO's policy board, are working together to hold a joint meeting of the two MPO boards on November 9 in San Marcos.
- The Rail District has forged a great working relationship with Union Pacific. The agenda packet includes a letter from Union Pacific to Travis County Judge Sam Biscoe stating their sincerity about the project and their belief the project will reach a successful conclusion. Mr. Bingham added that UP is very supportive of the project. Chairman Wells credited the successful relationship to the on-going efforts of Bill Bingham, Joe Black, Board Chairman Sid Covington, Ross Milloy, and Mike Marler.

#### **6. Consider and Take Appropriate Action on Interlocal Funding Agreements with Local Jurisdictions**

Joe Lessard with Knudson, LP, a subconsultant to Jacobs Engineering, briefed the Board on the process for securing local funding for annual operations and maintenance (O&M) costs by means of value capture or tax increment financing (TIF) mechanisms. In August 2011 Rail District staff and consultants began working with Travis County and local jurisdictions in the county—City of Austin, Capital Metro, Austin Community College District—to develop the Rail District's annual funding requirement. In October, staff and consultants began a similar process in Hays County with the County, the cities of San Marcos, Kyle, and Buda, and Texas State University. The effort to date has focused on Travis and Hays counties, but a comparable process will be used in each of the other counties.

Mr. Lessard directed the Board's attention to an outline of interlocal funding agreement (IA) provisions that were identified and honed in the discussions with Travis and Hays counties, and approved by the Executive Committee in May. Mr. Lessard walked the Board through the provisions:

- General provisions identify the Rail District's commitment to quality, the appropriate attachments to the IA (e.g., project description and 20-year O&M budget estimate), and request that the jurisdictions identify existing economic development agreements that overlap the TIF districts.
- Section D states TIF districts will be established as transportation infrastructure zones (TIZ) under the state transportation code.
- Section E recommends TIZ boundaries of ½ mile, identifies a process for determining which parcels would be included in the TIZ and which would be exempt, and identifies proposed station locations.

- Section F outlines provisions for TIZ funding contributions for property included within the TIZ boundary that is also under a preexisting TIF district, economic development agreement and/or tax abatement agreement.
- Section G states taxing authorities will be asked to contribute 50% of new property value increase to the TIZ.
- Section H focuses on local support of station area planning, zoning, and multi-use/transit-oriented development within each TIZ, and the use of other funding mechanisms (e.g., public improvement districts) as available and appropriate.
- Section I is a safety mechanism for the jurisdictions that covers unused TIZ funds if the project is delayed 6 years from the date the TIZ is established.

Board discussion followed on a range of related topics: the need to create the TIF districts as soon as possible in order to begin accruing funds and accumulating a reserve in advance of annual O&M funding requirements; TIZ funds will be held in a separate account set up by the Rail District; and government property is exempt from property taxes and would not be included in the TIF calculation.

Mr. Lessard identified the next steps for the process in Travis County. In June Rail District staff will present a formal request to Travis County Commissioners Court to authorize staff to begin formal discussions on the interlocal funding agreement. Rail District staff is also sending letters the first week in June to the City of Austin and Austin Community College to request they also consider the same TIZ districts and the same funding agreement provisions presented to the County. Over the last several months Rail District staff and consultants have met informally with City staff and Council members and with the Community College District; the letters request the jurisdictions begin a formal process. The goal is to develop a draft interlocal funding agreement in August and enter into simultaneous, joint discussions among the participating jurisdictions to develop one agreement that covers all the TIZ districts in Travis County. Board members encouraged staff to be aware of upcoming budget cycles and bond elections and to be cognizant of the impacts of the TIF discussions on those established cycles. Commissioner Conley noted that discussions have been underway with staff, but have not been elevated to the elected officials. Chairman Wells directed Ross Milloy and Joe Lessard to coordinate with individual Board members in each affected jurisdiction to discuss the best course of action and the best time to approach the jurisdiction.

#### **7. Consider and Take Appropriate Action on Amendments to Jacobs Contract for Alternative Alignments/Fatal Flaw Analysis**

Joe Black briefed the Board on Jacobs' contract for the freight bypass alternative alignments analysis. The contract is essentially complete—the analytical work is complete and the final draft report has been submitted to the Rail District for review. The final remaining task in the contract is submittal to a federal lead agency. When the contract was awarded, it was anticipated the lead agency would be the Surface Transportation Board (STB). Project circumstances have changed: the Federal Highway Administration placed restrictions on how and where the CAMPO funds for the bypass can be spent and, as a result, the environmental process on the freight bypass is probably going to be combined with the environmental process on the passenger rail. The lead agency on the freight bypass is still to be determined, but it's unlikely STB will be the lead.

The proposed amendments extend the contracts' end date in order to keep Jacobs under contract to make the submittal to the lead agency once the lead agency is identified; it does not increase the fee or change the scope of work. Staff recommended that the Board approve amending the Jacobs' contract and the Interlocal Agreement with TxDOT to extend the end dates of the contracts from the current end date of July 2, 2012 to December 31, 2012. Upon a motion by Commissioner Tommy Adkisson and second by Commissioner Karen Huber, the Board unanimously approved the staff recommendation.

## **8. Consider and Take Appropriate Action on Freight Planning Issues**

Joe Black reported that staff continues to advance the proactive local government and stakeholder engagement effort with Hahn, Texas on the freight bypass. Rail District staff, consultants, and Union Pacific representatives continue to meet bi-weekly to coordinate messaging and stakeholder engagement strategies and to report on on-going outreach efforts. Recent stakeholder meetings include Coupland Civic Organization on May 23, City of Lockhart on May 24, and Greater San Marcos Partnership on May 30. Pending meetings include City of Manor, Manville Water Supply Corporation, and Bluebonnet Electric Coop.

The new website module on freight rail relocation is live on the Rail District website: [www.LoneStarRail.com](http://www.LoneStarRail.com). Board members should direct constituents with questions on the freight bypass project to the website module, which includes information on the history and benefits of the project and a project map. The website also includes the new public information handout on freight rail relocation that is included in the agenda packet. The double-sided, one-page handout includes an overview, project description, benefits, and sequence of events for freight rail relocation.

Board members requested back-up material be included in future agenda packet. Chairman Wells noted the item was listed for action but no action was required and the report was simply an update on recent activities. Mr. Black advised Board members to make staff aware of organizations or individuals with questions or concerns about the project so that staff can reach out to them. Chairman Wells recommended that Board members, who know their jurisdictions better than staff, be proactive and notify staff of issues as they arise on the projects so that staff can respond.

Council Member Patty Eason asked why the project map continues to show a station in Round Rock. Chairman Wells responded that a window of opportunity remains open for Round Rock to join the Rail District, but a station will not be included in Round Rock if the city does not become a member. Mr. Black added that a downtown Round Rock station was part of the adopted locally preferred alternative, so it must be carried through the environmental process; but, just because the station location is studied in the environmental process doesn't mean the Rail District will construct the station. Staff will carry the Round Rock station through the process until a federal record of decision is received; but any additional studies or work required on the station would be subject to negotiations with the city. Chairman Wells noted that Georgetown is part of the Rail District and will have a station, and the Rail District recognizes its obligation to Georgetown and its existing members; but, Round Rock is not a member, will not have a station, and the cost of the city joining at a later date will be high.

## **9. Consider and Take Appropriate Action on Report on Status of Environmental and Engineering Studies on Passenger Rail Project**

Joe Black briefed the Board on new and significant issues on the passenger rail project. The joint Union Pacific-Rail District hysrail inspection trip has been rescheduled for June 6-8. The joint inspection will look at the proposed LSTAR line, plus related UP territory and the general area of proposed freight rail bypass. The purpose of the trip is to help inform and advance the joint service planning effort currently underway. Union Pacific has been a great partner in working with Rail District staff to examine joint use demand on the existing line and infrastructure improvements required to support the local freight service that will remain in the corridor.

As Ross Milloy mentioned under agenda item 5, the business plan is underway. A lot of the work has been completed, but hadn't been compiled in one document. Staff has gathered the data and is updating the information as necessary. The heart of the plan will be PFM's financial element and strategic approach. The remaining elements of the plan are substantially complete and include the

regional need for the LSTAR passenger rail and the freight rail bypass, the benefits of LSTAR and the freight bypass, financial strategies, implementation strategies, operations and policy, service plans, capital costs, annual operations and maintenance costs, and risks and mitigation. If a Board member wants to see a copy of the draft business plan without the financial element, contact staff. The full draft plan with the financial element should be ready for the Board's review by the end of summer. Mr. Milloy noted that the additional tasks by PFM on an appropriate financial structure will be ready in November.

#### **10. Consider Status Report by TxDOT Rail Division**

Jennifer Moczygomba, TxDOT Rail Division, briefed the Board on the Rail Division's on-going projects:

- The statewide ridership analysis is underway. TxDOT held meetings with community working groups to discuss high-level issues such as general station locations and station access. The purpose of the study is to look at levels of service between city pairs: core express service (true high-speed rail over 125 mph), regional service (speeds up to 125 mph and generally adjacent to existing freight lines), and emerging service (service on existing freight lines with speeds up to 90 mph). TxDOT has established a statewide committee on passenger rail issues.
- TxDOT submitted the budget and scope of work on the Oklahoma City-South Texas Corridor Study to the Federal Railroad Administration on May 31. Once FRA sends its feedback on the documents, TxDOT will finalize the consultant contract and issue a notice of intent to begin the official environmental process. The study is expected to take two years.

#### **11. Consider Report on Legislative Issues,**

Ross Milloy reported that staff and the consultant team are developing a strategy for state legislative issues with a close eye on the upcoming elections in November, and are also working with TxDOT on its legislative appropriations request. At the federal level, the transportation reauthorization bill is in conference committee. Staff is supporting language in the Ribble amendment that would give the Rail District access to a federal loan through the Transportation Infrastructure Finance and Innovation Act (TIFIA) program. Commissioner Tommy Adkisson suggested the Rail District approve a resolution thanking Senator Kay Bailey Hutchison for her service.

#### **12. Concluding Board Member Comments (no action taken)**

Chairman Wells announced the next Executive Committee meeting will be July 13. The meeting will either be at the San Marcos Activity Center or, more likely, by conference call. The next Board meeting will be September 7 at the Hill Country Event Center. There were no additional comments.

#### **13. Public Comment**

There were no public comments.

#### **14. Adjourn**

Vice Chairman Wells adjourned the meeting at 11:46 a.m.