

Friday, May 21, 2010

## City of Austin seeks options to finish Waller Creek Tunnel funded, but what about topside?

Austin Business Journal - by [Jacob Dirr](#) ABJ Staff

After an aggressive evaluation of the Waller Creek tunnel project, officials hope to shave about \$23 million from the initial \$123 million price tag estimated in 2006 for the below-ground work needed to reclaim about 28 acres from the floodplain in downtown Austin.

The new cost projection could enable the use of tax-increment financing — set up to pay for the underground construction — to become a much-needed source of funding for above-ground improvements that will breathe life into a stretch of downtown that's largely dead.

The Waller Creek Tunnel project revolves around a 22-foot-wide stormwater bypass tunnel beginning in Waterloo Park north of downtown and discharging at Lady Bird Lake near Waller Beach and the Four Seasons Hotel. It is planned to start in earnest by early next year and be complete around 2014. The underground tunnel would steady the flow of Waller Creek and allow property owners to build along its banks.

In tax-increment financing, or TIF, increases in property tax revenue attributable to increased property values in a specified area are pledged to pay for public improvements in that area.

While the TIF plan for Waller Creek, approved by city council in 2007, provided a funding source to build the tunnel, questions have long loomed about how above-ground infrastructure, such as paths and signage, would be funded.

Now, the citizen advisory and oversight committee for Waller Creek has started to examine possible funding streams, in hopes of developing engineering reports and contract proposals that would enable above-ground constructors to get started when the tunnel is completed.

While discussions are in their infancy, Ted Siff, the co-owner and CEO of LegalDigest.com, who is leading the discussion, said he is excited at the possibility of using any surplus funding to finance topside improvements.

If early estimates project sufficient revenue in the Waller Creek TIF area, after accounting for contingency funds and safety nets for the tunnel, the Waller Creek committee will begin to engage elected officials in an effort to amend restrictions on the use of TIF revenue — currently limited to funding the tunnel.

The cost difference between the early and present tunnel estimates is a result of a third-party analysis team charged with evaluating the project and incorporating public input on what Waller Creek will become, said Gary Jackson, Austin Public Works' liaison for Waller Creek.

For example, engineers found they could alleviate floodwater flow with two larger tunnel inlets instead of four smaller ones, which would result in significant savings, he said.

Officials also scrapped a plan for a public amphitheater, estimated to cost at least \$10 million, after public input showed much stronger support for using the same space as a lagoon, a cheaper option, he said.

Although he is not briefed on the matter, Jackson said amending the TIF restrictions would not be easy.

Beyond the TIF, the Waller Creek committee is in the early stages of investigating alternate funding, such as public-private partnerships, grants, federal earmarks, city bonds and federal transportation appropriations, two members of the committee said.

The 2014 due date for tunnel completion is a blessing and a curse for financial planning, said committee member Susan Harris, president of commercial brokerage firm **Site Solutions**.

It is a curse because surface improvements, which will be visible to the public, can't happen en masse until the tunnel is completed. But the construction time frame will provide ample opportunity to develop funding solutions, she said.

Siff, who co-founded **Texas Monthly** and was formerly the Texas director for the **Trust For Public Land**, said federal appropriations and congressional earmarks are likely sources of public funds for the project.

The committee also plans to lobby city council to include nominal funding for preliminary engineering, to get the ball rolling, in the proposed 2010 November bond election, he said.

Beyond public financing, commercial interests will become a key cog in developing Waller Creek's landscape, he said.

"There is no model of this kind of a major public amenity in an urban area that isn't implemented by, or managed by, a public-private partnership," said Siff, who challenged anyone to name a project that will positively impact the urban core and Austin economy more than Waller Creek.

"Commercial development along the creek will benefit from the surface improvements, so why not share in some costs?" he said. "We wouldn't turn down Michael Dell or anybody else."

**Courtesy of JB Goodwin**