



Envision Central Texas Infrastructure Forum:

More People. Less Money. What Now?

March 31, 2010, 9 a.m. - 1:30 p.m.

Four Seasons Hotel Austin

The first of four events in the 2010 Envision Central Texas Regional Forum Series

Executive Summary

On March 31, 2010, Envision Central Texas (ECT) convened approximately 250 Central Texans from the public, private and civic sectors to discuss the challenges facing our region in providing efficient and coordinated infrastructure in a time of limited resources. The specific focus of the day was on transportation and water infrastructure, funding of infrastructure, and coordination. Leaders and subject-matter experts from public sector entities and private firms shared their knowledge and insights on the issues through a series of presentations and panel discussions. Attendees at the Forum participated in table discussions and a real-time polling process through which they provided their input on a series of questions about the topics raised.

Key themes emerging from the panel of transportation and water entities included the significant funding challenges to providing needed transportation infrastructure locally and across the state, the complex nature of water planning and importance of water conservation, and the need for careful planning and ongoing collaboration between various entities. The presentations and panel discussion about funding focused on funding mechanisms and strategies, such as public-private partnerships and tax increment financing, the implications of tightened credit markets and a “bottom-line” message that there is no free money. The final panel, which explored approaches for enhancing coordination on infrastructure issues, discussed the need to integrate local goals and objectives with agreed upon regional goals, the importance of communication and strong relationships between entities, and building on the coordination that is already taking place.

Attendees at the Forum engaged in small-group discussions following each panel and provided input on a series of questions. Each table provided their top two responses or ideas relative to these questions. A compilation of the top responses was presented back in a real-time poll which allowed the group to select their top two choices. The most important challenges to coordination were viewed as a lack of common goals and objectives, conflicting priorities and an emphasis on local rather than regional outcomes. The group felt that if nothing changed relative to the challenges discussed at the Forum, the top consequences for our region would be a decline in quality of life and economic vitality, and result in unsustainable growth. The most important near-term tools to improve regional coordination of infrastructure included legislative reforms to enable local funding options for transportation infrastructure and enhanced county land use authority, as well as increased intergovernmental collaboration.

ECT will convene a follow-up forum regarding infrastructure in September 2010 to build on outcomes from this session. The following event report provides a more detailed recap of the presentations, panel discussions and attendee input.

More People. Less Money. What Now?

Event Report

I. *Introduction:*

Welcome and introduction provided by Envision Central Texas Chairman **Travis Froehlich**, Vice President, Strategic Planning, Seton Family of Hospitals

A. Overview of Envision Central Texas and setting the context

Envision Central Texas (ECT) was formed in 2001 to assist the region in the development of a vision to address the growth of Central Texas. ECT is a non-profit organization composed of representatives from the public, private and civic sectors who share the common goal of addressing growth with sound planning that has the interests of the region's existing and future citizens in mind. As one of the fastest growing metropolitan areas in the country, this region continues to grapple with such issues as how and where land is developed for housing and jobs, the types of homes we live in, how we travel around the region and how to best preserve and protect our environment, economic vitality, social equity, and overall quality of living. The Vision, which was derived from the input of thousands of Central Texans, lays out the principles and priorities important to the region's citizens. This includes multiple choices of transportation and housing, compact walkable communities in key nodes, abundant open spaces and recreation opportunities and a strong emphasis on social equity and preservation of our region's unique character and history.

Since the roll out of the Vision in 2004, ECT has served as a catalyst for regionalism, convening diverse stakeholders in critical conversations about our future and developing tools, resources and processes to advance the region's Vision. Recent years have seen the opening of the region's first urban rail line and major toll road projects, the beginning of redevelopment at Mueller and other mixed-use developments, significant land conservation efforts, greater residential opportunities in downtown Austin, and plans and policies that will help positively shape growth. However, Central Texas continues to grow at a rapid pace and critical resource constraints, whether natural resources such as water or economic resources for funding infrastructure, highlight the need for increasing levels of communication and coordination across traditional boundaries. This shift toward multi-sector collaboration can be seen at the federal level, where in 2009 the "Sustainable Communities Initiative" was formed as a partnership between the Departments of Transportation, Housing and Urban Development and the Environmental Protection Agency. The aim of this initiative is to support regional planning efforts that integrate housing, economic development and transportation decision making in ways that empower jurisdictions to consider the interdependent challenges of economic growth, social equity and environmental impact simultaneously.

ECT has launched the 2010 Regional Forum Series to focus and deepen the regional dialogue on issues related to our critical infrastructure needs and to identify timely and tangible steps that can be taken to ensure our region's vitality and the preservation and enhancement of what makes Central Texas such a desirable place to call home.

B. Approach for "More People. Less Money. What Now?" Forum

The topics explored in this Forum were transportation and water infrastructure and related funding issues. While there are other equally important and interconnected infrastructure issues, the emphasis was placed on these issues due to their major significance to regional growth and to ensure there would be adequate time for in-depth discussion. The Forum was composed of three sections. The first was the exploration of transportation and water infrastructure providers, their various responsibilities and priorities, major challenges they are facing, and barriers to coordination. Next was an examination of infrastructure funding, the structures and mechanisms currently used or needed, and key funding challenges for the region. The final section looked at the tools and strategies that would help address the challenges raised and further increase coordination. The various sections included presentations and panel discussions with regional leaders and subject matter experts. Following each section was a table discussion where attendees examined the issues raised and provided input

on key questions related to each topic. Based on input from each table discussion, real-time polling was conducted on the themes that emerged to get a sense from the full group on which they felt were most important. All written comments from the table discussions were gathered by ECT and key points were incorporated into this Forum summary along with the polling responses.

II. *Providing efficient and coordinated infrastructure in a time of limited resources*

Moderated by **Jim Walker**, Director of Sustainability, University of Texas at Austin, Campus Planning and Facilities Management

A. Overview of Transportation Planning and Funding, Carlos Lopez, District Engineer - Austin District, Texas Department of Transportation

The two primary state sources of funding for transportation in Texas are gas taxes and vehicle registration fees. Of the three billion dollars brought in during fiscal 2009, about 24 percent went to public schools and three percent went to miscellaneous fees and expenses, leaving \$2.2 billion dollars for the State Highway Fund. Vehicle Registration Fees in 2009 were \$1.5 billion. Of this amount, 29 percent went to the counties leaving about 71 percent or \$1.1 billion for the State Highway Fund. Total money contributed to the State Highway Fund for 2009 was \$7.6 billion including federal reimbursements, Texas Mobility Fund reimbursements, local participation, state fees and taxes, and bonds and notes issued. In 2009, the Texas Department of Transportation (TXDoT) spent \$8.5 billion including eight percent on debt, 36 percent on maintenance and 27 percent or \$2.3 billion on building new roads, reconstructing existing roads, safety improvements and bridge repairs. There are 80,000 miles of roads in Texas to maintain which equates to approximately three trips around the world.

Close coordination of transportation planning is essential to the efficiency and effectiveness of the state transportation system. TXDoT's partners include:

- *Federal Highway Administration*
- *Metropolitan planning organizations (CAMPO in Central Texas)*
- *Local Governments*
- *Region Mobility Authorities (CTRMA in Central Texas)*
- *Lone Star Rail District*
- *Capital Area Metropolitan Transportation Authority*

B. Overview of Transit Planning and Funding, Doug Allen, Interim President and CEO, Capital Area Metropolitan Transportation Agency

The *All Systems Go! Long Range Transit Plan* (ASG) designed by the Capital Area Metropolitan Transportation Agency is a service area plan for the entire Central Texas Region and incorporates and reflects the Capital Area Metropolitan Planning Organization's long range planning. Regional transportation coordination is a key principle that underlies all of Cap Metro's planning. The ASG Plan includes express bus routes, MetroRail, including the Red Line from Austin to Leander, and potentially a line from Austin to Round Rock and Georgetown and a possible route from Austin to Manor/Elgin. Urban Rail plans in the ASG include future lines to Mueller, to UT/Capitol/Downtown and to Austin-Bergstrom International Airport. Intercity Rail routes imagined for the future include Round Rock to San Antonio and Austin to Houston. Other components of the ASG Plan include a system of managed high occupancy vehicle lanes and routes for MetroRapid (bus rapid transit).

Transit in Texas is funded by sales tax. The state cap for sales tax is 8.14 percent – six percent goes to the state and two percent goes to the local government (of which up to one percent can go to transit). Several municipalities in Central Texas including Cedar Park and Pflugerville have opted out of contributing to the Capital Metro system and have chosen to dedicate their portion of the sale tax to the other uses allowed by law (property tax abatement, economic development, etc.). Within the next 20 years, it is likely that half of the region's population will live outside Cap Metro's boundaries. This presents a challenge to providing public transportation to a large group of people who will be excluded. Some have suggested an increase to the cap or to exempt transit from the cap. A local vote would be needed to increase taxes to pay for public

transit or other things. A solution to this problem needs to be found. Capital Metro already provides some services on contract to areas outside its authority.

C. Overview of Water Planning and Funding, Dan Hardin, Director, Water Resources Planning Division, Texas Water Development Board

Water planning in Texas has an amazing number of moving parts – 2,564 separate entities are represented in the water planning process. Starting at the most basic level there are two primary sources of water: 1) surface water - owned by the state and subject to state permitting requirements; and, 2) groundwater - subject to the Rule of Capture and may be amended by Groundwater Conservation Districts.

Starting at the top at the state level there are several different agencies that oversee water resources:

- *Texas Water Development Board* – focuses on data collection, planning and financing of water and wastewater projects.
- *Texas Commission on Environmental Quality* – focuses on water quality and quantity programs, responsible for issuing permits for use of surface water.
- Other state agencies – *Texas Parks and Wildlife, Texas Department of Agriculture, Texas State Soil and Water Conservation Board.*

On the regional level there are two basic kinds of entities that help with water planning:

- *River Authorities* - own and operate many of Texas reservoirs and market retail and wholesale water for municipalities, industries and agriculture, control rights to more than 70 percent of the state's surface water.
- *Groundwater Conservation Districts* - the state's preferred method of managing groundwater withdrawals through permitting or well spacing requirements. Districts within each Groundwater Management Area are now required to set Desired Future Conditions.

On the local level there are also several different kinds of groups that have an interest in water and are involved in planning:

- Water supply corporations
- Municipal water utilities
- Private water suppliers
- City government
- Private sector (business, agriculture and industry)

Beginning with the passage of Senate Bill 1 in 1997, water planning in Texas has been based on a “bottom-up,” consensus-driven approach. The state is divided into 16 planning regions, each one of which is represented by a regional planning group responsible for developing a regional water plan. The planning groups, with representatives from a minimum of 11 different interest groups, identify needs where demands are expected to be greater than supplies and evaluate strategies for meeting those needs.

Texas Water Development Board financial assistance for water supply projects may be provided only to projects that meet identified needs in a manner that is consistent with the approved regional water plans. In addition, the Texas Commission on Environmental Quality may not issue a water right permit for municipal purposes unless it is consistent with an approved regional water plan.

What will it cost to get enough water? The total capital costs of the recommended strategies would total 31 billion dollars. These needs are extended over a time period through 2060. What will it cost if we do nothing? Businesses and workers: \$9.1 billion in 2010, \$98.4 billion in 2060. The cost of lost local and state taxes would be \$466 million in 2010 and \$5.4 billion in 2060. *About 85 percent of the state's population will not have enough water by 2060 in a drought of record.*

D. Panel Discussion: “Providing efficient and coordinated infrastructure in a time of limited resources”

- Moderator: **Jim Walker**, University of Texas at Austin
- **Doug Allen**, Interim President and CEO, Capital Area Metropolitan Transportation Agency

- **John Burke**, Director of External Affairs, Aqua Water Supply Corporation
- **Sid Covington**, Chairman, Lone Star Rail District
- **Dan Hardin**, Director, Water Resources Planning Division, Texas Water Development Board
- **Howard Lazarus**, Acting Assistant City Manager and Director of Public Works, City of Austin
- **Carlos Lopez**, District Engineer- Austin District, Texas Department of Transportation
- **Tom Mason**, General Manager, Lower Colorado River Authority
- **Maureen McCoy**, Assistant Director, Capital Area Metropolitan Planning Organization

Some of the major ideas and themes expressed by panelists relating to “*Providing efficient and coordinated infrastructure in a time of limited resources*” included the following. The development of new efficient infrastructure is key to efficiently shaping the growth of the region. It will require careful land use planning and cooperation to change the long standing “sprawl” pattern of growth in Central Texas and evolve toward the Envision Central Texas Preferred Scenario nodal concept and the CAMPO 2035 hybrid “centers” plan. Already, several transit-oriented developments have sprung up along the newly opened Red Line and more are planned. Denser development that is walkable and multi-modal with an affordable housing element will be important in this new style of growth. This kind of multi-faceted development could be encouraged by local governments by offering incentives, cutting red tape and other enticements.

Several people expressed the idea that there is a “silver lining” in the recent recession and drought that we have been experiencing because it has focused people’s attention on the importance of water conservation and long-term planning for growth. Inter-local agreements with an emphasis on planning for water and transportation were cited as extremely important. There are already some significant collaborations happening within the region but there is ample room for improvement and expansion.

Water planning is a very long-term process. Unfortunately, water planners have to deal with what could be called a “hydro-illogical cycle. The general public becomes interested and very worried about the lack of water during a drought, but as soon as we have a few days or a few months of rain, people forget their concerns even though the crisis is far from over. Mandatory conservation needs to be instituted. The best way would be to have uniform rules throughout the region. No more water is being created in our world and the amount is not unlimited. The fastest and cheapest way to make more water available is through conservation.

The same “illogical” cycle has also been observed in rail construction. People were very vocal about the need for alternative modes of transportation when gas prices rose to \$4 a gallon, but the furor died down when prices fell. Now is a good time to build infrastructure because there are low construction prices and it is always best to plan and build when we do not have a crisis.

The moderator posed the following, “You all work for large public entities which tend to change slowly and are subject to political forces beyond your control. How would you assess or measure progress in infrastructure coordination? How would you know coordination was happening?” In answer to this query several themes emerged. Some believed that first we must have a truly regional plan that we are all working towards beyond just transportation but including other infrastructure networks. Others felt progress would include more inter-local agreements with agencies and utilities cooperating, especially in rural areas. Other ideas about what cooperation “would look like” included:

- There is a mix of funding sources going into projects with an increase in federal dollars
- There is denser development along transit lines
- There is regionalization of many services
- Local governments would be tied in to regional plans
- There would be regional water conservation rules in place
- There would be a regional push for legislative changes to support quality growth

E. Table Discussion Question: The following themes and ideas are extracted from the notes of the audience participants at the tables in response to the question, *What do you believe are the two most important challenges to coordination (those discussed or other)?*

- **Lack of regional authority**

The fact that there is no one regional authority is seen as a barrier to increased coordination. The MPO oversees transportation planning in Central Texas and a number of different entities plan for water, energy and other infrastructure elements. CAPCOG and ECT provide some unity but no one entity is tasked with true “regional planning” with authority and resources to coordinate, lead, plan and implement. Another suggestion was a synchronized regional business/financial plan that identifies all potential funding sources and combines them for greater efficiency.

- **Thinking locally rather than regional**

Most elected officials believe they must address local concerns and issues first and only then how those decisions fit into the regional picture. Some officials and many staffers never get to the regional thinking at all. Perhaps if there were more concrete and agreed upon regional goals and objectives, it might be easier to keep a regional perspective. Lack of communication among local and regional entities also contributes to the problem. The “greater good” of the region needs to be given a higher priority. It would be good if there were some funding that could be used for *regional* projects only. There should also be some tangible incentives to reward regionalism. There needs to an expectation that all should coordinate and cooperate, if not require it.

- **Conflicting / competing funding priorities**

There are very different ideas within the region of how to use the limited resources available for infrastructure development funding. The competing interests include such factions as rail vs. road, short term vs. long term projects and various geographic considerations. The extreme lack of funding increases the degree of conflict. The region also lacks the necessary tools to generate funding. Instead of competing amongst its jurisdictions, the region should agree upon joint projects to maximize availability of funds. Sometimes the funding sources do not match up with the planning areas. We must in general at look longer term solutions and not just focus on expedient short term answers.

- **Political will**

New taxes are never popular. However, to find new funds for transportation and other infrastructure, many believe some kind of increased taxes or fees will be necessary. Finding the political will to take the steps necessary to fund the infrastructure needed for our region is a difficult challenge to overcome. Some believe we can build more trust among officials through more consensus building. County land use authority is long overdue but is still not politically viable. Buy-in must be sought from the special interests to be open and supportive of the compromises needed. Local politics often prevents more coordination among jurisdictions. There is a need for strong political leaders to emerge in the region.

- **Lack of education on regional issues**

While many Central Texas citizens understand the importance of working together as a region, there needs to be more education about various regional issues including the interconnected nature of Central Texas, how we compete in the world as a region and how increased regional cooperation can benefit everyone. We must find a way to break away from the usual “siloes” thinking. The public must have more awareness of the “crisis” that is at hand in finding funds for transportation and other infrastructure. This regional education can help build consensus and political and financial will. We need to develop a regional understanding that water and transportation planning are tools to affect land use. It is also important to have a systematic way to capture relevant and informed public input. ECT should play a strong role here by educating the public including through schools, churches and cities using TV, the internet and newspapers. We must overcome the public mindset of unlimited resources.

- **Lack of common goals and objectives**

There are few goals and objectives that are universally agreed upon by the cities, counties and agencies within the region. The principles of the Envision Central Texas Vision are the closest to having a consensus on a direction that the region has seen, however a more formal set of goals should be established and endorsed by all. Now that the five Central Texas counties are included within the MPO, the CAMPO 2035 Plan may be an

opportunity to gain consensus among the region’s jurisdictions. There also needs to be agreement on metrics to measure success. Some believe the lack of regional goals is derived from the fact that there is no overall state plan. Planning in the counties outside the ETJ is one of the biggest challenges. We need to overcome the attitude of “that’s how we have always done it.”

▪ **Different priorities between urban and rural**

Competing priorities are often very pronounced between the needs and desires of the urban areas and counties and the more rural. Efforts should be made to understand both sets of priorities and look for ways to achieve both sets of goals through compromise or creative solutions. Increased communications between leaders of various jurisdictions could help build trust. Some shared rights-of-way and jointly funded projects may help cooperation. Bastrop, Caldwell and Hays Counties have many similar issues to Travis and Williamson, but also many different problems. There are also significant differences in the economic situations of various cities and counties in the region. Often it is more than rural vs. urban but the influence of different cultures and traditions.

▪ **Other ideas**

- Major barriers include regulatory mandates and antiquated procedures in which an agency has oversight and responsibility for infrastructure planning.
- We need strong regional leadership of involved, coordinated people.
- Need reform of our water resources infrastructure which moves away from highly regionalized “end of the pipe” strategies toward more distributed or decentralized strategies which are holistic and integrated. We are still using 19th century “solutions” on 21st century challenges.
- There are too many different agencies with “turfdoms”.
- Some jurisdictions fear that “coordination” will result in a loss of autonomy.
- There is frequent turnover in decision makers
- Difficult to get full inclusion of potential stakeholders (geography, economic and ethnic, etc.)
- Need the ability for cooperative financing of regional infrastructure
- Challenges is the “balkanization” of water supply entities in Texas (CCNs)

F. Results of Interactive Poll:

The audience participants voted on what they perceived to be the two most important challenges to regional coordination. The results of interactive polling are shown below.

of Respondents: 226

Challenges to Coordination... (top two)	Responses	
Lack of regional authority	43	9.51%
Thinking local rather than regional	76	16.81%
Conflicting / competing funding priorities	76	16.81%
Political will	67	14.82%
Lack of education on regional issues	37	8.19%
Lack of common goals and objectives	107	23.67%
Different priorities between urban and rural	46	10.18%
Totals	452	100%

III: Infrastructure funding in challenging times

Moderated by **Don Henderson**, Senior Managing Consultant, Public Financial Management

- A.** Infrastructure Funding Overview by **Betty Dunkerley**, Consultant
- B.** Rating Agency Perspective on Financing by **Cherian George**, Managing Director, Infrastructure & Project Finance, Fitch Ratings
- C.** Private Lender Perspective by **Brannin Prideaux**, Executive Vice President, IBC Bank
- D.** Public-Private Financing Strategies by **Jim Ziglar**, Senior Vice President, Infrastructure Advisory, Deloitte Corporate Finance

The four financial speakers all addressed infrastructure funding in challenging times. A main theme was, “There is no free money.” No matter whether the funding mechanism is for roads or transit or a water treatment plant, it all comes from the citizens. It comes from either directly taxing or indirectly from state and federal grants or user fees. The first step in funding is to identify the projects with the highest priorities with the citizens. To be able to put a financial package together, there needs to be a consensus and maintenance plans in place with the various coordinating agencies. Tax Increment Financing (TIFF bond) is an important financing tool. As property values go up they help capture the value and help fund projects.

There are significant barriers to building infrastructure to serve regional nodes of population. The cost of public infrastructure is high since you need stronger streets and better drainage systems and you also want to include amenities such as parks and trails and plazas and civic buildings. In the long term the investment will pay off, but the cost in the short term is daunting.

The United States’ real estate transactions total in 2007 was \$522 billion; and in 2009 it was \$52 billion. This is a 90 percent reduction in transaction volume which means there is effectively no market. Commercial banks are under scrutiny and pressure from Congress and others. Everyone is being second guessed. Income that would have gone to create new capital is not available. Securitization has effectively ceased because buyers don’t trust the “paper.” People are still moving to Central Texas so it is possible that there will be a housing shortage in 18 months.

There is a distinction between funding and finance – funding is the ongoing revenue that pays for a project over time, or is “grant” money you don’t have to pay back; financing is money you borrow and have to pay back, either through debt or equity, where there’s an expected return.

Good financial policy will make sense today and 30 years from now. This is important not only for public policy but also when doing projects in a public/private forum.

Over the last five or so years, another financing and procurement mechanism that is somewhat more popular overseas has been seeing increased consideration in the U.S. – the Public-Private Partnership (PPP).

In Texas, an effort was underway for a while to execute PPPs through the Comprehensive Development Agreement structure, which encountered significant political opposition in a number of projects and is now under moratorium. But, some projects were grandfathered and are in the process of being delivered. If they prove successful the legislature may bring back the concept at some level or another.

At its most basic level, a Public-Private Partnership is an arrangement in which the both the private sector and the public sector agree to share various portions of the risk and reward associated with a project. *It’s important to note that a PPP is NOT a privatization.* It is equivalent to a long-term lease of the asset by the private sector, all regulated through the concession agreement, which is generally a huge document that lays out all the technical, performance, operational and handbook specs for the project, thus ensuring that the public interest is protected as much as possible, and the government achieves its objectives. The asset isn’t sold, and the government always retains the right to make sure that the private sector operates within the bounds of the concession agreement, and they can take it back if the private sector doesn’t abide by the agreement.

The Texas experience presents an almost perfect case study in looking at the ups and downs of PPPs. They are alternatively lauded by some of their proponents as “free money” and reviled by some of their opposition as “giving away our public assets” or “fleecing the taxpayer.” Neither is a true statement. The reality is that PPPs are just another way to procure and finance infrastructure that work in some situations but not in others.

When done properly, PPPs allow an infrastructure asset to be created in a way that:

- Transfers some or much of the project risks to the private sector, who in some cases can handle it more efficiently
- Bring design, construction/operating efficiencies and incentives that provide the lowest whole-life cost
- Deliver the project faster through:
 - Design and Build efficiencies
 - Raising more capital “upfront” through higher leverage (lower bond ratings) and the inclusion of equity in the capital structure
 - Be less subject to political pressures in the delivery and operations of the project
 - E.g., the Massachusetts Turnpike example– Mass Pike didn’t only get downgraded because it assumed debt from the Big Dig, but also because it became politically impossible to raise tolls, even with bond covenants. With a formula in a concession agreement, this is removed

The general concerns about PPPs are that they:

- Surrender control of a public asset to the private sector
- Can be inflexible to changing the project over long periods of time
- Give price control to the private sector (and they may attempt to gouge people at the worst times.)
- Can cost public sector jobs

As a procurement mechanism, PPPs in some circumstances, can deliver infrastructure better, faster cheaper, and it is “one of the tools in the financing toolbox”

Not all projects can be delivered by PPP, in fact most won’t. But, there is equity and other capital out there to the extent you have assets that have:

- Long life spans
- Reasonably stable or predictable cash-flows
- Monopoly characteristics (not many competitors or substitutes)
- Largely needed or “essential” services

A good thing about these assets is that they are often ones that have a lot of positive economic development externalities and facilitate the overall development of a region. So, using a PPP to deliver these assets faster and more efficiently can actually have positive “ripple effects” on a coordinated regional development plan

E. Panel Discussion: *Infrastructure funding in challenging times*

- Moderator: **Don Henderson**, Senior Managing Consultant, Public Financial Management
- **Betty Dunkerley**, Consultant
- **Cherian George**, Managing Director, Infrastructure & Project Finance, Fitch Ratings
- **Brannin Prideaux**, Executive Vice President, IBC Bank
- **Jim Ziglar**, Senior Vice President, Infrastructure Advisory, Deloitte Corporate Finance

- There are a number of advantages to coordinating infrastructure development. The efficiency saves money and the stability it creates helps with ratings.
- While Central Texas does not have a “super-authority” with jurisdiction over the entire region to push through projects, there are just as many examples where these large agencies were contributors to failure and inertia as there are of those that improved projects and increased efficiency.
- A new funding source is federal stimulus grants.

F. Table discussions. Increased cost of infrastructure

The following themes and ideas are extracted from the notes of the audience participants at the tables in response to the question, *Considering everything you heard today and if nothing were to change, what are the consequences for our region?*

▪ **Increased Cost of Infrastructure**

Without improved coordination, it is likely that the cost of infrastructure will continue to increase. This would lead to inconsistent, fragmented investments. The inability to keep up with infrastructure will result in increased costs for everyone leading to a greater disparity between the haves and have-nots.

▪ **Declining quality of life**

The region would stagnate. Without a continued investment of efficient new transportation, water and other regional infrastructure as well as maintenance of the old structures, it is likely that the quality of life of Central Texas will decline. There would be delays and cost increases in getting needed infrastructure or none would be built. This scenario would result in increasing traffic congestion and increased air pollution, a lack of water resources, lower water quality and poor public services. Health could be also impacted by poorer air quality. There would be severe environmental, social and financial consequences. The cost of living would also likely rise.

▪ **Declining economic vitality**

With deteriorating transportation and water infrastructure, business development and recruitment would suffer and likely overall economic vitality. Central Texas would be less able to attract international or interregional investment. The region would also lose industry and agriculture as well as open spaces. We would lose the ability to compete against other regions. There would be an unavoidable loss of jobs.

▪ **Silos remain / become more entrenched**

It has been established that much of the planning that takes place in Central Texas today is done in silos. If we do not change our thinking or methods this will likely continue or become more entrenched. We will end up funding projects that often lack a consensus.

▪ **Increased taxes**

If nothing changes, taxes are likely to increase to pick up the slack in state funding. Taxes may increase in new scenarios as well. Higher tax and water rates will be applied to declining property values

▪ **Unsustainable growth**

Without a rethinking of our “business as usual” type of growth, our sprawl mode of development is likely to continue. We would waste the infrastructure money we have on unsustainable roads, housing and energy. There would be increased isolation of communities and a lack of connectivity as well as more disparity between communities. It will be a heavy burden for our children.

G. Results of Interactive Poll:

The audience participants voted on what they perceived to be the two most important consequences if we do nothing different in the future. The results of interactive polling are shown below.

of Respondents: 225

<u>Consequences for our Region... - top two)</u>	<u>Responses</u>	
Increased cost of infrastructure	61	13.56%
Declining quality of life	135	30%
Declining economic vitality	92	20.44%
Silos remain / become more entrenched	22	4.89%
Increased taxes	34	7.56%
Unsustainable growth	85	18.89%
Chaos	21	4.67%
Totals	450	100%

Report on 3/31/10 Envision Central Texas Infrastructure Forum: More People. Less Money. What Now?

IV. *How can we improve the efficiency and coordination of infrastructure in Central Texas?*

Moderated by Jim Walker, Director of Sustainability, University of Texas at Austin, Campus Planning and Facilities Management

A. Panel Discussion

- **Judge Samuel Biscoe**, Travis County
- **Commissioner Karen Ford**, Hays County
- **Mike Heiligenstein**, Executive Director, Central Texas Regional Mobility Authority
- **Jim Nuse**, City Manager, City of Round Rock
- **Rob Spillar**, Director of Transportation Department, City of Austin
- **Betty Voights**, Executive Director, Capital Area Council of Governments
- **David Welsch**, Executive Manager of Business Development, Guadalupe-Blanco River Authority

Over the last six months, ECT has held a number of meetings with infrastructure providers, both one-on-one and in various groups. Last December 2, ECT convened a meeting with many of the major infrastructure providers to discuss regional infrastructure and coordination issues, which helped set the stage for this Forum. Some of the ideas that were generated to break down silos and improve coordination included expanded data sharing, a check list that could be used to make sure there was communication among providers, and the idea of expanded shared services. Panelists in this discussion were asked to think about the results of the two polls that were just taken at the Forum about challenges to coordination and consequences for our region, and discuss their perspective on strategies needed to improve coordination. Highlights from the discussion included:

- Population continues to grow, even in a down economy
- More people are traveling across county lines to work; 1 in 10 people live in unincorporated areas
- New projects (i.e. water projects) will be more expensive and complex
- Need to keep planning even when we are not in a crisis
- Communication is critical
- Important to integrate the needs of local jurisdictions with regional needs
- Need common goals and objectives; need to set standards
- A lot of communication and coordination is already happening between various agencies
- Look to examples of past collaboration successes (i.e. emergency service center)
- Important to bring new leaders into the conversation
- Developing trust is key and comes from people getting to know each other and work together
- Central Texas Greenprint for Growth is an important tool that can help foster coordination on infrastructure planning and land conservation issues

B. Table Discussion Questions:

The following themes and ideas are extracted from the notes of the audience participants at the tables in response to the question *“What are the top two near-term (18 months) tools needed to improve regional coordination of infrastructure?”*

▪ **Legislative reform to permit local funding**

It is very important to have sufficient funding for infrastructure, particularly transportation. Increasing the gas tax, stopping diversions from transportation funds and creating the option for local entities to generate the funds needed transportation infrastructure were issues raised. The ability for local entities to have the option of generating funding for transportation infrastructure would require a change at the state legislature.

▪ **Inventory of plans**

There are many plans in the region (comprehensive plans in municipalities, regional plans; transportation and water plans, etc.) and an inventory of these plans is needed to see how they work together. It is important to

ensure that there is integration of these plans, that they are complementary, and that both local needs and regional priorities are considered.

▪ **County land use authority**

One critical need is for counties to have the necessary tools and expanded authority to manage and shape growth within their jurisdictions. Changes to existing county growth management authority would require state legislative action.

▪ **Regional comprehensive plan**

Comments included the importance of an overarching plan for the region that the various entities can enhance and support; a consolidated regional infrastructure plan and map that shows all major infrastructure plans and land use plans in a consolidated way; and a need for a framework to seek consensus for priorities on regional infrastructure projects. The adoption of CAMPO's 2035 transportation plan and the activity centers concept was mentioned as a key strategy for enhancing coordination.

▪ **Implement optional transportation modes**

The region should take a multi-modal approach to transportation solutions. Ideas included integrating bicycle and pedestrian systems in transportation along with offering highway and rail alternatives, incorporating high occupancy lanes for major roadways and increasing rail service (times and locations).

▪ **More intergovernmental collaboration**

Increased communication and collaboration between various entities is essential. Engaging a broad array of jurisdictions and agencies, both urban and rural and across a range of issue areas, in ongoing and robust discussion and decision-making was seen as essential to coordination.

▪ **Education**

There were a range of comments related to the importance of educating both the general public as well as local elected officials and other leaders on the challenges facing the region, the implications of local decisions on the region, and the consequences of our current growth trends. Suggestions included the integration of planning and growth issues in school curricula and strategies for outreach such as blogs, public service announcements, and social networking strategies to increase awareness and involvement.

▪ **Structures and funding**

Financial and regulatory structures and incentives could help foster increased coordination. Establishing a regional planning authority to oversee regional planning and combining the council of governments and metropolitan planning organizations were among the suggestions. Funding mechanisms, both for planning and infrastructure projects, and financial incentives for regional coordination were cited as needed tools.

▪ **Other ideas:**

- Utilize and leverage existing examples of successful cooperation
- Coordination of tax policy with development goals
- Encourage public/private partnerships
- Full cost analysis of different forms of development that includes infrastructure, environmental, commute time and other indicators
- Set of regional indicators that are goals (such as gallons of water per person, vehicle miles traveled per person, taxes per person)
- Implement "user fees"
- County-wide consolidation of emergency services (esp. fire)
- Importance of leadership in region to set the direction and keep the region on track
- Identify and quantify local needs and evaluate on a regional basis to identify common needs/issues across agencies

- Use Enterprise Fund to attract water sourcing and quality research and development and funds to address water issues statewide and set common goals and standards driven by local-level collaboration
- Develop a coordinated and uniform development code for all cities

Attendees then discussed at their tables the question “*What longer-term tools would be needed to improve regional coordination of infrastructure?*”. Many of the themes that emerged were similar to those under the short-term tools discussion. However new ideas did emerge and some from the earlier discussion were emphasized in this section.

▪ **Ideas included:**

- Statewide passage of rail planning and development
- Regional, sustainable, long-term funding sources and structures for infrastructure and project implementation
- Regional infrastructure district
- Funding and implementation of CAMPO 2035 activity centers
- Creation of a regional planning authority that coordinates water, transportation and land use solutions
- Regional planning tools that can be adopted by local governments
- Greater coordination between water management entities to address real conjunctive management/use of surface and ground water
- Long range water plan that contemplates history and land use and standardizes drought contingency and water conservation plans and stabilizes pricing
- Creation and prioritization of regional goals based on objective evaluation and public involvement and creation of a scorecard to measure progress
- Replace rule of capture with statewide water plan
- Taxes: Increase; foster new thinking about progressive taxation; simplify and streamline taxation for public entities; change 1% sales tax to require half for infrastructure (utilities) and the other for transit and roads
- Create urban growth boundaries
- Conserve land, water, and energy
- Create regional standards for utility rates
- More rail and transit oriented development value capture (funding)
- Update ECT vision
- Facilitate nodal planning by reinforcing a coordinated comprehensive plan, revamping zoning ordinances, and incentivizing nodal development.

C. Results of Interactive Poll:

The audience participants voted on what they perceived to be the two most important near-term tools needed to improve regional coordination of infrastructure. The results of interactive polling are shown below.

		# of Respondents: 185	
Near-Term Tools Needed... (multiple choice - top two)	Responses		
Legislative reform to permit local funding	98	26.56%	
Inventory of plans	30	8.13%	
County land use authority	73	19.78%	
Regional comprehensive plan	64	17.34%	
Implement optional transportation modes	31	8.40%	
More intergovernmental collaboration	73	19.78%	
Totals	369	100%	

V. Conclusions, Summary of Next Steps, Adjourn
ECT Chairman **Travis Froehlich**

The group was advised that a summary of the Forum, including panel discussions and presentations, attendee table discussions and polling responses, would be generated and posted on the Envision Central Texas website. Attendees were encouraged to post comments on blogs or with Twitter using the tag “#ECT1RF”. The next event in ECT’s 2010 Regional Forum Series is the May 7th Community Stewardship Awards Luncheon featuring Shelley Poticha, Senior Advisor for Sustainable Housing and Communities at the U.S. Department of Housing and Urban Development, who will present information on the new “Sustainable Communities Initiative”. The input from the March 31st Forum will help to shape the next infrastructure Forum in September. The final forum in 2010 will be with the Central Texas Legislative Delegation in November.

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