

AGENDA



Thursday, August 6, 2009

**Economic Growth & Redevelopment Services
RECOMMENDATION FOR COUNCIL ACTION****Item No. 10**

Subject: Authorize execution of an Interlocal Agreement by and between the City of Austin, Tax Increment Financing Reinvestment Zone Number Sixteen, and the Mueller Local Government Corporation regarding tax increment financing of the Mueller Redevelopment Project.

Fiscal Note: There is no unanticipated financial impact.

For More Information: Rodney Gonzales, Acting Director, EGRSO / 974-2313; Tom Nuckols, Attorney, Legal / 974-2568.

Prior Council Action: Created the Mueller Redevelopment Project Tax Increment Financing Reinvestment Zone No. 16 on December 16, 2004 (Ordinance No. 041216-083).

The purpose of this item is to authorize execution of an Interlocal Agreement (the "Agreement") between the City of Austin, Tax Increment Financing Reinvestment Zone No. 16 ("TIF"), and the Mueller Local Government Corporation (the "Corporation"). The Agreement specifies that the Corporation will provide necessary services requested by the TIF and the City to implement and manage the TIF Project Plan and Financing Plan to provide public financing for the development of the former Robert Mueller Municipal Airport (the "Project"). The Agreement also authorizes the Corporation to issue bonds that shall be repaid from payments made by the City and the TIF, in the form of property tax collections from within the boundaries of the TIF, that are sufficient to pay obligations of the issued bond debt. Issuance of the bonds by the Corporation require approval of the City Council.

To facilitate the redevelopment of the Project, the City entered into a Master Development Agreement with Catellus Austin, LLC, effective as of December 2, 2004 ("MDA"). Under the MDA, the City agreed to issue debt to finance certain "Public Finance Reimbursement Project Costs" as defined in the MDA, either directly or through the auspices of a local government corporation to be created by the City.

On December 2, 2004, City Council approved Resolution No. 041202-060 approving the establishment of the Mueller Local Government Corporation ("LGC") including adoption of bylaws and appointment of the members of the City Council as the LGC's board members. The LGC will issue debt that will be repaid from tax increment collected during the duration of the TIF. The TIF will remain in place until all debt payable from TIF revenues has been paid in full.

On December 16, 2004, the Austin City Council approved an Ordinance 041216-083 creating the TIF to fund the debt issued by the LGC debt that finances the "Public Finance Reimbursement Project Costs" for the Project.

The TIF is approximately 700 acres and comprises the site of the former municipal airport and is located within the area bounded generally by 51st Street on the north, IH-35 on the west, Airport Boulevard on the west and the south, and Manor Road on the south and the east.

The purpose of the Project, which is to be partially financed through the TIF, is to redevelop the former municipal airport, which is approximately three miles northeast of downtown Austin. The site is

predominantly open and contains obsolete structures and site improvements remaining following closure of the former municipal airport on the site that substantially impair the sound growth of the City.

At full build-out, the Project will be a mixed-use neighborhood with approximately 4,900 housing units, 1.1 million square feet of office, and 790,000 square feet of retail, and 1.2 million square feet of institutional uses, with schools, parks and open space. Key infrastructure elements of the project include almost 122,000 linear feet (lf) of water lines, over 93,000 lf of wastewater lines, 110,000 lf of storm sewers, 45,800 lf of reclaimed water lines, 140 acres of parks and greenways, and 149,000 lf of roadways ranging from 20 to 132 feet wide (including landscaped right-of-way and sidewalks).

In addition, the Project will have features and amenities considerably in excess of those found in most developments, including: a 25% affordable housing component; a 20% dedication of open space to parks, sports fields, and greenways; a transit boulevard, alleyways; and, a comprehensive network of bicycle facilities.

In a tax increment reinvestment zone, one or more political subdivisions contribute up to 100% of the property tax on the increase in value of real property in the district (tax increment) as generated. Under the terms of the TIF, the City of Austin will contribute as much of its tax increment as necessary to repay debt that is issued.

State law stipulates that before Council adopts an ordinance approving a final reinvestment zone project plan and financing plan, the TIF Board must approve a final reinvestment zone project plan and financing plan and recommend its adoption by the City Council. A final project plan and financing plan has been prepared to describe the Project and associated financing using dedicated tax increment revenue from the City of Austin as the sole taxing unit participating in the TIF.

On December 16, 2004, City Council adopted the preliminary project plan and financing plan. The preliminary project plan and financing plan was sent to the governing bodies of each taxing unit that levies taxes on real property in the proposed zone.

On December 16, 2004, City Council held a public hearing on the TIF.