

AGENDA



Thursday, August 6, 2009

**Economic Growth & Redevelopment Services
RECOMMENDATION FOR COUNCIL ACTION****Item No. 11**

Subject: Approve an ordinance adopting the final project plan and financing plan for the Mueller Redevelopment Project Tax Increment Financing Reinvestment Zone Number Sixteen.

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).

As part of the requirements of Chapter 311 of the Texas Tax Code, the City Council must adopt a final project plan and financing plan for the Mueller Redevelopment Project (the "Project") Tax Increment Financing Reinvestment Zone No. 16 (the "TIF"). The project plan describes how land in the TIF will be redeveloped. The financing plan describes the means of financing the redevelopment, which will include tax increment financing. Under tax increment financing, one or more political subdivisions contribute up to 100% of the property tax they collect on the increase in value (tax increment) of real property in the district that results from redevelopment. 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 to finance the redevelopment.

The TIF is approximately 700 acres and comprises the site of the former Robert Mueller Municipal Airport (RMMA) 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.

To facilitate the redevelopment of RMMA, 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 the members of the City Council as the LGC's board members. The LGC will issue debt that will be repaid from tax increment that the City collects during the duration of the TIF. The TIF will remain in place until all debt payable from TIF revenues have been retired. The current estimate of bond indebtedness to be incurred by the TIF is \$30 million, but is not to exceed \$35 million. The issued bonds are payable from tax increments collected solely within the TIF.

On December 16, 2004, the Austin City Council approved Ordinance No. 041216-083 creating the TIF to fund the debt issued by the LGC that finances the "Public Finance Reimbursement Project Costs" for the Project. On that date, City Council also adopted the preliminary project plan and financing plan.

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.