

AGENDA



Thursday, November 19, 2009

**Economic Growth & Redevelopment Services
RECOMMENDATION FOR COUNCIL ACTION**

Item No. 33

Subject: Approve an ordinance adopting the final project plan and financing plan for the Seaholm Redevelopment Project Tax Increment Financing Reinvestment Zone No. 18.

Fiscal Note: There is no unanticipated financial impact. A fiscal note is not required.

For More Information: Rodney Gonzales, Acting Director, EGRSO / 974-2313

Prior Council Action: December 11, 2008 - created the Seaholm TIF Reinvestment Zone No. 18.

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 Seaholm Redevelopment Project (the "Project") Tax Increment Financing Reinvestment Zone No. 18 (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 and sales tax they collect on the increase in value (tax increment) of real property and sales taxes in the district that results from redevelopment. Under the terms of the TIF, the City of Austin will use 100% of its property tax and sales tax increment to repay debt that is issued to finance a portion of the public infrastructure elements of the redevelopment.

On December 18, 2008, the Austin City Council approved an Ordinance No. 20081211-028 creating Tax Increment Financing (TIF) Reinvestment Zone No. 18 to finance the construction of public improvements for the Seaholm Redevelopment Project.

The TIF is located within the area bounded on the west by the planned Seaholm Drive from Third Street south to Cesar Chavez Street; on the south by Cesar Chavez Street from the planned West Avenue east to Seaholm Drive; on the east by West Avenue from Cesar Chavez Street north to Third Street; and on the north by Third Street between Seaholm Drive and West Avenue.

The purpose of the Project, which is to be partially financed through the TIF, is to provide for the redevelopment of the historically significant Seaholm Power Plant and its immediate grounds. The site impairs the City's growth because of deteriorating structures, inadequate street layout, and unsafe conditions.

In addition to rehabilitation for the historic power plant, the Project will relocate utilities, provide for new street infrastructure to connect Cesar Chavez Street and Third Street, and provide for the development of an office building and hotel/condo tower. The new streets infrastructure will provide access to the office building and hotel/condo tower thereby supporting the economic viability for the Project.

To finance the public infrastructure and power plant rehabilitation components of the Project, the City intends to form the TIF in accordance with State law. 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 100% of its property tax and sales tax increment. Tax increment revenues so generated may be expended only for purposes described in the project and financing plan for the TIF. The public

infrastructure and power plant rehabilitation components of the Project will be primarily funded by the issuance of debt that will be repaid from the tax increment revenues, both property taxes and sales taxes, collected during the 30-year duration of the TIF.

State law stipulates that before adopting an ordinance creating a reinvestment zone, the governing body of the municipality or county must prepare a preliminary reinvestment zone project and financing plan. A preliminary 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 August 27, 2004, the City issued a request for qualifications for an entity to redevelop the Seaholm Power Plant site. On April 28, 2005, Seaholm Power Development, LLC (SPD) was selected by the City Council from a pool of respondents as the master developer. On November 14, 2005, the City and SPD entered into an exclusive negotiating agreement. On April 10, 2008, the City Council authorized the negotiation and execution of a master development agreement (MDA) with SPD and directed staff to move forward with the process of creating the TIF for the Project. The MDA was executed on June 17, 2008.

On August 28, 2008, City Council adopted the preliminary project plan and financing plan. The preliminary 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 November 20, 2008, City Council held a public hearing on the TIF Reinvestment Zone.

On December 11, 2008, City Council adopted an ordinance creating the TIF Reinvestment Zone.

On March 26, 2009, the Seaholm TIF Board approved the final project plan and financing plan for the TIF Reinvestment Zone.