

Background Information on 64 Rainey Street

The following information is provided for context on the September 27, 2012 Council Agenda item(s) regarding the sale of 64 Rainey Street, and incorporates the responses to Council questions previously raised at the August 21st Council Work Session.

I. History:

The City of Austin acquired the property at 64 Rainey Street on November 19, 2003. No monetary funds were exchanged with the seller. Rather, the City received the lot in consideration for the City's conveyance of one half of vacated right-of-way to FF Realty, LLC.

The lot is approximately 11,760 square feet in size (98 x 120 feet), is zoned Central Business District (CBD), and is within the Waller Creek Tax Increment Financing (TIF) Zone.

The City's Public Works Department (PWD) has been using this property as a staging area for the Waller Creek Tunnel project.

In January 2012, the Office of Real Estate Services (ORES) was contacted by several parties interested in the disposition of this property. ORES followed its standard process for the sale of City-owned property, including:

- The property's steward department (PWD) chooses to sell the property and contacts ORES.
- Per the SMART Housing ordinance, the Neighborhood Housing and Community Development Department (NHCD) has first right of acceptance to use for affordable housing any property which the City would make available for sale. After review, NHCD notified ORES on February 3, 2012 that they declined the 64 Rainey Street property.
- ORES then contacted all City departments to ensure whether any department would have a use for the property or would otherwise object to the disposition of the property. No City department objected to the proposed sale of this property except for the Parks and Recreation Department (PARC). PARC identified a need for additional parking.

The Emma S. Barrientos Mexican American Cultural Center (MACC) property, of which PARC is the steward department, sits adjacent to the 64 Rainey Street property. PARC brought to the attention of ORES a parking study prepared on behalf of the City by CasaBella Architects and Walker Parking Consultants, "Parking Supply/Demand: Emma S. Barrientos Mexican American Cultural Center / Rainey Street District." In its report, the authors indicate that within five (5) years, the MACC parking lot will exceed capacity and 50 to 70 additional parking spaces will be needed.

The Rainey Street neighborhood is within the City's Convention Center Overlay District, which does not allow commercial off-street surface parking. An exception is when the parking lot is contained entirely within a structure, screened, and separated at ground level from the street by an enclosed space designed for pedestrian-oriented use. According to the Austin Transportation Department (ATD), the lot at 64 Rainey Street is not large enough to be a useful site for a parking structure (such as would be permitted within the Convention Center Overlay District).

After briefing of and discussions with the Directors of PARD and ATD, Assistant City Managers, and Parking Consultants, ORES released a public Request For Offers (RFO) on 64 Rainey Street on May 15, 2012, with an offer submission deadline of July 2, 2012. The RFO required a minimum offer of \$76,000 along with a development proposal to include 30 privately managed, controlled access, public parking spaces in perpetuity.

II. Responses to Council Questions:

(a) What is the appraised value of the property and how was the parking requirement factored into the appraisal?

An independent third-party appraisal of the property is provided with the City's Request For Offers solicitation document, which concludes to a market value opinion of \$1,176,000 for the 64 Rainey Street property. This value is comprised of a parking space and cash component, as follows \$1,100,000 (30 parking spaces) and \$76,000 cash.

The parking requirement was factored in the value opinion based on the potential construction costs for 30 parking spaces on a per space basis contained in a parking garage facility and the maintenance and management of those spaces by the bidder.

(b) What percent of the 0.2699 acre parcel is the privately managed, controlled access, public parking spaces?

There is no current privately managed parking on the property at this time. It is currently used by Public Works Department associated with the Waller Creek Development. The successful bidder will manage and control the required 30 parking spaces as a component of the offer. The parking spaces may not be contained in the parcel but may be a combination of the parcel and other adjacent properties.

(c) What percent of parcel is developable?

The degree of development of the parcel is subject to and dependent upon the existing utility easements and building setbacks currently associated with the parcel. Although there is a wastewater easement traversing the parcel (**Exhibit A**), it is possible to incorporate this area in an overall development as open parking and/or driveway components. The presence of the wastewater line is considered in the market value opinion of the property.

Parking and driveways are also permissible within the building setbacks along Rainey and River Streets. Structures are not allowed within the easement and setback areas.

(d) What are the terms of the existing privately managed parking contract? Length of contract?

There is no current privately managed parking on the property at this time. The management agreement is still in negotiations with the parking spaces reserved to the City of Austin in perpetuity with an associated parking fee. Net revenue will be remitted to the City quarterly. The City will have the opportunity to sell or lease the spaces if it is determined that the spaces are no longer serving the public purpose.

(e) May Council direct City staff from the dais to authorize the sale of 64 Rainey Street for the full amount in cash?

The terms of the Request For Offers issued to the public on May 15, 2012, specified the minimum requirements of a \$76,000 cash offer plus 30 privately managed, controlled access parking spaces. The City may not revoke or alter the given terms on which prospective respondents made an offer or chose not to make an offer. Instead, the City may choose to accept no offers and close this RFO. Two additional alternative offers have since been provided by the successful RFO respondent and have been presented to Mayor & Council as additional Requests for Council Action.

(f) How many total parking spaces will be in the proposed project? How many more spaces can be built with the inclusion of the 64 Rainey parcel in the project?

70 Rainey Street, LP (the respondent) has not designed the parking garage using the additional parcel, so they are unaware of how many more spaces would be added. Don Reese, representative of 70 Rainey Street, LP, indicated that use of the additional parcel would allow more maneuverability within the parking structure, and would allow for a more efficient structure than a parking structure built within the width of only three land parcels.

(g) Will the respondent move the wastewater line under 64 Rainey Street, or build around it?

If 70 Rainey Street, LP (respondent) only develops the three lots currently included in their project, then they will not move the existing wastewater line. If the respondent acquires the property at 64 Rainey Street then, Mr. Reese has indicated, they will look at the cost effectiveness of moving the line. Respondent believes that the cost of moving the line will be \$500,000-\$900,000. Respondent is aware that they can build on the 64 Rainey property up to the line (refer to **Exhibit A**). They may choose to simply have a plaza on the other side of the line, in which case relocating it would not be necessary.

EXHIBIT A

SANITARY SEWER EASEMENT

