

# AGENDA



## Recommendation for Council Action

Austin City Council - Commissioner's Court Meeting	Item ID	34333	Agenda Number	128.
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Meeting Date:	8/7/2014	Department:	Planning and Development Review
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### Subject

Approve second and third readings of an ordinance approving a consent agreement for the Cascades Municipal Utility District No. 1 ("MUD"), subject to the approval of a strategic partnership agreement between the City and the MUD. (THE PUBLIC HEARING FOR THIS ITEM WAS HELD AND CLOSED ON FEBRUARY 13, 2014)

### Amount and Source of Funding

### Fiscal Note

Purchasing Language:	
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Prior Council Action:	<p>April 11, 2013 – Council approved Resolution No. 20130411-007, consenting to special legislation that would create the Cascades Municipal Utility Districts No. 1.</p> <p>May 23, 2013 – Council approved Resolution No. 20130523-035 granting variances to City Code allowing an extension of time beyond the 90 day review period provided by law relating to a petition for creation of a municipal utility district.</p> <p>February 13, 2014 – Council approved first reading of an ordinance approving a consent agreement for the Cascades Municipal Utility District No. 1 ("MUD") subject to the adoption of an ordinance approving a strategic partnership agreement between the City and the MUD.</p> <p>June 26, 2014 – Council set public hearings to consider a strategic partnership agreement between the City and the MUD and limited purpose and full purpose annexation.</p>
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For More Information:	Virginia Collier, Planning and Development Review, 512-974-2022.
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Boards and Commission Action:	<p>June 25, 2013 – Unanimously approved by the Parks and Recreation Board on a 6-0 vote with Commissioner Abell absent.</p> <p>July 10, 2013 – Approved by the Water and Wastewater Commission on a 4-1 vote with Commissioner Faust abstaining and Commissioner Gray absent.</p> <p>August 13, 2013 – Not approved by the Urban Transportation Commission on a 6-0 vote, with Commissioner Blocker absent, on the basis that the proposal does not meet the requirement of providing superior transportation infrastructure and precludes it in the future.</p> <p>October 2, 2013 – Not approved by the Environmental Board on a 3-4 vote due to a lack of consensus on the recommended conditions.</p> <p>January 28, 2014 - Approved by the Planning Commission on a 8-0 vote with Commissioner Nortey absent, with five additional conditions which are included in the staff report.</p>
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MBE / WBE:	
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Related Items:	
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### Additional Backup Information

On January 3, 2013, Onion Associates, Ltd. submitted a petition to the City for consent to create the Cascades Municipal Utility District No. 1 ("MUD"). In response to staff comments on the original petition, the applicant submitted a revised petition on February 22, 2013.

The applicant filed special legislation on March 26, 2013, intended to create the MUD conditioned upon the City entering into a consent agreement, with contractual provisions acceptable to the City. In April 2013 City Council approved a resolution consenting to special legislation that would create the MUD, subject to criteria that would protect the City's interests.

In May 2013 the Texas Legislature created the Cascades MUD No. 1 conditioned upon the City entering into a consent agreement with the MUD no later than September 1, 2014. The enabling legislation also allows continuation of the MUD as a "Limited District" after full purpose annexation by the City if the MUD and the City enter into a strategic partnership agreement ("SPA").

City staff reviewed the MUD application and met with the developer. While the developer has agreed to provide various public benefits, the concept of a MUD located adjacent to the City's corporate limits poses larger, overall policy concerns. As noted above, five of the City's boards and commissions reviewed the MUD proposal with mixed results. The Planning Commission recommended approval of a consent agreement conditioned on the incorporation of the items contained in the staff report as well as five additional requirements of the MUD's developer:

1. The area will be annexed for limited purposes and receive an interim rural residence (I-RR) zoning designation. This will ensure that the applicant applies for Planned Unit Development (PUD) zoning. The Planning Commission was particularly concerned with ensuring that the desired density and land uses that the Imagine Austin Comprehensive Plan envisions for this area will be required as part of the zoning for any future development.
2. The applicant will have a conversation with Capital Metro to discuss a multi-modal transit location in the MUD.
3. As part of any consent to the Cascade MUD, the MUD property owner must convey to the City, at the time of Council approval, in a location, form, and content acceptable to the City, water and wastewater easements across the MUD property for the purpose of the City providing water and wastewater service to the 58 acre tract (located at 12000 S IH 35 Service Road) and to other areas within the City's service area.
4. Prior to Council approval of the MUD, the applicant will provide a definitive answer as to whether or not this development is going to negatively impact the surrounding pieces of property from a flood perspective.
5. Prior to Council approval of the MUD, the applicant will provide a mechanism to guarantee affordable homeownership at the level promised for 99 years.

Following city staff and board and commission review, the City Council must conduct a public hearing and consider the request for city consent to the creation of the MUDs in accordance with State law and the Austin City Code. The City's MUD policy, adopted in February 2011, establishes general criteria under which the City will consider requests to create MUDs.

If approved, City Council must conduct two additional public hearings regarding a strategic partnership agreement and adopt a SPA after the MUD has adopted the SPA. If the City does not consent to the creation of the district or enter into such agreements as required by the terms of the City's consent ordinance, the MUD will be dissolved on September 1, 2014.

The MUD includes approximately 136 acres located in southern Travis County immediately south of the current City limits in Austin's extraterritorial jurisdiction ("ETJ"), along the east side of IH 35 South, along Onion Creek. As part of the agreement consenting to the creation of the MUD, the City would defer full purpose annexation of the MUD but would annex the MUD for limited purposes shortly after giving consent to MUD creation. In addition, the developer would apply for PUD zoning. Proposed future development includes single-family residential, multi-family residential and commercial land uses typical in suburban development. The City would be the retail service provider for water and wastewater services and solid waste services.

Additionally, the Applicant's proposal indicates that it intends to significantly increase the size of the MUD in the future with the addition of a 158 acre tract that is not adjacent to the initial MUD boundary but is contiguous to the current city limits. The Applicant requests that this tract be designated as additional project area that may be annexed to the district in the future. Presumably the expanded MUD would require additional bond capacity to develop, creating further constraints on the City's ability to annex areas in Austin's ETJ. Staff recommendation is that the MUD boundary should not be allowed to expand in the future without following the amendment process under City Code.

Finally, the Applicant requests that the MUD be authorized to issue 25-year bonds in accordance with the City's MUD policy. If these bonds are issued within the next five years, the City must wait 30 years to annex the area or otherwise assume all remaining outstanding bond debt at the time of annexation. Staff recommendation is for a fifteen year term of the bonds, which is comparable to the 15-year PID bonds that were recently authorized for the Estancia project directly across IH 35 from this project and would reduce the negative impact of delayed full purpose annexation on the City's general fund.