



TO: Mayor and Council Members

FROM: Elaine Hart, Deputy City Manager and Chief Financial Officer

DATE: March 4, 2019

SUBJECT: Travis County's Velocity Crossing Public Improvement District (PID)
March 7, 2019 Agenda Item #07

Elaine Hart

This memo provides additional information and staff's recommendation on the Velocity Crossing Public Improvement District agenda item #07 on the March 7 Council meeting.

The Velocity Crossing PID is located in eastern Travis County (Precinct 4) within the City of Austin's corporate full-purpose limits (District 2), occupying the southwest corner of the intersection of State Highway 71 and State Highway 130 in the City's Desired Development Zone. The PID includes about 325 acres for a mixed-use commercial development for office, medical, retail, entertainment space as well as multifamily uses and/or a hotel. Travis County received a petition to create the PID on September 27, 2018 from the petitioner/land owner, SH71-130 Holdings, LP.

On February 12, 2019, the Travis County Commissioners Court approved a resolution creating the Velocity Crossing PID to support financing \$70,000,000 of proposed public improvements within the PID including, but not limited to:

- improvement of the public roadway network,
- park space and trail connection to the Onion Creek Greenway, and
- extension of water, wastewater, and reclaimed water service from Austin Water.

These public improvement costs will be paid by special assessments levied on property owners in the PID that benefit from the public improvements.

Pursuant to Texas Local Government Code § 372.003(d), the City Council has **thirty days from the date of the PID creation by the county to object to its creation**. If the City Council objects prior to March 14, 2019, the PID may not be established. This resolution **provides for Council to fill in a blank space to indicate that it either "objects" or "does not object" to creation of the Velocity Crossing PID**.

Staff recommends that Council "does not object" to creation of the Velocity Crossing PID. City staff has met with Travis County staff and representatives of the petitioner/land owner. City staff has also reviewed Travis County documents covering the PID's proposed public improvements and public benefits and the report of the real estate consultant advising the County.

[NOTE: *This recommendation is specific to the Velocity Crossing PID and should not be considered as a recommendation applied across-the-board to future PIDs. Each PID is evaluated as a stand-alone project.*]

Staff also recommends that the Council consider direction to staff that Council will object to any future “in-City” PID created by Travis County until the Council has approved an updated City PID Policy. There is currently a moratorium on the City creating a PID until an updated City PID Policy is approved.

This updated policy should outline criteria for creating a PID and extraordinary benefits expected by the City in exchange for use of tax-exempt financing by private parties. The City’s PID policy, in place since its initial adoption in 2008 (Resolution 20181218-069), does not provide sufficient guidance or criteria for evaluating whether to create a PID. Staff identified a need to update this policy and work began in late 2016. However, due to other workload of higher priority and 2017 legislation that impacted annexation opportunity, this policy work was paused.

Financial Services will resurrect its PID Policy Working Group, a multi-department team with staff from:

Financial Services	Austin Transportation
Austin Water	Public Works
Watershed Protection	Parks
Planning and Zoning	Neighborhood Housing & Community Development
Development Services	Law

This team will again gather to review PID best practices and other city/county policies and procedures regarding development tools. This policy update will address PID requests that come to the City as well as those the County may act on for which the City has an opportunity to “object” or “do not object”.

We expect to have an updated policy ready for Council’s consideration by September 2019. In addition to this policy work, staff will develop operational and administrative procedures related to PID petitions, due diligence processes for PID creation and issuance of PID bonds, as well as ongoing monitoring for the duration of the PID and its related debt.

Should you have additional questions, please do not hesitate to contact me.

- Cc: Spencer Cronk, City Manager
 Greg Canally, Deputy Chief Financial Officer, Financial Services
 Ed van Eenoo, Deputy Chief Financial Officer, Financial Services

**Velocity Crossing Public Improvement District (PID)
Fact Sheet**

Travis County Commissioners Court Actions

- **12/29/2017** – Notice of intent to file PID petition delivered to Travis County and City of Austin officials, as required by County Code.
- **09/27/2018** - Travis County received a petition dated September 25, 2018 to create the PID from the petitioner/land owner, SH71-130 Holdings, LP.
- **10/09/2018** - Travis County received a presentation from the petitioner/land owner of the proposed Velocity Crossing PID.
- **01/08/2019** - Travis County set a public hearing on January 29, 2019 to receive comments on a petition to create the Velocity Crossing PID.
- **01/29/2019** - Travis County conducted a public hearing to receive comments on a petition to create the Velocity Crossing PID. County staff presented findings as to the advisability of the proposed PID.
- **02/05/2019** - Travis County continued the public hearing to receive comments on a petition to create the Velocity Crossing PID.
- **02/12/2019** - Travis County Commissioners Court continued the public hearing to receive comments on a petition to create the Velocity Crossing PID. Travis County closed the public hearing and unanimously approved a resolution creating the Velocity Crossing PID to support financing \$70,000,000 of proposed public improvements within the PID.

Velocity Crossing PID Location

- In eastern Travis County (Precinct 4) within the City of Austin's corporate full-purpose limits (District 2), occupying the southwest corner of the intersection of State Highway 71 and State Highway 130.
- In the City's Desired Development Zone.
- Within a federally designated Opportunity Zone.

Petitioner/Land Owner SH 71-130 Holdings, LP

Karl Koebel
Doug Launius

Owner's Representatives

Rick Rosenberg, DPF
Sharon Smith, Armbrust & Brown, PLLC

Velocity Crossing PID Overview (information provided by Owner's Representative)

- Located in City of Austin about nine miles southeast of downtown
- Zoned LI-PDA
- 324 acre mixed-use master planned community development
- Planned land uses
 - 10 screen movie theater
 - 130,000+ square foot supermarket (HEB)
 - 893 – 1,693 Multi-family residential units
 - 400 – 1,200 hotel keys

- 2.0+ million square feet of commercial space includes retail, industrial, entertainment, lodging office, and corporate campus uses

Velocity Crossing PID's Proposed Public Improvements

Velocity Crossing PID will support financing the estimated total cost of the proposed public improvements within the PID in the amount of \$70,000,000 (plus issuance costs and other financing costs). These proposed public improvements within the PID include, but are not limited to:

- improvement of the public roadway network,
- park space and trail connection to the Onion Creek Greenway, and
- extension of water, wastewater, and reclaimed water service from Austin Water.

Ten percent of the new PID bond issuance will provide affordable housing benefits in the form of a fee-in-lieu or potential for a right to purchase a parcel within the PID on which Travis County will build affordable housing (terms still under negotiation between Travis County and the petitioner/land owner).

Velocity Crossing PID's public improvements include infrastructure that will facilitate the development of an HEB grocery store. **The HEB parcel is adjacent to the PID boundary, but is not part of the PID.**

Road infrastructure within the PID will provide access to a new Austin Community College (ACC) campus immediately to the south of the Velocity Crossing PID. ACC's 124-acre campus will serve as a new career and technical education center that will replace the heavily used facilities at ACC's Riverside campus.

The public improvement costs will be paid by special assessments levied on property owners in the PID that benefit from the public improvements.

Transportation

The development's 2016 Traffic Impact Analysis report (page 6) indicates there are two existing CapMetro transit bus routes that run adjacent to the PID property – Route 271 and Route 350.