



City of San Antonio

Agenda Memorandum

File Number:13-623

Agenda Item Number: 17.

Agenda Date: 5/1/2014

In Control: City Council A Session

DEPARTMENT: Department of Planning & Community Development

DEPARTMENT HEAD: John Dugan

COUNCIL DISTRICTS IMPACTED: Council District 3

SUBJECT:

Matters related to Mission Del Lago TIRZ #6 (TIRZ)

SUMMARY:

An Ordinance approving amendments to the Mission Del Lago TIRZ Development Agreement, the Project and Financing Plan, and the Interlocal Agreements with Participating Taxing Entities; and a Developer Participation Agreement for the reconstruction of streets in the subdivision boundaries to be performed by the Developer, initially funded by the City with up to \$1,700,000.00 in Tax Notes, but paid with projected incremental property tax revenue to carry out the terms of an agreement with the Developer Mission Del Lago, Ltd. to resolve matters in dispute; and authorizing the extension of the TIRZ by two years until September 20, 2027.

BACKGROUND INFORMATION:

The City of San Antonio City Council (City) designated this 812 acre area located south of Loop 410 along US Hwy 281 in City Council District 3 as a TIRZ in 1999. In 2006, City Council approved a Development Agreement with the Developer to facilitate building 2,734 single-family homes, 510 apartments and 287,600 square feet of retail, office and commercial space. The City, Bexar County, University Health Systems, Alamo Colleges and Southside Independent School District executed Interlocal Agreements for and contribute to the TIRZ.

In 2011, City staff identified significant street failures in subdivision boundaries of the TIRZ. In addition, numerous homes in the subdivision did not meet Universal Design (UD) accessibility requirements. Because of these issues, the City held back payment of invoices to the Developer, but agreed to negotiate these matters and held two mediation sessions in February and March of 2013. During the period of mediation, Virginia Rogers,

the Developer and chair of the TIRZ Board, filed a lawsuit to compel City staff to post a notice for a TIRZ Board meeting for March 22, 2013. A TIRZ board meeting was held on March 27, 2013 after the mediation but the lawsuit remains pending.

An agreement on all of these matters has been negotiated by City staff and the Developer, subject to City Council approval. On December 19, 2013 the TIRZ Board voted to approve the Settlement Agreement, term extension and Developer Participation Agreement. Amendments to the Project and Finance Plans and all related agreements were approved by the TIRZ Board on April 15, 2014.

Under the current plans, approved on April 15, 2014, the Mission Del Lago TIRZ will support public improvements that will enable the developer to construct 2,241 single-family homes with average values ranging from \$114,000.00 to \$137,000.00, a total of 870 (includes 240 units from Villa Espada) multi-family homes and 287,600 square feet of commercial space. In addition, the TIRZ will support the development of the Villa Espada apartment project, to be constructed by 210 Developers, L.L.C., and the repair of failed streets in the subdivision.

ISSUE:

In order to resolve items related to the Mission Del Lago TIRZ #6, City Council is being asked to consider a Settlement and Release Agreement between the City and the Developer.

Council is also being asked to consider a Developer Participation Agreement for the reconstruction of streets in the subdivision to be performed by the Developer. Funding for the street repairs will initially be funded by the City with up to \$1,700,000.00 in Tax Notes to be approved by Council at a later date. The Tax Note will be repaid with incremental property tax revenue which originally was to be utilized for developer reimbursements. In addition, the Term of the TIRZ will be extended by two years until September 20, 2027 enabling the developer to recoup TIRZ revenue forgone to pay the debt service on the tax notes.

In order to complete the requirements of the Settlement and Release Agreement amendments to the Mission Del Lago TIRZ Development Agreement, Project and Financing Plans, and Interlocal Agreements with Participating Taxing Entities will also be required.

ALTERNATIVES:

The City could forego the settlement.

FISCAL IMPACT:

The City will issue a tax note for up to \$1.7 million for street repairs. The difference between the tax note and the bid amount will be paid through available tax increment currently in the TIRZ fund. All debt service will be paid from future tax increment from the City only. The City is also extending the City's participation and the TIRZ term for two years to September 30, 2027 unless the City's maximum contribution (\$21,212,813.00) is reached or the TIRZ terminates, whichever is earlier.

RECOMMENDATION:

Staff recommends approval of the Settlement Agreement and its related agreements and Project and Financing Plans.