



# City of San Antonio

## Agenda Memorandum

**File Number:** 15-3699

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**Agenda Item Number:** 66A.

**Agenda Date:** 6/18/2015

**In Control:** City Council A Session

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**DEPARTMENT:** Transportation & Capital Improvements

**DEPARTMENT HEAD:** Mike Frisbie, P.E.

**COUNCIL DISTRICTS IMPACTED:** Council District 3

### **SUBJECT:**

Brooks Development Authority: Street Funding Agreements

### **SUMMARY:**

Consideration of the following items related to infrastructure improvements at Brooks City Base, located in Council District 3:

- A. An ordinance authorizing the execution of a Funding Agreement with Brooks Development Authority (BDA) for Dave Erwin Drive/Kennedy Hill Street Project in the amount of \$4,000,000.00 in Certificates of Obligation. Of this amount, \$500,000 is included in the FY 2015 budget, \$500,000 is appropriated in Certificates of Obligation supported by the City's 14% return on investment on CPS Energy sales related to Mission Solar Energy, and \$3,000,000.00 will be subject to future appropriation in FY 2016 Capital Improvement Program.
- B. An ordinance authorizing the execution of a Funding Agreement with Brooks Development Authority (BDA) for Brooks North Campus Drive Project and appropriating funds in the amount of \$1,200,000.00 in Certificates of Obligation supported by the City's 14% return on investment on CPS Energy sales related to Mission Solar Energy.
- C. An ordinance authorizing the execution of a Funding Agreement with Brooks Development Authority (BDA) for Aeromedical Drive Phase I Project and appropriating funds in the amount of \$1,050,000.00 in Certificates of Obligation supported by the City's 14% return on investment on CPS Energy sales related to Mission Solar Energy.

## **BACKGROUND INFORMATION:**

On December 13, 2012, City Council approved a Tax Abatement Agreement with Nexolon America, LLC (now Mission Solar Energy) which is a green energy manufacturer of solar panels. Mission Solar Energy established a manufacturing facility within the Brooks City-Base Campus located at 8303 South New Braunfels Avenue and began operations of its Mission Solar Energy facility in August 2014. This location is also within the Tax Increment Reinvestment Zone. Additionally, the City made a commitment to provide \$12 million in future funding for public infrastructure improvements at Brooks City-Base to facilitate future economic development projects.

The \$12 million in funding for Brooks infrastructure was proposed from multiple sources such as new CPS Energy revenue generated from Mission Solar Energy and the City's best efforts to obtain funding in a future Bond election. The City's Chief Financial Officer has determined that the City's 14% return on investment from CPS Energy sales related to Mission Solar Energy will generate enough revenue for \$2,750,000.00 in debt service. Therefore, the City will issue Certificates of Obligation funds for Brooks City Base infrastructure as committed in December 2012.

As a part of the overall Brooks City Base Master Plan, BDA has identified three projects critical to its redevelopment efforts. These projects are described as follows:

Dave Erwin Drive/Kennedy Hill Street Project will realign the existing Dave Erwin Drive to provide access to the University of Incarnate Word School of Osteopathic Medicine. This project includes the construction of a new three-lane, undivided roadway from S.E. Military Drive to Sidney Brooks Street will extend along the east side of the School of Aerospace Medicine Historic District at Brooks City-Base. The new road will be named Kennedy Hill Street. Project construction is anticipated to begin June 2015 and be completed in July 2016. The total cost of this project is estimated at \$9,105,154.00.

Brooks North Campus Drainage Project includes the reconstruction of Sidney Brooks Street west of S. New Braunfels Avenue, including street, drainage, utility, landscaping and irrigation improvements to facilitate the development of a planned, mixed-use, high density town center area that will include a full service hotel and retail development. Project construction is anticipated to begin January 2016 and be completed in September 2016. The total cost of this project is estimated at \$5,843,300.00.

Aeromedical Drive is currently a three-lane, un-divided roadway extending 540-feet south from Sidney Brooks Street to Junkin Drive. The proposed Aeromedical Drive Phase I Project will realign Aeromedical Drive from Sidney Brooks Street to Junkin Drive to provide public-street access and utilities to multi-family and single family developments at Brooks City-Base. The project will include street, drainage and utility infrastructure improvements. Project construction is anticipated to begin February 2016 and be completed in October 2016. The total cost of this project is estimated at \$1,818,000.00.

### Previous Council Action:

The City adopted its FY2015-2020 Capital Budget on September 9, 2014 and approved funding of the Brooks Hill Street Project, which was defined as infrastructure improvement to facilitate development of a medical school at Brooks City Base. The project cost is \$9,226,174.00. Through Ordinance 2014-09-18-0690, City Council approved the partial funding of construction improvements for the Project in the amount of \$3,500,000.00 in Certificates of Obligation funds: \$500,000.00 in Fiscal Year 2015 and \$3,000,000.00 in Fiscal Year 2016.

On April 16, 2015, City Council approved Ordinance 2015-04-16-0316 amending the Brooks-City Base Project, Finance Plans, and Development Agreement between BDA, the Board of Directors of the Brooks City-Base Tax Increment Reinvestment Zone Number Sixteen (TIRZ#16), and the City to reallocate \$5,105,154.00 in previously issued TIRZ # 16 Self-Supporting Certificates of Obligation proceeds to Dave Erwin Drive and other approved infrastructure projects.

## **ISSUE:**

Staff is recommending Council consideration of the following items related to infrastructure improvements at Brooks City Base, located in Council District 3:

- A. An ordinance authorizing the execution of a Funding Agreement with Brooks Development Authority (BDA) for Dave Erwin Drive/Kennedy Hill Street Project in the amount of \$4,000,000.00 in Certificates of Obligation. Of this amount, \$500,000 is included in the FY 2015 budget, \$500,000 is appropriated in Certificates of Obligation supported by the City's 14% return on investment on CPS Energy sales related to Mission Solar Energy and \$3,000,000.00 will be subject to future appropriation in FY 2016 Capital Improvement Program.

This project provides for the demolition of Dave Erwin Drive and the construction and realignment of Kennedy Hill Street to include a three-lane, undivided roadway to serve the University of Incarnate Word School of Osteopathic Medicine.

- B. An ordinance authorizing the execution of a Funding Agreement with Brooks Development Authority (BDA) for Brooks North Campus Drive Project and appropriating funds in the amount of \$1,200,000.00 in Certificates of Obligation supported by the City's 14% return on investment on CPS Energy sales related to Mission Solar Energy.

This project will provide for the reconstruction of Sidney Brooks Street to include drainage, utility, landscaping, and irrigation improvements.

- C. An ordinance authorizing execution of a Funding Agreement with Brooks Development Authority for Aeromedical Drive Phase I Project in the amount of \$1,050,000.00 in Certificates of Obligation. BDA will provide all other funding beyond the City's commitment of \$1,050,000.0000 in Certificates of Obligation supported by the City's 14% return on investment on CPS Energy sales related to Mission Solar Energy.

This project will provide for the realignment of Aeromedical Drive and includes utility and drainage improvements.

## **ALTERNATIVES:**

The City Council could choose not to approve these Ordinances; however, doing so would delay the City from moving forward with its commitment to provide \$12 million in funding for public infrastructure improvements at Brooks City Base.

## **FISCAL IMPACT:**

These are a one-time capital expenditures in the total amount of \$6,250,000.00 payable to Brooks Development Authority. Funds are available from Certificates of Obligation for infrastructure improvements at Brooks City-Base, of which, \$3,500,000.00 is included in the FY 2015-2020 Capital Improvements Program and \$2,750,000.00 in Certificates of Obligation related to the City's 14% return on investment on CPS Energy sales related to Mission Solar Energy, are being appropriated and amended into the FY 2015-2020 Capital Improvements Program.

<b>Item / Project</b>	<b>Amount</b>	<b>Source</b>
A. Dave Erwin Drive / Kennedy Hill Street	\$4,000,000.00	[\$500,000.00 Certificates of Obligation previously appropriated for FY 2015 + \$3,000,000.00 Certificates of Obligation subject to appropriation in FY 2016 Capital Improvement Program + \$500,000.00 Certificates of Obligation supported by the City's 14% return on investment on CPS Energy sales related to Mission Solar Energy]
B. Brooks North Campus Drainage	\$1,200,000.00	[Certificates of Obligation supported by the City's 14% return on investment on CPS Energy sales related to Mission Solar Energy; BDA will provide all other funding]
C. Aeromedical Drive Phase I	\$1,050,000.00	[Certificates of Obligation supported by the City's 14% return on investment on CPS Energy sales related to Mission Solar Energy; BDA will provide all other funding]
<b>Total</b>	<b>\$6,250,000.00</b>	

**RECOMMENDATION:**

Staff recommends approval of this Ordinance for the following items related to infrastructure improvements at Brooks City Base, located in Council District 3:

- A. An ordinance authorizing execution of a Funding Agreement with BDA for Dave Erwin Drive/Kennedy Hill Street Project in the amount of \$4,000,000.00 in Certificates of Obligation.
- B. An ordinance authorizing execution of a Funding Agreement with BDA for Brooks North Campus Drive Project in the amount of \$1,200,000.00 in Certificates of Obligation.
- C. An ordinance authorizing the execution of a Funding Agreement with Brooks Development Authority for Brooks Aeromedical Drive Phase I Project in the amount of \$1,050,000.00 funded by Certificates of Obligation.