

**AGENDA**



**Recommendation for Council Action**

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| Austin City Council | Item ID | 14029 | Agenda Number | 40. |
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| Meeting Date: | 4/12/2012 | Department: | Planning and Development Review |
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**Subject**

Conduct a public hearing regarding a Strategic Partnership Agreement (“SPA”) between the City of Austin and the Pilot Knob Municipal Utility Districts 5 (“MUD”) and limited purpose and full purpose annexation of approximately 327 acres.

**Amount and Source of Funding**

**Fiscal Note**

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| Purchasing Language: |  |
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| Prior Council Action: | <p>February 17, 2011: Council approved Resolution No. 20110217-030, establishing a policy and general criteria under which municipal utility district requests will be considered.</p> <p>April 07, 2011: Council approved Resolution No. 20110407-019, consenting to special legislation that would create the Pilot Knob MUDs.</p> <p>March 8, 2012: Council conducted a public hearing and adopted an ordinance consenting to the Pilot Knob MUDs on first reading and set public hearings regarding a SPA and limited and full purpose annexation.</p> <p>March 22, 2012: Council approved second and third readings of an ordinance consenting to the Pilot Knob MUDs.</p> |
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| For More Information: | Virginia Collier 974-2022 |
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| Boards and Commission Action: | Recommended by the Water and Wastewater Commission, the Environmental Board, the Parks Board, and the Planning Commission. Not recommended by the Urban Transportation Commission. |
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| MBE / WBE: |  |
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| Related Items: |  |
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**Additional Backup Information**

In February 2011, City Council approved a resolution establishing a policy and general criteria under which the City Council will consider requests to create municipal utility districts. The policy states that the Council shall consider the following criteria: adherence to the comprehensive plan, extension of public infrastructure with MUD or developer financing, affordable housing, environmental improvement, public transportation facilities, open space, green building, development standards, amenities, school and public safety sites, City provision of water and wastewater services, and financial viability.

In October 2010, Carma Easton, Inc. submitted petitions to the City for consent to create five municipal utility districts ("MUDs") known as the Pilot Knob MUDs 1-5.

In April 2011 City Council approved a resolution consenting to special legislation that would create the MUDs, subject to criteria that would protect the City's interests. The City's MUD policy provides for consideration of extraordinary public benefits, superior development, and enhancement of other City interests when negotiating the consent agreement.

In May 2011, the Texas Legislature created the Pilot Knob Municipal Utility Districts 1-5 conditioned upon the City entering into a consent agreement with the MUDs no later than September 1, 2012. Each MUD's enabling legislation also allows continuation of the district as a "limited district" after full-purpose annexation by the City if the district and the City enter into a strategic partnership agreement ("SPA"). The City is requiring a SPA as a condition of its consent. If the City does not consent to the creation of the district or enter into such agreements as are required by the terms of the City's consent ordinance, the MUDs will be dissolved. The legislation also provides that the consent agreement would be valid and enforceable, authorizes one permanent board director to be appointed by the City Council, creates board member term limits, and authorizes setting a minimum tax rate equal to or exceeding the City's rate.

These MUDs include approximately 2,214 acres located in southeastern Travis County at a designated center and transportation corridor as indicated in the draft Imagine Austin Growth Concept Map within the City's extraterritorial jurisdiction. As part of the agreement consenting to the creation of the MUDs, the City would defer full purpose annexation of the MUDs for approximately 25 years or longer but would annex the MUDs for limited purposes shortly after giving consent to MUD creation. In addition, the developer would apply for PUD zoning. Proposed future development includes a mix of land uses typical in suburban developments as well as a more dense town center. The City will be the retail service provider for water and wastewater services and solid waste services.

Following staff and board and commission review, in March 2012 the City Council conducted a public hearing and approved an ordinance consenting to the creation of the MUDs. Council must conduct two additional public hearings regarding a strategic partnership agreement and adopt the SPA after each MUD has adopted the SPA.