



MEMORANDUM

TO: Mayor and Council

FROM: Greg Canally, Deputy Chief Financial Officer
Rodney Gonzales, Deputy Director, Economic Development Department

DATE: February 2, 2015

RE: Response to Resolution No. 20140626-089 addressing redevelopment at Highland Mall

On June 26, 2014, Council approved Resolution No. 20140626-089 in support of a partnership with the Austin Community College ("ACC") on the redevelopment of Highland Mall and directed the City Manager to provide a report that includes the following:

1. Timeline for financing of public infrastructure on the mall site;
2. Single point of contact for the partnership;
3. Timeline for the form-based code for the Highland Mall site and the corridor;
4. Plans to finance improvements along the corridor; and
5. Next steps.

As background, ACC has taken ownership of Highland Mall through a series of acquisitions. ACC's partner in the acquisition of Highland Mall, RedLeaf Properties ("RedLeaf"), has options to purchase perimeter parcels from ACC for mixed-use development.

Below is an update on each of the above requests.

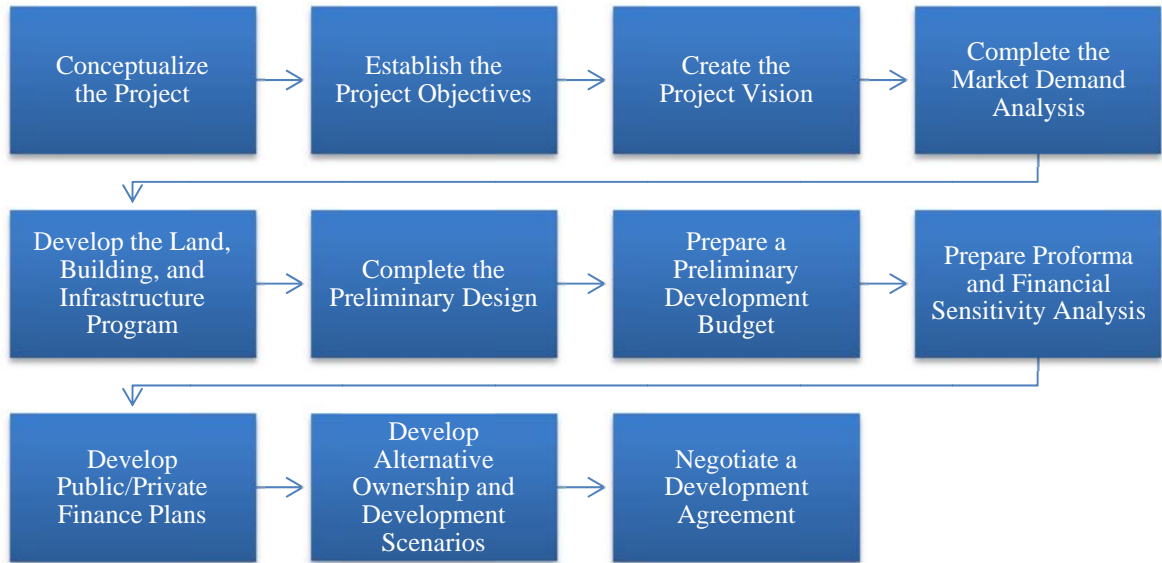
1. Timeline for financing of public infrastructure on the mall site

There are many steps leading to the development of a financial partnership such as the one contemplated between the City and ACC. The chart on the next page will provide you an indication of the typical process to develop a partnership agreement that includes an element of public financing. Since July 2014, we have had several conversations with ACC and RedLeaf, most of which have centered around the land, building, and infrastructure program and preliminary design.

The current point in the process can be characterized as lying between the stages of "preparing a preliminary development budget" and "preparing a proforma". The preparation and development of a proforma by ACC and RedLeaf is a critical path that must be accomplished prior to developing a plan for public infrastructure financing. We will verify and utilize proforma information such as taxable square feet of commercial and residential development, estimated sales per square foot, and other similar data to estimate the City's new tax revenues from which public financing can be supported. As with all development agreements, we will ask ACC and RedLeaf to enumerate community benefits that will be achieved through the City's participation in the project. Both ACC and RedLeaf have been

made aware of this, and we are awaiting their response. Pending this information, we will continue with other matters related to the anticipated development, but we cannot move forward on developing a plan for public infrastructure financing without the information described above.

Chart: Abbreviated process to develop a partnership agreement



2. Single point of contact for the partnership

The points of contacts for the partnership will be Greg Canally, Deputy Chief Financial Officer, and Rodney Gonzales, Deputy Director of the Economic Development Department.

3. Timeline for the form-based code for the Highland Mall site and the corridor

Opticos Design, Inc. (“Opticos”), the CodeNEXT consultant, has been contracted to evaluate the latest draft of the Airport Boulevard Form-Based Code (FBC). A form-based code is a land development regulation that fosters predictable built results and a high-quality public realm by using physical form rather than separation of land uses as the organizing principle for the code. A form-based code is a regulation, not a guideline, adopted into city, town, or county law and offers a powerful alternative to conventional zoning regulation.¹

CodeNext is the City’s initiative to revise the Land Development Code (“LDC”). Opticos’ charge is to commence crafting a cohesive set of regulations for the Highland Mall character district and the remainder of the Airport Boulevard corridor. In August 2014, Opticos concluded an initial review of the draft Airport Boulevard FBC. Opticos provided recommendations that improved the draft, and they provided a framework to initiate structural changes to the draft to align it with the overall LDC revisions.

¹ See FBC definition: formbasedcodes.org/definition

Coordination with CodeNEXT on the Airport Boulevard project continues to align both regulations with the overall LDC approach. Staff and the CodeNEXT team will produce a draft document that integrates the Highland Mall character district into one stand-alone FBC for the Highland Mall site. Doing so will achieve the following:

- A stand-alone form-based set of regulations to accomplish the community's, ACC's, and RedLeaf's vision for the mall site;
- Inclusion of specific design standards to achieve a higher standard of parkland, open space, and infrastructure on the site; and
- Alignment with the overall LDC revision via conformity with a preferred alternative as directed by Council.

Steps for accomplishing a FBC for Highland Mall

1. Finalize a draft FBC for Highland Mall that integrates form-based standards, land use entitlements, and parkland and open space requirements. Furthermore, craft a new regulating plan in collaboration with ACC and RedLeaf. This regulating plan will be in conformity with the established vision and the preferred alternative as directed by Council. Staff anticipates completion of an initial draft of the Highland Mall FBC by late Summer 2015 with the intent to initiate the statutory public hearing process by late summer of 2015.
2. Coordinate the remainder of the corridor with the CodeNEXT project to accomplish a cohesive set of development regulations by Fall 2015. On November 20, 2014, Council amended the contract with Opticos so that the firm can assist with completion of the Airport Boulevard FBC and alignment with the new LDC. A proposed amendment of \$91,247, which is the remainder of a previous contract for the initiative, will be used to complete the FBC including, but not limited to the following scope:
 - a. Create form-based standards to implement the community's vision for Airport Boulevard based on accomplished work and the latest draft of the FBC;
 - b. Finalize a proposed table of contents for a standalone FBC for Highland Mall and integration of the Highland Design Book (HDB) into a regulatory framework;
 - c. Develop and test activity center and activity corridor character districts for the Airport Boulevard context and as tools which may be used in other similar areas of the city;
 - d. Develop and test a "toolbox" to craft corridor character districts and adjoining neighborhood transition areas to be calibrated to a specific character based on local context; and
 - e. Conduct a series of public meetings and neighborhood roundtables to present the code and to gather community input.

4. Plans to finance improvements along the Airport Boulevard corridor

Corridor improvements include mobility improvements for Airport Boulevard and the creation of a regional water quality controls and flood detention controls. Below are updates on both infrastructure projects.

Mobility improvements for Airport Boulevard

A recent Airport Boulevard Corridor Study, estimated that the total cost of improvements is \$31.4 million and is described in the table below. On December 11, 2014, Council approved a resolution dedicating \$2 million in funding from CapMetro quarter cent funds to pay for infrastructure improvement on Airport Boulevard. Bonds have also been explored as a

possible funding source for the improvements; however, efforts to get the improvements funded through the 2012 bond election were not successful.

Table: Airport Boulevard Mobility Improvements

| Segment | Length (ft) | Cost per Foot | Cost |
|---|--------------------|----------------------|----------------------|
| Lamar Boulevard to Koenig Lane Segment | | | |
| <i>Lamar to Denson</i> | 4,100 | \$ 2,276 | \$ 9,330,000 |
| <i>Denson to Koenig</i> | 2,650 | \$ 2,196 | \$ 5,820,000 |
| Koenig Lane to IH-35 Segment | | | |
| <i>Koenig to 53 ½</i> | 2,150 | \$ 2,349 | \$ 5,050,000 |
| <i>53 ½ to 48th</i> | 2,700 | \$ 2,389 | \$ 6,450,000 |
| <i>48th to IH-35</i> | 2,150 | \$ 2,214 | \$ 4,760,000 |
| Total Cost for Lamar Boulevard to I-35 | | | \$ 31,410,000 |

Regional water quality controls and flood detention controls

The Watershed Protection Department (“WPD”) has identified \$3.7 million for regional water quality controls and flood detention controls for this project, but there is no agreement to date with ACC or RedLeaf for utilization of this funding.

The redevelopment at Highland Mall will require installation of water quality controls, and WPD can cost participate with \$900,000 towards the construction of the water quality controls.

The redevelopment of Highland Mall will not require flood detention controls. WPD is prepared to fund up to \$2.8 million in the design and construction of regional flood control ponds on ACC/RedLeaf property if designed to reduce downstream flooding.

5. Next steps

The City, ACC, and RedLeaf have advanced elements of the project; however, as mentioned above, the development of a proforma is a necessary step for developing a plan for any public infrastructure financing. We anticipate ACC and RedLeaf will develop the proforma soon, and we stand ready to move forward at that point. If you have any questions, please contact Greg Canally at (512) 974-2609, Greg.Canally@austintexas.gov, or Rodney Gonzales at (512) 974-2313, Rodney.Gonzales@austintexas.gov.

cc: Marc Ott, City Manager
 Robert Goode, Assistant City Manager
 Sue Edwards, Assistant City Manager
 Elaine Hart, Chief Financial Officer
 Greg Guernsey, Director, Planning and Development Review Department
 Kevin Johns, Director, Economic Development Department
 Victoria Li, Director, Watershed Protection Department
 Rob Spillar, Director, Austin Transportation Department
 Jorge E. Rousselin, Planning and Development Review Department