

## Whisper Valley and Indian Hills Public Improvement Districts (PIDs)



Water and Wastewater Commission  
October 2015



## Whisper Valley and Indian Hills PID Proposed Development

- **Whisper Valley PID (WV)**
  - 2,060 acres; Limited purpose annexation in the City's extraterritorial jurisdiction
  - Single family (2,800 units); Multi-Family (4,700 units); Office (1.3 mil sq. ft.); Commercial (1.3 mil sq. ft.) – PUD Zoning with Affordable housing
  - Extension of Braker Lane
  - Major extension of water infrastructure (48" and 24" water transmission mains)
  - Major wastewater interceptor and remote wastewater treatment facilities (up to 10 MGD)
  - 600-acre public park
- **Indian Hills PID (IH)**
  - 240 acres; Limited purpose annexation in the City's extraterritorial jurisdiction
  - Multi-Family (1,500 units); Office (1.6 mil sq. ft.); Retail (60,000 sq. ft.); R&D (473,000 sq. ft.); Industrial (275,000 sq. ft.) – PUD Zoning with Affordable housing
  - Extension of Decker Lake Road
  - Major extension of water infrastructure (48" water transmission main)

The map displays the Indian Hills and Whisper Valley neighborhoods. Indian Hills is outlined in red and labeled in blue text. Whisper Valley is outlined in purple and labeled in blue text. Surrounding streets include Decker Ln, Blue Bluff Rd, Bloor Rd, N SH 130 SW RD SB, N SH 130 NB, WZ PERCE TRCE, TAYLOR LN, DECKER RD, N FM 673 RD, N IMPERIAL DR, and DECKER LAKE RD. A large blue area represents a lake or reservoir.

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## Genesis For Austin

**MUD**

vs.

PID

- Created by TCEQ or Legislature
- Political subdivision with independent board
- Collects ad valorem tax based upon value of property
- Must wait after development before bonds can be issued
- Secured by ad valorem taxes. TCEQ ensures AV sufficient to support bonds

- Created by City Council
- City Council adopts service plan; district is only geographical area
- Collects assessments based on financial benefit to property
- City can issue bonds prior to or as development occurs
- Secured by PID assessment revenues and land, not full faith and credit of the City.

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## PID Special Assessments

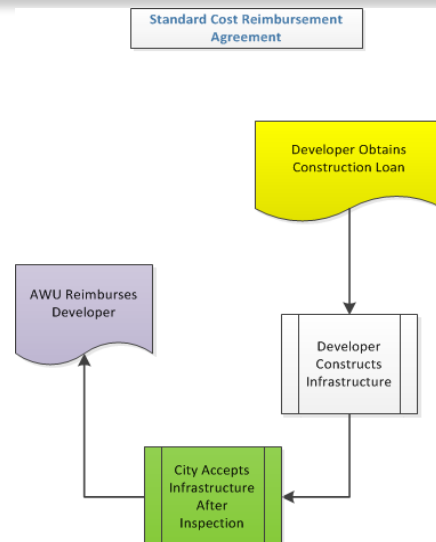
- Security - pledge of special assessment revenue and land value
  - Not secured by full faith and credit of city
  - Land appraisal and Value to Lien are key bond evaluation factors
  - Foreclosure and/or land sale are security in event of default
- Debt service reserve fund provides added bondholder security
- Liens against assessed property
  - Superior to all liens, except those for ad valorem taxes
  - Personal liability and charge against owners of assessed property
  - Delinquent installments incur interest, penalties, attorney's fees similar to delinquent ad valorem taxes

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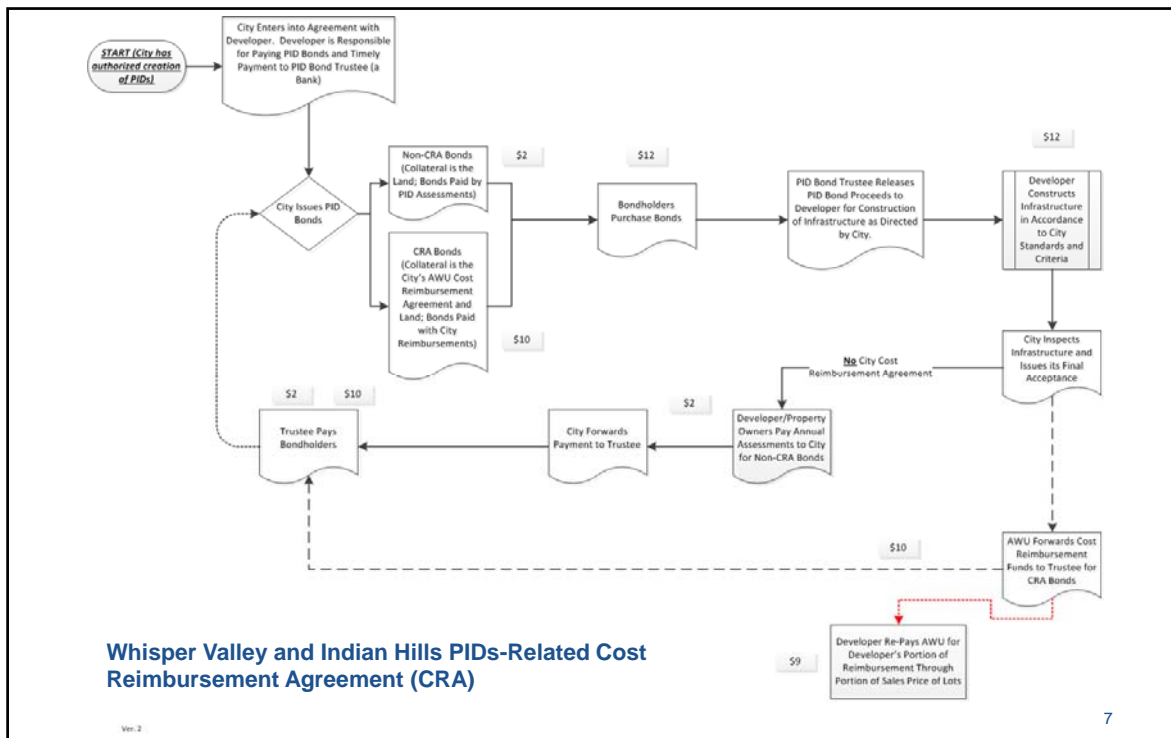



## Standard CRA vs. WV and IH PIDs-related CRA

- **Standard Water and Wastewater CRA**
  - Developer provides cash for constructing infrastructure
  - City accepts infrastructure for ownership, operation, and maintenance
  - City reimburses Developer for City's proportionate share of infrastructure
- vs.
- **Whisper Valley and Indian Hills PIDs-Related Water and Wastewater CRA**
  - PID bonds provide cash for Developer constructing infrastructure
  - City accepts infrastructure
  - City reimburses PID Bond Trustee for infrastructure
  - Developer repays City for Developer's proportionate share of infrastructure



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## Water CRA

**City Council Authorization--September 17, 2015**

- Change "final acceptance" to "conditional acceptance" for Waterline #1 and Waterline #2
- Change multi-year payment to one-time payment within 90 days for each component of water infrastructure
- Allow developer to be reimbursed if developer uses own funding for PID bond assessment payment instead of cost reimbursement funds
- Conditional acceptance for Waterline #1 subject to Austin Water concurrence that issues related to liability, warranty period, indemnity clause, hold harmless provision, submittal of as-built plans, completion of paperwork, and vegetation bonds are satisfactory to City

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## Wastewater CRA Chronology

Year	Action
2001	City applies for WW CCN
2003	Lawsuit and competing CCN application filed
2007	CRA is part of settlement for WW CCN (\$5.5 Million for wastewater interceptor and \$6 million for 500,000 gpd WWTP) Taurus (Club 120 Deal, L.P.) purchases property
2008	City Council adopts PID policy
2009	Austin Water and Developer determine WWTP design components
2010	City Council authorizes PIDs
2011	City sells PID bonds

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## Wastewater CRA Chronology (cont'd)

Year	Action
2013	WWTP bid package addendum WWTP bid comes in at \$12 million Modified bid package
2014	Rebid of WWTP Bid comes in at \$11 million Redesign to 250,000 gpd WWTP Developer requests pump and haul during period when insufficient flows are occurring
2015	Modify WWTP configuration design to add 100,000 gpd metal WWTP for quicker wastewater service availability Developer requests pump and haul prior to 100,000 gpd WWTP being constructed

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## Wastewater CRA Issues

- **Major Issues for Wastewater CRA—in agreement**
  - Phasing of the wastewater project (staff recommends)
    - Three Phases: Lift Station, 100,000 average gpd WWTP, and 250,000 average gpd WWTP
  - Criteria to be met before the City issues payment (staff recommends for WWTP)
    - Move from “final acceptance” to “conditional acceptance” for WWTP
    - Developer obtains bond for vegetation
  - Request for pump and haul services and waiving of the applicable resolution (No. 20080214-055) (staff recommends)
    - Start from Interim Lift Station Substantial Completion to 100,000 average gpd WWTP Substantial Completion
  - Modifications to the TCEQ permit (staff recommends)
    - 100,000/ 350,000/ 3,000,000 gpd
  - Request for additional funding for additional design services (staff recommends)

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## Wastewater CRA Issues (cont'd)

- **Major Issues for Wastewater CRA—in dispute**
  - Amount of funds for additional design services
    - \$355,199 vs. \$540,498
  - Use of PID funds for construction and items to be reimbursed
    - Developer wants immediate release of PID bond proceeds for WW construction
    - Developer wants City to reimburse or allow PID bond proceeds to be used for all or a portion of pump and haul expenses
  - Limitations of future site plan approvals
    - Austin Water will not approve all further site plans until wastewater service is actually available (100,000 average gpd WWTP is conditionally accepted)
  - Developer's plan for ensuring sufficient payments to the Trustee
    - City concerned about \$16M payment in November 2016

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## Next Steps

- **Next Steps**
  - Finalize terms and conditions for wastewater CRA amendment
  - Water and Wastewater Commission consideration
  - Public Utilities Committee consideration
  - City Council consideration
  - Negotiate and execute amendment to wastewater CRA (City and Developer)
  - Developer completes wastewater infrastructure per amended CRA
  - Developer makes timely bond assessment payments