

**AGENDA**



**Recommendation for Council Action**

Austin City Council	<b>Item ID</b>	71526	<b>Agenda Number</b>	22.
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<b>Meeting Date:</b>	6/8/2017	<b>Department:</b>	Planning and Zoning
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**Subject**

Approve an ordinance adopting the First Amendment to the Southeast Travis County Municipal Utility District No. 2 Consent Agreement relating to affordable housing and municipal utility district bonds (District 2).

**Amount and Source of Funding**

There is no anticipated fiscal impact.

**Fiscal Note**

A fiscal note is not required.

<b>Purchasing Language:</b>	
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<b>Prior Council Action:</b>	March 22, 2012 — City Council granted its consent to the creation of the Southeast Travis County Municipal Utility District Nos. 1-4
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<b>For More Information:</b>	Virginia Collier, Planning and Zoning Department, (512) 974-2022
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<b>Council Committee, Boards and Commission Action:</b>	<p>May 10, 2017-- Approved by the Water &amp; Wastewater Commission on a 6-1 vote of a wording change and to not recommend approval of any other contract changes. Commissioner Moriarty voting nay, Commissioners Blanding and Parton abstained and Commissioners Kellough and Michael absent.</p> <p>May 23, 2017-- Approved by the Planning Commission on a 8-0 vote with Commissioners Kazi, DeHoyos Hart, Schissler, Thompson and White absent.</p>
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<b>MBE / WBE:</b>	
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<b>Related Items:</b>	
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**Additional Backup Information**

In 2012, the City of Austin consented to the creation of the Southeast Travis County Municipal Utility District Nos. 1-4 (MUDs) (see the attached map). These MUDs are located in the City of Austin's limited purpose jurisdiction in southeastern Travis County (in District 2). The Consent Agreements incorporated terms and conditions regarding future development within the MUDs.

On April 13, 2017, Southeast Travis County Municipal Utility District Nos. 1-4 each submitted an application to amend the Consent Agreements between the City and the MUDs. The request is to amend the provisions of the Agreements relating to (1) affordable housing; (2) bonding capacity; and (3) temporary use of pump and haul operations.

#### Consent Agreement Amendment Process

An amendment to a consent agreement requires approval by the MUD's board and the City Council. The City Code requires, within 60 days of the written request and completion of an application, consent agreement amendments to be reviewed by City staff and boards and commissions, and sent to City Council for consideration. City Council must take action (i.e. approval, disapproval, or postponement) no later than the date of the second regular Thursday meeting of the City Council that is to be held after the date that City Council receives the recommendations. The application for the proposed amendment was submitted on April 13, 2017, and therefore, the due date for completing City staff and board and commission recommendations is June 12, 2017.

#### Affordable Housing

The developer's commitment to support the City's affordable housing goals was originally detailed in the Consent Agreement. City Council also approved PUD zoning for the area that included affordable housing provisions. In order for the language to be exactly the same, the Consent Agreement language will be replaced by the language used in the approved PUD ordinance. There is no substantial difference between the two versions.

#### MUD Bonds

Southeast Travis County Municipal Utility District No. 2 (MUD 2) has not yet issued bonds. MUD 2 voters approved the issuance of \$46,522,294 for water, wastewater, and drainage system facilities, park and recreational facilities, and roads. In accordance with the terms of the Consent Agreement, MUD 2 agreed that (1) the total principal amount of new money bonds would not exceed \$36,525,278 without City Council approval; (2) the MUD would sell the last issue of bonds on or before December 30, 2027 with each bond issuance amortized over a period that does not exceed 25 years from the date of issuance. The MUD is requesting an amendment to the Consent Agreement to increase the bonding capacity (a cap on the total authorized amount) to \$46,522,294 and to extend the date to sell bonds ten years to December 30, 2037. It should be noted that the increase in bonding capacity does not mean that all bond issuances are automatically approved by City Council. Each bond issuance will be reviewed by City staff, including financial staff, resulting in a separate City staff recommendation for each bond issuance for City Council consideration.

#### Temporary Pump and Haul

There is no request for pump and haul services for MUD 2 because the City's new wastewater treatment plant serving this MUD will be in operation by the time site development permits would be issued.

#### Staff Recommendation Regarding the Two Part Request

(1) Affordable Housing: Staff agrees with this request and recommends approval of an amendment to the Consent Agreement that ensures that the affordable housing terms match those approved with PUD zoning.

(2) MUD Bonds: Bonding for the construction of streets were inadvertently not included in the original request for bonding capacity. The inclusion of bonding for the construction of streets is standard (for example, the Pilot Knob MUDs have included the construction of streets in its calculation of bonding capacity.) Now that the MUD has obtained actual landscape architect cost estimates, the amount of existing bond funding capacity for parks is insufficient and needs to be increased. The projected ad valorem rate will remain the same with the increase of bonding capacity. The additional length of time prior to the last issuance of bonds seems reasonable to account for delays for the PUD and permitting processes, and allowance for potential changes in the market for new homes. City staff recommends the changes proposed by MUD 2.