

INTERLOCAL COOPERATION CONTRACT

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This Interlocal Cooperation Contract ("Contract") is entered into by and between the Contracting Parties identified below pursuant to authority granted thereto and in compliance with the *Interlocal Cooperation Act, Chapter 791, Texas Government Code*.

Whereas, the City of Austin Economic Development Department (EDD) facilitates the redevelopment of City-owned property deemed by the City as appropriate to repurpose. The Department does so by integrating the physical, market and financial context of the property with community aspirations and City Council goals and policies; and

Whereas, City Council Resolution 20171207-058 directed the City Manager to work with community members to create a new vision for the city-owned property located at IH-35 and St. Johns Avenue (906 E. St. Johns and 7211 N. I-35), located within the St. Johns neighborhood; and

Whereas, in 2018, the report "Uprooted: Residential Displacement in Austin's Gentrifying Neighborhoods and What Can Be Done About It," led in part by The University of Texas School of Architecture faculty members Elizabeth Mueller, Ph.D. and Jake Wegmann, Ph.D., identified the St Johns-Coronado Hills neighborhood as being in the early stage of gentrification; and

Whereas, the City now seeks to engage The University of Texas Center for Sustainable Development to apply knowledge and recommendations from "Uprooted" to the repositioning efforts of this City-owned property.

This Contract supports the effort to provide City Council and staff with information to assist in assessing options for the redevelopment of this City-owned property that meets the City's longer-term municipal, community, and economic goals. The purpose of this Contract includes review of previously completed studies and reviews, data collection, and analysis. It also contemplates work done reliant on information provided by the City and the use of such information to inform future actions leading to the solicitation of a master developer through a future competitive process for the redevelopment of this City-owned property.

I. Contracting Parties:

The Receiving Party: City of Austin (City) a Texas home rule municipality
Economic Development Department
301 W. Second Street, Austin, TX 78701

The Performing Party: The University of Texas at Austin (University) an institution of higher education and agency of the State of Texas.
Dean Almy, Project PI
UT School of Architecture
310 Inner Campus Drive B7500
Austin, TX 78712

II. Statement of Services to be Performed

The Statement of Work is attached to this Contract as Exhibit A, which incorporated herewith for all purposes. The time for performance and scheduled disbursement of payments shall be in accordance with this Contract is set out in the Statement of Work.

III. Contract Term and Amount

A. This Contract shall be in effect until 12 months from the date of execution.

B. The City shall pay the University an amount not to exceed \$81,000.00 in accordance with the terms herein. Payment shall be made on the achievement of designated objectives as outlined in the Statement of Work attached as Exhibit A.

IV. Payment of Services

City shall remit (number) (dollar amount) installment payments to the University for services satisfactorily performed according to the scheduled disbursements as outlined in Exhibit A of this Contract and in accordance with the Texas Prompt Payment Act, Chapter 2251, Texas Government Code. Payments made under this Contract shall (1) fairly compensate the University for the services performed under this Contract, and (2) be made from current revenues available to City. City shall pay the University within 30 days of receipt of an invoice upon confirmation by the City that the deliverables required for payment have been received by the City.

a. Invoices

i. The University shall send fixed-price lump sum invoices for at least two disbursement payments on completion of the scheduled milestones objectives listed in Exhibit A.

ii. Invoices submitted by the University shall contain the following information:

1. The University's legal name.
2. Correct payment remittance address.
3. An invoice date.
4. A unique, unduplicated invoice number.
5. A brief description of the items or services being invoiced.
6. The dollar amount due.

iii. Invoices shall be sent by email to: Christine.Maguire@austintexas.gov

V. Certifications

A. Each signer of this Contract possesses the right, power, legal capacity and full legal authority to execute this Contract on behalf of the Contracting Party and to bind the contracting party to the terms and conditions set forth in this Contract. Furthermore, the signer of this Contract certifies that the Contracting Party has the legal authority to perform or receive the services required by this Contract, that the Contracting Party has received all necessary approvals to execute and deliver this Contract, and that such services further a governmental function of the City and the University.

B. Intellectual Property: Reports, designs, and other work ("Material") developed by the University's School of Architecture's Center for Sustainability under this Contract is the property of the University. The University warrants and represents the Material is the independent work of the University and an original work of authorship under the U.S. Copyright Act. Furthermore, the University warrants and represents the University has the right to license the Material to the City. The University licenses and grants to the City an irrevocable, nonexclusive, and royalty-free license to use, reproduce, copy, publish, prepare derivative works from, distribute to the public, perform, and display publicly for or on behalf of the City, the intellectual property rights in the Material developed as part of the work under this Contract.

VI. Termination, Venue, and Funding Out

A. For Cause: In the event of a material failure by a Contracting Party to perform its duties and obligations in accordance with the terms of this Contract, the other party may terminate this Contract upon 30 days' advance written notice of termination setting forth the nature of the material failure; provided that, the material failure is through no fault

of the terminating party. The termination shall not be effective if the material failure is fully cured prior to the end of the 30-day period.

B. For Convenience: Either party may terminate this Contract without cause upon 60 days' advance written notice. If the City terminates, on receipt of the Notice, the University shall immediately stop performance of services (unless the Notice directs otherwise) and deliver all documents, programs, reports, and materials accumulated in performing this Contract (whether finished or in process) to the City within 10 business days, or as otherwise stated in the Notice. The City shall pay the University for all reimbursable costs and obligations incurred up to the date of termination.

C. Dispute Resolution: If a dispute arises between the parties regarding performance under this Contract, which the parties are unable to resolve through negotiation, the parties agree that the dispute will be submitted for mediation before any suit is filed. If the mediation does not successfully resolve the dispute, each party is free to pursue other remedies available to them.

D. Jurisdiction and Venue: This Contract is made under and shall be governed by the laws of the State of Texas, without regard to conflicts of laws principles which would apply the law of any other jurisdiction. The courts of Texas shall have jurisdiction of any dispute arising out of or concerning this Contract, either administrative or judicial, and venue shall be proper and lie exclusively in Travis County, Texas.

E. Non-Appropriation: The University acknowledges that the City has provided notice that the City's payment obligations to the University are payable only from funds appropriated or available for the purpose of this Contract. If the City does not appropriate funds for this Contract, or if there are no other lawfully available funds for this Contract, the Contract is void. The City shall provide the University notice of the failure of City to make an adequate appropriation for any fiscal year to pay the amounts due under this Contract or the reduction of any appropriation to an amount insufficient to permit the City to pay its obligations under this Contract.

VII. No Assignment

A Contracting Party may not assign or transfer its interests under the Contract.

VIII. Notices

All notices shall be deemed given when either delivered in person or deposited in the U.S. Mail, postage prepaid, certified mail, return receipt requested, addressed to the appropriate party at the following address:

If to the University: Dean Almy
University of Texas at Austin School of Architecture
310 Inner Campus Drive B7500, Austin, TX 78712

If to the City: Christine Maguire
Economic Development Department, Redevelopment Division Manager
P.O. Box 1088 Austin, TX 78767
(Physical: 301 West 2nd Street, Suite 2030, Austin Texas 78701)

IX. Waiver of Immunity

It is expressly understood and agreed that under this Contract neither Contracting Party waives, nor shall be deemed to waive, any immunity or defense that would otherwise be available to it against claims arising in the exercise of governmental powers and functions.

X Record Maintenance

Each party shall maintain all records and reports required under this Contract for a period of three years after the termination date, or until all evaluations, audits and other reviews have been completed and all questions or issues,

including litigation, are resolved satisfactorily, whichever occurs later.

XI. No partnership

This Contract does not create any partnership, employee, fiduciary, insurance, or agency relationship between the parties or any of their agents or employees. No party to this Contract will be responsible for the acts of the other party or any other employee of the other party by virtue of this Contract, except as may be decreed against that party by a judgment of a court of competent jurisdiction. It is expressly understood and agreed that in the execution of this Contract, no party waives, nor shall be considered to waive, any immunity or defense otherwise available to it against any claims by third parties. Each party to this Contract waives all claims against the other party to the Contract for compensation or any loss, damage, personal injury, or death, occurring as a consequence of the performance of this Contract, except for acts in violation of the criminal laws.

Executed effective as _____, 2019 (Effective Date) by the following duly authorized representatives of the Contracting Parties:

Receiving Party
City of Austin

Performing Party
The University of Texas at Austin

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Exhibit A
Statement of Work: DRAFT

St. Johns Site Analysis and Scenario Development

This proposed study will assist City Council and the Economic Development Department in assessing site planning options related to 906 E. St. Johns Avenue and 7211 N. IH-35 that redevelops the site in a way that achieves community benefits and mitigates the negative potential impacts of gentrification.

Context:

In December of 2017, the Austin City Council approved a resolution directing the City Manager to work with community members to create a new vision for the city-owned property located at IH-35 and St. Johns Avenue, located within the St. Johns neighborhood. The Economic Development Department has issued an RFP for a “due diligence and repositioning strategy” for this site and another city-owned property in town which is currently ongoing. While that study will develop a strategy for the St. Johns site, it is important that issues of gentrification, residential displacement, and housing affordability be addressed and that economically and racially just options be provided for the neighborhood.

The report "Uprooted: Residential Displacement in Austin's Gentrifying Neighborhoods and What Can be Done About it, which was led in part by School of Architecture faculty members Elizabeth Mueller, Ph.D. and Jake Wegmann, Ph.D., identified the St Johns-Coronado Hills neighborhood as being in the early stage of gentrification. Area residents were disproportionately from groups known to be vulnerable to displacement as housing prices rise: 81% of area residents were people of color—predominantly Latinos, 80% were renters (compared to 55% citywide), only 22% of residents over 25 held college degrees (vs 48% citywide), and over two-thirds of households had incomes below 80 percent of the regional median (vs 39% citywide). At the same time, there are signs of change consistent with gentrification. Since 2000, the share of white households in the area has grown modestly (while declining citywide), and the share of college-educated residents is up 9 percentage points, exceeding the city's 5 point change. In this predominantly non-white, renter district, the majority of mortgages issued in recent years have been to white borrowers. But while there are some signs of demographic change, the housing market shows little evidence of change. Despite comparatively low property values, a large share of both owners and renters continue to be housing “cost burdened,” paying well above 30 percent of their gross monthly income for housing costs. Large households are particularly likely to pay a high percentage of their incomes for housing costs. Only six percent of the total housing stock is income restricted. Yet since 2015, there is evidence of coming change: the total value of permitted construction rose by over 1,000 percent between 2015 and 2017 (vs 81% citywide). Recent transportation improvements are likely contributing to the change: the advent of rapid bus service to the area and nearly completed upgrades to nearby highway 183 are improving the area's access to employment centers.

Given this context, the St. Johns property provides a significant opportunity to leverage a city-owned asset to advance public goals.

Statement of Inquiry

How can innovative housing, economic, and equity models be applied to City-owned property?

Research Questions

1. How does and how can the city owned property in the St. Johns Avenue neighborhood contribute to

the local economy and other aspects of civic well-being in the immediate and surrounding neighborhoods?

2. How might equity be assessed to inform decision making about urban development/redevelopment?
3. How can different policies, land uses (including mixed-uses) urban forms, services, and public and private financing be combined in a set of development/redevelopment scenarios?
4. How can policies that contribute to City of Austin goals for equity—such as for health and transportation—be applied to inform appropriate land uses, urban planning strategies, and urban design forms?
5. What policies identified in the "Uprooted" study are most applicable to addressing equity for the St. Johns neighborhood?
6. Can location concerns—such as air quality, noise, urban heat island effects, and flooding, which are recognized as public health concerns—be mitigated through urban design and/or the application of building and landscape technologies?

Scope of Work & Timeline

July 1, 2019–February 28, 2020

The proposed work will be executed by The University of Texas at Austin Center for Sustainable Development. The project team includes faculty and researchers from the School of Architecture.

The investigators will undertake the following tasks:

- Review relevant background materials, reports and data sets (provided by the City);
- Tour the sites with appropriate City staff;
- Meet with key stakeholders (provided/named by the City) invested in the redevelopment, community, and/or equity issues of the site, to identify perceived opportunities and constraints and strategic information;
- Meet with key City of Austin staff invested in the redevelopment, community, and/or equity issues of the site, to identify perceived opportunities and constraints and strategic information;
- Meet periodically with City of Austin project manager to establish working relationship and clear responsibilities including the following activities as appropriate: refine scope of services and timeline; synthesize goals for strategic land disposition in general and for this tract specifically; establish goals for the end product, coordinate and share work to date, receive and discuss new information, establish a range of planning scenarios; review market study and financial data and other activities that will result in a unified approach to the end product;
- Create a range of physical/spatial planning alternatives for the reconfiguration and/or redevelopment of the St. Johns site which detail both market and housing opportunities as well as community/neighborhood/equity issues/opportunities;
- Assess the spatial, economic, and social impacts of each alternative;
- Assess the potential of the redevelopment plan for unintended impact of exacerbating gentrification and/or displacement and mechanisms to mitigate those potential impacts;
- For each scenario, create a *rough* estimate of total value of the resulting development and total cost (including a typical rate of return on investment) to develop it, including any public amenities (affordable housing, open space, public facilities, etc). Using the residual land value (RLV) method, this will allow for a *rough* estimate of the price that a profit-oriented developer might be expected to bid for the site. If the RLV is negative, that means that a developer would have to receive subsidies to be willing to pursue the project. For scenarios in which we estimate a positive RLV for the city (i.e., where the city would not have to subsidize a given development proposal for it to happen), a menu of options for what could be done with the resulting proceeds from the land sale to achieve goals. This

would allow elected officials and members of the public to quantify and trade off various possible forms of benefits that the city could choose to redirect towards surrounding neighborhoods (city-subsidized affordable housing units; aquatic facilities; parks; street trees; water retention basins; etc).

Data Requirements (subject to mutual agreement)*

- Market studies that the City of Austin Economic Development department has that would quantify the state of various real estate market sectors. Most important is single-family residential, multifamily residential, and retail, but possibly also office and hotel too. Ideally, the studies would be relatively recent, and would cover submarkets that include the site(s). (Data Priority level 2)
- Air quality reports from the vicinity of the St. John's site. (Data Priority level 2)
- Site and land use legal and regulatory constraints identified by the City for the St. Johns site (Data Priority level 1) and any additional constraints identified through City resources. (Data Priority level 2)
- Existing potable and reclaimed water, wastewater, electric, and gas service and capacity as well as potential additional service connections identified by the City for the St. John site. (Data Priority level 2)
- Access to a group of local real estate and affordable housing experts, so that assumptions underpinning the RLV calculations discussed above can be verified and adjusted if necessary. (Data Priority level 1)
- Sales tax collections data from retail establishments in the vicinity of the site, if available. (Data Priority level 1)
- Flooding information and other environmental constraints data for the St. Johns area. (Data Priority level 1)
- Transportation and civil engineering evaluation and cost estimation data for the St. Johns site. (Data Priority level 2)
- A comprehensive set of housing market data for the St. John's area as current as possible (MLS data, numbers of lost/homes sold etc. to begin to assess what the current tendencies/needs are) (Data Priority level 2)
- Previous community engagement and outreach materials relevant to the St. Johns area. (Data Priority level 1)
- "Real estate market studies on retail, office, and hotel market conditions (Data Priority level 2)

** Please note the availability of data is extremely time sensitive for scenario development. In order to be incorporated into the developed scenarios fully, data must be delivered to the Center for Sustainable Development team no later than: Priority 1: September 1, 2019; Priority 2: September 30, 2019.*

Project Deliverables

The project team will provide a final written report of its findings at the completion of the project timeline. The project team will also provide diagrams, drawings, and renderings of the elements/options for the St. Johns site, to be included in the next RFP document for the development of the site. The team will produce refined reports on the process and products resulting from this project, which will be published on our website and publicized through our networks. Additionally, digital files (.PDF format) of large prints suitable for exhibition will be produced. Regular project invoices will be provided by The University of Texas Office of Sponsored Projects.

Budget (not to exceed)

\$80,545

Center for Sustainable Development Project Personnel

- Dean Almy, RA, FFUD, Associate Professor and Director of the Urban Design Program, School of Architecture
- Martin Haettasch, Lecturer, School of Architecture
- Charlton Lewis, Lecturer, Assistant Dean for Student Affairs, School of Architecture
- Elizabeth Mueller, Ph.D., Associate Professor of Community and Regional Planning, Director Graduate Program in Community and Regional Planning, School of Architecture
- Allan W. Shearer, Ph.D., ASLA, Associate Professor, Associate Dean for Research and Technology, School of Architecture
- Jake Wegmann, Ph.D., Assistant Professor of Community and Regional Planning, School of Architecture
- Sarah Wu, Assistant Director of Research, School of Architecture

Graduate Research Assistants

- To be identified