



## MEMORANDUM

**TO:** Rodney Gonzales, President, Waller Creek Local Government Corporation

**THRU:** Christopher Shorter, Assistant City Manager *CJS*  
Rey Arellano, Assistant City Manager *RA*

**FROM:** Kimberly McNeeley, CPRP, Director, Parks and Recreation Department *KM*  
Jorge Morales, P.E., CFM, Director, Watershed Protection Department *JM*

**DATE:** June 10, 2020

**SUBJECT: Waterloo Park Construction Phase Plan Addendum Three (Budget Contribution Split) – Funding Strategy**

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The purpose of this memo is to provide an update to the Waller Creek Local Government Corporation (LGC) on the funding strategy the Parks and Recreation Department (PARC) and the Watershed Protection Department (WPD), as co-sponsors of the Waller Creek District Program, are proposing to address the needs of the Waterloo Park project, currently in construction.

### BACKGROUND

The April 16, 2014, Waller Creek District Joint Design, Development, Management and Operation Agreement (JDA) defines the long-term relationship between the City of Austin (COA) and the Waterloo Greenway Conservancy (WGC, formerly known as Waller Creek Conservancy), expands the public use of the improvements (Waller Creek and the Chain of Parks) and identifies the development model to build the improvements in accordance with the Council-approved design plan.

The COA and WGC are jointly funding the improvements by leveraging the resources of both organizations, resulting in a combined investment that exceeds a traditional public financing model. Public funding sources for the improvements, including the Waterloo Park Project, come from existing public improvement bonds, fees and payments-in-lieu collected by both PARC and WPD, and certificates of obligation consistent with the Plan approved as Amendment No. 2 to the Waller Creek Tax Increment Financing Reinvestment Zone (TIRZ) No. 17, approved by City Council on May 24, 2018. Private funding includes philanthropic donations and contributions from private development as coordinated through the WGC.

### WATERLOO PARK

The public-private partnership is developing the Waller Creek District in downtown Austin. Within the District, the Waterloo Park Project is redeveloping parkland and restoring areas of Waller Creek between 12<sup>th</sup> Street to 15<sup>th</sup> Street and Trinity Street to Red River Street (see Exhibit C). The 11-acre project will feature accessible pathways that weave through the park's varied topography connecting a network of gardens, traditional and nature play elements, a new public restroom, and the Moody Amphitheater, a 5,000-person permanent outdoor venue, which will provide diverse entertainment experiences that embody the values of the community.

Once complete, Waterloo Park will be primarily managed by WGC, in accordance with the roles established in the JDA. Revenue collected from the operational amenities of Waterloo Park will be a key component to the financial stability of the District projects long term as it relates to sustaining an exceptional level of maintenance. WGC will work closely with WPD to collaboratively manage the area surrounding Waller Creek and in continued coordination with the WPD Waller Creek Tunnel program as the Tunnel Inlet Facility sits within the park. The Moody Amphitheater will be managed by WGC, and the venue will be a new northern anchor for the Red River Cultural District.

## **WATERLOO PARK CONSTRUCTION – CITY FUNDING**

Following the Phase Plan process defined in the JDA, the Waterloo Park Project began construction as approved by the LGC on December 19, 2018. The budget approved in the Phase Plan included funding with certificates of obligation that have been authorized by City Council for use within the District (appropriations to date have included funding for both PARD and WPD) as part of the City’s annual budget process and budget amendments, along with the TIF funding plan approved by Council in May of 2018.

During the course of construction, there were two scope additions that serve to unify and complete the project, the restoration of Waller Creek between 14<sup>th</sup> and 15<sup>th</sup> Streets within the park (also known as Sector 9), and an inlet bypass structure that will optimize the Waller Creek Tunnel’s operations in minor storm events. These were documented as addendums to the Construction Phase Plan. Addendum One: Sector 9 was approved by the LGC on February 13, 2019, and Addendum Two: Inlet Bypass was approved by the LGC on June 12, 2019.

Public funding sources allocated and encumbered for Waterloo Park Construction include:

- PARD 2012 Bond – Proposition 14
- PARD Parkland Dedication Fees
- WPD Drainage Utility Fund
- WPD Tree Mitigation Fund
- DSD Urban Forest Replenishment Fund
- Certificates of Obligation, including TIF-supported Funding
- Texas Parks and Wildlife Department (TPWD) Local Parks Urban Outdoor Recreation Grant

Addendum Three to the Waterloo Park Construction Phase Plan does not increase the overall project budget, but instead redistributes the departmental funding contributions by \$3,000,000, using existing PARD appropriations (from FY18 through FY20) funded by TIF-backed certificates of obligation, approved by City Council during the annual budget process. This adjustment is needed in response to WGC’s financial impacts due to the COVID-19 crisis.

### **Exhibit A: Waterloo Park Construction Funding Progression**

<b>Phase Plan (Approval Date)</b>	<b>CO (TIF supported)</b>	<b>COA/STATE</b>	<b>WGC</b>	<b>TOTAL</b>
Waterloo Park Construction (Dec 18)	\$ 25,869,692	\$ 3,328,932	\$ 32,161,313	<b>\$ 61,359,936</b>
Addendum One: Sector 9 (Feb 19)	\$ 666,833	\$ 7,188,281	\$ 75,000	<b>\$ 7,930,114</b>
Addendum Two: Inlet Bypass (Jun 19)	\$ ---	\$ 3,694,690	\$ ---	<b>\$ 3,694,690</b>
Addendum Three: Budget Split (Jun 20)	\$ 3,000,000		(\$ 3,000,000)	<b>\$ ---</b>
<b>Total by Funding Source</b>	<b>\$ 29,536,525</b>	<b>\$ 14,211,903</b>	<b>\$ 29,236,313</b>	<b>\$ 72,984,740</b>

Both PARD and WPD, as co-sponsors of the Waller Creek District Program, support this adjustment to the funding for Waterloo Park Construction in the spirit of partnership and anticipating a successful

opening of the park next year. The ability for the COA to assist the WGC, using already allocated funds planned for the District, to bolster the program during this unexpected health and economic crisis exemplifies the value in this public-private partnership.

Among other recent Council resolutions in support of economic relief amidst the COVID-19 pandemic, the May 21, 2020, passage of Resolution No. 20200521-095 directed actions to support near-term relief and long-term investment in Austin's creative economy. This resolution calls for accelerated investment in cultural venues and deployment of funding for creative space, including:

- Options for capital investment and long-term sustainability of cultural facilities operated by third parties on city-owned properties; and
- Options for public-private partnerships that may have difficulty achieving or need additional time to meet their private fundraising commitments to the City.

The updated funding strategy for the Waterloo Park construction project aligns with this recent Council direction and is in support of the fundamental goals of the projects, as included in the Council-approved design plan for the Waller Creek District.

As noted below, this is not an amendment to the TIF Plan, but an administrative adjustment to the spending allocations within the District. It will not change the overall program contribution of the WGC, but rather allows the organization additional time to recover from the COVID-19 pandemic. The overall private contribution to the program by the WGC remains the same – the additional \$3,000,000 the COA is contributing now will be made up for by the WGC in future projects. An updated TIF Plan showing the funding for the projects will be presented to Council as part of the district's Annual Project Plan in September 2020.

#### **TIF SUPPORTED FUNDING DETAILS**

As shown in Exhibit B below the TIF project plan, as included in the May 2018 Amendment No. 2 to the Waller Creek TIRZ No. 17, divided the District into links that geographically bundled capital improvement projects as a strategic planning and fundraising structure. The \$3,000,000 of funding identified to meet the need at Waterloo Park is being redirected from PARD appropriations of TIF-backed certificates of obligation that were originally planned for the Creek Delta Link (Lady Bird Lake to 5<sup>th</sup> Street) for a future Operations and Maintenance (O&M) Facility. The adjustment does not modify the overall TIF funding amount, nor the overall contributions of any of the parties, and the Budget Office has confirmed that this adjustment is allowable with an administrative modification to the financial system of record.

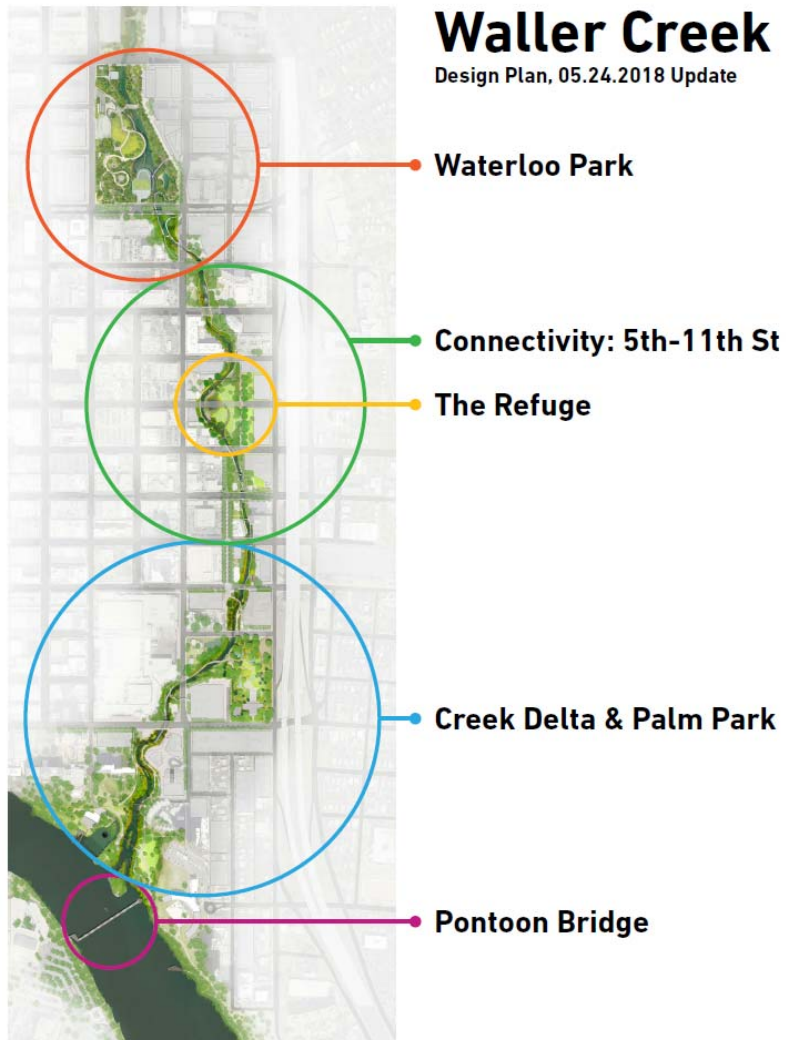
TIF funding is made possible by the City issuing bonds against the property taxes collected within the TIRZ. Current projections by the Budget Office, while considering projected economic impacts of the COVID-19 pandemic, are still in alignment with the market research analysis performed in 2018 in support of the Amendment. There has not been an interruption in bond sales due to COVID-19.

Current appropriations of the TIF-supported certificates of obligation from FY18-FY20 are readily available. \$15 million of the TIF-backed certificates of obligation have been issued, all as taxable, based on the analysis at the time of issue. Because the additional \$3,000,000 of funding will be used to cover some of the construction costs of the Moody Amphitheater, which will be operated via WGC (private use), the debt on these funds must be sold as taxable, rather than tax exempt. This will be documented by departmental financial staff in the financial system of record upon LGC approval.

Should you have any questions, please contact Kimberly (512-974-6722) or Jorge (512-974-3438).

Cc: Elaine Hart, Chief Financial Officer  
Greg Canally, Deputy Chief Financial Officer

**Exhibit B. Waller Creek District Project Areas included in the TIRZ No. 17 Project Plan approved by City Council on May 24, 2018.**





**Exhibit C. Waterloo Park Rendered Site Plan, including the Moody Amphitheater**

