



## MEMORANDUM

TO: Chair and Members of the Environmental Commission  
FROM: Andrei Lubomudrov, Housing and Planning Department  
DATE: February 26, 2021  
RE: SH 130 Municipal Management District Petition for consent to issue bonds and assess taxes

This is to inform the Commission of a petition from the SH130 Municipal Management District No. 1(the District) for the City's consent to the District issuing bonds and assessing Sales and Use Taxes and Hotel Occupancy Taxes. The City received this petition in late December, and staff is preparing to bring a consent agreement to Council on March 25, 2021.

### **Background Regarding District Authority**

Special legislation approved during the 2019 Legislative Session (HB 4694 by Cole) created the District. The District currently includes three non-contiguous tracts of land totaling approximately 1,138 acres. Two of the tracts are east of SH 130 and one is just west of SH 130. All three tracts are in Austin's extraterritorial jurisdiction, though the westernmost track is adjacent to full purpose city limits. The special legislation gives the District several powers, including the ability to:

- Annex territory that is not contiguous (adjacent) to the District
- Impose property tax assessments to issue bonds for infrastructure and amenities
- Collect Hotel Occupancy Taxes and Sales and Use Taxes within the District's geography
- Enter into economic development agreements under Local Government Code Chapter 380 and other provisions
- Contract with municipalities and other entities for the provision of services, and

- Participate in other special taxing districts, such as tax increment reinvestment zones and tax abatement reinvestment zones.

The special legislation appointed interim members to the District's Board, and the Board has already called a Sales and Use Tax election, which voters approved on November 3. Once City Council provides consent as required in the bill, the District can secure financing for improvements and infrastructure. In addition, the applicants have represented that they have been in contact with other landholders who are interested in becoming part of the District. As such, a critical consideration is how future annexations and additions to the District should be handled.

### **Background Regarding Scope of City Consent**

The legislation only requires the District to obtain the City's consent prior to issuing bonds and assessing sales and use taxes and hotel occupancy taxes. The legislation provides the District cannot exercise its ability to issue bonds until "each municipality whose corporate limits or extraterritorial jurisdiction the District is located within has consented by ordinance or resolution to the creation of the District and to the inclusion of land in the district." Once consent has been received, the District is not required to receive further consent prior to future bond issuances.

### **City Review Process**

The District filed a formal petition to obtain the City's consent to the issuance of District debt on December 22, 2020. Though there is some ambiguity over when the City must act on the petition by providing consent to the District's creation due to vague language in the special legislation, the general timeline for reviewing a petition from a Municipal Management District is 90 days. The applicant has requested the petition be brought before Council in March.

The District proposal has been distributed for review to staff from the following City departments: Austin Energy, Austin Fire, Austin Police, Austin Resource Recovery, Austin Water, Development Services, Economic Development, EMS, Financial Services, Law, Housing and Planning, Parks and Recreation, Transportation, and Watershed Protection.

Following staff and Board and Commission review, the City Council must conduct a public hearing and consider the request for city consent to the creation of the District in accordance with State law and the City Code. If the City does not consent to the creation of the District or enter into such agreements as are required by the terms of the City's consent ordinance, the District will be unable to issue bonds and assess certain taxes, unless they return to the legislature to obtain additional authority to act without City consent.

### **District Proposal**

The District initially includes 1,138 acres located in Austin's eastern crescent. Further annexation beyond these tracts is allowed in the special legislation. The initial District includes three non-contiguous tracts of land, the largest of which is 893 acres located near FM 969 and Burleson Manor Rd. The other two tracts, approximately 245 acres combined, are both situated along SH130: one adjacent to Walter E Long Park west of SH 130 and the other abutting Decker Lane Rd just east of SH130. The attached map shows the location of the tracts with respect to major features in the area.

The City has received no specific proposal for development on any of the tracts. The formal petition language suggests work in a general nature to include:

- construction, maintenance, and operation of a waterworks system, including a wastewater system
- construction, installation, maintenance, purchase, and operation of drainage and roadway facilities and improvements
- the construction, installation, maintenance, purchase, and operation of parks and recreational facilities
- construction, installation, maintenance, purchase, and operation of additional facilities authorized by Chapters 372 and 375, Texas Local Government Code, and
- additional facilities, systems, plants, and enterprises, including economic development programs or obligations, as allowed in Chapter 3971, Texas Special District Local Laws Code.

The District's work, by applicable law, can supplement, but not supplant, the services that would otherwise be provided by government entities in the area that is within the District.

### **Consent Agreement**

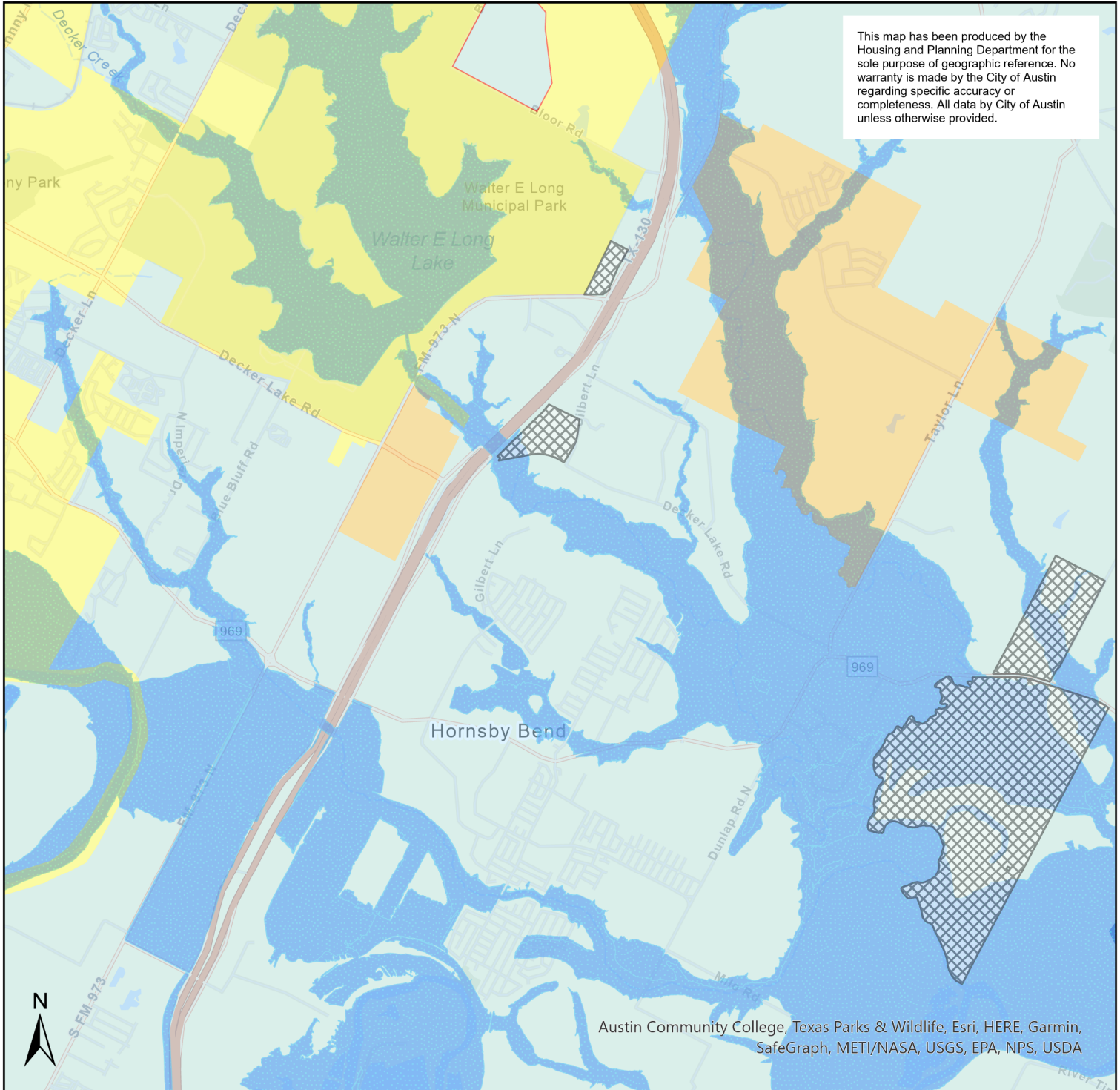
City staff is finalizing details for a consent agreement, including a clear statement that all development in the District that falls within the City's full purpose or extraterritorial jurisdictions will be governed by current City of Austin Land Development Code at the time of site development permit application.

Compared with other municipal management districts in the state, and other districts with whom the City has entered into agreements, the City has comparatively little authority in the special legislation. The District has already been created, and the City has no representation on the board, or say in governance matters. Given the limitations on City oversight in the special legislation, staff is developing an agreement that represents the City's interests to the greatest extent practicable.

If you have any questions about the District, feel free to contact me at:

[andrei.lubomudrov@austintexas.gov](mailto:andrei.lubomudrov@austintexas.gov) or 512-974-7659.

This map has been produced by the Housing and Planning Department for the sole purpose of geographic reference. No warranty is made by the City of Austin regarding specific accuracy or completeness. All data by City of Austin unless otherwise provided.



Austin Community College, Texas Parks & Wildlife, Esri, HERE, Garmin, SafeGraph, METI/NASA, USGS, EPA, NPS, USDA

## SH130 Municipal Management District - Initial Boundaries

 SH 130 Municipal Management District

 ATX Floodplains


### Austin Jurisdiction

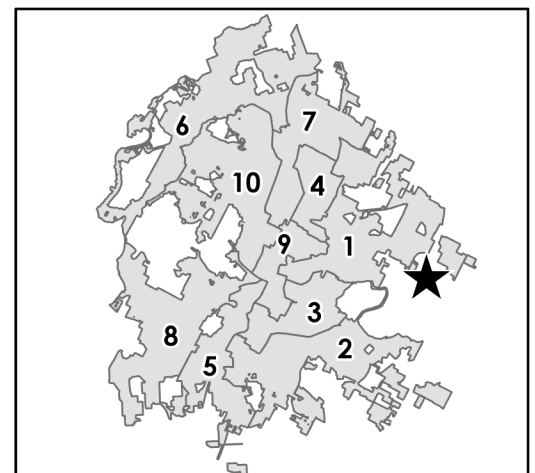
#### Jurisdiction Type

 Austin Full Purpose

 Austin Limited Purpose

 Austin ETJ

 Austin ETJ - AG Dev Agmt



In relation to Council Districts



Housing and Planning Department  
February 2021