

City Council Work Session Transcript – 8/30/2022

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Part 1

[9:18:39 AM]

>> Mayor Adler: Let's go ahead and convene the city council work session. Today is August 30th, 2022. It's 9:18. We're in the boards and commissions room here at city hall. We have a quorum that's present. We have two briefings today. We ask that we set separately, but the clerk listed them together, but they're really two separate topics that obviously have interplay with each other. The first one is the south central waterfront tirz so we'll talk about that first generally so that there's a context for everything happening in that area. We'll also get a briefing on the statesman pud so we can talk about that. We don't have very many items pulled today. Councilmember Ellis, you've pulled an item and then I pulled the parkland items.

[9:19:42 AM]

I don't know that we're ready to discuss those today. We have more information to discuss. And then we have one item on executive session. So we're going to start with the presentations here this morning and maybe we can do executive session during lunch. And whether we do the pulled items or at least councilmember Ellis's pulled item after the presentations, before lunch, we'll see if we have the time to be able to do that. Yes, councilmember kitchen.

>> Kitchen: Just a quick question just for clarity for public's sake. So we've got a briefing this morning on the tirz and south central waterfront, but what's posted for Thursday is the pud, not the tirz.

>> Mayor Adler: That's correct. There's no action to be taken on Thursday.

>> Kitchen: That's fine, I just wanted to claimant.

>> Mayor Adler: There's a discussion item also posted on Thursday and we'll be able to talk about the tirz as well. It's not just the tirz, it talking about the south central waterfront and

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financing not limited just to the tirz, but they have a context for that. But it's set for Thursday, both topics. The only action in front of us, you're correct, is the statesman pud.

>> Kitchen: Thank you. I just wanted to clarify that for the public.

>> Mayor Adler: Sounds good. So let's go ahead and begin with the south central waterfront. Will.

>> Thank you, mayor. As you mentioned, this I for council discussion and we do have a team ready to present and I'm going to start by handing it over to acm Rodney Gonzalez to introduce this topic.

>> Mayor Adler: I appreciate that. Before you get started, and I appreciate you doing this, and the council members requested this briefing. And I think we requested this briefing because there's a lot of discussion and debate in the community as to what's true and what's not true, what's the factual basis. And what we're trying to do is to really true up as best

[9:21:48 AM]

we can some of the topics to be discussed more broadly in the community about south central waterfront. So the questions I'm really concerned about are the way it's set up right now with the vision plan that we have seen in the past. As I saw the report, as the community saw the report, I think back in June or July. The project doesn't generate enough money, it doesn't generate enough income in order to be able to pay for the capital improvements that are needed in the community benefit that the community wanted to happen. There's a disconnect. If that's true, I'd like to get that confirmed. I'd like to understand then what are our options in that situation. Another question that I think the community has that's really important is there's some question about whether or not the capital

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improvement dollars that we're considering spending as a city change what happens in the development in that part of the city. We know it's article good part of the city -- a really good part of the city. We know it will develop, but if it would develop differently in the city gets involved and invests in that area and capital infrastructure, would it develop differently. And it dependent on the city doing that. So does the city have a choice to be made on what it wants that part of Austin to look like early for planning reasons or community benefits reasons or community housing reasons or just density reasons, tax reasons? Does that happen on its own? And if not, what does happen on its own compared to what could happen if we did something else.

[9:24:17 AM]

... In trying to divert from the general fund and the tax improvements that would develop on it's own if we didn't do the capital improvements. So please assume that we're not going to violate the law, if we did a tirz that we would be doing only a tirz on the additional development that would have occurred but for that capital development. Please make that assumption on all things today unless a council member asks you otherwise. But to be able to see then if we did more with would then generate more ad valorem tax values for a tirz and that would enable us maybe to be able to put affordable housing in this area or do the capital infrastructure if the present direction wouldn't get us there. And then another question I think that community is asking is if we did that, if we taxed the development that would have occurred on it's own and we take all that money and put it into the general fund and we then

[9:25:19 AM]

tax the increment in a tirz, the development that would not occur but for the capital improvement, and that raised money then that we could spend on affordable housing or parks or capital improvements. And the council decided to have revenue growth the same three and a half percent that were capped, would that take any money out of the -- would the tirz take any money out of the general fund or would the general fund have exactly the same amount of money it would have had otherwise for clinics or for pocket parks or for that kind of stuff. And if we're concerned that we did a tirz and used the increment money to do the capital improvements and taxable money that we would be taking money away from what the three and a half% increase for the general

[9:26:19 AM]

fund otherwise would have given us. So that's a really important question, would we be losing any money in the general fund.

>> Tovo: I'm not following that question, mayor.

>> Mayor Adler: There's a certain amount of development that would occur, I think, squeal here in a second, in the south central waterfront --

>> Tovo: With or without the tirz.

>> Mayor Adler: There's increment that happens if we invest. And the tirz would get revenue from that increment, that but for value. And the question that I hear from people --

>> Tovo: I understand the community question. I don't understand the question that you're asking.

>> Mayor Adler: I'm asking if we do a tirz in the south central waterfront consistent with law does that take any money out of the general fund? Do we have less money to spend on pocket parks or clinics or anything like that? Are we diverting general fund dollars?

>> Tovo: And we are using general fund dollars and the question you're asking is whether the incremental --

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whether the taxes -- whether the increase that we're realizing because of the tirz investment equates to the amount that we're taking -- equals or exceeds the amount that we're using in tax dollars on the tirz.

>> Mayor Adler: Tell me if this gets it. Is the money that we're getting from the tirz in addition to the three and a half percent revenue growth we would get in the general fund or does it come out of the three and a half percent? Is it additional money that we wouldn't have had or are we using some of the money that we would have had and now we're spending it over here?

>> Tovo: Okay. I now understand the question, thank you. And I think I would just ask that we see some numbers for that, which I assume are part of the analysis that our staff with our consultants are doing.

>> Mayor Adler: And I haven't seen any numbers of this at all. I noticed a report just got published but I haven't had

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a chance to look at it yet, but I agree with you. I think this is a big discussion and really important choice for us to have because I'm concerned that where we are now we might not have enough money to do all the affordable housing and capital improvements we want. But I don't know if it's the right thing to do so I want to make sure I know what the ramifications are.

>> Tovo: Thanks. And I hope our conversation today also going to talk about some other funding options for those improvements as well as -- and I gave staff a little heads up last week and then again today. I'm also really interested to know where we are with the regulating plan because for me moving forward with a tirz investment without really getting that concrete regulating plan on the ground would be a problem, would be of zinc. So I hope we will hear more about where the timeline is on that.

>> Mayor Adler: I agree with that too. And how the regulating plan plays into this I think is important. So my question would be relative to what you asked

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is if we gave, for example, greater entitlements to the south central waterfront area so that there was greater building, would that generate additional ad valorem tax dollars that don't come out of the general fund, that are in addition to the three and a half percent in the general fund that we could then invest in affordable housing or more parkland or infrastructure. That would be one question. I agree with you, I would love to hear all the different ways that we might be able to finance that, but another question I have is should we be giving direction to the folks doing the regulating plan? Should we be saying to the folks doing the regulating Mr. , Please do a latin plan that allows this district to be economically self-sufficient because I think that what they put in the regulating plan may be dependent on what direction the council gives in terms of how much entitlement is appropriate in that area.

>> Tovo: And I've gotten a sense a few times that we've

[9:30:26 AM]

had text drafted or almost drafted. So it may be -- my hope is that that piece is already done.

>> Mayor Adler: And I don't know, but I agree that's a question. All right. Councilmember harper-madison and then councilmember kitchen.

>> Harper-madison: Thank you, chair. I think somebody already brought it up. I was going to say that I'm receiving communications that atxn is very, very quiet. I think the folks watching at home are having a hard time hearing y'all.

>> Mayor Adler: Well, that's a bummer.

[Laughter]. Councilmember kitchen.

>> Kitchen: Just a process question. I just want to highlight when it's the appropriate time and I'm probably not the only one, but I'll have some questions related to the specifics of the pud and the parkland. And then the second thing is this is just a process question that there is attached to backup for 105, there's two ordinances. And they're named the same thing.

[9:31:27 AM]

So it's unclear to folks about which ordinance is which and what the difference is between them. My understanding is there are two alternatives we could be looking at. But if someone could just explain what those two ordinances are for the pud so the public can idea that.

>> Mayor Adler: That would be good. And again, we'll start with just the discussion of the south central waterfront and then we will discuss the statesman pud. Yes, councilmember pool and then council member Fuentes.

>> Pool: My understanding is there's not currently a regulating plan on this property. So then my second question is if we're talking about a regulating plan can you impose one after the fact?

>> We can certainly get into the questions now mayor and council or do the briefing and we also talk about the

[9:32:27 AM]

regulating plan and then we can follow up with questions at this time.

>> Let's do that then. Let's get the presentation and we'll come back to you right away. Let's say what they say about the regulating plan first.

>> Pool: Will you be sure to address that? Because usually we have a regulate planning in place.

>> Absolutely.

>> Pool: Thanks.

>> Mayor Adler: Council member Fuentes.

>> Fuentes: My question was also a process question. So after this briefing when we talk about the pud, would that be an appropriate time to share amendments that we have for consideration to the pud?

>> Mayor Adler: Yes.

>> Fuentes: Thank you.

>> Thank you, mayor and council. Rodney Gonzalez, assistant city manager. Thank you for having us today. This is a follow-up from the July 26th conversation we had with council and we talked about the south central vision plan, we talked about the regulating plan, touched on the tirz as well. Council at that time had asked for the assumptions going into the tirz analysis and we had forwarded that to council. There's some other detailed questions that were asked about the tirz and about

[9:33:28 AM]

capital infrastructure and so we're here today to provide those responses. And mayor, we hear you with regard to the assumptions. We make no assumptions that council is asking us to do anything illegal. And to the extent that that wording implied that we apologize and we will be more careful with our wording in the future. But we hear you on those assumptions for sure.

>> Mayor Adler: Thank you.

>> So with us today of course our finance who has been leading analysis with our consultant on the tirz revenue capture. We've also got economic development with us who is leading the implementation of

the south central vision. Then we've got Greg Dutton with housing and planning who is leading the drafting of the regulating plan. And what we'll do is start off with the questions related to the tirz analysis and turn it over to Kim Alvarez, the deputy finance officer from the finance department. And if we would cue up the presentation, please.

[9:34:40 AM]

>> Mayor Adler: Are people that are listening to this able to hear this at this point? Do we know?

>> I've heard it got better.

>> Mayor Adler: Good, thank you.

[9:37:08 AM]

>> Mayor and council, there's a little bit of a technical issue that the black box has to stay on the screen. We can see it on our side completely but it may show up to the viewing public like that right now. But we'll proceed.

>> Mayor Adler: Thank you. And you have posted the presentation in the backup for today.

>> Yes.

>> Mayor Adler: So if -- oh, it's gone.

>> Great.

>> Good morning, mayor and council. The presentation we have this morning is structured around the q&a questions that we received about a week and a half, two weeks ago, so there's six of them.

[9:38:09 AM]

And I'll be covering the first four and then passing it over to Susana to cover the last two and then Greg will be covering the regulating plan. So next slide. So the first question we received was relative to the level of F.A.R., floor area ratio entitlement, that it would take in order to provide all of the economic incentive necessary to redevelop and fund the community benefits. So how high, how far would we have to go to be able to pull in the dollars necessary to fund all of those projects in the housing? That level of analysis is something that is pretty complicated and requires significant additional data points. So the original analysis for the tirz was conducted based on development capability and value projections that are shown in the south central waterfront vision plan. And that was developed by

[9:39:09 AM]

eco northwest. So that analysis was pooling that square footage development potential accordingly. And then using that as the basis, as the -- for the tirz estimates. So for us to be able to do the analysis to determine what level of F.A.R. Would be necessary to meet that dollar threshold it would require doing a complete update to the square footage potential within the plan. And that's something that without that our consultants would not be able to conduct that analysis. So that is something that we can explore, but it was not something that could be completed within the time frame between when the questions were received and today. So next slide. What we were able to do, though, was answer the second question relative to the tipping parcels and an eight to one F.A.R. So if we were to look at the eight to one F.A.R. On all those tipping parcels as

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well as some other underdeveloped parcels within the south central waterfront district, we were able to calculate the additional tirz revenue. So in the table below you'll see three sets of numbers. First is the original tirz revenue analysis that we provided this past year. At that point we were indicating the but for value growth, accounted for 46%. And would achieve a cumulative revenue over the life of the tirz of approximately \$167.2 million. With this current update that we just completed, we did two additional analysis. One with the new certified value for fiscal year '23 on the tax rolls as well as the new tax rate that you just adopted and how that flows through the life of the tirz. Because property values grew so intensely in this past year, it boosted the amount of cumulative revenue accordingly. So \$246.5 million is the estimated cumulative revenue. And then finally we had an

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analysis of eight to one F.A.R. So on the tipping parcels that you see in the south central waterfront vision plan he was able to look at those and others and if we were to allow for an eight to one level development that would result, that plus the investments that are envisioned with the vision plan, would result in about \$333 million but for value. Or revenue. Now, so we had those cumulative revenue. We also have the estimated debt capacity. Obviously when you're issuing debt there's the principal and interest costs as the market has changed over the last year and interest rates have continued to rise, that becomes more of a challenge. So while accumulating revenue you're talking about 246 to \$233 million from a debt capacity perspective you're looking at only 203 to \$207 million. In the notes we also note the

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different contribution rates so that's important to -- and relative to the questions, but also the conversation that took place before the presentation began about the general fund. How this impacts or doesn't impact the general fund. So each of those percentages, these contribution rates, are the increment that would only be associated with that but for value growth. So as a result it would hold the general fund harmless. In terms of what the growth that you would see in property values and associated tax revenue because of just normal organic growth outside of south central waterfront efforts, and then the other percentage that 63%, for example, in eight to one, is growth because of those investments and because of that eight to one capability. So each of these is assuming that the general fund is being held harmless as well as excluding the amount of tax revenue that is dedicated to project connect and the Austin transit partnership.

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Another thing to note is that debt capacity is based on just that cumulative revenue. We would probably have to make some adjustments based on timing of debt issuances because the initial years of the tirz would not be producing enough revenue to support significant debt issuances so we would have to play with the numbers some there. And then finally all of these calculations include river south as part of the tirz. That was a notable conversation point of the council, when the tirz was created, whether or not to include the river south snoopypud development in there. So it's the river south because that's how the tirz was adopted and like I noted before, the updated aspect on the middle column is relative to using that -- the newly certified tax values and the new tax rate and how that flows through. Next slide. So the next question we

[9:44:18 AM]

received would the creation of this tirz result in any loss of general fund funds? So in order in order to avoid any impact, you would need to set up the tirz that it's only collecting revenue. But for our own investments, those public investments, you would -- you're only pulling the revenue from that portion. Hence, the previous -- that 63% that was noted in the 8-to-1 fir analysis. So, if the increment were to be set up to any amount beyond that 63% or the other numbers noted previously, then it would have an impact on the general fund because then that is taking revenues from growth that would have occurred organically whether we're making these investments or not. So the important component is that associated percentage. Next slide. And the last question for me, at

[9:45:21 AM]

least, was how might revenue increase south central waterfront tirz impact the property tax rate for the typical homeowner taxpayer. So, if the tirz is set up to only be resulting in the new value, that would not have occurred but for the public investment, during the existence of that tirz, then there's no impact to the -- there's no negative impact to the tax rate. And then once you close the tirz, it's finished. The added value generated by tirz would result in a somewhat lower tax rate, and then associated tax burden for the taxpayer. It would not be a sudden influx of mass amounts of value because it's still -- like, there's the new construction component of tax rate. So that new construction is still happening. So, it's not like we suddenly count all of that growth over those 20 years as new construction. And there's this sudden influx of revenue. So, there would be some additional revenue coming to the general fund, but not a huge,

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huge amount. And there would be a small impact on the taxpayer. So, at this point, I'll pass it over to Susanna.

>> Good morning. Deputy director for the economic development department. The next question asked if the city desires to generate as much tax revenue as possible, and as many community benefits as possible. Is there a certain level of capital infrastructure that has to be built? Staff did estimate that approximately \$277 million in public improvements are needed to envision the vision plan as illustrated in exhibit D of the project and financing plan that was presented to council and subsequently adopted by council on December 20th, 2021. However, please note that this estimated amount is expected to be much higher based on current market conditions. Next slide, please.

[9:47:23 AM]

The following question asked that in the event that the capital infrastructure is not funded with the tirz, will it be funded by property owners and developers. And if not, what level of infrastructure will occur, and what kind of level of development would occur, and sales tax revenue and community benefits would occur, would be associated with that kind of level of development. In the event the capital infrastructure is not funded with the tirz or a bond, the property owners would fund the capital infrastructure to the extent the current code requires. The vision plan does contemplate a baseline scenario that is also referenced on page 12 of that vision plan, and it illustrates the amount of development that would occur given existing conditions, and it's pretty explicit and detailed in that vision plan. Should council adopt a regulating plan, this would be an alternative pathway for the private sector to fund the

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capital infrastructure. As presented in the previous briefing by staff, we did present additional financial toolkit sources that would be able to be as funding resources, including private funding, such as development bonus fees, public improvement district, and philanthropy. Other public funding sources, other than the tax increment financing would be cip, bonds, parking revenue, and affordable housing subsidies. Next side, please.

>> Good morning, council. In front of you is an anticipated schedule for the adoption of the assessment of the waterfront regulating plan. And talking to them a bit about the calibration of the density bonus component. And they'll do some work on the planning with their

[9:49:23 AM]

recommendations on October 17th. Thereafter will be the codes and ordinances joint committee the same month, and early November, the planning commission for their recommendations on the draft plan, and then early December at council for adoption. These are really just the top line boards and commissions that the plan has to go to. We do anticipate other boards and commissions as well. But this is our anticipated schedule. And I believe that concludes our slides.

>> If I could wrap it up, mayor and council. Yes. If I could just wrap it up, and then we'll get to your question, council member pool, immediately. So, on July 26th, we had provided council sequential order of next steps. That was the regulating plan, getting it through the boards and commissions, and ultimately to council. And following the regulating plan adoption, we would update the tirz, both for the revenue and the market conditions that were mentioned earlier.

[9:50:24 AM]

We do still anticipate a financial gap for the south central vision plan. And at that time, we would then work on figuring out a way to close that financial gap in concert. Looking at the improvements, et cetera. But to your point, mayor, the tirz, as Kim had mentioned, is a "But for" tirz, but you won't have the revenue. So we have to do all this very carefully, recognizing that there's a gap, how can we close that gap, how do we make sure that we still do the public improvements in a way that brings forward the vision and the associated revenues. It's very complicated. We've got a number of consultants onboard that are working with us and we will work in that endeavor to bring forward a vision plan that we believe can be supported by incoming council. So at that point, we will take questions. And council member pool's question related to the regulating plan.

>> Mayor Adler: We'll start there, and then I'll come back here.

>> Pool: Do you need me to ask it again?

[9:51:26 AM]

Okay. So, we don't have a regulating plan. We have a schedule to make a regulating plan. Normally, I think the cadence is usually we have this in advance. Like, I might be wrong on that because I haven't been here in forever. But doing it now, does this make it more difficult? Are we -- walk me through what to expect in doing the regulating plan at this point, and I love the color of your shirt. And I just want to say that that has brightened up my morning. Plus seeing you. 1,000%.

>> Thank you, council member. So, are you talking vis-a-vis the pud? Is that the question you're asking specifically? Okay. So, really what we have here is the potential for three options for the property, as far as the regulatory environment goes. One is for them to build under the existing entitlement, which also is a pud. The pud that was done for the newspaper plant and the offices.

[9:52:27 AM]

So they could always today go out and build under that. The second option would be a regulating plan based upon the south central vision plan, which, of course, had a public process that went along with it. Lasted for I think a couple years. And the council approved that vision plan. And the regulating plan as you all know is necessary to actually implement to turn into a regulatory scheme, the ideas of the vision plan. The idea was to include that in the code rewrite effort that was changed, and so now you have what Mr. Dutton presented to you, a plan to do a standalone regulating plan, which would actually be incorporated into the city code. So the developer could build under the existing zoning that applies on the property. They could build under a potential future regulating plan. Or they could build under a zoning change, a zoning request,

[9:53:28 AM]

which they have right now, which is the pud. I think one important thing to note, though, is that the regulating plan, even if it existed today, or let's say it exists come January or February, will be an opt-in type process. Think of it as like a density bonus type process. So, a developer would not be required to participate in the regulating plan. Rather, it would be an option for them. It's very much a density bonus program. They would receive entitlements in exchange for doing community benefits. So, like I said, three option. Existing zoning, potential future zoning, or future regulating plan.

>> Pool: And we probably would be in option 2 currently if, in fact, council had moved forward a regulating plan. Because right now, we don't have one. We have what the vision plan says, but we never locked down expected elements in that.

>> Right. I think it would depend upon whether the applicant, the property owner decided -- was

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willing -- said, okay, there's enough in that regulating plan for me to do what I have to do in order to get those benefits.

>> Pool: And that particular piece right there continues, no matter what we do here, right?

>> Yes.

>> Pool: With the standalone.

>> Yes.

>> Pool: Okay. Thank you.

>> Mayor Adler: Let me begin by saying I appreciate the colleagues that joined me in presenting the questions to tee this up. I'm going to go to them first, because they're the ones that presented the q&a questions.

>> Kitchen: Mayor, that's fine. If you want to do it that way, it's fine. It's my question is specific follow-up. So it's just going to separate our --

>> Mayor Adler: Yes, I was just about to introduce their names. So I want to thank council members harper-madison, council member Fuentes, council member Ellis, and council member vela for helping in joining in, in teeing up the questions. And part of it was questions that I thought as a council we should answer in case there was

[9:55:30 AM]

direction we wanted to give to the people that were doing the regulating plan, noting that the draft regulating plan from four years ago, I guess, had height limitations in the south central waterfront that, for most all the tracks, were in the 100-foot range. Some in the 200-foot range. And really, only one track. And it was only a piece of one parcel that went above 200 feet. There were two tracks, I guess. Part of the statesman track was at 400 and part of it was at like 280 feet, but all the rest of the tracks were done at 100 and 200 feet. So the question that I thought was important for us to consider was, while the community engagement process in this track, to a large degree, occurred back in 2012, '13, '14, whether or not we were looking at height differently today than

[9:56:31 AM]

we were eight to ten years ago. And whether or not as a council we should be giving direction to or asking questions of whoever it is, the group that's doing the regulating plan, to see whether or not,

when they're doing the regulating plan and come back to us, they should be considering additional height. And one of the reasons to do that was to see first, would that give us more money to be able to execute the south central waterfront plan, which the staff told us in July, as they've told us here today, it costs \$281 million-plus because it's probably cost above that. And the tirz, if we did one that only taxed the but for only raised \$100 million. So even if we did the tirz, there was at least \$180 million gap to be made up. So part of the question was, if we allowed greater height -- and I'm not saying we should or not, I'm just saying if we did, would it generate more money, and what

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we're hearing from the presentation, if I understand it correctly, is you get about twice as much from a tirz potentially as you did 8-to-1 revenue. And it generates over \$100 million more to be able to do that. So the questions that -- and then I'll go to those four and to other people on the council, just to make sure that I understand. Right now, the downtown area is at an 8-to-1 F.A.R.; is that right? So, in assuming an 8-to-1 F.A.R. In this area would be assuming the same F.A.R. That we assumed downtown. In this analysis, did you assume the same bonus provisions that we have downtown that people get above 8-to-1? No. Okay. So, if it's less overall height entitlement than we have downtown, because it doesn't have the bonus, and I guess if you wanted to bring that same

[9:58:33 AM]

bonus to the south central waterfront, you could even get additional height.

>> Mayor, if I may real quick, you're correct that the allowable F.A.R. Downtown is 8-to-1. There is no height limit downtown. But obviously because there is an F.A.R. Limit, although we do have a density bonus program that will go above that to a certain point based upon the downtown plan, the F.A.R. Is really the regulating -- or the driving factor. And so, obviously, tracks of different sizes would be achieving different heights given a given F.A.R. Limit.

>> Mayor Adler: And, in fact, in raniey street, some of them are greater F.A.R. Than 8-to-1.

>> Almost all of them are.

[9:59:34 AM]

>> Mayor Adler: But this analysis that assumed the additional \$100 million of available debt capacity revenue, just stopped us at 8-to-1, not going above an 8-to-1 F.A.R.; is that correct?

>> Yes.

>> Mayor Adler: Okay. And then just to review really quickly, if we stay consistent with law and we only attach the tirz to the but for, there's no impact -- there's no general fund money lost. It's just a way for us to get revenue above the 3.5% cap that the legislatures impose, because it's additional dollars; is that correct?

>> So, it's -- I wouldn't necessarily associate it with the 3.5% cap. It's just -- it's additional growth because of that investment.

>> Mayor Adler: I'm talking about revenue at this point. The revenue that we generate from the tirz, that we would

[10:00:34 AM]

spend on a capital improvements or parkland, or affordable housing, if we wanted to do a lot more affordable housing onsite. That revenue, those dollars are separate from or in addition to the revenue that we would otherwise be raising, staying consistent with the 3.5% cap on revenue growth.

>> Correct.

>> Mayor Adler: Okay.

>> Pool: Can you restate that? That's correct because it is not included?

>> Mayor Adler: It's in addition to.

>> Pool: Is that just the first year? Or is that ongoing?

>> The life of the tirz.

>> Pool: Okay. That's an interesting point.

>> Mayor Adler: Yes. Yes.

>> Pool: Okay. Thank you.

>> Mayor Adler: I agree that it's an interesting point. So there's a lot more revenue that we can get separate from and in addition to the 3.5% cap. That additional revenue, by the way, as I understand it, has to be spent here. It has to be spent in the district. So it has to be spent on affordable housing in the district, or parks in the

[10:01:34 AM]

district, or roads in the district. But it is money separate from and in addition to the other money in the general fund. So it doesn't take any money away from anyone in the community that was hoping to get money out of the general fund for their pocket park or for a clinic; is that correct?

>> Yes.

>> Mayor Adler: Okay. I'll let you go ahead.

>> Tovo: I have a question about that. I thought it had to be on an element that is related to the tizr. And, you know, one of the reasons -- I mean, this came up recently in some of the conversations that I've been having, or am sitting down and having soon I hope with staff about the waller creek tizr. You know, when we were talking about that, the conversation was whether or not we could use some of the excess revenue from that tizr to -- on affordable housing and particularly emergency shelter, if homelessness is an

[10:02:35 AM]

issue that is related to that area, but the money didn't necessarily need to be spent in that area. So, I thought -- I know I don't have the language in front of me. I thought the money from the tizr could be spent on items that were closely related to the issues within a geographic area, but all the money does not need to be spent necessarily in that geographic area.

>> Ideally, you're spending it on projects and needs in the area, but there is a certain degree of flexibility of going beyond those boundaries, but it has to have an interrelated impact on that zone.

>> Tovo: Okay. Thank you for clarifying. It sounded like you were saying to the mayor it had to be spent in that geographic area. So it has to have, as you said, an interrelated impact.

>> Yes.

>> Tovo: As long as it has an interrelated impact on that area, it can be spent outside that zone.

>> Yeah, but you would not be -- it wouldn't be a case of we're collecting revenue in the south central waterfront and we're spending it on something -- on the far reaches of town kind of

[10:03:39 AM]

thing. It needs to --

>> Tovo: I understand.

>> There's some constraint there.

>> Tovo: But regard to affordable housing and other issues, I mean, that's an area

-- I think that there is a case there. That it could be spent elsewhere if it has a relationship with that. For example, we've set a goal of achieving 20% of the units in that area as affordable, and if we're not -- if we're falling short of that goal, investing it elsewhere might help us meet that goal.

>> I think for that particular scenario, I think we would need to discuss that with legal just to have some clarity on that.

>> Tovo: Okay, thank you.

>> Mayor Adler: I appreciate the question, because I was speaking

-- the impression that we can raise money that benefits that

-- doesn't have to be spent in the area, but it has to benefit that area and have it tied to that area. But what that means, colleagues, is that if we wanted this part of town to generate more money

[10:04:40 AM]

for us than we could spend on affordable housing or homelessness or those kinds of things, this is a way for us to do it and to get money in addition to what we would have gotten in the 3.5% cap. Let me go through this, because we'll never get through this if we don't do it. Ann, we'll get back to you, I promise. But I think the point -- because I think from this day forward probably, I need to be talking about the tirz differently than I've talked about it in the past. So I think this is a true -- I think that language may change in how we talk about this citywide may change after the hearing today. How we decide this part of town develops the south central waterfront area, and how dense we're willing to make it. The community hearings and the community engagement that really discussed that vision, was that

[10:05:41 AM]

back in the 2012-2014 timeframe?

>> Yes, it was, mayor.

>> Mayor Adler: Okay. So the question that I ask all of you is, are we in the same place that we were back in 2012 and 2014, or do we want to put additional density here in exchange for getting additional money that we can spend on community benefits like affordable housing to the tune of an additional hundred million dollars just on the tirz, and that doesn't address all the other money that additional -- one would suggest that the property value in this area, the overall property value that the school district would get taxes on, that the county would get taxes on, would dramatically increase if we were to go higher than 100 foot or 200 foot. Have you had a chance yet to calculate what the property value difference would be in this district?

>> We have the overall value

[10:06:44 AM]

projections for the entire district, I don't have it on a parcel by parcel basis. It's purely district as a whole. And I've not done any calculations relative to the other taxing entities.

>> Mayor Adler: Okay. But it probably goes up an extraordinary level. So there's a lot more revenue together, if we made the choice, we wanted to go greater density. My last question is, if the council from a policy standpoint wanted to look at or explore or even decide that we wanted to have greater F.A.R. Than is otherwise allowed with a 100-foot height limitation or a 200-foot height limitation, would that be direction that would be helpful to the group that is working on the regulating plan?

>> It would, mayor. Any direction we can get that would shift us or point us in the right direction where council wants us to go, that timely feedback would be really important to get. As Greg mentioned, when he was presenting the schedule for the regulating plan, we are poised

[10:07:45 AM]

to really start the public engagement around the draft that we have that's based on previous direction and previous conversations. So if that's going to change, we would like to know as quickly as possible so we can delay that and not have to duplicate effort or confuse the community by going out twice with different information.

>> Mayor Adler: The question that you're asking, or the like, and that's why I think the four of us joined together to get this in front of council, because if we want to give direction, hey, when you talk to the community, engage in the conversation about greater F.A.R., now would be the time we would need to do that, or else, a lot of people are going to spend a lot of money and a lot of time and maybe not address what will ultimately be the direction that council would want to take. All right. I'll come right back to you, Kathie. Let me go to see if council member harper-madison, Fuentes,

[10:08:46 AM]

vela have any questions. Does anybody have anything before we go on? Okay. Ann, I think, was next and then Kathie.

>> Kitchen: Okay. Well, I have several questions to follow up, and then -- you know, I think, mayor, if it's okay with you, I think I'd like Kathie to ask her questions first, and then I can follow up. Would you like to do that, Kathie?

>> Tovo: That's okay. Thank you for that courtesy. I appreciate it.

>> Kitchen: Okay, so my first question is a follow-up on council member pool's question. And the pud. Because I think I heard some earlier conversation from you all about the dollars that -- so there are additional dollars

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that will be necessary to build infrastructure in the area, because there's a short fall, and we're talking about tirz as one of the ways to address that. And/or perhaps some other ways. So it occurs to me that the statesman pud itself, what we may agree on now on the statesman pud could be changed with the regulating plan. Now, I understand that the regulating plan is in the nature of an incentive, and it's voluntary. So if we approve a pud with a set of relationships, because the pud is simply talking about the relationship between what waivers, changes, zoning changes we're allowing in exchange for benefits. So if we agree on that set, and then we have a regulating plan that comes in later, that offers a different set, because we don't know what it is right now, but offers a different set of relationships between, you know,

[10:10:49 AM]

changes in benefits, then it occurs to me that we are allowing for a change in the pud that's voluntary. I get that. But the council then has no say in that, correct? Once we agree upon the pud, then we're done with the pud, and the decision-making about taking advantage of the regulating plan is an administrative staff decision with the developer, and it's not in council's hands anymore. I'm just pointing that out because I am trying to think through -- and that may be fine. You know, I'm not saying that there's anything wrong with that. I'm just saying that I'm trying to think through, as I try to think through the pud what makes sense. You know, the rip between what we're allowing in community benefits and what could come later, because that could change the nature of the deal.

[10:11:50 AM]

So here's my question. Once the regulating plan is approved, do we have the opportunity as a council to look at the statesman pud agreement, or am I correct that that's just a done deal once we approve it?

>> Council member kitchen, the pud is a zoning ordinance, as you know.

>> Kitchen: Right.

>> And so what would happen is, let's say hypothetically the statesman pud gets approved. That would then be the regulatory document that applies to the property.

>> Kitchen: That's right.

>> If in the future a regulating plan was approved, like you said, it would be an incentive program that they could opt into, I would anticipate that the property owner would look at the regulating plan and

look at their approved pud and decide which one is more advantageous to them. There is the possibility, of course, that they may say we're totally happy with our pud. That's why we asked for it and we received it. And we're happy to move along. There's also the possibility that they may look at the

[10:12:50 AM]

regulating plan and say, you know, actually, this is a better deal for us, if you will, than the pud. And if that is the case, then they may administratively opt into the already approved, council approved regulating plan, and receive the entitlements that the plan would give, and of course, have to do the community benefits that the plan would call for. So it would be up to them which one to enter into. As I said, there's kind of three options. There's existing entitlement, there's possible future entitlements, rezoning, and there's possible future incentives through the regulating plan, as well as obligations. As far as the council reopening up the zoning case, in the future, that is always a possibility through a council initiates zoning case, but keep in mind the property owner, if it were contrary to their wishes, would always have the veta petition rights against

[10:13:50 AM]

that. It's pretty uncommon for the city council to initiate a zoning case on a piece of property against the owner's wishes, but it has happened before.

>> Kitchen: Okay. I'm not suggesting a particular course of action. I'm not suggesting that there's a problem with doing these things this way. I'm just highlighting that when I'm thinking about the pud ordinance, and I'm thinking about the regulating plan, I see that there's a relationship, because for example, we could agree to something in the statesman -- in the pud ordinance because we're getting something in exchange for it, then we could go to the regulating plan that changes what we agreed to, and so our deal -- that may be okay. Like I said. I just -- because what we agree in the pud is a relationship, for example, how much affordable housing are we getting in exchange for something else. What are we doing with parkland

[10:14:51 AM]

in exchange for something else. change for something else. What are we doing with parkland in exchange for something else. I want to make that clear for the public because there is a relationship between these two, and the timing is different. Okay, so my second question then is -- relates to -- all right. I want to go back to the question that the mayor raised and council member tovo raised with regard to going back to the tirz now. And the benefits that -- not the benefits, but what you can spend the tirz dollars on. So we were having some conversation about housing, for example, or addressing

homelessness, for example. And you mentioned that there has to be that inner -- I think the term you used was interrelated. So my question is who decides what is interrelated? It's a process question. You know, I'm trying to understand that.

[10:15:52 AM]

And when is it decided?

>> So the council has only adopted this point of preliminary project and financing plan for the tirz. There would still need to be a final project and financing plan. That project plan would include what are all the things that you're wanting to fund with that tirz revenue. Ultimately, and legal would assist in review of that. We would pull in outside council as well. And then ultimately, we do have to submit that to the state. We've already actually submitted the preliminary planned per reporting requirements. So there's a -- and I'm venturing a little bit outside my lane here, so I'm poking over my shoulder here to Lee la if she wants to jump in. In terms of deciding what qualifies and what doesn't, it has to be based on what specific

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guidance we already in state law around tirz, as well as what we're seeing in interpretation and kind of legal interpretation, and then ultimately, if this -- if the tirz would utilize debt financing, when we do go to issue that debt, we would be -- we would have to go to the attorney general's office for approval. So then there's an additional level of review and approval, or not if it's allowable.

>> Kitchen: Thank you. The reason I'm asking that is just further discussion as we get closer to that. There have been some limitations suggested at various times with various funding mechanisms and what we can spend on housing and particularly on bridge shelter and on homelessness. So I want to go into this fully understanding what the limitations are, and, you know, whatever those may be, so that we don't count on -- if we do

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proceed with the tirz, so that we're not counting on those dollars to address some things, I don't want to assume at the beginning that we can address some things, and then find out later that, no, we can't. And I understand that there's some gray area here. We can't know for sure. But I do think that's really, really important for our conversation, particularly around housing and homelessness.

>> I would highly recommend that in -- if council chooses to pursue a tirz ultimately, and set an increment, then that development of that final project and financing plan take place over multiple work

session discussions to ensure that we can be very clear if staff is what you want to include and then also have that legal review, so that when it comes time for the final public hearing and vote on that and submittal, we feel like we're in a good spot.

>> Kitchen: Okay. Because it sounds like it's both a combination of the

[10:18:55 AM]

interrelation, which means the impact, and also probably the type of -- what you're talking about funding. Because you know, you could get into arguments about what's close enough geographically to have an impact. All right, thank you. That's all I have right now.

>> Mayor Adler: I'm sorry. Kathie and then Allison.

>> Tovo: So, as we're having this conversation, it occurs me, we really haven't talked about the south central waterfront vision in years at this point, and I think it's super hard to understand the tirz -- and the vision plan and how those two things were intended to relate. So I'd like to request, did you say that we have this on Thursday's agenda? I think it would be -- you know, I hate to ask staff to pull together a presentation between

[10:19:55 AM]

now and then. I don't know that that's realistic. But I do think we need to have a conversation at our earliest opportunity before we continue along talking about different financing mechanisms about the water front overlay. Excuse me, about the south central waterfront plan, especially if there are now going to be conversations about shifting to a different level of 8.1 F.A.R. And where we are now in this vision plan and where that is. Mayor, I understand what you're saying about making sure that there's public comment. I would say the codes and ordinances process doesn't really provide the level of public engagement and stakeholder feedback that went into creating this plan. I mean, it was the substance of several studies, the town lake corridor study, the south central corridor study. We have an ongoing commission that helped shape this. I mean, there's been a tremendous amount of stakeholder input and community meetings that have gone into this vision, and shifting to a higher F.A.R. Substantially shifts -- is a

[10:20:57 AM]

substantial shift and would require I think the same level of public engagement. I had a question for our zoning folks. What is -- if you had to estimate, what would you say the F.A.R. Is in the proposed south central waterfront vision?

>> Council member, are you referring to the 2016 vision plan?

>> Tovo: Uh-huh, the one that's approved.

>> Council member, it actually has -- there's not an overall.

>> Tovo: But what would you say the range is?

>> The range is -- the sites that have received the most entitlement, or anticipated the most entitlement, were actually the larger tracks. So they actually have a lower F.A.R., like the statesman. I'm afraid to guess, but if I had to guess, I would say it's probably well below eight. It's probably in the 3-to-4 range, I would guess. We'd have to look a little bit

[10:21:57 AM]

closer. And each track was handled kind of individually, although not every track was covered. Basically, Mr. Holt who worked on the plant at the time, would work with individual property owners to talk to them about community benefits and what kind of entitlements they anticipated needing on their property. So are so-called tipping parcels. But not every property owner wanted to participate. And so not every parcel was examined as closely. And anticipated, you know, entitlements. And others were looked at very closely. It was a little bit of a checkerboard pattern, if you will.

>> Tovo: But it was also, I assume, character specific?

>> Yes.

>> Tovo: Based on where it was in relationship to the waterfront, where it was in relationship to the roads. I mean, it was not an overall approach because it was designed to be a plan. Not a blanket approach to that development.

>> Correct. One of the driving factors was how many of the community benefits were assigned to a parcel, if you will. Versus what the entitlement

[10:23:00 AM]

would be. A parcel such as the statesman referred the 400 feet that the mayor referred to because it was anticipated they were more of the burden of the community benefits. Specifically the parkland, and the road, although much less of the road than turns out to be necessary. So it was kind of one of those deals where it's like, okay, a tract like snoopy, for instance? Not a lot of community benefits on this snoopy project. So they received maybe less entitlement. They received 200 feet of height. Anticipated 200 feet in the regulating plan, as opposed to the statesman, which anticipated 400 feet in height. So it was kind of done like that on a parcel by parcel basis.

>> Council member, I have the tipping parcels map. It's a range of like 100 to 200 feet. Is what you see for the most part, along the waterfront, a little bit higher of 240 and then on the statesman property it's assuming between 200 and

[10:24:00 AM]

400 feet. So it varies, like Jerry was saying, it varies widely across the area.

>> Tovo: And that too I think is part of why I'm requesting that we have a conversation at our very earliest opportunity about what's in the vision plan, because now we're having conversations about increasing the entitlements in that area without really as a council going through and understanding what's currently in the vision plan and why. The other point I want to ask on with relationship to the vision plan, Jerry, you said something about this really -- the regulating plan coming forward as a density bonus program. What I'm trying to understand is

-- such as districtwide cooling, districtwide storm water management, and some of the other things that are really going to require -- they're going to require a level of

[10:25:01 AM]

buy-in from, you know, most, if not all, of the parcels. And if we're investing our public dollars, and I don't know what that particular tool we're going to use is, and I want to talk about the different financial tools here in a minute, but whatever that public

-- regardless, if it's a public investment in some of those districtwide infrastructure projects, it would really be a challenge if we're investing that, and then you have parcels opting out of those programs of green infrastructure and some of the other things that were an intentional part of the plan. So can you speak to me in particular about how those work and the regulating plan that's being drafted and moving through.

>> So, council member, the regulating plan is to the extent possible a reflection of the vision plan and it does contain elements from the vision plan.

[10:26:01 AM]

But I should be clear that it doesn't contain them all, and that's partly because the regulaing plan is just different in nature from the vision plan. And some of the things that were in the vision plan adopted in 2016 have become a part of our standard code. And so they just have been obviated to a degree and they're no longer necessary in the regulating plan. So a lot of the elements are there, but some are not.

But the bigger thing is just that to your point about specifics for -- specific properties from the vision plan, that's lost a bit in the regulating plan, because the regulating plan is for a district, and we have to look at the district as a whole, and we have to apply all the regulations in a uniform manner through the district. Some of that specificity that talks about this property does this and this other property does something totally different, that's lost to a

[10:27:02 AM]

degree.

>> Tovo: So the end of it -- and I guess we'll understand better how what you just said really maps out what you see we're bringing forward. I understand what you're saying about the individual goals that were set and the individual expectations that were set for individual parcels being lost in the regulating plan. But are there still expectations for districtwide participation in green infrastructure, districtwide participation in a district cooling system, and some of the other important elements of the vision plan?

>> There are. I think --

>> Tovo: And I guess are they expectations, or are they -- are they voluntary participation?

>> It is all voluntary, as Jerry described earlier, and that's, of course, because of the affordable housing component that can't be required.

[10:28:03 AM]

And so it really is -- if it's helpful to think of it this way, it really is very similar to the university neighborhood overlay mechanically and how it will work. And so the way that the regulations are being written is to make it market feasible so that properties will want to opt into it, and the bar is such that it's enticing for developers to use. And to your point, it is true that there are -- the requirements are similar to the vision plan in a lot of ways. I wouldn't say it does any encouraging. It's just simply, there are requirements if a property chooses to participate.

>> Tovo: Okay. Again, I think I'll just have to see what you're proposing to really better understand, because while we can't require affordable housing outside of a density bonus, we certainly can require participation in other kinds of elements.

[10:29:06 AM]

And as I read the vision plan, some of these were really expectations, not -- I mean, they're written as expectations, not as we're going to craft a plan that's entirely voluntary. Especially as we're investing

public dollars in this area, I think that there needs to be some understanding about what -- to what extent individual property owners in that area are going to be participating in those voluntary elements. Otherwise, it -- we're not going to get the outcome we want.

>> And if I might add, I did confirm that the district is posted. It's item number 3 on Thursday's agenda. We've already -- that we have in the book, a brief presentation to kind of update folks on the general state of the south central waterfront vision.

>> Tovo: That would be wonderful. I would even say recycling an

[10:30:06 AM]

old presentation with the understanding that we all know it's an old presentation because you didn't have time to prepare a new one would be super. I mean, one of the powerpoints that we had back when we were approving it would be great, if we could just run through that again with no expectations that it's going to be updated because that would be an unreasonable expectation.

>> We can work with our partners to come up with something, if that's the desire of council.

>> Tovo: So I had a couple super quick questions. On page 3, there's a reference to table 35. Can you just remind us -- I think this is a question for you, Kimberly. This is table 35 in the cmr analysis.

>> Correct.

>> Tovo: And is the cmr analysis in backup for this meeting?

>> If I could. We had previously sent that to council via email. We'd be glad to recirculate that again.

>> Tovo: Or maybe post it as backup.

>> Certainly, we can do that as

[10:31:08 AM]

well.

>> We can do that.

>> Tovo: And I am interested in

-- well, I think I've asked a lot of questions. Let me just say before this discussion concludes, I want to talk about some of the other funding mechanisms that were referenced in the vision plan. And I do have a question about the second bullet on page 6 on the slide, page 6, talking about the closure of the tirz and added value generated by the tirz than resulting in a somewhat lower -- I think you indicated, Kimberly, that it would be minimal. But I would like some examples from other tirzes as to whether or

not there's any benefit, and we can talk about that maybe as a funding piece after other colleagues have asked questions.

>> Alter: Good morning. I want to go back to the basic questions on the charts to make sure that I'm understanding the estimates on slide 4, question

[10:32:12 AM]

2. So each of the parcels have zoning that gives them a certain amount of entitlements. Then we have the south central waterfront plan. But they don't have the right to do what's in the south central waterfront plan in most cases, we still as a council have to take a decision to provide additional entitlements. So I want to understand what is the base here that's being use used, because we have a lot of decisions that if we're in the pud, yeah, there's a south central waterfront, but that's not our baseline. Our baseline is their existing zoning. And when we're trying to judge whether they get additional entitlements and what that means, you do that versus their baseline, not versus south central waterfront. So can you help me understand what this baseline is?

>> So, the assumption is that the entitlements would be given to these properties in order to achieve that potential.

[10:33:13 AM]

So there was approximately 8.5 million square feet of potential that was noted in the south central waterfront vision plan, that that was then the basis for the original analysis of the tirz capability.

>> Alter: Okay. So going back to this but for calculation, this is really important that we understand that. Your but for is taken after we provide the entitlements that are in the south central waterfront?

>> Yes.

>> Alter: Okay. But we -- but that doesn't mean that if we were doing a pud, that when you're given those other entitlements up to the south central waterfront, that you wouldn't expect things like what's in the south central waterfront plan. If they can expect to get the entitlements that are in the south central waterfront plan, shouldn't we be expecting that we get the benefits that are in the south central waterfront plan?

>> Well, we did this analysis, we were going on the direction of the adoption of this plan by

[10:34:13 AM]

council, and then the regulating plan is being adopted in accordance with that vision plan as well. So there's an assumption of we would be providing for what the vision plan calls for.

>> Alter: So they get their entitlements, but we don't get our public benefits in this process; is that the assumption? I mean, I'm trying to understand this, but we've basically said we're giving you these basic entitlements, but we're not requiring the benefits.

>> Right. Giving those entitlements in height, it allows for that level of development to be able to create that growth, and that property value growth and the property tax revenue to make those investments.

>> Alter: But we don't get the benefits. I mean, I'm just trying to -- you know, we seem to be assuming that they get their entitlements, but we're not assuming they get the basic benefits, and then there's the but for. There's pieces here that I think part of what's confusing the public. I don't have the answer. But that's a question that we're

[10:35:17 AM]

being asked about and we're trying to understand. And I'm confused here.

>> So, mayor pro tem, the regulating plan would, of course

-- is, of course, the guiding document for preparing the regulating plan, okay? The pud was applied for, as was legally allowed, and the staff is using the vision plan as we are reviewing the pud in trying to be sure that all of the community benefits that were anticipated in the vision plan for the statesman parcel are incorporated into the pud. That's a part of the negotiations that the staff did with the applicant. So although there's not a regulating plan there today, we are using the principles of the

-- the community benefits that were contemplated in the vision plan as we went through the pud process.

>> Alter: Okay. So there are two parts here. One goes for one side, one goes for the other side, and I still

[10:36:18 AM]

don't flow where I come out. So on one hand, we're saying our but for happens after we've already assumed that the south central waterfront entitlements would be there. And it's above and beyond those entitlements, our but for. And so that's an increment that then can be reinvested. But then at the same time, we're not getting any of the benefits for the south central waterfront up to that point, and that's the part where I think the community is really frustrated and unable to understand how what's before us is providing the benefits. I'm trying to understand this. I see people nodding their heads one way or the other. But I'm not -- I'm not getting that answer, and that's why I'm being asked by my constituents, why this process is not a giveaway to developers. And there may be various scenarios where it's not. But I don't have an answer. And I can't vote for something if I can't provide that answer.

And there very well may be an answer. I have not made up my mind on this. But I need that answer, and I

[10:37:20 AM]

need to be able to articulate it, and I think we all need to be able to articulate it. And I think that's part of where this struggle is. So, just to go through there with respect to the statesman, just to make sure that, again, this is assuming they have the baseline that's in south central waterfront, which is less than what they're proposing, and what they're proposing is less than 8-to-1, is that where we're at with the statesman on this? And then we have -- you mentioned that the timing was off with investments, and one of the things that we saw when we talked about the grove and affordable housing was we had to actually pay out of our bonds for the affordable housing at the grove because the timing was off with the tax receipts. And so it's not a mere small thing, if the timing is off for the tax receipts, because we

[10:38:24 AM]

have to build this infrastructure before we have that. And, you know, it's not totally clear to me that you can bond off of that to get it. There's going to be quite a bit of time lag before there's the additional revenue of that but for. So at what point did the but for kick in? Do you have to build everything that was in the south central waterfront before that but for, or does that kick in earlier, because the timing can be off, and we're stuck paying for this stuff years before and paying the debt on it. So help me understand the timing question.

>> You definitely see a curve that is slow to grow, and then as time goes on, you see much more significant growth. So we would just need to be taking into account what kind of investments would be made and when, what opportunities might there be for partnerships with

[10:39:25 AM]

developers in the area to perhaps, like, float certain costs until they could be handled later once the revenues are coming in at a higher level. We'd also need to be looking at how much debt we'd be issuing at any given time and the related debt service relative to the revenue. So there's a lot of different factors that we can look at relative to the timing aspect of everything. I also wanted to jump back to your original question, because I was reminded by colleagues here in the audience that when we're doing the but for analysis

-- not assume an infrastructure investment. So when I'm providing that percentage calculation, it's based on that baseline of we're not doing that infrastructure investment, it's just pure growth. We don't

touch it. And then the growth with the -- we touch it, and the development is able to do what it does based on the regulating plan or on

[10:40:25 AM]

8-to-1 or what have you. So we're able to do that calculation. And then as a result, I'm able to note kind of a percentage in a given year that we could essentially associate with the but for growth.

>> Alter: So I think I understood that and the part of what the city is doing, but I don't understand it in what you're assuming the developers would be distributing before you get to the but for.

>> The challenge in this particular area is that there are numerous developers. Many of our other tirzes, we have a single development partner, so it's simpler, much more straightforward to determine that. Because of the number of developers that would be part of this overall area, it makes it a little bit more challenging, and I would have to rely on my partners here and my colleagues to really dig into what options we have with different requirements of various

[10:41:25 AM]

developers and how that translated to cash flow and so on.

>> And if I could, council member, your questions speak to the relationship of all of this in front of us. The south central vision, the tirz, the regulating plan, et cetera. And that's what makes it so complicated. And to the degree we haven't been as clear with our responses, if you don't mind, we'd like to get together so that way we can give you a very clear response to your question.

>> Alter: Thank you. I mean, I think that's -- we're being asked why is this not a giveaway to developers and we have to be able to explain that. And obviously, there are scenarios where that can be true, but I don't have enough information or enough scenarios at this point to be able to articulate that. So I think that would be -- I think that would be super helpful, if we could get that. I did have one other question. Maybe if you want to go to somebody else, I'll come back to it.

>> Vela: So, and the vision plan

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goes back -- actually, I think the planning commission when it was first presented in 2014, 2015 timeframe. And I was just scrolling through it trying to remember. But the pud that's being propose Ed -- does it fall within the spirit, I guess, the goals and the guidelines of the regulating plan of the south central waterfront vision.

>> Council member, we can certainly speak to that question of the pud. To the degree that we can separate them, that would be great. We do have response to your question, but we can certainly do that now or we can do that at the next work session.

>> Vela: If you don't mind, just a very briefly -- my sense would be that, yes, this is well within the spirit of the development, the broader development goals in the south central waterfront. In fact, I mean, it seems to be

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like the linchpin really for the development of the rest of the area. But, I'll hold off. The tirz, what other tirz do we have in the city of Austin?

>> We have five active tirzes. There is Miller, seahome, waller creek, south central, and then 2nd street, which that one is a flat dollar amount as opposed to a tax increment.

>> Vela: Second street and seahome are separate tirzs?

>> Yes.

>> Vela: Let's take the seahome. What is that tirz funding? Or for that matter, any of them. Just to get in a sense of what

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the tirzs are and what they're funding.

>> The seahome tirz, there was a rehab of the seahome power plant. There was the plaza place, utility and street improvements. And then there is a -- there was supposed to be bike and pedestrian path under the railroad tracks. But that was ultimately not possible to complete. Because of the challenges with the railroad company.

>> Vela: And second street, that is I'm assuming right there very close to -- this is the second street. Okay, okay.

>> For primarily the rights of way, the sidewalk. It's a set value tirz, meaning it's not based on the percentage of the tax rate. But rather a certain capture of the value.

[10:45:27 AM]

>> Vela: And the waller creek, my understanding is there is a tirz on the waller creek as well, right?

>> Yes.

>> Vela: And what is that tirz funding? Where do those moneys go?

>> Primarily the tunnel infrastructure, as you had mentioned, the 226-foot tunnels that are underneath the creek that divert the flood water.

>> Vela: I guess this would not be unprecedented, especially looking at the seahome tirz, where the tirz is being used to basically pay for public infrastructure that is part in parcel of the redevelopment of that land.

>> Yes. The concept of utilizing the tirz has been contemplated in the vision plan, is in keeping with how we utilized tirz with other redevelopment projects, whether it be Miller or seahome or waller creek.

>> Vela: And the tirz would not be -- I'm just learning the

[10:46:28 AM]

development rules around this. That would not go to, for example, water and wastewater infrastructure. There's a whole different calculation, is my understanding of how we paid for water and wastewater improvements in an area that's redeveloping.

>> We take the public improvements envisioned by the tirz in concert with everything that's happening in that area, that's planned either through capital improvement projects that are already on the table, or through some -- what we might envision future developer participation as well. So all of that is taken into the mix. Every project is certainly different. We take a holistic look at not just the geographic boundary of the tirz, but all the different public improvement projects that relate to it as well.

>> Vela: So if we did not do a tirz for the south central waterfront, how do we fund the infrastructure that we're wanting in that area?

[10:47:29 AM]

>> Well, therein lies the question. What we have in front of us is a vision that says here are the great things that you can accomplish at south central. And it will take public investment. And in order to do that public investment, we have to look at the financing tools and the tirz is one of those. And so you're absolutely right. The vision that the community has said that they want for that area requires public infrastructure investment. And so the tirz is one of those tools that we can gain that, and we're looking at other financing mechanisms as well.

>> Vela: And in terms of who pays for public infrastructure, the park comes to mind. Where, you know, again, this is a park that's not going to be -- this is not just some land and some swing sets and things like

that. And a pavilion. This is going to be one of the premier parks in, you know, downtown area, in central Austin

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once it's -- are there -- is there a precedent? I know folks have been kind of commenting that should all be paid for by the developer. But, I mean, is there a precedent for requiring a private developer to, you know, create a park to build a park of that caliber and quality? We're talking about a 50 million, \$60 million park when it's all said and done.

>> I'm not sure to that caliber, but we certainly have, of course, parkland dedication ordinance, which makes certain requirements that the developer put forward either the dollars for parkland or does a park improvement themselves. So it's not unheard of in concept.

>> Vela: Is the underground parking that's being proposed considered a community benefit?

>> Council member, yes it is. An important community benefit.

[10:49:31 AM]

>> All right.

>> Vela: This is just tirz questions for the moment. And what is the status of the infrastructure in the area? In terms of its abilities to sustain the type of developments that we're envisioning in the vision plan and future regulating plan?

>> If you don't mind, as director truelove mentioned for Thursday, we can have a briefing on the south central waterfront, and I think we'd be able to capture the status.

>> As part of that briefing on Thursday, could we also have the chair of the south central waterfront or someone with the commission or board join, or at least share some comments as to what the advisory group thinks we should be doing as to the question of the regulating plan

[10:50:31 AM]

or just the timing of us considering an update to the vision since the vision was originally created, you know, a decade ago? I would be interested in hearing their feedback.

>> We can certainly pass on that request to the chair.

>> Mayor Adler: Council member Renteria.

>> Renteria: I just want to ask a question of -- right now, with the base that they have entitled to, what are they -- they do have to pay the fees, and they just get this -- they do the streets and infrastructure they need to pay for whatever they're paying for. So that's included in their baseline development; is that correct? Where they do have to pay some money into the road improvement and the infrastructure onsite?

>> Jerry will respond in general for developers in general, not necessarily the pud application.

>> So, yes, a developer can build under their existing zoning, whatever entitlement that may be.

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And they would have to pay whatever applicable city fees would apply. So, parkland dedication fee, road impact fee, impact fees for water and wastewater infrastructure. That type of thing would all be required of them to build under the existing --

>> Renteria: And that's including the street improvements?

>> Yes, would be an impact fee as part of the development under the existing zoning.

>> Renteria: And that's all they have to -- the requirement.

>> Yes, unless the development triggered the need for a traffic impact analysis, then there's a possibility they may have to pay what they call the pro rata share of any traffic improvements, a turn lane, or something like that.

>> And do they have to give any land to the park, or can they just pay a dedicated fee?

>> It would be subject to the parkland dedication ordinance. I guess, getting to -- I know he's told not to, but getting to the specific project, they would be required to dedicate no more

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than 15% of the property under standard code as opposed to a pud. And then the remainder, they'd have to pay with parkland dedication fees.

>> Renteria: So the vision that we have is totally different, what they're going to be -- they're allowed to -- their entitlement right now. We're bridging something very beautiful and large. There's going to be a station there. Do they have to give capital metro a piece of land to put a stop?

>> We can certainly follow up with that response at the next briefing.

>> Renteria: Okay. Yeah, I'd like to know all of that. Because I think that the benefits -- the benefits that we're getting a lot greater. Just like Mueller. We did a lot over there and you can see the outcome that came out of that. We own the land. That was our property.

[10:53:37 AM]

The infrastructure, the retention. The money that we invested in there was well worth it. So we'll be entitled to all that tax funding on general fund, which would be a great boost. A domain would have been different. Right now, it's a huge tax base right now. Anybody who wants to go there, it's there. But still, there's a lot of community benefit that we could have gotten out of there that we didn't. And that's what I'm afraid that, if we go with this without, you know, getting some of the community benefits that we're asking for, we're not going to have the -- that benefit. Once they've built there, they're not going to be open to the public, except for the few 15% parkland dedication.

[10:54:40 AM]

It's not very much.

>> So council member, when we come back to the pud in a little while, I will address the parkland issue that you just spoke of.

>> Mayor Adler: Council member Ellis.

>> Ellis: I know it sounds like you're trying to close us out. I think tirzs are a really creative way to provide the community benefits. I know there are a lot of questions, you know, coming at us, emails coming at us. Some folks seem to be under the impression that we are handing out general fund money to be able to do this. And so I think answering the mayor pro tem's question -- Ora quick rundown. All the other big cities in Texas have way more tirzs than what Austin is doing. We're constantly talking about how to get our communities to be better connected, fixing old infrastructure, providing more

[10:55:40 AM]

space. I think it's important for yes, we need to get all these dollars and cents right and really understand the exact community benefits that this type of redevelopment will bring to the community, but I also know there has to be a mindfulness of, you know, plans that as the years go on, we might need to reassess as a council. Are we still on track, you know, is what the community was in favor of ten years ago the exact same thing as what the community is going to be in favor of this year? Because there is our opportunity to get the community benefits. Eventually more tax based out of what is built in these areas. So I don't want to miss the opportunity for people who do want to build more housing, more walkable communities, close to light rail, to miss the mark and not be able to achieve the community benefits that will come with providing these improvements.

>> Mayor Adler: I think that the questions the mayor pro tem asks and points out that there's confusion in the community is, quite frankly, on us.

[10:56:41 AM]

Because I don't think that we have done a good job collectively of laying this out and explaining what this is. So I really look forward to the conversation on Thursday as a way to start helping people understand. You know, at this point, it was the intent of the folks that asked the question not to be recommending any particular F.A.R., but just to stop for a second and say, wait a second, guys, we're on this -- it's like a train moving forward here and we should pause for a second to at least discuss whether or not we want to go in a different direction. And I think that's where we are. Do we want to raise our hand and say there are other things to consider. And I think that -- and I think that we -- and I think that we should. But I also think it's going to require us to help people understand. I got an email a couple days ago from one of the community advocates taking the position that while we were taking money out of the general fund, we know

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that's not true. But the other question on whether or not this is a giveaway to developers is also something that I hear. So on Thursday, I think it would be really helpful to answer the question about community benefits that the mayor pro tem is asking. If we wanted to have as a community benefit 2,000 affordable homes, either in the south central waterfront district, or the south central waterfront district. How do we use the south central waterfront district as a tool to achieve something like that. Now, I look at the feasible baseline plan that was in the earlier work that was done, albeit now seven to eight years ago. It said, hey, if you don't do anything, if you just let it develop on its own, this is what the development looks like. It's relatively low. It's not really dense, but it doesn't really have a street grid that really works for it. Because we know what that area looks like. So you don't have as many

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buildings. You don't have as many tall buildings. You don't have the density. You don't have the F.A.R. Because of that, I think if you

-- and what I want to know on Thursday, the question I'm asking is, if we just go with the baseline plan and we went to those developers and said, and now we want you to give us -- help us achieve 2,000 affordable units, I would think that a lot of those property owners, if not all of them, would look us and say, go right ahead, but I can't help you. There's not enough for me to be able to make off my property that I could contribute to that. The tax revenue that we generate from that will be lower than it could

otherwise be. And it may be that we don't generate the tax revenue that would be necessary for us to be able to have those thousand homes or to do a tirz. I mean, it could be that the tirz wouldn't generate any money, because there's no but for, because we're not actually investing money to create the but for that would be the tirz.

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But if my goal was to have 1,000 or 2,000 affordable units, what would it take? And what I want to know is, under any scenario, doesn't it begin with the assumption that you have greater development and greater density than what's in the baseline plan? If the baseline plan isn't tall enough or dense enough, to generate it, then the only way to be able to generate the tool to be able to drive what we want is to have greater -- we could go to developers and say, you're limited to the base plan that exists today. But, if you want to help us with affordable housing, we'll get you up to an 8-to-1 F.A.R. The whole 8-to-1 could be a bonus conceivably above the base area. But that might give you a tool to be able to, say, have someone

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that actually has a project that would enable them to be able to contribute to that. Or, tirz might be something that we could use because we could say, we're going to let everybody go to 8-to-1, but we're going to tax the delta between what the baseline is and what the 8-to-1 is. We're going to take all that money and put it all on affordable housing. Plus the capital improvements that are necessary to regrid the street so that they can actually do the development. I think under any scenario, if we want to use this as a tool, to generate the resources to be able to do affordable housing, it's going to require us to have greater height or density, which we know is not going to happen unless we do the capital improvements. So then the question is, is there really a developer giveaway if as a community we're building the road system that we want, the grid system that we want, the utility lines we want, the infrastructure.

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Is that really a developer giveaway, or are we just putting the developer in a position where they can and will build enough for us to be able to get as an extraction, or the dollars we want to be able to have 1,000 or 2,000 homeowners. So an explanation to the community on the question of -- I think today you've done a good job of saying it doesn't come out of the general fund, so hopefully we won't hear that one anymore. But the question of whether it's a giveaway, I think people need to understand better so that we can assess whether this is something we want to do. The other thing I think that would be helpful to address on Thursday with respect to south central is just from a land planning concept. If we

live in a city that wants to be more walkable, if we live in a city that has the feel that we want, if we're going to put a

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project connect substation, one of the biggest of the system here, right here, then is there a benefit to the city in having thousands and thousands of homes and people that are going to be walking and not getting cars and just jumping on -- so for just a land use perspective itself, this council, and perhaps the next council, is making a decision for the next 20, 30, 40 years what that part of our city is going to look like. And as I look at the regulating plan or the vision plan that was developed a decade ago, the community, I don't know that it's developing the way that we want our city to look. We didn't even have a project connect back in 2012, or a station there. But this is a time for us to

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have the conversation about whether or not we want and need for our city to generate more revenue, house more people in that part of our city in order to get everything we want, and we haven't even talked about the benefit that comes to our city, because we've only talked about the but for tax value. But just the tax value in that whole area that gives aid tens of millions of dollars more to spend, the county, other people being able to do it, this is the time for us to make that choice. It just seems like a really, really, really big and important decision for us to be making, because it really is kind of a fork in the road with respect to what our downtown area looks like. But there is confusion in the public about what this is, and we really need to really explain

[11:04:52 AM]

it well so that people are making decisions based on facts and reality. Ann.

>> Kitchen: Yes, mayor. I agree. And I agree with what council member Ellis said, too. I think the tirz is a good financing mechanism. We've seen it work well in other places. So I think it's -- you know, what's really important, as others have said and as the mayor pro tem have said, we have to explain. We have to make it really clear. We think, as others have said, that the way we're putting there together, we actually are getting the benefits that we want in exchange for the investment we're making. And, you know, that's where it's really important, to make sure that we do that. So I do have one question. Related to the tirz, and a

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follow-up on council member vela's. Can you remind me -- and again, my mind is on housing, so I'm trying to think about how we use the tirz for that. But can you remind me what the Mueller tirz is spent on? Is some of those dollars spent on housing -- on affordable housing?

>> Sure. We had a blend of resources. The tirz revenues and the property sales as well. As council member Renteria mentioned earlier, all 700 acres were owned by the city. And so we sold those to the developer and use that land in proceeds as well. Sol in total, yes, some of it was used for the 25% affordability. And a lot of it was used for the public infrastructure going in as well.

>> Kitchen: So was tirz money used for the housing?

>> We'd have to look at the specific blending of that tirz revenue.

>> Kitchen: The reason I'm asking, just so you'll understand, it goes back to my questions related to what you

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can spend tirz money on. And so that would be an example to me of a circumstance under which we ask those kind of questions and had some kind of result. If there was other funding used for the housing and not the tirz, I'd like to know that, too. I just want to understand the extent to which that tirz gives us any guidance or examples on what you can actually spend. And I'm talking about on the affordable housing itself, not the infrastructure. Because that's clear to me that you could spend tirz money on infrastructure. But I'd really like to understand that.

>> We'll get back to that tirz and have a response for you.

>> Kitchen: Okay. The other thing I'd like to understand when y'all present on Thursday about the S.E.W., you know, the vision plan. I don't know if you're going to get to it today in our next briefing, but I want to

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understand the relationship between the vision plan and what's being proposed for the pud. Later briefing today or maybe on Thursday as part of the S.E.W. Briefing.

>> I believe that there's a pud briefing for Thursday as well. And so we may capture in that discussion item.

>> Mayor Adler: Both of them are on our agenda.

>> Yes.

>> Kitchen: At the appropriate time. Whatever that is, I want to see that comparison.

>> Mayor Adler: We'll make sure we get them both. Mayor pro tem, and then Kathie.

>> Alter: Thank you. I want to go back to page 4 again, and just clarify. What is the timeline assumed for the length over which we would be generating the revenue?

>> 20 years.

>> Alter: Okay. Thank you. When the different scenarios were mentioned, I think we're missing a few pieces of our

[11:08:56 AM]

control and our process. I mean, there's nothing that says that we have to pass the pud before we adopt the regulating plan, and there's nothing to say that we have to fund the tirz until they say they're going to join the regulating plan. I mean, you know, we have to figure out how to exercise the levers that we do have if we believe that greater density in this area is to the benefit of the community, and that there are community benefits to be had. And we have to figure out the various levers that we have. I mean, I don't personally see the point of approving a pud before we have the regulating plan, and I'm not sure that I would fund the tirz without knowing that they're committed to providing the kinds of things that we want in the regulating plan. We have to use the levers that we have. Just because -- you know, the one power that we have is we don't have to give them any more than their 600,000 square feet of entitlements.

[11:09:56 AM]

You know, that 3.some million more of entitlements that they want is worth something and we don't have to do it until we have agreement. Now, there's a lot of things we have to get straight about what they can provide and what they can't provide, but I don't think because they came in and they asked us for the zoning change that we have to take it up on their timetable. We do have an obligation to have conversations like these and continue this conversation if we need have more conversations, but we do not have to take it up until --

>> Tovo: Thank you. I want to get back to a question. Thank you, mayor pro tem. I think you absolutely characterized some of the options in front of us. On page 6, I indicated that I have a question on the closure, upon closure, the added value generated would result in a somewhat lower tax rate and tax

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burden. Do you anticipate that to be the case with any of our other existing tirzs, or -- you know, I'm trying to think through that scenario. Can you talk a bit about that, please? How that would work. I'm assuming by then both the infrastructure projects would be completed as well as most of the tracks being built out.

>> So, that statement applies to any of our tirzs that are utilizing an increment. So, we haven't closed the tirz in quite some time. So we don't have a specific example we can draw upon. We just -- based on how the tax rate calculation is done, we know that there would be an impact. So we don't have exact numbers that we can provide you. I can work with Eric to see if there's even a rough estimate. I can't guarantee that's possible, though.

>> Tovo: Is it different from --

[11:11:59 AM]

I mean I guess the question is, at that point, it basically shifts to the increasing value of that land and the taxes that are generated. As does any other development within or outside of a tirz.

>> You just don't get to count it as this sudden rush of new construction value. It would just be now that value is counting towards your base once the tirz closes and any new construction value also counts towards. So it has a small impact.

>> Tovo: But if there is no new construction because it's already built, then you're really just looking at what taxes are levied on the increase in value that happens over time on any -- hopefully. I mean, if your city is moving in the right direction. That's similar to any other land.

>> There would just be the growth of where the 3.5% applies

[11:13:02 AM]

just on new revenue to existing. I can't foresee if there would not be or would be new construction in the area, even after the tirz is completed. I would think there would be, but I can't say with certainty either. So there's just an assumption that there might be.

>> Tovo: It's just a little bit of an odd -- I mean, mayor, you've talked about making sure the community gets really accurate information, and then I'm a little concerned about this statement, because it's not

-- you know, I just think it needs more explanation. Because I think the same could be said of, say, putting in a park or other kinds of infrastructure in different parts of the city, and we don't usually say, you know, the increases in value for the properties around it reduce everybody's taxes a bit, though that could be true as well. You know, it just -- it's not clear to me that what we're talking about here is any

[11:14:03 AM]

different from other kinds of investments the city makes. And so I think it requires -- if this is really a substantial point that the public should be aware of, I think it's going to require a more significant explanation and perhaps even some kind of chart as to how that would work that a tirz could result in an incremental decrease in people's property taxes.

>> Mayor Adler: It would be helpful -- I think if the south central waterfront is worth a billion dollars and 250 million of it is the base as part of the property value that's used to calculate our rate. And if \$750 million of it is the but for, then the revenue for that depose to those capitals. And at the end of the time that 750 million that wasn't on the tax rolls for the general fund now gets moved

[11:15:04 AM]

over to the general fund so that the total property value then the denominator I guess is bigger when you're calculating the rate. I think that's what it is, but I think having the explanation would be really helpful. And I think there are other questions too that are really basic questions. The question does the building have to be built on the property in order to be able to generate the incremental value that's calculated for the tirz? And Kimberly, do you know the answer to that. Does the building have to be built to generate but-for value?

>> When it comes to the but for value there's an assumption about the overall life of the tirz. When you looking at the tirz we're not calculating on a parcel by parcel basis and therefore when a certain building is built is that impact the tirz.

[11:16:06 AM]

It's not that specific. We're looking at it as a whole. So there's just an assumption of over the life of the tirz as opposed to a certain year of the tirz.

>> Mayor Adler: But the

[indiscernible] District because of the capital improvements and thus the ability to achieve greater density. So the land values in that area may very well go up if we add greater entitlements to them because people know they can build more. No one has built anything yet, but by creating those entitlements, obviously land values may very well go up. And that increase in value is in an area in anticipation with or associated with the belief that those capital improvements will be built out over time is part of the incremental value that we're allowed to tax in a tirz and it becomes part of the but

[11:17:08 AM]

for. But it's concepts like that I think that we need to carefully and slowly go through so that we make sure that everybody understands all of the aspects of this. Yes, councilmember tovo.

>> Tovo: I had -- as I had indicated I had some other questions about financing. So in the south central waterfront vision plan it also talked about other public funding tools and I'd like an opportunity to talk about some of those as well. The tirz is one that was identified, not the only one. And in fact, the timeline in the back talks about the exploration of those other funding tools as well. So I wanted to talk a little bit about first the public improvement district and whether that's been initiated. I think the -- let get back. It's on multiple different pages. I think it said the public

[11:18:09 AM]

improvement district could also pay for parks, street improvements, utility, market branding, transfer of development rights was another one that was also identified as a potential source for parks, plaza, affordable housing sites. And then there's more detail in the vision plan on how those work. But the chart in the back talks about the initiation of discussions around all of those. One second while I get to that page. In the list of city actions around page 111 and 112, I think it had said initiate the public improvement district evaluation was going to happen within the first zero to first year, engaging with private property owners, Dia, various others. So can you -- identification

[11:19:10 AM]

of pid eligible projects, projections of program, project costs, assessments. Where are we with that work?

>> Council member, we can certainly go into depth in the response of that. As we mentioned on Thursday we can also have a briefing. If you like you could send us some questions that we would be prepared to answer for that briefing on Thursday, if that would help. I anticipate that council will have a lot of questions regarding south central.

>> Sure, I'm happy to wait on that. Again, mayor, back to your references about the community conversation. I think that's one of the other things I'm hearing about constituents that there were multiple funding options identified in the south central vision plan as potential opportunities to fund some of these improvements, but we seem to be focusing on just this one. And so I'm interested in talking about the public improvement district about evaluation and kind of where the city -- how far we got in that evaluation. I think that again the time frame for that was the first year. The development corporation I think we've got up and

[11:20:10 AM]

running and I'm excited about that, the Austin economic development corporation. Transfer of development rights was another one scheduled to be done within the first year examining how a transfer of development rights ordinance would work. I'm hoping that that's part of what's included within the regulating plan that you've been working on, how to value those development rights, how the development rights can be used by the receiving entity. Again, that was one of the tools that was identified as a potential for funding parks, plazas, affordable housing, some of the other benefits. So those are some of the questions I'd like as we talk about different funding options, I think that's one. Parking management district was another that was identified. And I know we've had an opportunity in some of our previous conversations to talk about the affordable housing trust fund, some of the tax credits, some of the housing specific funding streams. But those are at least three I'm interested in talking about, public improvement district, the transfer of development rights and the parking management district and how that would function.

[11:21:11 AM]

Again, parking management district is something that now we have in multiple places so it's less of an innovation than it was back when this passed. But transfer of development rights is something that we haven't quite -- haven't quite been able to codify yet. I know my staff has been working with our legal staff looking at that question now for quite awhile and it does seem like it would be a valuable tool potentially here.

>> Thank you, council member. I know that falling today's -- following today's work session there will be a team of departments getting together to see how to best put up Thursday's presentation so we can have answers to the questions by council.

>> Tovo: There's going to be a lot of work for staff on Thursday and a long conversation. Maybe we'll get a better sense once we talk about the agenda, but I think it's -- it sounds to me like an hour and a half to two hour kind of conversation in the middle of our council meeting. I'm not -- I just want to make sure we're setting a reasonable expectation for

[11:22:11 AM]

that. Especially if we're going to ask staff to pull all this information together so quickly.

>> Mayor Adler: My guess is it probably not something that gets resolved on Thursday, but when we had set the calendar we had set it anticipating that there might be spillover and I think there are probably some threshold questions that were -- threshold questions that were risen here that could be best addressed on Thursday. But I realize we have a full agenda on Thursday. Council member vela.

>> Vela: I appreciate your comments, mayor, about our goals and really ultimately the link between public developments and broad development. I don't see how we achieve the level of public benefits that we're looking for in the south central waterfront without very significant increases to the entitlements in the area. And it's hard to see, although I appreciate councilmember tovo's pid and different funding sources, hard to see how we lay out

[11:23:11 AM]

the infrastructure also without a tirz or a very similar type of public funding, public infrastructure funding mechanism. And I also just wanted to touch on the timing. Right now I think we're getting a very minimal level of tax revenue from the existing property, particularly the closed statesman site. And the sooner we can kick these projects in the sooner we get a substantial amount of property tax revenues to the city. Again, the sooner we get the park, the sooner we get the public benefits. So I do have a sense of urgency in the sense that I know this is going to be a big long project and the longer that we kind of hold

[11:24:14 AM]

off and on making our decisions, the longer the public has to wait to get its new bat viewing park and other public benefits.

>> Mayor Adler: Attention to that statesman pud, councilmember tovo?

>> Tovo: One last thing to council member vela's point, in our tirz presentation from last year staff identified several other funding options that weren't part of the original waterfront vision. I think they were right-of-way fees and some other opportunities to fund infrastructure. So what I mentioned are those that were noted in the vision plan. A couple of those that were noted in the vision plan, but staff should be welcome and I would like for them to bring forward those additional recommendations for funding strategies for infrastructure improvements because we have an array of tools that are available to us for those infrastructure. And if we're going to have a conversation about funding the tirz I think we really need to give our attention to each one of those and understand -- understand and

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get community feedback on those.

>> And if I could just make a broad statement in that regard on public infrastructure. We look at all available funding sources for infrastructure. We first and foremost look to see where we can get the infrastructure without having to expend city dollars, but we don't exclude the use of city dollars. So all of

that is taken into consideration when we look at large projects like south central waterfront. Same can be said for Mueller and sea local am. Given state law limitations and the scale again from what I'm understanding I don't think anything gets us a quarter billion dollars in bonding capacity or anything like that. I don't think any of the other tools are of that scale. Again, I look forward to hearing more from staff about the details.

>> Mayor Adler: With councilmember tovo and

[11:26:15 AM]

council member vela, I think we'll need to look at lots of them because given the size of the capital improvements needed and quite frankly the really long list of community benefits we want to achieve and the level of housing that we'd like to be able to support, all the things that the community wants, I'm not sure any one of these tools comes close. And that's where the concern arose in the staff's report in July in looking at what the gap was. I went back to my office really discouraged because the one thing I learned from my report is that south central waterfront was not financially feasible. And at that point I think that then you just stop because it's not financially feasible to in fact do something better than that the number I'd like you to confirm on Thursday, what I've heard is that the effective F.A.R. Of us not putting in capital improvements, not investing

[11:27:15 AM]

money and just letting tracks develop given the way it is out there is we never really exceed a two to one F.A.R. And we can have a big component of our downtown area never go higher than two to one F.A.R. If that's what we decide as a council. But if we want something different than that because of all the things that that tool might bring one way or the other, now is the time that we have to raise our hand and say something. Colleagues, let's move away from this and let's turn to the statesman pud. I appreciate everybody being here today. I have some questions for the IDC with respect to the south central waterfront, so if you guys could also be available on Thursday I would appreciate that as well.

>> Mayor, are you ready to move on to the statesman pud? Just a reminder of where

[11:28:16 AM]

we're at, we did have first reading of the pud on April 9th. The council voted on first reading to approve the council as recommended by the staff with the addition of the planning commission recommendations of which there were I believe about 23 of them if I recall correctly, as well as a set offered by councilmember tovo, there were about a dozen of those amendments. Since then the case has been postponed twice and it is on your agenda for Thursday. It's posted for second and third

reading. We would anticipate second reading at the most. I would like to mention that a couple of things have also happened. We have had the economic analysis that we presented a briefing on before by eps and Darren Smith is here from eps if there are any questions. He did prepare phase I of a report that looked at the overall feasibility of the project as well as the cost of some of the amendments that the applicant was not agreeable to. And I would also like to point out that several of

[11:29:17 AM]

the amendments I don't want to say contradict, but conflict with each other with regard to different sets of numbers, if you will. So if it were to be approved on second and third reading, there would be some issues with regard to the fact that the numbers don't sink up. There are two ordinances in the backup. There's now a third ordinance in the backup as of this morning. Please use the third ordinance. This is a very complicated case as y'all know. And it's a very lengthy ordinance especially because our obligation is to put all the amendments into the ordinance, even if we think that probably in the end they're not all going to be incorporated in final reading because of what I spoke of earlier. But there is a third version that's ready now. I don't have a specific briefing for you today on the statesman pud. I'm here to answer questions and I do have Darren Smith here from eps as well. Our plan on Thursday is just to see what the will of the council is with regard to

[11:30:18 AM]

the statesman pud. I don't right now have anticipated other than laying the case out, working through the amendments. Any additional presentation is not planned unless the council tells me they would like to see otherwise. But the main thing right now is deciding whether we're moving forward on second reading, and if we are which amendments are going to be incorporated so that when we come back for third reading we would know how to write the ordinance.

>> Mayor Adler: That then gets us to questions from the dais. Ann?

>> Kitchen: I'll start with two process questions and then defer to others and then you can come back to me. So in terms of what you present on Thursday, I think it's always helpful to have a slide up that shows the list or the table of the benefits, you know, the column with the benefits that are listed as superior

[11:31:19 AM]

with the entitlements. That's always useful to see. I'm sure you have that in backup now. But having that available and up on the screen is helpful. The other thing as I mentioned earlier is I would like to see this package compared to the south central waterfront vision. And then when you say there's three in backup, is it the -- I guess the date -- if they're all named the same thing it's the date of the most recent?

>> Yes, there's one from this morning.

>> Kitchen: Okay. And for the public that's what we should use and that has I'll proposed amendments in it now or what does it have in it? What does it represent?

>> It should represent what was passed on first reading, which was the staff recommendation plus the planning commission amendments plus councilmember tovo's amendments.

>> Kitchen: Okay, thank you. Mayor, if you could come back to me later.

[11:32:20 AM]

>> Tovo: Yeah, I'll likely have some others too. Thank you for the responses. I'm reading through the questions and the responses that I submitted. Jerry, can you talk us through some of the conflicting numbers? Or the other passages that appear to be in conflict?

>> I don't have the specific numbers in front of me. I could look them up. But specifically with regard to the affordability levels. We had the staff recommendation was for 40% affordable housing as was called for in the vision plan. We did have an amendment that called for 10% of the bonus area. We had another amendment from the -- I believe it was the planning commission that talked about an entirely different number. I guess my point was just that --

>> Tovo: The way I looked at it I think you were talking about what I brought forward, but I didn't mean to cut you off.

[11:33:23 AM]

>> I'm saying it's not possible for all the amendments to be incorporated in the ordinance because a few have different numbers for the same thing.

>> Tovo: So the way I approach that and maybe my language in making the motion wasn't clear enough, so there was a staff recommendation, there was a planning commission. We passed I think the motion on the table was planning commission's recommendation with these amendments. And where there are conflicts it was my intent and I think I assume this is the council's intent that those amendments substituted in for any relative planning commission amendment. So in the same way the planning commission made their motion and modified the staff recommendation in a way the amendments modified the planning commission recommendations.

>> We would have to go back and relook at that -- look at it from that approach as opposed to I believe what we incorporated was simply planning commission plus city council amendments. So we did not attempt to say one supersedes the other so we would have to go back and

[11:34:24 AM]

look at that and see where it applies.

>> Tovo: Well, some were very much dealing with the same matter. When we're talking about affordable housing, the percentage of affordable housing if planning commission's -- they can't both exist as you said and my amendment was intended to modify the planning commission. Which is I guess the way we sort of always handle zoning is that we modify whatever -- our amendments modify whatever recommendation we're passing.

>> We got a very limited discussion, council member, on April 9th.

>> Tovo: Okay.

>> Kitchen: Could I follow up with --

>> Tovo: Of course. And if there are other of those elements, I would treat them the same way if they're in conflict with whatever was in the planning commission motion, whatever the council passed is the final word on where we are at the moment.

>> I would like to see a version as we passed which is how councilmember tovo described it.

[11:35:24 AM]

So what you did now is if you have 2 different provisions you just included them both in there?

>> Yes. We felt it was the -- I'm circle C the city attorney will answer this.

>> I think that the lawyers are trying to get involved in how the drafting is going so Steve Maddox may be able to answer your question.

>> Kitchen:.. And to be precise, I thought that planning commission amended and on top of what councilmember tovo's amendments were so that would supersede what planning commission's was. And I just want to know what we're looking at in the draft.

>> Good morning, mayor, council. Steve Maddox, assistant attorney. Yes as councilmember tovo described, what's in backup now for version three is what passed on first reading by the council. So in the minutes that were passed by council on first reading that's what's reflected in the backup for version three.

>> Kitchen: Okay, thank you.

[11:36:25 AM]

>> Mayor Adler: Yes, mayor pro tem.

>> Alter: So I remain confused over what is going on with respect to the blue line needs on the property and how that's being handled in the pud. It seems like there's something going on with respect to how it's counted. , The parkland is counted because it's going over parkland and then there's a question of whether they would in addition to whatever they're saying that they're giving as a benefit of the pud, also be getting money from capmetro.

>> Sure, mayor pro tem. So the pud has six and a half acres, 6.48 acres, I believe, of dedicated parkland along the waterfront, this proposal. In that area it was originally anticipated an actual location, now the location I believe has shifted further south closer to Riverside drive. However there would still need to be the need for the

[11:37:25 AM]

embankment for the bridge structure if you will to go over town hall. And so that structure of course by its very nature if we're at the waterfront and the same place as the parkland. So the applicant I think from the applicant's perspective the property will be dedicated to the city. And I'm using the city and atp one and the same for right now. I understand they're two different entities. But from the applicant's perspective the property is going to be no longer theirs, right? So it's anticipated that it will be parkland. Now we know there's probably a need for some of the parkland to be used for the bridge structure. What the applicant has offered up and what the parks department and the planning staff have agreed to is whatever portion of that six and a half acres of parkland is used up by the bridge structure, that they would pay the parkland dedication fee for the amount of that lost parkland. And so either way the

[11:38:26 AM]

property is deeded over to a public entity. If the entire six and a half acres is not used as parks because of the bridge, then the portion that's used by the bridge they would in addition to giving us the property would also pay the parkland dedication fee. We would have been a future discussion about in what manner the bridge deducts from the parkland because of course the hike and bike trail would still go underneath the bridge just as it does today at congress and south first and Lamar. But that's a future discussion because we at this time don't know exactly how much property atp needs for the bridge structure. It's still under design.

>> Alter: So would atp have to pay the developer anything for these --

>> No. The idea is that staff is considering a public benefit that the property would be available to be used for, the atp project, but in no

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circumstances would -- the idea is for the city to receive the property and for us to either use it as parkland or parkland plus the bridge structure, but in no case do we have the city or atp pay for that property.

>> Alter: Okay. And then for the parkland I just want to comment that it's not six acres of all reusable parkland in the traditional sense. There's plenty of it that's not being credited at full credit, just for those of you who care about the parkland, it's just important to note that. With Barton springs road, I understand that between the south central waterfront plan and the pud application there were changes and boundaries, etcetera, and now it appears that all of the Barton springs -- most of the Barton springs road extension needs to be on the statesman property where it's originally contemplated to be elsewhere.

[11:40:29 AM]

How is that road extension being paid for. It seems like there's some either counting it that they're letting us do it, but we have to pay to extend it, but think to get the impact fees to do what they do. It's just very confusing. Can you explain it?

>> You're correct, mayor pro tem. The original boundary between the statesman property and the Crockett property was off in the south central plan. It was not correct in where it was. And that road was originally anticipated to kind of coming off of congress avenue, split the property line and quickly dip to the south and go entirely on the Crockett property. Because the Crockett are not ready to develop yet and have not indicated any willingness to develop. As a matter of fact, they have shown signs of maybe long-term continuing what they've been doing. The need is there for Barton springs road to serve both this proposed development,

[11:41:31 AM]

future Crockett development, future development to the east and most importantly the blue line station that we've just been speaking of. So with the need for the road is more imminent to wait to see what the crockets have to do long-term. So the entirety of the right-of-way has shifted on to the statesman pud property, but what the applicant is saying right now is we're willing to give up the land for the road but we are not willing to finance the construction of the actual street itself.

>> Alter: Okay. But there are other things where they're not paying for it and there's street impact fees. There's something complicated going on that I just -- they're giving us the right-of-way, but they're not paying for it.

>> That's the simple version, yes.

>> Alter: But this road is needed for their development to work, but then the street impact fees are being invested back into what?

>> For that I'd have to defer to the transportation department.

>> Alter: Is there someone

[11:42:31 AM]

from the transportation department?

>> I believe someone is on the line.

>> I think we're waiting for uple to get moved over to the side of the webex. Upal.

>> Mayor pro tem, you mentioned that the six acres of parkland that there's not six acres of parkland in use. Can you elaborate on the statement that you made, particularly about parkland? I know there's been -- we received a lot of emails about the parkland dedication part of the pud so I would like us to have a focused conversation on the park access and what's involved and the benefits associated with it.

>> Alter: So I think we absolutely need to have that and the parks department can go into details. I've been looking at other things in the parkland dedication. I'm not sure I will get the numbers right, but there are

[11:43:32 AM]

rules within the parkland dedication ordinance that allow you to count acreage partially towards your parkland dedication amount but vernacularly they count as acres, but they are floodplain, Kant build much. It's a little bit different here because it is along the lakefront and we have the trail. In other places you wouldn't build a trail in the floodplain or other things. You can't have the same recreational value so the land doesn't count as a full acre, but I think the parks department may be prepared to say how things are counting here. We need to be careful when we talk about the number of acres what we're actually getting and what it actually counts for in terms of valuable parkland. It's different, it's waterfront, but we shouldn't overestimate what we're getting.

>> That's helpful. I don't mean to interrupt your line of questioning, but at some point if we could have a focused

[11:44:33 AM]

conversation on the park piece.

>> Alter: Sure. That would be great. It looks like upal is on.

>> Tovo: If I may. There are some questions that I submitted and there may be some in council member vela's questions too, but in my questions there are some about how incident undated acreage is counting the water quality plan. And -- they're in the q&a. The answer just posted this morning, I believe.

>> Kitchen: Mayor, I have follow-up on parkland too, but I also have follow-up on project connect when you get to that.

>> Thank you, council member, thank you, mayor.

[Indiscernible] Austin transportation department. I believe mayor pro tem alter had a question about the dedication of right-of-way for the extension of the Barton springs road.

[11:45:34 AM]

Yes, the right-of-way dedication needs to be done as far as the department for this particular project. In addition to the right way dedication the applicant will also have to construct the street extension and

[indiscernible] To Barton springs road and south congress avenue. But all together all these improvements that are needed for right-of-way dedication for the Barton springs road extension, the improvements on the intersection, based on our estimation altogether that could go along the

[indiscernible] For this particular project. And we also understand that right now there is a discussion going on at both the tirz how some of the funding from tirz could be used for some of these improvements. So since during the study of

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the traffic impact analysis we don't have information about the funding from tirz or what they will be funding completely, our recommendation was that the dedication be done by the applicant for the Barton springs road extension, the construction be done for the street plus all the improvements at the intersection of Barton springs road and south congress avenue be done for this particular project.

>> Alter: And who would be paying for it?

>> So I think that is a good question. Again, to be honest with you, council member or mayor pro tem. If we are requiring the applicant to pay for everything, it may go beyond the rapid [indiscernible] Estimate. And we don't know for affordable housing what the maximum stream back for what the estimate is. So based on the affordable

[11:47:37 AM]

housing portion from this development, based on some of the parking numbers we have to come to a final number, what is the legal maximum limit. And we don't have that information yet.

>> Alter: Okay. So what is in the pud ordinance then? Is there footnotes in the tia that say one thing or the other? It's really hard to follow. The requirements are again the dedication has to be done for the street and for the development itself. And on top of that the applicant would have to complete the improvements at the intersection, provide separate bicycle facility from the first side all the way to the bridge along south congress avenue.

>> Alter: But are they paying for all of it or not?

>> Council member, what we can do is I can get with others to get the attendance your question and of course if they're not paying for it then who is anticipated to pay for it. And we can get that to you.

[11:48:40 AM]

>> Alter: Okay. And it's possible that some of the street impact fees that they would be contributing would go to that. I'm not objecting to it, but I don't understand how this is being paid for and who is responsible for what.

>> Yes. We'll get you that response.

>> Alter: Okay. Thank you. And then I know councilmember kitchen had some questions for atd, but I too would like to get to council member Fuentes's questions on park.

>> Kitchen: Two questions. First off, I know we received a memo that summarized the tia but where can we find the actual tia to take a look at? I may have missed it. If you could tell me where to look for it, perhaps it would be helpful if we posted it in backup.

>> Sure, council member. We can find it, but it's a very big document. It's over 200 pages.

>> Kitchen: That's okay.

[11:49:43 AM]

I really appreciate the summary. So that's helpful to review, but it's also helpful to have the detail. So can you post it in backup between like post it today in backup, would that be possible?

>> Sure, council member, we can try that.

>> Kitchen: Okay, thank you. And then my -- I'm sorry. And my second question is going back to project connect, I think what I'm understanding is that there's six and a half acres -- the number we're using at the moment given the caveats that the mayor pro tem raised is the six and a half acres for parkland. And that if the configuration of the -- that atp ends up in terms of the line for project connect takes more than that, then

[11:50:43 AM]

we will end up with less parkland, right?

>> Yes, it would not take up the whole six and a half acres.

>> Kitchen: Well, I know.

>> We're anticipating an acre or less.

>> Kitchen: Well, but we don't know because atp is going back and reevaluating -- that's not the right word. They're looking at additional options and the timeline for that is not until, I don't know, later in this year or possibly this spring before they would be ready to bring back options. So we don't know at this point. Obviously it shouldn't take up all of it. It just wouldn't fake up all of it, but it could take up more. Are there conversations happening right now with atp on what the potential scenarios could be? I'm not aware of them being that far along yet.

>> No. We have had meetings with city, project connect office, atp, Austin

[11:51:43 AM]

transportation department, the applicant, the planning department staff. We've had several meetings where we discussed where we're at in the process in the design phase.

>> Kitchen: What I think might be helpful and I think this may be more a question for atp, understanding that there's still a lot more discussion in analysis to occur from the atp perspective. If it's possible for them to give us an idea of the range of what they might be looking for, that would be helpful. We can reach out to atp and ask that question. I do think it's important to understand and I think the reason it's important to understand is because the parkland piece of this pud is an important part of the pud for a lot of reasons, not just the community benefits, but because of where it's located. So what that might end up looking like is really important for the public to understand. So I don't want to go into

[11:52:44 AM]

it thinking we have a certain amount of space, a certain amount of green space, and then later because of what we need to do for the rail line right there, we find out it's not exactly that. And I appreciate the offer of the developer to do fee-in-lieu but I'm more interested about what we're actually going to see right it there on the waterfront because that's a very important space for us. So I just wanted to remind people about the issue there and it's something that we need to bear in mind. I have -- I'm not the only one. A bunch of us have questions about the specifics of the parkland and the trail itself also. So I'll give it back to the mayor. I don't know how you want to do that. Perhaps they make a presentation and then we ask questions.

>> Mayor Adler: To conclude this after lunch or after we take a break? I have a lot of questions that relate to financial

[11:53:47 AM]

feasibility. I want our staff to talk about -- everything that we're asking for are things that I would like to see us have. I want to know if the project can give us what it is that we want the project to give us. So how we calibrate our requests relative to what they can do. It doesn't do us any good to make a request for a lot of things that can't happen, won't happen. But I want to make sure we do ask for everything that we can because we're using this as a tool to drive community benefits. And we're hearing one thing from the applicant. I don't know how to -- how to measure that or to decide that question so I want us to talk about that too. So we have questions about parks, we have questions about the financial calibration and feasibility. Do we want to identify other topics and take a break for lunch and then we hit the executive session question and then come back after lunch?

>> Yes, that sounds great. I would add housing to that list of topics.

>> Mayor Adler: Okay.

[11:54:47 AM]

So talk about housing. Both generally and in the context of that second question. Councilmember kitchen and then councilmember tovo.

>> Kitchen: And the parks includes, just to be clear, the trail and then access to the trail and Ada access also.

>> Mayor Adler: Okay.

>> Tovo: I have questions about housing as well. I didn't totally understand the correction that was being made about rough proportionality and in terms of the transportation infrastructure and the affordable housing piece and how those are interrelated.

>> Thank you --

>> Tovo: Sorry. And I also want to talk about the percentage of affordable housing as I have had conversations with the developer, one that seems to be I think one of the major differences between what they've proposed and what the council now has passed on second reading. And in particular I'm interested in really understanding in having you lay out what the differences

[11:55:48 AM]

are between -- what I'd like to do is really talk about the pud ordinance, the existing pud ordinance and the requirements for affordable housing which as I understand are at 10%, not at the staff recommended. And why the staff recommended the proposal from the developers for a much lower percentage of four percent.

>> We'll also get the clear response with regard to the transportation question as well so we'll come back with that as well. And if there are further transportation questions we can bring up as well.

>> One more question, I'm sorry. In the questions that I submitted there's a question about identifying parts in subsections of the draft pud ordinance where an applicant is requesting a fee waiver or another public subsidy. And I got back a more general answer, which is fine, but it doesn't give me a sense of a scale of those waivers. The answer is per the pud ordinance the applicant will be able to invest public fee-in-lieu into the park

[11:56:48 AM]

which gets to the questions that mayor pro tem was asking. Beyond these credits the park investments shown in the conceptual open space plan have requirements for public subsidies. But I think what we really need is some layout not just from the staff who responded to these questions, but from transportation, from all of our staff. I think we need to understand what kinds of fee waivers or other elements of public subsidy are being requested and what those total dollars look like for each park. And it would be helpful if between now and whenever we're voting if we knew exactly what those places are in the most recent ordinance where those exist. So that if we wanted to make changes to them we could. I mean, we can hunt and pick them out or -- hunt them out. But it would be helpful to know where those are. And I think in terms of compiling a whole list you would have to look at the ordinance carefully to find those anyway. So I'm assuming that wouldn't be additional work.

[11:57:53 AM]

But talking about that too after lunch would be great.

>> Mayor Adler: Let's go ahead then and let's take a lunch break. How about if -- what I'd like to do is just to combine and merge lunch and executive session as best we can so that we're back out here for this general meeting, if I could, at, you know, 12:45 or 1:00. So I'm going to suggest -- what I was going to suggest was that we convene the executive session remotely at 12:30. So we have 30 minutes free, 12:30 let's go on to executive session and after executive session then we'll come right back out here. We're going to go into closed session to take up two items, pursuant to 551-point on 71 of the government code council is going to discuss legal issues related to e1, a voter petition to enact a proposed Austin police oversight act. And also item d1, the south

[11:58:54 AM]

central waterfront district, a quick legal question. Without objection, here at 11:58, we'll go into executive session. I'll see you all remotely at 12:30.

[2:23:30 PM]

>> Mayor Adler: All right. We're going to go ahead and reconvene. We're out of closed session N closed session we discussed legal issues related to items e1 and d1. The time is 2:23. We are back in the boards and commissions room continuing on with our work session. We're going to continue on in the pud briefing and then we're going to stop after the end of the pud briefing and we'll do the Austin energy meeting which I think will take about 45 minutes. And then we'll come back and do the pulled items that we have and then we'll end the day. All right. Where were we? Where do we want to pick up next.

>> The council was asking us questions about the pud.

[Laughter].

>> Mayor Adler: Which area do you want to pick up first?

>> Well, I know that we were talking about parkland issues. So we have parks department staff here. I don't know if there's any specific questions. I can't remember if we had

[2:24:31 PM]

any question when we broke, but we're all here.

>> Mayor Adler: I know Kathie had questions. I don't see her here. Ann, I know you had some related to trails and access.

>> Tovo: Mayor, I am here. My questions were related to housing, but I'm here. I have an off site appointment that I'm going to need to step out of our meeting for, but I'll be virtual otherwise.

>> Mayor Adler: Okay. If you think you might want to step out Kathie, I'll let you go first on the parks if you have any parks questions.

>> Tovo: Thank you, mayor. I really appreciate that. My parks questions I procedure mayly submitted through the q&a and my questions are primarily about housing. So I'm good. Thank you, though.

>> Mayor Adler: Ann and then Leslie.

>> Kitchen: Okay. So let me start with -- I'll start with the Ada -- well, it's not Ada, but the access for people who have mobility

[2:25:31 PM]

issues, for example. And let me tell you why I'm asking that question. If I'm understanding correctly, the access to the park area goes -- I don't know how to describe it without a map, but it basically goes through the development area and then it comes to some steps and -- to step down into the parkland area. So I'm wanting to understand what is envisioned to be the access for people with mobility issues. I had heard that there was perhaps some discussion about an elevator, but I wanted to -- without making assumptions I wanted to hear from you all what is anticipated to be the access to the trail specifically. As well as the parkland.

>> Scott Grantham from parks and recreation. Basically the -- one of the access points is via the great steps.

[2:26:31 PM]

So the great steps is a is a location that leads from south congress down to the parkland. It's not directly adjacent to south congress but it goes between two buildings. And the applicant has committed to do an Ada access via the great steps. That is not 100% determined of what that Ada would be. It's going to be either an elevator or ramp.

>> Kitchen: Okay. So what's written -- okay. So I think you just answered me that it's not determined. That causes me some concern because I think it makes a difference to individuals on whether it's an Ada or a ramp. And also so the specifics of that -- of that pathway to the parkland are those specifics in the ordinance or is that to be decided upon later? In other words, what exactly

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it looks like? Is it going to be concrete, paved, is it gravel? Those kinds of guardrails -- is it gravel? Those types of details.

>> Those types of details are not in the ordinance, but there is a commitment that there would be Ada accessibility from the great steps. So people who are experiencing that plaza who do not need an accommodation would experience it just like an individual who has a disability, a physical disability. They would be able to experience that with a transition down to the lawn in a way that is appropriate, that's Ada accessible that's appropriate and meets all of the Ada regulations, but whether it's a ramp or whether it is an elevator hasn't been determined.

>> Kitchen: Okay. So at this point is there a requirement for a public conversation and a public process on what that design is? No, okay. So that was one of my questions. I have -- should I keep going or do you want to --

[2:28:31 PM]

>> Mayor Adler: Yes, go ahead. Another park question.

>> Kitchen: Okay. So another question goes to the trail itself. You know, right now that's a beautiful trail because it goes through all these trees. And it's a part of the hike and bike trail that is one of the parks that's shaded and you can really feel like you're away from the -- you know, you feel more in nature because you're away from traffic, away from cars, etcetera. So what -- one of the concerns I have is I'm understanding that the trail itself is slated to be moved. And so I'm wanting to understand that and understand what is expected to happen with those trees.

>> There are a couple of exhibits I might refer you

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to. One is the actual trail relocation map. And I believe it's -- I can't speak exactly to how far away it is from the existing trail. I know that the request to move it came not from parks, but from watershed.

>> Kitchen: Okay.

>> And that there was some restoration, shore land restoration concerns, that sort of precipitated that. Precipitated that. In terms of the trees, I think there are about half a dozen trees that are slated to be removed that are deemed to be invasive species.

>> Kitchen: Okay. So water shed -- I should reach out to watershed to understand.

>> And there is a commitment, and it is -- well, it was in the second -- I don't have the third. I apologize for not having the third draft of the ordinance.

>> Kitchen: But that's okay.

>> But all other drafts of the

[2:30:32 PM]

ordinance. So there's absolutely a commitment to replace that trail, that 1700 linear -- I was going to say miles. Linear feet of trail. And that it would be in accordance with the study that was commissioned for mobility and safety. So there's a commitment to make sure that they're following that. In that study is also some of the recommendations from water shed. So we could point you to both of those, and also get you some information from water shed.

>> Kitchen: And is that written into -- well, I guess we have to look into the ordinance. Is it similar to the Ada access, that the details of it are not written into the ordinance at this point?

>> Well, the details of the exact trail composition is not, but what is written in there is pretty much what I just said. 1,700 linear feet of trail. Based on the best standards and based on the final report of the safety and mobility question. That exactly language, I

[2:31:34 PM]

believe, is in the third draft of the ordinance.

>> There's also exhibits that show --

>> Kitchen: Yeah, I've seen the exhibits. I guess I should specify. I'll get more specific. I have questions about it, that the exhibits we're not answering. And I guess my overarching question is -- or -- go to how much of that detail goes into the actual ordinance. How much of it is decided later. Who is deciding it. And those kinds of things.

>> And I know I sound like a broken record again. We're doing zoning. This is not a site plan. We do have a higher level of detail than we do with the normal zoning case. Keep in mind that we're not designing a building or designing a trail collectively here. There are always going to be some details that are going to be left to when more engineering work is done in the future. But we try to set the parameters with the ordinance and the

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exhibit.

>> Kitchen: That makes a lot of sense. With the pud zoning we often put more details in, because we're basically -- we're basically agreeing to a set of benefits in exchange for entitlements, and we have to

know that the benefits that we have in mind is the same thing that we're going to get. You know, so that's really the nature of why I'm asking. Because those details make a big difference on what it is that we're actually getting. And watershed is on here, right? I'm just wondering if there's any discretion at this point in terms of the placement of that trail, or is the thinking just that where it is right now is not beneficial from a water shed perspective? Is that the thinking?

>> So the safety and mobility study has all of the detailed standards and the explanation as to why it should be moved. If you could give us some -- a little bit of time, I can find those pages and reference them.

[2:33:37 PM]

And be able to share them with everyone so you're aware.

>> Kitchen: Okay. And then my last question related to -- for now, and then I'll turn it to others, is the -- you know, right now, one of the nice things about getting to that -- the stairs and then walk the side where, you know, the bat area is and then walk to the bridge. Is that going to remain? From what I'm seeing, I think I'm seeing in the background that that goes away. Am I seeing correctly?

>> You are seeing that correctly. So, instead of entering from the way that the design appears right now, as I understand it, is there is a building that will be -- I don't know what the setback is from the right of way of congress bridge as it goes up. But it would be set back from there. And rather than going in between the building and the bridge

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through -- for lack of a better term, a tunnel, you would go a little bit further, about 200 yards further to the -- traveling east, and then enter in between -- into the plaza that would open up into the great steps, and then to the great lawn with Ada accessibility.

>> That accessway would be a parkland easement. It would only be for bicycle and pedestrian. It would not be for cars as well. And so what you would do is, instead of coming off of the stairs, that you spoke of, you would have to walk the length of the skinny side of the building, not the long side, the skinny side. You would enter closer to Barton springs, but not at Barton springs, because that's for cars. Bikes, too. But there would be a separate access point. You would walk across off of congress, go across the skinny end of a rectangular building, and there would be a parkland easement that would serve as a plaza that would end up towards the great steps. And it's anticipated that because we're requiring pedestrian area uses for that first level, we would have

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basically sidewalk cafes and restaurants on either side of that plaza. Fairly wide plaza walkway. You know, street almost. Pedestrian, bike only. Restaurants outside with probably tables outside and whatnot. That would lead you down to the bat area and what we just spoke of with the Ada accessibility for the bat viewing area.

>> Kitchen: Okay. Were you going to say something?

>> Point of clarification. There wouldn't be bikes on the great steps. Just pedestrian.

>> Kitchen: Okay, so I have to ask again, how do the bikes get down there?

>> The closest access to bikes would be really the Barton springs extension. So you would come off the same point that's really on the corner, and essentially go straight east to hit the trail due east.

>> Kitchen: Okay. Okay. I have other questions, but I'll let -- I'm trying -- I'll let others ask.

>> Mayor Adler: Sounds good.

[2:36:41 PM]

Council member pool and council member Fuentes.

>> Pool: I wanted to ask our parks director if she could give us an updated list of all of the parks related amenities that would be included in the pud portion of the waterfront property?

>> The items that are in the pud portion of the --

>> Pool: By that, I mean would be paid for by the applicant.

>> What is listed out to be paid by the applicant include the great steps, include the underground cistern, the amenitized rain gardens, the plaza area, the public easement. It includes the rebuilding of the 1,700 linear feet of trail. And it would also -- also, the pud -- those are the things that I was going to go into the rest of the pud, but what you just

[2:37:42 PM]

asked me was what was the applicant going to pay for. The other thing that we would like to provide for council that we realized without a map is difficult is perhaps a graphic where we could show you the different items that are within the pud that the applicant will be paying for that are considered park amenities, so that you'll be able to see that a little bit better. We could have that for you as backup by Thursday.

>> Pool: I think that's really great. The list is somewhat different than what it was a couple of months ago and I just wanted to point that out and appreciate those changes.

>> And to build off that, my

--

>> Fuentes: My question is also regarding the board recommendations for the listing. From my understanding, they issued a recommendation -- I don't know if it was last week, but I'm curious to get your thoughts on how their most recent recommendation squares away with the current pud as proposed. Any top lines or overviews that

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you would like to provide to shed some insight as to the recommendations from the board versus what is currently proposed.

>> I think one of the main recommendations than what is proposed is that the board -- and the right of way from the congress bridge or the right of way of congress through to what I called -- I call it a tunnel, but they maybe view it a little bit differently. That would be right directly from the bridge to the building and being able to not have to physically go through the plaza, onto the great steps and the great lawn. So that is one of the things that is very much different, or that they very much wish would be different in the pud. They're also thinking that there should be additional park amenities that are paid for and that have been committed to, including such things as the

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playscape, other things that they've mentioned, that would be things that they would like to have seen paid for. Another thing that they're absolutely interested in is a public process as it relates to the design plan, and that that public process would be something that's led by the parks and recreation department in concert with -- in concert with the applicant, but that it's led by the parks and recreation department. So those are the top three things that I can think of council member, and certainly I could go through and list them out more in more detail.

>> Fuentes: That was great and very helpful. Thank you. When you shared about the direct access to congress, is that the same access for the bat viewing as well, or is that on the other side?

>> So the access that they're looking for, that would be from the right of way could lead you exactly -- could lead you to the bat viewing as could the access that Jerry and I described through the great -- through the

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plaza to the great steps, also leads you to the bat area. So I think the answer is yes. One is an alternative to the other. They prefer the one that's closer to the bridge and not having to go through the plaza. But they would both lead you to the same area.

>> Fuentes: And that would be maintaining public access, a more public direct access to the bat viewing then?

>> Well, yeah. I think that -- as Scott said, a point of clarification is that right now they're -- technically, the public uses that space, but it's not public access. I believe it's all owned by the statesman, and they allow us to use that. But yes, that's how they would like to delineate that as public access. So there's just a point -- there's a little semantics there, because while public connects us there, it's not really a public access.

>> Today the only true public access is the actual trail itself, the trail that you see on the ground today going from one end of the property to the other, is owned by the Cox family, owned by the statesman, but there's an easement across

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it. So everything else that we've all done and everybody else does of parking on the property, walking across the property, standing, watching the bats, walking down those stairs, coming off of Congress Avenue, those technically are all trespassing. But of course in the future, if the pud were to pass, we may have approximately a 6.5-acre park right there. But there was some concern -- we were talking a lot, and I share director McNealy's concern about, if you have a building there, eventually that building will hit -- there would be a car accident turning onto Congress from that building. But if you leave the stairs where they are today and you have a building up against the right of way and still have an embankment for the bridge, I kind of look at it as a canyon. You'd have a building on one side of you and you'd have the cement wall there that's already there today on the other side of you. Frankly, I think that that's a little bit of a safety issue. In terms of, like, visibility and kind of -- you know, it's a

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good idea to have a place where people can be seen and whatnot. Personally, I can say that I feel that that would be a little bit of a concern there of having people kind of out of sight, out of mind, kind of at the bottom of the stairwell between a building and a -- you know, a bridge embankment. And so this would kind of -- even though you would have to walk a little bit further, I think it would be much more pleasant from an aesthetics standpoint, you know, from an urban feel standpoint. Than it would be to

walk down some stairs and squeeze between a building in a 30 or 40-foot cement wall. So it's a distance. It's definitely shorter. But I don't think it's as safe and I don't think it's as nice as what's proposed.

>> Fuentes: Thank you for highlighting the safety issue there, too. Thank you.

>> Mayor Adler: Should we go to housing?

>> Kitchen: I have one more.

>> Mayor Adler: Mayor pro tem.

>> Alter: I have questions on parks. Can you help me understand how this is a superior, with respect to parks?

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And what they're providing, not what it would be.

>> So we took into account that this is a 19 -- and the additional easement which makes it 8.1, that is about 33% of the entire space that they have available to them. So that is a considerable amount of parkland for a pretty small piece of land that they're able to develop on. On top of that, that entity -- that applicant is going to give additional money, \$100 on top of what is going to be required by code as far as parkland dedication fees go. They're going to build out those things that we just were able to solidify and share with you. We've also agreed upon specific triggers, so that we can guarantee that once certain

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phases are completed, that the actual park will be available, so it's not as though the park

-- that lots of construction will happen, and there will be no park available to individuals. So as phase one is completed, the park is completed, and that way it gives immediate access to the residents of that space. I'm looking at my notes. We've decided that we would like to be able to have some sort of a programming agreement, so that we could make sure that there's appropriate programming that will happen in that space as an amenity and an opportunity for individuals who visit that area. The underground cistern. The water quality ponds. The 1,700 acres of space. All of the things that I said earlier. So that's where we came to our decision or our recommendation

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that this could be considered superior.

>> Alter: How is a cistern or the water quality ponds, how do those -- I mean, they may be superior from a water shed perspective, but how is that counting --

>> When I think about the pieces of parkland that are along the water, there's not a whole lot of things that you can build in that space, because it's right next to the water, and we all know that eventually at some point in time, the river's going to rise up. It's going to flood. So we have to think about when we're building something in that area, how are we going to be able to make it beautiful and wonderful and attractive to individuals, and being able to think about the fact that they're willing to amenitize those ponds with plantings and natural things that people will be able to engage with, and appropriate seating and interpretive signage that can be built in those critical water areas and can withstand floods, we believe that that was an investment that would make it -- because you can't build a whole lot of stuff there. But they're willing to make it as beautiful and as attractive as it could possibly be by not just putting a dent in the

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water, but -- or a dent in the land for water quality, but instead amenitizing that so that it can be pollinators and plantings and guardsens and those sorts of things to be enjoyed. In my opinion, it will be a significant investment and upkeep for that.

>> Alter: And who is doing the upkeep?

>> We're working on that right now.

>> Alter: Okay. I think it would be really helpful -- and maybe this is in there. We have a lot of documents. But if you can point us to precisely where this stuff for the parks is laid out in terms of we know what's counting as superior, what they're paying for, what they're expecting the tizr to pay for. That would be really helpful. Because right now, it's in lots of different places. My understanding is department is saying it's superior. The parks board is saying it's not superior. And trying to understand that given that it is 18, 19-acre site, that it can't be the 27

[2:47:55 PM]

acres that would be necessary. And it's also in the downtown. So it has a limit. But those acreage that you're laying out also, we need to see

-- you know, yes, it is that many acres technically, but it's not -- even by your calculations, I'm not sure that those are all counting 100%. So, of the six acres, how much is actually counted as 100%. Can you go through that?

>> Thank you. So the unencumbered land that is essentially getting full credit is 1.6 acres. The encumbered land that includes critical water quality zone, it's getting half credit. It's 4.07 acres. 4.07.

The inundated land, which is underwater, is getting zero credit. The .86 acres. That adds up to 6.53 acres total for the deeded land, the

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dedicated land.

>> Alter: Right, but they're not getting credit for that.

>> They're getting some credit for -- well, they're getting full credit for the unencumbered

-- credit for the deeded land of 3.635 acres. I just wanted to add that you have the parkland easements, so that's 1.59 acres. So that includes the great steps area. And a few others. That's a half credit as well. That's .08 acres. So all told, we're looking at 4.43 acres. Credited.

>> Alter: Thank you. That's different than 6. Thank you.

>> Mayor Adler: Okay. Ann?

>> Kitchen: So can you tell me again what's in the credited?

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Did you say the great steps is in the credited?

>> Yes, ma'am, it's half credit.

>> Kitchen: Okay.

>> All the easements are half credit. And that's a total of 1.59 acres to receive half credit, so the crediting is .80.

>> Kitchen: Okay, but the 4.43 then which is the credit is composed of half credits for the water quality areas, and for the steps. There are easements, I should say.

>> The unencumbered land that basically has no restrictions and is credited at 100% is 1.6 acres.

>> Kitchen: Okay. So, that is the -- 1.6 acres is the area that's completely dedicated to parkland.

>> Yes, ma'am. In actual effect, what's fully dedicated is 6.53 acres.

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>> Kitchen: Well, but there's various uses in that 6.53.

>> Correct.

>> Kitchen: So the 1.6 is the part of the 6.53 that the use is parkland use.

>> I think it might be user for me just to share this sheet.

>> There's 4.07 acres, which is getting half credit that will be used as parkland. That's where we can have the amenitized water quality areas that it can be used as parkland. It has some restrictions as to what it is that you're able to actually build on that space. When we say unencumbered, it means we don't have any restrictions of what can be built. But it doesn't mean that it can't be used as a parkland or it can't be enjoyed as parkland with the appropriate natural amenities.

>> Kitchen: You're talking about the water quality area, right?

>> Yes.

>> Alter: Can we all get a copy?

>> Yeah, we can send it to you. I think actually we sent it in

[2:52:02 PM]

council member tovo's questions, I believe we sent that information, but we'll make sure we post it again.

>> Kitchen: Okay. So I think you answered my question, but the water quality area is not going to be fenced off then is what you're saying.

>> No. It will be accessible to the public to enjoy.

>> Kitchen: Okay. And what that whole area will look like now is not defined, right? I think that goes back to what we previously said.

>> Correct.

>> Kitchen: Is the thinking that

-- or is there language that allows some of that area to be blocked off for private use for the residents there?

>> Not at this time.

>> No, that would not be allowed.

>> Kitchen: Part of the programming?

>> It could be part of a

[2:53:04 PM]

programming conversation, but there has never been -- there has never been a conversation that we would be blocking it off to the public. It's a public amenity.

>> Kitchen: Okay. So then council member Fuentes had asked about the parks board recommendations. Can you speak to the trail foundation? Has the trail foundation -- I'm sorry, I'm not sure if they've weighed in at all.

>> I could real quick. I have had a conversation with the trail foundation. I can tell you that the council just approved recently. With the maintenance of the trail. And so they are exploring the possibility of, once this is all said and done, adding this possibly to that agreement. Their concerns right now have to do with cost. They would be picking up additional area to maintain. And who would help pay for that cost. And so, they expressed to me

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could you please -- when you're speaking with the applicant -- mention that we would like for them to be -- to do with maintenance in the future and whether this is kind of added, which sounds logical, if they maintain the rest of the trail to not have a hole in it in this piece. So those discussions are ongoing. That's my extent with the trail foundations.

>> And council member, if I could add to that. I don't know if the trail foundation has had an official statement as to their endorsement of this plan, but they have been part of the south central waterfront conversations.

>> Kitchen: Okay. Well, the bigger -- the underlying issue there is who's going to maintain the trail. As well as make someone ask about the -- I guess mayor pro tem asks about the water quality. Okay.

>> Mayor Adler: Okay. The applicant is here. If at any point a representation of what the plan shows or doesn't show, you want to

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correct or refine or better explain, raise your hand so that I can give you -- go ahead. Get to the microphone, please.

>> Richard on behalf of the applicant. I think on the park acreage, I just want to clarify that there's a lot of acreage that's being thrown around of what's credited and what's not. If this were conventional zoning, which is what did you measure superiority against on the code, you're limited to 15% of the growth side area. The growth side area includes floodplain, critical zone, and the inundated area, in fact.

15% of our acreage would be about 2.8 acres total, whether it's floodplain, critical, or whatever. One of the superiority items that hasn't gotten through yet is we're doing 6.3 plus park easements for a total of eight. And the baseline is 2.8, I

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believe. And I just wanted to say that.

>> Mayor Adler: Thank you.

>> And we have a lot of information. You know, this is a big, complicated case, and it's all we're focused on. Your staff has a gillion cases they have to focus on, so I don't expect them to focus on. But if there is a question about if we're going to get back to you, more than likely we've got some information for you.

>> Mayor Adler: Okay. Do you have answers that are responsive to the questions that council is asking? If you would send us all an email or a note --

>> We're making notes of those.

>> Mayor Adler: That would be helpful. Leslie.

>> Pool: I wanted to go back to the conversation about the trail foundation, and I've been having some conversations with the executive director, with Heidi Anderson there. And I just have to say, I agree with her that the trail foundation should not be the sole entity responsible for financing the maintenance of the park and the trail, should that

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agreement be struck. That's a big lift for that relatively small entity at this point. And I know we are all very supportive of the work that the trail foundation is doing. We're looking at them growing, and that's a good thing. But I would look to the property owner, and the applicant to acknowledge the very vital role that will be with the maintenance agreement and the trail foundation and see if some additional assistance and persuasion might be brought to bear on some of the other groups that might be out there to help with the financing of the maintenance. I do think it's legitimate what the trail foundation is saying, that they do not currently have sufficient bandwidth for that to do the size of the project. I do think that that is the group that should be tapped to do it. And so I would be looking for our private sector partners to

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help with finding ways to do that financially.

>> Mayor Adler: Okay. Anything else on parks? Okay, let's go to housing. Council member tovo, you still with us?

>> Tovo: I am, but I'm not in a position to be able to ask questions right now.

>> Mayor Adler: Okay.

>> Tovo: Thanks. What would be the next area that you've covered? What about the quantification issue?

>> I'm sorry?

>> Mayor Adler: At some point, how do we know what the property owner can do or not do and still have an economically viable project?

>> Well, we do have Derek here from eps. And he's completed the phase one report that we discussed last time. Both the economic feasibility, the project today as proposed, as well as the additional cost of some of the amendments. So is that what you'd like?

[2:59:11 PM]

address?

>> Mayor Adler: Yes.

>> Anyone want to re-summarize those points?

>> We have looked at the variety of issues that were asked for by the planning commission as well as by the city council. Specifically those items that the developer has indicated they are not able to finance, and so they picture then, as now, is that this project under current market circumstances costs more to build than it is expected to be worth. That was the same result that was found a few years ago by another consultant, and that's where economics seem to be today, even with fairly rapid escalation of property values, costs on construction, and related issues have gone up at the same pace and even faster than the values have increased.

[3:00:12 PM]

over the last couple of years. There continues to be a financial gap for this project to be feasible. That said, the developer is, of course, forward-thinking and looking to the future, and has agreed to a number of the superior items that do add costs to the project and we've gone through a number of those. Including a different approach on affordable housing, as well as parkland maintenance costs being born by them and so forth. We've estimated the value of each of those specific items. I don't know if that

material is available from our previous conversation in July. But those numbers have not changed. Is that something that we can reference or even call up on the screen?

[3:01:13 PM]

>> It is included in the backup. There's actually two copies in the backup. They're actually, to be honest, identical. One has the word draft on it, the other does not. But they're the same.

>> Mayor Adler: Got it. And all the information is there? Thank you.

>> So if there's a specific question about a specific one, I'm happy to take that question. Otherwise, it's part of your agenda packet.

>> Mayor Adler: Okay, thank you. That's all the questions I had on that. Anybody have any other questions? Yes, council member Renteria.

>> Renteria: Is the cost difference in your report also? The amount.

>> Yes, it is. There's an estimate of what the previous consultant had estimated the value of the development to be versus the cost of construction, and again, the values reflect a combination of, say, market rate in affordable housing, market rate in affordable commercial space and so forth, relative to the cost of essentially high-rise construction with underground parking and so forth.

[3:02:16 PM]

In addition to the parkland dedication, and transportation improvements and so forth.

>> Renteria: So your report also is going to show the gap between like, for instance, affordable housing and what the gap is going to be?

>> Yes. We've estimated what the -- right now, the affordable housing proposal in the pud is to provide 4% of the rental units at a certain income level. And we've estimated what that costs the project to do that. And then we've also estimated what the cost would be to adhere to some of the other affordability requests, those from the planning commission as well as the one from the council in the first reading.

>> Renteria: Is there a rate also on the fee?

>> We have an estimate of that as well, yes.

>> Renteria: Okay, thank you.

>> Mayor Adler: Okay. Yes, mayor pro tem.

[3:03:16 PM]

>> Alter: Not sure if I'm going to ask this right, but let me try. In your analysis, the data that you used for the cost on the land was the data for what they paid for it?

>> No. We do not estimate the price of the land as part of the analysis at all. We are solving for what the land is worth after it is constructed.

>> Alter: Okay, so there's no price of the land that's in your

--

>> Not in our analysis, no.

>> Alter: Okay, that's helpful. Thank you.

>> Mayor Adler: Yes, Ann.

>> Kitchen: So, the scope of your -- the scope of what you valued, did you value separately the additional entitlements, the value of those? And I'm sorry, I haven't looked into what you analyzed.

>> Right. The previous consultant a few years ago did do that analysis

[3:04:18 PM]

of the value of the entitlement. So, yes, they were looking at the added value of the increased density allowable and the mix of uses allowable on this site. And we have built from their analysis to ours.

>> Kitchen: Okay, but that was a number of years back. So how does that work with your current analysis? Wouldn't have the value have increased?

>> Well, so what they found, and I alluded to this earlier, is that the cost to construct what is envisioned for entitlement is here, 2-plus billion dollars. But the value of that once built, particularly given the affordability constraints and so forth, is actually a little bit less than the cost of construction. So that was their conclusion. And what we have done so far was

[3:05:19 PM]

to escalate their conditions, how much values on rental apartments and condos and hotels and things have changed since that time versus how much have the costs of construction gone up in that same period of time, and what we have found is that there continues to be a financial feasibility gap looking at today's market.

>> Kitchen: Okay. So looking at today's market, the gap is -- tell me if this is fair to say. That the gap is largely due to what we're all seeing now in the cost of construction and materials? And labor?

>> Yes.

>> Kitchen: Okay. And you projected that over time? So why are they building it?

>> Well, that is a question for them rather than for me.

>> Kitchen: I know, but as part of doing our analysis, I mean, I think that that's -- there must be some value there to doing it, or you would just walk away from something like that.

[3:06:19 PM]

So, you know, as someone who's

-- you know, what's helpful to me is -- it's very helpful to understand the value and the way in which you're helping us understand that the cost is higher. But that doesn't -- my bigger question -- I mean, that doesn't

-- my bigger question is, well, there must be some value to it or they wouldn't be doing it. So I'm not sure what the -- I'm not sure what the utility is of comparing their costs just to -- the things you compared it if it's not giving me the big picture for why would they proceed. Is it because -- I'm not going to speculate. What can you tell us?

>> I think you've chosen an apt word there, to "Speculate," and my speculation is that they, like other developers, are likely to be looking to the future where costs settle down a little bit. There's been rapid escalation of costs in the last few years in particular. The value of rents and other

[3:07:22 PM]

things have gone up fairly steadily. There was a blip during the beginning of the covid era, but we're back at least in every respect, and then some on housing in particular. So at some point, if I were then, and now I'm speculating --

>> Kitchen: Sure, I understand that.

>> I would be looking to the future and seeing that the future of downtown Austin is very strong, the future of the market here is very strong. All I can do knowledgeably, without casting a hail Mary is look at what today's market says and find that it has a significant financial challenge under today's market.

>> Kitchen: Okay. So, under today's market, now, this is to be built in phases, right? So, does your analysis cover the timeline for the whole phases, or is it a point in time now?

>> We have looked at it as a point in time, a snapshot for today's market.

>> Kitchen: Okay. And how long is the phases for

[3:08:22 PM]

this? Do you happen to know?

>> Council member, we don't have a specific number from them. It's always a guessing game, even on their end, I think. We've always presumed it's a -- you know, at least probably a ten-year, you know, buildout. Depending upon market conditions and construction time. Something of this size is not going to go up overnight.

>> Kitchen: Yeah. So our analysis is useful and helpful for us, but it's looking at it now, not ten years in the future, or five years in the future.

>> Correct.

>> Kitchen: Okay. I have a housing related question, but I'm not sure if we're that to the moment.

>> Mayor Adler: Not quite yet. Chito.

>> Vela: Just a quick question on the profitability. You hear that. I'm just trying to use an analogy. May be imperfect, but people are always valuing stocks and saying that this stock is overvalued,

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and a lot of times, you know, it continues to go up. Is that kind of a similar analysis where over the long term, there's opportunity there that may be, again, I think about the housing market also, where the idea of purchasing a \$600,000, 1,400 square foot home is just beyond a lot of people. But clearly, it's a bunch of people doing that. With the expectation that the markets will kind of -- is that kind of the appropriate analogy to y'all's analysis of the current valuation metrics?

>> I think that the analogy is apt to a point. I think that each of these types of buildings requires an equity component and a lending component to get financed, and what we are seeing is that those entities, particularly

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institutional investors, pension funds, insurance companies, that sort of thing that have a very long-term view of the -- you know, they want to build it and hold it, they may have a very different view than someone who plans to build it, condos, for instance, where they build it and literally sell it as soon as they can. The builders of that do not receive that escalation over time. So it depends on the perspective

of the particular building and investment. But certainly there are investors who are taking the long view and accepting a lower rate of return with speculating on future growth.

>> Any thought on how the rising interest rate project, how that affects the project?

>> Yes. Rising interest rates affect both the construction side of things in terms of getting lending and getting, you know, investor return thresholds.

[3:11:24 PM]

If you can put your money in an IRA or, you know, and get a higher interest rate today, or you are borrowing money and have to pay a higher interest rate, it's going to change what you're able to do. The cost of financing itself, other than the labor and materials for the project, just financing a project, that goes up, which means that you have to be able to sell or rent it for something more. At the same time, on the buyer side, when, for instance, on the condos, for the same income level, if you're paying a higher interest rate on your mortgage, you can't afford to pay quite as much for the unit itself as you would have if your interest rate was 3% versus 5.5%. That household cannot afford to pay the same amount of money for that unit. So the rise in interest rates which doesn't appear to be, you know, temporary, or at least not

[3:12:27 PM]

ending very soon, certainly does affect the perspective of the future for this project.

>> Vela: I appreciate that. Just another one of my concerns with the project is if this doesn't move forward, then what's next? Both in terms of -- I don't think the financials are going to get any better, in terms of rising interest rate environment. Those kinds of factors. I think from the city's perspective, both as a political entity and, you know, for the people of Austin, we've had an empty shell of a building there for quite some time and I'd hate to see another decade with kind of an unused, unoccupied piece of land there not generating any significant revenues -- any significant tax revenue for the city. I know that the current owners have substantial, you know,

[3:13:28 PM]

wealth, and my sense is that there is more of that kind of, like, long-term perspective. This isn't a single family home flip kind of situation. Hopefully they're going to be in it for some time. Anyway, thank you very much.

>> Mayor Adler: Did you have anything that you thought would be helpful? I saw you raise your hand.

>> I wanted to follow up to Darren's comment in an answer to Ms. Kitchen's question. We won't build this if it doesn't make sense. We entered into this with the framework of the south central plan, with the public finance, and the plan that we thought would work. As we move through the process, if, in fact, it gets to where it doesn't work based on a cost basis, we won't do it.

[3:14:30 PM]

With your conclusion, council member VEL -- if the statesman stopped, I think the south central stops and we lose an opportunity for another number of years to generate revenue for the city. I didn't want to leave the impression that we'll take whatever we can get, because it's just a numbers game, it's just math. And we can get through it. But it won't happen if it doesn't make sense.

>> Mayor Adler: Okay, thank you. Any other questions on the expenses and the calibration of financial feasibility? Okay, let's move to housing then. Council member kitchen.

>> Kitchen: This is a question that council member tovo had, and since she's out, I wanted to go ahead and ask it for her. The primary question here is,

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why the staff recommended the proposal. You know, with 4% affordable housing since the ordinance requires 10%. You know, the pud ordinance requires 10%. So what was the thinking with -- what is the thinking there? The other thing is that 4% is not very much at all for this space. So can someone articulate why it was recommended at just the 4%?

>> Sure, council member. The 4% comes from the south central waterfront vision plan. However, as stated earlier this morning, there was acknowledgement made for the fact that certain of these -- the idea was there's going to be this breadbasket of community benefits that we wanted to see in the district as a whole. And certain parcels would have

[3:16:32 PM]

to bear more of the cost, if you will, if you look at it that way, of those public benefits. And others would need to bear less. So the statesman track as well as the bartons spring road, even more so now than we thought back in 2016, the idea was -- the thought was this parcel would bear less of the affordable housing than other tracks. Because it is providing other community benefits that were desired as well. And then with regard to the pud ordinance, yes, we do have what we commonly call tier 3. This says 10% of the bonus area above a certain F.A.R. And above a height is required to be affordable housing. In this case, the allowable height is 96 feet. In the existing pud.

[3:17:32 PM]

It does have about a 600,000 square foot entitlement, which has a pretty low F.A.R. The F.A.R. Proposed with the 3, 3.5 million, I can't remember the exactly number, but the proposed development is still a pretty low number. It's still down there around 4.2 or something like that. I do think we have the numbers. You know, my understanding is it would be more if you applied tier 3 rather than the 4%. We just simply said -- our goal was to try to, as we're reviewing the pud, use the south central plan as our guide post, if you will. The south central plan called for 4% on this track.

>> Kitchen: So it attributes 4% to this particular track?

>> It said that the 4% of the provided housing on this tract should be affordable housing. It doesn't say that 4% of the

[3:18:35 PM]

district needs to be on this tract.

>> Kitchen: And is the amount of housing on this tract what was anticipated under the south central waterfront?

>> The number of units?

>> Kitchen: Yeah.

>> I'd have to go back and look.

>> Kitchen: Okay. So I'd like to understand that. I'm also trying to understand how we get to 20% overall if this track is only 4 and only part of this tract is 4 because it's the part related to residential. So how do we possibly get to 20% on the other tracts? What's the thinking there?

>> I think a big part of that is looking at how we take city-owned property and how that's redeveloped in anticipation that that would be a substantial amount of affordable housing. So I think when we're looking at it in its totality, we realized that there would be, you know, a greater proportion on that particular site to help balance

[3:19:40 PM]

out. Now, as we look at the entire district, that's what we would start to try to piece together as each development opts into the regulating plan and chooses to access those additional entitlements in exchange for the community benefits.

>> Kitchen: So what do the numbers show us? Do the numbers show us that we can get to 20%? What does it show us we have to have on those other tracts to get to the 20%?

>> I'd have to -- I'm with Jerry and that I'd have to go back to the plan to look to see -- and I'm not sure if it lays out that level of detail in recognizing that there will be probably some different uses even from what was envisioned is based on what we know is coming with things like project connect stations and whatnot.

>> Kitchen: So did you guys or did someone else do any analysis in approving the 4% that would show us at least what that analysis was based on?

[3:20:40 PM]

I mean, I hear what your thinking was, Jerry, but was there math associated with that in the sense that, did you all have an analysis done of the other tracts and what it would require on the other tracts that would make the 4% okay?

>> Council member, it's been a while since 2016 and the person who worked on this has retired, so I would have to go back and

--

>> Kitchen: Yeah, but I'm talking about now.

>> Now we have only one pud in for the district. I can tell you we've had preliminary discussions with other developers that represent attorneys, other developers in the drishth and we have talked about affordable housing. I've even -- there's even proposals to increase affordable housing above what's required by the pud ordinance. Of course, they want things in exchange for that. So at this phase, I'll have to go back and look and see how it's pencilled out.

[3:21:42 PM]

I couldn't tell you about other developers across the district, in talking to them about affordability numbers. So far, we're talking about numbers that I think went above what was contemplated in the plan to try to get to that 20. But they, of course, want more than the plan offered them in the first place. Similar things happening on the statesman with regard to certain things, but not affordability. But they're asking for more as well. We're asking for some things that were not in the plan as well. We'll have to go back and see what the new math was for the district as a whole with regard to affordable housing. But I do know there was 20, and this one got a break because of all the other things.

>> Kitchen: Well, I'd like to see the math and I'd like to see the analysis from the whole district. And I'd like to see what the thinking is that we can get to 20%. You know, where and how much. And then I'd like to understand which ones of the other tracts

-- I'm not sure if I heard you right, but which ones of the other tracts have applied

[3:22:42 PM]

perhaps for zoning. Is that what you're saying when you talk to them?

>> They have not applied yet. There's some that already have entitlements, you know what I mean? That are outside of the south central plan. There are -- there's a another pud that's in for the preliminary stage. And then there's other properties. The plan can grant entitlements that maybe aren't necessarily used, you know what I mean? That would be regulations. Entitlements are just that. The right to do something, the ability to do something, not the guarantee that that's what someone is going to do. Of course, we never really know what somebody is going to do anyway. A lot of times, it depends on a lot of stuff that they're going to address. Like, what type of developer are we dealing with? Is this long, slow money? Is this foot money? What's hot on the market right now? Is it office? Is it residential? Is it for sale? Is it rental? These things all change right

[3:23:44 PM]

now as the economy changes. Some developers are ready to go now in the district. Some are just fine with the revenue that they're bringing in right now. And there's quite a few properties down there that are underutilized given where they're located. I've heard that they're going to stay what they are right now, for whatever reason. That's what the owners have decided to do. You can always set the 20% as your goal. You can do math on how would I get to 20%, but you kind of still need the market to get you to the place that you can get the 20%, because you need people to have the incentive to actually build what you hope they will build.

>> Kitchen: Yeah, I get all that, but 4% is quite a bit less than 20%. I think we should at least have some -- I hear you saying you do, but I think we at least need to understand what the analysis is that makes us think that it's okay -- in the future, because

[3:24:50 PM]

you know, to take the first one and say it's 4% and that's enough and our goal is 20%, I'm very uncomfortable with that.

>> Mayor Adler: And the further element of that, to piggyback on that one, is I don't know if your discussions with property owners change. If they have a different entitlement possibility or bonuses that you have. I don't know if that means we can try for greater percentages in some of the other properties if we did that. Or if we generated tirz revenue and wanted to use the tirz revenue obtained in the tirz or

a bond or whatever we did, and wanted to take some of that money and buy down affordability in projects, whether we could achieve greater affordability in the project.

>> That's always a possibility, mayor. Our goal is to try and negotiate as much as we can out of them

[3:25:51 PM]

first.

>> Mayor Adler: Gotcha. Council member Fuentes.

>> Fuentes: Mayor, you mentioned earlier this morning about us having a conversation about taking a look at the south central waterfront plan and revisiting that conversation. I didn't get a chance to pipe in at that point. I'm with you in taking a look at how we can add density in this area, and add even more housing. Especially since it is prime location, and it's an area that needs more housing, especially affordable housing. Colleagues, I do want to draw your attention to an amendment that I plan to propose on Thursday when we consider the item. It's a very simple amendment. It seeks to strike motel/moe it seeks to strike Mo hotel/motel use for the pud agreement, really recognizing the housing crisis that we're in. The fact that I read in the Dallas journal that there are 25 different hotel projects planned

[3:26:53 PM]

in Austin. I really don't see another reason to have another hotel as part of this development. So to the extent that we can encourage residential use, is something that I am in support of, and I also would love to hear feedback from the dais on this topic and welcome a conversation.

>> Mayor Adler: Leslie.

>> Pool: If we're close to buttoning this up, that would be great, because we have our outside counsel here for the Austin energy meeting.

>> Mayor Adler: Okay. Ann?

>> Kitchen: I was just going to give council member Fuentes some feedback. I think that's one of the steps that could be taken to increase our housing, and I would support that. I do want to see the analysis, and what's our best thinking about how we can get at least closer to the 20% for the whole area. I think we have to ask ourselves that question now. If we just keep taking these things piece by piece, I don't

[3:27:54 PM]

see how we ever get there.

>> Fuentes: I've already asked staff if we can incorporate that into our overview of the district on Thursday.

>> Mayor Adler: On Thursday? Great, thank you.

>> Renteria: Mayor.

>> Mayor Adler: Yes, council member Renteria.

>> Renteria: I know that they used the square feet, and I don't know where they got that 3 million, 500 square feet. Is that the whole district or is that just the pud --

>> That's just the pud. Just the statesman pud that we're talking about right now.

>> Renteria: Okay. So that number that y'all got, it's like 290 square foot of affordable rental space. Rental space is apartments?

>> Yes, sir.

>> Mayor Adler: Okay, anything else before we -- council member vela.

>> Vela: The -- going back to the affordable housing conversation, one of the -- one of my senses about why it's 4% is because of the amount per unit. The subsidy per unit is going to be extremely high in this

[3:28:56 PM]

project. And again, please correct me if I'm misunderstanding this. When we say 80% mfi, that's a fixed number that is going to be \$1,200 or \$1,000 or whatever that number is. If we have a vmu project that's renting for \$1,800, you know, that's a \$600 per unit subsidy. But in this case, my understanding is that these units are going to be renting for substantially more than \$1,800, potentially 3,000, \$4,000. So the subsidy per unit is going to be in the -- you know, 30,000, \$40,000 per year range. Am I understanding that correctly?

>> I think that generally factors into it.

[3:29:59 PM]

>> Vela: And going back to previous conversations that we've had, if we take that value from the 4% affordable housing and we spend that in a close by similar type of location, I just feel like that's where -- I mean, if we take that \$20 million and we build that housing on the 1 Texas center, you know, that gets us a lot more, or in another close by similar location, I feel like that gets us a lot more toward our

housing goals than just getting the 4% of the units within that. Again, I know that's -- there's a range of opinions on the matter. But at the end of the day, I'd rather get, you know, more units, just period. As opposed to the kind of subjective value of like a unit in that particular development.

>> And Jerry reminded me that

[3:31:02 PM]

Darren did cover that, so he's available to answer any questions if we want to take that time or that material is available for you to review.

>> Vela: Thank you. No further questions.

>> Mayor Adler: Ann?

>> Kitchen: Just very quickly. I hear what you're saying. I can see that if we're talking about the one Texas center. But anything else around there is going to be just as costly. Until we get down to our -- our perpetual question is, does everybody get to live near the lake? But if we just do in lieu -- and I know you weren't arguing for this. Yes, it costs more there, and that's why people who have more money can live there. And so it's -- you know, I'm wanting to understand how it is we're going to plan for this area, so that it can be more like a Mueller, where we got 20% affordable housing. So, you know, it's a problem. We have to see if there's a way

[3:32:02 PM]

to solve for it. Thank goodness we have at least some public land right there with the one Texas center, and maybe that's part of how we solved for it. If we just focus on the cost, we will never have anybody that's lower income living downtown, or near downtown or near the lake.

>> Mayor Adler: So for what it's worth on that, council member vela, I agree with you both. I don't think that finding housing that's not downtown substitutes for housing that's downtown, but I do believe that if we could get more units on an adjacent or nearly adjacent piece of property, that is also downtown. Then I would go for the additional numbers and for me, it wouldn't need to be on this site. Okay. Anything else before we then go to Austin energy? Council member harper-madison, your hand raised?

[3:33:05 PM]

No?

>> Harper-madison: No, sir, it is not.

>> Mayor Adler: Council member tovo, are you with us and want to speak? Don't see her either. Thank you very much, we'll see her on Thursday with all those lots of questions. Thank you. So, we're going to recess the Austin city council meeting. We'll do the pulled items here after the Austin energy meeting here at 3:30. We're in recess of the council work session.

Part 2

Great.

thank you.

i'm going to go ahead and reconvene the austin city council meeting here at four 30.

we have a quorum present.

we only have a few cold items. I don't think we'll be here very long.

yes.

i just wanted to let you know that i'll be taking the rest of the meeting upstairs in my office.

so i'll be remote.

thank you.

okay.

thank you.

um, cause we were lsu pulled a one item.

i will take a copy of this.

[85. Approve a resolution relating to the transition of the austin rowing club and other organizations that use the waller creek boathouse to similar facilities located at the former youth hostel site owned by the city, directing the city manager to return with a financing plan to make improvements to the former youth hostel site, and authorizing the negotiation and execution of agreements necessary for the operation of these organizations, including organizations that operate at the former youth hostel site.]

I did.

thank you, mayor.

um, i had pulled the item, i think it's number 85 and it's a council member item.

and it wasn't specifically about the intent because i understand, you know, pretty clearly what, what is happening with this particular boat concession and how we're trying to make sure that, um, you know, the city's doing their responsible part to make sure they don't impact their business operations.

but i did want to daylight a bigger question, which is going to be about how does the city of austin, the transit partnership and cap metro help factor in the financial cost and responsibilities as we move closer to project connect implementation.

and so i just thought this was an interesting first case study about, you know, if the council says the atp needs to pay for it, is the atp involved in that.

and how do we make sure that cap metro, who is the ultimate operator agrees with that prioritization of the dollars? So i've been looking through the contract with the voters and trying to understand if anything was explicitly spelled out about a situation like this.

um, but i wasn't sure i know anne's the resident expert on that.

the mayor and the mayor's on the atp.

did you look in the jpa that, cause i can't answer that question.

i don't know.

and they can tell us, but it would be probably in the joint powers agreement if it was spelled out.

can you tell us, i'm sorry.

i didn't mean to interrupt that's okay.

i appreciated you jumping in there.

and then i know we also have an amend amended ila coming to us that i've put in some questions it's on this next agenda too.

so i think it's just a timely conversation.

uh, good, uh, good afternoon.

uh with the project connect office city of austin.

uh, it's a good question.

i do not believe that jpa speaks to the specifics.

this is a very, um, you know, the jpa is a 50,000 foot view of the roles and responsibilities of the agencies involved in the partnership to implement project connect.

this particular matter as it applies to parkland, um, is also tangled with texas parks and wildlife six f funding, which is making, um, the, what can happen there as we think about a relocation of the boathouse, which is which we've had a lot of public dialogue about through the spring.

um, and i'll say for the record that austin transit partnership, capital metro and the city are committed to optimizing all three of our resources for the best outcome, um, in moving that concession and any, um, mitigation needed for any other concession.

i know epic sup is also concerned about the future of their operation.

and so we are committed and there's, um, a lot of staff on in both the city and atp and ken metro right now, working on the details and different scenarios on how to optimize, um, the best outcome we recognize.

um, that project connect is the catalyst for this, to the extent that the project, um, will come forward and finance the entirety of making part whole, we will do that, but we definitely are not in a place that being said, there's so many moving parts and we will have to be creative with a financial plan.

um, we wouldn't recommend guideposts at this point that, you know, points us in one direction or the other, because

[4:34:50 PM]

we're really not there yet. It's really preliminary and the know that the earliest per sequence plan that we would start any sort of work would be 25 at the earliest. So that's what I can tell you on the staff side.

>> Ellis: That's helpful background and to be clear I want us to be able to support our concessions. There are a number of us who have concessions working in the parks department in our districts, so I want to make sure we're all good partners there, but I also know that the huston-tillotson is doing kind of a lake capacity study as far as not just concessions, but now that folks are getting their own paddle boards and kayaks and taking to the lake that are not part of the concession and the capacity study. And I think the more we can monitor the boats out there the safer it will be for

[4:35:52 PM]

people.

>> So Kimberly Mcneeley. The update on capacity study is that a survey has just been released. We are working with huston-tillotson and a survey has been released to ask a number of questions of the community about usages of the lake, safety on the lake, certain just survey questions that we put together in the environmental justice area that is doing the study. And we still expect that we wouldn't have results from that study until probably some time in December.

>> Ellis: That's great. I would really like to find a way to make sure that both of those concessions can operate in a way that is successful for their businesses. I think just for me if there are any other ways to financially make this happen other than starting with the atp for everything, question know there will be impacts from project connect and we have to know we're balancing how far the project connect dollars can get us. I do think it's important to protect this particular concession and other

[4:36:52 PM]

concessions that operate on that lake. But this is definitely a conversation that's going to come up again and again now that things are really getting penciled out and really real in trying to figure out exactly where these locations are going to be. I don't know if anyone else had questions.

>> Renteria: Mayor? I have reached out by another company that operates out of the hostel and I didn't realize that there was actually a paddle board rental business being operated at this time over there. Can you explain that? Give more information on that.

>> Sure. I can't remember the exact date, but at some point in time council approved a resolution that allowed an operation called epic sup which is for standup paddle boards, to have a contract with the trail foundation so that all proceeds that are

[4:37:53 PM]

made or all profits that epic sup gains from their concession goes to the trail foundation that's used specifically and directly to benefit the trail, trail maintenance or something about the trail. So that particular entity is still at the boat house -- is still at the hostel. It doesn't use the indoor of the hostel. It's an outdoor space that is at the edge of the water with a doc and that's where they do all of their business. So they're not actually using the hostel, but using a space outside of the hostel. However when the boat house would move over there, if the waller creek boat house when it moves over there it would need that entire space to be able for its operations. So that would mean without other provisions then the epic sup relationship with ttf and our relationship with them operating their business giving to the trail foundation, that would go away.

>> Renteria: Do you know if that's a long-term lease

[4:38:53 PM]

or is that -- how do you operate that concession?

>> It's a relationship between the trail foundation and epic sup and it's only forgiven amounts time until they no longer wanted to be in a relationship anymore. As we are communicating with the trail foundation and letting the trail foundation know that there's a possibility that we would be relocating waller creek boat house to the hostel area then they've been put on notice that that would effectively have to end the relationship between epic sup and the trail house -- the trail foundation because that particular space would not need to be occupied by -- now need to be occupied by the boat house.

>> Renteria: And will that be immediate or do y'all determine later on when the project is ready to start and they will move?

>> The time frame sun known at this because it would all be predicated on when it would be necessary for project connect to utilize

[4:39:55 PM]

the space that the boat house is currently at to build the bridge and I don't think there's a specific time frame associated with that. It's our intention to make sure everybody is aware of what's happening, but we don't have a specific time frame just yet.

>> Renteria: Okay, thank you.

>> Mayor Adler: We're getting the same kind of calls on the same question. We are looking at language that would go along with this for direction that asks for that to be looked at and for council to be kept involved in that. One resolution is for them to just lose their ability to be there and go away, the other is to find an alternate place for them to be. And we're happy to work with you on coming up with some kind of direction that would be responsive to the folks that we're both hearing from.

>> Renteria: That would be great, mayor. There is a certain section of town hall that finally we

[4:40:57 PM]

do have one rental but it took us three years just to get that location put there. And it's temporary also. So there's going to be some more concessions out there looking for a home.

>> Mayor Adler: Right.

>> Renteria: Once everything has started to develop. We have a great location there at the old parkland and we need to have discussions on that if possible.

>> Mayor Adler: I agree. And to the base question you were asking in essence for who pays for -- who pays for the land and pays for the move, my understanding is the atp board asked the same question and my understanding is the answer we got at the atp board was really similar to the staffs that are working with each other with an eye towards trying to optimize the budgets of everybody and figure out the best way to do it. At a really high level we know that atp is going to be

[4:41:57 PM]

responsible for buying the right-of-way that is necessary for the buildout and capmetro's role is more to operate it once atp has built it out. So I think absent being able to work something else out that optimizes everybody's dollars that is ultimately the buck where that will stop. Councilmember tovo? Thank you.

>> Tovo: Yeah, I had a couple of comments to make. First of all, thank you, councilmember Ellis. I think you've raised a really important question and this is one that came up in staff's -- in law's review of this resolution that I've brought forward and in fact, it would be helpful I think at some point to have a conversation in executive session about it. I am -- I would like to ask

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Ms. Beaudet to just -- to repeat what she said earlier because I think I heard -- I think I heard you say that there was a commitment that this is being discussed and there's a commitment to really work together to find a funding solution. You know, it's not just the land that's the right-of-way that is going to be used that's of question. You know, this is a relatively new city facility. It's been built in recent history. And the cost of reconstructing it is going to be real. So it's not just the land value, but there's also kind of who pays for the construction or renovation of the new facility that's an issue as well as the associated amenities. And we went back and forth with law over what language to include, but I would like to ask medicines Beaudet to comment on that. And as a minder when we were talking about that on the interlocal and the agreement, this specific issue did arise. So I understand that there's

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not language addressing it, but it was clear that we're going to need to figure out what the path is forward on some of these issues. If you could just repeat what you said, it was really important and different from some of the comments that I had heard before and I just want to be sure I capture it.

>> Sure, councilmember tovo. Your correct, this item has been discussed through the project connect lens for quite awhile. And the three agencies right now, the staffs involved with implementation of the light rail are committed to optimizing our resources under the complicated processes and legal requirements that come along with the land there at the boat house which from what I understand, and director Mcneeley is here, were purchased with -- have a # F

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designation and there's a process we need to follow for replacing parkland, but you're absolutely correct it's silent on the facility renovation as you said. And we were well aware of that and committed to optimizing how we make that happen in a way that respects our concessions, the timelines and ultimately, you know, makes pard whole and makes the community whole with that amenity. I don't know the answer to that. I just know that there's a lot of moving parts. We've been working through some sketch scenarios on how we might do that working with park staff, project connect staff, atp, and

so we just need some more time to continue to work through that, but I believe there is an option out there that will be doable.

>> Tovo: Well, I'm glad to hear that and I think it would really be a challenge if the financial responsibility falls to pard. So that's not a scenario I want to see as an outcome here in terms of the

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rebuilding of the boat house. And just to speak to my colleagues a little bit about epic, we were also contacted and in fact I think prior to July when it had first and on the agenda my staff started working really extensively to try to incorporate some of the amendments that they had suggested. So the resolution that you will see posted, I think we're just waiting for final okay from law on some of these changes. It does incorporate information about epic sup and also has some direction that relates to that -- to the need for parks department and the rowing club to work together with the trail foundation and with epic sup on extending the concession contract. So it includes that piece. In the last couple of days, I think maybe last week, they asked us to include an amendment along the lines of what I think they reached

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out to other offices to do, which is to look -- to direct the manager to look for a new location that was really outside of the posting language for this item. So that probably has to be handled separately and not as an amendment. I may be wrong on that. I did want to say I know some offices have been contacted by some stakeholders in roc who are highlighting and amplify the need for community space. So the resolution that the new version of the resolution that's going to post also includes a clause directing that if the resulting new boat house includes a space that's appropriate for this purpose that there would be -- that the rowing club would be directed to accommodate requests for community meeting space there. So I think that addresses a lot of the feedback that we're getting on this, and with the exception of looking for a new location

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for the paddle boarding concession. But the paddle boarding, again, the new version that you will see posted and we'll try to put it on the message board as well, does refer to the paddle boarding concession as well.

>> Mayor Adler: Councilmember kitchen.

>> Kitchen: So do you anticipate in -- I know you may not know, you know, in terms of when, but this is the type of thing that I'm thinking might be in an Ila in terms of any payment from atp. So it sounds to me like you all are still in the process of working out which funding source would be best to pay for the associated costs here. So here's my question, do you have a time frame in mind first? And what document would that be captured in?

[4:49:11 PM]

>> A time frame for the niche, not knowing if -- mechanism if it's not an Ila or a good scenario that optimizes the resources, definitely would not be before the spring before we have finished the process that interim CEO canally laid out at the July 20th Austin transit partnership board meeting. So it -- it would not be before that. And again, we don't anticipate any construction activity before 2025, so that's the best timeline I can give you at this point.

>> Kitchen: I'll just ask a quick question and then we can take it offline. Are you thinking at this point that there will be Ila's for each circumstance like that? Or maybe you don't know yet. Because this is rowing dock, it won'ting the only thing where there's relationships of who's going to pay for

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what aspect of this. So I guess what I'm saying is there isn't an Ila right now that spells out any of this.

>> There is not. And we've always said from the beginning that the joint powers agreement is a living document.

>> Kitchen: Right.

>> And as we know more, as we need to spell out agreements we will do that and this definitely falls within that realm.

>> Kitchen: Okay. At this point it's too early to know if you will do individual agreements or more of a master.

>> It definitely depends on like I said, the best strategy to optimize resources with an understanding that we understand pard has concerns and we also have concerns. We understand that pard has a lot of need and not a lot of funds. We understand that.

>> Kitchen: Okay, thank you.

>> And just to be clear, councilmember kitchen, the last one you said rowing dock, but this is the Austin rowing club.

>> Kitchen: I had rowing dock on the mind.

>> That will happen.

[4:51:19 PM]

>> Mayor Adler: Okay. Anything else on this topic? All right. Thank you very much. Could you stay there if you want to. I don't know if there will be questions in this for you or your staff. I pulled the parkland dedication fee issue, still not exactly sure what happened. Got draft language from legal. Not sure this language does what it was that we intended it to do, but I wanted to get it out so people could see something to react it to. As you recall we had the parkland dedication that was coming up. There was some people that felt that they had had insufficient time to be able to participate. We tried to get into the planning commission. There was some delays in them begin getting a chance to meet. They've been giving us back suggestion. We could take the time to deal with all those, but I think probably the suggestions coming from the

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parkland -- planning commission are going to be involved and probably more than we could resolve at a meeting in September to get the commercial set. If we wanted to get it set with a fee before the end of the -- before the end of September. So in talking to some. Stakeholders in the process, the planning commission, it seemed as if we could move forward with a few of the elements it might be possible for us to still move forward with the commercial parkland dedication fee if there was a will to do that. But to be able to handle those questions in a subsequent process if just a couple of things were taken care of that seemed to be the real issues on -- of some of the stakeholders in the process. And they're the same ones I mentioned a month and a half ago or two months ago when we first started talking

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about this. The first one relates to fee calculation. And it addresses when someone enters into a process with a project and gets a fee determination that's not going to change over the life of the project or the project goes into the next fiscal year or whatever, it doesn't change. So that there's some measure of predictability and the financial models can be set so that they know what that cost S. I don't know whether this language does this or not well because I haven't had a chance to read it yet, but that was the intent of this. There's a fee collection issue. As you recall under the current system you either dedicate land or you pay a parkland dedication fee or a development fee. You pay those things pretty early in the process right now. Could be one, two, three years before there's actually income that's generated so you have to pay them very early in the process and then the

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developer is having to finance those fees for that period of time. And the question was what we had talked about doing when we first came up a couple of months ago was putting it so that the payment of that fee happens later in the process. So the second amendment was intended to do. The first one references the fact that exclude from the payment of the fees or the application of this is affordable housing, but it was just smart housing and the question was should we make it apply to more affordable housing than just the smart affordable housing. And then the last one initiates the stakeholder process and it says let's take all the other kinds of outstanding questions, the other questions that came up from the planning commission except for those that might be low hanging fruit that we could quickly agree on if there are any of those that represent the work of the planning commission. If there are those we could incorporate them. If not then we can have

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these go into a larger stakeholder process. We would ask the manager to come back to us in the spring where everybody could air all the concerns or benefit that they have in this, and hopefully next spring we could end up with a place that had everybody in the same place working forward on these two fees. The outstanding issues I think have to do is perhaps differences between subdivision and commercial. And I'll identify those for you now so that you can hear them in case anybody has any suggestions. I'm not sure they've been worked out in the language that has been set. We have the item on the agenda to set the fee and we postponed that in essence from the budget session with respect to residential and there seemed to be in the conversation I heard a consensus to either keep the residential fee flat up to a 25% increase, somewhere in that range, but not the 100% increase that is in the

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staff recommendation. So we would need to change the fee to come down to that range if that's what we wanted to do. And we have a commercial fee and the question is does the commercial fee receive the same kind of adjustment that the residential fee had? Right now the commercial fee is set using the same assumptions for land a value and the like that are used in the residential, but we're now coming in at something that's lower than that if we do the zero to 25% should we make whatever the corresponding adjustment is on commercial or do we adopt the commercial as it's recommended by staff even though we're not doing that on the residential side? So that's one issue that I'm not sure has been talked through in the length and way that it ultimately needs to and is probably going to be before us on Thursday for consideration. On the fee collection issue the thought was to push those things back farther into the process and we

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talked about that. That seemed to be something we could work out in the commercial area and then we said we'll do the same thing in residential that you do in commercial. The problem is that residential development, especially when you have a large lot subdivision, has subdivision but it doesn't have site plan. So if you were to push it back it would get pushed back for something like certificate of occupancy or something that happens right at the end, but then I understand that that creates a significant administrative burden if the city is attempting to collect that fee from hundreds of building, builders or lot buyers or home buyers in subdivisions. So it might not be something that we can push back in the context of a large lot subdivision. If anybody has suggestions on that it would be great to hear about it. But to get us through this week what we had asked legal to take a look at is whether we could limit it in the residential context to just multi-family projects or

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hotel projects because hopefully they could be treated the same way that a commercial building is treated and therefore we wouldn't need to hire extra fees to be going and trying to deal with hundreds of lot owners. Maybe the same group could handle it if it was just limited to multi-family and hotel workers in the context of the residential area. The affordability housing, obviously relates just to the residential side of that. The stakeholder process would be both residential and commercial. So we could probably work on it a little bit more and get it posted quickly so that the broader community can see them and hope that people will give us suggestions and thoughts. But I think that we may get to a place where we could actually move forward in September, either this meeting or in the 15th, with commercial and setting the fees in both so that they

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get established this month so that they're done and we push everything back to the stakeholder process that's not resolved if we could figure out a way to handle those first two things that we talked about, then I think we will have more people on board with that kind of resolution and we can more easily get through the work on parkland dedication this month. Mayor pro tem.

>> Alter: Thank you, mayor. I'm glad to -- that we're all committed to trying to adopt the commercial parkland dedication ordinance and continue the really important work that our parkland dedication residential allows us to do. So I think that there is some editing -- I'm not sure reading this quickly whether it meets even what we had talked about. I want to flag for my colleagues and I want to give an opportunity if we can to respond to any concerns they have here and I want to flag that I have

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really serious reservations about motion 2. It really alters the parkland dedication, the timing, sequence, our ability to get land, in ways that I think are very significant. And I think we need to hear the details. It also adds to the process time. It means we may need to have additional staff. It is a complicated thing as we've been hearing from staff in atd and Austin energy and development services when you're adding a fiat my stage in the development process. It's sort of one more hurdle. I understand and appreciate the concern of floating the finances and I will have more to say on that. But I wanted to invite pard to give a little bit more background because I think that the -- assuming we get the numbers right and the dates right, number one is

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fine, totally in agreement on exempting the affordable housing from the residential and moving forward with the stakeholder process, but I want to really focus us in and obviously pard if you have concerns about the other pieces we want to hear from those as well.

>> So council members, I've invited Randy Scott to join me, and whoever else on the team that -- while I was here with south central waterfront and statesman these individuals were sequestered talking about possible amendments. So I think they're better able to speak to the situation. I can tell you as they all sit down that we have struggled as a team to be able to consider all the different ways that payments could be collected at different time frames, and taking a look at all the unintended consequences or the administrative burdens and those sorts of things. So we have -- we've spent multiple hours trying to understand what sorts of impacts will occur depending upon when the fees were

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assessed and then when the fees were collected. So with that said I'm going to turn it over to Randy and the team to depend speak to the rest of -- go ahead and speak to the rest of motion 2.

>> We have been with dsd -- what are some of the other departments? Atd and housing, who also have some fees, a building permit. Every time we've met with them they've warned us that it's very labor intensive, staff oriented and to turn away from it basically. This is not the way you want to go through and collect a fee a fee-in-lieu of. We were interested in trying to meet that when we first heard that because of the

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four we could definitely support three of those, but after those meetings we've just run into -- it is feasible. We could do it. We could try to accomplish it. It would take additional staff to meet that, even just apartment complexes. I believe it's somewhere 80% of our -- I'm sorry? 90%. 90% of our development applications would be still be collected at what you're proposing as co or building permit, mayor. So of all residential that we do that's 90 percent of the cases so it would still be a heavy burden to meet, which would require additional staff.

>> Mayor Adler: When do you collect it on commercial?

>> Commercial, that was something that we looked at

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and we were thinking that that was something that we could collect and push that back.

>> Mayor Adler: To where?

>> To building permit. It's a small percentage. I believe the last report by dsd showed that all the development applications, about five percent of them are commercial. However, that's a little smaller load and that's something with the additional staff that we were requesting for commercial that we could collect at building permit.

>> Mayor Adler: I appreciate this and I just haven't seen the numbers. Is there -- that five percent, does that translate to a number of commercial projects that you think you would be collecting? Roughly a number?

>> Yes.

>> Mayor Adler: Do you know what that is?

>> I don't know it off the top of my head. We could pull it up. It's the presentation that we have at some point to give.

>> Mayor Adler: If you could point it out to me where it is so I can compare that number to the number of hotels that come online in the city, you know, over the course of a year or the number of multi-family units that come online.

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>> Hotels I have a feeling is a handful, a small amount.

>> Mayor Adler: So that probably wouldn't add anything.

>> Yeah, wouldn't add much.

>> Mayor Adler: But just to have a feel for what the numbers are.

>> We could break those out for you.

>> Mayor Adler: The goal is not to create extra burden, but see if there's a way to work with you to capture more of those properties in a way that wouldn't --

>> We drafted a response to one of the questions earlier that we'll be sharing with you as soon as possible. We just weren't able to get it out in time, I believe.

>> Mayor Adler: That would be helpful. But you're having to add more staff anyhow on the commercial side to handle it to --

>> That's correct. And it's a smaller burden, smaller load and I think we could absorb that.

>> Mayor Adler: Just to get a feel for what those two are relative would help me. Thank you.

>> But going on that side for the residential, that is a heavy load.

>> And I had heard that in the context of large lot

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subdivisions and all the lots and that made real good sense to me. I didn't need to see the numbers on those because it just feels like --

>> You could see the nightmare that caused and the multi-family portion of that residential is 90% basically of our load. So that's what I was --

>> Mayor Adler: So we have nine times as many multi-family projects built as single-family homes in the city?

>> That's correct, applications.

>> Mayor Adler: I need to see those numbers.

>> Yes.

>> Mayor Adler: If you could share those numbers with my office, with Michael, I would appreciate it.

>> I would be happy to. Thank you.

>> Alter: So one portion of the challenge is the administrative burden. There's another that shifts the timing. So can you speak to what we would expect in terms of parkland dedication receipts if we were for the residential moving to certificates of occupancy or building permit? How that shifts our ability to meet the park needs and when the money comes in?

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>> Yeah, we did look that up and there would be a lag in the collection in the field where we effectively wouldn't have any pld coming in for a few years with regard to the building permit. This would result in a 21.42 deficit in building of parkland and parkland infrastructures. There's been a 15 month minimum 15 month lag between site plan to one year building permit, three months, maximum lag of three years between site plan and building permit.

>> Alter: So it's a huge difference in terms of the resources that we would have available. And can you speak to owe I don't know if you have it now. I've seen some data and I know there were assertions about how much was unspent

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with the pld. Can you speak to how much pld we have and if you can't do it today you can do it on Thursday. How much pld we have and how much is spent and how much is appropriated and how that works because you're trying to amass small amounts of money into amounts of money that are large enough to purchase the land? And again, if you don't have that answer today, we can talk about it on Thursday.

>> I have a table that I provided in last -- well, as of August 3rd, 2022. And that had -- I don't know where we shared this with y'all, but I'd be happy to -- do we still have an overhead?

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We appropriated fee-in-lieu parkland, \$38 million, and I'm going to round these off if y'all don't mind without reading the decimals. Development fee appropriated was \$12 million. And \$37 million pre--- under title 30, pre-2016 parkland dedication ordinance. Expenses under fee-in-lieu of parkland, nine million dollars. Under park development fee \$2.8 million. And expenses under title 30 pre-2016 parkland dedication ordinance was \$30 million. We currently have a balance of \$28 million in fee-in-lieu of parkland, nine million dollars in park development and seven million dollars on title

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III. Under contract percent spent or under contract is overall 49%. Then I have a table that I can provide.

>> Alter: I think that would be helpful. I think it's easier. I've seen the table and it makes more sense.

>> A lot of numbers to try to --

>> But most of it -- most of it is appropriated to particular projects and particular places where you would want to do it. And stereotypes you don't have enough money yet to do the project, but you know what the project is and you have other money coming in. The other piece that we have --

>> Mayor Adler: Before you go, can I follow up with a question on this piece?

>> Alter: Sure.

>> Mayor Adler: Great. And I appreciate that. And again, I recognize that if a developer on a multi-family subdivision pays the fee three years earlier you get it three years earlier to be able to spend. I get that.

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And the people on that side are saying we'll have to spend the three years earlier, have to finance it for three years, so it's ending up costing us another 20% more than even what the fee is because we have to finance it before we get any income on it. So what we're trying to do is find the balance year and then I hate we're in a position where we're talking about fees and how they impact building in the city and the cost of rental units and multi-family in the city, but we are. So we're trying to find the right balance and we're also trying to find the right balance that preserves the parkland dedication fee in the legislative session next year. So we're trying to have in a good faith way a demonstration that we're in fact taking into believe everybody's considerations here, but I recognize that the best way to get the most land for parkland is to have really high fees that are paid several years earlier in the process. I get that. The question is and what we need to consider on Thursday

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is if there's another place to be that still protect our interest in parkland dedication and parkland accumulation because that is critical for a city like Austin, but gets the right balance with respect to how people are going to be looking at the cost to develop in this city. My suggestion would be as we go through trying to find that balance we look at the compromise that I just proposed a second ago that you collect fees right away on the large lot subdivision in the single-family homes, a lot of which are being built in our city, so that would be money that would still be coming in right away. We're talking about actually adding a commercial parkland dedication fee to it at the same time. That would be potentially dollars that are also coming in. There's more money. And it's not a permanent thing. We're talking about something that just operates in a short transition period until the pipeline is filled

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and then the fees are coming in just the same way fees are coming in now. So I hear that but ultimately the council on Thursday is going to have to figure out where the right -- where the right balance points are. So yes, we have to try to find the right balance. And if you impose this motion on commercial you won't have any commercial money for awhile either as I understand it. So you're not getting the balance which was the initial idea when we co-sponsored commercial was let's make sure that our commercial properties are contributing to our parkland needs, their workers are using it. We have trail and for park deficiencies and to address trails that we don't have access to. We had said that was a small amount of money.

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It's less if we do these things. We will address some of the financial considerations by moving to site plan application for the assessment of the fee. That also is going to reduce the amount of fees because you have an assessment that happens relative to what we're doing now, which is to try to address things. If at site plan application you're getting assessed the fees for that year but you don't get your site plan approval for another three years, you've lost that money. And then if you have to wait another two to five years to get the other you have a problem. We are trying to buy land already with our hands tied behind our back. The fees themselves are calibrated on an acre cost of \$350,000 if you were using this year's fees. If we're going zero to 25 percent we're using last year's fees, which is saying that park acres are going to cost us \$167,000 an acre so

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now you're going to compound that and wait four more years for any land values to go up and you will be more handicapped in trying to deliver a parkland. And I want to remind my colleagues and hopefully on Thursday or if we have time now, parkland dedication has gone I think 56% to districts 1 through 4. 20 percent of parkland dedication is in district 1, which has seen a lot of development. This system is to make sure you have parks and trail accesses where the growth is happening. It is set up to maintain the quality of parks. It is not increasing our quality of parks. It may be increasing the quality of park access that somebody has, but it is not set to do that. It does not include metropolitan parks, does not include district parks so there's a lot of different things there. The land in our city has gone up a lot. We have to pay it on the other end too. So I would just say that I think I can move forward bypassing commercial and

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incorporating some of these changes, some of these changes to-. I believe that changing what that changing time period for motion number 2 got the parkland dedication to a point that it will be

extremely problematic, and there are enormous unintended consequences that will come with it. Is the concern that the mayor is raising a real and serious one that is being raised? Yes, but we are setting in motion a stakeholder process and I think that is a much better way for us to get our heads around how to do that than trying to figure out and make it work. The commercial we are starting up from scratch we have an ability to say this is how we're doing it, as I'm understanding it for the commercial, it doesn't add because of the volume and because of the nature of the projects we could do that. That will delay how much money is coming in to commercial and you will not have the offset for the

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residential so you will be not having the offset for the commercial, you will not be having -- you will be reducing the amount of money that's coming in by assessing them at site plan and providing that certainty to folks. So I feel like what we're saying with that, unless we come up with a better solution, and I won't put it past you to try to come up with another solution, I feel like that we should table the motion 2 to be part of the stakeholder process and move forward with the other two, assuming if staff thinks that's doable for commercial then we could start commercial doing that and you won't have the same, you know, issue there, but you won't get the money to offset raising the residential or going from zero to 25 on the residential. There's more that can be said here and I don't know if pard wants to say more at this point. In time.

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>> I would rather have a written response provided prior to providing additional comments on this.

>> Alter: Thank you. I would appreciate it. I think we are weighing a lot of these things and I think what we need to understand are the unintended consequences of a well meaning motion that is intended to address a real problem, but we have to figure out a way forward that does not mean that our parks have to go by the way side because as we grow, as we densify, we need these parks and they're going precisely where they're needed, where the people are going or where it's park deficient. So I think that's -- that would be what I would propose to my colleagues. And I welcome thoughts and feedback as you have them. You guys haven't been as steeped in it as the mayor and I have, but I did think it was important for us to raise these issues so you understand the scope because I don't think we're actually that far apart. We have to make a decision

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on whether we want to do this. And I will not be supporting that for the residential.

>> Mayor Adler: Councilmember tovo.

>> Tovo: Yeah, thank you, mayor pro tem. I think you've raised some really important considerations that I support. I had a question, and this may too be something that our -- that Randy wants to respond to in writing but I'm wondering if you could speak to what that -- what that delay in receiving payment does in terms of our ability to really go to the market and find parkland in the immediate vicinity? I'm thinking about -- and mayor pro tem captured some of this, but I'm just thinking about what might result from a development happening, especially if it's a pretty big development. You know, that might have an impact on the land values around it immediately after it gets permitted or zoned, and that might make it even more challenging to secure land around there for a price that the parkland department can afford. So it seems like our dollar -- you talked about

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what those fees are set on and that it doesn't really allow our dollars to go as far. It seems like

[indiscernible] Of not allowing our dollars to go as far is that we've really signaled when you have a development moving forward you've signaled that that area is being redeveloped and that might have an impact on the prices. Is that something that -- is that a concern, Randy?

>> Council member, it is a concern. Right now we're projecting to be out of parkland acquisition bond funding by -- within about a year. And that would hinder our ability to expend our existing fees so basically land acquisition will be put on pause at that point in time, which at this rate of growth would put us in a deeper hole than what we already are in for the city.

>> Tovo: And I'm just

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thinking project by project the delay in those funds also means that the area around these projects, very often if there's a project going on that has an impact on the values of properties around it can make an area more attractive to other developers, other landowners. So that might also drive up costs if you're trying to secure parkland close to where the development is taking place, which I know is the goal. We want to have that parkland available for those new residents.

>> Mayor,

>> Pool: Mayor with your motion -- your attempt to fee collection amendment apply to commercial fees as well?

>> Mayor Adler: Yes.

>> Pool: What do you think about if we change this fee collection at a later state knowing that our staff just said that we would be out of parkland fee collection for a couple of years and that

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our bond funding for parkland acquisition is slated to deplete within a year or so, if we restrict this and have it apply just to residential, so that we at least get the commercial fees, and at the site plan assessment. I mean, that we get the residential fees in at the site plan assessment -- wait, that we get the commercial fees in at an earlier state and we keep -- and we restrict this motion to be applicable to residential at the later date, at the occupancy certification date.

>> Mayor Adler: And I tell you, I am open to considering anything, because I think what we're in search for on Thursday will be something that we can argue as we enter into the next legislative session that we were trying to do this in a good faith way, that we were listening to everybody that was involved, that we weren't just taking advantage of the fact that

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we get to make the rules, so we set the rules and everybody has to follow them. And I think -- I think that's what -- so I'm open to anything trying as best I can to protect the long-term standing of our ability to be able to -- to do this, in the face of some people that are suggesting that we can't or shouldn't, and in part because of how we're doing it. I would love to work with you on any and everybody, on any and all ways for us to try and figure out the right place for us to be. Councilmember kitchen?

>> Kitchen: Well, I just wanted to share that I -- that I -- I do share the concerns that the mayor pro tem has raised, with regard to the availability of funding and the timing for it. It's very concerning to me that our available funds are in the state they are in terms of we're about to run

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out and, you know, we're not going to have a bond for a little while at least. So I'm wondering if there -- you know, there may not be any way to do this, but I'm wondering if there's a way to phase in or consider

-- consider the issue that we've got right now, you know, in terms of the funding available to us and so instead of just a flat-out change, that we consider maybe making an effective date for the change later or perhaps as councilmember Fuentes suggested, you know, maybe treating them differently, or maybe just -- I don't know, I don't know what the right way to do it would be, but we have an immediate problem in terms of the dollars that are available, and so it might be that we need to recognize that and phase in any approach to later, you know, in terms of the timeline for developers,

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development --

>> Mayor Adler: I think those are all good idea, councilmember kitchen, and I would be open. I think collectively we should all be open to try and figure out how we signal a message to the world that -- that we're trying to figure this out. Another thing that would be helpful would be that -- to get a feel for how quickly we spend down the parks money, how quickly we're spending down the bond funding that we have, just to get a feel for that. I mean, if we made these changes, how much money would come in over the next three years? It wouldn't be no money. It would be some money, and -- and it would be full force money in a year or two, because projects would actually start happening during that period of time and they would be paying during that period of time, so I don't see -- there's going to be money that I think it comes in continually, there's not a five or a seven year delay scenario that I can see at all. But just to get a feel for

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realistically, what do we think the money coming in would be, and how quickly where we have over the last five years spending that money and the bond money would be helpful too, because I hear the concern, we don't want to be sitting there without any money and -- I understand that concern too. Councilmember harper-madison was on the screen a second ago with her hand raised. When I recognized councilmember kitchen, I don't know if we have Natasha with us.

>> Harper-madison: I'm here thank you.

>> Mayor Adler: Okay.

>> Harper-madison: I had enough time to grab some strawberries. Yeah, so I appreciate the conversation. I really do appreciate, mayor, your suggestion that -- excuse me -- that we're open to a myriad of potential solutions. You know, I think mayor pro tem already pointed it out that these fees, they more than doubled last year, set to double again, and I just think -- I read something today about the housing

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market leveling out, and sort of listed the cities, like by order, when it will happen, and percentages by how much, and Austin was not on that list, so I'm very concerned that these increases really frankly just outpace our property values, our rising property values across Austin, and will negatively impact housing projects that are already struggling with really inflated construction cost. You'll see that, you know, something I plan to bring to the message board is something that I was bringing to our legislative liaison, I get some complaints about like lumber shortages or lumber being arbitrarily inflated, that kind of

thing, so I've been thinking about alternative building materials during the course of this conversation around housing, because those are some of the things that people are bringing to me, lack of predictability, shortages, and things being behind schedule, just all these additional fees that make these projects just not

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pencil out. And I do appreciate how much our parks commitments are manifested in district 1, but I don't have to remind anybody here, you know, why that is -- why it will probably always be skewed until Austin evens out, you know, you just invest in a community for upwards of six, seven decades, of course it's going to shake out to where, you know, it's disproportionate, coming this direction, but it's unfortunately, parks aren't the only thing that didn't get the necessary assessment. And we need housing and I can't have the inability to produce the housing that we also desperately need because these fee increase, you know, have an impact on mixed income housing. I think they desennivize market rate projects from utilizing that density bonus program that would otherwise provide much needed subsidized affordable units. I think that's made evident

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by housing and planning's negative affordability impact statement that was released recently, you know, the combined fee increase from last year, this year's budget implications, that represents a 200 percent increase in the fee, and that does have results, that has tangible results, and some of that is, you know, this -- the degree to which it's unpredictable, you know, in a regulatory environment like that, the projects I think are just going to take longer and longer and cost more and more, and the people at the tail end of the projects are the ones that are going to have to pay for the extension of the projects taking longer, and the people at the tail end of the project that need affordable housing aren't going to get it, because those projects won't pencil out by the time all the fees are included, they just won't be able to do the affordable housing that we need in district one. I do believe it's possible to strike some kind of balance between parkland

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access and its impacts on housing cost, but I also agree it's going to take some additional collaborative work between internal stakeholders, external stakeholders, and hitting that pause on increasing the fees for a year I think will really provide a little bit of stability, which, you know, it's better than nothing, I suppose, while giving us the time to work on some of the issues that have arisen in recent years. So I will join all my colleagues who have basically before me expressed a commitment to doing what we have to

get there, but also recognizing this is delicate and nuance and complex. So no easy answers, and I look forward to the continued conversation.

>> Okay.

>> Thank you. I very much appreciate councilmember Harper Madison's comment, largely agree with them, it's a tough balance between two community needs and parks

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and housing. The housing crisis pushes me to be more careful about the costs that we're imposing on new housing, but that said, we do have to keep investing in our parks and I absolutely commit to 2024 parks bond. I know that is a ways down the road, but with the funding for the last parks bond, starting to reach its end, with additional needs that are identified, and in particular with the rider that I had with the regard to the shade, you know, I would love to get that funded, identify those areas and get those funded, so I just want to say that I'm committed to parks and I would be happy to support a parks plan in 2024.

>> Mayor pro tem, you want to close us out? I'm sorry, Leslie first.

>> Yeah, I just want to say that really what we're

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dealing with here is the cost of everything has gone up in Austin, and the cost of land has gone up, and that means the amount of money that we put in to purchase our parks needs to go up as well, and if things have doubled, it's because the value of the properties have doubled. And because that's a lot of what that calculation is based on. I do think that we have a middle ground in here somewhere. I don't want to delay things longer so that we have a larger -- I don't want to delay things in such a way that the runway to getting the contributions into our city coffers is delayed in unwieldy ways, because part of the issue is we're not as nimble as we need to be with the funds in order to make the purchases. Usually, if you make a purchase earlier, it's cheaper unless you wait 'til later, unless we have a complete blow up of our economy here in Austin, I don't think that's going to happen. While in some ways I recognize the concerns that

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are being raised about the increases and I do think we can mitigate them, and I think that our mayor pro tem has come up with some good ways to do that, and I appreciate mayor Adler's involvement in that as

well, the fact is that we have to be able to flex with the economy in this way as well if we're going to keep -- keep enough money in our coffers to be able to buy the land that is necessary to have good parks all around our city and I know that that is a really high value prospect for everybody who lives here in Austin. So -- it's a heavy lift, it's hard work, and it's orve because of the amount of time to craft this to get it to a place where we need to be, and I'm hopeful we can get there soon. I do think that there's a good resolution to this. Thanks.

>> Mayor Adler: Mayor pro tem?

>> Alter: Yeah. I want to remind us all as

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we're having this discussion, we all care about our parks. We all care about affordability and on this issue we're not that far apart. We have some issues that we need to make a decision on in the package that I'm suggesting, we are providing significant relief, so if we do between zero to 25% increase for the residential, that is a significant relief relative to what the formula would suggest we need to be able to continue to provide the level of park service that we have. If we move and we exempt all the other kinds of affordable housing units that we can under residential, that provides relief for our affordable housing providers, they will not have to pay the fees. If we move things that we're locking in the fees at site application, that provides significant relief particularly for projects that take time between site application and site

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approval. We are also putting forward a stakeholder process where we can figure out these issues and a way forward with more people at the table and an ability to take those things. I do not think that we should, you know, I think that we have an opportunity to move forward, that provides relief, and also provides resources for our parks. For the commercial, you know, we would be inviting our commercial property owners to contribute to the level of parks that we need in our community to service their employees and to help us to fill in gaps. For the employer -- for the commercial, we can start with that sort of later time period and it doesn't seem to create a lot of problem. It does, however, lower the amount of money that we will take in over this year for commercial. And so we have to weigh all of those things together.

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The suggestion in motion 2 which has to do with the financing, it works both ways, as we've discussed, and I think that can be part of the stakeholder process. What is really important about our parkland

dedication is it does tie what we get to the cost of land, which is the problem that we're trying to solve. That is good policy. That is, you know, the situation. We have a challenge that our fee -- our land has gone up a lot. And we have the ability as a council to say we want to set the fees lower than what we're allowed to by the formula, and presumably the stakeholder process will provide, you know, another way forward, and I'm committed to being part of that process. But it's not a particularly fair stakeholder process to gut the dead -- parkland dedication presidential program before you go into that process to hear -- to hear from everybody. So I do think there's a way forward. I think we're really close. I hope that you will support

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my approach and work that mayor Adler and I have done on the other items. I think it gets us along -- oh a long ways toward our goals while providing considerable relief and not just on freezing or going to 25% of the fees, but by providing affordable housing, by assessing it at site plan application, so I think these are all ways, and then doing the stakeholder process.

>> Mayor Adler: Councilmember kitchen?

>> Kitchen: Yeah, I just wanted to sort of remind myself and remind us that the changes on the affordable housing I would think would be very significant. I mean, that is the level of housing -- I mean, that is the housing we are very concerned about, so the -- the proposed amendment that changes and adds affordable housing, and as I read it, between what's in there now, and what's being proposed,

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that should cover the whole gamut of affordable housing, and so those are the -- those are the key developments and the key units that we want to exempt in this process. So I think that that's really important and helps us focus on the kind of -- on the housing that is most -- I mean, we need housing across the board. I'm not disputing that. We definitely need housing across the board, but I'm particularly concerned about affordable housing, so I appreciate that -- I appreciate that amendment.

>> Mayor Adler: Okay.

>> I won't respond to kind of the gutting argument, let's just go ahead and recess and adjourn the meeting. It is 5:40, and we'll gather together again on Thursday.