

MARCH 17, 2020

NORTHEAST LAND EXCHANGE + DEVELOPMENT

Background

TIRZ 10

TIRZ 10 created over
future Great Wolf Lodge
Resort site in Northwest
El Paso (2017)

TIRZ 13

TIRZ 13 created in Northeast
El Paso to enable land
exchange and to facilitate
safety, access and
development (2018)



Background

TRANSFER

MOU with El Paso Water Utility to transfer vacant and undeveloped land to City inventory (2018)

CHAPTER 380

Agreement between the City and Great Wolf Lodge to facilitate development of El Paso's 1st resort (2018)



Background

EXCHANGE

Land Exchange Agreement
with FSW to exchange
equitable land – future GWL
site in exchange for
Northeast land (2018)

TODAY

- **Seven** actions to secure
land for future GWL
resort and facilitate
safety, access,
development and growth
in the Northeast (today)




Next Steps

ACTIONS NEEDED BY CITY COUNCIL			
<div>1</div> <p>Resolution reinstating and amending MOU with El Paso Water Utility for transfer of 2,313 acres</p>	<div>2</div> <p>Public hearing amending the Master Zoning Plan governing the 2,313 acres in the Northeast</p>	<div>3</div> <p>Public hearing amending the TIRZ 13 boundary, City's contribution to the TIF fund and TIRZ sunset date</p>	<div>4</div> <p>Recess for TIRZ 13 Board Meeting:</p> <ul style="list-style-type: none">• Recommendation by Board to adopt amended TIRZ Project + Finance Plan• Approval of resolution pledging TIRZ 13 revenue to Northeast Development and Angora Loop/Sean Haggerty• Close TIRZ 13 Board Meeting

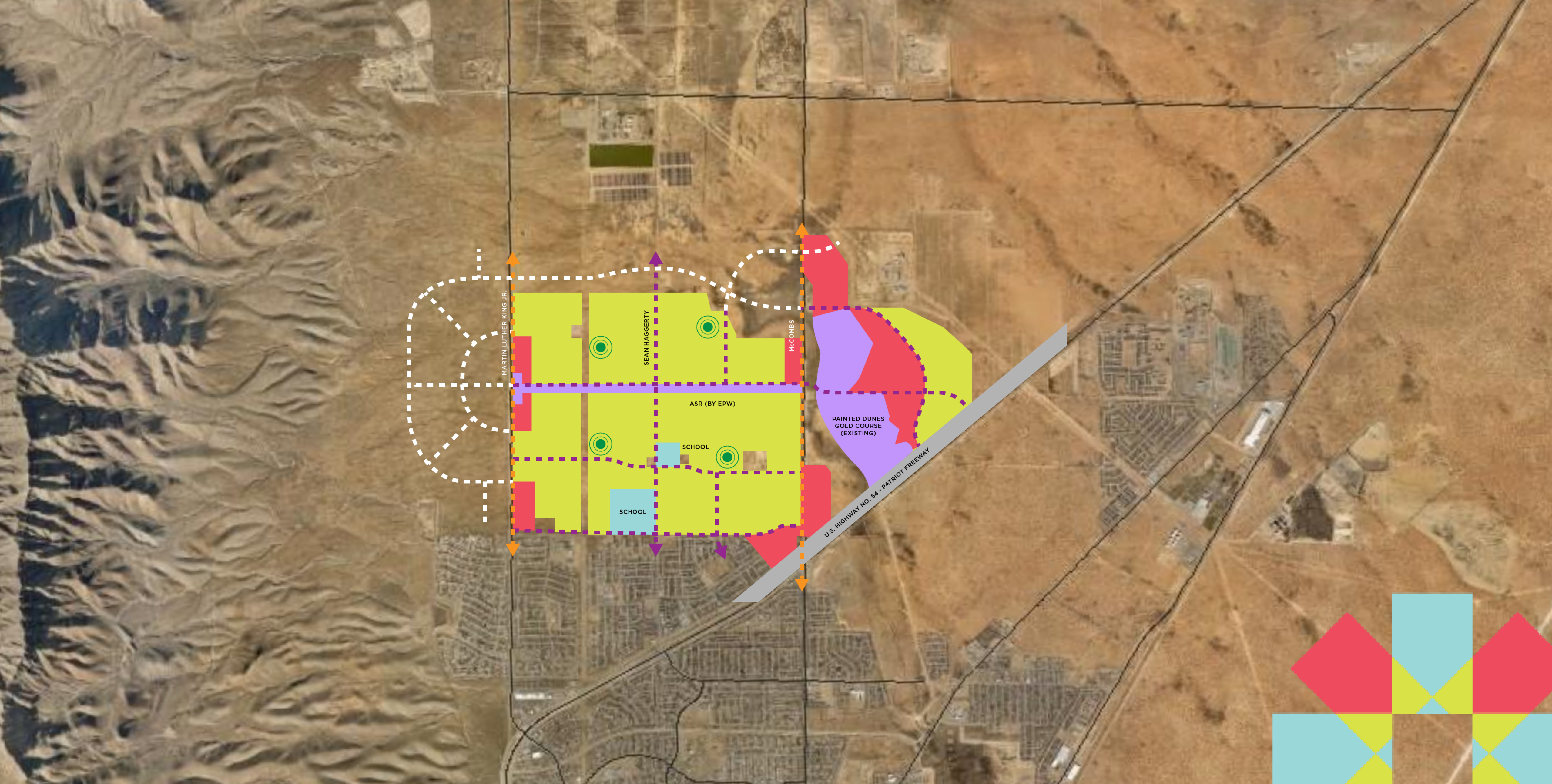
Next Steps

ACTIONS NEEDED BY CITY COUNCIL		
<p>5</p> <p>Public hearing to approve the TIRZ 13 Project and Finance Plan adopted by the TIRZ 13 Board</p>	<p>6</p> <p>Resolution authorizing the City Manager to sign an Entitlement Agreement between the City and FSW</p>	<p>7</p> <p>Resolution consenting to the creation of El Paso Municipal Management District No. 1</p>



Project Overview

- Current status on subject property in the Northeast:
 - Vacant, Undeveloped, \$0 in Revenue being Generated
- Experienced Developer – Scarborough Lane Development:
 - Numerous office, industrial, retail, single-family and multi-family developments across Texas
 - Project Model: *Sunfield* at Buda, outside Austin, Texas
 - *Sunfield Master Planned Community* Ranks in **Top 20 Nationally** for 2019 sales by prestigious real estate firm, RCLCo









LOCATION OF PROPOSED
MASTER ZONING
PLAN AMENDMENT
PUBLIC HEARING AND
SCHEMATIC PLEASE CALL
ERIK 210-4809

UBICACION DE LA PROPOSTA
DE MODIFICACION DEL
PLAN MAESTRO DE
ZONIFICACION
LAS AUDIENCIAS PUBLICAS
ESTAN PROGRAMADAS
POR FAVOR LLAME AL
(951) 210-4809





**2,313 ACRE MASTER PLANNED
COMMUNITY
LOCATED IN NORTHEAST**



9,500
Residential
Units



135 Acres

Parkland & Open Space,
Including Trails



300 Acres

Commercial
Development

AS EARLY AS
2021
START DATE

Community Benefits

Far Reaching Benefits for Our Community:



Managed growth while **minimizing risk** to the City



Potentially adds **\$35M +** annually to the general fund when complete



Provides **funding** for Angora Loop / Sean Haggerty extension



Facilitates the development of **Great Wolf Lodge** project



Rooftops attract retail, restaurants and jobs + synergizes with Cohen and Metro 31

Community Benefits

Enhances City's Growth Management Plan:



Alleviates traffic
congestion and
service /
maintenance costs




Builds out
major arterials
(MLK + McCombs)



Recovers area
water and sewer
investment



Increases
EPISD enrollment



Project Overview

Proposal — create a partnership where:

1 Developer provides upfront financing to build out public infrastructure and amenities for the 2,313 acre mixed use community

2 Developer is reimbursed for public infrastructure costs over time by the MMD through a combination of MMD tax revenue and a portion of TIRZ revenue

Development *pays for itself*

Project Overview

Affordable, Amenitized, and Cohesive community offering opportunity for:



Pools



Sport Fields



Splash Pads



Dog Parks



Other Recreational Facilities



Land Exchange Agreement

MUNICIPAL MANAGEMENT DISTRICT (MMD)			
Land exchange is contingent on the creation of a Municipal Management District (MMD) over the Northeast land included in the exchange	MMDs have the ability to construct public infrastructure and provide services, such as street and park maintenance, within the District's area	In early 2019, Council authorized the creation of an MMD over the Northeast land and the MMD was established during the 86 th State Legislative Session	However, MMD is not active until City Council consents to its creation/operation

MMD Overview

- MMDs are special districts that are:
 - Self-governed but must be approved by the host municipality;
 - Have the ability to construct public infrastructure and provide services in accordance with an approved capital improvement/service plan
- Pursuant to Chapter 375 of the Local Government Code, MMDs are created by:
 - Texas Commission on Environmental Quality
 - Local law enacted by the State Legislature



MMD Function

- Promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation, arts, economic development, safety and public welfare within a defined area;
- Provide and enhance supplemental services to the area;
- Create an **independent financing mechanism** to finance these projects and services
- Often used in three distinct contexts:
 - Support existing major activity centers;
 - Promote neighborhood revitalization; or
 - **Support raw land development**



MMD Function

- May issue tax exempt bonds for payment of projects and services
 - Bonds may be secured by MMD ad valorem taxes, special assessments, impact fees, and any other pledged resource
 - **Bond issuance must be approved by City Council and Attorney General**
 - **Bond debt is not City debt** and does not impact City bonding capacity
 - Debt undertaken is at the risk of the MMD
- Use of an MMD is often combined with a TIF/TIRZ to:
 - Provide funding necessary to finance infrastructure improvements; or
 - Partner with developer to offset all or a portion of the MMD tax, assessment, and/or impact fee to ensure high quality, affordable development



MMD Governance

- **Five directors** serving staggered four year terms
- Directors are **appointed by City Council** upon recommendation by the property owner and must be:
 - A resident and registered voter of the MMD; or
 - An owner of the property in the MMD; or
 - An owner of stock or partnership or membership interest of an entity with direct or indirect interest in the property in the MMD; or
 - An owner or trustee in a trust that directly or indirectly owns property in the MMD; or
 - An agent, employee or tenant of a person described in bullets two through four.
- New appointments/reappointments recommended by governing board and approved by City Council



MMD Dissolution

- Dissolution by Board vote:
 - Requires majority vote
 - Except an MMD may not be dissolved until outstanding bonded indebtedness has been repaid or defeased
- Dissolution by Property Owner petition:
 - Requires owners of at least 75% of assessed value of property or surface area of district including ROWs, public areas, and property exempt from assessment
 - Except an MMD may not be dissolved until outstanding bonded indebtedness has been repaid or defeased
- Dissolution by City Council ordinance:
 - Requires two-thirds vote by Council
 - If MMD has outstanding bonded indebtedness, City assumes debt



MMD Created

- Created by 86th TX Legislature in 2019 and named “El Paso Municipal Management District No. 1”
- Encompasses approximately 3,400 acres of City-owned land east of MLK Jr. Blvd., south of Stan Roberts Dr.; and northwest of U.S. Highway 54
- Following MMD activation by Council consent, acreage not included in the 2,313 acre land exchange will be de-annexed from the MMD
 - Achieved by Board vote following two public hearings



MMD Action Needed

- City Council consents to the creation of El Paso Municipal Management District No. 1
- City Council appoints the initial Board of Directors, to include:
 1. William Kell, FSW Investments
 2. Ryan Burkhardt, Scarborough Lane
 3. James Feagan, Scarborough Lane
 4. Brent Harris, FSW Investments
 5. Scott Weaver, FSW Investments
- Board appointments will be made effective following closing on land included in the exchange



Land Exchange Agreement

AMENDMENT TO THE MASTER ZONING PLAN

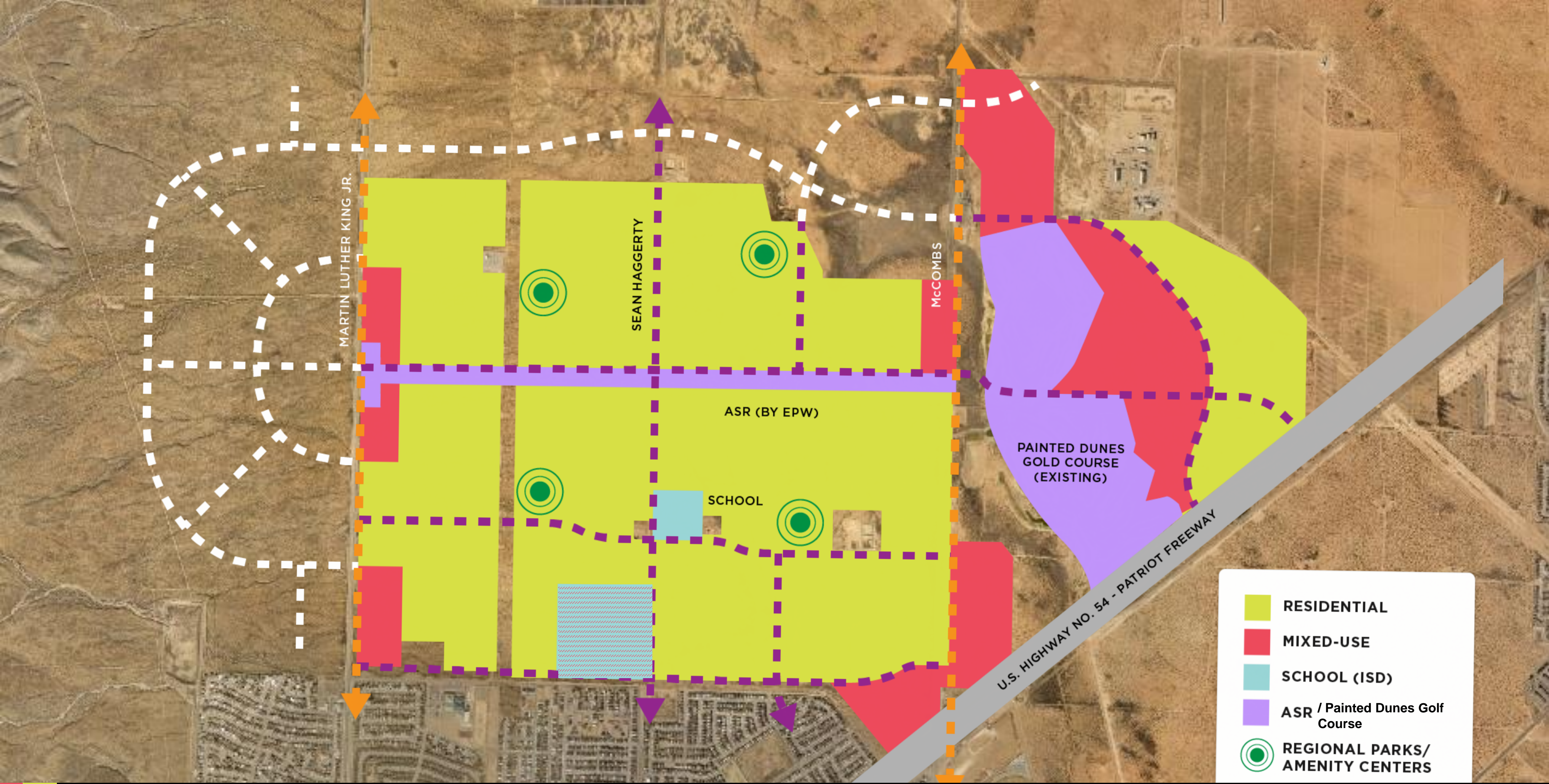
Land exchange is contingent on the City's cooperation in processing an amendment to the land's existing Master Zoning Plan

Land will remain zoned as General Mixed Use, including future opportunity for a range of residential and commercial uses

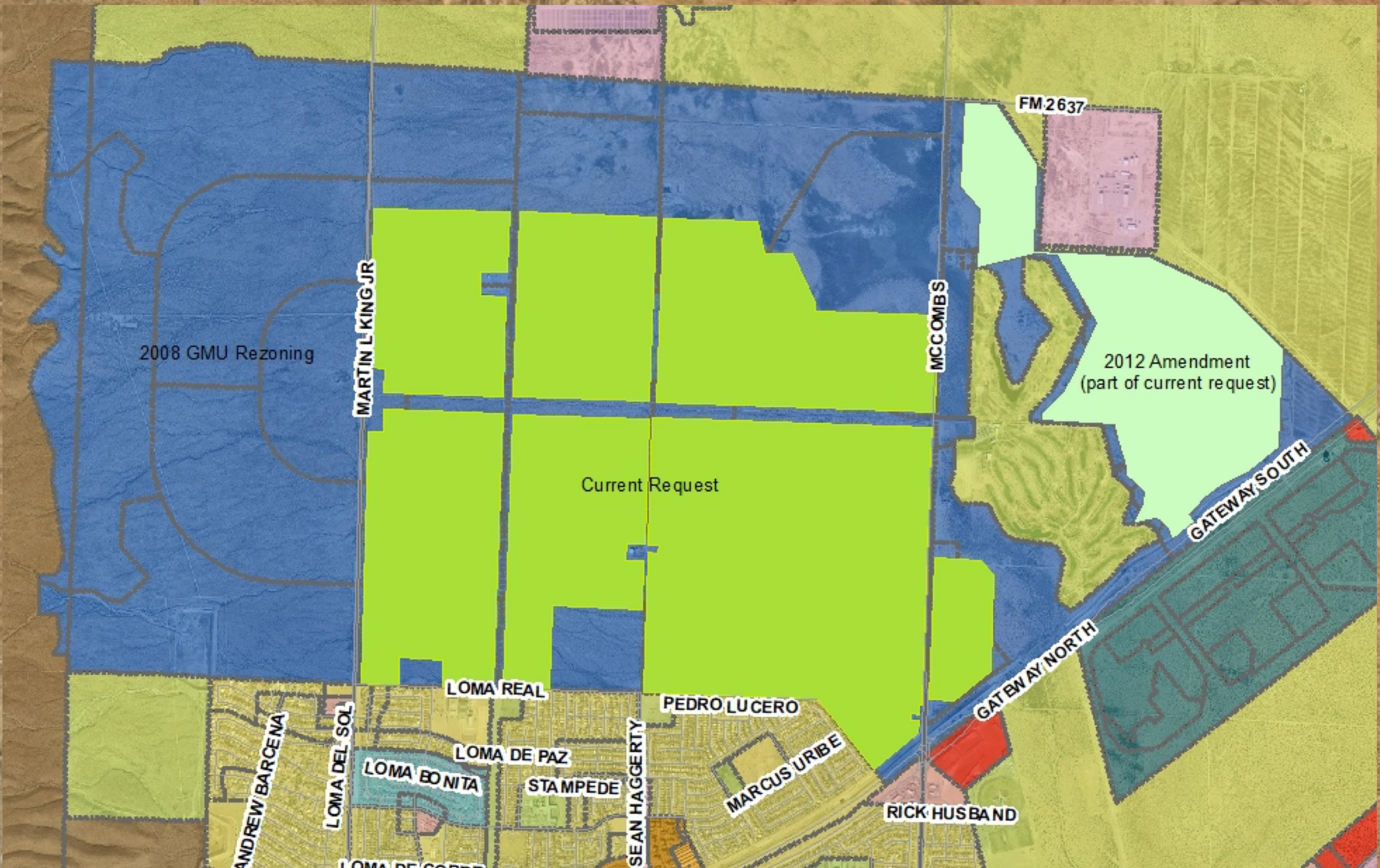
Proposed amendment updates the plan to allow flexibility to respond to market conditions over 30+ year development period

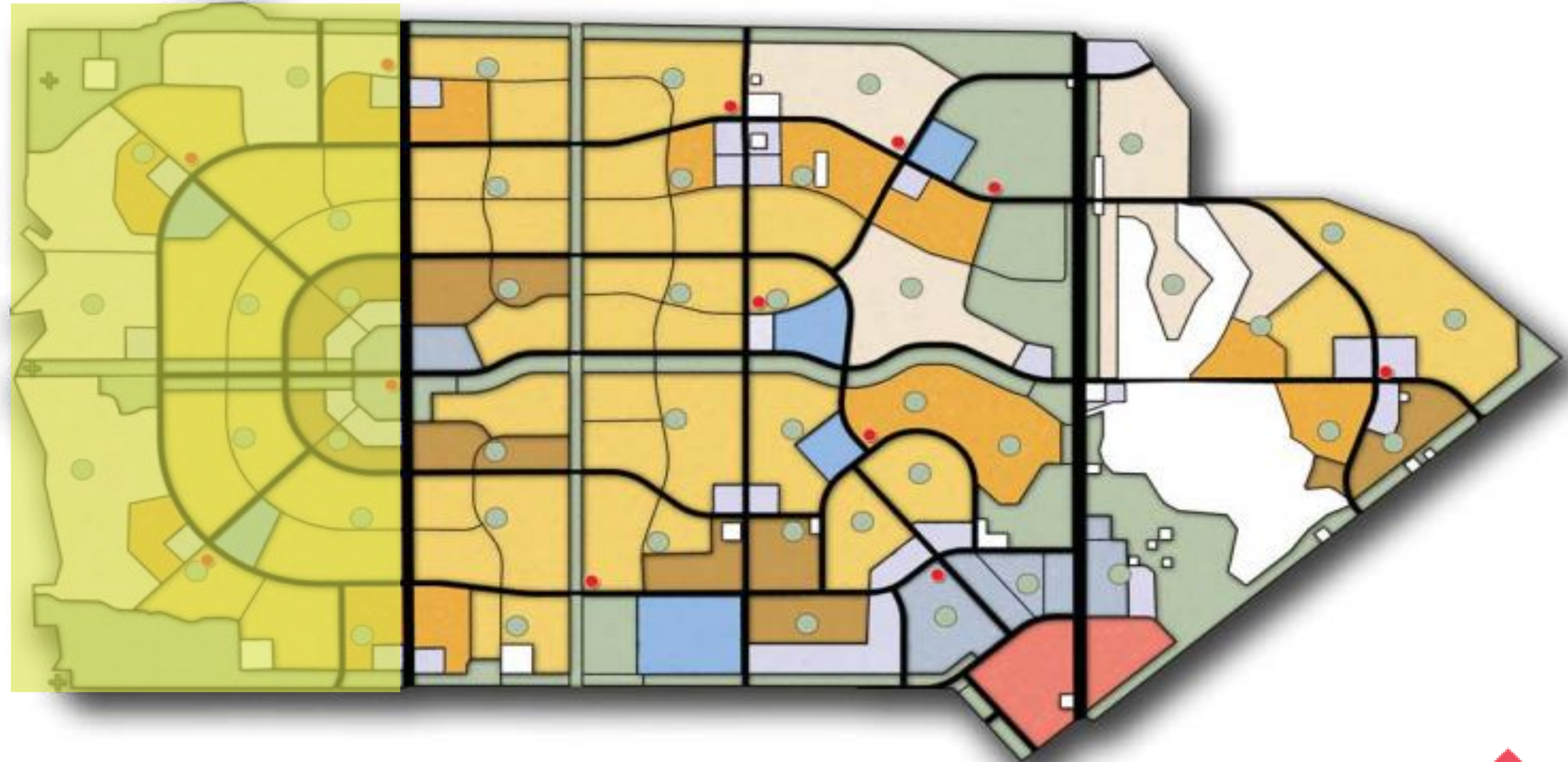
Mixed use including up to 9,500 residential units, of which 2,500 may be multi-family, and 300 acres of commercial space

135 acres of parkland, including master trail system linking amenity centers, neighborhoods, and existing and future trailheads



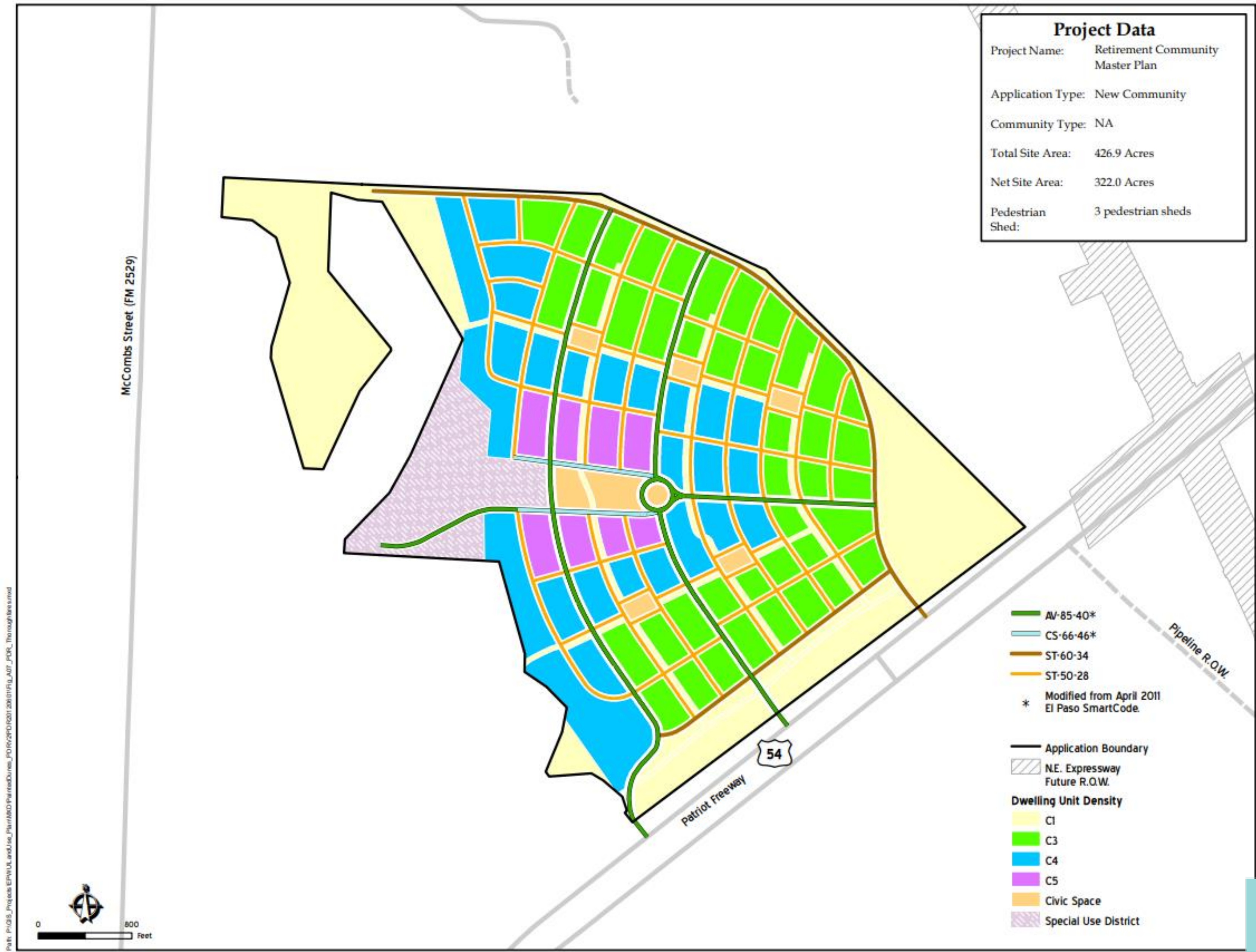
	RESIDENTIAL
	MIXED-USE
	SCHOOL (ISD)
	ASR / Painted Dunes Golf Course
	REGIONAL PARKS/ AMENITY CENTERS

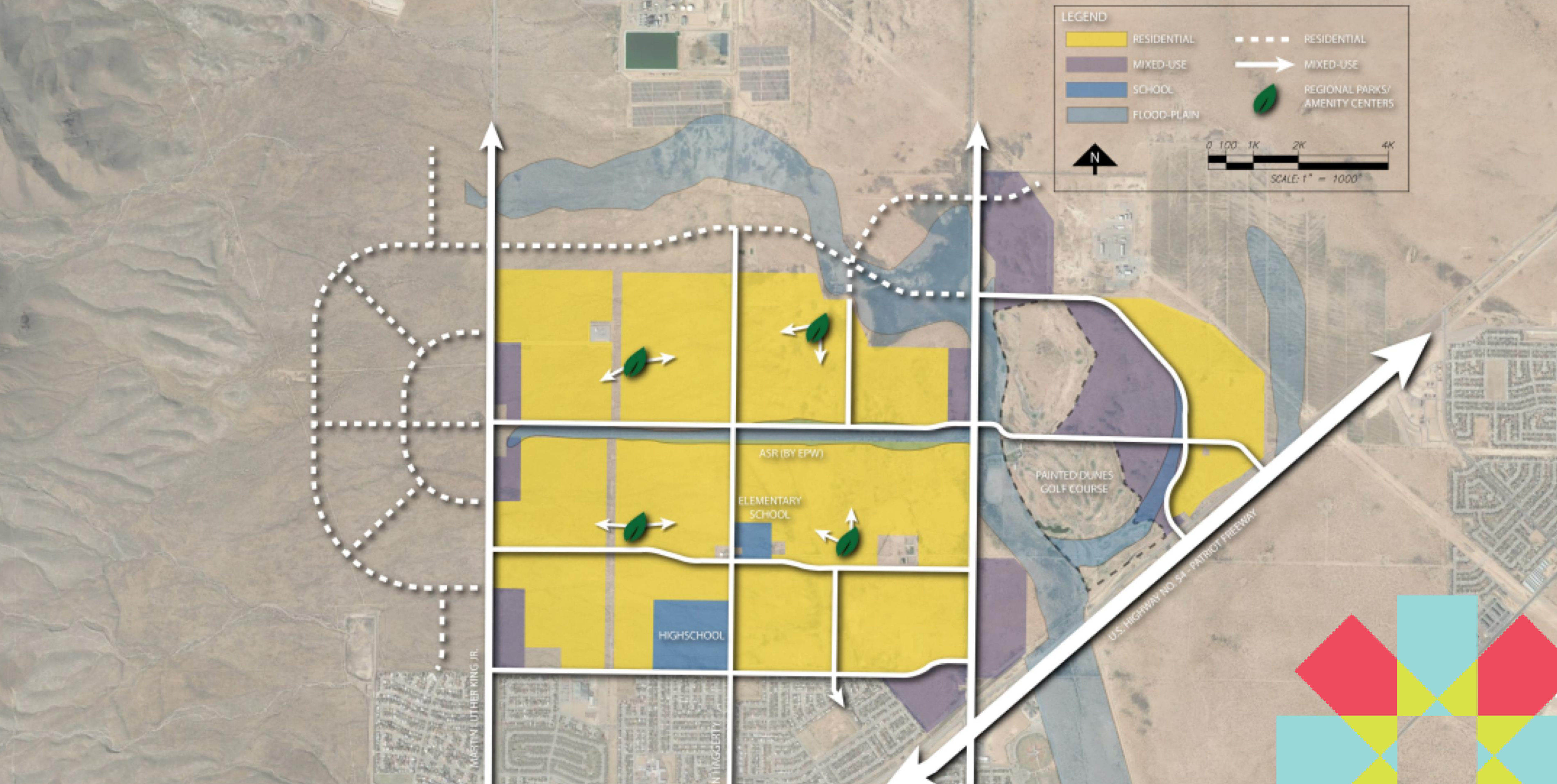




LEGEND

- LOW DENSITY RESIDENTIAL 3.5
- LOW DENSITY RESIDENTIAL 5.5
- MEDIUM DENSITY RESIDENTIAL 7.2
- MEDIUM DENSITY RESIDENTIAL 12.0
- MIXED USE LOW INTENSITY
- MIXED USE HIGH INTENSITY
- SCHOOLS
- REGIONAL RETAIL
- OPEN SPACE
- POTENTIAL LOCATIONS OF MUNICIPAL SITES
(POLICE, FIRE, GOVERNMENTAL, TRANSPORTATION, 2-3 TOTAL)
- TRAIL HEAD (APPROXIMATE LOCATIONS)





MZP | Plan Comparison

	Current Proposal	2008 Plan	2012 Plan
Total Acreage	2,313	4,942	426
Maximum Dwelling Units	9,500 (4.4 du/ac)	20,000 (4.9 du/ac)	1,057 (3.3 du/ac)
Residential Acreage	1,841 (80%)	3,394 (69%)	188 (58%)
Non-Residential Acreage	8.8M sf over 300 acres (13%)	8.8M sf over 523 acres (11%)	200k sf over 29.4 acres (9%)
Parks/Open Space	135 acres (6%)	889 (18%)	10 acres (3%)
Schools	15 acres (1%)	136 (3%)	0 acres (0%)

MZP | Recommendations

Public Input:

Notices were sent to the surround property owners and neighborhood associations within 300 feet on February 6, 2020. Staff received numerous calls of inquiry and one call in opposition

Planning Division and DCC recommendation:

Recommend approval of the Master Zoning Plan Amendment request

City Planning Commission recommendation:

March 5, 2020 – Recommended approval of Master Zoning Plan Amendment request

Land Exchange **Agreement**

ENTITLEMENT AGREEMENT		
<p>Land exchange is contingent on the negotiation of a mutually agreeable entitlement agreement defining obligations of the City, Developer, and MMD in the development of the Northeast property</p>	<p>The MMD will:</p> <ul style="list-style-type: none"> • Buildout public infrastructure to include off-site roadway infrastructure • Maintain streets and parks over term of Agreement (50 years) • Donate land for future public facilities • Dedicate land in excess of code requirements to parks and open space/trails • Commit to a minimum of \$10 million investment for construction of community amenity centers 	<p>The City will:</p> <p>Reimburse cost to buildout and finance public infrastructure through rebate of a portion of incremental property tax revenue collected on the development</p> <p><i>Development pays for itself</i></p>

Cost Benefit Analysis



Developer + MMD | Obligations + Consideration



Risk lies solely with the Developer + MMD to develop the Northeast property; City's participation is strictly **performance-based**



Developer **pays upfront for infrastructure** (MMD will reimburse Developer over time and TIRZ will reimburse MMD)

Developer + MMD are responsible for **\$328M** in public infrastructure, including **\$80+M** in major arterial construction



MMD must maintain roads and parks, to include open space and trails, for the duration of the 50-year agreement term

Developer + MMD | Obligations + Consideration



Donate at least 22 acres of land for future public facilities such as fire stations, police headquarters and/or substations, public transit facilities, etc.

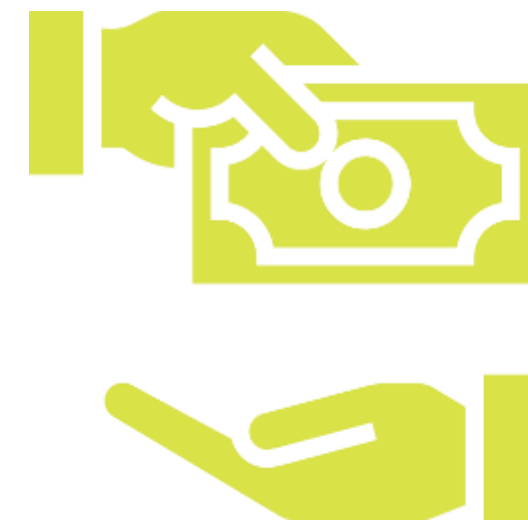


Dedicate at least 135 acres of parkland to City, including Master Trail System connecting amenity centers, neighborhoods, and existing and future trailheads (represents acreage above and beyond code requirements)

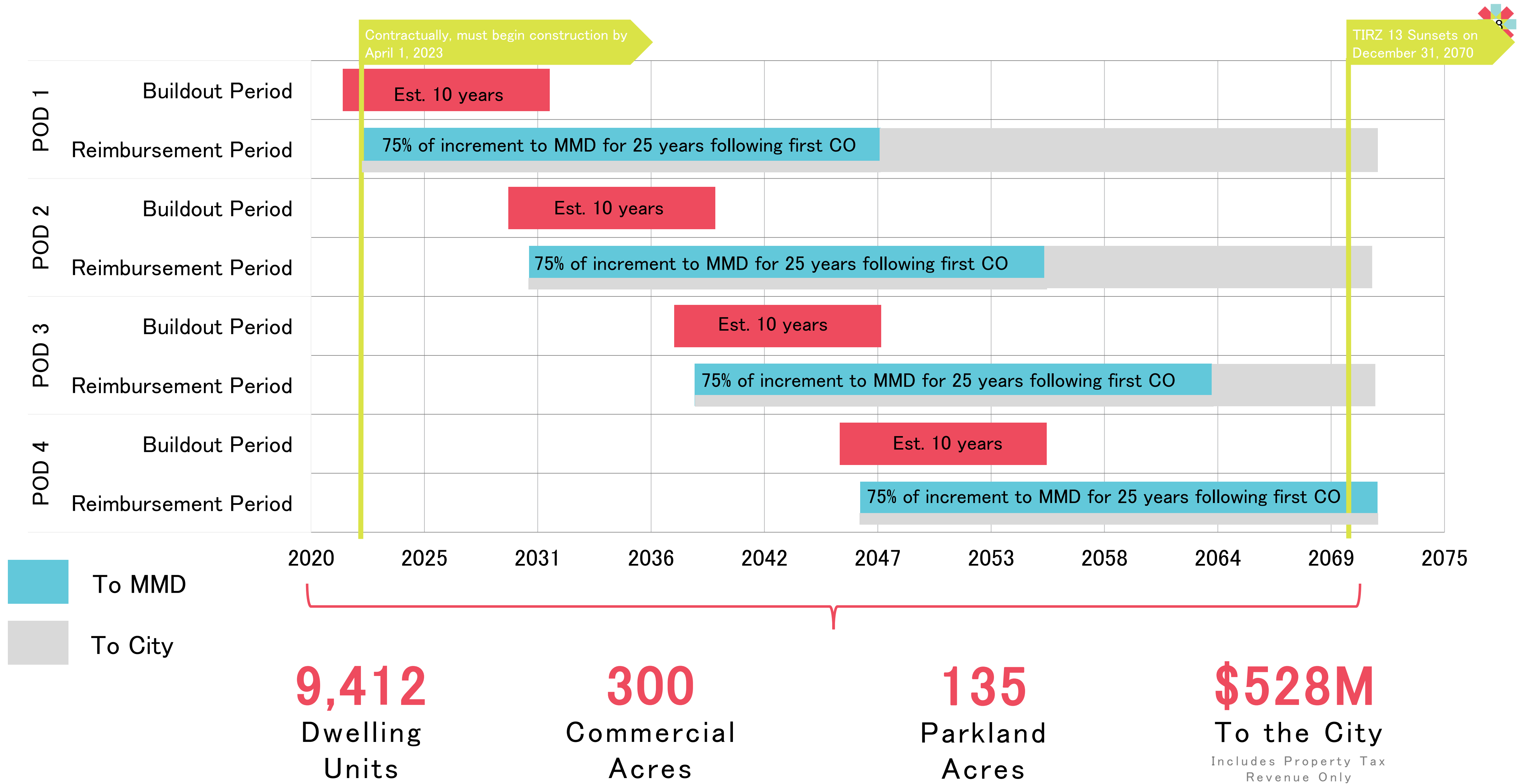


Invest at least \$10 million for the design, construction, and installation of amenity centers for the use of community residents

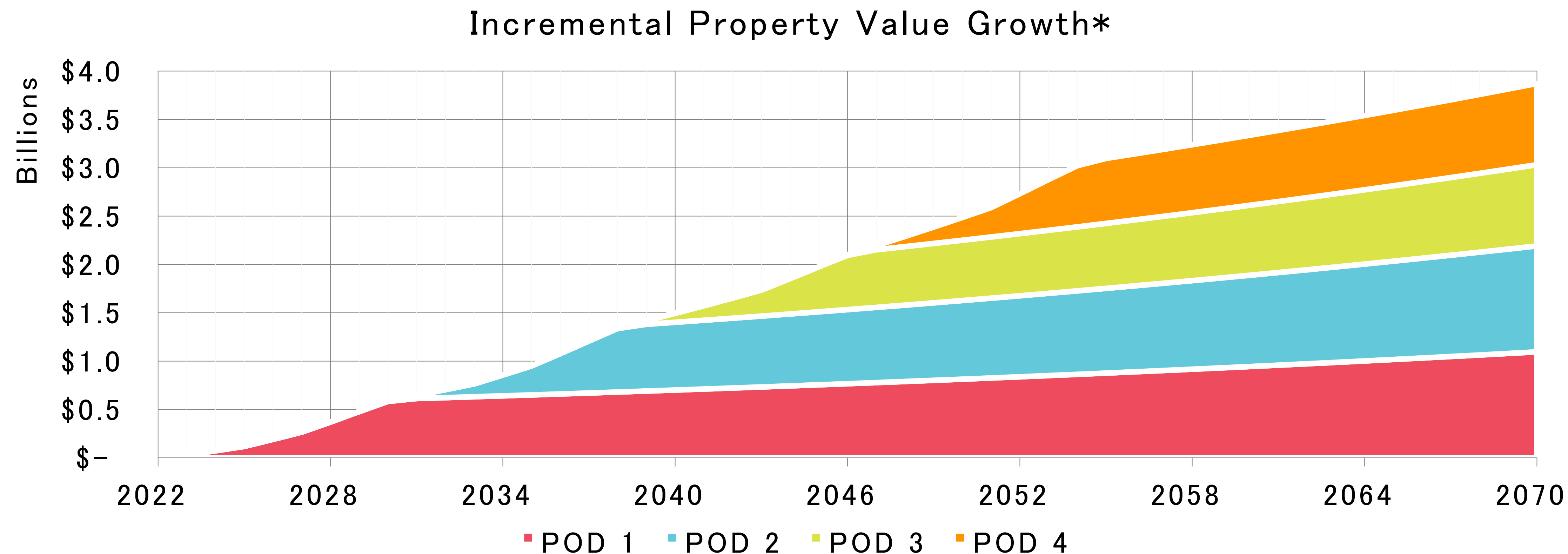
City Obligations



City to **reimburse** MMD for **Public Infrastructure** costs expended by the MMD, including cost of planning, constructing, installing and financing public infrastructure, subject to available TIRZ revenue, where available TIRZ revenue is 75% of the City's portion of collected incremental property tax revenue on the development for 25 years per development pod, of which there are four, following issuance of each pod's first certificate of occupancy, capped at \$328M plus financing costs

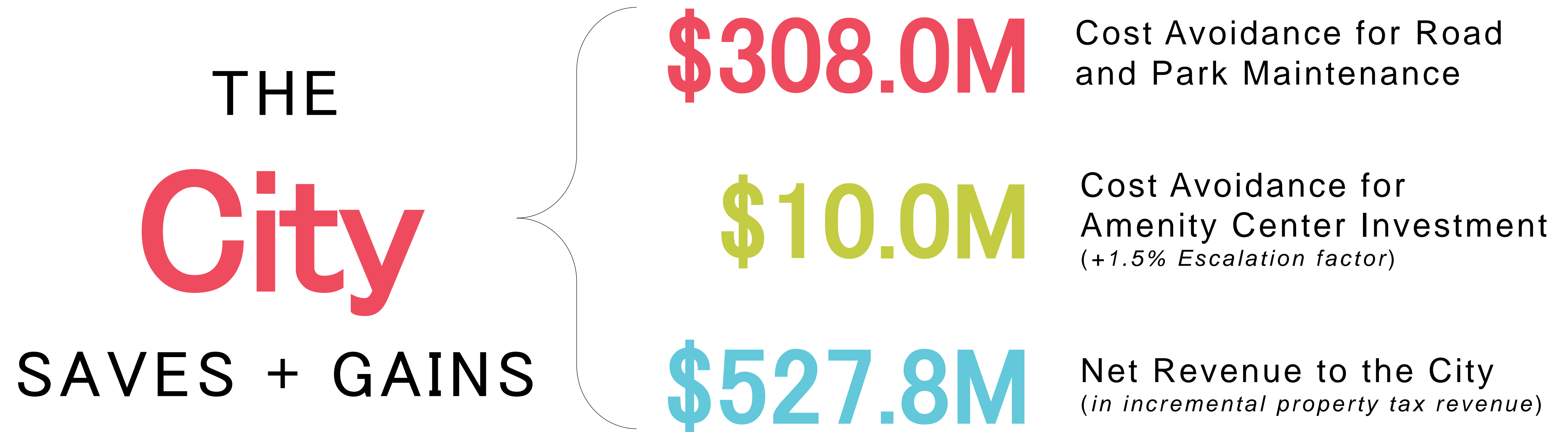


Property Value | A Long Term Investment

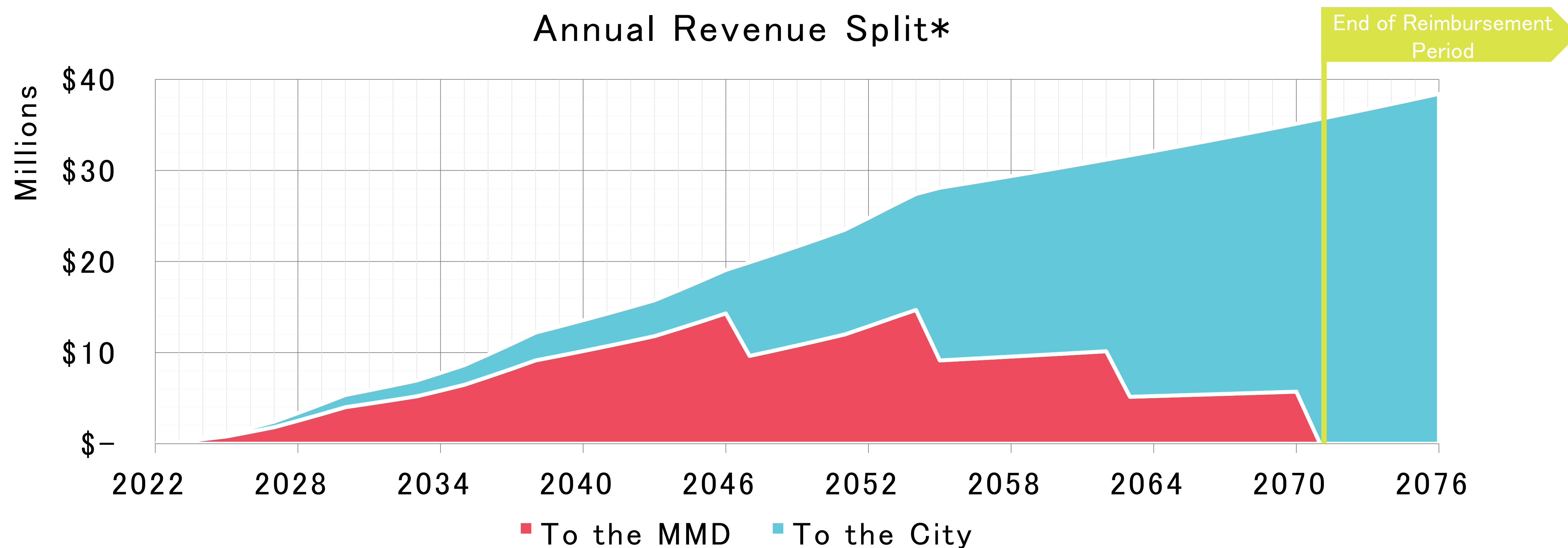


*Note: Assumes a 1.5% inflation factor; average \$169k per single-family residential unit for total of 6,912 units; \$100k per multi-family unit for 2,500 units; \$69 per commercial square foot for \$4.4M sq. ft.

Cost Benefit Analysis



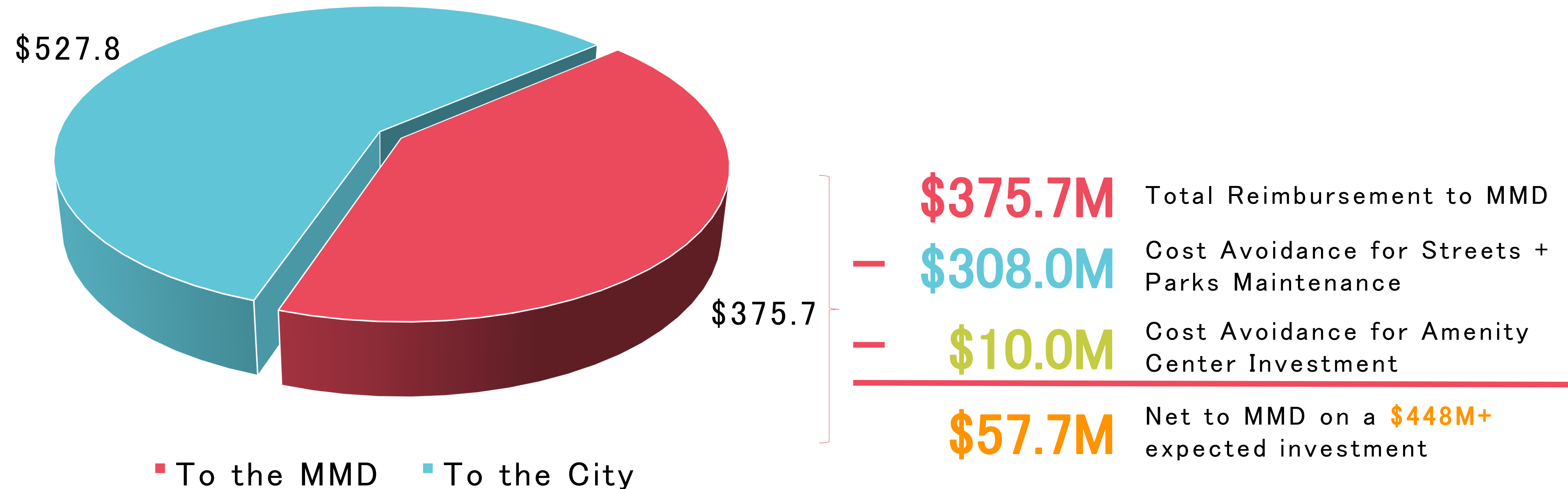
Revenue Split | A Long Term Investment



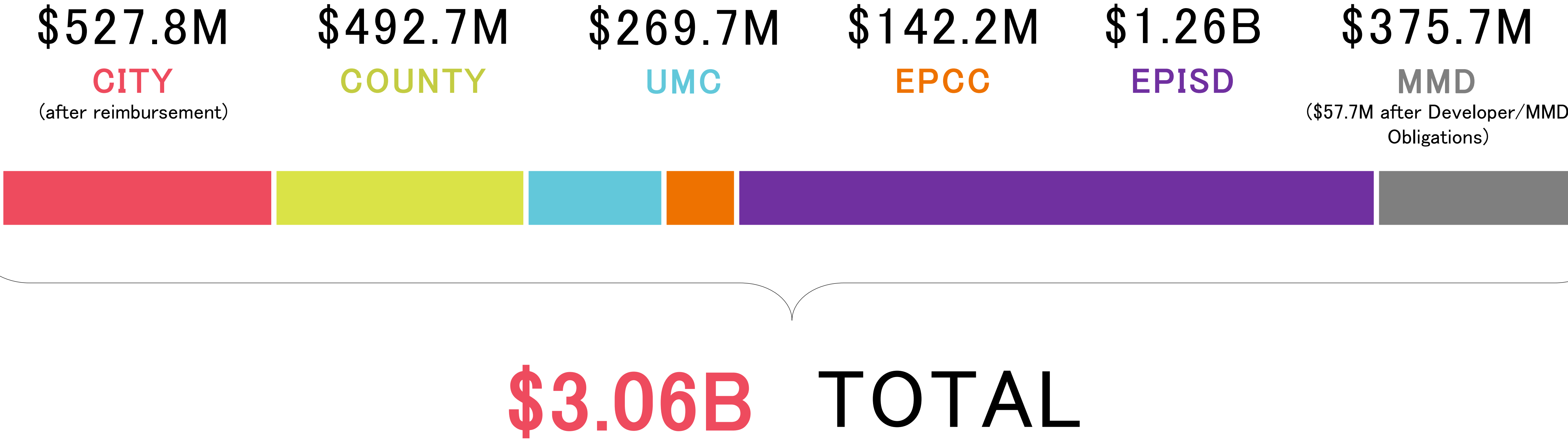
*Note: Assumes a 1.5% inflation factor; average \$169k per single-family residential unit for total of 6,912 units; \$100k per multi-family unit for 2,500 units; \$69 per commercial square foot for \$4.4M sq. ft.

Revenue Split | A Long Term Investment

Cumulative Revenue Split (millions \$)



Benefit to Other Taxing Entities (50 Year Term)



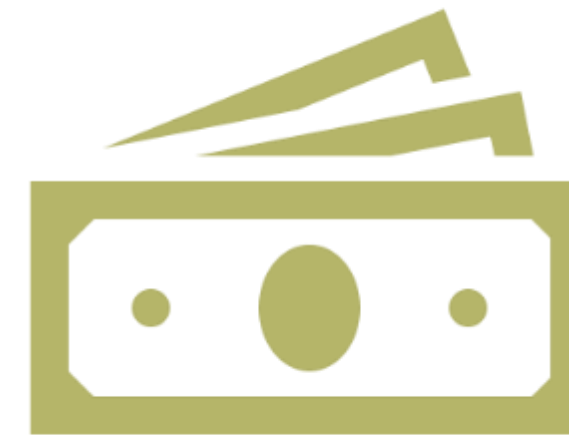
Entitlement Agreement | Protections



Limits excessive taxation: puts a cap on taxes the MMD can impose at \$0.30 per \$100



City Council must approve the MMD's 5-year budget and changes to it in order for MMD to issue bonds; also requires approval of Attorney General



MMD allows for public infrastructure to be financed without impacting the City and limited in scope to \$328 million plus financing costs



Reimbursement is subject to City approval following submission of reimbursement submittal package

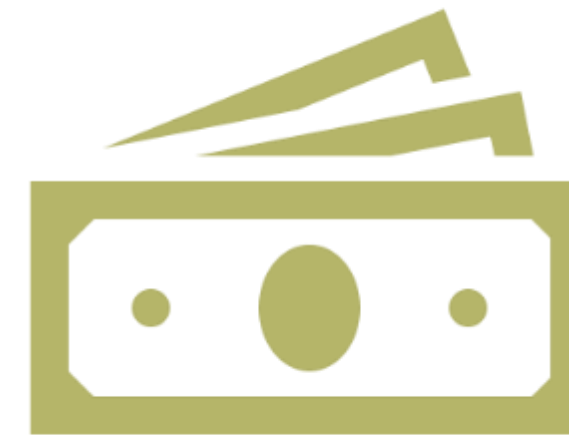
Entitlement Agreement | Protections



Agreement encourages incentive to develop using 25 period shot clock approach



Street and Park maintenance sinking fund is required in an amount of at least 35% of existing MMD budget



MMD required to conduct annual audits following bond issuance and when revenue exceeds \$200k; such audits must be filed publicly with TCEQ



City reserves right to dissolve the MMD by a two-thirds vote of the Council with the caveat that it will continue to issue reimbursements for projects

Entitlement Agreement

- **Term:** 50 years (i.e. 2070)
- **Parties:** (1) City, (2) FSW and subsidiaries as owners, (3) Scarborough Lane as owner and developer, and (4) MMD by joinder; with acknowledgement by (5) TIRZ 13 Board
- **Termination:** City may terminate the Agreement if –
 - Owner fails to purchase 2,313 acre property by **June 30, 2020**
 - MMD fails to join the Agreement 180 days after City appoints Board;
 - MMD fails to de-annex land not included in: (1) the 2,313 acre property or (2) portions of McCombs, Sean Haggerty and MLK that to be constructed by the MMD 180 days after City appoints Board;
 - Commencement of construction of the public infrastructure improvements has not occurred by **April 1, 2023**
 - All MMD costs eligible for reimbursement **have been reimbursed**
 - The reimbursement cap of \$328M plus associated financing costs, subject to Available TIRZ Revenue has been collected and reimmitted and outstanding obligations have been met



Approval Initial 5 Year CIP

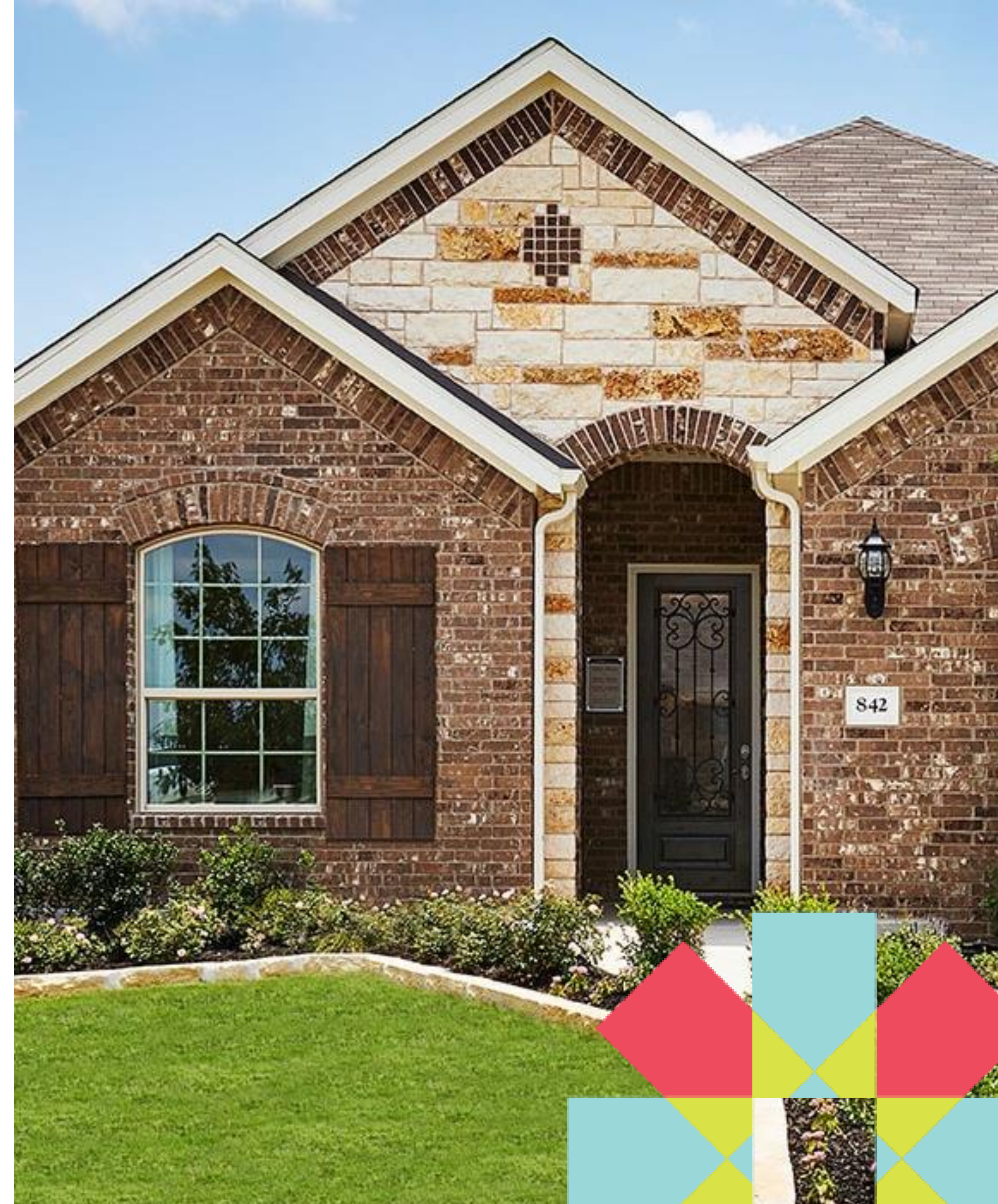
Development Costs	Total Eligible Costs
Phase 1 – Residential Infrastructure	\$6,913,090
Phase 1 – Residential Infrastructure	\$6,913,090
Phase 1 – Residential Infrastructure	\$7,516,829
Parks/Amenities/Open Space *	\$5,168,435
Master Infrastructure**	\$9,694,649
Soft Costs***	\$1,957,039
Total Eligible Project Costs	\$38,163,132
Projected Bond Issue Costs	\$9,540,783

*Inclusive of estimated trail system costs, open space and park improvements; **Inclusive of McCombs Street and internal thoroughfare improvements; ***Inclusive of engineering, testing, survey, contingency, inspection



Residential P+I Program

- MMD is authorized to process one, two, and three unit residential applications, to include permitting and inspections
- Fees associated with the program are capped at City-set fees for same services
- Cost savings from program will be applied to Home Owners' Association fund to keep HOA fees low and affordable
- City retains:
 - Authority to issue certificates of occupancy;
 - Right to audit plan review and inspections;
 - Right to suspend program in the event of discrepancies;
 - Right to halt construction in event of life/safety concern.
- MMD must use City permitting and inspection tracking system, Accela (and pay technology fee associated with such use)



Additional Action Needed

- City Council approval of Entitlement Agreement and initial 5-year capital improvement plan following:
 - Approval of MOU with EWPWater to transfer the 2,313 acres of land from Water to City inventory
 - Amendment to TIRZ 13 to:
 - Pull boundary back to include land to the east of Martin Luther King Jr. Blvd.
 - Establish a 75% City participation rate
 - Extend Sunset Date to December 31, 2070
 - Amend TIRZ 13 Final Project and Financing Plan and projects to limit eligible project costs to \$328M + financing costs for Northeast development plus \$39M for Angora Loop/Sean Haggerty extension:
- Approval of MMD consent to operation and appointment of initial Board





Next Steps

- 1 Amend and Reinstate MOU with EPWU;
- 2 Amend Master Zoning Plan;
- 3 Amend Tax Increment Reinvestment Zone No. 13 to amend: (i) sunset date, (ii) City's participation rate, and (iii) boundary;
- 4 Recess as TIRZ 13 Board to: (i) recommend approval of amended TIRZ 13 Project + Finance Plans and (ii) pledge TIRZ 13 revenue to the Northeast development and the Angora Loop / Sean Haggerty extension
- 5 Approve amended TIRZ 13 Project + Finance Plan
- 6 Approve Entitlement Agreement
- 7 Consent to Creation and Operation of the MMD

An aerial photograph of a modern community center complex. The complex features a large rectangular swimming pool with a blue tiled bottom, surrounded by a paved deck and lounge chairs. Adjacent to the pool is a circular splash pad with colorful water features. In the foreground, there is a large playground with multiple slides and climbing structures, all under blue and red shade sails. The community center building has a long, low profile with a dark green metal roof and large windows. The facility is situated in a green field, with a residential neighborhood of houses visible in the background. A road runs along the top and right sides of the property. The word "QUESTIONS?" is overlaid in large, white, sans-serif capital letters across the center of the image.

QUESTIONS?



EL PASO + JUÁREZ + LAS CRUCES
THE INTERSECTION OF POSSIBILITIES