

Legislation Text

File #: 15-6272, Version: 1

River District Infrastructure Reimbursement

Action:

Approve the Economic Development Committee recommendation to:

- A. Authorize the City Manager to negotiate and execute an Infrastructure Reimbursement Agreement in an amount not to exceed \$15 million for public infrastructure improvements, consistent with the terms set forth below, which will be reimbursed through 45 percent of incremental City property taxes from a designated area over 10 years, or until fully reimbursed, whichever occurs first, and**
- B. Authorize the City Manager to negotiate and execute an Infrastructure Reimbursement Agreement in an amount not to exceed \$16.2 million for public infrastructure improvements, consistent with the terms set forth below, which will be reimbursed through the 2016 Community Investment Plan, and**
- C. Authorize the City Manager to negotiate an Agreement for Water Line construction in an amount not to exceed \$1 million, which will be reimbursed through the Charlotte Water Community Investment Plan.**

Committee Chair:

James Mitchell, Economic Development

Staff Resource(s):

Patrick Mumford, Economic Development
Mike Davis, Engineering and Property Management
Barry Gullet, Charlotte Water

Explanation

- The 1,380-acre River District development represents attainment of the City's planning efforts as outlined in the Dixie-Berryhill Plan, the Community Investment Plan (CIP) and Charlotte Douglas International Airport's planning initiative to increase economic development and placemaking opportunities.
- River District rezoning, approved by City Council in November 2016, provides for development of a unique master planned community for office, retail, hotel, and a variety of residential uses, with strong pedestrian and environmental commitments.
- Phase One of the proposed development could include up to one million square-feet of office, 75,000 square-feet of retail, 150 hotel rooms, and 815 residential units (of which 85 would be available to households earning less than 80 percent of the area median income).
- Crescent Communities and Lincoln Harris (developer) have requested the City partner with them

on a series of public infrastructure improvements.

- The partnership as defined in the term sheet will achieve the following goals:
 - facilitate economic development and implement the land use recommendations from the Dixie-Berryhill Strategic Plan
 - create infrastructure to support development and leverage existing investment, and
 - catalyze and partner with private development willing to voluntarily annex land into the city

Infrastructure Reimbursement Agreement - Tax Increment Grant

- The developer has requested reimbursement of \$15 million for public infrastructure improvements.
- Per Council policy, the development qualifies for a 10-year, 45 percent tax increment grant (TIG).
- The public improvements to be reimbursed under the terms of the Agreement include:
 - Widening of existing Dixie River Road and Garrison Road and incorporation of streetscape improvements to allow for enhanced mobility for pedestrians and bicyclists.
 - Extension of West Boulevard west of Dixie River Road and provision of enhancements for pedestrian and bicycle connection.
- Under the terms of the agreement, the developer would build the public improvements and will be reimbursed through 45 percent of the incremental City property taxes from a designated area over 10 years.
- Other terms of the agreement include:
 - \$15 million in reimbursed infrastructure cost with an interest cost of carry equivalent to the City's cost of funds.
 - The development team must request the first grant payment within four years after the completion of the public infrastructure improvements.
 - The TIG term ends at 10 years, or when the grant payments equal a present value equal to \$15 million, whichever occurs first.
 - Voluntary annexation is required prior to reimbursement.
 - The development team has engaged general contractors and technical assistance to strengthen Minority, Women, and Small Business Enterprise (MWSBE) utilization for public and private infrastructure improvements.
 - The developer has agreed to work with the City to incorporate an MWSBE Plan approved by the City's Business INclusion Program, to include:
 - A minimum of 10 percent MWSBE utilization for all public infrastructure improvements under the reimbursement agreement.
 - The development team will work with the City to create an MWSBE Action Plan to establish utilization goals for private infrastructure improvements, once the scope of private improvements has been determined and corresponding availability of contractors has been established.
 - The development team will work with the City to develop a Workforce Development Plan to broaden economic opportunities for all, which will include participation in Project P.I.E.C.E. (Partnership for Inclusive Employment and Career Excellence).

Infrastructure Reimbursement Agreement - Community Investment Plan

- Total funding of \$44.7 million for the Airport/West Corridor area was included in the \$816.4 million CIP approved by City Council on June 10, 2013.
- \$16.2 million of the \$44.7 million was approved by voters as part of the November 2016 Bond Referendum. Remaining project funding is scheduled for the 2018 Bond Referendum (\$28.5

million).

- In order to expedite and provide for efficient construction of the West Boulevard Extension improvements, the developer will be responsible for ensuring the agreed upon public improvements are complete to City standards. In return, the City will reimburse the developer for these public improvements in an amount not to exceed \$16.2 million.
- Voluntary annexation is required prior to reimbursement.
- Under the terms of the agreement the developer would build the public improvements and will be reimbursed upon completion of specific milestones through the CIP.
- The developer has agreed to work with the City to incorporate an MWSBE Plan approved by the City's Business INClusion Program.
- The developer will continue working with the City and the community on objectives to create opportunities for greater inclusion of MWSBE certified companies and workforce development initiatives.
- The total estimated private investment related to Phase One improvements equals approximately \$422 million.
- At build-out of Phase One, the redevelopment could generate more than \$2 million in annual City property tax revenue.
- This public private partnership opportunity was presented to the Economic Development Committee on June 7, 2017 and August 17, 2017.
- The River District development and proposed public private partnership was presented during the City Council Dinner Briefing on September 11, 2017.
- Action Item C is being added to address additional infrastructure as discussed at the Dinner Briefing on September 11, 2017. The Water Line construction is a part of the necessary public infrastructure which will be incorporated in the overall West Boulevard Extension project to leverage cost efficiencies related to construction activities.

Council Committee Discussion

- On August 17, 2017, the Economic Development Committee voted (Mitchell, Ivory, Mayfield, and Ajmera voted yes. Eiselt was absent) to recommend to the City Council approval of the two Infrastructure Reimbursement Agreements in amounts not to exceed \$16.2 million to be reimbursed through the General CIP and not to exceed \$15 million to be reimbursed through 45 percent of the incremental property taxes in a designated area over 10 years.

Charlotte Business INClusion

Prior to the City Manager executing the Infrastructure Reimbursement Agreement, the CBI office will negotiate subcontracting goals on all work tied to this agreement (Part G, Section 2.7 of the Charlotte Business INClusion Policy).

Fiscal Note

Funding: General Community Investment Plan and Tax Increment Grant
Charlotte Water Community Investment Plan

Attachment(s)

September 11 City Council Dinner Briefing Presentation