

Rayzor Ranch Economic Development Agreement 4th Amendment

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Background

- ▶ **2007** – City entered into a Chapter 380 agreement with Allegiance Hillview, L.P. for the Rayzor Ranch development, a 400-acre mixed use project
 - ▶ “ground up” construction with significant public improvements required
 - ▶ widening University Drive from Bonnie Brae to I-35
 - ▶ water & wastewater infrastructure
 - ▶ drainage
 - ▶ Sales tax revenue generated by the project is used to reimburse the developer for public improvement costs

Background

- ▶ **2010** – RED Development partners with Allegiance Hillview, L.P. on the project
 - ▶ To date, developers have invested about \$55 million in public improvements eligible for reimbursement
 - ▶ \$8 million in reimbursable public improvements are now under construction
 - ▶ As of 2015, the Rayzor Ranch development has generated \$11 million net sales and property tax to the City

Background

- ▶ RED Development has a deadline of January 1, 2018, to meet 300,000 square feet of retail and commercial space in Rayzor Ranch Town Center to initiate sales tax reimbursement for that portion of the development
- ▶ If that deadline is not met, RED Development will not be reimbursed for any public improvements it has made for the Town Center

Request

- ▶ RED Development requests a total extension of 6 months to meet the 300,000 square feet in Rayzor Ranch Town Center needed to initiate its reimbursement
- ▶ Extension will allow time to finish City processes for projects currently in progress and begin construction

Development Status

- ▶ 75% (227,582 square feet) of the 300,000 square foot threshold for retail or commercial space either has a certificate of occupancy or is under construction
- ▶ Two projects totaling over 81,000 square feet were approved by the Planning and Zoning Commission in January 2017 and are in process with Development Services
- ▶ 6-8 more prospective new projects are either confirmed or in negotiations

Request Details

- ▶ Specifics of the requested Fourth Amendment:
 - ▶ Immediate deadline extension from January 1, 2018, to April 1, 2018
 - ▶ If at least 90% of the threshold (270,000 square feet) has received a certificate of occupancy or has certified foundations by April 1, the date may be extended to July 1, 2018
 - ▶ Prior to receiving the second 3-month extension, RED Development must submit a certificate of compliance and documentation to the City
 - ▶ Memorializes the assignment of Rayzor Ranch Marketplace rights, title, interest and obligations to Rayzor Ranch 380 Associates

Recommendation

- ▶ Staff recommends approval with the stipulation that no further amendment requests related to deadline or threshold changes be considered by the City
- ▶ Economic Development Partnership Board recommends approval (7-0)

Key Points

- ▶ Chapter 380 agreement allows for the reimbursement of costs incurred for Rayzor Ranch's public improvements as a new construction development
- ▶ RED Development requests a 6-month deadline extension; performance must be verified to receive the full 6 months
- ▶ 75% of the 300,000 foot threshold has been met, the square footage of the projects currently in the development process will exceed the threshold
- ▶ EDP Board and staff recommend approval of this request