

Agenda Item Description for City of Pflugerville, October 21, 2020 City Council Meeting

Title: Discussion and consider action approving a Pflugerville Community Development Corporation FY21 budget amendment not to exceed \$1,000,000 as specified in the economic development performance agreement with Amazon.com Services LLC., for the purpose of road improvements at FM685 and Pecan St.

Summary: On July 14, 2020, the PCDC Board and the City Council unanimously approved an Economic Development Performance Agreement (EDPA) between Pflugerville Community Development and Amazon.com to include future encumbrances in FY21 and FY22 related to funding road improvements at Pecan Street and FM685.

Status: On Wednesday, October 21, 2020 during a regular PCDC board meeting, the PCDC Board unanimously approved a budget amendment not to exceed \$1,000,000 as required in the Amazon EDPA, for the purpose of road improvements at FM685 and Pecan Street contingent upon City Council budget amendment approval. The total incentive obligation of \$3.8MM is significantly reduced due to an EDA grant of \$2.3 MM received by the City of Pflugerville. Costs for FY21 budget will include a 20 percent match of \$575,000 for this grant, along with pre-construction costs for engineering design. The total estimated costs for FY21 are anticipated not to exceed \$1MM. Future cost overruns will be addressed in FY22 budget according to the EDPA.

Prior City Council Action: City Council approves all PCDC budget amendments of \$50,000 or more.

Deadline for City Council Action: Consideration requested for October 27, 2020 Regular Council Meeting.

Fiscal Impact: The approved Net Income prior to this requested amendment is \$(90,508). The approval of an additional expenditure of \$1,000,000 would result in a Net Income of (\$1,090,508). This will be covered with our unrestricted reserve funds.

Staff Recommendation: The PCDC Board and staff recommend approval.

Drafter: Amy Madison, Executive Director, Pflugerville Community Development Corporation.

Summary Level Budget

	FY21 Budget as of 10/01/2020	Proposed FY21 Budget Amended
Revenue	6,563,500	6,563,500
Expenses		
Projects		
Recruitment	2,399,500	2,399,500
Long-term Development	926,838	\$1,926,838
Community Projects	326,700	326,700
Total Projects	3,653,038	4,653,038
Recruitment/Retention Activities	347,000	347,000
Administration	922,459	922,459
Debt Service	1,781,511	1,781,511
Total Expenses	6,704,008	7,704,008
Net Operating Income	-140,508	-1,140,508
Other Revenue	50,000	50,000
Other Expenses	0	
Net Income	-90,508	-1,090,508



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September 24, 2020

Patricia D. Shorter
Senior Economic Development Specialist
U.S. Economic Development Administration
Austin Regional Office
903 San Jacinto Blvd., Suite 206 | Austin, Texas 78701-2450

Dear Ms. Shorter:

Thank you for the opportunity to provide a response on behalf of the City of Pflugerville detailing the responsibilities of the Pflugerville Community Development Corporation (PCDC) to provide required in-kind funding needed for the Pecan Street/Dessau Road Improvement project.

The PCDC is a Type B Corporation in the State of Texas established by a citywide election in August 2001 to exercise a ½ cent increase in sales tax for purposes of economic development in the City of Pflugerville. The City Council appoints the PCDC Board members and is the authorizing body for all expenditures to include our budget, designated projects and approval of all contracts that exceed \$50,000.

On July 14, the City Council approved an Economic Development Performance Agreement between PCDC and Amazon that financially obligates the PCDC to provide funding for City infrastructure improvements at Pecan / Dessau Road that will benefit all residents and businesses. In the agreement, the PCDC is required to guarantee payment to the City for the improvements either by qualifying for and obtaining grant funds for that purpose or by encumbering the total project cost from available PCDC funds. Further, it requires that the PCDC encumbrance be implemented in the FY 2021 and FY2022 PCDC budgets and shall not be spent for any other purpose.

The required 20% match for the \$2.3MM EDA grant is \$575,000. The EDPA requires PCDC to fund this cost, along with any additional costs related to the project that exceed the estimated total project cost of \$2,875,000. The public hearing to exercise these funds was held August 19 and the funding is uncontested. These funds are currently available in a secure TexPool Fund. The \$575,000 will be paid in November 2020, and any additional costs for the project will be paid on or before November 2021.

Should you have further questions or need more documentation please do not hesitate to reach out.

Sincerely,

A handwritten signature in blue ink that reads "Amy Madison".

Amy Madison
Executive Director