

Legislation Details (With Text)

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Title:	Approval of a Memorandum of Understanding with Union Pacific Railroad Company regarding a proposed land sale of Union Pacific Railroad Company's downtown property and Union Pacific Railroad Company's office relocation to Corbyn Yard.		

Sponsors:**Indexes:****Code sections:****Attachments:** 1. MOU with Union Pacific, 2. MOU Exhibit D PSA, 3. Up property background and presentation

Date	Ver.	Action By	Action	Result
6/13/2022	3	City Council	presented	Pass

PRESENTER:

Jeff Jewell, Director, Economic and Community Development

SUBJECT:

Approval of a Memorandum of Understanding with Union Pacific Railroad Company regarding a proposed land sale of Union Pacific Railroad Company's downtown property and Union Pacific Railroad Company's office relocation to Corbyn Yard.

DEPARTMENT:

Economic and Community Development

COUNCIL DISTRICTS IMPACTED: 5**BACKGROUND INFORMATION:**

The City has been in negotiations on a Memorandum of Understanding (MOU) since early 2020 with UPRR to acquire its site in the downtown area. UPRR leadership provided their direction to begin discussions with the City of New Braunfels to formally enter the MOU and eventual Purchase and Sale Agreement for the property. To facilitate the purchase and sale of the downtown property, the City has agreed to fund certain work, including but not limited to, design and construction of a new office building and other facilities on UPRR owned land at Corbyn Yard in Comal County.

Adoption of the MOU begins the process for the City to ultimately acquire the downtown Union Pacific Railroad (UPRR) property. With approval of the project expenditure of up to \$2,184,315.50 on April 11, 2022, the City Council approved the funding from the New Braunfels Economic Development Corporation (NBEDC) to allow the City to enter the MOU and a series of separate reimbursement agreements. City staff chose to wait until the sixty (60) day waiting period before a project expenditure lapsed for official approval of the MOU and related reimbursement agreements.

The City adopted the South Castell Area Master Plan (SCAMP) in 2018 after a two yearlong planning and public engagement process. The SCAMP undertook an analysis of the development potential of the site and sought public feedback on potential solutions. It forms the basis for an anticipated solicitation of development proposals once the city can relocate its operations currently housed at the South Castell site. The SCAMP studied and anticipated the future incorporation of approximately 3.6 acres of UPRR into the overall development vision. It was anticipated that the City or an affiliated entity would ultimately pursue the acquisition of the UPRR sites and relocate this industrial use out of the downtown area.

The approximate 3.6 acre acquisition is comprised of three parcels that are divided by Garden and Coll Streets. The largest parcel is +/- 2.1 acres and is directly across from the Civic/Convention center behind the current city parking lot. The +/- .82 acre site is directly behind the city's building and related facilities further south along Castell Avenue. Finally, and as part of the acquisition, the City is acquiring +/- .7 acres where a portion of Hill Avenue currently is. The total acquisition cost for the cumulative 3.6 acres is \$1,500,000.

Memorandum of Understanding

The MOU is the document that outlines the various commitments of the parties to the agreement to include the Preliminary Engineering Reimbursement Agreement and Legal Expense Reimbursement Agreement, Purchase and Sale Agreement, and eventual Funding and Construction Agreement. It contains most of the conditions of the sale of the downtown property and outlines the commitments of both parties to the agreement. In addition to the steps necessary to acquire the property, the City also agrees to perform a traffic study to understand how traffic demands arising from new development on the site will impact the railroad crossing at Coll Street. Additionally, the City agrees to study a series of existing railroad crossings for safety improvements. The MOU expires five years after the date of execution if the parties have not closed on the downtown property by such deadline.

ISSUE:

The action would allow the City Manager to enter the Memorandum of Understanding on behalf of the city to begin the acquisition process. Ultimately, the MOU allows UPRR's existing operations to relocate from downtown New Braunfels to a location in the unincorporated area of the county.

FISCAL IMPACT:

The City Council approved a recommendation of the NBEDC to provide up to \$2,184,315.50 to the city for the costs anticipated for the acquisition, due diligence and other requirements of the MOU. The NBEDC has adequate funding for the initiative.

RECOMMENDATION:

Staff recommends approval of the MOU.