

Legislation Text

File #: 22-633, **Version:** 1

PRESENTER:

Jeff Jewell, Director, Economic and Community Development

SUBJECT:

Approval of a reimbursement agreement with Union Pacific Railroad Company for legal costs and expenses associated with the proposed Union Pacific office relocation to Corbyn Yard located in Comal County.

DEPARTMENT: Economic and Community Development

COUNCIL DISTRICTS IMPACTED: 5

BACKGROUND INFORMATION:

The City has negotiated a Memorandum of Understanding (MOU) with Union Pacific Railroad Company that references the City's future acquisition of approximately 3.62 acres of UP property located in downtown New Braunfels. To facilitate the purchase of the downtown property, the City has agreed in the MOU to enter into a reimbursement agreement to fund certain work related to design and construction of a new office building and other facilities on UPRR owned land at Corbyn Yard in Comal County. Additionally, the City has also agreed to enter into a reimbursement agreement to fund UP's legal costs and expenses related to the proposed relocation of UP offices to the Corbyn Yard site.

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, which includes the adoption of this legal services reimbursement agreement. Adoption of the MOU begins the process for the City to ultimately acquire the downtown Union Pacific Railroad (UPRR) property. 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, of which this legal services agreement is part.

ISSUE:

In order to facilitate the City's purchase of UP's downtown property, the City has agreed to reimburse UP its legal costs and expenses related to UP's office relocation and construction of the Corbyn Yard facility. The NBEDC will fully reimburse the City for its costs incurred with the legal services reimbursement agreement, and the project expenditure was approved by the NBEDC on March 31, 2022 and City Council on April 11, 2022.

FISCAL IMPACT:

The NBEDC is reimbursing the City for the cost of this reimbursement agreement. The City and NBEDC entered into a funding agreement that includes the cost of this reimbursement agreement for \$25,000.00.

RECOMMENDATION:

Staff recommends approval of this agreement with Union Pacific Railroad Company to reimburse its legal expenses related to this project as agreed in the MOU.