

Legislation Text

File #: 22-634, **Version:** 1

PRESENTER:

Jeff Jewell, Director, Economic and Community Development

SUBJECT:

Approval of a reimbursement agreement with Union Pacific Railroad Company for preliminary engineering services related to 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 (UPRR) that references the City's future acquisition of approximately 3.62 acres of UPRR property located in downtown New Braunfels. To facilitate the City's purchase of the downtown property, the City 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.

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 preliminary engineering 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 engineering services agreement is part.

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.

Preliminary Engineering Reimbursement Agreement

UPRR's obligation to sell the Downtown Property will be contingent upon the City constructing a new office building and other facilities at Corbyn Yard. In order to determine the feasibility and cost of such work, UPRR

must first develop and evaluate the conceptual design for the Facilities and to evaluate access options to the Facilities. This Preliminary Engineering Agreement provides UPRR with a mechanism for reimbursement of its predevelopment, preliminary engineering review, utility location and design review and due diligence costs. The total cost for the initial feasibility and final design is \$409,315.50. The preliminary engineering will provide detailed site access solutions and an opinion of construction costs to gain access to the site. If that is determined to be an acceptable outcome, the project would move into final design of the building.

ISSUE:

In order to facilitate the City's purchase of UP's downtown property, the City has agreed to reimburse UP its preliminary engineering costs 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 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 \$409,315.50.

RECOMMENDATION:

Staff recommends approval of this agreement with Union Pacific Railroad Company to reimburse its preliminary engineering and design costs as agreed in the MOU.