

Council Worksession: MOU for Foster Pavilion

12/21/2021



Today's Discussion

- **Project Overview and Goals**
- **Why the Project Matters to the Region**
- **Project Conceptual Site Plan**
- **Conceptual Renderings**
- **Financial Strategy**
- **Council Actions: Pending and Future**
- **Next Steps in the Timeline**

Project Overview

- Baylor University is designing a 7,500-person capacity arena to host the Men's and Women's Basketball teams to be named the Foster Pavilion.
- Baylor, City, and Private Developers are coordinating to expand the Riverfront Development site and create a dynamic development district
- Pavilion will be financially self-sufficient, with no public money for operations or maintenance except on 90 dates used by City, except when used for municipal purposes.
- Financial Strategy will note require a tax rate increase or take revenue from other initiatives such as public safety or street program.
- The more than \$700m investment represents the largest economic development project in the City's history
- Provides a facility and amenity that is beyond comparison for similar-sized cities
- Delivers on Community's Vision for Riverfront Development




Plans that Affirm the Priority of Riverfront Development

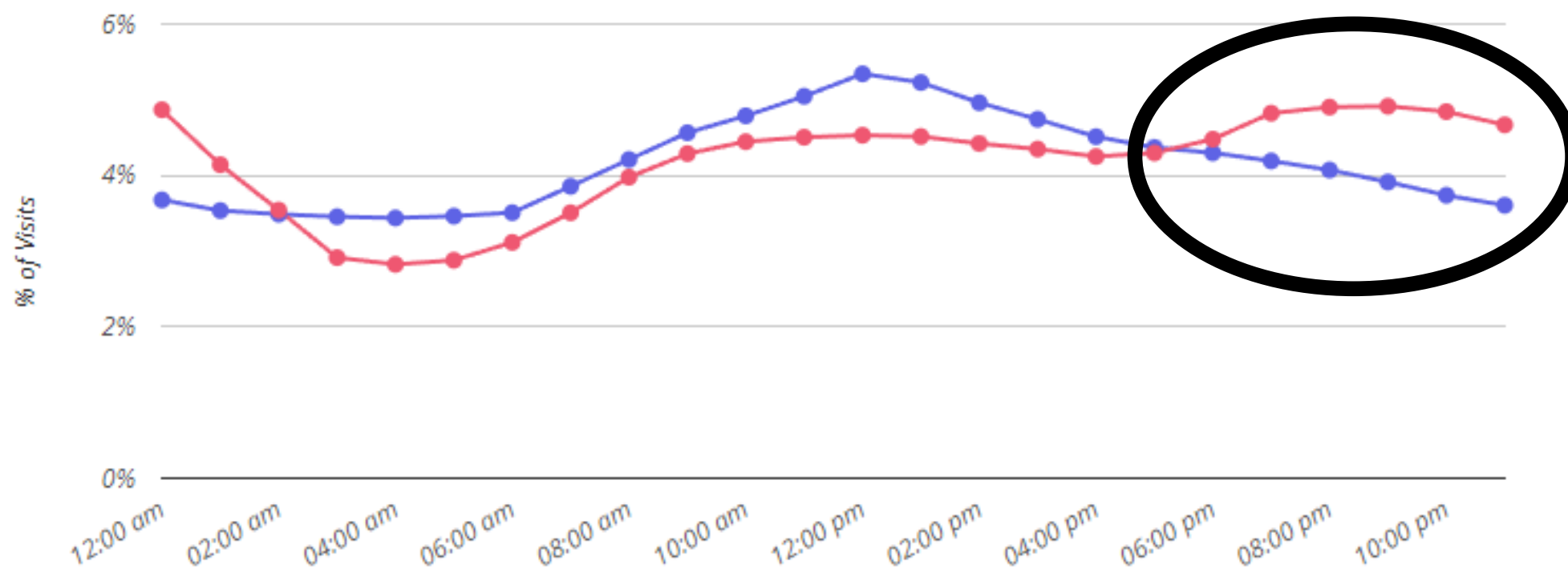
- City of Waco Comprehensive Plan (1968)
- City of Waco Comprehensive Plan (1983)
- City of Waco Comprehensive Plan (1998)
- City of Waco Comprehensive Plan (2016)
- Imagine Waco – A Plan for Downtown (2010)
- NRN Downtown Assessment (2016)
- Downtown Market Study (2018)
- Greater Waco Chamber of Commerce Strategic Plans



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Visualizing an 18 Hour Downtown

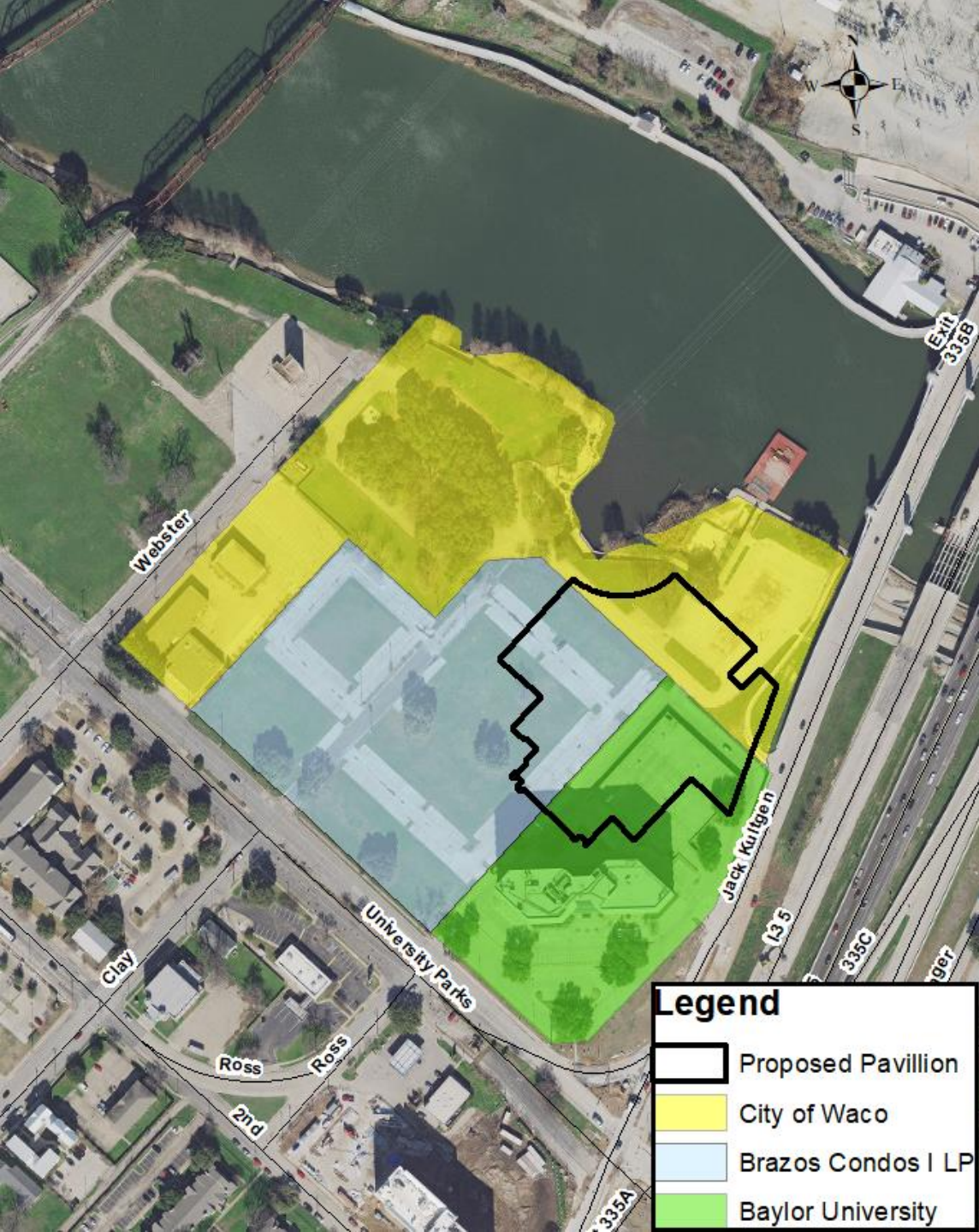
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Foster Pavilion Site



Foster Pavilion Site



Foster Pavilion Site from the South

How it fits into City's Riverfront Development?





CATALYST
URBAN DEVELOPMENT

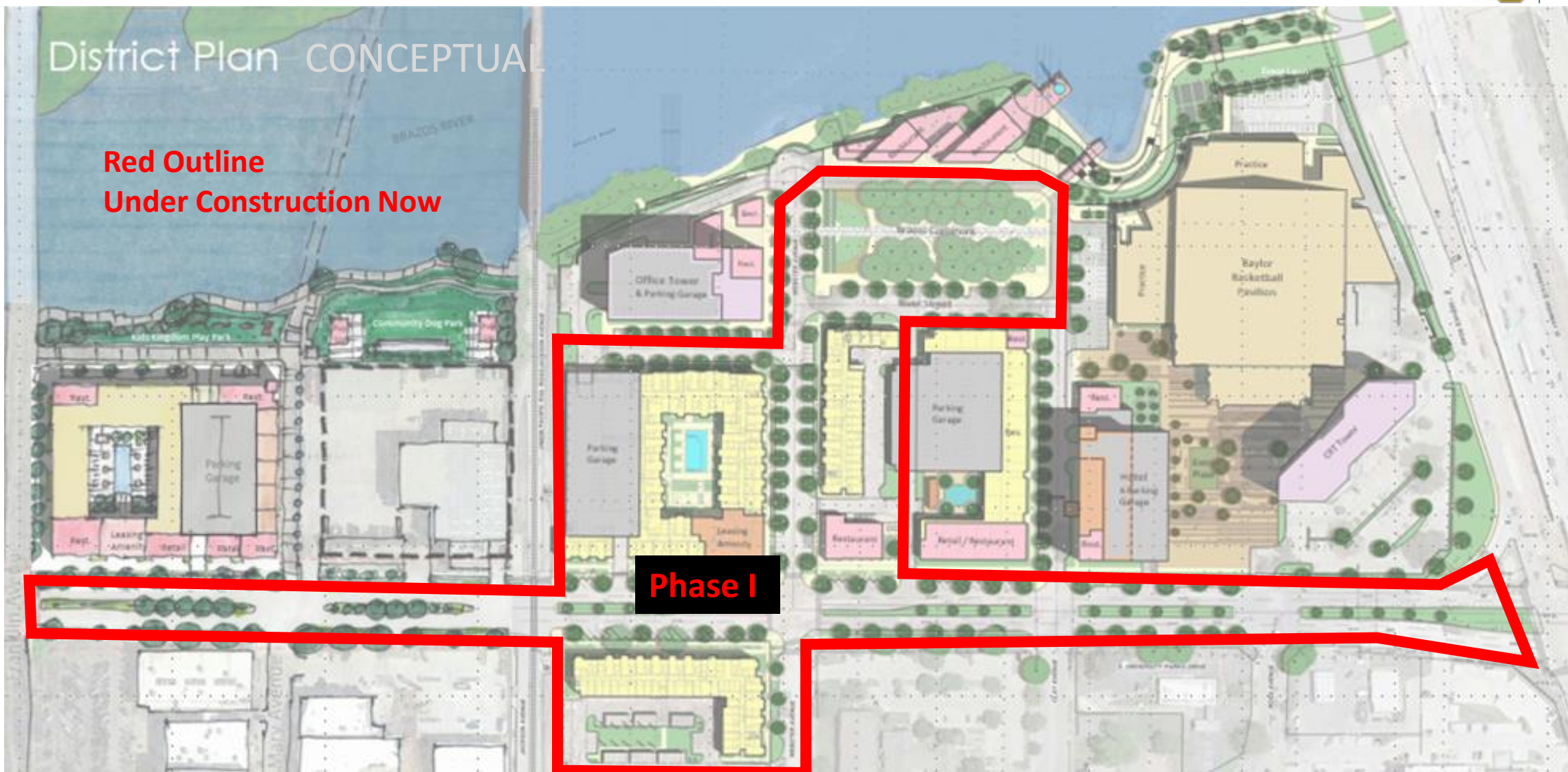
THE RIVERFRONT



District Plan CONCEPTUAL

Red Outline
Under Construction Now

Phase I





CATALYST
URBAN DEVELOPMENT

THE RIVERFRONT

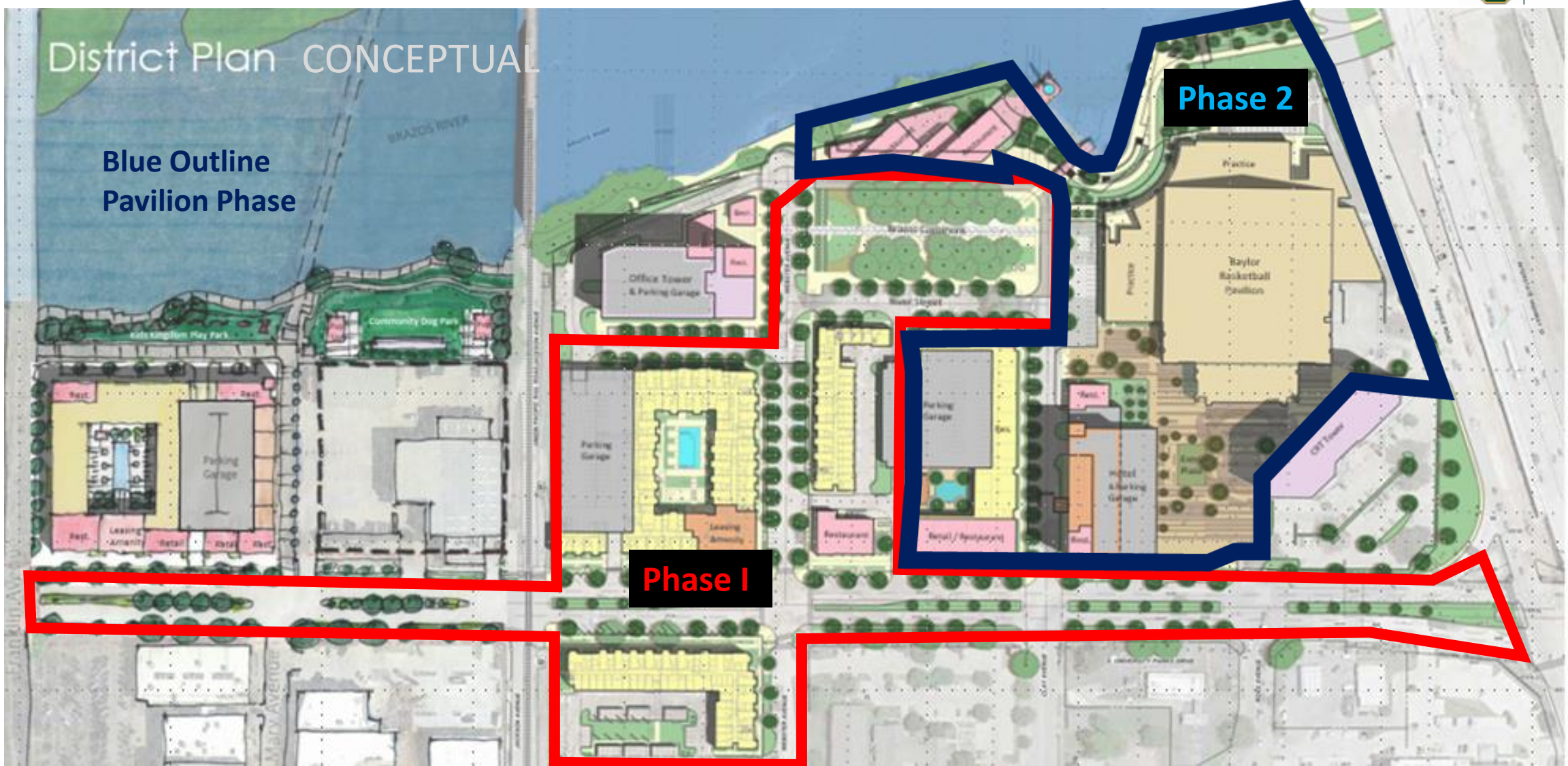


District Plan CONCEPTUAL

Blue Outline
Pavilion Phase

Phase 2

Phase 1



District Plan CONCEPTUAL

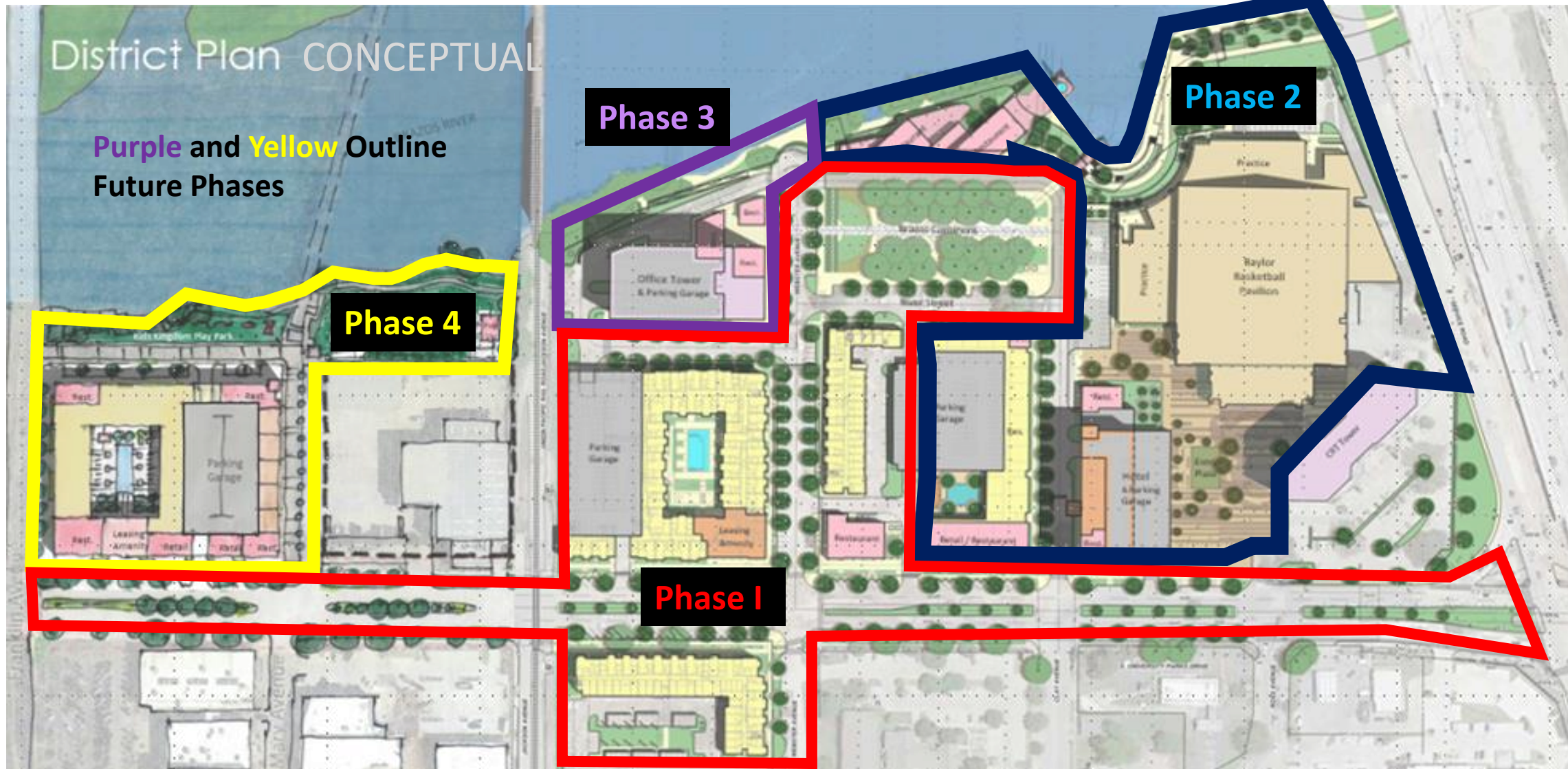
Purple and Yellow Outline
Future Phases

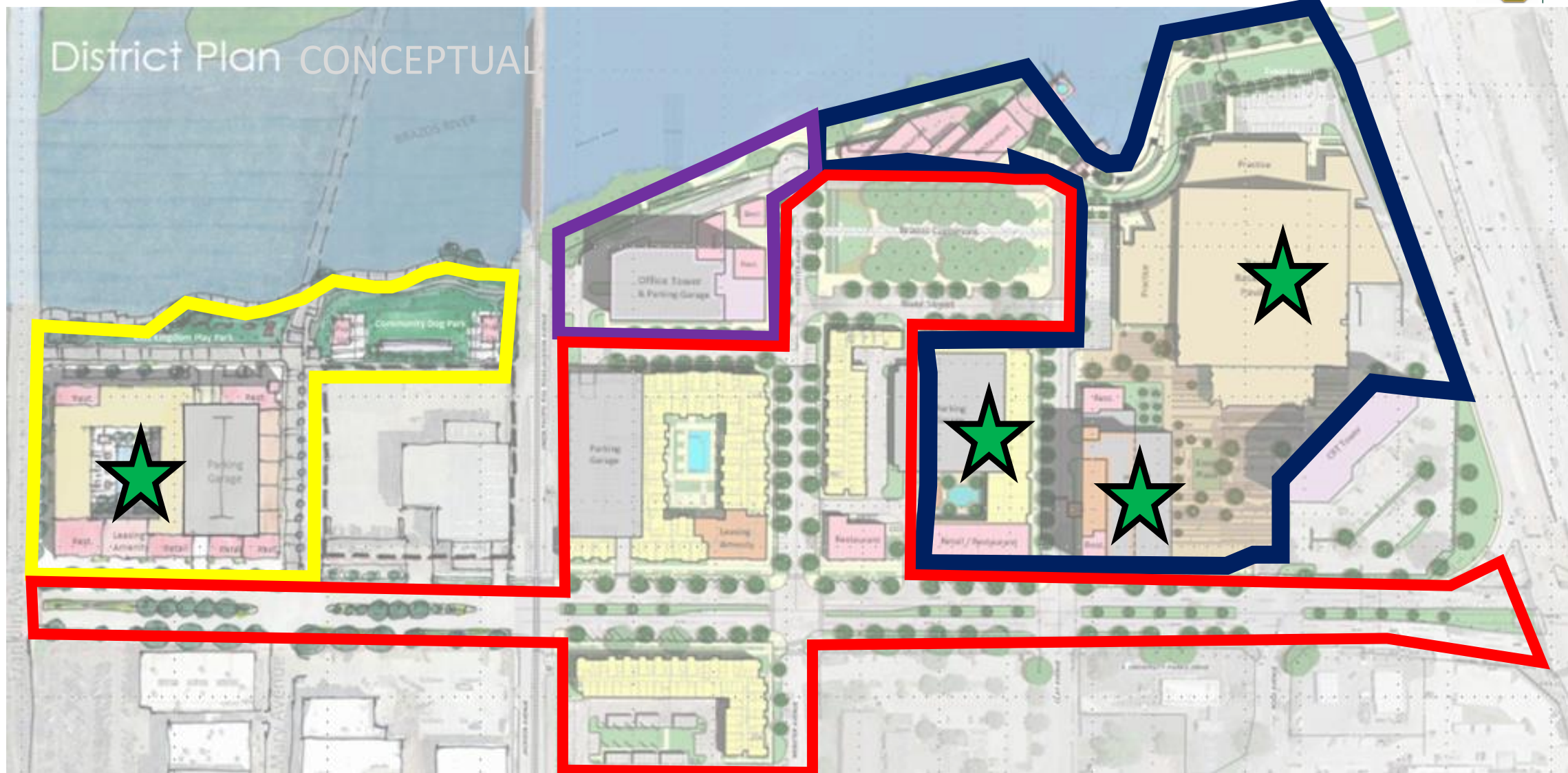
Phase 4

Phase 3

Phase 2

Phase 1





CONCEPTUAL



CONCEPTUAL



CONCEPTUAL



CONCEPTUAL



CONCEPTUAL

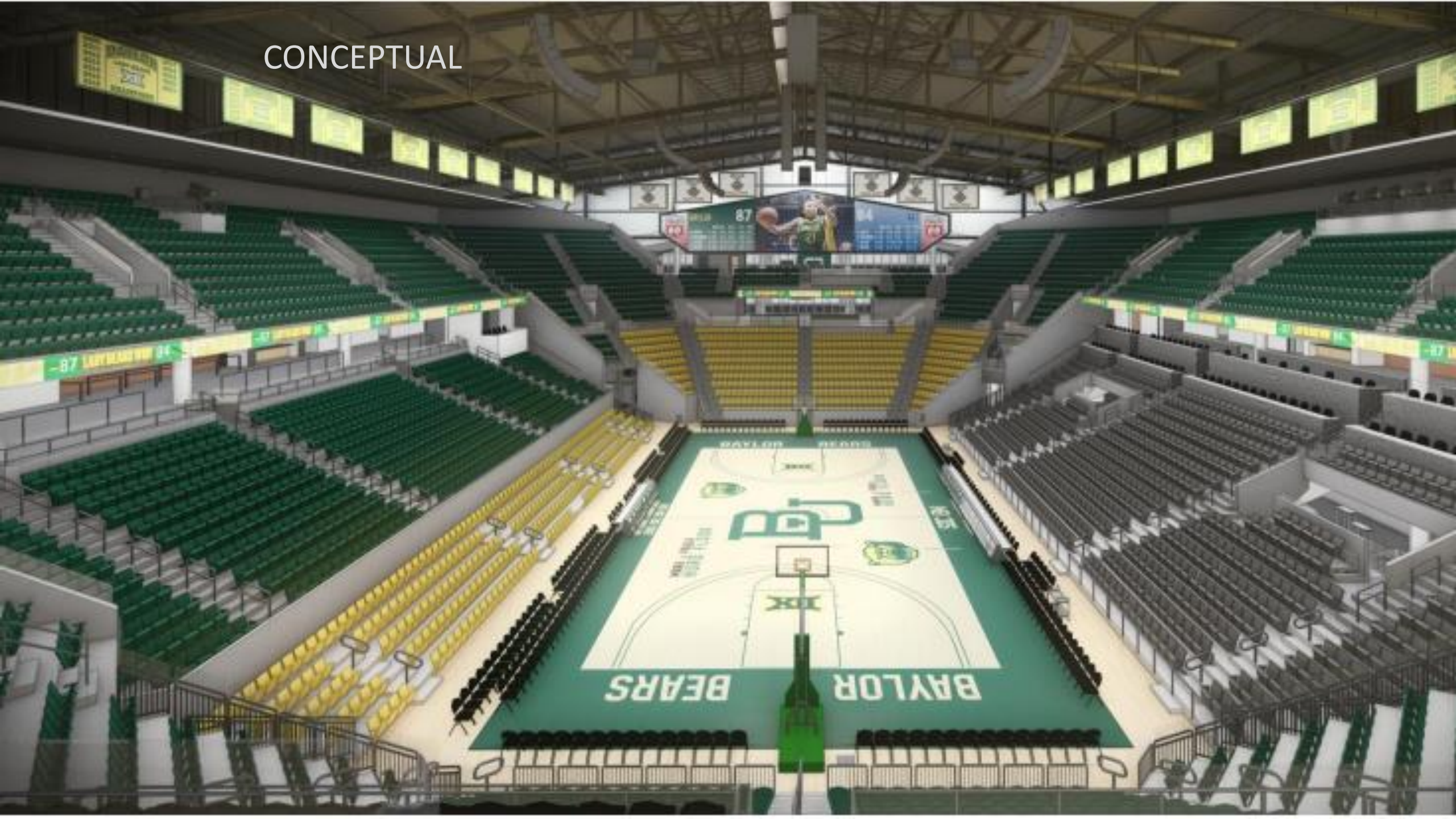


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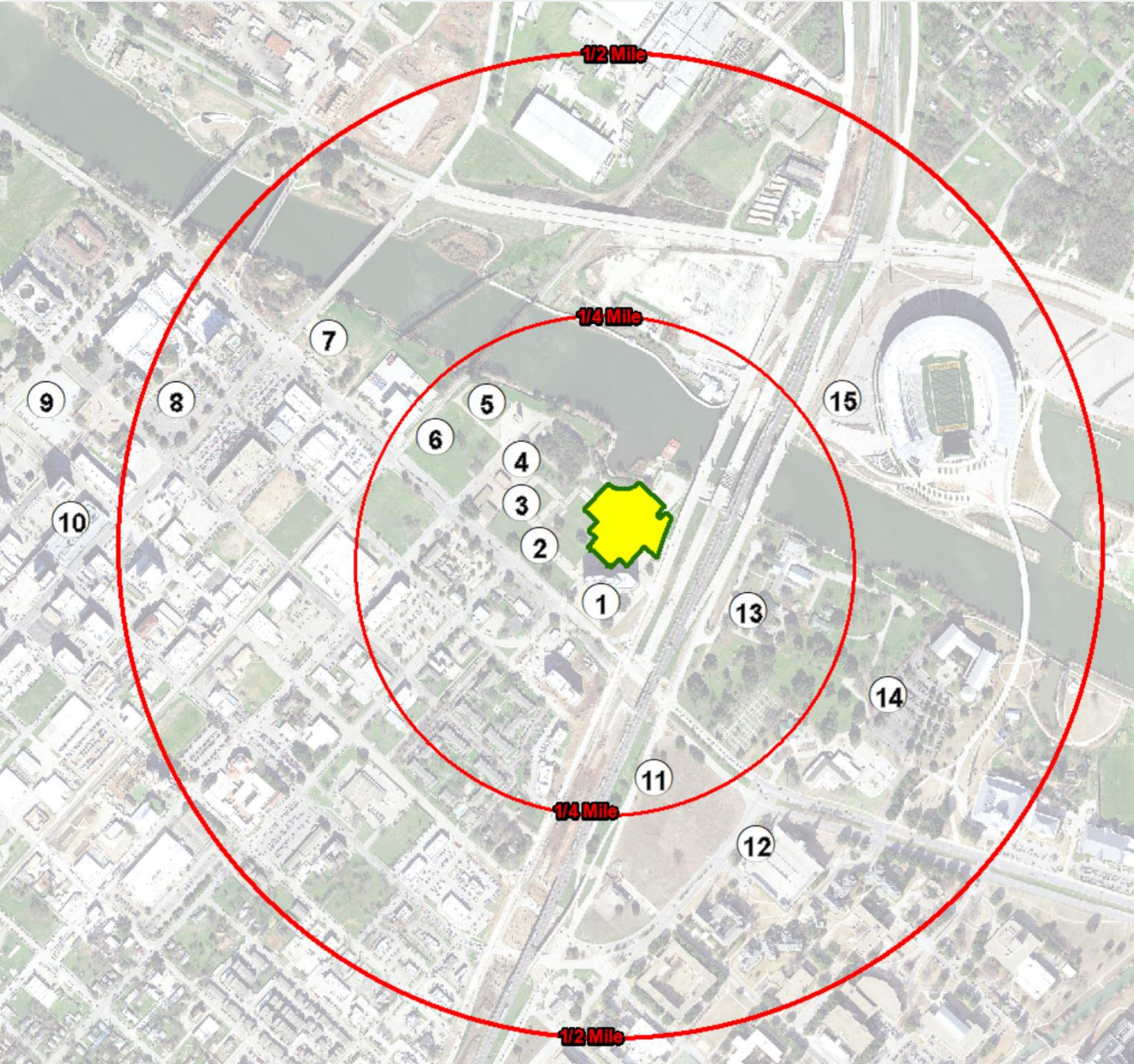
CONCEPTUAL



CONCEPTUAL



What about parking? Parking Options

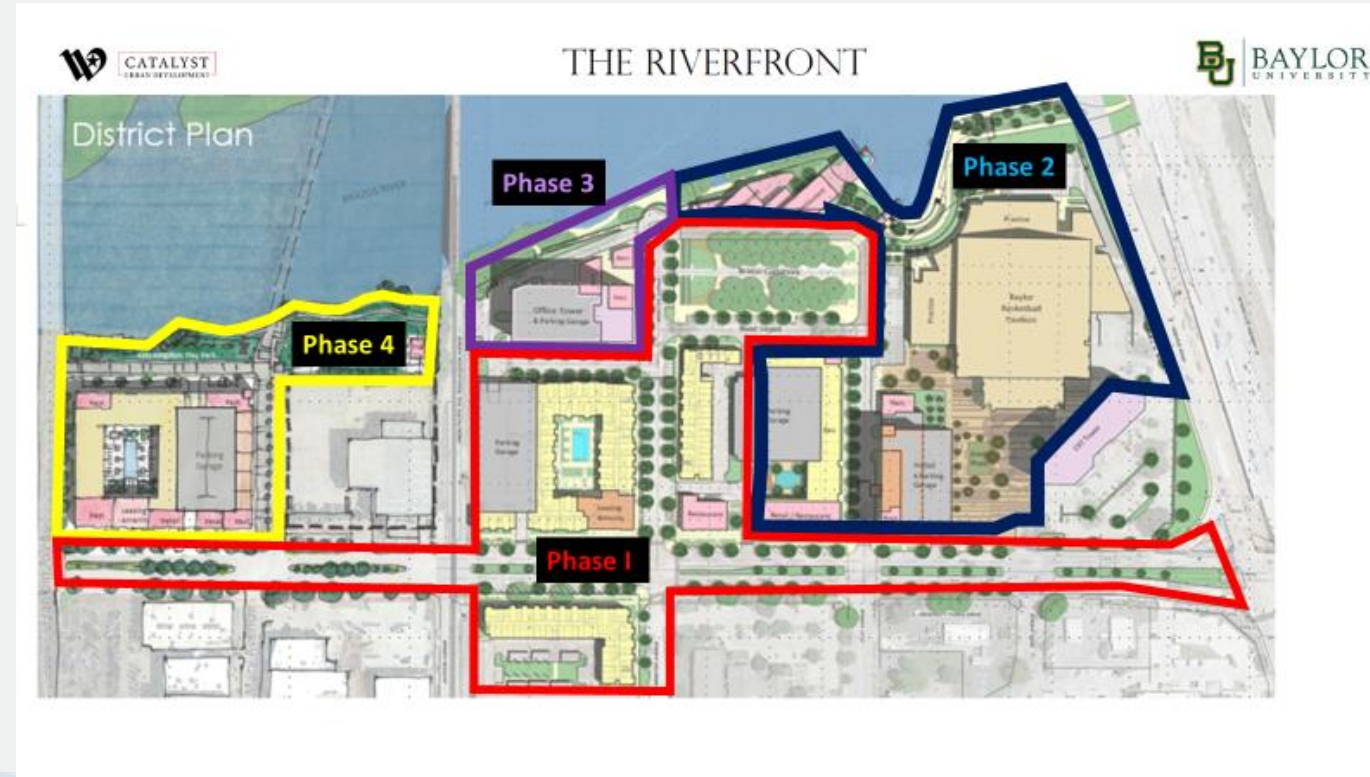


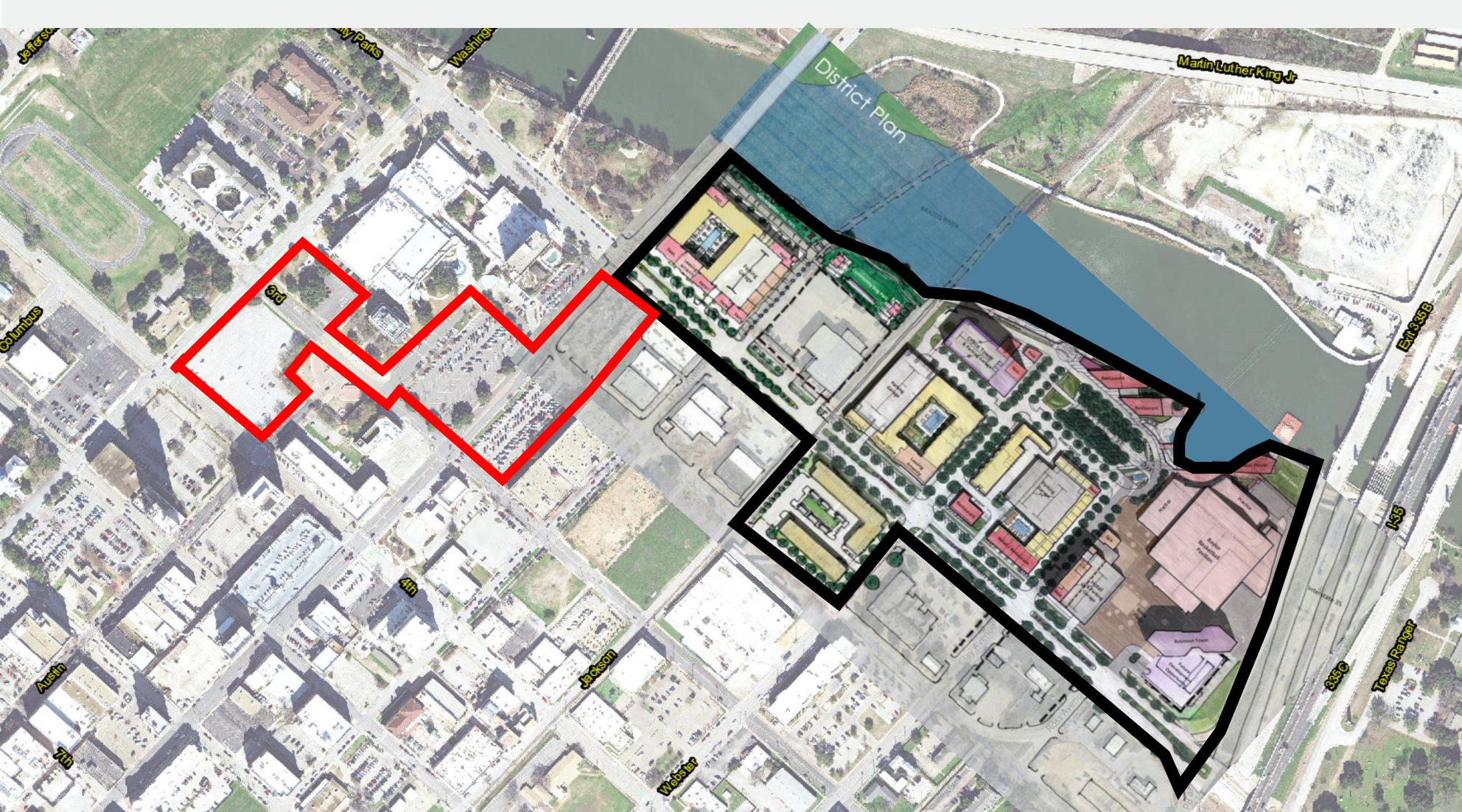
ID	Site Name	Owner	Status	Parking Type	Parking Spaces	Walk Time to Front Door	Shuttle To Front Door
1	Robinson Tower	Baylor University	In Place	Surface	150	2 minutes	N/A
2	East Clay Garage	City of Waco	Planned	Garage	435	2 minutes	N/A
3	West Clay Garage	City of Waco	Planned	Garage	165	4 minutes	N/A
4	On-Street Riverfront	City of Waco	Under Construction	Surface	135	4 minutes	N/A
5	Temporary Parking	City of Waco	Potential	Surface	175	5 minutes	N/A
6	Riverfront Garage	City of Waco	Under Construction	Garage	185	5 minutes	N/A
7	Temporary Parking	City of Waco	Potential	Surface	315	8 minutes	2 minutes
8	City Hall Parking	City of Waco	In Place	Surface	275	11 minutes	3 minutes
9	Heritage Square	City of Waco	In Place	Surface	225	14 minutes	3 minutes
10	City Parking Garage	City of Waco	In Place	Garage	205	14 minutes	3 minutes
11	Hurd Welcome Center	Baylor University	Under Construction	Surface	175	8 minutes	4 minutes
12	Dutton Garage	Baylor University	In Place	Garage	125	10 minutes	4 minutes
13	Texas Ranger HOF	City of Waco	In Place	Surface	87	8 minutes	4 minutes
14	Baylor Law	Baylor University	In Place	Surface	165	12 minutes	4 minutes
15	McLane Stadium Lot 1	Baylor University	In Place	Surface	325	18 minutes	6 minutes

	Spaces Available	Persons Served	% of Capacity Served
Within 5 minute walk	1,245	3,984	53%
Within 10 minute walk	1,947	6,230	83%
Within 15 minute walk	2,817	9,014	120%
Within 5 minute shuttle	2,817	9,014	120%
Within 10 minute shuttle	3,142	10,054	134%

Who will develop the additional City properties in Riverfront?

- **Phase 1** - Catalyst Urban
- **Phase 2** - Multiple
 - W Clay Ave. Mixed Use – Catalyst
 - Riverfront Restaurants – Catalyst
 - E Clay Ave. Hotel Site – TBD
- **Phase 3** – Catalyst Urban
- **Phase 4** - City and/or TBD developer





Development Phase		Year Opened	Estimated Financial Contributions			
			Baylor University	TIF #1	Private Entities	Total
Riverfront	Phase 1	2022	\$ -	\$ 14,250,000	\$ 48,500,000	\$ 62,750,000
Pavilion Phase	Phase 2	2024	\$ 120,000,000	\$ 98,750,000	\$ 130,000,000	\$ 348,750,000
Mixed-Use River Site	Phase 3	Future	\$ -		\$ 52,000,000	\$ 52,000,000
Franklin/UParks	Phase 4	Future	\$ -		\$ 78,000,000	\$ 78,000,000
City Owned Parking Lots	Phase 5	Future	\$ -		\$ 185,000,000	\$ 185,000,000
Total						\$ 726,500,000

Economic Impact Model – Perryman Study

- City contracted with Ray Perryman to study the economic impact of the full build-out of the multi-phase project
- Based on full build-out of the Project, annual economic impact of more than \$300m and more than \$200m in personal income
- Tax Revenue Impact *Annually* at Full Build Out
 - State of Texas: \$17.9m
 - Local Taxing Entities: \$18.9m
- Employment Impact: 3,835 new jobs at full development

	Annual	20 Year Impact
State of Texas	\$ 17,852,060	\$ 357,041,200
Waco ISD	\$ 6,379,382	\$ 127,587,640
City of Waco	\$ 6,223,805	\$ 124,476,100
McLennan County	\$ 2,439,240	\$ 48,784,800
MCC	\$ 724,230	\$ 14,484,600
TIF #1	\$ 3,132,465	\$ 62,649,300
PID #1	\$ 239,120	\$ 4,782,400
TPID #1	\$ 94,608	\$ 1,892,160

MOU Considerations

- Baylor is conveying more than 4.8 acres in the Riverfront area
 - 1.33 acres at the corner of Franklin and University Parks Drive
 - 1.78 acres west side of Clay Ave at University Parks Drive
 - 1.77 acres on Clay; east side of Clay Ave at University Parks Drive
- Baylor agrees to provide:
 - \$20m over ten years for a Performing Arts Center
 - \$500,000 to the STEAM Center Project
- City is acquiring 90 dates of usage in the Pavilion each year

Venue Use Strategy (90 dates)

- City will seek a private venue management operator for the majority of the 90 dates available to the City
- This will be done using RFP/Q process in 2022
- City will retain a small number of dates for its own usage to support Convention and Sports Tourism efforts
- Coordination with Baylor University will be addressed in a Venue Management Agreement like those that govern Rupp Arena at University of Kentucky
- Venue Management Operator will provide an annual usage fee and / or ticket revenue sharing agreement as part of their contract with the City

Financial Parameters

- **Total: \$98.75 million**
- **Reimbursement to Baylor: \$65 million**
 - 5 annual installments of \$13 million (2024-28)
 - Land (4.84 acres)
 - Improvements/Modifications to Pavilion for Venue use
 - Public improvements/infrastructure
- **Public Improvements: \$33.75 million**
 - Parking: \$17.6 million
 - 435 space Pavilion Parking Garage (Hotel)
 - 165 spaces in multi-use garage west of Clay
 - Riverwalk Improvements: \$16.15 million



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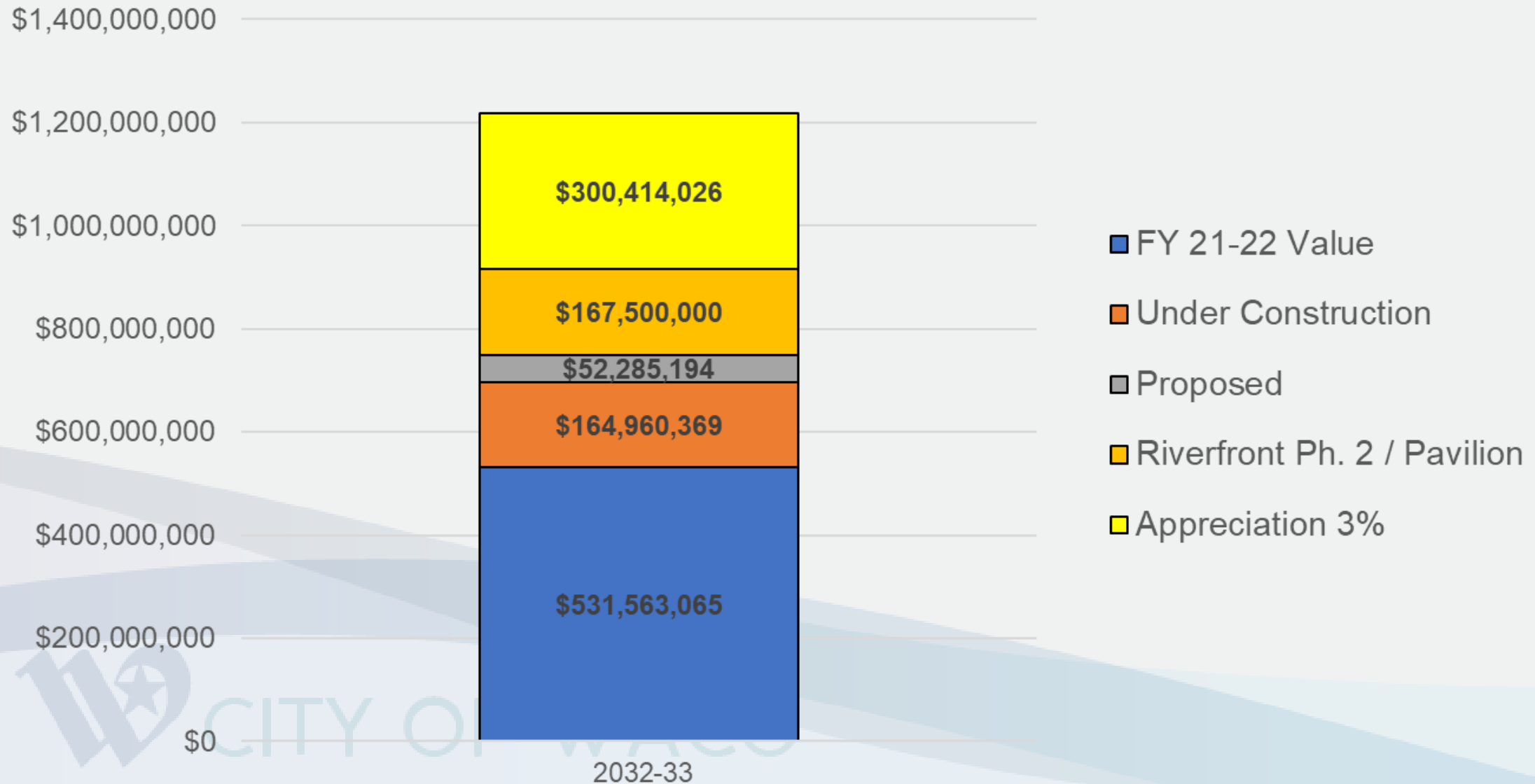
How the City Proposes to Fund the Public Contributions

- **Supported by growth in the Zone/Riverfront District**
 - No tax rate increase
 - Utilize no revenues currently supporting operations or capital (e.g. public safety, street & park improvements, etc.)
- **Primary vehicle for this public/private project will be the existing TIRZ#1**
- **Anticipate a combination of TIRZ#1 Revenue Bonds and TIRZ Cash**
 - Bonds: 20% - 30% of \$65m total (preliminary)
 - Cash: 70% - 80% of \$65m total (preliminary)
- **TIRZ#1 Project Plan modification**
 - Planned for 2nd Quarter of FY 2022 (January – March)
 - TIF Board recommendation and City Council decision
- **TIRZ#1 termination extension is proposed**
 - Current end date is 2033; Proposed end date is 2052
 - Termination cannot occur prior to fulfillment of any debt obligations
 - Contribution rates examined

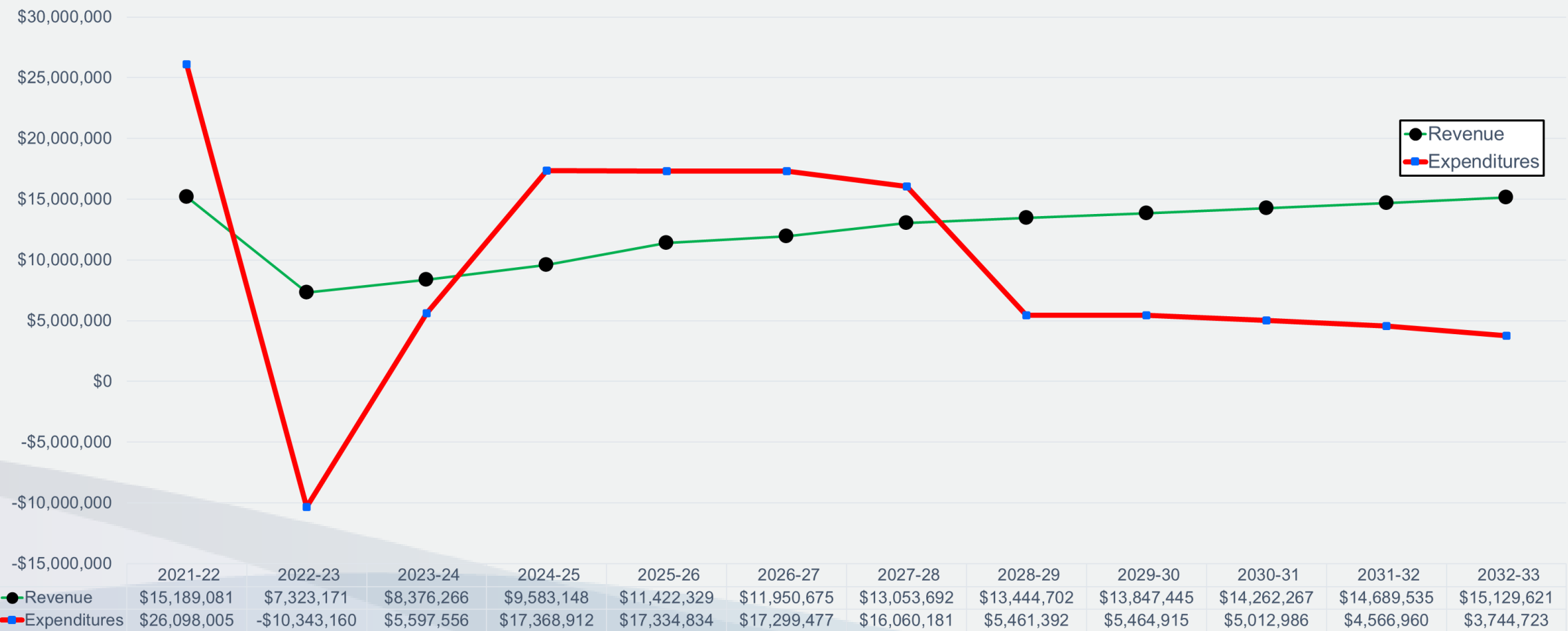
Financial Strategy Overview

- **Formed a financial solutions team**
 - Bond Counsel
 - City's Financial Advisor
 - Internal Team Members from Legal, Finance, Budget, and Economic Development
- **Key elements**
 - Taxable versus Tax Exempt Debt considerations
 - Private Use components of each project element
 - Conforming with the project's construction timeline
 - Modifications due to WISD exit and reduction of MCC contribution rate
 - Maintain debt coverage requirements and cash balances
 - Preserve capability to fund future projects

TIRZ#1 Increment Projection by 2032 - 2033

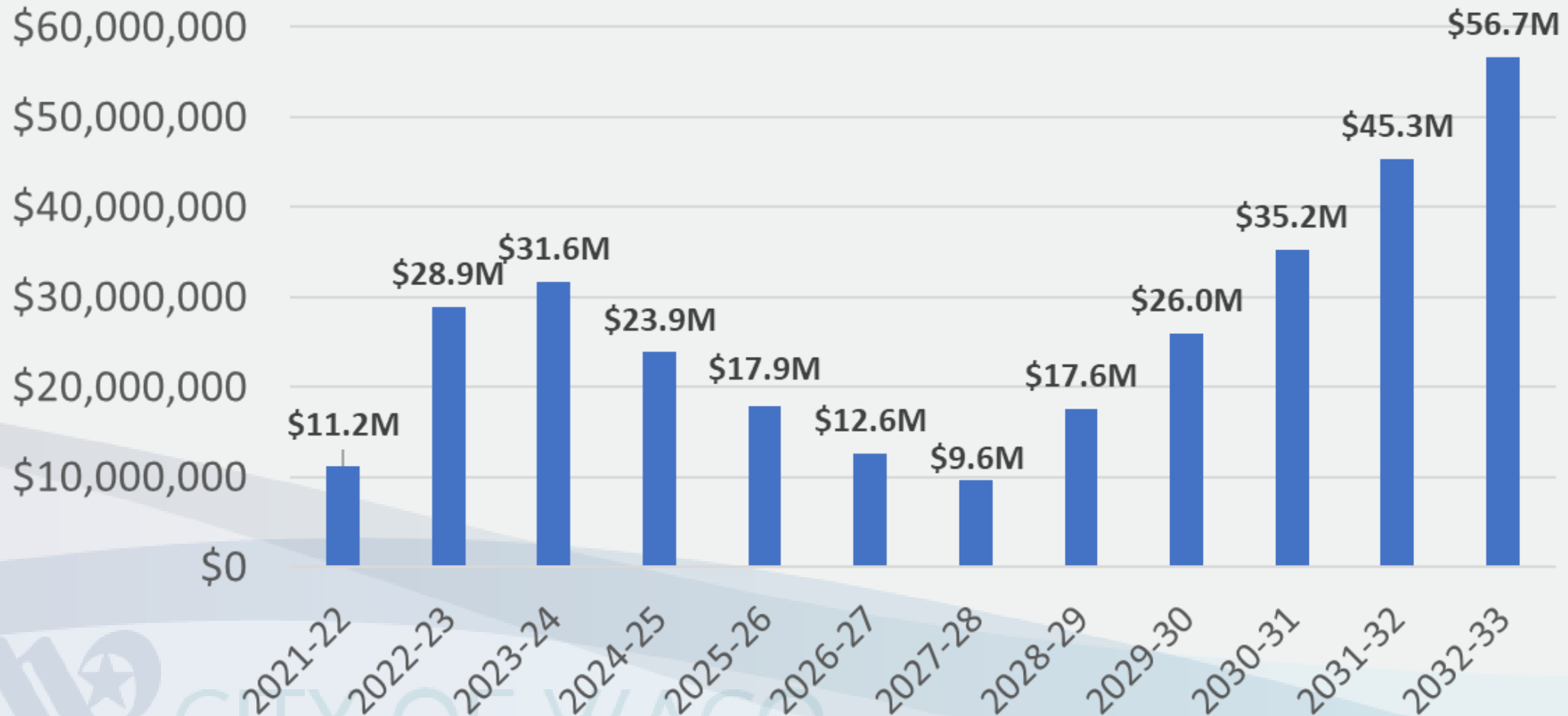


TIRZ#1 Projected Revenues and Expenses



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Projected TIRZ#1 Fund Balance by Year with Pavilion Project



Items on 12/21 Agenda & Future Agendas

Dec. 21st Agenda

- AECOM (design of garage, riverwalk, Clay Ave.)
- Oak View Group (design consulting; operational pro forma)
- Kimley-Horn (downtown implementation plan)

Future Agendas

- *Baylor Agreements*
 - *Development*
 - *Operations*
 - *Leases*
- *Venue Operator*
- *Hotel Development*
- *Catalyst Amendments (Ph. 2)*
- TIRZ amendments to project and financing plans
- Debt issuance
- Traffic Analysis/Planning/Coordination

Next Steps

Yesterday

Baylor Regents voted to approve the project location

January – June 2022

Development Agreements and TIF #1 Actions

April 2022

Select a Hotel Partner for the Site

July 2022

Start of Construction on Pavilion

November 2022

Complete Design of Parking Garage and Riverfront Improvements

May 2024

Complete construction of Pavilion, Parking Garages



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Questions?

