

MEMORANDUM

TO: Donna Barron, City Manager

FROM: Nika Reinecke, Director of Economic Development

DATE: March 27, 2019

SUBJECT: **Approval of the First Amendment to the Economic Development Agreement, Approved on September 15, 2014, Between CADG Mill Street, LLC and the City of Lewisville; and Authorization for the City Manager to Execute the Agreement.**

BACKGROUND

The City and CADG Mill Street, LLC, entered into an Economic Development Agreement (Agreement) for the development of South Village, an 87-unit mixed-use development located at the southwest corner of Mill and Elm Streets. The agreement calls for reimbursement of all fees back to the developer based on the number of units completed. The formula to calculate fee reimbursements is set up to reimburse the one-time development fees as a fraction of units completed, based on the total units within the development.

ANALYSIS

The South Village project is well underway with 29 units completed (including units in the Awesome Center) and 5 under construction. City has already reimbursed the developer for the fees on the number of units that have been completed and, in the process, encountered difficulties in managing the calculation described within the original agreement. In addition, the fees that may be waived but now collected and reimbursed as a condition in the agreement create issues with budgeting. The only fees that the City cannot waive in accordance with the State Law are the impact fees. For all the other similar developments in Old Town, City waives all fees as described in the agreement and provides a grant equal to the amount of impact fees paid. This makes for a simpler administration of the process for both collection and reimbursement. This amendment simplifies the process by reimbursing the one-time fees that are already paid, waiving certain fees at the time of issuance of building permit for new units and providing a grant equal to the amount of impact fees paid for new units. The grant will be provided upon completion of new units.

RECOMMENDATION

It is City staff's recommendation that the City Council approve the amendment to the agreement; and authorize the City Manager to execute the agreement.