Bayou Greenways 2020 Project

Background

- November 6, 2012 – voters approved a $166m parks bond proposition (Proposition B) of which $100m was designated to support the Bayou Greenways 2020

- On June 26, 2013 City Council approved an Interlocal Agreement with the Houston Parks Board LGC in which they committed to raise an additional $105m needed to develop the Bayou Greenways 2020 Project and fulfill the commitment to the voters
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- Houston Parks Board (HPB) has an ongoing campaign to raise the $105m required and it is progressing
- A clearly defined issue that has become apparent in philanthropic campaigns is the commitment of the city to appropriately maintain the donated asset
- City Council addressed this issue directly during the development and agreements reached and passed in 2012 on Buffalo Bayou Park
  - Three party agreement between the donor, the Downtown TIRZ and Buffalo Bayou Park
  - Established a committed fund and process and procedures out 30 years to ensure asset preservation
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• An “angel donor” has offered to make a grant of $50m to the Houston Parks Board (HPB) provided that the city and HPB enter into a long-term maintenance agreement for the project

• A commitment to maintenance is required

• Discussions have followed the same template as Buffalo Bayou Park with important distinctions:
  – Goal of this project is not only the linear parks but specific focus on stretching into many city neighborhoods
  – The breadth of this project is approximately 4,000 acres and spread over 9 Bayou’s/Rivers that make a TIRZ impractical and potentially a high administrative cost option
  – Revenue sources for outside event to supplement operating costs are considerably less
Began the evaluation process with detailed estimates of maintenance costs
  – Used industry recognized experts to estimate costs
  – Needed to recognize severe weather conditions can be harsh and have direct impact on improvements (both design and maintenance)
  – Goal remains, however, to have these facilities used for pedestrian, bicyclists and communities
  – Goal remains to have future opportunities to further expand “fingers” into communities

Estimate for maintenance in FY 20-21 will be $9.4m/year (in 2013 $ to be escalated) and will ramp up to this level from FY 14-15 and escalate beyond this with inflation

Also expect there will be variations due to severity of weather conditions
  – Believe 20% contingency of these maintenance costs each year should be established
• Nationwide studies show properties next to parks and green space appreciate in value at a much higher rate than others
  – HPB has done considerable research on this prior to the bond election and it was distributed during the campaign

• City’s own experience supports this – Discovery Green (for example) had a dramatic impact on adjacent property values

• Plan to create an economic development zone ¼ mile on each side of the 9 bayou’s and rivers and calculate increased value
  – Will use January 1, 2012 as base period
  – Will use HCAD market values in a detailed manner just as we do for TIRZ and 380 agreements
  – Using the Ordinance 99-674 and enabling LGC 380 these funds become available to cover defined maintenance costs
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- 30 year contract established between City and Houston Parks Board 501c3
  - Will define specific maintenance costs to be spent over term
  - Will include a 20% contingency in each year
  - Will draw from ad valorem tax generated in the “Economic Parks/Trails Zone”

- The contingency will be returned to the city if not needed in a specific year except for the need for replacing initially planned and built capital facilities and projects

- Annually the contract requires a 10 year CIP to be established to replace initially planned and built capital projects
  - If current year contingency remaining is not needed for contingency and 10 year CIP then funds will be returned to the City
Within 6 months of the effective date of this agreement a 7-member Standards Committee will be appointed which will consist of:

- 2 representatives from the City of Houston as appointed by the Mayor
- 2 representatives of HPB
- 2 representatives of the “Angel Donor”
- 1 member selected by the other 6 committee members

The Committee will also include representatives who will serve in an “Ex-Officio” capacity from:

- Harris County Flood Control District
- Houston Parks Board LGC
- City of Houston Parks Department
HPB agrees that Houston Parks & Recreation Department (HPARD) is the preferred maintenance contractor for the performance of the HPB maintenance work.

HPB and the City will enter into a Maintenance Agreement no later than December 31, 2013.

For any maintenance work not covered by the HPARD maintenance agreement, HPB has the authority to contract or delegate the maintenance.
• HPB will maintain the project in accordance with the Maintenance Manual

• They will have the authority to negotiate with potential contractors in good faith and enter into a Maintenance Agreement(s) no later than June 30, 2014

• HPB will provide the Standards Committee the opportunity to review and provide comments to the Maintenance Agreement(s)

• HPB will be primarily responsible for the maintenance of the project

• The city is the owner of the “hardscape and improvements” contained in the project