



Expansion of the Downtown TIRZ

City Council
May 16, 2023

Background

- The Downtown Tax Increment Reinvestment Zone (TIRZ # 1) Fund was created in FY 2010-11 through ordinance 2010-316
- In November 2022 the Downtown TIRZ Board recommended the City engage a consultant to assist with updating and amending the TIRZ project and financing plan which includes boundary and term considerations



Strategic Focus Areas

Key Focus Area 3:

- Foster Economic Opportunity and Affordability

Economic Development Strategic Plan

- Downtown Development
 - Continue to utilize various tools to stimulate new private investment in the downtown
 - Prioritize development: the corridors extending off the square

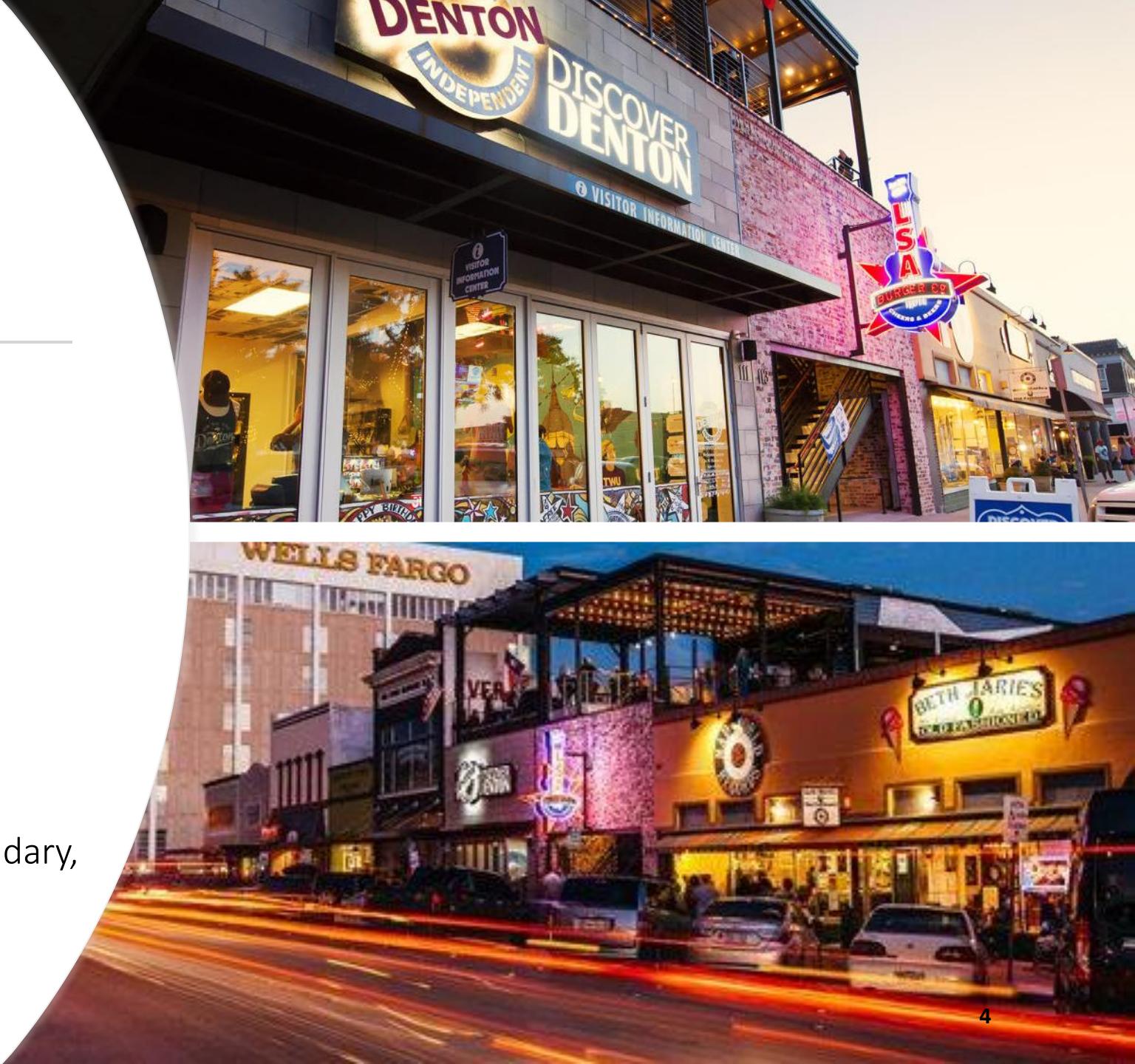


TIRZ Creation Ordinance

Composed of Five (5) Key Elements

- Boundary
- Term
- Board
- City Participation
- Preliminary Project and Financing Plan

The work session today is focused on the boundary, term, and project costs



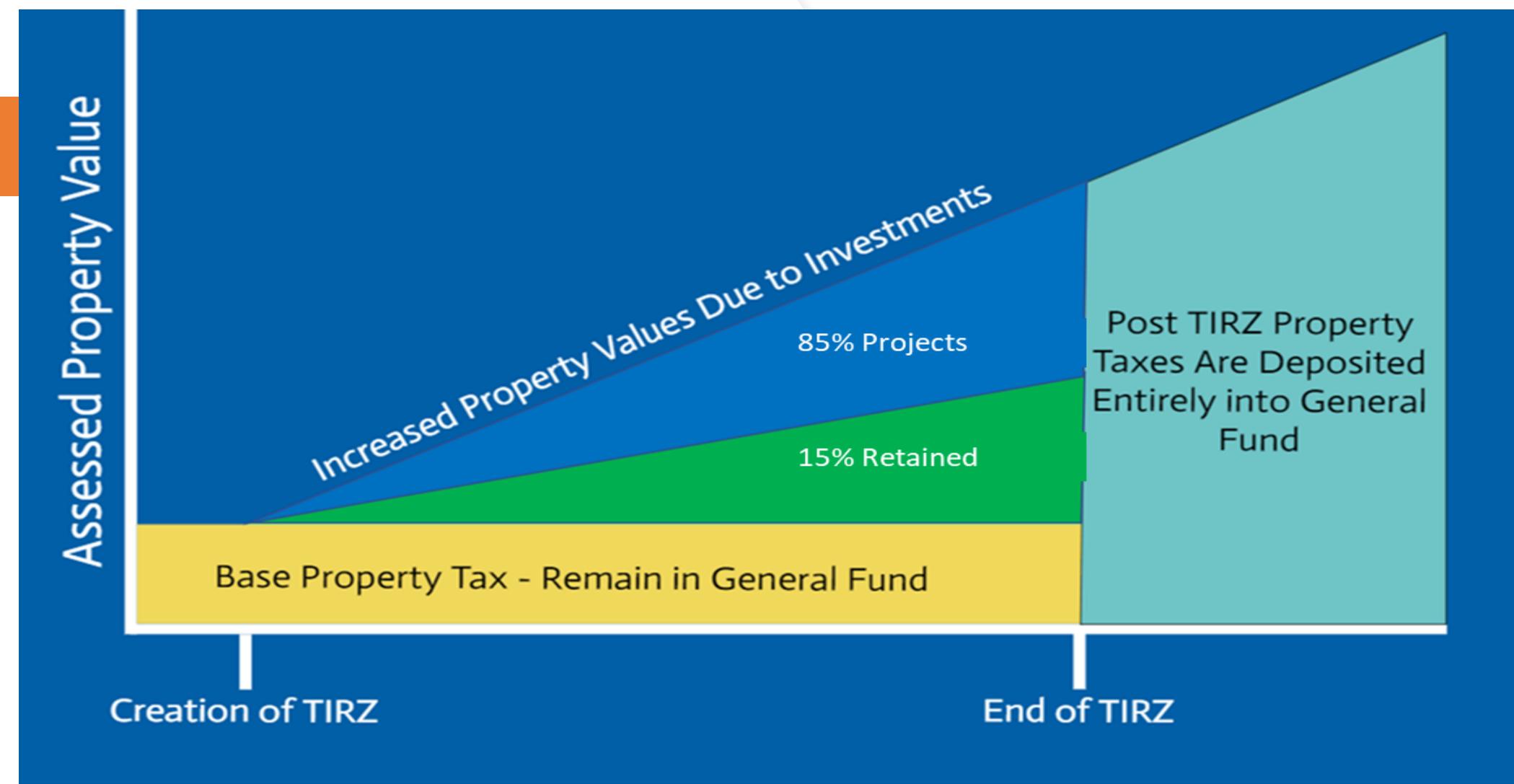
State Statute

TIRZ are governed by Chapter 311 of the Texas Tax Code

- Captures a portion of property tax
- Often used to fund development or large infrastructure projects
- Has their own governing body
- Funds must be used in accordance with Ch. 311 and the entities adopted project plan



TIRZ Overview Visualization



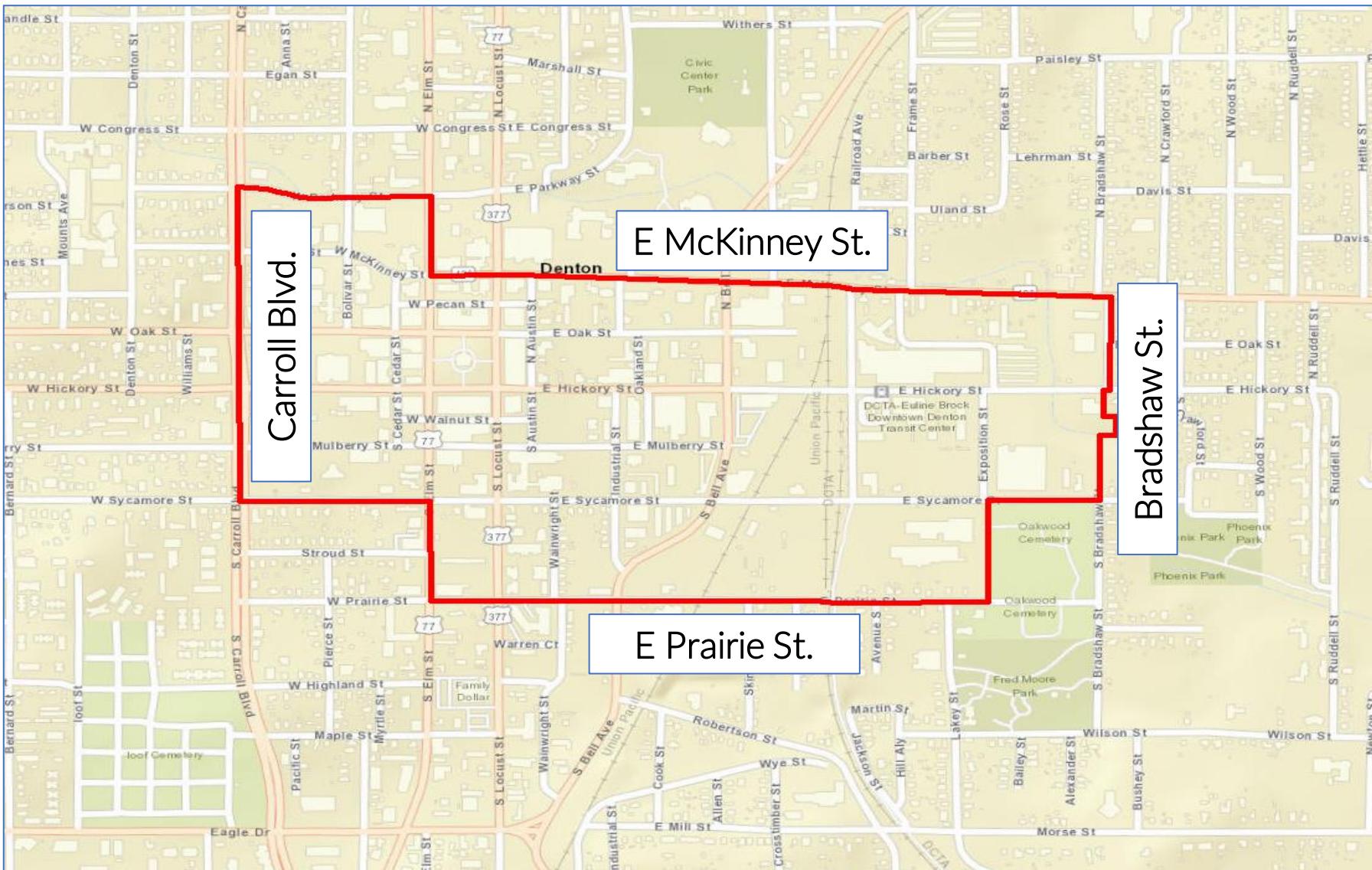
*Taxing entity rates are negotiated and can vary (not identical)

TIRZ # 1 Framework

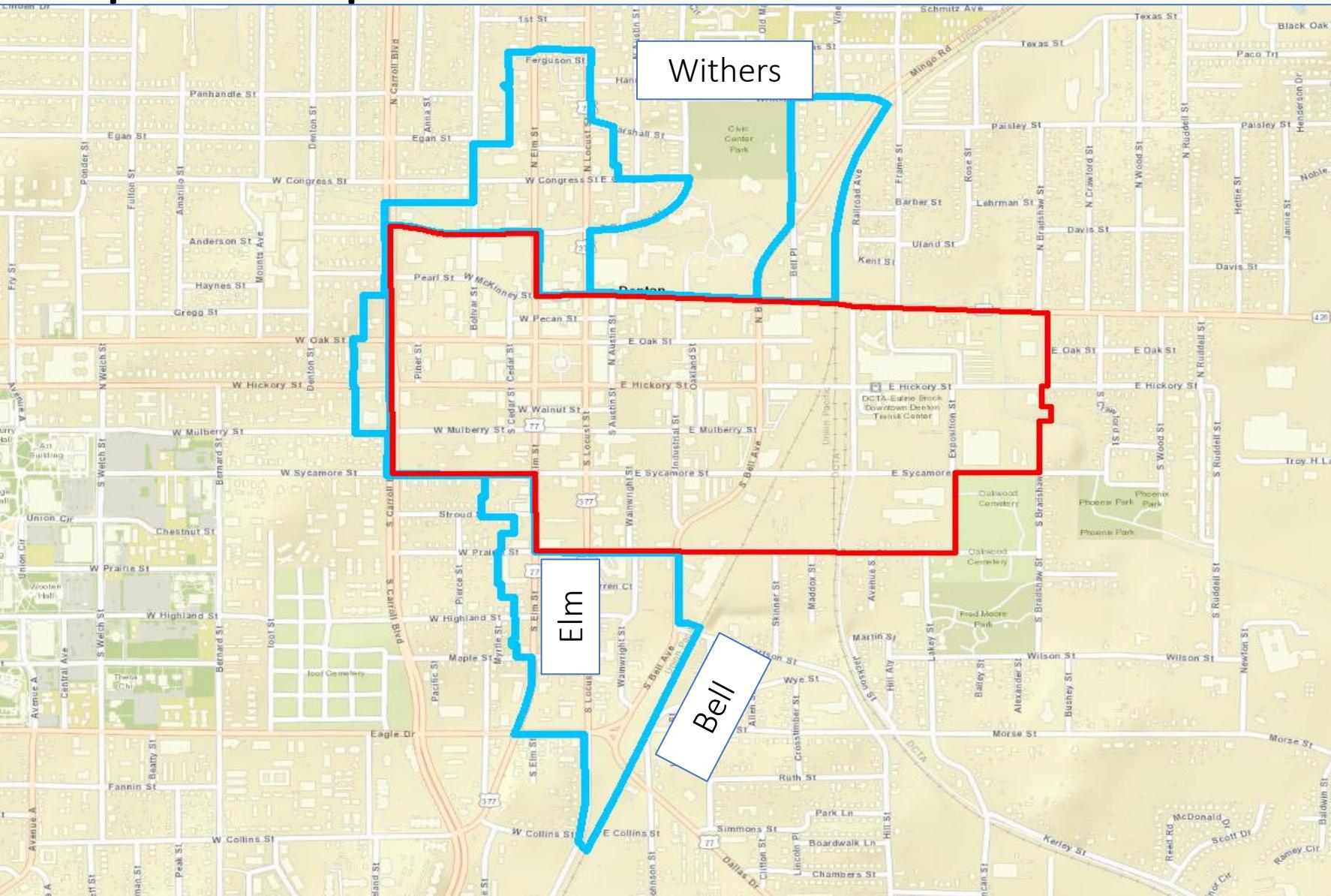
Framework

- Created in 2010 with a base value of \$79.4 M
- Term 30 years, expires Jan 1, 2039
- The City is currently the only participating entity
- Revenue contribution at a decreasing rate:
 - 100% Years 1-5
 - 95% Years 6-10
 - 90% Years 11-20
 - 85% Years 21-30

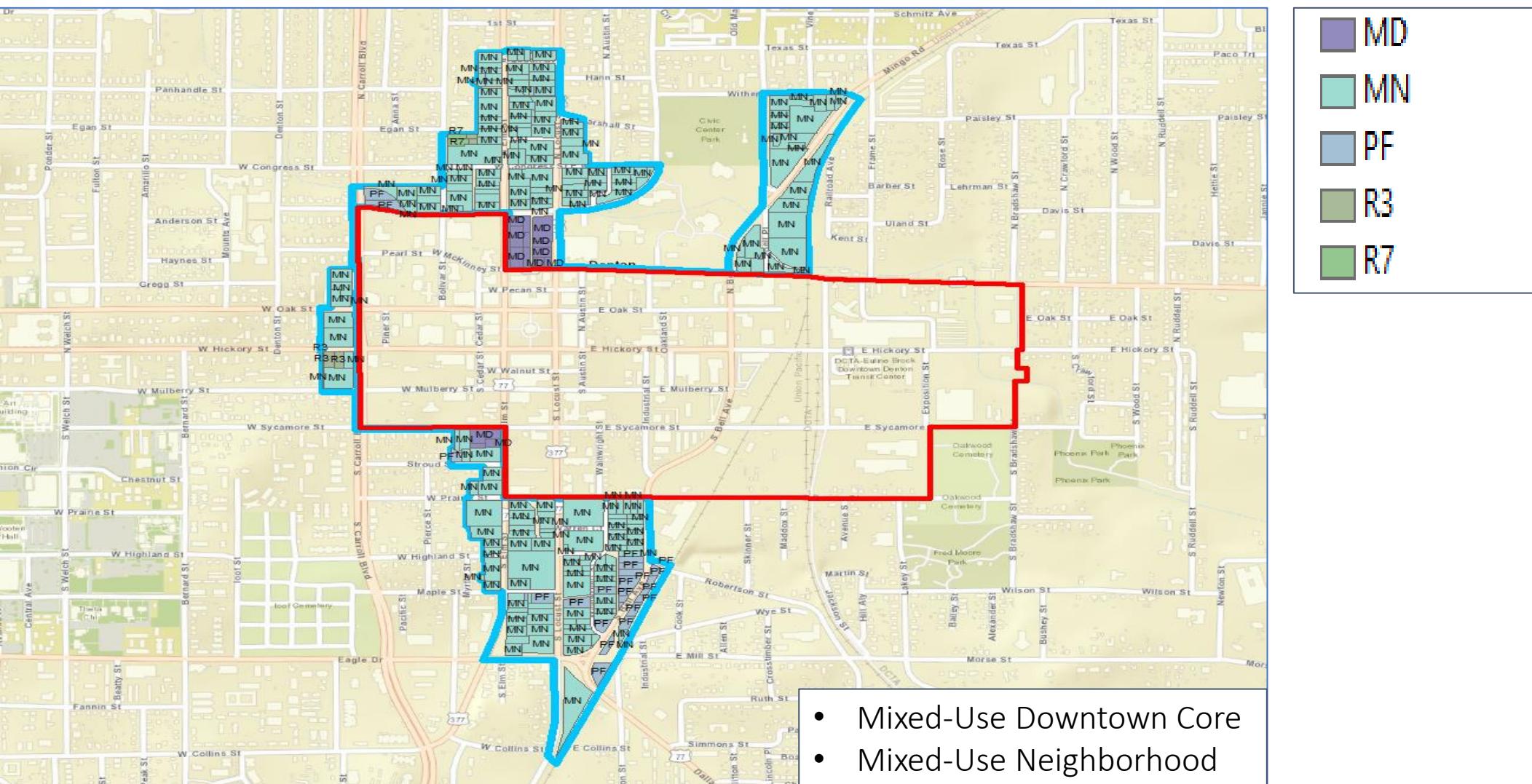
Existing Boundaries



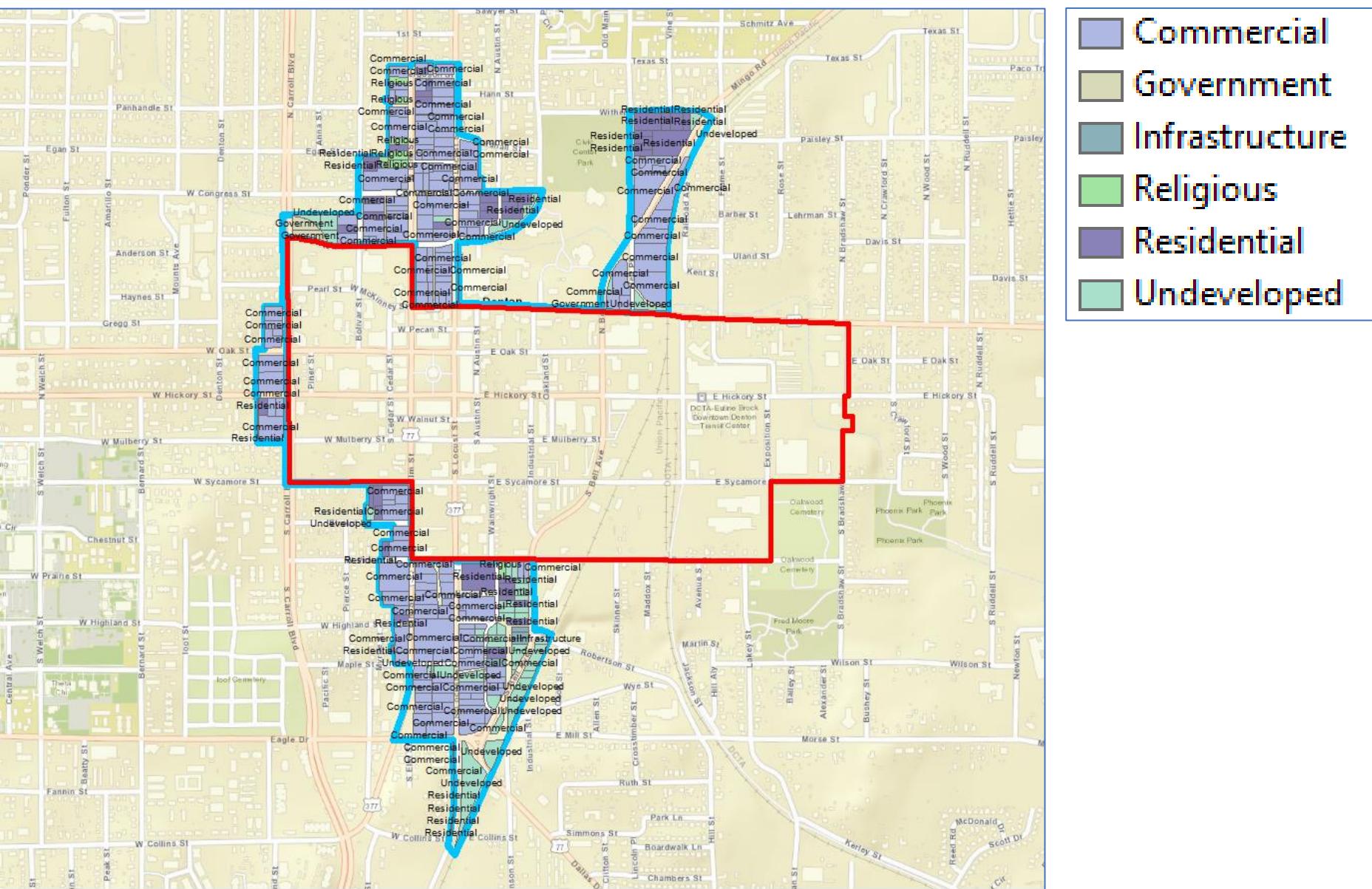
Proposed Expansion



Proposed Expansion Continued



Proposed Expansion Continued



Term

- If the boundary expansion is approved, the new boundaries would have a 2023 base
- Termination of the Zone extended to January 1, 2040

Proposed Project Costs

Proposed Project Costs - TIRZ #1		
Water Facilities and Improvements	\$ 1,557,492	2.5%
Sanitary Sewer Facilities and Improvements	\$ 1,557,492	2.5%
Storm Water Facilities and Improvements	\$ 1,557,492	2.5%
Transit/Parking Improvements	\$ 6,229,968	10.0%
Street and Intersection Improvements	\$ 9,344,951	15.0%
Open Space, Park and Recreation Facilities and Improvements, Public Facilities and Improvements	\$ 9,344,951	15.0%
Economic Development Grants	\$ 31,149,838	50.0%
Administrative Costs	\$ 1,557,492	2.5%
Total	\$ 62,299,676	100.0%

- \$62,299,676 is an estimate of incremental revenue over the term of the TIRZ (2040) based upon growth and development assumptions
- The \$62,299,676 anticipated project cost total amount is a cap on expenditures that shall not be exceeded. Any increase would require a separate amendment to the project and financing plan.
- Savings from one line item may be applied to a cost increase in another line item.
- Individual TIRZ project costs will be evaluated on a case-by-case basis consistent with Chapter 311, Section 311.002, and brought forward to the TIRZ Board and City Council for consideration.
- Subject to a yet-to-be-negotiated separate interlocal agreement, Denton County may participate in existing and expanded boundaries

Next Steps

- June 6, 2023: Public Hearing and City Council to consider the Amendment to the Creation Ordinance
- June 21, 2023: TIRZ Board to consider recommending approval of the final Amended Project and Financing Plan
- June 27, 2023: City Council to consider an ordinance approving the final Amended Project and Financing Plan

Summary

On April 12, 2023, the TIRZ Board reviewed and supported the proposed changes

Proposed Changes:

- Expansion of the boundary to include TIRZ 1A
- The new boundary would have a 2023 base
- The term would be extended by one year, with an expiration of January 1, 2040
- Amend the Project and Financing Plan
 - Boundaries
 - Revenue projects
 - Project Costs



Summary Continued

- Denton County may participate in existing and expanded boundary
- Any potential project is required to go through the City's Established Processes:
 - Development Review, and:
 - Economic Development Incentive Review
 - TIRZ Board Approval
 - Council Approval



Direction

- **Proceed** with an amendment to expand the boundaries and term of TIRZ # 1
- **Do not proceed** with an amendment to expand the boundaries and term of TIRZ #1



Questions?

