



# 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





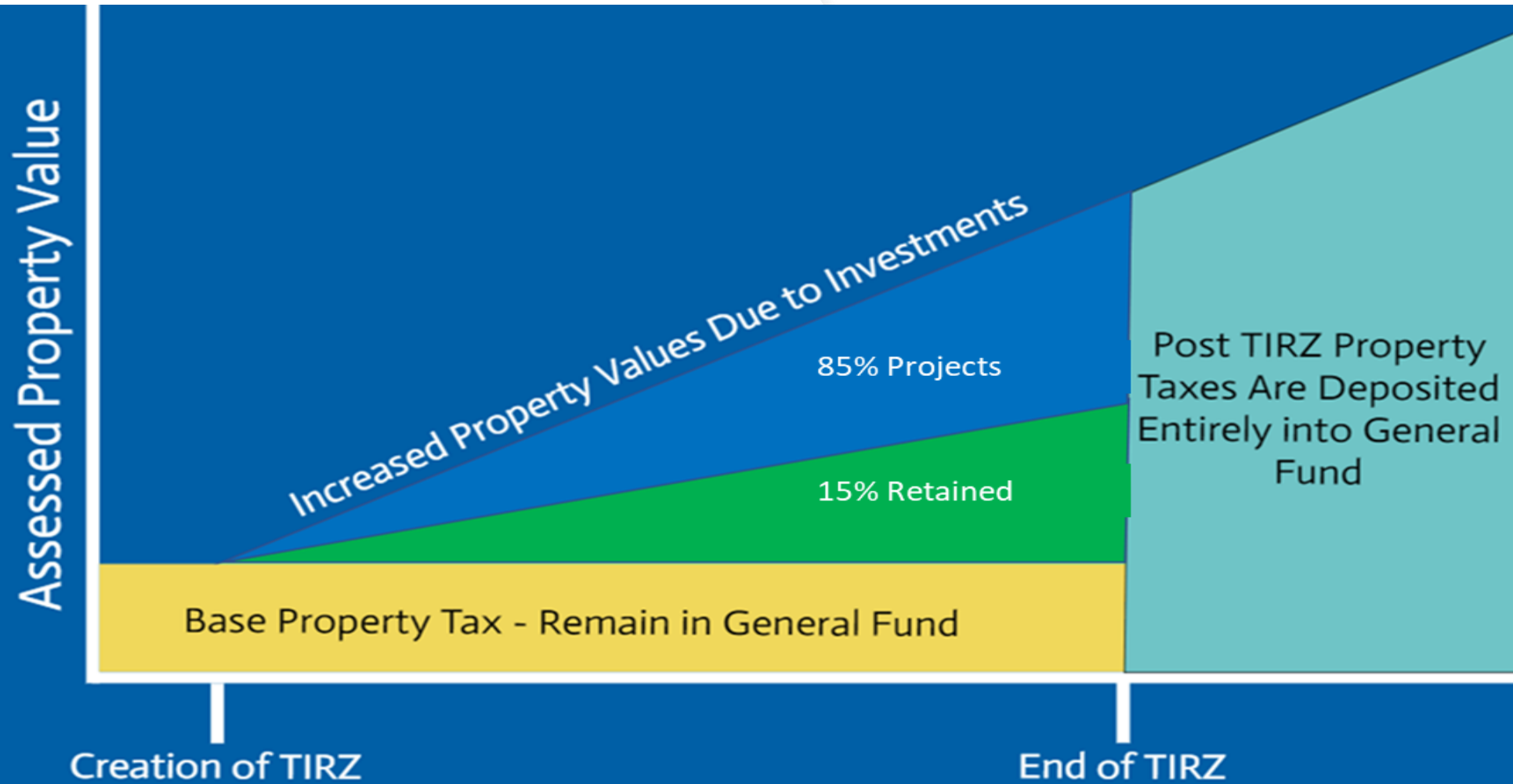
# State Statute

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

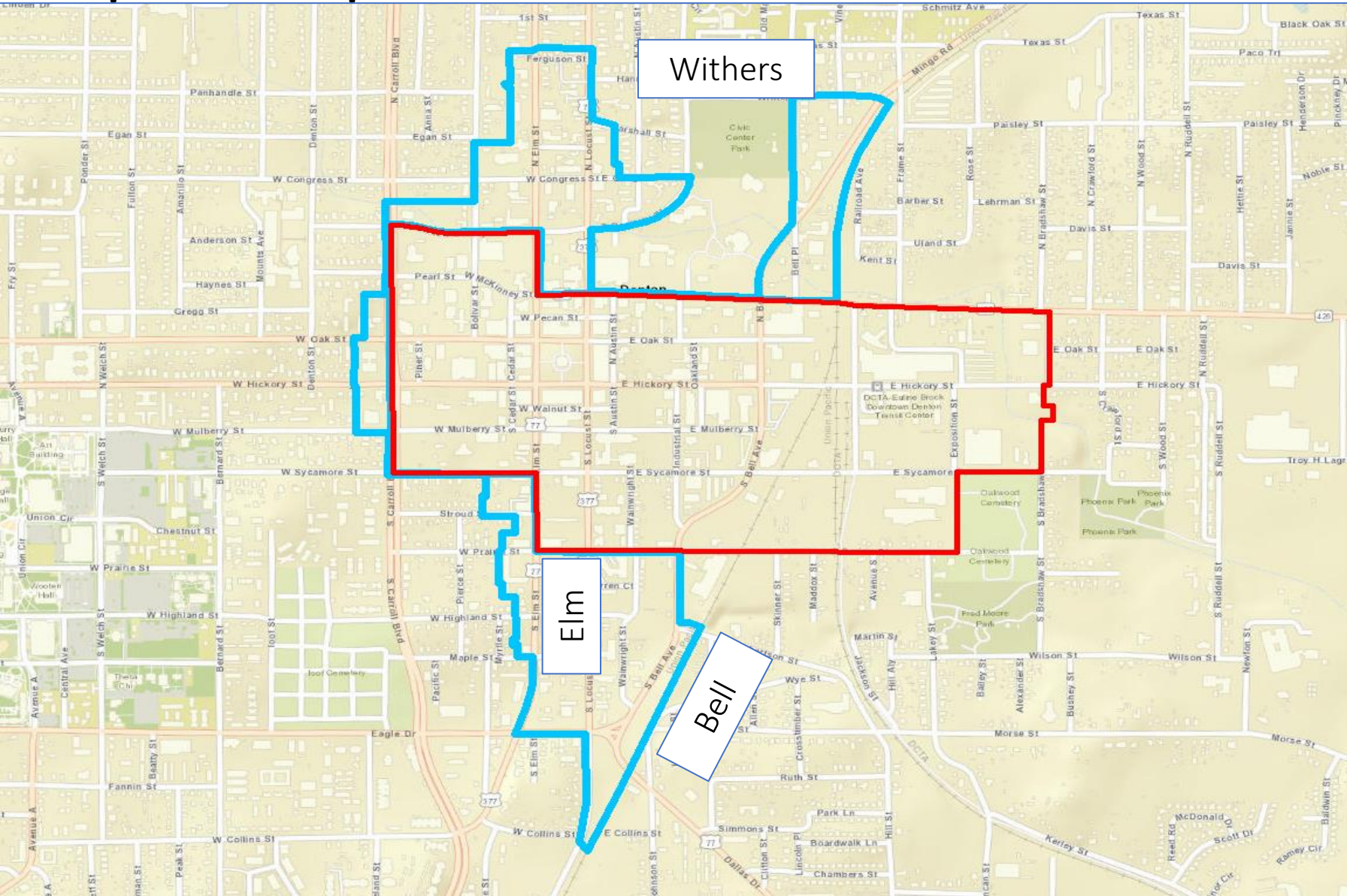


**DAVID PETTIT**  
*Economic Development*





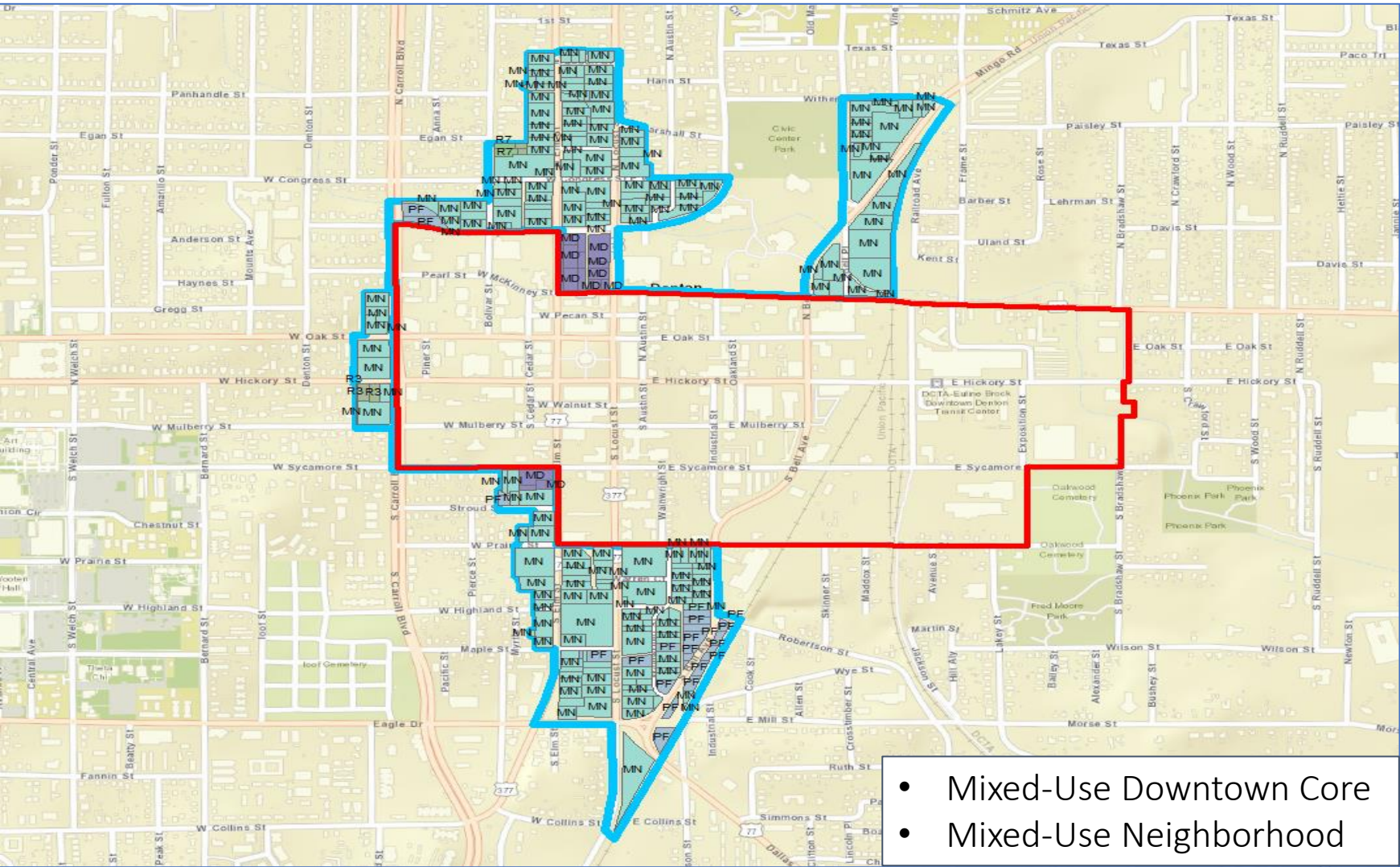
# Proposed Expansion



DAVID PETTIT  
Economic Development

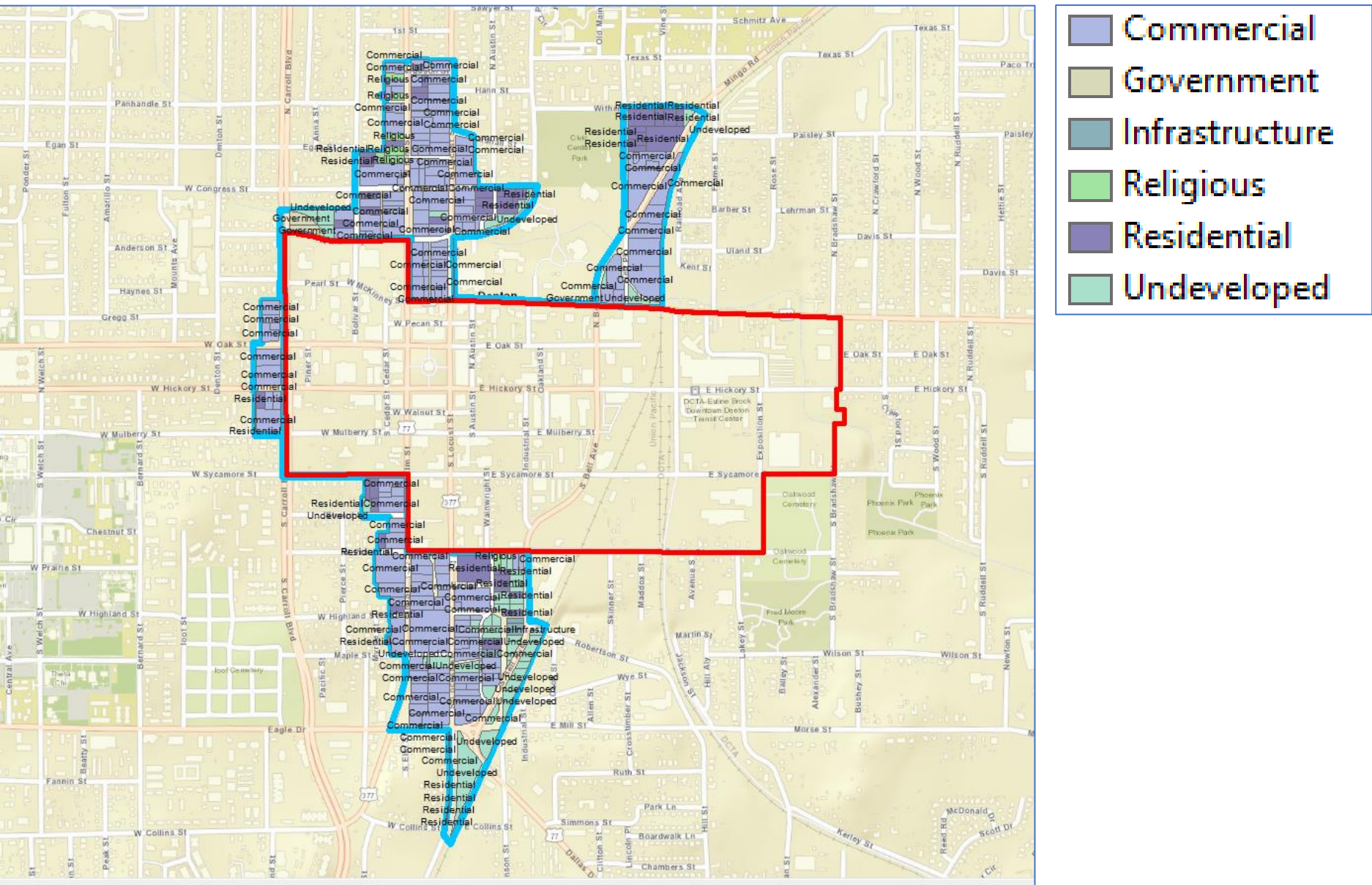


# Proposed Expansion Continued





# 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?

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