

Downtown TIF Update

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Oct. 24, 2017



Objective:

- ▶ Present requested information and seek directions on options regarding the Downtown TIF

Background:

- ▶ Council directed staff to gather information on capital improvement projects within the Downtown TIF Zone.
 - ▶ Economic Development staff worked with several City departments to compile information on *planned* capital improvement projects for the next five years within the Downtown TIF Zone
 - ▶ Staff expanded the request and worked with the departments to develop a list of additional *proposed* capital improvement projects that could be done within the Downtown TIF Zone in the next five years.
 - ▶ Together, the planned and proposed projects represent a full capital improvement plan for the Downtown TIF.
- ▶ Total estimated costs for the *planned* projects are \$11.9 million and total estimated costs for the *proposed* projects are \$35 million.

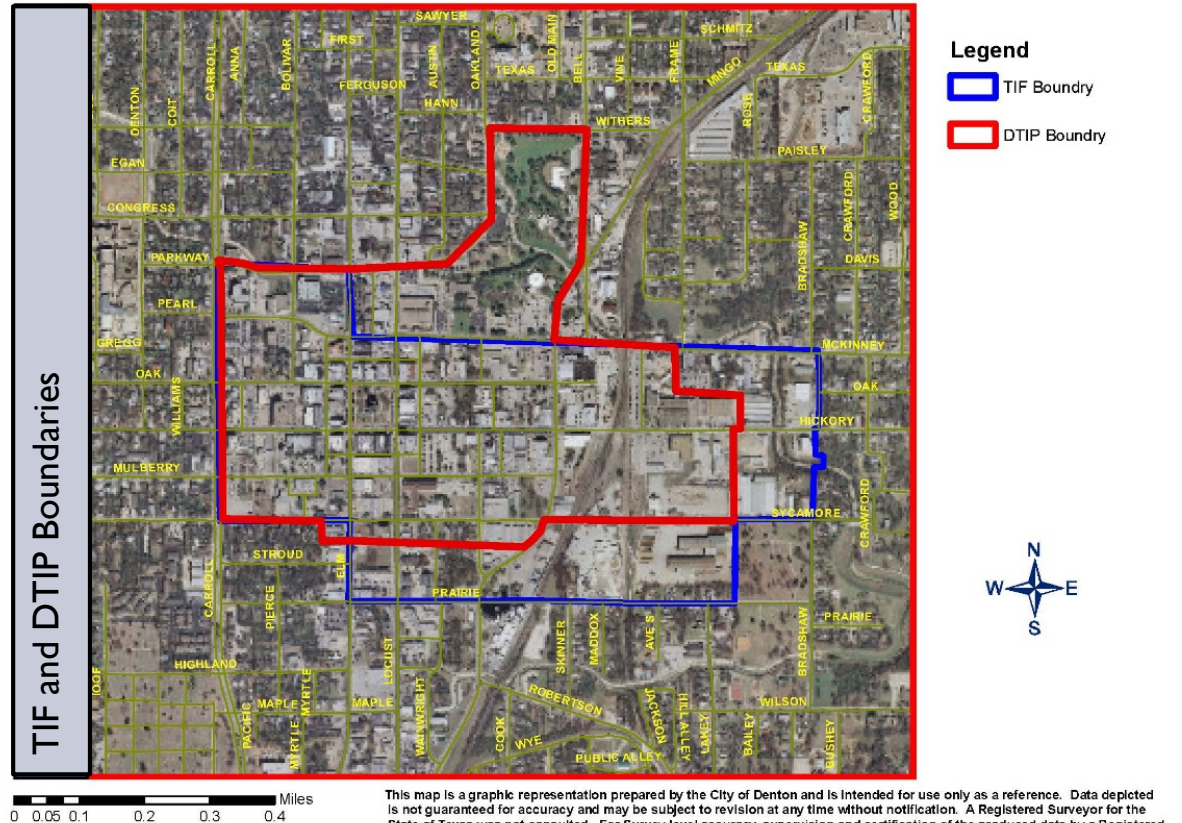
Background:

- ▶ Staff presented the information on the *planned* projects to three stakeholder groups (Economic Development Partnership Board, Downtown Task Force, and the Denton Mainstreet Association Board) to solicit their input on project prioritization. *Proposed* projects were shared with the stakeholder groups via email.
- ▶ Feedback was consistent in placing parking projects first, sidewalk projects second, and street light projects third.

Background:

- ▶ Council directed staff to look into whether the Downtown Reinvestment Grant Program could be funded using TIF funds.
- ▶ Downtown Reinvestment Grant Program reimburses capital expenditures up to \$25,000 for redevelopment, improvement, and/or historic preservation in the Downtown Implementation Plan (DTIP) area
- ▶ TIF funds may be used to fund this grant program, but only within the Downtown TIF zone as opposed to the current program boundary of the DTIP area

Background:



Fiscal Information:

- ▶ As of Sept. 30, 2017:
 - ▶ Actual tax revenue into Downtown TIF: \$1,313,757
 - ▶ Estimated fund balance: \$1,161,757

Fiscal Information:

- ▶ The Finance Department developed two financial forecast scenarios for the Downtown TIF Fund:
- ▶ Scenario A assumes the current contribution rate and shows the use of funds for the 380 Agreement, annual funding of the Downtown Reinvestment Grant program, and \$16.4 million available for capital improvements projects
- ▶ Scenario B assumes a reduced contribution rate of 75% of base year in 2022 and 50% of base year in 2032 and shows the use of funds for the 380 Agreement, annual funding of the Downtown Reinvestment Grant program, and \$11.2 million available for capital improvements projects

Key Points:

- ▶ \$11.9 million in *planned* capital improvement projects for the next 5 years within the Downtown TIF zone
- ▶ \$35 million in *proposed* capital improvement projects for the next 5 years within the Downtown TIF Zone
- ▶ Scenario A estimates that \$9.0 million in debt proceeds could be funded in 2020 and paid by annual Downtown TIF revenues, while Scenario B estimates \$7.0 million in debt proceeds in 2020

Options:

- ▶ Terminate the Downtown TIF and allow fund balance to revert to the General Fund
- ▶ Preserve the Downtown TIF under the existing Project and Finance/Feasibility Plans, identify eligible projects for immediate use of the funds; cash or debt funding for projects (Scenario A)
- ▶ Change the terms of the Downtown TIF to alter its length or the percentage of the tax increment dedicated to the fund (Scenario B)

Direction:

- ▶ Seeking direction on the preferred option to move forward



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