

AN ORDINANCE 2008-12-11-1174

DESIGNATING THE MISSION DRIVE-IN TIRZ, A CITY-INITIATED TAX INCREMENT REINVESTMENT ZONE NAMED "REINVESTMENT ZONE NUMBER THIRTY-TWO, CITY OF SAN ANTONIO, TEXAS", LOCATED IN COUNCIL DISTRICT 3, INCLUDING 1365 ACRES BOUNDED GENERALLY BY SEVERAL BLOCKS NORTH OF SOUTHCROSS BLVD TO THE NORTH, LOOP 410 TO THE SOUTH, SEVERAL BLOCKS WEST OF ROOSEVELT AVE TO THE WEST, AND PRESA ST TO THE EAST.

* * * * *

WHEREAS, tax increment financing is an economic development tool authorized by the Tax Increment Financing Act, Texas Tax Code, Chapter 311; and

WHEREAS, since 1998, the City of San Antonio has developed and adopted the guidelines for the City's use of Tax Increment Financing in accordance with the requirements of the TIF Act. On October 16, 2008 by Ordinance No. 2008-10-16-0933, the City adopted the 2008 *Tax Increment Financing Program Policy and Implementation Manual*; and

WHEREAS, City-initiated TIRZ are designed to assist revitalization and reinvestment initiatives to achieve the goals of existing City programs and City-adopted plans, by using a comprehensive Reinvestment Plan to coordinate development incentives and set development standards that encourage long-term, high quality investment; and

WHEREAS, on October 16, 2008, the City Council also adopted Resolution No. 2008-10-16-0056R, expressing its intent to consider the creation of the proposed TIRZ, and authorizing City staff to: (i) deliver notice of the City's intention to the government bodies of each taxing unit that levies real property taxes in the proposed TIRZ, including in the notice a description of the TIRZ, the tentative plans for its development, and the estimated impact of the TIRZ on property values and tax revenues; (ii) make presentations to each taxing unit; (iii) request that each taxing unit appoint a representative to meet with City officials; and (iv) to call meetings regarding the TIRZ; and

WHEREAS, City staff confirmed the area's eligibility for TIF based on the scoreboard within the 2008 TIF Manual; identified the area's reinvestment needs; confirmed compatibility with the City policy goals outlined in the South-Central Neighborhood Plan; and

WHEREAS, in accordance with the effective TIF Manual, the scoreboard delineates the maximum possible term of the TIRZ as 20 years; and

WHEREAS, City staff conducted a public meeting on the project on November 17, 2008; and

WHEREAS, any public improvements within the TIRZ to be reimbursed with TIF funds must comply with all of the requirements in the 2008 TIF Manual, including but not limited to competitive bidding, payment of prevailing wages, universal design requirements and procurement of payment and performance bonds as set out in Chapter 2253 of the Texas Government Code; and

WHEREAS, if homes constructed in the Project are found not to be constructed in compliance with the Universal Design Policy of the City, the City pursuant to a pending Development Agreement may undertake various options, including but not limited to terminating the TIRZ, or removing the non-compliant parcels and their tax accounts from the boundaries of the TIRZ and the list of accounts generating revenue for the TIF fund, which will then require an amendment to the Final Financing Plan; and

WHEREAS, the proposed public improvements and project costs eligible for reimbursement from the TIF fund for the Project include streets, sidewalks, streetscape, drainage, water, sewer, public parking garages, and a public library, among others; and

WHEREAS, pursuant to the TIF Act, the City may designate a contiguous geographical area within the City as a TIRZ if the City Council finds that the area satisfies the requirements of the TIF Act; and

WHEREAS, City staff has (i) prepared a Preliminary Reinvestment Zone Financing Plan for the proposed TIRZ for a 20-year term and with a maximum participation rate of 90% of the City's tax increment and (ii) distributed a copy of the Preliminary Plan to the governing body of each taxing unit that levies taxes on real property in the proposed TIRZ; and

WHEREAS, the TIF Act requires that TIRZ must be numbered sequentially upon their creation; and

WHEREAS, staff recommends that this TIRZ is to be created for an original 20-year term with a maximum participation rate of 90% of the City's tax increments; however, the City may reduce both the length of the term and the participation rate as the Financing and Project Plans are being finalized; and

WHEREAS, this TIRZ designation does not financially obligate the City or other taxing entities, as such obligations shall be contained in Development and Interlocal Agreements yet to be negotiated; and

WHEREAS, any future developer recognizes that there is no guarantee that the value of property in the TIRZ will increase, that any increases in value are dependant upon many factors which are not within the City's control, and that there is no guarantee of any tax increment, as that term is defined in the TIF Act; and

WHEREAS, the meeting at which this Ordinance was passed was open to the public and public notice of the time, place and purpose of said meeting was given all as required by Chapter 551, Texas Government Code; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. DESIGNATING THE AREA AS A TAX INCREMENT REINVESTMENT ZONE. The area located in City Council District 3, commonly referred to as “Mission Drive-In” consists of approximately 1365 acres of property located south of the central business district along: the area east of Yett Avenue, north of SE Loop 410, and west of Espada Road as southern boundaries; traversing on either side of Roosevelt Avenue north to H F McCarty Drive as a northern boundary, and traversing south along the western side of Presa Street to E. Pyron Avenue with the boundaries as more specifically described in Section 2 below, and officially assigned the name in Section 5 below, is designated a Tax Increment Reinvestment Zone.

SECTION 2. DESCRIPTION OF THE BOUNDARIES OF THE TIRZ. Attached as Exhibit “A”, incorporated by reference for all purposes is a description of the boundaries of the TIRZ, which consists of approximately 1365 acres of real property.

SECTION 3. CREATION AND COMPOSITION OF A BOARD OF DIRECTORS FOR THE TIRZ. There is created a Board of Directors consisting of five (5) members, with all the rights, powers, and duties as provided by the TIF Act to such Boards or by action of the City Council.

SECTION 4. EFFECTIVE DATE AND TERMINATION DATE OF THE TIRZ. In compliance with the TIF Act, the TIRZ shall take effect immediately upon passage of this Ordinance and continue until its termination date of September 30, 2027, unless otherwise terminated earlier as a result of breach of a development agreement, payment in full of all project costs approved in the first Final Project Plan, or as authorized or permitted by law.

The City acknowledges and declares that this TIRZ may be dissolved at any time by the City should: (i) a developer fail to abide by the payment and performance bonds and Universal Design requirements listed above; (ii) no other taxing entity participates in the TIRZ, (iii) all other taxing entities withdraw participation; (iv) a final Development Agreement not be executed with a developer or Interlocal Agreements with participating taxing entities in order to leverage private assets to the City’s benefit; or (v) the Development or Interlocal Agreements fail for whatever reason.

SECTION 5. ASSIGNING A NAME TO THE TIRZ. The TIRZ is assigned the name of “REINVESTMENT ZONE NUMBER THIRTY-TWO, CITY OF SAN ANTONIO, TEXAS.”

SECTION 6. TAX INCREMENT BASE. The Tax Increment Base for the TIRZ is the total appraised value of all real property taxable by the City and located in the TIRZ, determined as of January 1, 2008, the year in which the TIRZ was designated.

SECTION 7. ESTABLISHMENT OF A TAX INCREMENT FUND. There is created and established in the depository bank of the City, a fund to be called the “REINVESTMENT ZONE NUMBER THIRTY-TWO, CITY OF SAN ANTONIO, TEXAS TAX INCREMENT FUND”. Money in the Tax Increment Fund, from whatever source, may be disbursed from the Tax

Increment Fund, invested, and paid as permitted by the TIF Act or by agreements entered into pursuant to the TIF Act, or as otherwise authorized by law.

SECTION 8. FINANCIAL IMPACT. This ordinance has no financial impact in FY 2009.

SECTION 9. FINDINGS. The City finds and declares that: (a) improvements in the TIRZ will significantly enhance the value of all the taxable real property in the TIRZ and will be of general benefit to the municipality; and (b) the TIRZ area meets the requirements of §311.005 of the TIF Act, as the area within the TIRZ boundaries:

- (1) substantially arrests or impairs the sound growth of the City, retards the provision of housing accommodations, or constitutes an economic or social liability and is a menace to the public health, safety, morals, or welfare in its present condition and use because of the presence of:
 - a. a substantial number of substandard, slum, deteriorated or deteriorating structures;
 - b. the predominance of defective or inadequate sidewalk or street layout;
 - c. faulty layout in relation to size, adequacy, accessibility, or usefulness;
 - d. unsanitary or unsafe conditions;
 - e. the deterioration of site or other improvements;
 - f. tax or special assessment delinquency exceeding the fair value of the land;
 - g. defective or unusual conditions of title;
 - h. conditions that endanger life or property by fire or other cause; or
 - i. structures, other than single-family residential structures, less than 10 percent of the square footage of which has been used for commercial, industrial, or residential purposes during the preceding 12 years; or
- (2) is predominantly open, and because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impairs or arrests the sound growth of the City; and

The City, pursuant to the requirements of the TIF Act, further finds and declares that:

- (1) the proposed TIRZ is a contiguous geographical area located wholly within the corporate limits of the City of San Antonio;
- (2) the total appraised value of the taxable real property in the proposed TIRZ or in existing reinvestment zones, if any, does not exceed fifteen percent (15%) of the total appraised value of the taxable real property in the City and in industrial districts created by the City;
- (3) the proposed TIRZ does not contain more than fifteen percent (15%) of the total appraised value of the real property taxable by Bexar County or by the San Antonio Independent School District; and

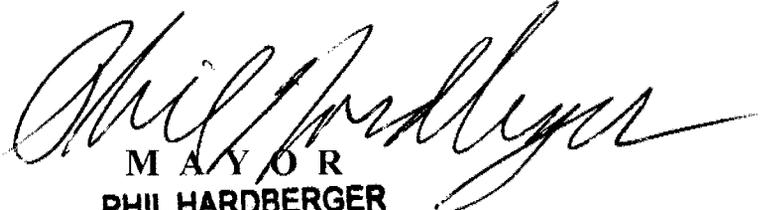
- (4) development or redevelopment within the boundaries of the proposed TIRZ will not occur solely through private investment in the reasonably foreseeable future.

SECTION 10. INCORPORATION OF RECITALS. The statements set forth in the recitals of this Ordinance are true and correct, and are incorporated as part of this Ordinance.

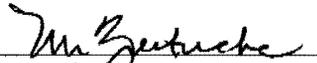
SECTION 11. SEVERABILITY. If any provision of this Ordinance or the application of any provision of this Ordinance to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application of the remainder of this Ordinance to other circumstances shall nevertheless be valid, as if such invalid provision had never appeared in this Ordinance, and this Ordinance would have been enacted by this City Council without such invalid provision.

SECTION 12. ORDINANCE EFFECTIVE DATE. This Ordinance shall become effective immediately upon passage in accordance with §311.004(3) of the TIF Act.

PASSED AND APPROVED this 11th day of December, 2008.


MAYOR
PHIL HARDBERGER

ATTEST: 
City Clerk

APPROVED AS TO FORM: 
for City Attorney



Request for
**COUNCIL
ACTION**



Agenda Voting Results - 44

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| Name: | 44 |
| Date: | 12/11/2008 |
| Time: | 06:23:36 PM |
| Vote Type: | Motion to Approve |
| Description: | An Ordinance creating the Mission Drive-In TIRZ, a City-initiated Tax Increment Reinvestment Zone named “Reinvestment Zone Number Thirty-Two, City of San Antonio, Texas”, located in Council District 3, including 1365 acres bounded generally by several blocks north of Southcross Blvd to the north, Loop 410 to the south, several blocks west of Roosevelt Ave to the west, and Presa St. to the east. [T.C. Broadnax, Assistant City Manager; David D. Garza, Director, Housing and Neighborhood Services] |
| Result: | Passed |

| Voter | Group | Not Present | Yea | Nay | Abstain | Motion | Second |
|------------------------|-------------|-------------|-----|-----|---------|--------|--------|
| Phil Hardberger | Mayor | | x | | | | |
| Mary Alice P. Cisneros | District 1 | | x | | | | |
| Sheila D. McNeil | District 2 | | x | | | | |
| Jennifer V. Ramos | District 3 | | x | | | x | |
| Philip A. Cortez | District 4 | | x | | | | |
| Lourdes Galvan | District 5 | | x | | | | x |
| Delicia Herrera | District 6 | | x | | | | |
| Justin Rodriguez | District 7 | | x | | | | |
| Diane G. Cibrian | District 8 | | x | | | | |
| Louis E. Rowe | District 9 | | x | | | | |
| John G. Clamp | District 10 | x | | | | | |

Exhibit A
Boundaries of the Mission Drive-In TIRZ
Legal Description
Approximately 1,365 Acres



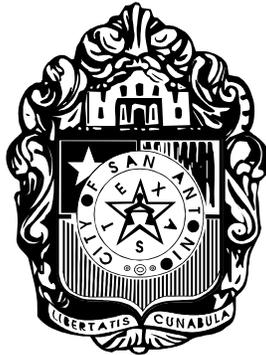


Legend

- Accounts 11-10-08
- Mission Boundary



CITY OF SAN ANTONIO, TEXAS
Housing and Neighborhood Services Department



Mission Drive-In
Tax Increment Reinvestment Zone
Number Thirty-two

Preliminary Finance Plan

Participation Levels:
City 90%

December 11, 2008

Mission Drive-In Tax Increment Reinvestment Zone #32 – Preliminary Plan of Finance

Introduction

The Mission Drive-In Tax Increment Reinvestment Zone (TIRZ) consists of approximately 1,365 acres of property located south of the central business district along: area east of Yett Avenue, north of SE Loop 410, and west of Espada Road as southern boundaries; traversing on either side of Roosevelt Avenue north to H F McCarty Drive as a northern boundary, and traversing south along the western side of Presa Street to E. Pyron Avenue. The zone is located in the Harlandale, San Antonio and Southside Independent School Districts. The tax year 2008 base value is \$84,172,614 and is subject to verification of certified assessed and taxable values. The projected captured value is \$300,721,966 for tax year 2027 net of exemptions. The project anticipates the construction of 366 Single Family Units, over 1 million square feet of commercial/office/restaurant space, 600 apartments, 30,000 square feet of lofts, and 20 town homes. The total public infrastructure associated with the proposed developments will be determined after designation by the TIRZ Board. The term of the zone is projected to be 19.82 years with the TIRZ being in existence through fiscal year 2028.

Public Infrastructure

The total public infrastructure capital costs are estimated to be over \$19 million. This TIRZ can reimburse costs such as: drainage, parking, streetscape enhancements, historic preservation, parks, and other public improvements that are outlined in the anticipated Final Project and Finance Plans.

Plan of Finance

The tax year 2008 total assessed base value of the Mission Drive-In TIRZ is estimated to be \$84,172,614. Projected captured values that would be taxed to produce revenues to pay for the capital costs of the public infrastructure improvements commence in tax year 2009 with collections commencing in tax year 2009 (fiscal year 2010). Projected captured values grow from \$22,375,000 in tax year 2009 to \$300,721,966 in tax year 2027.

At the time of the development of this preliminary finance plan, the City is the only participating taxing entity identified. For this analysis, the City's tax rate per \$100 valuation is \$0.510426. This produces annual revenues of \$111,353 in fiscal year 2010 to \$1,496,589 in fiscal year 2028. A 2% growth factor after build out is assumed.

Revenues derived from the TIRZ will be used to pay costs in the following order of priority of payment: (i) reimburse eligible startup Administrative Costs incurred by each participating taxing entity, except if there are insufficient funds for the reimbursement of Administrative Costs to each Participating Entity, the Administrative Costs of each

Participating Taxing Entity shall be reimbursed on a pro rata basis based on each taxing entity’s level of participation in the Zone; (ii) to pay all other ongoing Administrative Costs to the Participating Taxing Entities, except that if there are insufficient funds for the full reimbursement of ongoing Administrative Costs to the Participating Taxing Entities, then the ongoing Administrative Costs of the Participating Taxing Entities shall be reimbursed on a pro-rata basis based on each taxing entity’s level of participation in the Zone; (iii) to reimburse the City for costs of the repair, replacement, and maintenance of public infrastructure and associated costs as described in any Development Agreements (if any); and (iv) to reimburse the developer(s), if any, and/or the City for public improvements, as provided in the anticipated Final Project and Finance Plans that will be developed after designation. These costs will be financed/reimbursed to the extent that funds in the Tax Increment Fund are available for these purposes.

TIRZ collections for this project shall not extend beyond September 30, 2028 and may be terminated earlier once each taxing entity has deposited its respective amount described in the table below or the amount approved in the Final Project and Final Finance Plans.

| TABLE – Mission Drive-In TIRZ Contributions | | |
|--|-------------------------------|-----------------------------|
| Participating Taxing Entities | Projected Dollar Contribution | Max. Length of Contribution |
| City of San Antonio | TBD | September 30, 2028 |
| Bexar County | TBD | TBD |
| San Antonio River Authority | TBD | TBD |
| Alamo Community College District | TBD | TBD |
| Total Contribution to TIRZ Fund | TBD | |

The following represents what the City’s potential contribution would be given the various participation levels:

| 50% Participation | 60% Participation | 70% Participation | 80% Participation | 90% Participation | 100% Participation |
|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| \$10,920,144 | \$13,104,170 | \$15,288,201 | \$17,472,228 | \$19,656,260 | \$21,840,287 |

If there are other taxing entities that participate in this TIRZ, the revenue could be higher. If Bexar County, the San Antonio River Authority, and the Alamo Community College District were to participate, their incremental contributions could be:

| | | |
|-------------------|-------------------------------------|--------------------------------|
| Bexar County | Alamo Community College District | San Antonio River Authority |
| 50% = \$4,831,406 | 50% = \$2,615,858 | 50% = \$307,130 |
| 70% = \$6,763,965 | 70% = \$3,662,198 | 70% = \$429,984 |

Limited Obligation of the City or Participating Governmental Entities

The City and Participating Governmental Entities shall have a limited obligation to impose and collect taxes, and deposit such tax receipts into the Mission Drive-In TIRZ fund so long as the project is viable and capital costs incurred by the City and/or a developer (if any) have not been fully paid. The Mission Drive-In TIRZ collections for this project shall not extend beyond September 30, 2028, and may be terminated prior to September 30, 2028, upon payment of public improvement capital costs incurred by the City and/or a developer (if any), or for the failure of the TIRZ Project to perform as projected in the Final Project and Finance Plans. The City may elect to terminate the TIRZ if actual housing and commercial construction falls behind the projected construction schedule. Specifically, the City may terminate if at the end of the first three years, 50% or more of the non-infrastructure construction projected for each of those years is not complete. Furthermore, any default of the terms contained in the Interlocal and/or Development Agreements that is not cured within the timeframe contained in the Interlocal and/or Development Agreements will also result in Mission Drive-In TIRZ termination.

Any costs incurred by a Developer (if any) are not and shall never in any event become general obligations or debt of the City or any of the Participating Governmental Entities. The public improvement infrastructure costs incurred by a Developer shall be paid solely from the Mission Drive-In TIRZ revenues and shall never constitute a debt, indebtedness or a pledge of the faith and credit or taxing power of the State, the City, the Participating Governmental Entities, any political corporation, subdivision, or agency of the State.

In accordance with the 2008 TIF Manual, the City will negotiate a participation rate and maximum cap based on the following:

- Ensure the City’s ability to provide adequate municipal services such as police, fire, streets, libraries, parks, and other basic services through a comprehensive service analysis;
- Completion of a gap analysis that accounts for financial capacity of developer(s) (if any) and the minimum amount needed to meet the gap;
- Prioritization of public improvement needs such as the need for streets and sidewalks vs. the need for underground utilities;
- Factor a reasonable annual growth assumption; and

- Consider developer contribution (if any) of land for public use needs and/or minimum financial contribution.

Further, the City's participation rate and maximum contribution will be based on the participation of other taxing entities and the overall impact to the City's Operational Budget and Debt Plan (the final financing plan must not adversely impact the City's ability to deliver services or its debt management plan).

City and/or Developers' Risk

All financing, developmental costs, construction costs, improvements, damages, or other costs incurred with respect to this project are at the sole risk of a developer (if any). The City in conjunction with TIRZ Board will determine the costs that can be supported with future TIRZ revenue associated with this TIRZ through the development of the Final Project and Finance Plans. All costs will be reimbursed solely through TIRZ revenue. The City and any Participating Taxing Entities shall minimize any risk whatsoever associated with the development, construction, completion or failure of the project. In the event that the project fails, is abandoned or for any reason is not completed, the City shall have the right to terminate the Mission Drive-In TIRZ and any funds remaining in the Mission Drive-In TIRZ account shall be distributed to the Participating Taxing Entities on a pro rata basis in accordance with each entity's participation level.

Compliance

The development of this TIRZ shall comply with all federal, state and local laws, rules and regulations including the 2008 TIF Manual.

Reporting

City and/or Developers (if any) shall submit a project status report and financial report on a quarterly basis (January 15th, April 15th, July 15th and October 15th) to the City.

Inspection

The Participating Taxing Entities, and/or Administrator shall have the right to inspect the project site or sites and the premises of a developer without notice.

City of San Antonio
Mission Drive-In - TIF Reinvestment Zone
Summary Fact Sheet
December 11, 2008

| | | | | |
|-----------------|--|--|---------------|--------------------|
| Plan of Finance | Site Area | | 1,365.00 | Acres |
| | Base Value (2008) In City | \$ | 84,172,614.00 | |
| | Single Family | \$ | 150,000.00 | |
| | Commercial/Resturant/Office | \$ | 125.00 | |
| | Apartments | \$ | 65,000.00 | |
| | Lofts | \$ | 85.00 | |
| | Townhomes | \$ | 200,000.00 | |
| | Project Year | | | |
| | Phase I | 2009 | 14,000 | Sq Ft of Comercial |
| | Phase II | 2010 | 25 | Single Family |
| | | | 250 | Apartments |
| | | | 5,000 | Restaurant |
| | Phase III | 2011 | 75 | Single Family |
| | | | 125,000 | Commercial |
| | | | 10,000 | Resturant |
| | | | 10,000 | Lofts |
| | Phase IV | 2012 | 75 | Single Family |
| | | | 125,000 | Commercial |
| | | | 20,000 | Office space |
| | | | 20,000 | Lofts |
| | Phase V | 2013 | 75 | Single Family |
| | | | 125,000 | Commercial |
| | | | 20 | Townhomes |
| | Phase VI | 2014 | 75 | Single Family |
| | | | 125,000 | Commercial |
| | | | 350 | Apartments |
| | Phase VII | 2015 | 41 | Single Family |
| | | | 125,000 | Commercial |
| | Phase VIII | 2016 | 125,000 | Commercial |
| | Phase IX | 2017 | 125,000 | Commercial |
| | Phase X | 2018 | 125,000 | Commercial |
| | Performance Bonds | Per Texas Government Code Chapter 2253 | | |
| | Payment Bonds | Per Texas Government Code Chapter 2253 | | |
| Assumptions | Captured Value | \$ | 300,721,966 | |
| | Assessed Value Growth Factor | | 2.00% | |
| | Participation Level | | 90.00% | |
| | Collection Rate | | 97.50% | |
| | Estimated Total TIF Revenues | \$ | 19,656,260 | |
| | Estimated TIF Life (12/11/2008 to 9/30/2028) | | 19.82 | Years |

Mission Drive In - Tax Increment Reinvestment Zone

Sources and Uses

Sources of Funds

| | |
|------------------------|---------------|
| TIRZ Revenues | \$ 19,656,260 |
| Developer Contribution | \$ - |

Total Sources of Funds

| |
|---------------|
| \$ 19,656,260 |
|---------------|

Uses of Funds

| | Phase I 2009 | Phase II 2010 | Phase III 2011 | Phase IV 2012 | Phase V 2013 | Phase VI 2014 | Phase VII 2015 | Phase VIII 2016 | Phase IX 2017 | Phase X 2018 | Total Infrastructure Improvement |
|---|-----------------|------------------|-------------------|------------------|-----------------|------------------|-------------------|--------------------|------------------|-----------------|-------------------------------------|
| Begin Construction | | | | | | | | | | | |
| Drainage | | | | | | | | | | | \$ - |
| Parking | | | | | | | | | | | \$ - |
| Streetscape enhancements | | | | | | | | | | | \$ - |
| Historic Preservation | | | | | | | | | | | \$ - |
| Parks | | | | | | | | | | | \$ - |
| Other Public Improvements | | | | | | | | | | | \$ - |
| Hard Costs Total | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Engineering/Surveying Fees | | | | | | | | | | | \$ - |
| Contingency | | | | | | | | | | | \$ - |
| Construction Management | | | | | | | | | | | \$ - |
| Legal/Formation Expense | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Soft Cost Total | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Public Improvements | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Infrastructure | \$ 18,777,864 | | | | | | | | | | |
| Total Payments to Mission Drive-In | \$ - | | | | | | | | | | |
| Total Admin. Expenses | \$ 878,396 | | | | | | | | | | |
| Grand Total | \$ 19,656,260 | | | | | | | | | | |
| Project Financing Surplus (Shortage) | \$ - | | | | | | | | | | |

**Mission Drive In - TIF Reinvestment Zone
Reimbursement for Public Improvements**

| Fiscal Year Ending | TIF Revenue | Cumulative TIF Revenues | Admin. Exp. |
|--------------------------|----------------|-------------------------------|-------------|
| 2009 | \$ - | \$ - | \$ 75,000 |
| 2010 | \$ 111,353 | \$ 111,353 | \$ 5,568 |
| 2011 | \$ 255,551 | \$ 366,904 | \$ 12,778 |
| 2012 | \$ 410,201 | \$ 777,105 | \$ 20,510 |
| 2013 | \$ 563,855 | \$ 1,340,960 | \$ 28,193 |
| 2014 | \$ 810,821 | \$ 2,151,781 | \$ 40,541 |
| 2015 | \$ 919,188 | \$ 3,070,969 | \$ 45,959 |
| 2016 | \$ 996,948 | \$ 4,067,917 | \$ 49,847 |
| 2017 | \$ 1,074,708 | \$ 5,142,625 | \$ 50,000 |
| 2018 | \$ 1,152,469 | \$ 6,295,094 | \$ 50,000 |
| 2019 | \$ 1,183,896 | \$ 7,478,990 | \$ 50,000 |
| 2020 | \$ 1,215,952 | \$ 8,694,942 | \$ 50,000 |
| 2021 | \$ 1,248,649 | \$ 9,943,591 | \$ 50,000 |
| 2022 | \$ 1,282,000 | \$ 11,225,591 | \$ 50,000 |
| 2023 | \$ 1,316,018 | \$ 12,541,609 | \$ 50,000 |
| 2024 | \$ 1,350,716 | \$ 13,892,325 | \$ 50,000 |
| 2025 | \$ 1,386,108 | \$ 15,278,433 | \$ 50,000 |
| 2026 | \$ 1,422,208 | \$ 16,700,641 | \$ 50,000 |
| 2027 | \$ 1,459,030 | \$ 18,159,671 | \$ 50,000 |
| 2028 | \$ 1,496,589 | \$ 19,656,260 | \$ 50,000 |
| | \$ 19,656,260 | | \$ 878,396 |

**Mission Drive- TIF Reinvestment Zone Combined
Participation**

| Entity | Tax Rate | Level of Participation | Tax Rate Based on Participation | % of Project | TIF Revenues |
|---------------------|-------------|---------------------------|------------------------------------|-----------------|---------------|
| City of San Antonio | \$ 0.567140 | 90% | \$ 0.510426 | 100.00% | \$ 19,656,260 |
| Total | \$ 0.567140 | 90% | \$ 0.510426 | 100.00% | \$ 19,656,260 |

**Mission Drive-In - TIF Reinvestment Zone
Projected New Value of Tax Increment**

Tax

| Year | Single Family | Commercial/Resturant | Apartments | Lofts | Townhomes | Total |
|------|------------------|----------------------|------------------|-----------------|-----------------|------------------|
| 2008 | | \$ 1,750,000.00 | | | | \$ 1,750,000.00 |
| 2009 | \$ 3,750,000.00 | \$ 625,000.00 | \$ 16,250,000.00 | | | \$ 20,625,000.00 |
| 2010 | \$ 11,250,000.00 | \$ 16,875,000.00 | | \$ 850,000.00 | | \$ 28,975,000.00 |
| 2011 | \$ 11,250,000.00 | \$ 18,125,000.00 | | \$ 1,700,000.00 | | \$ 31,075,000.00 |
| 2012 | \$ 11,250,000.00 | \$ 15,625,000.00 | | | \$ 4,000,000.00 | \$ 30,875,000.00 |
| 2013 | \$ 11,250,000.00 | \$ 15,625,000.00 | \$ 22,750,000.00 | | | \$ 49,625,000.00 |
| 2014 | \$ 6,150,000.00 | \$ 15,625,000.00 | | | | \$ 21,775,000.00 |
| 2015 | | \$ 15,625,000.00 | | | | \$ 15,625,000.00 |
| 2016 | | \$ 15,625,000.00 | | | | \$ 15,625,000.00 |
| 2017 | | \$ 15,625,000.00 | | | | \$ 15,625,000.00 |
| 2018 | | | | | | \$ - |
| 2019 | | | | | | \$ - |
| 2020 | | | | | | \$ - |
| 2021 | | | | | | \$ - |
| 2022 | \$ 54,900,000 | \$ 131,125,000 | \$ 39,000,000 | \$ 2,550,000 | \$ 4,000,000 | \$ 231,575,000 |

Mission Drive-In TIF Reinvestment Zone

**Projected Uses of Tax Increment
Construction Completed Cost**

| Tax Year | Phase I 2008 | Phase II 2009 | Phase III 2010 | Phase IV 2011 | Phase V 2012 | Phase VI 2013 | Phase VII 2014 | Phase VIII 2015 | Total | Cumulative Total |
|----------|-----------------|------------------|-------------------|------------------|-----------------|------------------|-------------------|--------------------|-------|------------------|
| 2008 | \$ - | | | | | | | | \$ - | - \$ - |
| 2009 | | \$ - | | | | | | | \$ - | - \$ - |
| 2010 | | | \$ - | | | | | | \$ - | - \$ - |
| 2011 | | | | \$ - | | | | | \$ - | - \$ - |
| 2012 | | | | | \$ - | | | | \$ - | - \$ - |
| 2013 | | | | | | \$ - | | | \$ - | - \$ - |
| 2014 | | | | | | | \$ - | | \$ - | - \$ - |
| 2015 | | | | | | | | \$ - | \$ - | - \$ - |
| 2016 | | | | | | | | | \$ - | - \$ - |
| 2017 | | | | | | | | | \$ - | - \$ - |
| 2018 | | | | | | | | | \$ - | - \$ - |
| 2019 | | | | | | | | | \$ - | - \$ - |
| 2020 | | | | | | | | | \$ - | - \$ - |
| 2021 | | | | | | | | | \$ - | - \$ - |
| 2022 | | | | | | | | | \$ - | - \$ - |
| | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - |



CITY OF SAN ANTONIO
Request for Council Action

Agenda Item # 44
Council Meeting Date: 12/11/2008
RFCA Tracking No: R-4304

DEPARTMENT: Housing and Neighborhood Services **DEPARTMENT HEAD:** David D Garza

COUNCIL DISTRICT(S) IMPACTED:
Council District 3

SUBJECT:
Designation of Mission Drive-In Tax Increment Reinvestment Zone Number 32

SUMMARY:

This item is the consideration of the designation of the City-initiated Tax Increment Reinvestment Zone (TIRZ) Number 32, to be known as "Mission Drive-In." Mission Drive-In consists of approximately 1365 acres of property located south of the central business district along: the area east of Yett Avenue, north of SE Loop 410, and west of Espada Road as southern boundaries; traversing on either side of Roosevelt Avenue north to H F McCarty Drive as a northern boundary, and traversing south along the western side of Presa Street to E. Pyron Avenue.

A boundary map of the Mission Drive-In TIRZ is included as an exhibit to this ordinance. This ordinance will designate and name the TIRZ, create a Board of Directors and specify the number of directors of the board, establish effective start and termination dates and create a Tax Increment Fund.

BACKGROUND INFORMATION:

Chapter 311 of the Texas Tax Code (the "TIF Act") allows a municipality to initiate the creation of a Tax Increment Reinvestment Zone (TIRZ).

City-initiated TIRZ are designed to assist revitalization and reinvestment initiatives to achieve the goals of existing City programs and City-adopted plans, by using a comprehensive Reinvestment Plan to coordinate development incentives and set development standards that encourage long-term, high-quality investment; and by using an Request for Qualifications (RFQ) and/or Request for Proposals (RFP) process when appropriate to identify entities that are qualified to participate in successful TIRZ development.

On November 20, 2008, the City Council approved a Resolution of Intent, authorizing staff to proceed with analyzing the project further.

In accordance with the 2008 Tax Increment Financing (TIF) Program Policy and Implementation Manual, staff has performed the following required due diligence:

- confirmed the area's eligibility for TIF based on the scorecard outlined in the 2008

TIF Manual (project scored 84.64; a minimum of 60 points is required to be eligible for TIF)

- in accordance with the TIF Manual, the score also delineates the maximum term of the zone (the Mission Drive-In project is eligible for a term up to 20 years)
- identified the area's reinvestment need: the census information provided for the project boundaries reflect this area has 10.03% Unemployment (City average is 6.2%), 35.64% poverty rate (City average is 17.3%) and 40.64% with no high school education (City average is 24%); further all of the area is within the boundaries of an enterprise zone/empowerment zone (these areas automatically meet the statutory criteria outlined in the TIF Act).
- articulated the adopted City policy goals outlined in the following neighborhood and community plans: South-Central Neighborhood Plan
- enumerated the TIRZ Development Objectives to facilitate the development of a major library along Roosevelt, leverage the River Improvements (south reach) for retail, office, residential, parking and other community and economic development projects
- held the following meetings and presentations: Public Meeting on November 17, 2008.

The proposed infrastructure expenses include: streets, sidewalks, streetscape, drainage, water, sewer, public parking garages and other public improvements. The proposed private improvements include approximately 1 million square feet of commercial, office, and retail and residential development. The final scope of the anticipated development and costs will be determined by the TIRZ Board.

The term of the zone is twenty years, to expire on or before September 30, 2029. A final project and finance plan will be completed after TIRZ designation.

ISSUE:

The action being requested of City Council is consideration of the creation of a 1365-acre City-initiated TIRZ# 32, "Mission Drive-In". This item will officially name the zone, create a Board of Directors for the zone, establish effective start and termination dates for the zone, present preliminary project and finance plans, and create a tax increment fund.

At this stage, the City may also issue an RFQ soliciting qualifications from parties interested in being notified of future RFPs related to the potential new TIRZ.

After TIRZ Designation, the City-initiated process includes the subsequent adoption of a Final Project and Financing Plan, including a Reinvestment Plan, for the TIRZ. The Reinvestment Plan will guide any subsequent RFQ/RFPs for implementation. An incentive package coordinating TIF with the efforts of other departments and agencies may also be structured into the Reinvestment Plan in accordance with the needs of the TIRZ.

ALTERNATIVES:

If the City were to do nothing in the Mission Drive Inn area to spur private development, it is likely that the neighborhood will continue to struggle. The creation of the TIRZ is being considered in order to leverage development and revitalization in an area that will see the construction of a new city library and the river improvement project (south reach). Further the creation of the TIRZ provides the opportunity to achieve the goals outlined in neighborhood and community plans.

FISCAL IMPACT:

Based on the information developed to date, the proposed project is estimated to increase the current property tax base value of approximately \$84 million to over \$384 million over the life of the TIRZ, which is currently projected to be 20 years (2008-2029). For illustration purposes, the preliminary plan includes projected revenue of over \$19 million with the City participating at 90%. In accordance with the 2008 TIF Manual, the City will negotiate a participation rate and maximum cap based on the following:

- Ensure the City's ability to provide adequate municipal services such as police, fire, streets, libraries, parks, and other basic services through a comprehensive service analysis
- Completion of a gap analysis that accounts for financial capacity of developer(s) (if any) and the minimum amount needed to meet the gap
- Prioritization of public improvement needs such as the need for streets and sidewalks vs the need for underground utilities
- Factor a reasonable annual growth assumption
- Consider developer contribution (if any) of land for public use needs and/or minimum financial contribution

Further, the City's participation rate and maximum contribution will be based on the participation of other taxing entities and the overall impact to the City's Operational Budget and Debt Plan (the final financing plan must not adversely impact the City's ability to deliver services or its debt management plan).

The following represents what the City's potential contribution would be given the various participation levels:

| 50% Participation | 60% Participation | 70% Participation | 80% Participation | 90% Participation | 100% Participation |
|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| \$10,920,144 | \$13,104,170 | \$15,288,201 | \$17,472,228 | \$19,656,260 | \$21,840,287 |

If there are other taxing entities that participate in this TIRZ, the revenue could be higher. If Bexar County, the San Antonio River Authority, and the Alamo Community College District were to participate, their incremental contributions could be:

| Bexar County | Alamo Community College District | San Antonio River Authority |
|----------------------|----------------------------------|-----------------------------|
| 50% = \$4,831,406.00 | 50% = \$2,615,858.00 | 50% = \$307,130.00 |
| 70% = \$6,763,965.00 | 70% = \$3,662,198.00 | 70% = \$429,984.00 |

This action designates a Tax Increment Reinvestment Zone, but does not, in any way, financially obligate the City or other taxing entities. The assumptions of the anticipated costs and revenues are outlined in the attached preliminary finance plan. The City would be financially obligated upon the approval of final project and finance plans and upon the execution of the legal documents which require City Council approval. Currently, the City is the only committed participating taxing entity.

RECOMMENDATION:

Staff recommends that the City Council officially designate Tax Increment Reinvestment Zone Number 32, City of San Antonio, Texas "Mission Drive-In," create a Board of Directors for the zone, establish effective start and termination dates for the zone, present a preliminary finance plan, and create a tax increment fund.

ATTACHMENT(S):

File Description

[Boundary Map](#)

[Finance Plan](#)

[Voting Results](#)

[Ordinance/Supplement Documents](#)

File Name

Missions w Aerial.pdf

#4304 Mission Drive-In Finance Plan 12012008.pdf

200812111174.pdf

DEPARTMENT HEAD AUTHORIZATIONS:

David D Garza Director Neighborhood Services

APPROVED FOR COUNCIL CONSIDERATION:

T.C. Broadnax Assistant City Manager