



TAX INCREMENT FINANCING REINVESTMENT ZONE (TIRZ) #3

City Council Meeting – July 5, 2022

BACKGROUND

- March 21 – Council was briefed on the status of Tax Reinvestment Zone (TIRZ) #3
 - TIRZ #3 was established as an economic development tool to facilitate the development of
 - A commuter rail on the BSNF W4 Line
 - The creation of a commuter rail station in Burleson in the Transit Oriented District (TOD)
 - Due to funding and logistical challenges, it is unlikely a commuter rail line will develop in the foreseeable future
 - TIRZ #3 has yet to:
 - Establish a Board of Directors
 - Issue debt

PREVIOUS COUNCIL MEETINGS

- March 21, 2022
 - Staff provided options to the Council regarding the future of TIRZ #3
 - Dissolve the TIRZ
 - Retain/Modify the boundaries of the TIRZ
 - City Council directed staff to bring forward an ordinance to dissolve the TIRZ, which appeared before Council on April 18
- April 18, 2022
 - City Council indicated they would like additional time to consider possible uses of TIRZ #3 before dissolving it
 - Staff was directed to bring the item back to Council for consideration on June 20, 2022
- June 20, 2022
 - City Council approved first reading

TIRZ #3 BY THE NUMBERS

Established	Consists Of	Value
<ul style="list-style-type: none">• Established in 2012• Set to expire in 2037	<ul style="list-style-type: none">• 780 Acres• Receives 100% of the incremental taxable value of the properties within in boundaries	<ul style="list-style-type: none">• Original value was \$18,355,918• Current taxable value is \$46,836,579• Projected to increase to \$61,926,820 in FY 22-23

TIRZ #3 CAPACITIES

- In April, based on projected taxable values, staff estimated TIRZ #3 would have the capacity to issue approximately \$4.8 million in debt over the next five years
- Based on the updated appraised values, staff now estimates that TIRZ #3 has the capacity to issue \$10.4 million in debt over the next five years

- If no additional projects or operations are funded and TIRZ #3 is dissolved, this would equate to a \$0.02 tax rate decrease in FY 22-23

- If TIRZ #3 is dissolved, \$5 million in debt could be issued, and the tax rate could also be lowered by \$0.01 in FY 22-23

LIMITATIONS

- The General Fund loses the value of the incremental growth in property tax within the boundary of the TIRZ until 2037, or until it is dissolved
- Funding from the TIRZ may only be spent on improvements within the district that serve a public good
- If dissolved, proceeds would return to the General Fund, however, they may still be utilized to fund any project that could have been funded through TIRZ

OPTIONS AND POLICY DECISIONS

DISSOLVE THE TIRZ

- Utilize capacity to fund additional capital projects
- Utilize capacity to fund additional operations
- Utilize capacity to reduce the tax rate
- A combinations of the options above

RETAIN/MODIFY THE BOUNDARY OF THE TIRZ

- Establish Board of Directors
- Re-evaluate boundaries
- Identify projects for funding

ADDITIONAL PROJECTS FOR CONSIDERATION

- When forming recommendations for the Bond Program, the Special Citizens Bond Task Force considered and prioritized a large number of infrastructure-related projects
- Prioritization was based on debt capacity for the General Obligation Bond Program, and did not include other funding sources such as cash, impact fees, and potential capacity from the TIRZ

SUMMARY OF FUNDING

	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27	TOTAL
Impact Fees Zone A	\$949,045					\$949,045
Impact Fees Zone B	\$241,871					\$241,871
Impact Fees Zone C	\$2,064,645					\$2,064,645
Cash from General Fund	\$2,500,000	\$2,500,000	\$1,000,000	\$1,000,000	\$1,000,000	\$8,000,000
Excess General Fund Debt Capacity	\$2,000,000					\$2,000,000
TIRZ #3 Capacity	\$5,203,000	\$5,203,000				\$10,406,000
TIRZ #2	\$192,497					\$192,497
TOTAL	\$13,151,058	\$7,703,000	\$1,000,000	\$1,000,000	\$1,000,000	\$23,854,058

- Staff recommending to hold a portion of capital (cash) each year starting FY23-24 for unforeseen project costs

ADDITIONAL POSSIBLE PROJECTS

	COST
* WICKER HILL RD & GREENRIDGE DR ROAD RECONSTRUCTION	\$4,989,510
ALSBURY DESIGN & ROW ACQUISITION (add to GO Bond ST2301)	\$3,333,091
HULEN 4-LANE EXPANSION (additional costs to ST2502)	\$3,630,029
RENFRO ST & JOHNSON AVENUE PEDESTRIAN IMPROVEMENTS	\$192,497
* VILLAGE CREEK PARKWAY EXPANSION (Tarrant Co. Bond 50% Match)	\$3,501,839
* HIDDEN VISTAS EXTENSION TO CR 714	\$1,575,349
* ALSBURY PH. 1 WIDENING - CANDLER TO HULEN	\$3,823,545
ADDITIONAL STREET REHABILITATION	\$1,000,000
ADDITIONAL SIDEWALK (add to GO Bond ST2203)	\$1,000,000
* 174 ACCESS MANAGEMENT	\$3,000,000
* HULEN CANDLER INTERSECTION IMPROVEMENTS	\$1,941,641
* HIDDEN CREEK PARKWAY AND DOBSON STREET INTERSECTION	\$7,752,236
* LAKEWOOD CR 914 INTERSECTION IMPROVEMENTS	\$3,253,914
* ARROWWOOD EXTENSION	\$1,148,866
* CR 602 REALIGNMENT	\$3,341,365
TRAFFIC SAFETY IMPROVEMENTS	\$1,000,000
TOTAL	\$44,483,882

- Projects with an asterisk (*) indicate projects that were presented with the Bond.

STAFF RECOMMENDATION BY FUND

DISSOLVING TIRZ #3

		IMPACT FEES A	IMPACT FEES B	IMPACT FEES C	CASH	TIRZ #3	EXCESS GF	TIRZ #2	TOTAL
*	WICKER HILL RD & GREENRIDGE DR ROAD RECONSTRUCTION					\$4,989,510			\$4,989,510
	ALSBURY DESIGN & ROW ACQUISITION (add to GO Bond ST2301)	\$949,045				\$2,384,046			\$3,333,091
	HULEN 4-LANE EXPANSION (additional costs to GO Bond ST2502)				\$1,610,128	\$1,595,250	\$424,651		\$3,630,029
	RENFRO ST & JOHNSON AVENUE PEDESTRIAN IMPROVEMENTS							\$192,497	\$192,497
*	VILLAGE CREEK PARKWAY EXPANSION (Tarrant Co. Bond 50% Match)			\$2,064,645		\$1,437,194			\$3,501,839
*	HIDDEN VISTAS EXTENSION TO CR 714						\$1,575,349		\$1,575,349
*	ALSBURY PH. 1 WIDENING - CANDLER TO HULEN		\$241,871		\$3,581,674				\$3,823,545
	ADDITIONAL SIDEWALKS				\$750,000				\$750,000
	ADDITIONAL STREET REHABILITATION				\$750,000				\$750,000
	FUND CAPACITY	\$949,045	\$241,871	\$2,064,645	\$8,000,000	\$10,406,000	\$2,000,000	\$192,497	\$23,854,058
	PROJECT TOTAL	\$949,045	\$241,871	\$2,064,645	\$6,691,802	\$10,406,000	\$2,000,000	\$192,497	\$22,545,860

- Staff recommending to hold a portion of capital (cash) each year starting FY23-24 for unforeseen project costs
- Projects with an asterisk (*) indicate projects that were presented with the Bond.

STAFF RECOMMENDATION BY FUND

OTHER TIRZ OPTIONS

	Dissolving TIRZ #3	Half TIRZ #3 to fund add. projects (Lower tax .01)	TIRZ #3 to fund no add. projects (Lower tax .02)
WICKER HILL RD & GREENRIDGE DR ROAD RECONSTRUCTION	\$4,989,510	\$4,989,510	\$4,989,510
ALSBURY DESIGN & ROW ACQUISITION (add to GO Bond ST2301)	\$3,333,091	\$3,333,091	\$3,333,091
HULEN 4-LANE EXPANSION (additional costs to GO Bond ST2502)	\$3,630,029	\$3,630,029	\$3,630,029
RENFRO ST & JOHNSON AVENUE PEDESTRIAN IMPROVEMENTS	\$192,497	\$192,497	\$192,497
VILLAGE CREEK PARKWAY EXPANSION (Tarrant Co. Bond 50% Match)	\$3,501,839	\$3,501,839	
HIDDEN VISTAS EXTENSION TO CR 714	\$1,575,349	\$1,575,349	
ALSBURY PH. 1 WIDENING - CANDLER TO HULEN	\$3,823,545		
ADDITIONAL SIDEWALKS	\$750,000		
ADDITIONAL STREET REHABILITATION	\$750,000		
FUND CAPACITY	\$23,854,058	\$18,651,058	\$13,448,058
PROJECT TOTAL	\$22,545,860	\$17,222,315	\$12,145,127

OPTIONS AND STAFF RECOMMENDATION

APPROVE (STAFF RECOMMENDATION)

- Approve an ordinance terminating TIRZ #3, dissolving the Board of Directors, and the tax increment fund for the Zone
 - Identify how the Council wishes to utilize the excess capacity from the TIRZ, and additional funding sources, to fund additional projects and/or reduce the tax rate during the budget process

DENY

- Deny an ordinance terminating TIRZ #3, dissolving the Board of Directors, and the tax increment fund for the Zone

NEXT STEPS

If approved

- Need direction on how to utilize the excess capacity from TIRZ #3
 - Tax relief
 - Fund additional project
 - Combination
- Need direction on which additional capital projects to pursue

If denied

- Determine if existing boundaries of TIRZ #3 are still appropriate
- Establish TIRZ Board
- Identify capital projects to fund within TIRZ

The background features abstract, flowing waves in shades of red, orange, and yellow, creating a dynamic and energetic feel. The waves are layered, with some appearing more prominent than others, and they curve across the frame.

QUESTIONS?