



# City of Dripping Springs

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## Agenda Item Report from: [TIRZ Project Manager / Keenan Smith](#)

<b>TIRZ Board Meeting Date:</b>	<a href="#">May 09, 2021</a>								
<b>Agenda Item Wording:</b>	<a href="#">TIRZ Budget Analysis- FY '23</a>								
<b>Agenda Item Requestor:</b>	<a href="#">TIRZ Budget Committee</a>								
<b>Board Member Sponsor:</b>	<a href="#">Taline Manassian / Vice Chair</a>								
<b>Summary/Background:</b>									
<p><a href="#">The "FY '23 Budget Subcommittee"</a> met on 4/21/22 to discuss and refine the Draft FY'23 Budget recommendations.</p> <p>The overall budget approach was reviewed, along with refined analysis of projected cost allocations, and an adjusted scenario of anticipated expenditures. The projected TIRZ Cash Position was reviewed as well, as provided by the most recent TIRZ Administrator's Report (excerpts and adjusted analysis attached), with consideration to the separate but related issue of outstanding Stakeholder Reimbursements.</p> <p>TIRZ Board review and approval of the proposed FY'23 Budget is needed by <b>the May 9, 2022 TIRZ Board</b> meeting, in accordance with the established <b>City Council Budget Submission timelines</b>. See FY 2023 "Final Draft" Budget Scenario summary spreadsheets, summary, and recap (dated 5/3/22), with approach, analysis, and discussion below.</p> <p><b>Proposed Budget Approach:</b> The proposed TIRZ Budget scenario illustrates the full and continued funding by the TIRZ of the Old Fitzhugh Road PSE's Project (underway) through the FY '23 work period. OFR PSE's budgeted amounts are based on analysis of provided cash flow projections. Town Center Project planning &amp; feasibility studies in support of alternative sites are also allocated, as sites are identified by the City, and as TIRZ Team support and expertise is sought. Downtown Parking is allocated a nominal planning support budget to coordinate &amp; integrate previous concept plans with anticipated related City projects, as they become defined. Indirect Expenses (Project Management, Administrative, Legal and Miscellaneous) have been scrutinized, with minimal budget allocations proposed.</p> <p style="text-align: center;"><b>"FY '23 TIRZ Final Draft Budget" for TIRZ Board discussion and possible approval:</b></p> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;"><b>Proposed Project Expenditures:</b></td> <td style="text-align: right;"><b>\$508,000 (Total Direct Costs)</b></td> </tr> <tr> <td><b>Proposed Indirect Expenditures:</b></td> <td style="text-align: right;"><b>\$ 65,000 (Total Indirect Costs)</b></td> </tr> <tr> <td></td> <td style="text-align: right;">-----</td> </tr> <tr> <td></td> <td style="text-align: right;"><b>\$573,000 (Grand Total)</b></td> </tr> </table> <p><b>TIRZ Budget Sources*:</b> If approved, it appears likely that the proposed Budget Scenario may be fully funded by the current and anticipated "DS TIRZ Total Cash Position" balance, as shown in the TIRZ Administrator's Analysis (see supporting analysis from P3 Works, with adjusted analysis).</p>		<b>Proposed Project Expenditures:</b>	<b>\$508,000 (Total Direct Costs)</b>	<b>Proposed Indirect Expenditures:</b>	<b>\$ 65,000 (Total Indirect Costs)</b>		-----		<b>\$573,000 (Grand Total)</b>
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Furthermore, based on current TIRZ No. 1 and TIRZ No. 2 Revenues and Expenditures, it appears that specific “TIRZ Budget (cash) Requests” will not be required at this time, either from the City of Dripping Springs or any other source. This assertion needs to be analyzed and confirmed by the City Treasurer and TIRZ Administrator, once Final (preferred) FY '23 Budget Recommendations have been approved by the TIRZ Board.

**\*FY '23 Budget Analysis Notes:**

1. **FY '23 Stakeholder Reimbursements:** All reimbursements are at the Boards' discretion and depend upon the TIRZ Cash Balances and projected TIF revenues. Potential Stakeholder Reimbursements scheduled to occur in FY'23 should be considered by the Board in concert with the proposed FY '23 TIRZ Budget.
2. **Potential Hays County POSAC Funding:** The proposed budget scenario does not assume an anticipated funding award towards the OFR Project by the Hays County POSAC. Should POSAC funds be made available for OFR PSE's in FY'23, then the budgeted project costs would be potentially defrayed in proportion to the amounts made available by Hays POSAC funding, and a corresponding budget line item surplus would result.
3. **Potential FY'23 TIRZ Revenues:** The proposed FY '23 Budget analysis is based on “Total Cash Position” (Table 10) and “FY 2022 Budget and Estimated Ending Cash Balance” (Table 11) projections from the TIRZ Administrator's report (April 11, 2022). It assumes the FY '23 Budget draws only on the available projected TIRZ Ending Cash Balance at the end of FY '22 (Sep. 30, 2022). Future TIRZ Revenues, including any FY '23 TIRZ Revenues (anticipated June-July of 2023) are not considered, but potentially would be collected and be available to fund TIRZ expenditures prior to the end of the FY '23 Budget cycle (before Sep. 30, 2023).

**Cost Sharing:** If approved, TIRZ Budget is, however, still subject to the separate “Cost Sharing & Reimbursement Agreement” ILA which details and governs provisions for the sharing and reimbursement of TIRZ Priority Project Costs, between and amongst the Projects and various Stakeholders.

Staff and the Budget Subcommittee is recommending approval of the proposed FY'23 TIRZ Budget.

**Respectfully Submitted:**

Keenan E. Smith, AIA  
TIRZ Project Manager

May 5, 2022 / 1125 hrs.