

Tax Increment Reinvestment Zone Feasibility & Consulting Services Industrial Manor TIRZ



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Response prepared by



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Table of Contents

Statement of Interest	1
TXP Background	3
Qualifications of the TXP Project Team	4
Project Team Relevant Experience	6
Proposed Scope of Work	10
Part 1: Manor Industrial TIRZ Feasibility Analysis	10
Part 2: Manor Industrial TIRZ Implementation	12
Part 3: Administration Services and Annual Reports	13
Typical Project Timeline.....	14
Professional Fee & Payment Schedule	14





Statement of Interest

TXP, Inc. is pleased to respond to the Request for Proposals (RFP) for an Industrial Tax Increment Reinvestment Zone (TIRZ) for the City of Manor. TXP has a multi-disciplinary team that can provide the external support required, with experts in economic and demographic forecasting, fiscal impact analysis, and public finance. The project team has worked on numerous TIRZ projects throughout Texas and is familiar with the issues, trends, and challenges influencing the greater Austin region. TXP has significant experience assisting clients with all phases of TIRZs, as well as similar public finance tools such as Transportation Reinvestment Zones (TRZ), and Public Improvement Districts (PID). TXP is located in Austin, Texas. Project staff can easily travel to Manor for in-person presentations or City Council meetings at no additional travel costs.

TXP was part of the consulting team that successfully completed the recent City of Manor Comprehensive Plan. TXP was responsible for collecting and analyzing the economic and demographic data.

First, TXP offers unbiased guidance regarding whether a TIRZ is the appropriate financing mechanism to implement. Second, TXP is frequently retained to review and update the tax revenue projections of existing TIRZs. Third, TXP has a 30-year track record of successfully working with all levels of government including cities, counties, hospital districts, community colleges, and water districts. Past clients for this type of analysis include the cities of Austin, Brownsville, Dallas, Dayton, Denton, El Paso, Fort Worth, Odessa, Victoria, and San Antonio. Last, the firm has experience working on both smaller Downtown and larger acreage TIRZ plans that have unique characteristics.

Creating a new TIRZ will require TXP to evaluate a wide range of items such as economic and demographic forecasts, land plans, infrastructure development, public finance, stakeholder input, and coordination with other public sector jurisdictions. While state law dictates many of the steps and procedures required to establish a TIRZ, each community requires a different level of support based on the size of the project, public involvement, and the complexity of the finance plan. The TXP project team will engage the City of Manor's legal resources as well as other departments (e.g., public works on infrastructure costs) to support this effort.

The project team believes that a TIRZ can be used as an effective tool to support and promote development. However, the creation of a TIRZ in and of itself is not sufficient to spur new development or generate tax revenue. Cities sometime create TIRZs with the expectation that simply establishing a TIRZ will cause new property value growth. The project team has found that the most successful TIRZs have a project and finance plan that adequately addresses the following questions:

1. Does the plan clearly articulate its goals and explain how development will occur?
2. Are the infrastructure improvements prioritized?
3. Is the plan flexible so that it can adapt to changing market conditions?
4. Will the participating public sector entities provide some initial funding or “seed capital” while the TIRZ builds up tax revenue increment in the early years?
5. How will the participating public sector entities respond to requests for tax abatements or incentives that would take money away from the TIRZ?
6. Should the TIRZ be pay as you go or contemplate debt?
7. What percent of the tax increment should be allocated to the TIRZ?
8. Will the city consider allocating both property tax and sales tax to the TIRZ?
9. How long do the participating public sector entities want to keep the TIRZ in place?
10. Does the TIRZ project plan reflect community priorities and have community support?

A successful TIRZ will require a step-by-step approach to implement. The TXP project team has developed a scope of work that attempts to address the known issues while recognizing that any TIRZ analysis will need to adapt to unanticipated findings during the discovery phase.

TXP Background

TXP, Inc. is an economic analysis and public policy consulting firm founded in 1987 in Austin, Texas. Our clients have discovered that we are the firm to hire when there is not an immediate, obvious, or simple solution to their economic or public policy challenges. In addition to drawing on the expertise of our firm members, we regularly partner with urban planning, engineering, and public policy firms to put together teams uniquely suited to our clients' needs.

TXP has nearly 20 year of experience assisting clients with all phases of Tax Increment Reinvestment Zones (TIRZ), as well as similar public finance tools such as Public Improvement Districts (PID), Transportation Reinvestment Zones (TRZ), and Municipal Management Districts (MMD). TXP is also frequently retained to review and update the tax revenue projections of existing TIRZs and other value-capture districts.

TXP also offers a full range of economic analysis and forecasting services to public and private clients. The firm specializes in applying focused primary research to enhance secondary data. TXP offers a number of other services to clients, including periodic reports highlighting economic trends in regional economies and presentations to a range of stakeholders. TXP currently serves as economist-on-retainer for a number of high-profile private and public sector clients throughout Texas.

TXP has successfully helped clients manage the balance between economic development, land use planning, and infrastructure development to ensure overall community prosperity. Our team provides in-depth analysis on the connection between tax base enhancement and service cost reduction, and works with communities, state agencies, local governments, universities, and developers to facilitate growth and redevelopment.

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Qualifications of the TXP Project Team

TXP has the local staffing resources required to complete the TIRZ analysis for Manor. TXP will allocate the following three staff members to the project. TXP can also leverage additional staff resources if required.

Travis James will serve as the project manager for this project. Mr. James is authorized to make representations for and to bind the firm.

Jon Hockenyos, President

Following stints as an aide to a member of the British Parliament and work on a Senatorial campaign in his home state of Illinois, Mr. Hockenyos founded TXP while attending the LBJ School of Public Affairs at the University of Texas at Austin in 1987. Since then, TXP has successfully completed hundreds of projects for a wide variety of clients, with a strong record of on-time, on-budget delivery.

In his role as President of the firm, Mr. Hockenyos is involved in managing the day-to-day operations of the organization, performing technical analysis, and developing strategies for clients. In addition, he makes numerous public presentations and speeches. Mr. Hockenyos has served as a resource witness on a variety of issues in front of city councils, state legislatures, and the U.S. Congress.

Mr. Hockenyos' private sector background extends beyond TXP. He is currently a board member of Seton Healthcare and American Bank of Commerce. He also served on the Board of Directors for Capital Metro (the Austin area transit authority), the Board of the ARC of the Capital Area, and the Travis County Citizen's Advisory Council. Mr. Hockenyos' personal business interests also include restaurants, real estate, and infrastructure/water development.

Mr. Hockenyos received a Bachelor of Arts in Philosophy from the University of Illinois and M. of Pub. Aff. from the LBJ School of Public Affairs, where he has taught as an Adjunct Professor.

Travis D. James, Vice President

Travis D. James brings over 25 years of experience in economic analysis, strategic planning, and policy development. Currently, Mr. James leads the firm's efforts in economic impact studies, statistical analysis, and strategic planning. While at TXP, Mr. James has conducted over 200 economic and tax revenue impact studies for projects located in California, Florida, Louisiana, Maryland, New York, Pennsylvania, South Carolina, and Texas. He specializes in

sub-regional analysis that requires blending economic analysis, land planning, GIS tools, and long-term forecasting.

Prior to joining TXP, Mr. James worked at ExxonMobil in the global information systems technology division in Washington, D.C. His duties required lengthy international travel to South America, Europe, and Asia in order to develop and support large-scale global systems solutions. Mr. James also spent five years as a project manager at a national economic development consulting firm where he worked on numerous studies throughout the United States.

Mr. James holds a Bachelor of Arts degree in Economics from the University of Texas at Austin. He also received a Bachelor of Science in Computer Science from Texas State University. Mr. James earned an MBA from St. Edward's University.

Rebecca C. Yerly, Project Analyst

Rebecca Yerly has been involved with TXP since 1999. She has worked on numerous projects in the public policy arena, including the role of microlending in economic development of the disadvantaged community in Texas, the influence of urbanist development in managing and directing regional growth, and the effects of the earned income tax credit on the working poor in the San Antonio region.

Prior to joining TXP, Dr. Yerly was a case design analyst for WaxmanCavnerLawson, a firm that provides insurance products to high-net-worth individuals and businesses. In addition, she has authored or co-authored numerous research reports in such diverse areas as family transition and public policy, coping and stress, and the role of emotional intelligence in business and academic success.

Project Team Relevant Experience

TXP is proud and grateful to have been rehired multiple times by many of its clients. As Manor contemplates hiring a firm to develop a new Industrial TIRZ, it is important to select a consulting partner who has the dedication and track record to successfully assist clients over the long term.

City of Del Rio, Texas Downtown TIRZ (2023)

Client: City of Del Rio, Texas

The City of Del Rio, Texas was considering implementing a tax increment reinvestment zone to fund a portion of the infrastructure and maintenance costs associated with redeveloping Downtown Del Rio. Many of the opportunities, challenges, and required improvements are outlined in the *Envision Del Rio 2040 Comprehensive Plan (2020)* produced by Stantec. Based on the recommendation of the City's outside legal firm, TXP was hired by Del Rio to implement a Downtown TRIZ. The City Council successfully created the TIRZ in 2023.

Tomball TIRZ Project and Finance Plan Update (2023)

Client: City of Tomball, Texas

In November 2021, the City of Tomball, Texas created the Tax Increment Reinvestment Zone Number Three ("TIRZ #3") consisting of approximately 240 acres of land. TIRZ #3 was created to help pay for infrastructure costs to facilitate the development of a 240-acre tract located at SH 249 and Rocky Road for light industrial and retail development. In 2023, TXP was retained to draft the final project and finance plan and forecast future TIRZ revenue. TXP presented the plan to the TIRZ Board and City Council for adoption. The City Council adopted the final project plan in November 2023.

City of Canyon, Texas Downtown TIRZ (2021)

Client: City of Canyon, Texas

The City of Canyon, Texas was considering implementing a tax increment reinvestment zone to fund a portion of the infrastructure and maintenance costs associated with redeveloping Downtown Canyon. Many of the opportunities, challenges, and required improvements were outlined in the Canyon Comprehensive Plan (2020) by Freese and Nichols, Inc. TXP was a subconsultant to Freese and Nichols, Inc. on the Downtown Plan. TXP was rehired by Canyon to implement a Downtown TRIZ. The City Council successfully created the TIRZ in 2021.

Real Estate Demand, Absorption, and Taxable Value Analysis for the Trinity River TIRZ - (2009, 2015, 2017, 2018, 2021, and 2024)

Client: Tarrant Regional Water District

Realignment of Fort Worth's Trinity River followed by the successful implementation of the Trinity River Vision (TRV) project would have a dramatic impact on the City's economic

development future. Because a number of variables influence the amount of tax revenue generated by the development, TXP created a series of scenarios based on the existing TRV TIF model as well as historic residential development patterns in greater downtown Fort Worth. After the initial analysis was completed, TXP was rehired multiple times to update key regional economic trends including the overall TRV development in light of the changing economic environment. TXP's revenue forecast will be used by the TIRZ board to update the financing plan. TIF 9 (Trinity River Vision) is almost 4,000 acres.

Dickinson, Texas Downtown TIRZ and IH45 TIRZ (2022)

Client: City of Dickinson, Texas

In 2022, the City of Dickinson, Texas retained TXP to evaluate the feasibility of two TIRZs in the city – downtown and along IH45. TXP spent a few months working with community leaders, city staff, and elected officials to identify the correct geographic boundary for the TIRZs. In addition, the TXP preliminary plan addressed overall market demand and tax revenue projections. In December 2022, based on TXP's analysis and recommendation, the Dickinson City Council created two TIRZ – downtown and along IH45.

Denton Downtown TIRZ Project and Finance Plan Update (2020)

Client: City of Denton, Texas

The City of Denton, Texas was considering using its Downtown TIRZ to fund an \$18 million drainage infrastructure project. Given how the TIRZ was originally implemented, this infrastructure project would likely use all the TIRZ's projected revenue. TXP was retained to review potentially catalytic projects, forecast future TIRZ revenue, and gather input from downtown businesses and real estate developers. TXP drafted a series of recommendations to the TIRZ board and City Council related to issuing TIRZ debt, expanding the TIRZ geographic boundaries, and increasing the TIRZ revenue cap.

Historic River Mills Tax Increment Reinvestment Zone (2019 to 2020)

Client: City of New Braunfels, Texas

The City of New Braunfels, Texas was considering implementing a tax increment reinvestment zone to fund a portion of the infrastructure and maintenance costs associated with redeveloping the area around the historic River Mill property. TXP was retained by the City of New Braunfels to evaluate whether a TIRZ was appropriate and how it should be structured. In December 2019, based on TXP's analysis and recommendation, the River Mills Tax Increment Reinvestment Zone #2 was created.

Downtown Market Assessment for City Owned Properties within Old Town (2020)

Client: City of Burleson, Texas

The City of Burleson was seeking a consulting firm to assist with evaluating the highest and best use of two city owned properties in downtown. Specifically, the City had issued an RFP

for these properties, but needed external help measuring the economic and tax impact of each proposal as well as evaluating the financial need or “gap” as it relates to the requested incentives. TXP spent several weeks evaluating the market conditions in downtown, meeting with the potential developers, and discussing incentive options with city staff and city council. TXP’s analysis and findings were then used to negotiate incentive deals with the developers for both downtown sites.

Downtown Brownsville Tax Increment Reinvestment Zone (2019)

Client: City of Brownsville, Texas

The vision and justification for transforming downtown Brownsville is outlined in the *Imagine Brownsville Comprehensive Plan*. TXP was hired to create a financing plan that builds upon this previously adopted studies and existing city goals. TXP spent a few months working with community leaders, city staff, and elected officials to identify the correct geographic boundary for a TIRZ. In addition, the TXP preliminary plan addressed overall market demand and tax revenue projections. In December 2019, based on TXP’s analysis and recommendation, the Brownsville City Commission created the Downtown Brownsville, Number 3 (TIRZ #3).

Value Capture Implications of Extending the Duration of the Waller Creek Tax Increment Financing (TIF #17) (2018)

Client: City of Austin, Texas

TXP was tasked with providing analytical assistance to the City of Austin related to the extension of the duration of the downtown Waller Creek TIF. The following is an outline of the major steps in the project. TXP took the lead for collecting information on the local economy, real estate projects, infrastructure planning, land use issues, and the regulatory environment. As part of this task, TXP worked with existing stakeholders to identify expected patterns of development in the TIF. Special emphasis was placed on collecting and reviewing the historical performance of the TIF, development by year by land use, and taxable values versus construction costs. Using the findings, TXP projected annual property tax revenues generated within the TIF for the proposed extension. TXP developed several scenarios that represented the range of likely outcomes in terms of ad valorem tax revenue. Using this information, a representative financing plan also was created. The findings were presented to the Austin City Council, and the TIF extension was approved.

City of Dayton, Texas and Liberty County Tax Increment Reinvestment Zone #1 (2018)

Client: City of Dayton, Texas

The City of Dayton hired TXP as their consultant to assist in creating a new tax increment reinvestment zone (TIRZ). The Gulf Inland Logistics Park is a multi-modal transportation and logistics center, featuring more than 1,500 acres of available land to meet the needs of today's logistics, transportation, and manufacturing businesses. The master-planned park will

include rail service provided by CMC Railroad, BNSF Railway, and Union Pacific Railroad. TXP performed all the tasks necessary for TIRZ creation including coordinating with the landowner, City of Dayton, and Liberty County. The TIRZ and project plan was approved by both Liberty County and the City of Dayton in the fall of 2018.

City of Odessa, Texas Downtown Tax Increment Reinvestment Zone (2018)

Client: City of Odessa, Texas

The City of Odessa, Texas was interested in implementing a tax increment reinvestment zone (TIRZ) to fund a portion of the infrastructure and maintenance costs associated with redeveloping Downtown Odessa. Many of the opportunities, challenges, and required improvements were already outlined in the *Downtown Design + Implementation Plan (2016)*. TXP was retained to assist Odessa in implementing its first TIRZ. The City of Odessa approved the TIRZ boundary in the fall of 2018.

City of Irving Tax Increment Reinvestment Zone 6 (2016)

Client: City of Irving, Texas

The City of Irving, Texas was considering implementing a tax increment reinvestment zone to fund the long-term redevelopment around the former Texas Stadium site. The potential 1,000-acre TIRZ area is served by several major freeways, including State Highway 183, State Highway 114, Loop 12, and Spur 482 as well as new DART Rail stations. Given the size and scope of the infrastructure required to achieve the development outlined in the Planned Unit Development #6 plan, tax increment financing was determined to be an appropriate funding strategy to implement the plan. TXP was retained to develop a real estate build out forecast for the area as well as a project plan and financing plan for the TIRZ. Irving City Council adopted the TIRZ in November 2016.

Proposed Scope of Work

Based on past project experience, TXP recommends a two-phase approach for evaluating and implementing a TIRZ. If a TIRZ is not the best option, TXP can recommend alternative strategies for an area.

Part 1: Manor Industrial TIRZ Feasibility Analysis

TXP will rely on the Client's legal resources to manage the legal requirements associated with TIRZ creation, public notices, and legal documents. If required, TXP can retain a law firm to assist for an additional fee.

Step 1: Introduction to Tax Increment Reinvestment Zones Presentation

TXP will provide a TIRZ 101 presentation to the City Council and staff as part of Trip #1. This would be a high-level presentation covering the basics of creating and managing a TIRZ as well as general questions.

Step 2: Data Collection & Public Input

The initial phase of the project requires an assessment of the TIRZ location. TXP will take the lead for collecting data and baseline information on the local economy, infrastructure, land use, and regulatory environment. As part of this task, TXP will obtain parcel data, GIS files, and taxable values from the Appraisal District.

During Trip #2, TXP project team members will meet with city staff, landowners, city council members, and other key stakeholders. TXP will require assistance from the Client in arranging these meetings.

The outcome of Step 2 is to determine the formal boundaries of the TIRZ and create a realistic forecast for the amount of development that could occur within the TIRZ. Most TIRZ plans fail because the development forecast is too high. Before proceeding to the next step, TXP and the Client will need to reach consensus on the TIRZ boundary, overall development forecast, private sector spending per land use type, and which public sector jurisdictions will likely participate in the TIRZ.

Step 3: Infrastructure Cost Analysis, Identification, and Evaluation

Following the collection of relevant data, TXP will work with the Client, private landowners, and other stakeholders to identify the necessary infrastructure projects required in the potential TIRZ. If required, TXP can contract with an engineering firm to provide these services but at an additional cost to the Client. Once the list of infrastructure projects has been developed, TXP and the Client will prioritize the spending.

All the projects identified cannot be funded through TIRZ dollars. TXP will identify major categories that are appropriate for different types of improvements based on the scale and impact of the improvements. Using this methodology, the TIRZ can better leverage other funding sources to ensure that all the needed public improvements can be undertaken to make the TIRZ and the City sustainable in the long run.

The outcome of Step 3 is a list of larger catalytic projects that should be funded by the TIRZ. This list will not include every possible type of project, but rather major categories of spending.

Step 4: Preliminary TIRZ Tax Revenue Forecast

Using the findings of Steps 2 and 3, TXP will forecast annual property and sales tax revenues generated within the TIRZ(s) for 20 to 30 years. TXP will develop two or three scenarios that represent the range of likely outcomes. The majority of TXP work effort will be spent building and refining the tax revenue forecast model.

TXP will review the findings of Step 4 with the Client and other stakeholders as part of [Trip #3](#).

Step 5: Determine if TIRZ is Feasible

Based on Steps 1 to 4, TXP will assist the Client in determining if the TIRZ is feasible. TXP will provide unbiased advice as to whether or not a TIRZ, the projected developments, and infrastructure can be advanced with a TIRZ.

Part 2: Manor Industrial TIRZ Implementation

Assuming the Client decides the TIRZ is feasible, TXP will complete the following steps:

Step 6: Assist Client in Developing a Preliminary Reinvestment Zone Financing Plan

As required by state law, TXP will assist the Client in developing a preliminary reinvestment zone financing plan. This plan will be shared with other taxing entities as part of the notice of intent to create a TIRZ.

Step 7: Attend TIRZ Public Hearing

As required by state law, the City must hold a public hearing on the creation of the zone and its benefits to the municipality and to property in the proposed zone. TXP will attend this meeting as part of Trip #4. As part of this trip, TXP can meet with other community stakeholders.

Step 8: TIRZ Final Project and Financing Plan

A challenge facing the majority of TIRZs that are not limited to a large site controlled by single owner is the difficult balance between investing in general infrastructure enhancements, versus focusing on a few catalytic projects that have the ability to fundamentally transform the area. Infrastructure enhancements such as road and utility upgrades can oftentimes consume the entire TIRZ budget, but might not be sufficient to grow the tax base over the long-term. High-profile catalytic projects (private or public sector) can take longer to develop, are subject to external economic forces, and might require the TIRZ to frontload spending that limits other projects. The financing plan created by TXP will include an annual budget (costs and revenues) based on projected tax revenue, infrastructure needs, and a realistic timeline that phases in infrastructure spending over the duration of the TIRZ. In addition, the financing plan will highlight other funding and governance challenges facing the TIRZ that could have a material impact on funding the plan.

Step 9: Final Plan Presentations and Product

The TXP project team will present the findings to the Client during Trip #5. TXP will provide the final report in Word document form as well as GIS mapping files. Once the work is completed, effective communication of the findings and recommendations is the bridge to actual implementation.



Part 3: Administration Services and Annual Reports

TXP provides these services to clients billed at an hourly rate. The services TXP provides vary based on what current and past clients have needed.

Typical Project Timeline

TXP believes it will take 45 to 60 days to complete each phase of a typical TIRZ project. The total project timeline is 3 to 4 months. This would include several trips or site visits as outlined in the proposed scope of work. State law dictates the public hearing schedule and notice requirements.

Professional Fee & Payment Schedule

The fixed professional fee for a **single Industrial TIRZ** would be **\$26,500**. This fee includes all “normal” costs of doing business (ex. phone and routine copying costs).

Step	Cost
Part 1: Manor Industrial TIRZ Feasibility Analysis	\$12,500
Part 2: Manor Industrial TIRZ Implementation	\$14,000
Part 3: Administration Services and Annual Reports	Hourly @ \$275
Total	\$26,500