

City Council Meeting

Agenda Item

Data Sheet

Meeting Date: June 17, 2024

Topic:

Consider approval of an agreement by and among the City of Tomball, Tomball Tax Increment Reinvestment Zone No. 3, and the Tomball Business Improvement District No. 1 for the disbursement of tax increment funds in accordance with the Tomball Tax Increment Reinvestment Zone No. 3 Project and Finance Plans.

Background:

On December 6, 2021, the City Council adopted Ordinance No. 2021-39 establishing Tax Increment Reinvestment Zone No. 3 (TIRZ No. 3) for the purposes of dedicating incremental tax revenue from the designated area in support of eligible project costs and approved a Development Agreement with LIT Interchange 249 Business Park, LLC for the construction of certain public improvements. The City Council later approved the final Project and Finance Plan for TIRZ No. 3 in November 2023, which adopted the TIRZ eligible project costs.

Pursuant to those agreements, the City of Tomball authorized TIRZ revenues to be transferred to Tomball Business Improvement District No. 1 for eligible project costs or to pay debt service on obligations issued by the District to pay for eligible project costs.

This agreement sets the terms of that reimbursement by outlining the reimbursement procedures and processes by and between the TIRZ, the City, and the Business Improvement District. In general, all TIRZ revenue will be deposited into the City's TIRZ Special Revenue Fund as collected each year and will be disbursed based on the following priorities:

1. City administrative fees or costs, not to exceed 5% of each year's tax increment;
2. Amounts pledged or required for the payment of bonds issued by the District for eligible project costs;
3. Administrative costs of the District, related to the Zone;
4. Payments of other District obligations relating to the Zone.

This agreement requires the approval of both the TIRZ Board and the City Council.

Origination: City Manager's Office

Recommendation:

Staff recommends approval of the agreement.

Party(ies) responsible for placing this item on agenda: Jessica Rogers, Assistant City Manager

FUNDING (IF APPLICABLE)

Are funds specifically designated in the current budget for the full amount required for this purpose?

