

**CITY OF SAN ANTONIO  
INTERDEPARTMENTAL MEMORANDUM  
NEIGHBORHOOD ACTION DEPARTMENT**

**TO:** Mayor and City Council

**FROM:** David D. Garza, Director, Neighborhood Action Department

**THROUGH:** Terry M. Brechtel, City Manager

**COPIES:** Jelynn LeBlanc Burley; J. Rolando Bono; Milo Nitschke; Andrew Martin; file

**SUBJECT:** Resolution of Intent to use Tax Increment Financing (TIF) for the Brooks City-Base Project

**DATE:** September 23, 2004

**SUMMARY AND RECOMMENDATION**

This item is a resolution expressing the City of San Antonio's intent to create a tax increment reinvestment zone to finance public improvements in support of the Brooks City-Base project located in City Council District 3. Approval of this resolution would authorize the initiation of the process for designation of the tax increment reinvestment zone by providing written notices of the City's intent to all affected taxing entities.

This resolution only initiates the process for the creation of the proposed reinvestment zone. Upon passage of this resolution of intent, staff is authorized to request an appointee from each taxing entity to discuss the project. Staff is also authorized to call and hold meetings with representatives from each taxing entity for discussion. Staff will conduct a full programmatic review and analysis to determine the viability of the project and the projected revenues generated by the tax increments. This action does not, in any way, obligate the City to designate the proposed reinvestment zone; nor does it financially obligate the City or other taxing entities. This resolution allows the City to continue the process to structure financing and conduct project reviews for the proposed tax increment finance project.

Staff supports a waiver of the \$31,000 processing fee as required per Section II (F) of the TIF Guidelines and Criteria since the proposed Brooks City Base TIF project is a city initiated project.

Staff recommends approval.

**BACKGROUND INFORMATION**

On January 8, 2004, by Ordinance No. 98663, the City Council amended the TIF *Guidelines and Criteria for the use of TIF* as an incentive tool. The proposed Brooks City-Base TIF project is sponsored by the City of San Antonio's Economic Development Department. On June 30, 2004, the City Clerk received a TIF application from the Brooks Development Authority for the Brooks City-Base project. On July 15, 2004 the City notified the applicant of outstanding items in their application, to which the applicant responded by August 4, 2004.

The project site is located inside Loop 410, a half mile west of I-37, south of S.E. Military Drive and east of Old Corpus Christi Road, and is located in City Council District 3. Public improvements for the Brooks City-Base project include streets, drainage, water and sewer improvements, and other public infrastructure improvements.

## **POLICY ANALYSIS**

Staff has conducted a preliminary review of the application for the creation of the proposed tax increment reinvestment zone based on whether the proposed project meets the criteria for a Reinvestment Zone as outlined in the TIF Act (Texas Tax Code, Section 311.005, Criteria for Reinvestment Zone) and the eligibility requirements in the current TIF Guidelines.

The applicant has substantially complied with the eligibility criteria as summarized below:

- Section I (J): Demonstration of Community Revitalization Impact (This section asks the applicant to describe how the planned investment will contribute to revitalization activities in the parcels and the surrounding area.)
  - The proposed project supports the reuse of former Brooks Air Force Base and its transition into a business and technology park that can spur development in the southeastern sector of the City.
  - The proposed project would convert previously tax-exempt acreage into taxable property.
  - The project would contribute to the retention of 3,600 jobs within Brooks City-Base itself (average annual salary: \$50,000) and to the potential creation of over 500 additional jobs in the greater Brooks area.
  - Completion of proposed project infrastructure improvements would complement other existing and proposed City funded improvement projects, such as the Goliad Road drainage Capital Improvement project.
  - The investment in this area may act as a catalyst to encourage an increase in the population. The project proposes to add \$103,300,700 in development value to the proposed site.
- Section I (K): Demonstration of Need for Public Assistance (This section asks the applicant to demonstrate that the proposed project would not occur without public assistance.)
  - This proposed project is located within the San Antonio Empowerment Zone, which is designed to promote economic development in distressed communities by using public funds and tax incentives as catalysts for private investment.
- Section IV: Criteria for Designation of a Reinvestment Zone (This section asks the applicant how the project meets the statutory criteria for designation of a reinvestment zone.)
  - The proposed project is located in the Brooks City-Base developable site of the San Antonio Empowerment Zone, thus qualifying as a state enterprise zone under Chapter 2303 of the Government Code and therefore satisfying Section IV (E) of the TIF Guidelines.
- Section VI (B): Project Location
  - The proposed project is located within the Primary Target Area (defined as CRAG, Empowerment Zone, Neighborhood Commercial Revitalization, and South Side Initiative areas), which allows the City to participate up to 100% and for a term of up to 25 years.
  - The proposed project is not located over the Edwards Aquifer Recharge Zone.
- Section VI (C): Urban Design (This section specifies which of the nine non-conventional Use Patterns or Special Districts will be implemented in this proposed project.)
  - The project proposes to implement a variety of eligible use patterns, including Office or Institutional Campus, Commercial Center and Traditional Neighborhood Development Use Patterns.

- Section VIII (B): Content of Application (This section asks whether the application includes: application fee, general description of public & private improvements, a map, property description, field notes, financial pro formas, description of how the project will contribute to revitalization, a written demonstration of how TIF is needed, timelines for proposed improvements, market feasibility study, & cost benefit analysis.)
  - Staff has determined that the applicant has submitted a substantially complete application. Further information may be required for full programmatic review.

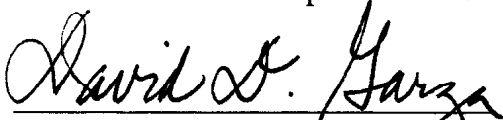
Each Application for Redevelopment requesting the use of TIF will be evaluated by various City departments to assess the viability of the proposed project. The proposed project must comply with the Unified Development Code, the requirements set forth in the 2004 TIF Guidelines and Criteria, and any other applicable rules and regulations. Upon full review, staff will determine compliance with all relevant eligibility criteria and development standards. A preliminary Project and Finance Plan will accompany staff recommendation to City Council for designation of the reinvestment zone. If new information is discovered during the full programmatic review process that renders the project ineligible for TIF, staff will not recommend proceeding with the project and designating the area as a reinvestment zone. The process for designation takes an average of 4 – 6 months.

### **FISCAL IMPACT**

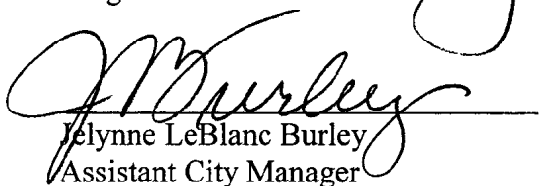
Approval of this resolution initiates the TIF process and does not have a direct financial impact to the General Fund. A full review and analysis is still required to confirm the viability of this financing approach and the revenues generated by the proposed tax increments. A preliminary reinvestment zone finance plan will be developed from the application in fulfillment of statutory requirements. The preliminary finance plan will address a number of scenarios, including TIF participation by other taxing entities. Because the Brooks City-Base TIF project is being initiated by the City, staff is proposing the waiver of the \$31,000 processing fee associated with the full programmatic review of all TIF projects.

### **COORDINATION**

This item has been coordinated with the City Attorney's Office, Economic Development Department and the Brooks Development Authority.



David D. Garza, Director  
Neighborhood Action



Jelynn LeBlanc Burley  
Assistant City Manager



Terry M. Brechtel  
City Manager