

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

**PUBLIC HEARING
TIME CERTAIN
ITEM NO 8(A)
6:00PM**

TO: Mayor and City Council

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

SUBJECT: Consideration for Designation of a Tax Increment Financing Reinvestment Zone for Brooks City-Base located in City Council District 3

DATE: December 9, 2004

SUMMARY AND RECOMMENDATION

This item is a public hearing to consider the designation of property consisting of approximately 2,522 acres known as the Brooks City-Base Tax Increment Reinvestment Zone (TIRZ) #16 as provided under the TIF Act, Chapter 311 of the Texas Tax Code. This item will officially name the zone, create a Board of Directors for this reinvestment zone, establish effective start and termination dates for the zone, present a preliminary finance plan and create a Tax Increment Reinvestment Zone (TIRZ) fund.

Staff recommends approval of this item.

BACKGROUND INFORMATION

In June of 2004, the City Clerk received a TIF application, sponsored by the City's Economic Development Department on behalf of the Brooks Development Authority for the Brooks City-Base project. On September 23, 2004, the City Council approved a resolution expressing the City's intent to consider the creation of a Tax Increment Reinvestment Zone to finance public infrastructure improvements for the purpose of supporting housing, commercial, retail and technology-based office space and other amenities for the area. This resolution of intent allowed staff to make statutory presentations to the participating taxing entities and further evaluate the project for eligibility.

This TIRZ is City-initiated and is designed to leverage ongoing area economic development to support the special joint project between the U.S. Air Force and the City of San Antonio to successfully convert and redevelop Brooks Air Force Base. The City of San Antonio created the Brooks Development Authority (BDA) in September 2001 to receive title of 1,300 acres of real property of the former military base and to transition it into a business and technology park.

POLICY ANALYSIS

The proposed Brooks City-Base Tax Increment Reinvestment Zone #16 is located in City Council District 3 and borders the following: South New Braunfels Avenue and S.E. Military

Drive to the north, I-37 to the east, South Presa Street and Old Corpus Christi Road to the west, and Dave Erwin Drive and S.E. Loop 410 to the south (See Attachment A).

The application for the creation of the proposed Brooks City-Base Tax Increment Reinvestment zone shall be in compliance with the Amended TIF Guidelines and Criteria as adopted January 8, 2004. The proposed TIF project is located within the Primary Target Area and as such is conceived to meet market housing goals, as well as high development standards as articulated in the 2004 TIF Guidelines. Projects located in the Primary Target Area that support housing development must provide a minimum of thirty percent (30%) of units dedicated to market rate housing (except for senior housing). Housing development in the project must also comply with the Universal Design Policy approved by City Council. If it is discovered that any homes constructed in the project area are not in compliance with the Universal Design Policy, those homes will be removed from the list of accounts that generate revenue for the TIRZ Fund.

Furthermore, the proposed TIF project shall comply with the Urban Design Criteria of the 2004 TIF Guidelines requiring the utilization of non-conventional Use Patterns or Special Districts. The project proposes to implement a variety of eligible use patterns, including Office or Institutional Campus, Commercial Center and Traditional Neighborhood Development Use Patterns. Several plats were submitted and approved without meeting the requirements of the 2004 TIF Guidelines. While these areas are included in the boundaries of the project, these areas will not be eligible to receive reimbursements for infrastructure costs since they do not comply with the 2004 TIF Guidelines. Future developments in the project area that are not developed in compliance with the Urban Design Criteria of the 2004 TIF Guidelines will be removed from the list of accounts that generate revenue for the TIRZ Fund.

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 project would contribute to the retention of 3,600 jobs within Brooks City-Base (average annual salary of \$50,000) and to the potential creation of over 500 additional jobs in the greater Brooks area. This 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. Completion of the proposed project infrastructure improvements would also complement other existing and proposed City-funded improvement projects such as the Goliad Road drainage Capital Improvement project.

The project proposes to increase the area's base value from \$36,375,500 to \$97,469,199. The project would also convert previously tax-exempt acreage into taxable property and contribute significantly to the taxable value supporting the project area's two school districts (East Central ISD and San Antonio ISD). The public infrastructure improvements and related development costs for the Brooks City-Base project include: streets, drainage and water improvements, additional interior streets and utility/infrastructure improvements, and legal fees. The development of this project has been coordinated with the various City Departments through the review and approval of the Master Development Plan. Coordination with the City Departments will continue through the development of the Final Project and Finance Plan as well as through the end of construction (platting, plan review and permitting) to be completed in fiscal year 2010.

City staff has prepared a Preliminary Reinvestment Zone Financing Plan (see Attachment B) that will be distributed to each taxing entity for the purposes of developing a Final Project and Finance Plan. Any issues arising from a review of the Preliminary Reinvestment Zone Financing Plan may be incorporated into the Final Project and Financing Plan that is approved by the appointed TIRZ Board. As such, the City Council must later approve the Final Project and Financing Plan for the Zone, and will have an opportunity to determine the extent of the City's participation for this project. As the coordinator of the project, and its sole participating taxing entity, the City will work with the developer to finalize the plan for Council consideration. The City will also perform ongoing coordination as it monitors the project construction and implementation.

As required under the TIF Act, City staff has notified each taxing entity of the City's intent to create this zone, has made presentations to the affected taxing entities including San Antonio Independent School District, East Central Independent School District, and Bexar County, and has met with representatives of affected taxing entities about the proposed reinvestment zone.

When the City Council designates a TIRZ, the TIF Act requires that the Council establish a reinvestment zone board of directors. Amended in 2001, the TIF Act provides a formula for calculating the number of seats an entity may have. Based upon the required calculations for this Reinvestment Zone and the anticipated participation levels of the other taxing entities, the Board shall consist of at least five members, with all members appointed by the City while it remains the sole participating taxing entity. In the event that other taxing entities wish to participate by contributing their increment to the TIRZ Fund, the Board composition will be adjusted up to fifteen board members, unless more members are required to satisfy subsection 311.0091(b) of the TIF Act, with appointments based on participating taxing entities' pro-rata share of the total projected revenue. The City shall always have at least the same number of seats as any other entity. To be eligible for appointment, an individual must either be a qualified voter of the City, or be at least 18 and own real property in the zone or be an employee or agent of a person that owns real property in the zone. City appointees shall comply with all policies related to City Boards and Commissions.

FISCAL IMPACT

Total project infrastructure and related development costs are estimated to be \$17,305,000. The life of the TIRZ is projected to be 24.82 years and expires on or before September 30, 2029. Due to the nature of this project as a City-initiated TIRZ with a term of nearly 25 years, additional project improvements within the zone may be proposed as opportunities arise and funding becomes available. Such improvements may include, for example, potential future road connections to South Presa Street extending southward from New Braunfels Avenue and Boyle Road, parks and multi-family housing units.

The projected amount of TIRZ revenues to fund capital costs through September 30, 2029 is \$11,535,737. TIRZ revenues in excess of this amount received through the end of the term of the zone may be allocated to other projects as recommended by the TIRZ Board of Directors and approved by the City Council. The Brooks Development Authority will require developers to

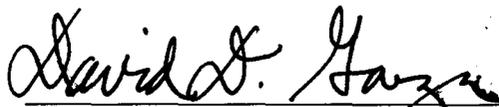
privately finance the public improvements related to the project and public debt financing will not be required. The projected captured values of the TIRZ will be taxed to produce revenues to pay for the cost of public infrastructure improvements incurred by the developer and other costs allowed by the TIF Act over time. Any costs incurred by the developer of the project are not and shall not become general obligations or debt to the City or any of the Participating Governmental Entities.

This action designates a Tax Increment Reinvestment Zone, but does not, in any way, obligate the City to actually participate or contribute incremental ad valorem taxes from the proposed reinvestment zone; nor does it financially obligate the City or other taxing entities. The City staff will coordinate with the TIRZ Board to develop a Final Project and Finance Plan and draft legal documents that include interlocal and development agreements. Upon TIRZ Board approval of these documents, the City staff will present these documents to City Council for consideration. Upon approval of these documents, the City will be obligated to participate or contribute incremental ad valorem taxes in the amount detailed in the approved Final Project and Finance Plan and the legal documents. These approved documents will also be presented to the other Taxing Entities to legally secure their financial commitments, if needed.

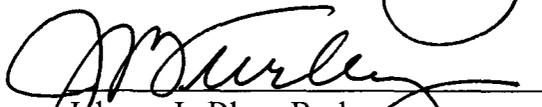
COORDINATION

This item has been coordinated with Office of Management and Budget, Finance, Development Services, Environmental Services, Fire, Parks, Planning, Public Works, and the City Attorney's Office.

SIGNATURES



David D. Garza, Director
Neighborhood Action

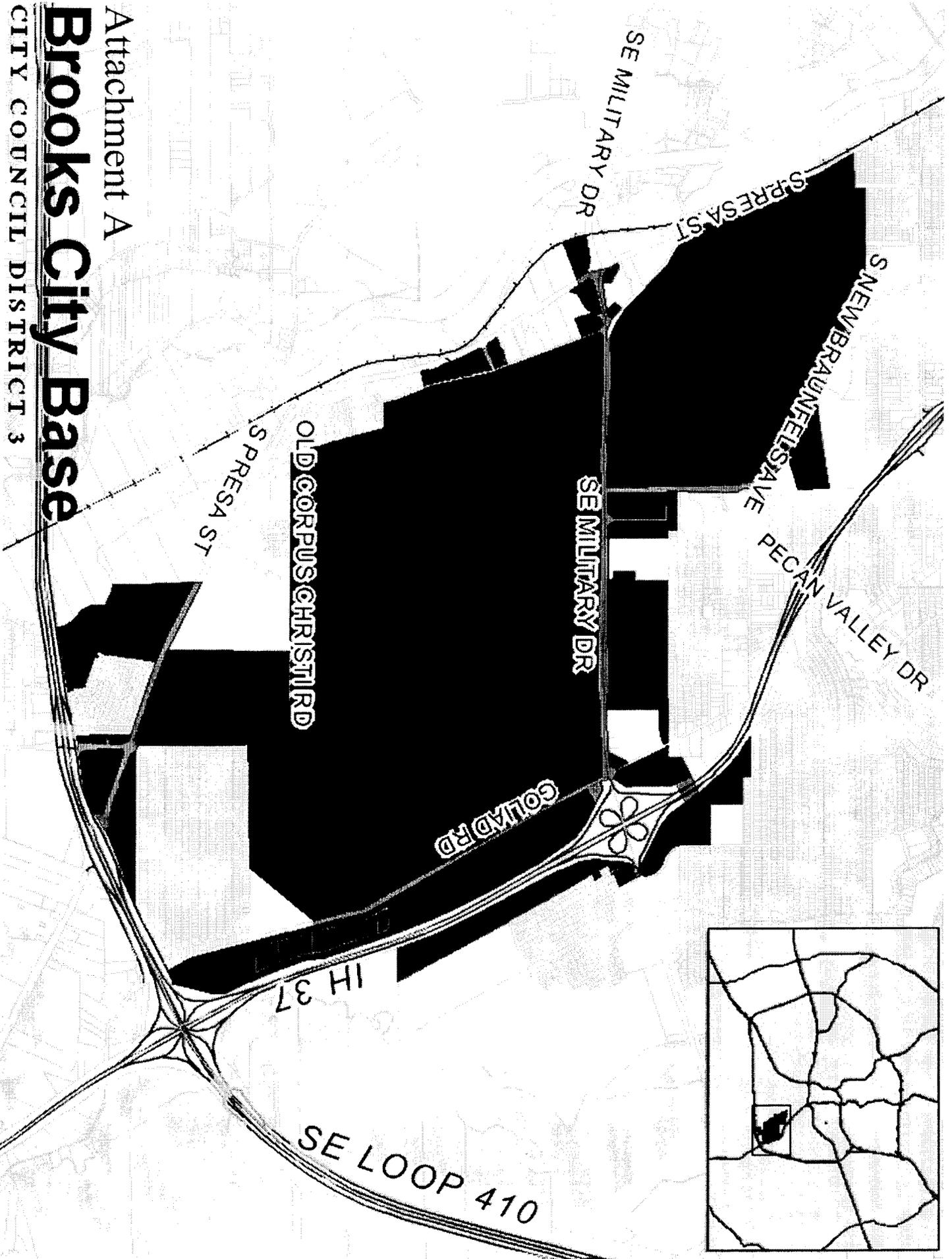


Jelynne LeBlanc Burley
Assistant City Manager

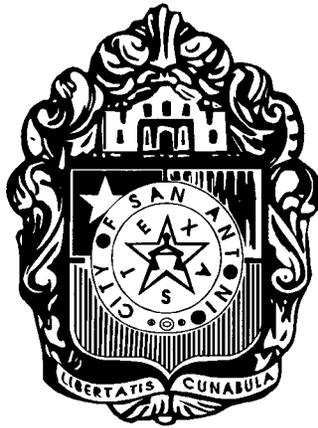


J. Rolando Bono
Interim City Manager

Attachment A
Brooks City Base
CITY COUNCIL DISTRICT 3



CITY OF SAN ANTONIO, TEXAS
Neighborhood Action Department



Brooks City-Base
Proposed Tax Increment Reinvestment Zone
Preliminary Reinvestment Zone Financing Plan

Participation Levels of City (100%)

November 30, 2004

Brooks City-Base Tax Increment Reinvestment Zone Plan of Finance

Introduction

The proposed Brooks City-Base Tax Increment Reinvestment Zone (TIRZ) is located in the southeast side of the City and will encompass approximately 2,500 acres. The approximate boundaries of the Tax Increment Reinvestment Zone lie west of I-37, south of South New Braunfels Avenue and S.E. Military Drive, east of South Presa Street and Old Corpus Christi Road, and north of Dave Erwin Drive and S.E. Loop 410 (please refer to map on page 4). This TIRZ is City-initiated and is designed to leverage ongoing area development in support of a special joint project between the U.S. Air Force and the City of San Antonio to successfully convert and redevelop the former Brooks Air Force Base. The City of San Antonio created the Brooks Development Authority (BDA) in September 2001 to receive title of 1,300 acres of real property of the former military base and to transition it into a business and technology park. The BDA is the applicant for the proposed TIRZ and would serve as the project's Developer. The life of the TIRZ is projected to be 24.82 years with a termination date of September 30, 2029 (fiscal year).

Public Infrastructure

The public infrastructure improvements and related capital costs include streets, drainage, and water improvements and other costs approved by the TIRZ Board. The TIRZ will provide a source of funding for public improvements. Annual construction of public improvements will be reimbursed as TIRZ revenues become available. The estimated TIRZ revenue to be received through September 30, 2029 is \$11,535,737. TIRZ revenues received in excess of this amount through September 30, 2029 may be allocated to other projects as approved by the TIRZ Board of Directors.

Plan of Finance

The 2004 base value is \$36,375,500. Projected captured values would be taxed to produce revenues to pay for the capital costs of the public infrastructure improvements. Captured taxable incremental values will commence in tax year 2006 with collections commencing in fiscal year 2007. Captured values grow from \$5,831,500 in tax year 2006 to \$97,469,199 in tax year 2029.

The City of San Antonio is the sole taxing jurisdiction utilized in the analysis. The City's participation level is 100% and the City's current tax rate per \$100 valuation is \$0.578540. This produces annual revenues of \$32,894 in fiscal year 2007, which gradually increase to \$549,801 by fiscal year 2011, and remain at \$549,801 annually through fiscal year 2029. No growth in tax rate or values is assumed.

The cost of the public infrastructure improvements and other approved costs will be paid annually from revenues produced by the TIRZ. In addition to the capital costs, other costs to be paid from the TIRZ revenues include City annual administrative fees. Revenues derived from the TIRZ will be used to pay costs in the following order of priority of payment: (i) administrative fees pertaining to the City; and (ii) to fund public improvements, on an annual basis, as TIRZ revenues are available for such payments.

The projected amount of TIRZ revenues to fund capital costs through September 30, 2029 is \$11,535,737. TIRZ revenues in excess of the estimated \$11,535,737 received through September 30, 2029, may be allocated to other projects as approved by the TIRZ Board of Directors and approved by the City Council. It is projected that funds for capital improvements will not be available until fiscal year 2007.

Limited Obligation of the City or Participating Governmental Entities

The City shall have a limited obligation to impose, collect taxes, and deposit such tax receipts into a TIRZ fund so long as the project is viable and capital costs incurred by the Developer have not been fully paid. The TIRZ collections for this project shall not extend beyond September 30, 2029, and may be terminated prior to September 30, 2029. The public improvement infrastructure costs incurred shall be payable from the TIRZ revenues or other sources of funding that may become available.

Any costs incurred by the Developer are not and shall never in any event become general obligations or debt of the City or any of the Participating Governmental Entities. The public improvement infrastructure costs incurred by the Developer shall be paid solely from the TIRZ revenues and shall never constitute a debt, indebtedness or a pledge of the faith and credit or taxing power of the State, the City, the Participating Governmental Entities, any political corporation, subdivision, or agency of the State.

Developer's Risk

All financing, developmental costs, construction costs, improvements, damages, or other costs incurred with respect to this project are at the sole risk of the developer. Neither the City nor any Participating Governmental Entity shall incur any risk whatsoever associated with the development, construction, completion or failure of the project. In the event that the project fails, is abandoned by the developer or for any reason is not completed, the City shall have the right to terminate the TIRZ and any funds remaining in the TIRZ account shall be distributed to the City and Participating Governmental Entities on a pro rata basis in accordance with each entity's participation level.

Compliance

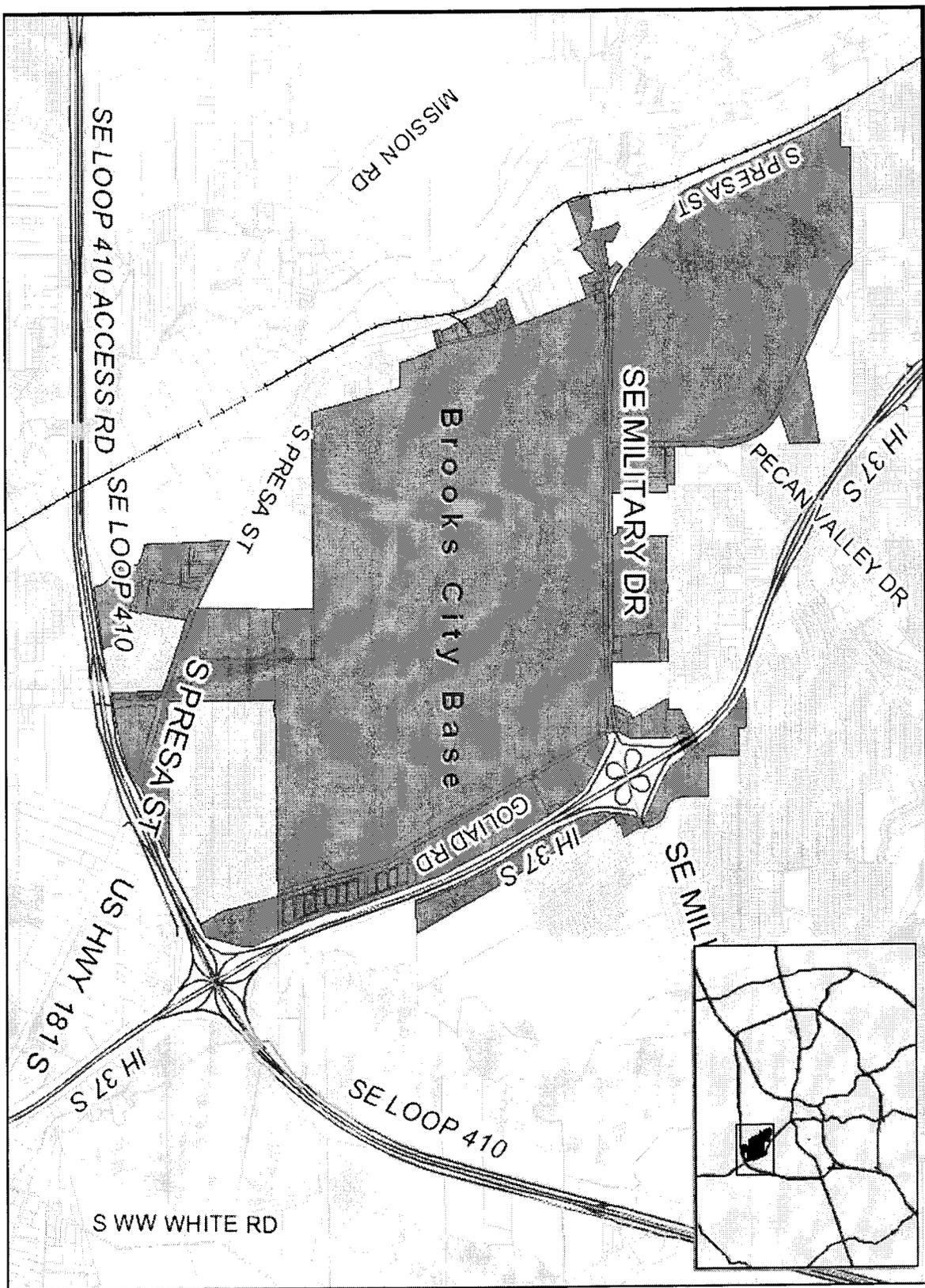
The Developer shall comply with all federal, state and local laws, rules and regulations, including the 2004 TIF Guidelines.

Reporting

The Developer shall submit a project status report and financial report on a quarterly basis (January 15th, April 15th, July 15th and October 15th) to the City.

Inspection

The City, Participating Governmental Entities, or Administrator shall have the right to inspect the project site or sites and the premises of the developer without notice.



SE LOOP 410 ACCESS RD

MISSION RD

S PRESA ST

S PRESA ST

Brooks City Base

SEMILITARY DR

PECAN VALLEY DR

IH 37 S

SE LOOP 410

S PRESA ST

GOLIAD RD

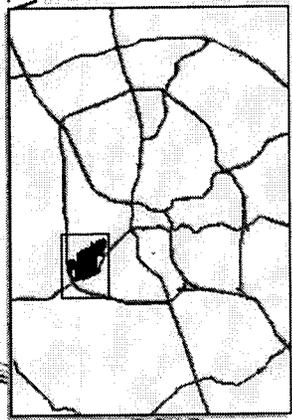
IH 37 S

SEMILI

US HWY 187 S

SE LOOP 410

S WW WHITE RD



Brooks City-Base Tax Increment Financing Zone

Project Construction Sources and Uses of Funds

Sources of Funds

TIF Revenues	\$ 11,535,737
Developer Contribution	\$ 5,769,263
Total Sources of Funds	\$ 17,305,000

Proposed Projects

Streets, Drainage and Water Improvements

N. New Braunfels - SW Military to Sidney Brooks	\$ 1,325,000
N. New Braunfels - Sidney Brooks to Boyle	\$ 1,150,000
N. New Braunfels - Boyle to Outer Loop	\$ 1,150,000
N. New Braunfels - Outer Loop to South Property Line	\$ 800,000
Retail Loop - Walmart to Boyle	\$ 360,000
Retail Loop - Boyle to Goliad	\$ 1,090,000
Boyle Road - Retail Loop to N. New Braunfels	\$ 1,225,000
Boyle Road - N. New Braunfels to SW property corner	\$ 2,175,000
Interior Streets and Utility/Infrastructure Improvements	\$ 7,500,000
Total Infrastructure Improvements	\$ 16,775,000

Legal Fees \$ 125,000

Total Project Expenses \$ 16,900,000

Total Administrative Expenses \$ 405,000

Grand Total \$ 17,305,000

Project Financing Surplus (Shortage) \$ 0

* The Brooks City-Base finance plan has its Sources and Uses information structured in this way owing to its nature as a City-initiated reinvestment zone designed to leverage ongoing area development in support of a special joint project between the U.S. Air Force and the City of San Antonio to successfully convert and redevelop the former Brooks Air Force Base.

Brooks City-Base Tax Increment Financing Zone

Projected Tax Increment Revenue

Tax Year	Tax Increment Zone				City of San Antonio			Total Tax Increments	Fiscal Year Ending
	Beginning Assessed Value	Value Scheduled Improvements	Projected Year-End Assessed Value	Projected Captured Value	Captured Taxable Value	Tax Rate	Tax Increments		
2004	36,375,500	-	36,375,500	-	-	0.57854	-	-	2005
2005	36,375,500	5,831,500	42,207,000	-	-	0.57854	-	-	2006
2006	42,207,000	26,895,387	69,102,387	5,831,500	5,831,500	0.57854	32,894	32,894	2007
2007	69,102,387	34,069,585	103,171,972	32,726,887	32,726,887	0.57854	184,605	184,605	2008
2008	103,171,972	21,000,000	124,171,972	66,796,472	66,796,472	0.57854	376,783	376,783	2009
2009	124,171,972	9,672,727	133,844,699	87,796,472	87,796,472	0.57854	495,239	495,239	2010
2010	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2011
2011	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2012
2012	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2013
2013	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2014
2014	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2015
2015	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2016
2016	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2017
2017	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2018
2018	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2019
2019	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2020
2020	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2021
2021	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2022
2022	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2023
2023	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2024
2024	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2025
2025	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2026
2026	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2027
2027	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2028
2028	133,844,699	-	133,844,699	97,469,199	97,469,199	0.57854	549,801	549,801	2029
	\$ 97,469,199				\$ 11,535,737			<u>\$ 11,535,737</u>	
<u>Existing Value Growth Factors</u>									
Base Model Growth Factor				0.00%	Participation Level		100%		
Growth Factor Above Base				0.00%	Tax Rate Growth Factor		0.00%		
Combined Growth Rate				0.00%	Tax Rate Collection Factor		97.50%		

TIF Revenues Available for Reimbursement of Construction

Fiscal Year Ending	TIF Revenue	Cumulative TIF Revenues	TIF Admin. Exp.	Public Improvement Construction Funding	Cumulative Construction	
15-Sep-07	2007	32,894	32,894	75,000	(42,106)	(42,106)
15-Sep-08	2008	184,605	217,499	15,000	169,605	127,499
15-Sep-09	2009	376,783	594,282	15,000	361,783	489,282
15-Sep-10	2010	495,239	1,089,521	15,000	480,239	969,521
15-Sep-11	2011	549,801	1,639,322	15,000	534,801	1,504,322
15-Sep-12	2012	549,801	2,189,123	15,000	534,801	2,039,123
15-Sep-13	2013	549,801	2,738,924	15,000	534,801	2,573,924
15-Sep-14	2014	549,801	3,288,725	15,000	534,801	3,108,725
15-Sep-15	2015	549,801	3,838,525	15,000	534,801	3,643,525
15-Sep-16	2016	549,801	4,388,326	15,000	534,801	4,178,326
15-Sep-17	2017	549,801	4,938,127	15,000	534,801	4,713,127
15-Sep-18	2018	549,801	5,487,928	15,000	534,801	5,247,928
15-Sep-19	2019	549,801	6,037,729	15,000	534,801	5,782,729
15-Sep-20	2020	549,801	6,587,530	15,000	534,801	6,317,530
15-Sep-21	2021	549,801	7,137,331	15,000	534,801	6,852,331
15-Sep-22	2022	549,801	7,687,131	15,000	534,801	7,387,131
15-Sep-23	2023	549,801	8,236,932	15,000	534,801	7,921,932
15-Sep-24	2024	549,801	8,786,733	15,000	534,801	8,456,733
15-Sep-25	2025	549,801	9,336,534	15,000	534,801	8,991,534
15-Sep-26	2026	549,801	9,886,335	15,000	534,801	9,526,335
15-Sep-27	2027	549,801	10,436,136	15,000	534,801	10,061,136
15-Sep-28	2028	549,801	10,985,937	15,000	534,801	10,595,937
15-Sep-29	2029	549,801	11,535,737	15,000	534,801	11,130,737
		<u>\$11,535,737</u>		<u>\$ 405,000</u>	<u>\$ 11,130,737</u>	

Brooks City-Base Tax Increment Financing Zone Participation Levels

<u>Entity</u>	<u>Tax Rate</u>	<u>Level of Participation</u>	<u>% of Project</u>	<u>TIF Revenues</u>	<u>TIF Expenses</u>
City of San Antonio	0.5785400	100%	100.00%	\$ 11,535,737	\$ 17,305,000
TOTAL	0.5785400		100.00%	\$ 11,535,737	\$ 17,305,000

**Brooks City-Base
 Projected Property Improvements Value
 (Property Values to Tax Rolls)**

Tax Year	Target	Brooks City Base	TX DOT	NEC 37/Military	State Hospital	Annual Total	Tax Year
2005	\$ 5,831,500	\$ -	\$ -	\$ -	\$ -	\$ 5,831,500	2005
2006	\$ 6,595,387	\$ 17,850,000	\$ 2,450,000	\$ -	\$ -	\$ 26,895,387	2006
2007	\$ 10,992,312	\$ 14,200,000	\$ -	\$ 3,627,273	\$ 5,250,000	\$ 34,069,585	2007
2008	\$ -	\$ 3,500,000	\$ -	\$ -	\$ 17,500,000	\$ 21,000,000	2008
2009	\$ -	\$ -	\$ -	\$ 4,422,727	\$ 5,250,000	\$ 9,672,727	2009
	<u>\$ 23,419,199</u>	<u>\$ 35,550,000</u>	<u>\$ 2,450,000</u>	<u>\$ 8,050,000</u>	<u>\$ 28,000,000</u>	<u>\$ 97,469,199</u>	

Brooks City-Base Tax Increment Financing Zone

Projected Improvements

Tax Year	Scheduled Improvements	Total New Improvements Base Model
2005	\$ 5,831,500.00	\$ 5,831,500.00
2006	\$ 26,895,387.00	\$ 26,895,387.00
2007	\$ 34,069,585.00	\$ 34,069,585.00
2008	\$ 21,000,000.00	\$ 21,000,000.00
2009	\$ 9,672,727.00	\$ 9,672,727.00
2010		
2011		
2012		
2013		
2014		
2015		
2016		
2017		
2018		
2019		
2020		
2021		
	<u>\$ 97,469,199.00</u>	<u>\$ 97,469,199.00</u>