

**CITY OF SAN ANTONIO  
NEIGHBORHOOD ACTION DEPARTMENT  
CITY COUNCIL AGENDA MEMORANDUM**

**TO:** Mayor and City Council

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

**SUBJECT:** Tax Increment Reinvestment Zone Number Thirteen, City of San Antonio,  
known as the Lackland Hills TIRZ

**DATE:** January 5, 2006

**SUMMARY AND RECOMMENDATIONS**

This ordinance approves the Final Project and Financing Plan for Tax Increment Reinvestment Zone (Zone) Number Thirteen, City of San Antonio, Texas also referred to as the Lackland Hills TIRZ; authorizing the payment of all incremental ad valorem taxes generated from the new improvements occurring in the Zone into the Zone's tax increment fund as provided for in the Final Financing Plan; authorizing the City Manager to negotiate and execute an Interlocal Agreement with Bexar County and a Development Agreement between the City of San Antonio, Lackland Hills Joint Venture, and the Board of Directors for the Zone ("Board").

Staff recommends approval of this ordinance.

**BACKGROUND INFORMATION**

The Lackland Hills TIRZ was created on December 13, 2001 through Ordinance Number 95055, which designated the boundaries of the Zone created its Board of Directors, officially named the Zone, created a Tax Increment Financing (TIF) fund and established effective start and termination dates for the Zone, which is projected to be 24.81 years expiring on September 30, 2026.

Because the Zone was designated in December 2001, this project complies with the 2000 City of San Antonio, Texas Guidelines and Criteria for Tax Increment Financing (TIF) and Reinvestment Zones (hereinafter "Guidelines").

This project consists of 184 single-family homes on approximately 39 acres of land in City Council District 4, inside Loop 410, bounded by Medina Base Road, Palm Valley and Apple Valley Drive. Lackland Hills Joint Venture is undertaking this project.

The public infrastructure improvements for this project include: streets, curbs, sidewalks, street lights, drainage, drainage detention, utilities, and sewer lines. The estimated cost for these public improvements is \$1,696,850.

After adoption of the Final Project (Exhibit A) and Finance Plan (Exhibit B) by the zone board, the governing body of the municipality must through ordinance approve the Final Project and Finance Plan if it finds that the plan is feasible and conforms to the Master Plan of the municipality. The Board of Directors for the Lackland Hills TIRZ met on November 22, 2005, and approved the Final Project Plan, Final Finance Plan, Development Agreement and the Bexar County Interlocal Agreement.

### **POLICY ANALYSIS**

This ordinance approves the Final Project and Finance Plan for the zone and approves the payment of all incremental ad valorem taxes generated from the new improvements occurring in the zone into the Zone's TIF fund as provided for in the Finance Plan. The projected revenues over the term of the Lackland Hills TIRZ will support the reimbursement for costs associated with the proposed public improvements.

This ordinance also authorizes the City Manager to negotiate and execute an Interlocal Agreement with Bexar County and the TIRZ Board. This Agreement delineates the rights and obligations of each entity and provides for payment of each participating taxing entity's tax increments into the TIF fund through the term of participation for each taxing entity.

Finally, this ordinance also authorizes the execution of the proposed Development Agreement, which ensures the successful completion of the project as described in the Final Project Plan and Final Financing Plan previously approved by the Board of Directors on November 22, 2005. The Development Agreement is an exhibit to the Interlocal Agreement entered into by Bexar County and states the obligations of the Developer that include, but are not limited to:

1. The completion of the improvements described in the Final Project Plan and the Final Financing Plan;
2. The design, construction, assembly, installation and implementation of 184 single-family homes in an area that has not experienced new housing development in recent years;
3. Construction of public infrastructure improvements including site work, streets, curbs/sidewalks, street lights, drainage, drainage detention, utilities, platting, sewer lines, water and sewer impact fees, engineering/surveying fees, contingency, construction management, and site security;
4. Public bidding in compliance with Chapter 252 of the Local Government Code, payment of prevailing wages for the construction of the public improvements or eligible project costs financed through TIF proceeds;
5. Use of Developer's own capital or commercial construction loans/lines of credit secured solely by Developer for the financing of the costs of the public infrastructure improvements and all the other improvement expenses associated with the project; and

## 6. Compliance with the Unified Development Code.

The Development Agreement further contains the limitations that the public improvement infrastructure costs incurred by the Developer shall be reimbursed solely from the TIRZ revenues and shall never constitute debt, indebtedness or a pledge of the faith and credit or taxing power of the State, the City or participating governmental entities, any political corporation, subdivision or agency of the State

## **FISCAL IMPACT**

The 2001 base value of the Lackland Hills TIRZ was \$120,000 for the 39 acre tract. Projected captured values that would be taxed to produce revenues to pay for the capital costs of the public infrastructure improvements commenced in tax year 2004 with collections commencing in tax year 2004 (Fiscal Year 2005). Captured values are projected to grow from \$102,900 in tax year 2004 to \$16,695,194 net of exemptions in tax year 2025.

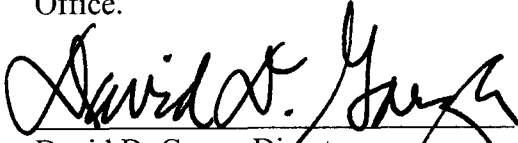
The cost of the public infrastructure improvements is incurred by the Developer and paid over time from revenues produced by the Lackland Hills TIRZ. In addition to the capital costs, other costs to be paid from Lackland Hills TIRZ revenues include the City of San Antonio start-up costs and annual administration fees. Revenues derived from the Lackland Hills TIRZ will be used to pay costs in the following order of priority of payment: first, to the payment of eligible costs incurred by the Participating Governmental Entities in the TIRZ; second, all other ongoing administrative fees pertaining to the City; and third to the Developer, on an annual basis, as Lackland Hills TIRZ revenues are available for such payments for public improvements.

The Developer's projected capital cost for public infrastructure improvements is \$1,696,850. Revenues from the Lackland Hills TIRZ are used to pay this amount plus financing costs if any on the unpaid balance at a rate of 4.54%. Developer payments are scheduled to begin in fiscal year 2006. The revenues for said payments will be available due to incremental value added since 2001 when the TIRZ was designated. The earliest projected payoff of the capital cost would occur in Fiscal Year 2026 and includes an estimated Developer contribution of \$455,298. The Lackland Hills TIRZ collections for this project shall not extend beyond September 30, 2026 and may be terminated earlier once each taxing entity has deposited its respective amount described in the table below:

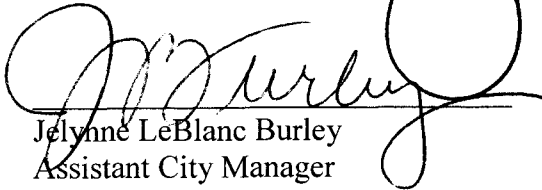
<b>TABLE –TIRZ Assumed Contributions</b>		
<b>Taxing Entities</b>	<b>Maximum Dollar Contribution</b>	<b>Max. Length of Contribution</b>
City of San Antonio	\$2,113,444.43	Sept. 30, 2026
Bexar County	\$1,028,407.30	Sept. 30, 2026
<b>TOTAL PROJECT COST</b>	<b>\$3,141,851.73</b>	

**COORDINATION**

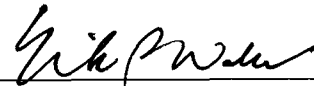
This item has been coordinated with Office of Budget and Management, Finance, Development Services, Environmental Services, Fire, Parks, Planning, Public Works, and the City Attorney's Office.



David D. Garza, Director  
Neighborhood Action



Jelynné LeBlanc Burley  
Assistant City Manager

  
+ Sheryl Sculley  
City Manager