

City of Fort Worth

Economic Development Initiatives Fund Policy

Effective March 21, 2023

1. Purpose. Recognizing the public interest in supporting a strong, resilient, and growing local economy and in promoting the development of the community's industrial base through sustained support for targeted programs and strategic investments, the City Council wishes to establish and provide for the administration of a fund dedicated to the support and promotion of economic development in the City of Fort Worth ("City"). This Policy is intended to institute the means by which a fund will be established, funded, and utilized and to set forth guidelines and processes for administration of the fund. Guidelines and requirements for fund utilization as established within this Policy may be more specifically guided by other associated policies, such as the City's Economic Development Program Policy, particularly with respect to any process for the application to receive funds by or other guidance relating to the grant of funds to private or other non-City entities.

2. Special Revenue Fund.

a. Establishment of Fund. The City established a Special Revenue Fund for the purpose of supporting economic development. This Policy recommends that the City Council establish a dedicated fund, known as the "Economic Development Initiatives Fund" ("EDIF"), with the expressed purpose of providing long-term annual funding for economic development projects, programs, and initiatives and their administration. Establishment of the EDIF does not preclude other City funds from being used, dedicated, or contributed in support of certain other economic development funds, programs, initiatives, or administration.

b. Term. There is no term limitation on the EDIF.

c. Source of Funds. The City will fund the EDIF from a combination of ongoing annual deposits and certain periodic contributions of City funds. Except as otherwise permitted by the City Council, funding for the EDIF will primarily be sourced from the following:

i. Tax Increment Reinvestment Zones ("TIRZ" or "TIF").

1. Following expiration or termination of any TIRZ and in accordance with the City's Policy and Guidelines for TIRZ, it is recommended that an amount equal to a portion of the equivalent City ad valorem property tax levy as derived from the City's contribution to the TIF fund in the final year of participation ("Effective TIF Amount") be dedicated to the EDIF during each budget cycle. In the event that the

City's final year contribution to the TIF is reduced as a result of a cap on either lifetime TIF revenues or lifetime City contributions to the TIF (but not annual caps on contributions), the Effective TIRZ Amount will be based on the value that would have been contributed by the City but for the caps.

For example, if the City's contribution in the final year of a TIRZ is equal to \$2 million and the City's total adjusted net taxable value on ad valorem property is equal to \$90 billion while the City's ad valorem tax rate is \$0.732 per \$100 of valuation, then the Effective TIF Amount will be equal to \$0.0022 per \$100 of valuation or $(\$2 \text{ million} / ([\$90 \text{ billion} / \$100] \times 0.7325)) \times 0.7325$. In this example, one half of the Effective TIF Amount, or \$0.0011 per \$100 of valuation, would be recommended as a dedicated source of funds for the EDIF.

ii. Proceeds from Certain Property Transactions. Funds resulting from the sale or lease of certain City-owned property may, with the consent of the City Council and at the recommendation of City staff, be dedicated for deposit in the EDIF for use in accordance with this Policy.

iii. Other Funds. Other funds may, with the consent of the City Council, be dedicated for deposit in the EDIF for use in accordance with this Policy.

d. Carry Forward Balance. It is recommended that all funds remaining in the EDIF at the end of each fiscal year be preserved in the EDIF for future use in accordance with this Policy along with any interest proceeds that might have accrued.

3. Use of Funds. Funds deposited in the EDIF must be used in the support or administration of economic development programs, activities, or investments that are utilized for the benefit of the City. In general, funds deposited into the EDIF should be budgeted in whole or in part to serve either as Programmatic Funding or Reserved Funding as described below.

a. Programmatic Funding. The EDIF may be used to fund certain ongoing economic development programs, contracts, or other economic development initiatives as approved by the City Council or as incorporated into the City's annual budget ("Programmatic Funding" or "Programmatic Funds"). It is proposed that 40% of the funds in the EDIF to be allocated towards Programmatic Funding, which would include, but not be limited to professional services agreements for economic development marketing, funding set-aside for film production projects or administrative contracts for the promotion or development of certain districts. Programmatic Funding will also include funding for EDIF administration by the Economic Development Department (exclusive of staffing costs) in an amount equal to ten percent of annual deposits into the EDIF.

b. Reserved Funding. Certain funds deposited into the EDIF may be reserved to support future economic development projects in the form of grants or loans associated with the City's economic development program in accordance with the City's Economic Development Program Policy for Grants Authorized by Chapter 380, Texas Local Government Code, or other similar program, and will be authorized by the City Council on a project-by-project basis.

4. General Policies. Notwithstanding anything that may be interpreted to the contrary herein, the following general terms and conditions govern this Policy:

a. The EDIF will be administered by City staff.

b. Any funds contributed to the EDIF are subject to approval of the City Council through adoption of the annual City budget.

c. City Staff will report annually to the City Council, either by way of a briefing or written report, on the status of the EDIF and its financial position.