

Mayor and Council Communication

DATE: 11/08/22

M&C FILE NUMBER: M&C 22-0917

LOG NAME: 17TIF4AMENDPFP

SUBJECT

(CD 8 and CD 9) Conduct Public Hearing and Adopt Ordinance Extending the Term of, and Approving Amended Project and Financing Plans for, Tax Increment Reinvestment Zone Number Four, City of Fort Worth, Texas

(PUBLIC HEARING - a. Report of City Staff: Robert Sturns; b. Public Comment; c. Council Action: Close Public Hearing and Act on the M&C)

RECOMMENDATION:

It is recommended that the City Council:

1. Conduct a public hearing concerning the extension of the term of Tax Increment Reinvestment Zone Number Four, City of Fort Worth, Texas, (Southside TIF) and the approval of updated and amended Project and Financing Plans for the Southside TIF and the concept of tax increment financing, generally;
2. Authorize an exception to Section I(2) of the Policy Guidelines and Procedures for Tax Increment Reinvestment Zones (Resolution 3824-12-2009) to permit the extension of the term of the Southside TIF; and
3. Adopt the attached Ordinance (i) extending the term of the Southside TIF to the earlier of December 31, 2032, or the date on which all project costs, tax increment bonds and interest on those bonds (if applicable), and other obligations have been paid in full; (ii) approving updated and amended Project and Financing Plans, as previously approved by the Southside Board of Directors; and (iii) containing specific findings of fact in support of the foregoing.

DISCUSSION:

On November 25, 1997, the City Council adopted Ordinance No. 13259 designating Tax Increment Reinvestment Zone Number Four, (Southside TIF) for a term of twenty-five years. On August 30, 1999, the Board of Directors of the Southside TIF (Board) adopted project and financing plans for the Southside TIF, which was approved by the City Council pursuant to Ordinance No. 13919 on August 31, 1999. The term of the Southside TIF is set to expire on December 31, 2022.

On November 1, 2012, the Board adopted a resolution to amend the Plan to allow the Southside TIF to continue and expand revitalization efforts in the near southside by adding approximately \$45 million in public improvement projects. On December 11, 2012, City Council adopted Ordinance No. 20536-12-2012, approving the updated and amended Plan.

On October 19, 2022, the Board adopted a resolution approving updates and amendments to the Plans based on a desire to extend the term of the Southside TIF to implement additional projects that are necessary to its continued success. In order for these essential projects to be implemented, the Board recommended that the term of the Southside TIF be extended for an additional ten years.

The Southside TIF was created to promote the revitalization of Fort Worth's Near Southside neighborhood and medical district and to advance the transformation of this formerly blighted area into an economically productive, vibrant, mixed-use district. The Southside TIF serves two primary purposes in advancing the goals of the Plan:

- 1) To fund public improvements that upgrade the infrastructure within Southside TIF; and
- 2) To promote private investment through strategic and transformative development projects and through collaboration among the City, Near Southside, Inc. (NSI), local businesses, medical district anchors, and other institutions and private developers.

As the original termination date of December 31, 2022, approaches, and as contribution requirements of the other taxing entities' participation agreements have been met, the City recognizes that remaining infrastructure needs in the Near Southside, and the need for continuing dedicated investment to complete those projects and sustain economic progress. Completing important infrastructure projects through a combination of public initiatives and public/private partnerships requires an extension of the Southside TIF's term, but with a significant modification to the City's level of contribution. The City currently contributes 90% of its tax increment into the Southside TIF fund to be expended pursuant to the Plan.

As part of the extension of the term of the Southside TIF and beginning on January 1, 2023, the City will reduce its contribution into the Southside TIF fund by at least two-thirds. The City will transition to a fixed contribution schedule, with one condition to protect against unanticipated downturns in which the fixed contribution amount would exceed 30% of the City's available increment for a particular year. In such years, the City's contribution will be less than the fixed amount and equal to 30% of available increment. In all other years, the City's contributions will match the following schedule:

Tax Year	City Contribution
2023	\$2,700,000

2024	\$2,900,000
2025	\$3,100,000
2026	\$3,300,000
2027	\$3,500,000
2028	\$3,700,000
2029	\$3,900,000
2030	\$4,100,000
2031	\$4,300,000
Total	\$31,500,000

Note that the City will only be contributing its tax increment for nine years. The tenth year of the extension is being reserved to allow the Board time to complete all of its administrative responsibilities.

Southside TIF-supported projects funded through this extension will fit within the same set of general project categories. The updated and amended Plan outlines nonbinding estimates by category for total projected Southside TIF revenue of \$31.5 million, collected over the nine revenue years.

Staff will be bringing forth a separate M&C in the future requesting that the City Council adopt an economic development policy recommending the establishment of a fund for economic development initiatives. As part of the policy, staff estimates that roughly half of the remaining increment (or 35%) from the Southside TIF will be deposited into that fund and used for the established initiatives. The other half of the increment will be deposited into the general fund.

The updated and amended Plan is attached as Exhibit "A" to the proposed Ordinance. The Board approved the updates and amendments to the Plans and recommended extending the term of the Southside TIF, as set forth above. In order to effectuate the extension, staff also recommends that City Council permit an exception to Section I(2) of the TIF Policy to allow for this extension, as the TIF Policy currently only allows extensions to finance major infrastructure projects.

After conducting the public hearing regarding the proposed extension of the Southside Tif's term, the updated and amended Plan, and the concept of tax increment financing in general, and after affording a reasonable opportunity for all interested persons to speak for or against the same, it is recommended that the City Council adopt the attached Ordinance extending the term of the Southside TIF and approving the updated and amended Plan.

Notice of this hearing was published in a newspaper of general circulation at least seven days prior to this public hearing.

The affected property is located in COUNCIL DISTRICTS 8 and 9 and the overall project benefits the entire City.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this agreement will have no material effect on the Fiscal Year 2023 Budget. While no current year impact is anticipated from this action, any effect on expenditures and revenues will be budgeted in future Fiscal Years and will be included in the long-term financial forecast.

Submitted for City Manager's Office by: William Johnson 5806

Originating Business Unit Head: Robert Sturns 2663

Additional Information Contact: Robert Sturns 2663

Expedited