

Mayor and Council Communication

DATE: 09/12/23

M&C FILE NUMBER: M&C 23-0712

LOG NAME: 17TIF16 VEALE RANCH EST

SUBJECT

(ETJ) Conduct a Public Hearing Regarding the Designation of Tax Increment Reinvestment Zone Number Sixteen, City of Fort Worth, Texas (Veale Ranch TIF), Declare the Petition to Create the Veale Ranch TIF to be Sufficient, and Adopt an Ordinance Creating the Veale Ranch TIF

(PUBLIC HEARING - a. Report of City Staff: Michael Hennig; 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 creation of Tax Increment Reinvestment Zone Number Sixteen, City of Fort Worth, Texas, for tax increment financing purposes;
 2. Find that the attached petition requesting the creation of Tax Increment Reinvestment Zone Number Sixteen, City of Fort Worth, Texas meets the requirements necessary for the City Council to designate the proposed area as a Tax Increment Reinvestment Zone pursuant to Chapter 311 of the Texas Tax Code; and
 3. Adopt the attached ordinance designating Tax Increment Reinvestment Zone Number Sixteen, City of Fort Worth, Texas, pursuant to Chapter 311 of the Texas Tax Code and containing specific findings of fact in support thereof.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to conduct a public hearing on the establishment of Tax Increment Reinvestment Zone Number Sixteen, City of Fort Worth, Texas (more commonly referred to as the "Veale Ranch TIF"), as required by Chapter 311 of the Texas Tax Code (Code). PMB Veale Land Investors I, LP and other entities (Developer) entered into an agreement with the City on March 8th, 2023 for the development of approximately 5,200 acres consisting of parcels known as Veale Ranch/Team Ranch, Rolling V South, Rockbrook, and Ventana South (collectively, "Development"), which are located primarily within Fort Worth's extraterritorial jurisdiction in Parker County and Tarrant County (City Secretary Contract No. 59003, as it may be amended from time-to-time) (Agreement). To accomplish the Development envisioned by the Developer and City and to provide financing for certain improvements, the City and Developer agreed to work together to create Veale Ranch Public Improvement District and this overlapping Veale Ranch TIF.

The Agreement provides that the Development will be constructed and annexed in phases (each an "Improvement Area") over a period of up to 50 years and that the Veale Ranch PID assessments, Veale Ranch TIF collections, and bond issuances will occur after annexation for 25 to 30-year periods for each Improvement Area in order to reimburse the Developer for certain authorized improvements. Due to the enormity of the Development, the 50-year Development timeframe, and the potential financial complexities associated with funding the public improvements associated therewith, the City Council adopted a separate resolution waiving certain provisions of the Capital PID Policy and TIRZ Policy with respect to the creation and operation of the Veale Ranch PID and Veale Ranch TIRZ, all of which are incorporated into this M&C for purposes of creating the Veale Ranch TIF (Resolution No. 5705-02-2023; February 28, 2023).

On July 17, 2023, the City Council received a petition requesting establishment of the Veale Ranch TIF ("Petition"), which is attached hereto. On August 22, 2023, the City Council adopted a Resolution accepting the filling of the Petition and setting a date for this public hearing (Resolution No. 5787-08-2023). The Petition has been examined, verified, and found by City staff to meet the requirements of the Code, to substantially comply with the City's policy for Tax Increment Reinvestment Zones (with the waivers stipulated by City Council), and to be sufficient for consideration by the City Council.

The Veale Ranch TIF comprises approximately 5,200 acres of land located north of Bear Creek Drive, east of Farm Market 1187, south of Aledo Road, and west of Highway 377 South, as more particularly described in Exhibit A of the attached ordinance. The Veale Ranch TIF is being considered to accomplish the Development, including (i) offsetting or paying a portion of any assessments levied within the Development to achieve a desired tax rate equivalent for the Veale Ranch PID for each Improvement Area; (ii) provide incremental funding for public infrastructure not funded by, or in lieu of, the Veale Ranch PID; (iii) provide economic development incentives in alignment with the City's then current economic incentives policy; and (iv) further promote development within the boundaries of the Veale Ranch TIF.

The attached ordinance provides that the City will contribute 65% of its tax increment to the Veale Ranch TIF each year that it is in existence, subject to any escalations and a thirty-year limitation for each phase of Development as set forth in the final project and financing plans and the Agreement.

The Veale Ranch TIF will become effective on the date that the City Council adopted the attached Ordinance and will terminate on the earlier of (i) December 31, 2105 or an earlier termination date designated by an ordinance adopted after the effective date of the attached Ordinance or (ii) the date on which all project costs, tax increment bonds and interest on those bonds have been paid or otherwise satisfied in full. Revenue from the Veale Ranch TIF will be collected and deposited over a period of eight-two (82) years with the final year being solely dedicated to winding down the Veale Ranch TIF.

Per the Code, a public hearing is required to establish the Veale Ranch TIF. Notice of this public hearing was published in a newspaper of general circulation in both the corporate boundaries and extra-territorial jurisdiction of the City at least seven days prior to this meeting.

The City Council also acknowledge that the Preliminary Project and Financing Plans for the Veale Ranch TIF have been prepared on its behalf and are on file with City staff.

The proposed Veale Ranch TIF is located in the City's corporate limits and the City's extra-territorial jurisdiction.

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 these recommendations will have no material effect on City funds.

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

Originating Business Unit Head: Robert Sturns 2663

Additional Information Contact: Michael Hennig 6024

Expedited