



COUNCIL AGENDA ITEM MEMORANDUM

DEPT./DIVISION SUBMISSION & REVIEW:

Traci Barnard, Director of Finance

Melissa Przybylski, Assistant Director of Finance

ITEM DESCRIPTION: FIRST READING – PUBLIC HEARING: Consider adopting an ordinance authorizing an amendment and adopting the Tax Increment Financing Reinvestment Zone No. 1 Financing and Project Plans to align with Master Plans which includes adjusting revenue, bond proceeds, funding future debt service, operating expenditures, ROW/Land acquisition, and public improvements for years FY 2021-2042.

BACKGROUND: The Reinvestment Zone No. 1 (RZ#1) Project Committee meeting agenda on April 14, 2021 included multiple items for discussion to include an update on the 2030 Master Plan, review of current projects underway or scheduled, the impact of expansive growth on housing/land and potential property acquisition. All projects were reviewed for updated cost estimates, project scope, and project readiness/delivery.

After much discussion, the Project Committee recommended proposing an amendment to the financing and project plans which would appropriate available funding sources to continue implementation of the 2030 Master Plan, Downtown Master Plan, and establish funding for current and future land acquisition.

Available funding sources identified were from reallocation of funding sources for existing projects, sale of land, increasing the planned issuance of Tax Increment Reinvestment Zone (TIRZ) Revenue Bonds in fiscal year 2021 and decreasing planned issuance of TIRZ Revenue Bonds in fiscal year 2022.

Below are highlights of **selected line items**:

TIRZ Revenue Bonds: The Financing Plan included a line item for proceeds from the issuance of Tax Increment Revenue Taxable Bonds of \$18,860,375 and Tax Increment Revenue Tax Exempt Bonds of \$14,701,000 in FY 2021 and \$33,307,000 in FY 2022. The proposed amendment increases the FY 21 TIRZ tax exempt issue project funds by \$13,903,000 in order to utilize bonds proceeds to fund projects that were previously funded with tax increment revenues. This allows the increment revenues to be

programmed for land acquisition. This applies to multiple projects in FY 2021 and the Draughton-Miller Regional Airport FBO Center & Parking project in FY 2022. Construction funding is moved to FY 2021. FY 2022 Increment revenues are then allocated for land acquisition in FY 2022. The increase also includes FY 2021 funding for infrastructure improvements on 2nd Street, site grading for land in the Industrial Park, and additional contingency funds for the Outer Loop.

The FY 2022 TIRZ revenue bond project funds decreased by \$2,500,000.

With the exception of FY 2022, the increase in the bond issue amount continues to meet the targeted internal requirement of two times coverage of annual debt service with gross revenues. FY 2022 forecasted debt service coverage ratio is 1.80 times. This exceeds the required bond covenant ratio of 1.50 times coverage.

The table below summarizes the revised list of projects planned to be funded with bond proceeds.

Bond Issue	Series		
	2021 Taxable	2021 Tax Exempt	2022 Tax Exempt
Projects:			
Parking Garage - Central Ave/4th Street	\$ 11,282,650	\$ -	\$ -
Parking Garage- 1st Street	6,017,350	-	-
Outer Loop (Wendland to McLane Pkwy)	-	13,097,000	-
Downtown City Center/Hawn	-	5,545,200	-
Draughton-Miller Regional Airport FBO Center & Parking	-	4,800,000	-
MLK Festival Fields Electric	-	1,312,312	-
Industrial Park Sewer Extension	-	1,000,000	-
MLK Festival Field Building	-	725,200	-
North 31st Street (Nugent to Central)	-	270,288	-
Industrial Park Grading	-	250,000	-
Avenue C MLK to 24th Street	-	500,000	6,500,000
Outer Loop (I-35 to Wendland)	-	-	15,825,000
24th Street	-	-	2,545,000
East/West Gateway	-	-	3,430,000
TOTAL PROJECTS	\$ 17,300,000	\$ 27,500,000	\$ 28,300,000
Reserve Fund:			
Reserve for Debt Service - Taxable Rev Bonds, Series 2021	\$ 1,561,005		\$ -
Reserve for Debt Service - Tax Exempt Rev Bonds, Series 2021	-	2,206,000	-
Reserve for Debt Service - Tax Exempt Rev Bonds, Series 2022	-		2,327,000
TOTAL RESERVE FUND	\$ 1,561,005	\$ 2,206,000	\$ 2,327,000
TOTAL BOND ISSUE	\$ 18,861,005	\$ 29,706,000	\$ 30,627,000

The amendment includes a revised allocation for annual debt service for the 2021 TIRZ Revenue bonds beginning in FY 2022 through FY 2041. The average annual debt service on this proposed issue is approximately \$1,849,209. The amendment also includes a revised allocation for annual debt service for the 2022 TIRZ Revenue bonds beginning in FY 2023 through FY 2042. The average annual debt service on this proposed issue is approximately \$2,308,358. Both bond issues have an amortization of 20 years.

Land Acquisition: The Financing Plan includes additional funding for land acquisition in FY 2021 of \$8,231,182 and \$4,740,000 in FY 2022 for a total of \$12,971,182.

Future proceeds from the sale of land that are not identified with this plan amendment may replenish the Land Acquisition account with a future financing and project plan amendment.

The following is a summary of funding for the 2030 Master Plan projects:

Project Description	2021	2022	2023	2024	2025	TOTAL
Temple Industrial Park	\$ 1,352,730	\$ -	\$ 1,500,000	\$ -	\$ 3,825,000	\$ 6,677,730
Corporate Campus Park	200,000	200,000	-	-	-	400,000
Crossroads Park	320,000	147,000	-	-	-	467,000
Outer Loop	22,516,620	15,825,000	-	-	-	38,341,620
Downtown	33,541,304	11,380,000	1,700,000	2,200,000	5,200,000	54,021,304
TMED	494,737	-	-	-	-	494,737
Airport Park	6,789,173	-	-	-	-	6,789,173
Gateway	2,974,543	3,430,000	1,500,000	-	10,000,000	17,904,543
Public Improvements-Land/Row Acquisition	14,231,182	4,740,000	5,750,000	3,600,000	-	28,321,182
MASTER PLAN PROJECT FUNDING	\$ 82,420,289	\$ 35,722,000	\$ 10,450,000	\$ 5,800,000	\$ 19,025,000	\$ 153,417,289

See the attached “TRZ Master Plan Project Funding (2021-2025)” schedule for more detail on the projects.

Public Improvements/Land Acquisition: Beginning in FY 2022 through 2042, the balance of funding for general “non-project specific” improvements are allocated to this line item. The amount was determined based on the remaining funds available after amounts were allocated for operating expenditures, debt service, projects and maintaining an amount of fund balance of no less than \$2,000,000.

ALIGNMENT WITH ADOPTED PLANS:

Plan	Comments
Strategic Plan	This item supports the City of Temple’s Strategic Plan goals of “A City that supports well-managed growth and development to promote a thriving economy” and “Beautiful spaces and unique experiences”, as well as the Strategic Plan commitments of “Encourage high-quality, stable jobs and strengthen the sales and property tax base through business retention, expansion, and attraction efforts” and “Cultivate and promote Downtown Temple as a unique destination where commerce, culture, and recreation intersect.”

STAFF RECOMMENDATION: Conduct a public hearing and adopt ordinance as presented in item description on first reading with second reading and final adoption on May 20, 2021.

BOARDS & COMMISSIONS RECOMMENDATION: On April 28, 2021, the Reinvestment Zone No. 1 Board met and reviewed this item. The Board recommended approval of this amendment.

FISCAL IMPACT: Below is a table summarizing the Source and Use of funds included in the Financing and Project Plans.

Description	2021	2022	2023	2024	2025
Available FB ⁽¹⁾ @ October 1	\$ 30,073,876	\$ 2,200,421	\$ 2,154,452	\$ 2,808,979	\$ 9,038,233
Total Source of Funds	66,148,744	48,867,570	24,607,411	25,970,663	26,920,290
Total Debt & Operating Exp.	11,601,910	13,191,539	13,502,885	13,941,409	14,001,282
Total Planned Project Exp.	82,420,289	35,722,000	10,450,000	5,800,000	19,025,000
Available FB ⁽¹⁾ @ September 30	\$ 2,200,421	\$ 2,154,452	\$ 2,808,979	\$ 9,038,233	\$ 2,932,240

⁽¹⁾ - Fund Balance

ATTACHMENTS:

Financing Plan
Summary Financing Plan with Detailed Project Plan
TRZ Master Plan Project Funding (2021-2025)
Ordinance