



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 bond proceeds, future debt service, and public improvements for years FY 2022 – 2062.

BACKGROUND: On March 30, 2022, The Reinvestment Zone Board of Directors approved a financing and project plan amendment. The amendment included the issuance of Series 2022 Tax Increment Revenue Bonds to fund infrastructure projects. Subsequent to the amendment date, events occurred that warranted a few changes to the amount and type of bonds to be issued. After consultation with the City's bond counsel and financial advisor, it was determined to be more advantageous for the City to issue Combination Tax and Revenue Certificates of Obligation for \$55,000,000 and Tax Increment Revenue Bonds for \$38,291,300.

On May 19, 2022, the City Council approved a resolution for the notice of intent to issue Combination Tax and Revenue Certificates of Obligation (CO's). City Council will consider the award of the sale of the CO's at 5:00 pm on July 7, 2022.

Also, on May 19, 2022, the City Council authorized an ordinance for delegation of authority to the Director of Finance or City Manager to issue Tax Increment Revenue Bonds.

This amendment adjusts the type and amount of bonds to be issued. The following is a summary of the proposed amendment:

Bonds: Proceeds from the issuance of bonds in FY 2022 were adjusted by a net increase of \$7,570,200 from \$85,721,100 to \$93,291,300. The net adjustment includes removing the construction funding for 24th Street - Avenue C to Central due to project readiness. The following projects were adjusted in the proposed bond issue:

- **Draughon - Miller Regional Airport FBO Center and Parking** – Construction of an approximate 6,800 fixed base operator facility with customer service center, passenger lounge, pilot lounge and staff offices and facilities. Also included are parking lot improvements with landscaping and an Airport Fire Fighting and Rescue (ARFF) facility. A covered ramp will be constructed along with the FBO. Additional funding of \$2,300,000 was added to this project based on bids received.
- **Pepper Creek Wastewater Extension with Equalization Basin** – Construction of approximately 7,000 linear feet of fifteen-inch wastewater line in the Pepper Creek Wastewater Basin including a wastewater equalization basin to alleviate peak flows within the system. Additional funding of \$1,500,000 was added to this project for ROW.
- **Contingency** – Contingency funds in the amount of \$9,135,000 have been added to the bond issues due to the current bidding environment.

The amount of the reserve fund for the bond issues was also reduced by \$2,429,800.

The table below summarizes projects planned to be funded with bond proceeds.

Combination Tax and Revenue Certificate of Obligations - Series 2022 (CO's)			
Projects:	Tax Exempt	Taxable	Total
920 Plane 3MG EST and EST Transmission	\$ 9,400,000	\$ -	\$ 9,400,000
920 Plane McLane Pump Station and 24" Transmission Main	5,475,000	-	5,475,000
East/West Gateway - [Intersection of IH-35 & Central/Adams]	4,245,000	-	4,245,000
Draughon-Miller Regional Airport: Taxiway & Apron expansion; drainage, roadway, and utility improvements - Corporate Hangar area	3,250,000	-	3,250,000
Downtown City Center [2nd to 6th and Adams Ave to Central Ave]	2,915,000	-	2,915,000
Southeast Temple Water Supply Projects - Design	2,907,000	-	2,907,000
Range Road 24" Transmission Main	2,535,000	-	2,535,000
Loop 363 Transmission Main	2,285,000	-	2,285,000
Southeast Temple Water Supply Projects - ROW	1,870,000	-	1,870,000
920 Plane 12" Waterline Cearly to Eberhardt	1,475,000	-	1,475,000
Draughon-Miller Regional Airport: FBO Center & Parking	2,800,000	-	2,800,000
Lorraine Drive Extension Roadway Completion - Design	445,000	-	445,000
Pepper Creek Wastewater Extension with Equalization Basin	-	5,475,000	5,475,000
Pepper Creek Wastewater Extension with Equalization Basin - ROW	-	1,500,000	1,500,000
Upsizing of Pepper Creek Trunk Sewer along Kegley Road	-	4,515,000	4,515,000
Upsize of Airport Road Trunk Sewer Crossing	-	1,000,000	1,000,000
Contingency	2,898,000	10,000	2,908,000
TOTAL PROJECTS	\$ 42,500,000	\$ 12,500,000	\$ 55,000,000
Reserve Fund:			
Reserve for Debt Service	\$ -	\$ -	\$ -
Total - CO's	\$ 42,500,000	\$ 12,500,000	\$ 55,000,000

Tax Increment Revenue Bonds - Series 2023 (TIRZ)			
Projects:	Tax Exempt	Taxable	Total
Outer Loop [I-35 to Wendland with BNSF flyover and utilities]	\$ 23,825,000	\$ -	\$ 23,825,000
24th Street [Avenue C to Central]	-	-	-
Waterline - [North Industrial Park]	2,500,000	-	2,500,000
Wastewater extension Line LE-01 [North Industrial Park]	1,200,000	-	1,200,000
Contingency	7,475,000	-	7,475,000
TOTAL PROJECTS	\$ 35,000,000	\$ -	\$ 35,000,000
Reserve Fund:			
Reserve for Debt Service - Tax Exempt Rev Bonds, Series 2022	\$ 3,291,300	\$ -	\$ 3,291,300
Total - TIRZ Bonds	\$ 38,291,300	\$ -	\$ 38,291,300

Total - CO's & TIRZ Revenue Bonds			
Project Funds	\$ 77,500,000	\$ 12,500,000	\$ 90,000,000
Reserve for Debt Service	\$ 3,291,300	\$ -	\$ 3,291,300
Total - CO's & TIRZ Bonds	\$ 80,791,300	\$ 12,500,000	\$ 93,291,300

The amendment also includes an allocation in FY 2023 of an additional \$25,000 for a total of \$75,000 to support the Bioscience District's project of installing art in the roundabout on Avenue U.

Debt Service: The amendment includes an adjusting the annual debt service for the 2022 TIRZ bonds beginning in FY 2023 through FY 2047. The average annual debt service on the proposed issues is approximately \$7,030,000.

Public Improvements: Beginning in FY 2026 through 2062, 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. The following is a summary of funding for the 2030 Master Plan projects:

Project Description	2022	2023	2024	2025	2026	TOTAL
Temple Industrial Park	\$ 39,908,277	\$ 1,500,000	\$ -	\$ 3,825,000	\$ -	\$ 45,233,277
Crossroads Park	285,300	-	-	-	-	285,300
Outer Loop	39,073,538	-	-	-	-	39,073,538
Synergy Park	5,656,000	-	1,602,422	1,602,422	1,602,422	10,463,266
Downtown	37,423,773	1,700,000	4,200,000	7,200,000	2,200,000	52,723,773
Airport Park	11,047,400	-	-	-	-	11,047,400
Gateway	4,397,490	1,500,000	-	10,000,000	-	15,897,490
Public Improvements/Land	16,280,549	-	-	-	12,300,000	28,580,549
MASTER PLAN PROJECT FUNDING	\$ 154,072,327	\$ 4,775,000	\$ 5,802,422	\$ 22,627,422	\$ 16,102,422	\$ 203,379,593

See the attached "TRZ Master Plan Project Funding (2022-2026)" schedule for more detail on the projects.

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 June 16, 2022.

BOARDS & COMMISSIONS RECOMMENDATION: On June 1, 2022, the Reinvestment Zone No. 1 Board met and reviewed this item. The recommendation will be provided at the meeting.

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

Description	2022	2023	2024	2025	2026	Future Years
Available FB ⁽¹⁾ @ October 1	\$ 59,005,105	\$ 2,214,036	\$ 4,931,252	\$ 8,268,177	\$ 1,904,883	\$ 2,119,967
Total Source of Funds	110,845,331	24,011,828	25,496,646	33,389,143	35,138,233	1,985,438,932
Total Debt & Operating Exp.	13,564,073	16,519,612	16,357,299	17,125,015	18,820,727	489,591,530
Total Planned Project Exp.	154,072,327	4,775,000	5,802,422	22,627,422	16,102,422	1,497,967,370
Available FB ⁽¹⁾ @ September 30	\$ 2,214,036	\$ 4,931,252	\$ 8,268,177	\$ 1,904,883	\$ 2,119,967	\$ -

⁽¹⁾ - Fund Balance

ATTACHMENTS:

Ordinance
Financing Plan
Summary Financing Plan with Detailed Project Plan
TRZ Master Plan Project Funding (2022-2026)