

Proposed Omega Bay TIRZ

City of La Marque

Public Hearing

January 14, 2019

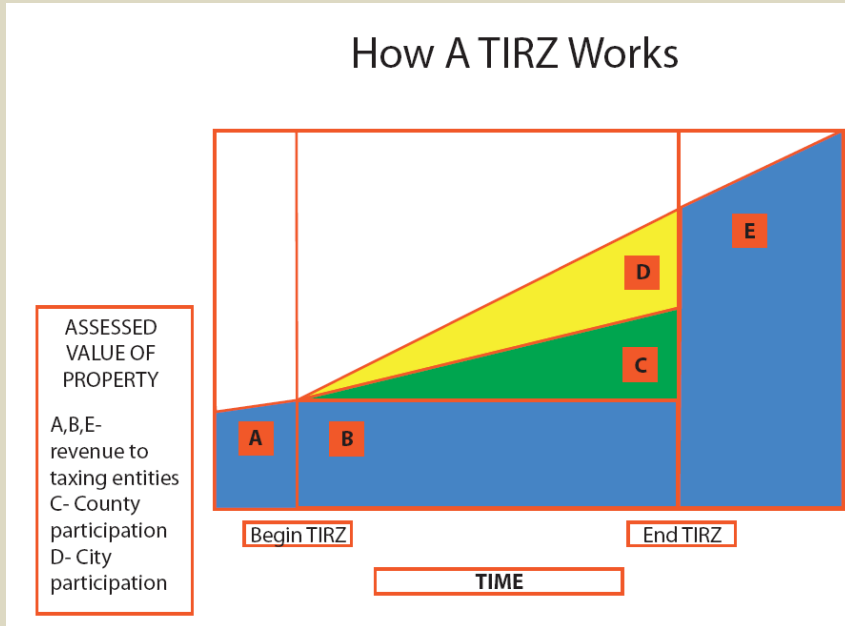
Outline

- TIRZ – Definition and How They Work
- TIRZ Creation Process
- Composition & Role of the Board of Directors
- Omega Bay TIRZ Concept

Tax Increment Financing (TIF)

- A financing tool that uses tax revenues generated by future increases in property values to pay for public improvements in a defined area
- The increase in tax revenues associated with the property value increase is called tax increment
- In Texas to use TIF a “tax increment reinvestment zone”, a TIRZ, must be created.
 - A TIRZ is analogous to a payroll deduction into a savings account that a family may use when saving for a specific goal

How a TIRZ Works



- The year in which a TIRZ is created is called the Base Year, and all entities participating in the TIRZ continue to collect taxes on the Base Year amount
- Any increase in revenue above the Base Year is “captured” for use within the TIRZ
- At the end of the life of the TIRZ the participants get tax revenue on the total value

TIRZ Impact on Property Owners

- Property Owners pay their taxes as usual
- Galveston County Tax Office annually calculates the amount of increment revenue
- City is required by Statute to segregate the TIRZ revenue into a separate fund
- TIRZ funds may be invested, but interest and earnings on those funds remain the TIRZ's
- As revenue builds up in the TIRZ fund it will be used to reconstruct the street system
- TIRZ fund will be audited annually as part of the City's audit

TIRZ Creation Process

Chapter 311 of the Texas Tax Code

TIRZ Creation Process

1. Residents request TIRZ creation through petition
2. City accepts petition
3. Preliminary Project and Financing Plan is drafted
4. City holds public hearing on TIRZ creation
5. City approves TIRZ creation ordinance

Petition Requirements

Per Chapter 311.005(a)(4), if the proposed TIRZ area includes more than 30% residential units...

"... be an area described in a petition requesting that the area be designated as a reinvestment zone, if the petition is submitted to the governing body of the municipality or county by the owners of property constituting at least 50 percent of the appraised value of the property in the area according to the most recent certified appraisal roll for the county in which the area is located."

Project and Financing Plan

- Project Plan sets forth reasons for the TIRZ creation
 - Existing conditions
 - Proposed uses
 - Changes to ordinances
 - Non-project costs
 - Relocation
- Financing Plan sets forth the Eligible Projects
 - Estimated costs for Eligible Projects
 - Economic Feasibility / Impact
 - Estimates of amount of debt to be incurred
 - Estimates of increment to be generated
 - Participating jurisdictions and participation rates
 - Duration of TIRZ

Creation Ordinance

The creation ordinance must address the following at a minimum:

- Set boundary of TIRZ
- Name the TIRZ, numerically ordered from 1 up
- Establish Board of Directors
- Set the duration of the TIRZ
- Establish an increment fund account

TIRZ Board of Directors

Composition and Role

Board of Directors

COMPOSITION

- Nine members
- State Senator's appointment
- State Representative's appointment
- Each participating taxing entity may appoint one member
- City appoints remaining positions

QUALIFICATIONS

- At least 18 years old
- Own real property in the zone; or
- An employee or agent of a person that owns real property in the zone

Snapshot of Roles

Board of Directors

- Draft final Project and Financing Plan and recommends to Council
- Implement final Project and Financing Plan
- Evaluate and approve projects in compliance with adopted Project and Financing Plan

City Council

- Evaluate Petitions
- Create the Zone
- Appoint Board of Directors
- Approve the final Project and Financing Plan

General Powers of the Board

- *Draft and use all powers necessary to implement the final Project and Financing Plan*
- Elect such officers as it deems appropriate, except City appoints the Chair

With regard to TIRZ Projects the Board may:

- Identify, select, approve projects to be funded per the Project and Financing Plan
- Construct eligible projects from increment

Limitations

City may authorize board to exercise any of the city's powers with respect to administration, management or operation of the zone or implementation of the project plan, except, the board may NOT:

- Issue bonds
- Impose taxes or fees
- Exercise the power of eminent domain
- Give final approval to the Project and Financing Plan

Omega Bay TIRZ Concept

Roadway Capital Improvement Program

Public Private Partnership

A Majority of Omega Bay residents desire to have the City take over maintenance and reconstruction of roadways in the subdivision. To accomplish this they are willing to cede ownership of their private streets to the City.

City of La Marque will create the TIRZ to provide a mechanism for funding the reconstruction of the street system if the street rights-of-way are made public. Once streets are public the City can maintain them on the same basis as all other city streets.

Omega Bay TIRZ: Roadway Improvement Project

- Tax increment will build up slowly,
- As increment is available, funds used for:
 - Engineering
 - Reconstruction of roads and related bulkheads
 - Total estimated cost for complete reconstruction in concrete is \$4 million in today's dollars.
- Projects phased in logical packages
- Full completion could take many years

About the Streets

- The Residential Canal Zone of the city provides for a 20 foot ROW, which matches the existing ROW in Omega Bay.
- The proposed road improvements will be designed to fit within the existing ROW width without the need to acquire any private property.
- State law provides that golf carts may be operated on public streets under certain circumstances. That law will apply if the streets become public.

Next Steps

If Council chooses to move forward:

- Second reading and adoption of Creation Ordinance
- Council Appoints Board of Directors
- Board drafts Final Project Plan and Reinvestment Zone Financing Plan
- Council Approves Final Project and Financing Plan

Thank you.