



City of Fredericksburg

City Council Special Joint Meeting with County Commissioners Agenda

Wednesday, November 13, 2024 ~ 10:00 AM
New City Hall at East Campus
2818 E. U.S. Hwy. 290
Fredericksburg, Texas 78624

Jeryl Hoover, Mayor
Emily Kirchner, Mayor Pro-Tem
Bobby Watson, Councilmember

Tony Klein, Councilmember
Randy Briley, Councilmember
Clinton Bailey, City Manager

The City of Fredericksburg City Council will meet in a special session on Wednesday, November 13, 2024, at 10:00 AM. The meeting audio will be available for re-watch on the City's website: fredericksburgtx.portal.civicclerk.com.

The City Council welcomes citizen participation and comments at all City Council Meetings on Agenda Items.

Comment Card for Written or Verbal Comments-submitted by 4 p.m. the day before the meeting.

- i. Complete the Comment Card online at www.fbgtx.org;
- ii. Make sure to check the appropriate box (verbal or written);
- iii. Only one agenda item per Comment Card.

Sign up in person between 9:30 a.m. and 10 a.m. at the meeting location.

- i. Only one agenda item per Comment Card;
- ii. Speakers will be limited to three minutes to speak. **Please Note:** The Mayor can reduce the number of minutes for any speaker during Public Comment on a single agenda item depending on the number of people who sign up for it.
- iii. Any citizen with handouts should provide them to the City Secretary before speaking. If you wish the City Council to receive your handouts for the meeting, please provide 10 copies; if not, the City Council will receive your handouts the following day.

NOTE: The City Council may adjourn into Executive Session to consider any item listed on this agenda if a matter is raised that is appropriate for discussion. An announcement will be made on the basis for the Executive Session discussion. The City Council may also publicly discuss any item listed on the agenda for Executive Session.

Attendance By Other Elected or Appointed Officials: It is anticipated that the Planning & Zoning Commission, Historic Review Board, and Zoning Board of Adjustment members may attend the City Council Meeting at the date and time above in numbers that may constitute a quorum. Notice is hereby given that at the City Council Meeting at the date and time above, no Board or Commission action will be taken by such in attendance unless such item and action are specifically provided on a separate agenda posted subject to the Texas Open

1. CALL TO ORDER - Mayor Jeryl Hoover

2. OTHER ACTION ITEMS AND UPDATES

- A. Fire EMS Operations Plan for the next 5 Years. (Clinton Bailey, City Manager)
- B. Update on Tax Increment Reinvestment Zone (TIRZ) Feasibility Study. (Clinton Bailey, City Manager and Anna Hudson, Director of Development Services)

3. ADJOURN

CERTIFICATION

This is to certify that I, Leticia Vacek, posted this Agenda at 1:30 pm on November 8, 2024 on the bulletin board of the City of Fredericksburg City Hall, 126 W. Main St., Fredericksburg, Texas.

Leticia Vacek

Leticia Vacek, TRMC/CMC/MMC
City Secretary

Fredericksburg, Texas Tax Increment Reinvestment Zone



November 13, 2024

Presentation by

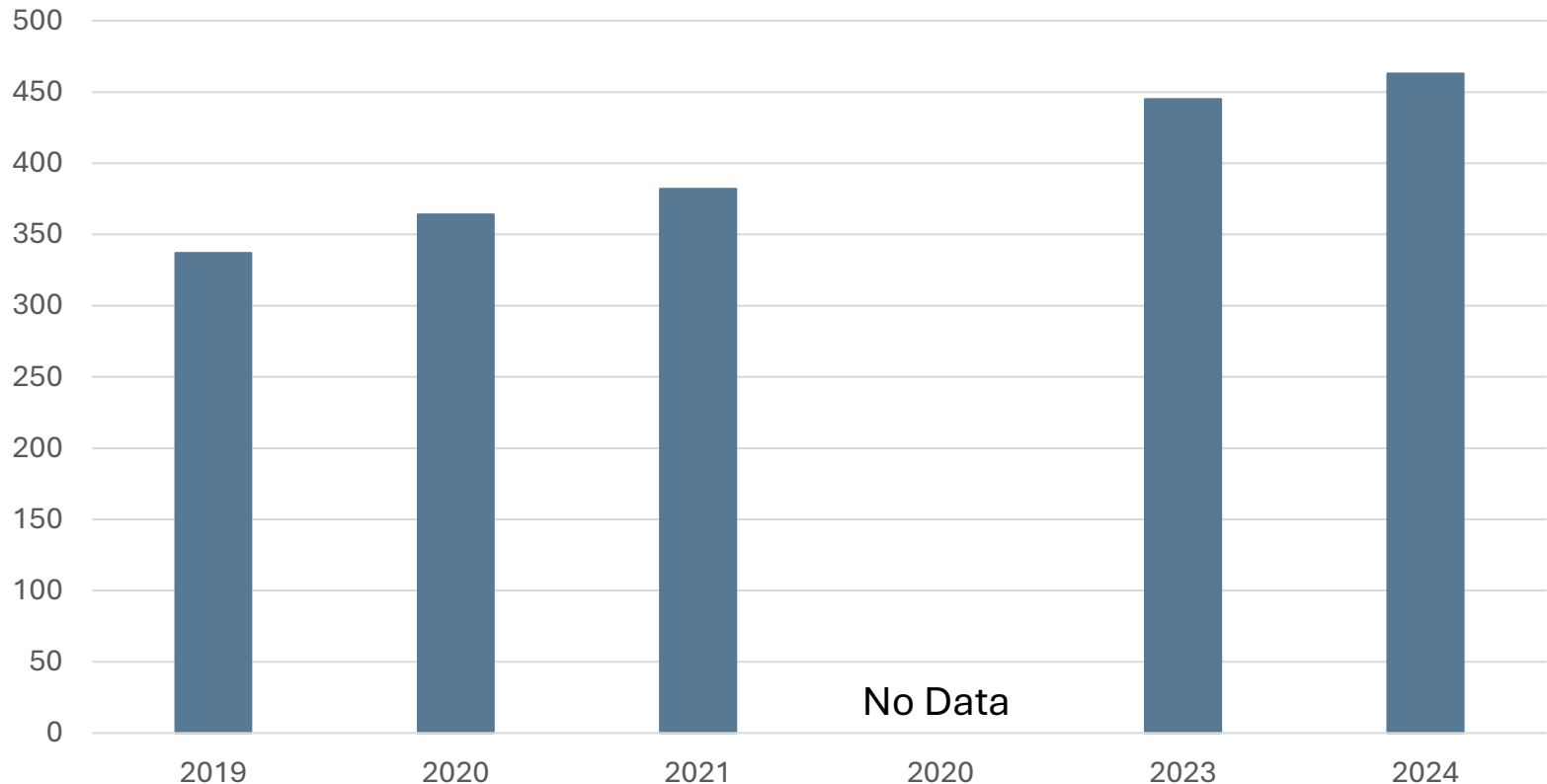


What Are TIRZs/TIFs?

- An economic development tool to pay for improvements within a designated zone to attract new development
- Governed by Chapter 311 of the Texas Tax Code
- Currently, more than 460 TIRZ throughout Texas
 - Cities participating in a TIRZ(s) – 194
 - Counties participating in a TIRZ(s) - 70
- No increase in property tax rate
- Created by governing body or property owner petition
- Cities can allocate sales tax increment



Total Number of TIRZ in Texas



Source: Texas Comptroller of Public Accounts



Benefits of a TIRZ/TIF Tool

- Construct needed public infrastructure to attract businesses
- Encourage development, thereby increasing property values and long-term property tax collections
- Reduce the cost of private development by providing reimbursement for eligible improvements

Eligible TIRZ/TIF Projects

- Roads, sidewalks, utilities, and other public infrastructure
- Demolition
- Building facade preservation
- Remediation of contamination
- Affordable housing
- Railroad and transit facilities
- Public buildings
- School buildings
- Economic development
- Other projects



What is the tax increment?



Existing Taxable Value (“Baseline”)

Property Tax on
Baseline Value



Taxing Jurisdictions



New Developments and Appreciation

X % of Growth

Property Tax on
Future Growth

Y % of Growth



TIRZ Account

EX. TIRZ Increment in Year 5

Example: 25 cent property tax per \$100 valuation



Baseline Value = \$1 million

$$\begin{aligned} &= \$1,000,000 / \$100 \times 25 \text{ cents} \\ &= \$2,500 \text{ property tax revenue} \end{aligned}$$



Baseline Rev: \$2,500
50% of Growth: \$5,000
Year 5 Total: **\$7,500**

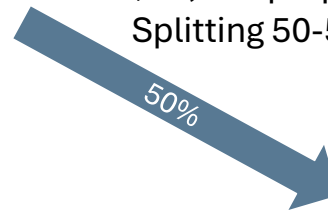


Year 5 Value = \$5 million

$$\$5\text{M (Year 5)} - \$1\text{M (Baseline)} = \text{\textcolor{red}{\$4,000,000}}$$



$$\begin{aligned} &= \text{\textcolor{red}{\$4,000,000}} / \$100 \times 25 \text{ cents} \\ &= \$10,000 \text{ property tax revenue} \\ &\text{Splitting 50-50} \end{aligned}$$



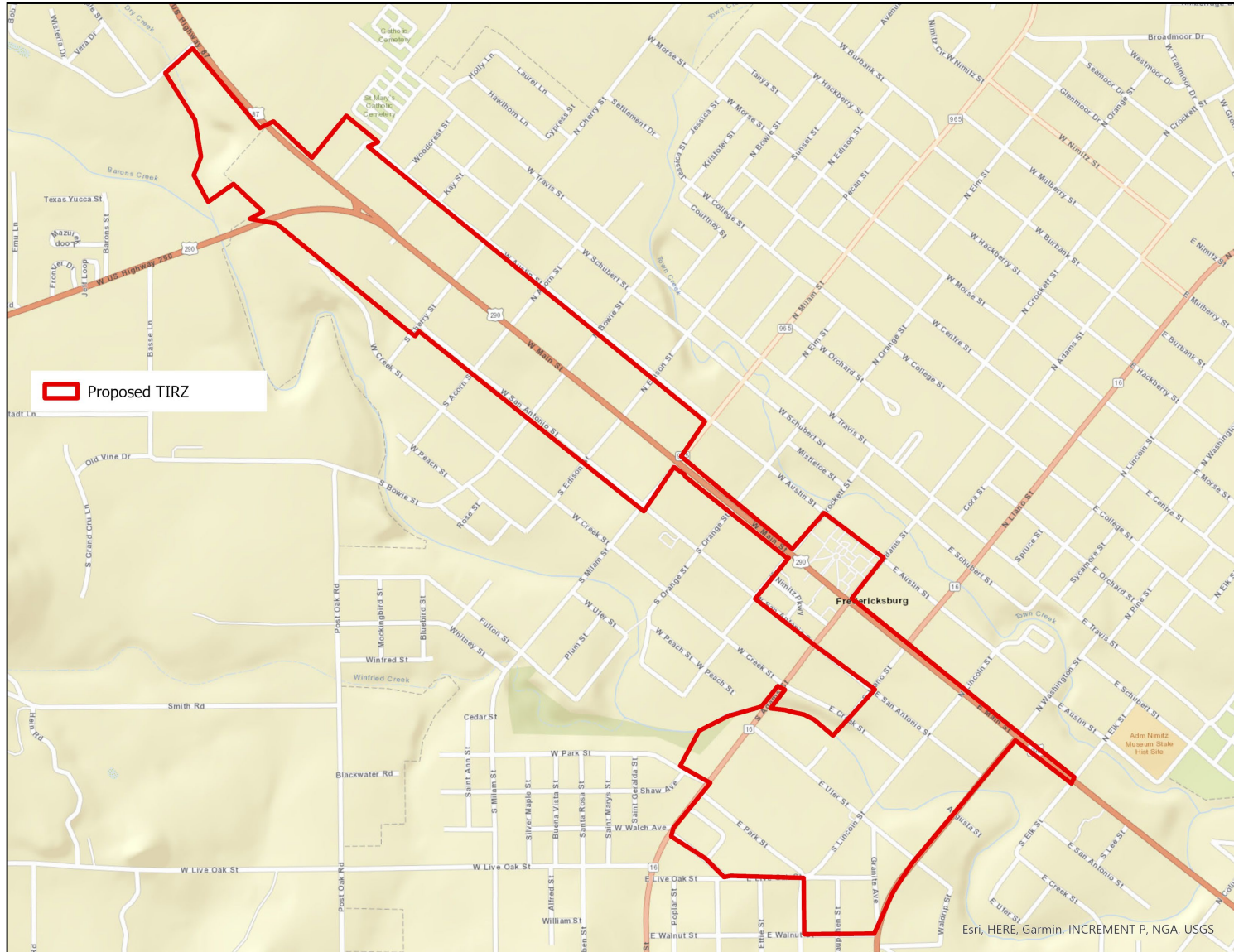
Baseline Rev: N.A.
50% of Growth: \$5,000
Year 5 Total: **\$5,000**

How TIRZ Funds are Used

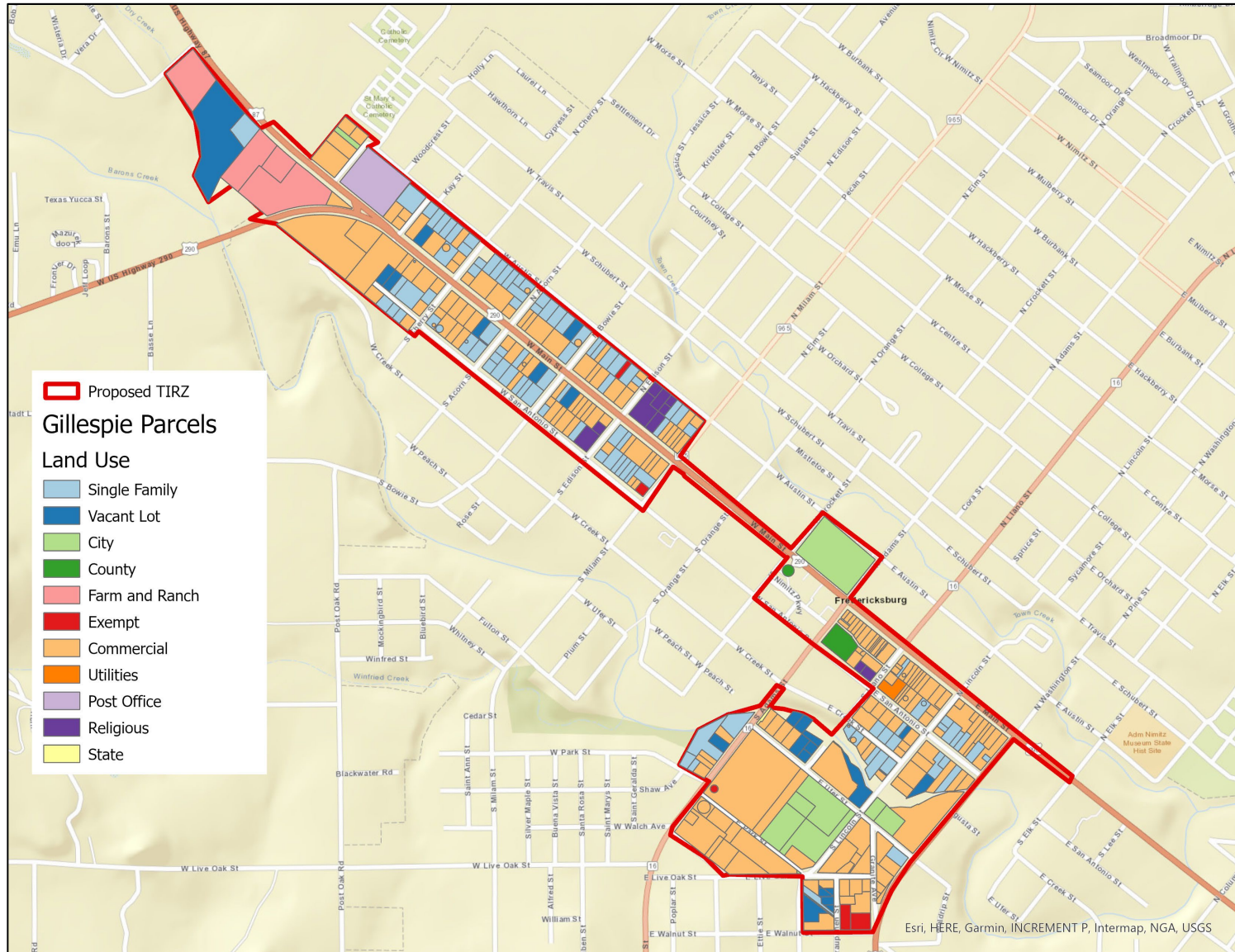
- Spending based on annual cashflow (pay as you go)
- Reimburse developer for eligible TIRZ expenses
 - Developer/Company paid back over multiple years assuming TIRZ generates increment
- Issue bonds backed by TIRZ revenue
 - Not done until TIRZ generates enough annual increment to make bond payment
- Municipality creates Local Government Corporation and assigns TIRZ revenue



Potential Downtown TIRZ



Potential Downtown TIRZ Land Use



Potential Downtown TIRZ

Land Use	Parcels	Acres	City (\$2024)
A – Single Family	103	35.30	\$67,060,093
C – Vacant Lot	25	16.00	\$4,977,890
City	11	17.58	\$0
County	2	1.74	\$0
E – Farm and Ranch	4	13.71	\$2,525,340
F- Commercial	198	99.70	\$209,587,983
J – Utilities	1	0.69	\$1,101,350
Post Office	1	5.17	\$0
Religious	10	4.04	\$0
State	1	0.11	\$0
Exempt	5	1.81	\$0
Grand Total	363	196.15	\$285,252,656



Baseline Value Downtown TIRZ

	Baseline Value	Total Taxable Value	% of Total
City	\$285,252,656	\$3,233,568,772	8.8%
County	\$285,252,656	\$7,578,869,279	3.8%

Source: 2024 Tax Rate Calculation Worksheet



Baseline Downtown TIRZ

- Base value is estimated at \$285.5M (\$2024)
- Each jurisdiction will keep all revenue from the baseline value
- Assumed tax rates remain constant

	Base value	Tax Rate	Annual
City	\$285,252,656	\$0.205326	\$585,698
County	\$285,252,656	\$0.268500	\$765,903
Total		\$0.473826	\$1,351,601

Preliminary Financial Model

- TIRZ Duration: 25-year lifespan
- Property Tax Rate: Held constant at 2024 rates
- Property Appreciation Rate: 3.0 percent per year
- Sales Tax: Assumed no sales tax contributed
- New Developments:
 - New apartments (Baron Creek)
 - DC Partners project
 - New hotel on Ufer Street

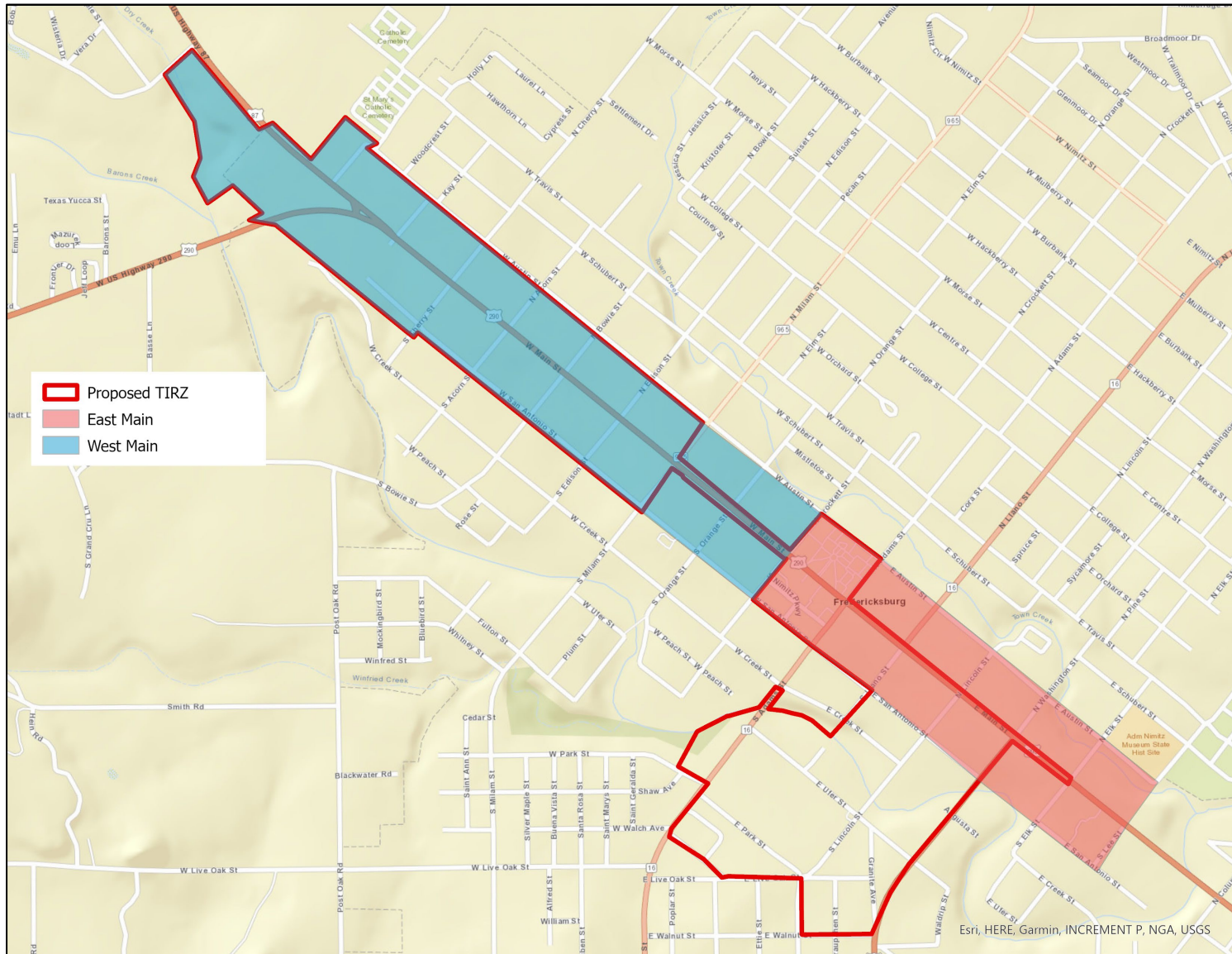


Potential Downtown TIRZ

- Tax revenue collected over 25 years
- 50-50 split for illustration
- Tax rate both M&O and I&S

	2024 Tax Rate	TIRZ	Public Sector	Total
TIRZ Allocation		50%	50%	100%
City	\$0.205326	\$10,021,544	\$10,021,544	\$0.205326
County	\$0.268500	\$13,104,938	\$13,104,938	\$0.268500
Total	\$0.473826	\$23,126,482	\$23,126,482	\$0.473826

Downtown Tax Revenue Potential



Main Street Property Values - 2024

	Commercial Acres	Taxable Value	Value Per Acre
East Main	42.9	\$228,852,484	\$5,338,989
West Main	54.5	\$124,587,694	\$2,288,057



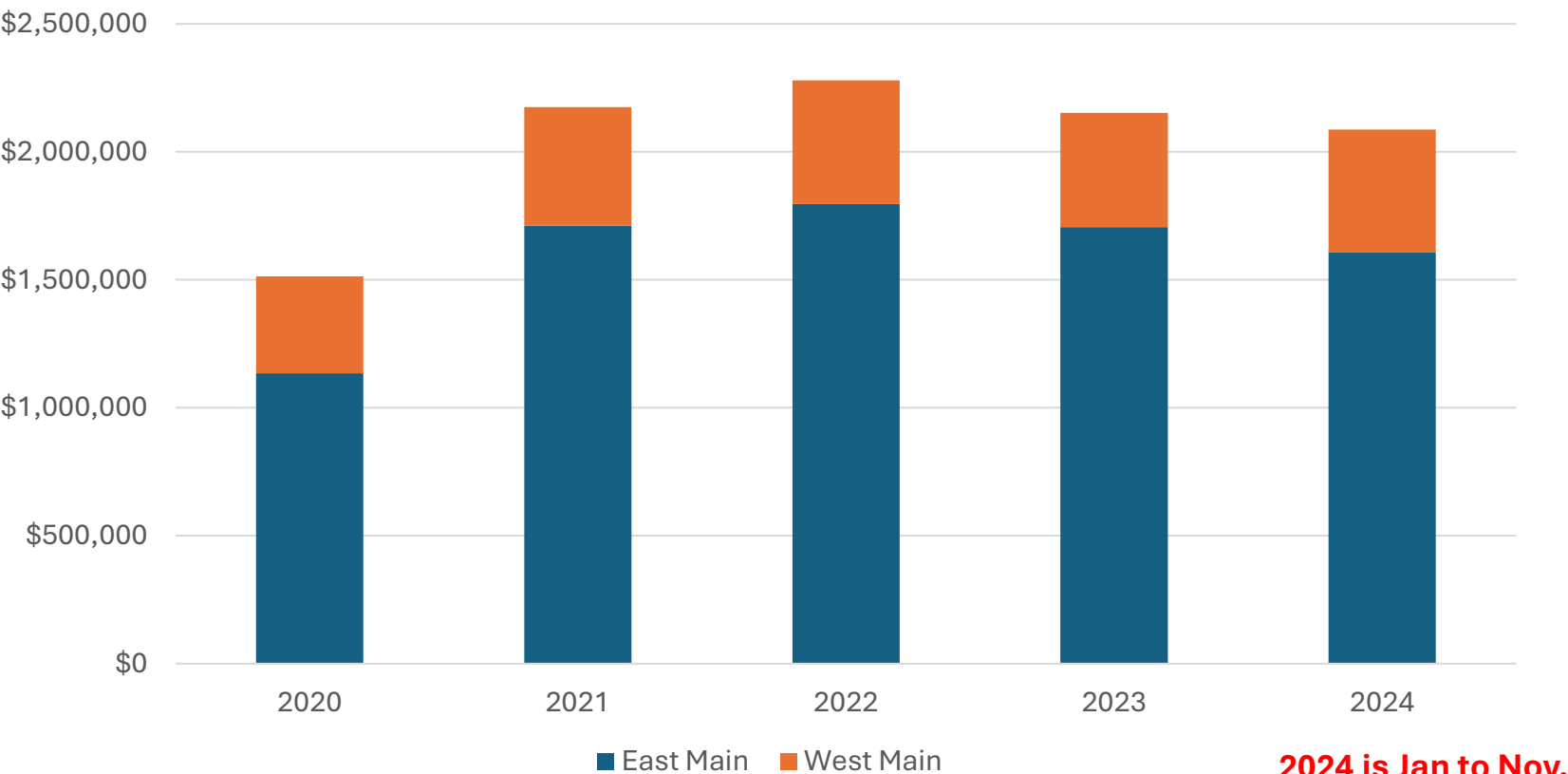
Main Street Sales Tax - 2023

	City General Fund / Property Tax Relief	County Property Tax Relief
East Main St.	\$1,705,512	\$568,504
West Main St.	\$446,615	\$148,872
Main Street Total	\$2,152,127	\$717,376
Total Collected	\$8,914,085	\$4,586,602
Main Street % of Total	24.1%	15.6%

Source: Texas Comptroller of Public Accounts



Main Street Sales Tax Performance



Source: Texas Comptroller of Public Accounts



Potential TIRZ Projects

Public Works

- West Main restrooms
(\$300K to \$400k)
- Golden block restrooms
- Relocate overhead utilities
West Main (\$6M to \$8M)
- Utility upgrades at Peanut
Factory
- Wayfinding
- ADA sidewalks
- Sidewalks and curbs
- Roadway improvements
- Lighting
- Parking around Old Fair
Park and Peanut Factory
(\$25K per space)

Parks

- Lighting at Old Fair Park
(\$450K to \$500K)
- Markplatz restrooms

County Sites

- Restrooms
- Park space on Marktplatz
- One Square vision
- Old Clinic redevelopment
- Parking



Steps to Creating a TIRZ/TIF

1. Prepare a preliminary reinvestment zone financing plan
2. Publish the hearing notice at least 7 days before hearing
3. Hold a public hearing
4. Designation of TIRZ by public sector entity (City/County)
5. Governing body designates zone by ordinance or order
 - Create Board of Directors (Minimum 5 and Max 15)
 - Participating taxing entities are represented on Board
6. Prepare project plan and financing plan
7. Collect the tax increment
8. Board of Directors makes recommendations to the governing body



Next Steps Timeline

1. Direction from City Council to proceed with TIRZ
2. Post public notice in newspaper for Tuesday, December 3 public hearing
 - State law requires at least 7-day notice
 - Due to newspaper Monday, November 18
 - Appears in Wednesday, November 20 edition
3. City Council votes on TIRZ creation December 3 or December 17
 - Need to approve by December 31 for 2024 baseline
4. County could join TIRZ via interlocal agreement

Fredericksburg, Texas Tax Increment Reinvestment Zone



November 13, 2024

Presentation by

