



City of San Antonio

Legislation Details (With Text)

File #: 19-2683

Type: Miscellaneous Item

In control: City Council A Session

On agenda: 3/21/2019

Title: Ordinance approving the Amended Project Plan, Amended Finance Plan, and the Amended and Restated Development Agreement for the Brooks Tax Increment Reinvestment Zone.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Project Plan_190307_Brooks V1, 2. Brooks Development Agreement Executed 181119, 3. T16 2018-10-29-01R Amend Project Plan, 4. T16 2018-10-29-02R Amend Finance Plan, 5. T16 2018-10-29-03R Approve Development Agreement, 6. T16 2018-10-29-06R Approve ILA, 7. Draft Ordinance, 8. 2018-11-19- Brooks City-Base Finance Plan (Board & Council) 3.7.19 - Combined, 9. Interlocal Agreement - Draft, 10. Ordinance 2019-03-21-0243

Date	Ver.	Action By	Action	Result
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DEPARTMENT: Economic Development

DEPARTMENT HEAD: Rene Dominguez

COUNCIL DISTRICTS IMPACTED: 3

SUBJECT:

City Council consideration of (A) an Interlocal Agreement between the City of San Antonio, Brooks Development Authority, and Brooks City-Base TIRZ; and (B) the Amended Project Plan, Amended Finance Plan, and the Amended and Restated Development Agreement for the Brooks City-Base TIRZ.

SUMMARY:

Staff is requesting City Council action on the following items: (A) an Ordinance authorizing the City of San Antonio to enter into an Interlocal Agreement with the Brooks City-Base TIRZ (Brooks TIRZ) and Brooks Development Authority (BDA); and (B) a public hearing and Ordinance approving the Amended Project Plan, Amended Finance Plan, and the Amended and Restated Development Agreement for the Brooks TIRZ. The ILA establishes terms for funding and repayment regarding the TIRZ Funds and the rehabilitation and finish-out of the buildings located at Brooks. The BDA will obtain a \$6 million bridge loan that will be paid off by the City through a resolution that will be brought to City Council for consideration at a later date. In turn, the Brooks TIRZ will reimburse the City over time for principal and interest on the \$6 million through incremental captured appraised value. Projects funded through the Brooks TIRZ will be repaid solely from the tax increment generated by the Brooks TIRZ and will have no impact on the City's general fund. The rehabilitated buildings on the Brooks campus will be used by Czech professional services company, OKIN, as the home of its North American headquarters.

BACKGROUND INFORMATION:

The Brooks Tax Increment Reinvestment Zone #16 (Brooks TIRZ) supports the development of housing, commercial, retail and technology-based office space at Brooks. OKIN has chosen Brooks as the site for its North American headquarters and will occupy Buildings 167 (2415 Sidney Brooks Road) and 176 (7965 Kennedy Hill Drive) inside of the campus. Brooks TIRZ Funds will be used to rehabilitate and finish-out these two buildings for the OKIN project. The rehabilitation of Buildings 167 and 176 have been included in the Brooks TIRZ Amended Project and Finance Plans. Although currently intended for use by OKIN, the improved infrastructure will provide much needed pre-established office space for any company that would like to relocate to San Antonio or to Brooks. Once completed, the buildings will serve as an economic development asset that will increase the competitiveness of Brooks and the City's Southside.

An Interlocal Agreement (ILA) is required between the City, Brooks TIRZ, and the Brooks Development Authority (BDA) to establish the terms for funding and repayment regarding the TIRZ Funds and the rehabilitation and finish-out of the buildings located at Brooks. In order to meet the timing requirements of OKIN, the BDA will obtain a \$6 million bridge loan that will be paid off by the City through a resolution that will be brought to City Council for consideration at a later date. In turn, the Brooks TIRZ will reimburse the City over time for principal and interest on the \$6 million through incremental captured appraised value.

On October 29, 2018, the Brooks TIRZ Board of Directors passed resolutions supporting the ILA, Amended Project Plan, Amended Finance Plan, and Amended and Restated Development Agreement.

ISSUE:

To support the creation of new and valuable office space in the Brooks campus through rehabilitation of Buildings 167 and 176, intended for use by OKIN for its North American headquarters, City staff recommends entering into an Interlocal Agreement with the Brooks TIRZ and BDA.

In addition to approval of the ILA between the City, BDA, and the Brooks TIRZ, City Council is also being asked to consider an Ordinance approving the Brooks TIRZ Amended Project Plan, Amended Finance Plan, and Amended and Restated Development Agreement, which will extend the term of the Brooks TIRZ, its Board, and collections from September 30, 2029 to September 30, 2039, and increase maximum dollar contribution from \$56.3 million to \$105.5 million in order to increase the source of funding for reimbursing further public improvement costs. The Tax Increment Financing Governance Committee supported the extension and revenue cap increase at their June 26, 2018 meeting.

The Amended Finance Plan provides estimates regarding tax increment to be collected from the Brooks TIRZ with City's continued participation at 85%. The City is the only participating Taxing Entity contributing tax increment to the Brooks TIRZ. The Finance Plan is being updated to project additional funding available for the use of the Brooks TIRZ Board in considering future projects that will meet the goals and objectives of the Project Plan.

ALTERNATIVES:

City Council could choose not to approve the Interlocal Agreement, which may adversely impact OKIN's decision to locate in San Antonio.

FISCAL IMPACT:

This ordinance authorizes an ILA between the City, BDA, and the Brooks TIRZ, to establish the terms for funding and repayment regarding the TIRZ Funds and the rehabilitation and finish-out of the buildings located at Brooks. The BDA will obtain a \$6 million bridge loan that will be paid off by the City through a resolution that will be brought to City Council for consideration at a later date. In turn, the Brooks TIRZ will reimburse the City over time for principal and interest on the \$6 million through incremental captured appraised value. Projects funded through the Brooks TIRZ will be repaid solely from the tax increment generated by the Brooks TIRZ and will have no impact on the City's general fund.

RECOMMENDATION:

Staff recommends approval of (A) an Ordinance authorizing the City of San Antonio to enter into an Interlocal Agreement with the Brooks TIRZ and Brooks Development Authority; and (B) a public hearing and an Ordinance approving the Brooks TIRZ Amended Project Plan, Amended Finance Plan, and the Amended and Restated Development Agreement for the Brooks TIRZ.