



City of San Antonio

Agenda Memorandum

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Agenda Item Number: 19.

Agenda Date: 4/16/2015

In Control: City Council A Session

DEPARTMENT: Planning and Community Development

DEPARTMENT HEAD: John Dugan

COUNCIL DISTRICTS IMPACTED: 3

SUBJECT:

Amendment of the Tax Increment Reinvestment Zone (TIRZ) 16, Brooks City-Base Project and Finance Plans, Development Agreement, and related documents.

SUMMARY:

This is an Ordinance amending the Brooks City-Base Project and Finance Plans, Development Agreement, and related documents. The amended Project Plan requests that remaining Certificates of Obligation proceeds that have been allocated to South New Braunfels, Challenger Drive and Inner Circle Drive be reallocated to Dave Erwin Drive and other possible and future street projects. Funding of future street projects are dependent on available funds and approval by the TIRZ Board and City Council.

Approval of this Ordinance will allocate Certificates of Obligation proceeds to Dave Erwin Drive for infrastructure improvements.

BACKGROUND INFORMATION:

The City of San Antonio's Tax Increment Reinvestment Zone ("TIRZ" or "Zone") Sixteen designated by City Council on December 9, 2004 will support the development of housing, commercial, retail and technology-based office space and other amenities in and around Brooks City-Base. The zone includes approximately 2,522 acres.

The Brooks City-Base development is located inside Loop 410, a half mile west of I-37, south of S.E. Military Drive and east of Old Corpus Christi Road in City Council District 3, and in the East Central and the San Antonio Independent School Districts. This City-initiated TIRZ is designed to leverage ongoing area development in support of a special joint project between the U.S. Air Force and the City of San Antonio to

successfully convert and redevelop the former Brooks Air Force Base into a business and technology park that can spur development in the southeastern sector of the City. The City is the only participating taxing entity.

ISSUE:

Brooks Development Authority (BDA) requested to amend the Project and Finance Plans, and Development Agreement in order to facilitate reallocating the remaining 2008, 2010, and 2012 Certificates of Obligation proceeds, from South New Braunfels, Challenger Drive and Inner Circle Drive to Dave Erwin Drive. This will facilitate the development of the new University of the Incarnate Word School of Osteopathic Medicine.

The City issued a total of \$19,050,000.00 in Certificates of Obligation to BDA for capital improvements of which \$13,944,846.36 of the \$19,050,000.00 has been used to fund the New Braunfels Infrastructure Phase I and II as well as the Challenger Drive Inner Circle Infrastructure. The Amended Project Plan includes potential reimbursement for other street projects. However, future funding requests will require TIRZ Board and City Council approval.

In December 2013, Brooks Development Authority (BDA) engaged the services of Live Oak Gottesman to develop a Master Land Use Plan, which was adopted in July 2014. In March 2015 the TIRZ Board approved amendments to the Project and Finance Plans authorizing the reallocation of Certificates of Obligation proceeds from South New Braunfels to Dave Erwin Dr.

The Live Oak Gottesman Master Land Use Plan divides the main campus into three main parcels.

Parcel A: Encompasses an estimated 225 acres which is projected to yield at least 1,637,004 sq. ft. of building space that is available for lease or sale over the next five years. Parcel A land use will be allocated to retail, education, mid and low density residential use, commercial and mixed use businesses and living space. In addition Parcel A includes approximately 40 acres of linear parkway, trails and ponds. The University of the Incarnate Word School of Osteopathic Medicine will also be located in Parcel A. A lease agreement has been entered into with the expected opening of the school in fall 2016.

Parcel B: Encompasses an estimated 245 acres which is projected to yield at least 1,778,752 sq. ft. of building space that is available for lease or sale over the next five years. Parcel B land use will be allocated to low density residential use, commercial and mixed use businesses and living space.

Parcel C: Encompasses an estimated 319 acres which is projected to yield at least 2,319,574 sq. ft. of building space that is available for lease or sale over the next five years. Parcel C land use will be allocated to light industrial development.

ALTERNATIVES:

If City Council does not amend the Brooks City-Base Project and Finance Plans, Development Agreement, and other related documents then there would be no funding allocated to Dave Erwin Drive for infrastructure improvements. This would negatively impact the development of the University of the Incarnate Word School of Osteopathic Medicine.

FISCAL IMPACT:

The City issued a total of \$19,050,000.00 in 2008, 2010, and 2012 Certificates of Obligations to BDA for capital improvements with TIRZ 16 of which \$13,944,846.36 of the \$19,050,000.00 has been used to fund the New Braunfels Infrastructure Phase I and II as well as the Challenger Drive Inner Circle Infrastructure.

The estimated cost for Dave Erwin infrastructure improvements are \$9,226,174.00 of which the remaining Certificates of Obligations balance of \$5,105,153.64 shall be used to fund the Dave Erwin Drive Infrastructure Project and other approved Street Projects other than the New Braunfels Infrastructure. Public infrastructure improvements will be reimbursed from the TIRZ as revenues become available. The estimated TIRZ revenue to be received through September 30, 2029 is \$56,364,027.

The City of San Antonio is the sole taxing jurisdiction utilized in the analysis. The City's participation level is 85% and the City's current tax rate per \$100 valuation is \$0.565690. Annual revenues of \$861,930 were produced in fiscal year 2008, which is expected to gradually increase to \$4,673,325 through fiscal year 2028. A 2% growth in values is assumed.

RECOMMENDATION:

Staff recommends approval of this Ordinance by City Council to amend the Brooks City-Base Project and Finance Plans, Development Agreement, and any other related documents which will allocate remaining 2008, 2010, and 2012 Certificate of Obligations proceeds that had been allocated to South New Braunfels, Challenger Drive and Inner Circle Drive be reallocated to Dave Erwin Drive. This will facilitate the development of the new University of the Incarnate Word School of Osteopathic Medicine.