

Rockport, Texas Tax Increment Reinvestment Zone



July 23, 2024

Presentation by

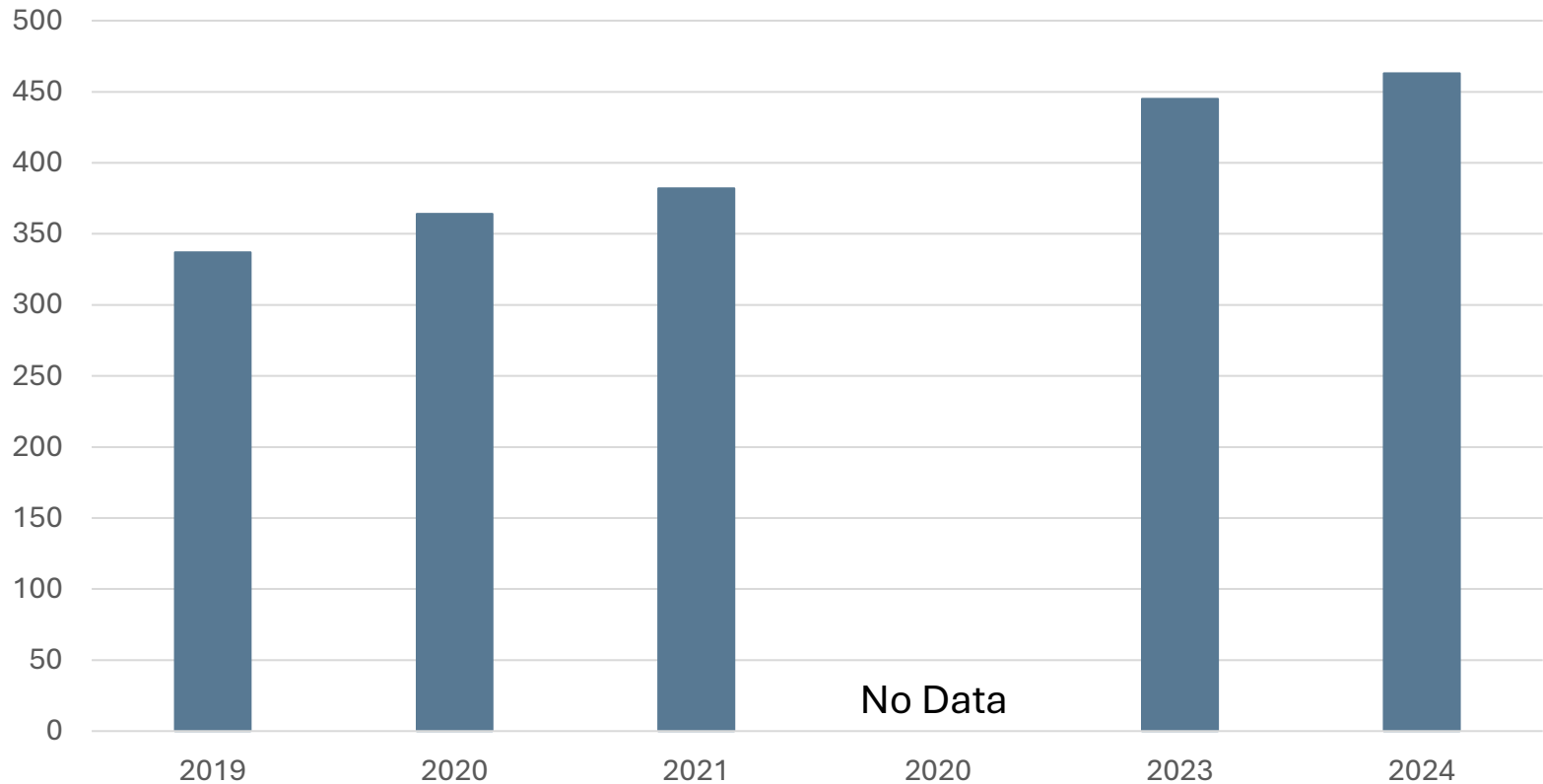


What Are TIRZs/TIFs?

- 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**



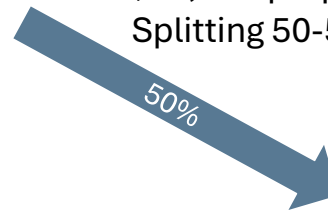
Year 5 Value = \$5 million

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



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

Splitting 50-50



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

Two Key TIRZ Rules

A reinvestment zone for tax increment financing may **not** be created if:

1. More than 30% of the property in the proposed reinvestment zone (excluding publicly-owned property) is used for residential purposes; or
2. The total appraised value of taxable real property in the proposed reinvestment zone and in the existing reinvestment zones exceed either:
 - For cities with a population of 100,000 or more: 25% of the total appraised value of taxable real property within the city and its industrial districts, or
 - For cities with a population of less than 100,000: 50% of the total appraised value of taxable real property within the city and its industrial districts.



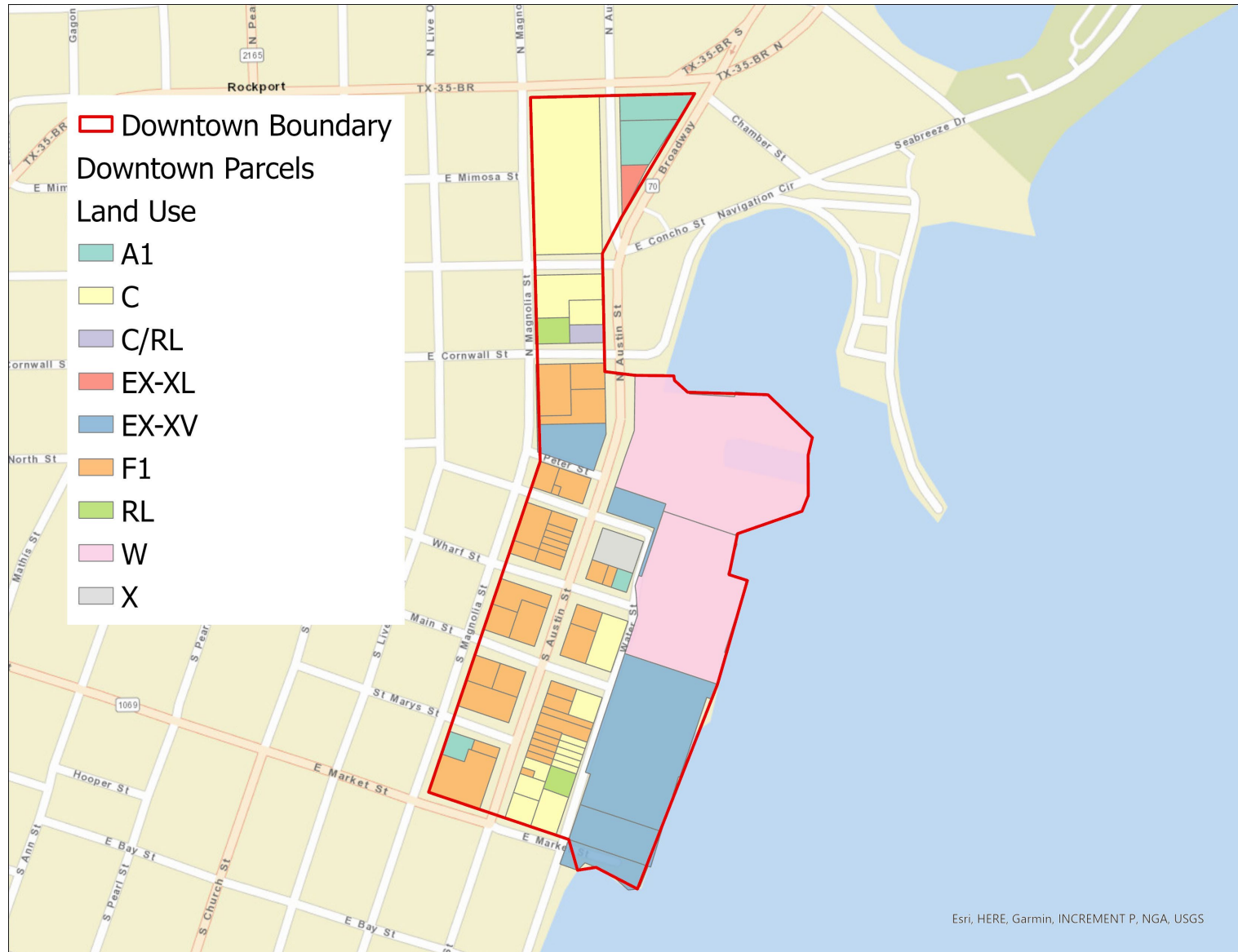
Steps to Creating a TIRZ/TIF

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

Potential Downtown TIRZ



Potential Downtown TIRZ Land Use



Potential Downtown TIRZ

Land Use	Parcels	Acres	City (Prelim \$2024)
A1 – Single-Family Residential	4	1.4	\$2,859,325
C – Vacant	14	6.3	\$4,465,030
C/RL – Commercial/Residential	1	0.2	\$121,860
EX-XL – Exempt	1	0.2	\$0
EX-XV – Exempt	5	7.4	\$0
F1 – Commercial	36	7.0	\$13,213,392
RL – Residential	2	0.5	\$298,030
W – Waterfront	2	11.5	\$8,315,000
X – Exempt	1	0.5	\$0
Grand Total	66	35.0	\$29,272,637

Preliminary Financial Model

- TIRZ Duration: 25-year lifespan
- Property Tax Rate: Held constant at 2023 rates
- Property Appreciation Rate: 3.0 percent per year
- Sales Tax: Assumed no sales tax contributed
- New Development:
 - Included build out schedule of the Rockport Marina Village
 - To be conservative, did not assume redevelopment of old HEB or any other vacant land in the Downtown

Baseline Downtown Rockport TIRZ

- Base value is \$29,272,637 (Prelim 2024)
- Each jurisdiction will keep all revenue from the baseline value
- Assumed tax rates remain constant

	Tax Rate	Annual	25 Years
City	\$0.360078	\$105,404	\$2,635,108
County	\$0.309349	\$93,271	\$2,331,781
Road & Flood	\$0.049062	\$15,236	\$380,909
Navigation Dist.	\$0.034041	\$10,889	\$272,217
Total	\$0.752530	\$224,801	\$5,620,016

Potential Downtown Rockport TIRZ

- Base value of \$29,272,637 is excluded from calculations below
- 25-Years

	Tax Rate	TIRZ	Public Sector	Total
TIRZ Allocation		60%	40%	100%
City	\$0.360078	\$16,294,134	\$10,862,756	\$27,156,890
County	\$0.309349	\$13,998,562	\$9,332,375	\$23,330,936
Road & Flood	\$0.049062	\$2,220,138	\$1,480,092	\$3,700,230
Navigation Dist.	\$0.034041	\$1,540,412	\$1,026,942	\$2,567,354
Total	\$0.752530	\$34,053,246	\$22,702,164	\$56,755,411

Next Steps

- Direction from City to proceed with preparing the preliminary reinvestment zone financing plan
- Publish the hearing notice at least 7 days before hearing
- Hold a public hearing - **August 20, 2024**

Questions or Comments?



Rockport, Texas Tax Increment Reinvestment Zone



July 23, 2024

Presentation by





SPECIAL EVENTS ORDINANCE

INTRODUCTION

The purpose of this presentation is to highlight the necessity for implementing a Special Event Ordinance in Rockport. At the City Council Regular Meeting on July 12, 2024, staff reviewed the challenges they face with the growth of events, festivals, parades, and public gatherings. While these events bring significant social and economic benefits, they also present challenges that need to be managed effectively.

The proposed Ordinance first reading was postponed until July 23, 2024, so changes to the Ordinance and fees could be made. The City Council also wanted to hold a Public Hearing.

Challenges Posed by Special Events

- **Public Safety:** Large gatherings require adequate security measures to ensure the safety of participants and the general public.
- **Traffic Management:** Special events often result in road closures and increased traffic, necessitating effective traffic management plans.
- **Noise and Environmental Impact:** Events can lead to increased noise levels and potential environmental degradation if not managed properly.
- **Resource Allocation:** The need for additional public services, such as sanitation, additional employees and policing, can strain city resources

Rationale for a Special Event Ordinance

Regulation and Control: An ordinance will provide a clear framework for the approval and regulation of special events. This will ensure that all events are conducted in a safe and orderly manner, minimizing disruptions to the community.

Permitting Process: Establishing a formal permitting process will help the city assess the potential impact of events and allocate resources accordingly. It will also allow for better coordination among city departments and event organizers.

Safety Standards: The ordinance can set forth specific safety requirements, such as crowd control measures, emergency response plans, and sanitation standards, to protect the welfare of attendees and residents.

Mitigation of Negative Impacts: By outlining guidelines for noise control, waste management, safety plans, and traffic planning, the ordinance can help mitigate the negative effects of events on the community.

Revenue Generation: Implementing permit fees and other charges associated with special events will reimburse the City of their unexpected expenses and have the events pay for the expenses and not all the taxpayers.

What Does the Ordinance Include

- Uniform Application with detailed information
- Application Fee
- Permit process for all events within the City limits
- Timeframe and deadlines
- Street closures
- City Manager's approval process
- City Council to hear appeals
- Requirement for a bond, and/or insurance, and/or cash bond

What Does the Application Include

- Event information and location
- Event Components
- Street Closure
- Security Requirements
- Requirement of Traffic and Safety Plan
- Equipment Requirement
- Trash Plan
- Communication Form
- Reduced rate for Non-Profit Organization
- Clarification on insurance, bond, or cash deposit (City property only)

Approval Process

- There are set deadlines
- A Special Event Approval Team will meet to review the application and make a recommendation and possibly require additional documents.
- Composition of the Team:

City Manager

City Secretary

Parks Department

Police Department

Public Works

Fees and Special Events Guideline

Fees

Fees were established to cover the cost of the City's expenses

Special Events Guideline

Will be finalized once the Ordinance is adopted.

The Guideline will provide for a quick reference making is easy for Applicants to understand the process, fees, and rules.

Conclusion

A Special Event Ordinance is essential for balancing the benefits of special events with the need to maintain public order and safety. It will provide a structured approach to managing these events, ensuring they contribute positively to our community while minimizing any adverse impacts.