



# TIRZ FY17 Budget Schedule

*Economic Development Committee*

*July 14, 2016*

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# Presentation Overview

- **TIRZ Budget Process**
- **Municipal Services Charge**
- **City Council Calendar for Budget Approval**



# Timeline of Budget Actions

Target timeline	Action	Responsible Parties
February	Update budget template with data from prior year TIRZ audits and verify formulas	Economic Development
March	Project revenue from certified HCAD reports and distribute budget template to TIRZ administrators	Economic Development
March	Input CIP priorities for current budget and 5 year plan	TIRZ Administrators
April/May	TIRZs boards approve budgets	Economic Development TIRZ Administrators
May	Economic Developments reviews budget templates and amend budgets as needed	Economic Development TIRZ Administrators



# Timeline Continued

Targeted Timeline	Action	Responsible Parties
May/June	Economic Development coordinates and attends meetings with Public Works and TIRZs to review and align CIP priorities	Economic Development Public Works and Engineering TIRZ ED and Chair
June/July	Economic Development presents budget templates to Economic Development Committee	Economic Development Economic Development Committee
July	Economic Development reviews budgets and CIP priorities with Mayor	Economic Development Mayor
July/August	Economic Development meets with both District Councilmembers and At-large Councilmembers as requested	Economic Development Council Members
August	Proposed budget templates presented to Council for approval	Economic Development Council

If Changes are made to the approved budgets, the board must ratify the amended budget



# Municipal Service Charge - General

- **Section 311.010(i) of the Local Government Code authorizes the City to recapture a certain amount of the tax increment from a TIRZ to recover the incremental cost of providing municipal services incurred as a result of the creation of or development or redevelopment within the TIRZ**
- **These basic municipal services include police, fire protection, solid waste, library, 311 and other general services**
- **A portion of the City's tax rate, known as the M&O rate, is to pay for municipal services**
- **M&O Rate for 2016 has not been set yet but is expected to be approximately 0.418429**



# Recommended Plan to Recover MS Cost

- **Plan to calculate a Municipal Services Charge (“MSC”) based on the incremental cost of providing services incurred as result of development within the TIRZs**
- **The MSCs will be deposited into the City’s general fund to be available to those departments that provide basic services**
- **The City is using the growth of taxable property value within each TIRZ as a measure of development in the, same basis as used to calculate the incremental revenue**



# Calculation Assumptions/Data

- **Indices used to determine increase of service cost**
  - The City's 25 year median population change and
  - The 25 year median CPI (Consumer Price Index) change will be the indices used to calculate the FY17 MSC
- **The most recent data reflects the median increase in the City's 25 year population of 1.4% (rounded) and the Consumer Price Index (CPI) median increase is 2.9% (rounded)**
- **The combined factor of 4.3% (the "Combined Rate").**
- **Each year, the combined 25 year index will be rounded up or down to the nearest 5/10. The rounded combined rate for FY17 is 4.5%.**



# Calculation Applied

- **Calculation is consistently applied to TIRZs from the base year value**
- **Calculation and assumptions has been reviewed, determined as “legally defensible” and is supported by legal**
- **Exclusions**
  - TIRZs that do not generate enough increment to support a \$10M debt instrument will not be subject to the MSC
  - At the time sufficient increment is generated, the excluded TIRZs will be subject to MSC





# FY17 TIRZ Budget Schedule

GROUP 1		GROUP 2		GROUP 3		GROUP 4	
TIRZ NO.	TIRZ NAME	TIRZ NO.	TIRZ NAME	TIRZ NO.	TIRZ NAME	TIRZ NO.	TIRZ NAME
6	Eastside	8	Gulfgate	1	St. George Place	2	Midtown
9	South Post Oak	13	Old Sixth Ward	5	Memorial Heights	3	Main St/Market Square
12	City Park	21	Hardy/Near Northside	7	OST/Almeda	15	East Downtown
22	Leland Woods	23	Harrisburg	10	Lake Houston	16	Uptown
25	Hiram Clark/Fort Bend Houston	24	Greater Houston	11	Greenspoint	17	Memorial City
				14	Fourth Ward	19	Upper Kirby
						20	Southwest

TARGET COUNCIL MEETING DATES			
GROUP 1	GROUP 2	GROUP 3	GROUP 4
August 3	August 10	August 24	August 31



THANK YOU

