

To the Mayor and Members of the City Council**July 19, 2011**

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**SUBJECT: Dissolution of Tax Increment Reinvestment Zone Number Eleven (Southwest Parkway)****Background:**

Tax Increment Reinvestment Zone Number Eleven (Southwest Parkway TIF) was established by City Council on December 7, 2004 to help fund arterial connections, right-of-way acquisition, and other public improvements associated with the construction of Southwest Parkway (SH-121). The Southwest Parkway TIF is set to expire on December 31, 2025.

Because the overall Southwest Parkway construction project was delayed as funding agreements and negotiations with UP Railroad took several years to complete, the Southwest Parkway TIF increment did not materialize as originally projected. The delay in construction caused a corresponding delay in new development along the corridor. The Southwest Parkway TIF does not have any commitments as the final Project and Financing Plan was never approved by City Council. No TIF funds have been utilized.

In order to move the project forward, the City Council approved including all right-of-way acquisition costs associated with the project in the City's regular debt funding schedule. Consequently, the TIF increment is no longer necessary to provide the funding needed to pay the City's debt service associated with the project. In April 2011, the Texas Transportation Commission approved a federal transportation infrastructure loan agreement for over \$400 million to help fund Texas 161 in Irving and Grand Prairie and the Southwest Parkway/Chisholm Trail project in Fort Worth and Johnson County. The agreement will use the state's gas tax revenues as collateral for up to 20 years on the two projects. Initial improvements have already begun on the project.

Recommendation:

Since improvements have already begun without the use of TIF funding and the future use of TIF funds is not anticipated at this time and since the large majority of any increment to be collected in the TIF will be City of Fort Worth tax revenue, City staff recommends City Council terminate the Southwest Parkway TIF in order to allow future tax increment to flow into the general fund accounts of the participating taxing entities.

Section 311.017(a) of the Texas Tax Code states, "A reinvestment zone terminates on the earlier of: (1) the termination date designated in the ordinance or order, as applicable, creating the zone or an earlier or later termination date designated by ordinance or order adopted subsequent to the ordinance or order creating the zone; or (2) the date on which all project costs, tax increment bonds and interest on those bonds, and other obligations have been paid in full."

Approximately \$338,356 will be distributed between the City of Fort Worth, Tarrant Regional Water District, and Tarrant County within 30 days of dissolution.



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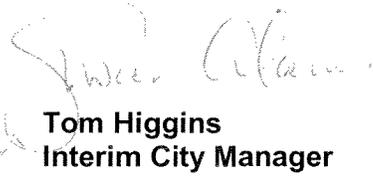
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(Southwest Parkway)**

Next Steps:

City staff will make a formal recommendation to dissolve the Southwest Parkway TIF to City Council on Tuesday, July 26, 2011 at the regularly scheduled City Council meeting.

If you have any questions, please contact Jay Chapa, Director of Housing and Economic Development, at 817.392.5804.


Tom Higgins
Interim City Manager