

To the Mayor and Members of the City Council**November 6, 2012**

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**SUBJECT: AMENDMENT TO TAX INCREMENT REINVESTMENT ZONE NUMBER FOUR (SOUTHSIDE TIF) PROJECT AND FINANCING PLAN****Background:**

The Southside TIF Project and Financing Plan (the "Plan") was initially approved by the TIF district board of directors on August 30, 1999 and subsequently approved by City Council on August 31, 1999 (M&C G-12649). The City's Ordinance creating the TIF district for a 25-year term and outlined the City's participation to be equal to 100% of the City's ad valorem taxes on the incremental assessable value in the district for the life of the TIF. Other taxing entities agreed to participate in the TIF District by contributing tax increment. Each entity, through their participation agreement with the City, delineated specific caps on the amount of increment to be contributed to the district from their respective increment.

On November 1, 2012, the TIF board of directors voted to amend the Plan to allow the TIF district to continue and expand revitalization efforts in the Near Southside by adding approximately \$45 million in public improvement projects, raising the total projects to be funded by the TIF district to just under \$90 million. Southside TIF projects can be broken down into nine categories: (1) administration, (2) business development and retail, (3) parking structures, (4) neighborhood parks and plazas, (5) residential, (6) schools, (7) signage, (8) streetscapes, and (9) transportation and infrastructure improvements. Details of specific projects can be found in the amended Plan.

The amended project plan and the existence of caps in the participation agreements with the other taxing entities will require additional Council action in the future. Participation agreements will need to be amended with Tarrant County, Tarrant County Hospital District and Tarrant County College in order for those entities to continue to participate beyond the current caps. Because the Fort Worth ISD will reach its cap in 2015 the school district increment will no longer be collected after that tax year.

Conversations with those entities which require amended agreements have indicated that they are supportive of the project and finance plan changes and will consider amendments to help finance the district. Additionally, it is recommended that as part of this process the City alter its participation in the district by reducing its contribution to the TIF District from 100% of the incremental value to 90%. It is projected that the proposed changes will create adequate increment to fully fund the project plan as amended.

Before the amended Plan can take effect and be considered by the other taxing districts, state law requires the City Council approve the amended Plan by Ordinance after holding a public hearing at which interested persons may speak for or against the proposed amendments.



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Next Steps:

City staff will schedule a public hearing and make a formal recommendation for City Council consideration to amend the Southside TIF Project and Financing Plan on Tuesday, December 18 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
City Manager**