

Legislation Text

File #: 24-821, **Version:** 1

PRESENTER:

Jared Werner, Assistant City Manager

SUBJECT:

Public hearing and first reading of an ordinance approving an amendment to the project plan and reinvestment zone finance plan for the Reinvestment Zone Number One, City of New Braunfels, Texas; and other matters therewith

DEPARTMENT: N/A

COUNCIL DISTRICTS IMPACTED: All

BACKGROUND INFORMATION:

The City established Tax Increment Reinvestment Zone #1 (Creekside TIRZ) in 2007 to provide a source of dedicated funding for public improvements and other incentives to support the establishment and expansion of the Creekside center. The center currently generates approximately ten percent (10%) of total municipal sales tax and represents approximately \$750 million in total ad valorem commercial value. Twenty-five percent (25%) of sales tax and eighty-five percent (85%) of ad valorem taxes are held in the TIRZ#1 fund for existing debt service obligations, planning efforts, and future initiatives that the TIRZ Board and City Council both approve. The original developer and long-term owner is still engaged in the project and has been working with the city to identify a series of projects and proposed improvements to ensure Creekside's long-term viability and durability as a source of revenue generation for the City and County as the two participating parties.

The developer has been in discussions with Top Golf since at least 2019 regarding a possible location in Creekside. While Top Golf expressed some initial interest, there were questions around market and site viability that have since been resolved through negotiations on economic development incentives, as well as a plan to make a site ready for the proposed project. The proposed incentive of up to \$3 million will be delivered both as a cost offset for eligible public infrastructure to the developer, as well as a direct incentive to Top Golf that approximates its new revenue generation into the TIRZ#1 fund.

The scope of the project includes the relocation and/or construction of public infrastructure needed to accommodate the Top Golf development such as water, drainage, sewer and electrical work. The TIRZ board will enter a reimbursement agreement with the developer/owner of the project for the public improvement costs in an amount not to exceed \$1,500,000 and as further detailed in the attached agreement. All funding sources available to the TIRZ can be leveraged to support these costs. Additionally, the TIRZ board intends to enter an incentive agreement with Topgolf USA NBR, LLC, to provide a grant in an amount not to exceed \$1,500,000 from funds held in the Tax Increment Fund, consistent with the terms set forth in the incentive agreement. The incentive payments will be supported entirely by the City of New Braunfels property tax contributions to the TIRZ, given that the sales taxes and county contributions are limited to public improvements.

The action being considered this evening includes the first reading of an ordinance to approve an amendment to the project and finance plan, that recognizes both components of the incentive described above. The amended project and finance plan, reimbursement agreement and incentive agreement are attached as exhibits to the attached ordinance.

If approved, the City Council will consider on July 8th the second reading of the ordinance as well as approval of the previously referenced agreements. The final step in this formal approval process is the County's consideration of an order to approve the amended project and finance plan, which is tentatively scheduled for July 18th.

ISSUE:

N/A

STRATEGIC PLAN REFERENCE:

Economic Mobility Enhanced Connectivity Community Identity

Organizational Excellence Community Well-Being N/A

[Enter Objectives/Performance Measures Supported]

FISCAL IMPACT:

The proposed incentive structure, including the reimbursement to the developer on eligible public improvements and the direct incentive to Top Golf, is entirely supported by TIRZ #1, so there is no direct financial impact to the City.

RECOMMENDATION:

Approval