

NOTICE OF A PUBLIC MEETING

**AN AGENDA OF A REGULAR MEETING OF THE
TAX INCREMENT REINVESTMENT ZONE BOARD
THE CITY OF SAN ANGELO, TEXAS
12:00 Noon – Wednesday, December 17, 2014
McNease Convention Center, South Meeting Room
501 Rio Concho Drive**

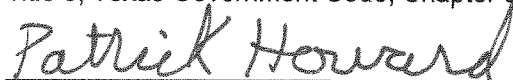
THE MCNEASE CONVENTION CENTER IS ACCESSIBLE TO PERSONS WITH DISABILITIES. ACCESSIBLE ENTRIES AND SPECIALLY MARKED PARKING SPACES ARE AVAILABLE AT BOTH MAIN ENTRANCES AT SURBER DRIVE AND RIO CONCHO DRIVE. IF ADDITIONAL ASSISTANCE IS NEEDED TO OBSERVE OR COMMENT, PLEASE NOTIFY PLANNING & DEVELOPMENT SERVICES DEPARTMENT AT 52 W. COLLEGE OR 325. 657.4210, AT LEAST 24 HOURS PRIOR TO THE MEETING.

As a courtesy to those in attendance, please place your cell phone on "Silent" or "Vibrate". Thank You!

- I. Call to order, establish quorum.
- II. Public comment.

*The chair will call for public comment on each item on the agenda at its appropriate time.
Public input on an item not on the agenda may be identified and requested for consideration by the board at this time.*
- III. Consideration of approving the minutes from the November 25, 2014 TIRZ Board Meeting.
- IV. Discussion and possible action regarding the FY 2015 Budget as it relates to development incentives.
- V. Discussion and possible action regarding changes to the Incentive Policy.
- VI. Announcements and consideration of future agenda items.
 - a. Next Meeting – January 21, 2015
- VII. Adjournment.

Given by order of the TAX INCREMENT REINVESTMENT ZONE BOARD and posted in accordance with Title 5, Texas Government Code, Chapter 551, Friday, December 12, 2014 at 5:00 p.m.



Patrick Howard, Director, Planning & Development Services

III. Consideration of approving the minutes from the November 25, 2014 TIRZ Board Meeting.

MINUTE RECORD OF THE CITY OF SAN ANGELO TAX INCREMENT REINVESTMENT ZONE MEETING HELD ON WEDNESDAY, NOVEMBER 26, 2014 AT 12:00 PM, MCNEASE CONVENTION CENTER, 501 RIO CONCHO DRIVE.

PRESENT: Lee Pfluger, William Dendle, David Mazur, Craig Kinney, Mike Campbell, Ann Coverston, Bob Pfluger, and Roger Allen.

ABSENT: Travis Stribling (AE), Nelly Perez (AE), Johnny Calvert (AE), Dominic Santos (AU), and John Klingemann (AU)

STAFF: Patrick Howard, AICP
AJ Fawver, AICP
Sarah Tackett

I. Call to order, establish quorum.
The meeting was called to order at 12:05 pm. It was established that a quorum was present.

II. Public comment.

No public comment.

III. Consideration of approving the minutes from the September 17, 2014 and the October 15, 2014 TIRZ Board Meetings.

Motion to approve the minutes from the September 17, 2014 and the October 15, 2014 TIRZ Board Meetings by Mr. William Dendle, seconded by Mr. David Mazur and carried unanimously.

IV. Discussion and possible action regarding the FY 2015 Budget as it relates to development. Ms. AJ Fawver presented the FY 2015 Budgets for the North and South TIRZ Areas. (copies of the presentation and handouts are part of the permanent minutes)

Overview:

North – Fund Balance FY08-13-\$680,684, Real Property Tax-\$352,211, Total-\$1,032,895, Financial Commitments for FY15-\$430,00 (includes North Chadbourne/MLK projects & ordering of light poles), **FY15 Fund Balance - \$602,895.**

South – Fund Balance FY08-13-\$187,489, Real Property Tax-\$345,401, Total-\$532,890, Financial Commitments for FY15-\$80,169, **FY15 Fund Balance - \$452,721.**

Ms. Fawver noted that expenditures for each area were in italics on the spreadsheet. In the North 80% or \$482,316 is a suggested expenditure for Streetscaping projects, due to the fact that this is a high priority in this area. Each area also has a percentage for three focus areas; that will be discussed in the next agenda item.

Mr. Bob Pfluger asked if money had to be in-hand for expenditures; Ms. Fawver stated that it did not. Mr. Lee Pfluger asked for clarification on the time-frame for the Property Tax.

Regarding the expenditure of Professional Services, Mr. Lee Pfluger wanted to know how these were paid. They are paid by percentages from each area. Mr. Lee Pfluger questioned if these expenses were ever reimbursed from the General Fund. Mr. Patrick Howard stated that they were not. Mr. Howard added that the expenditures in italiacs are only suggested expenditures. Ms. AJ Fawver stated that the combined amount from both areas for administrative fess is approximately \$53,000. Mr. Lee Pfluger stated he thought that seemed a little high; Mr. Howard noted that the board had mentioned in previous meetings that they would like to see more advertising regarding the incentives that are available. This could be funded through this.

No action taken.

- V. Discussion and possible action regarding changes to the Incentive Policy.
Mr. AJ Fawver stated that a copied of the modified policy was in the packet for review. (a copy of this policy is part of the permanent minutes)

Proposed modifications for the South TIRZ Area:

3 Categories for funding:

- A) Office/Workforce Focus Area \$138,623
- B) Restaurant Focus Area \$138,623
- C) Housing/Hotel Focus Area \$138,623

Proposed maximum award for a single project is \$50,000 or \$75,000. Eligible activities were also presented.

Also eligible is a proposed ten year property tax rebate, to be disbursed as shown below.

YEAR	1	2	3	4	5	6	7	8	9	10
REBATE	100%	90%	80%	70%	60%	50%	40%	30%	20%	10%

The proposed schedule for FY2015:

- January - February Window for submittal of applications
- March Review of applications, presentation of proposals to TIRZ board
- April Awards made to selected projects

Proposed Available Funding/Schedule for Subsequent Fiscal Years:

Available funding to be determined upon several factors, including the property tax projections, current fund balance, and financial commitments for that fiscal year.

October - November	Window for submittal of applications
December	Review of applications, presentation of proposals to TIRZ board
January	Awards made to selected projects

In the North TIRZ Area Streetscaping would be the main priority for funding, and the addition of the Office/Workforce Focus Area.

Ms. Ann Coverston asked what the current maximum amount is. Ms. AJ Fawver stated that currently each type of incentive has a maximum; for example, façade incentive maximum is \$7,500. Mr. Howard added that the proposed changes will give customers more flexibility; set maximum then customer can address needs accordingly. Mr. Mazur thought this change is a great idea. Mr. Bob Pfluger asked if this is based on a matching basis; Ms. Fawver stated that no, not proposed that way. However, this suggestion if open for discussion.

Mr. Craig Kinney asked who will decided which projects are funded? Ms. Fawver stated that will be discussed in the next slide.

Regarding the Tax Rebate; Ms. Fawver noted that currently it is truly a reimbursement program. Staff would like to propose a change to this policy; if you qualify you should get the rebate, not have to apply every year for it. (the breakdown of this is above) Staff would also like to remove the requirement that you must increase the assessed value of the property by 50% to receive this incentive.

Mr. Lee Pfluger proposed a change to this incentive. Possibly reversing from 0-100%, so the customer could receive the full potential value-giving time for the property to be assessed after improvements.

Mr. Craig Kinney asked if funds can be shifted from one category to another? Ms. Fawver stated that the board can make that decision. Mr. Patrick Howard added that the TIRZ Board will set the general targets. Mr. Lee Pfluger asked what would happen if a good project comes in and there are no funds available; could project be funded when funds become available? Mr. Patrick Howard stated that, yes, this could be added to the policy. Mr. Lee Pfluger added that he thinks there should possibly be some level of match.

Mr. Bob Pfluger stated that he was a little concerned by having a window to submit projects. Mr. David Mazur concurred with Mr. Bob Pfluger. Ms. AJ Fawver added that projects could be submitted off-cycle. Regarding the approval of the applications, they could be brought to the board for approval. Mr. Lee Pfluger added that he would like to keep the meetings to one hour. He suggested possibly having a subcommittee to review applications and bring to board. Ms. Ann Coverston stated she liked the idea of a subcommittee.

No action taken.

- VI. Discussion and possible action regarding the alteration of boundaries of the Tax Increment Reinvestment Zone Areas.

Ms. Ann Coverston would like a list of the pros and cons of the boundary alterations.

Item tabled till December Meeting.

- VII. Announcements and consideration of future agenda items.

Mr. William Dendle asked for an update on the Chadbourne Streetscape Project. Mr. Patrick Howard stated that one bid was received; over estimate, but under budget. Staff will bring a full update in either January or December. Mr. Patrick Howard stated that staff would like to review the Board Members in the near future. Next meeting is scheduled for December 17, 2014.

- VIII. Adjournment.

Motion to adjourn by Mr. Bob Pfluger, seconded by Mr. William Dendle and carried unanimously. The meeting was adjourned at 1:22 PM.

Lee Pfluger, TIRZ Chairman

IV. Discussion and possible action regarding the FY 2015 Budget as it relates to development incentives.

TIRZ - North - FY15			
<i>Figures in Italics are Staff Recommendations; Figures as of September 2014</i>			
Account Name	Projected	Comments	
Fund Balance	\$680,684	From FY08 - FY13	
Real Property Tax	\$352,211	Based on TGCAD projections at 98% collection rate	
TOTAL	\$1,032,895		
Financial Commitments for FY15	\$430,000	For North Chadbourne/MLK projects/ordering of light poles	
FY15 FUND BALANCE	\$602,895		
	Budgeted	Comments	
Water/Sewer Utilities	\$796	Based on FY14 expenses (.13% of FY2015 fund balance)	
Electricity	\$1,447	Based on FY14 expenses (.24% of FY2015 fund balance)	
Food	\$350	Based on FY14 expenses (.058% of FY2015 fund balance)	
Professional Services	\$30,145	5% of FY2015 fund balance, for administrative costs	
Advertising	\$6,029	1% of FY2015 fund balance	
Printing & Copying	\$6,029	1% of FY2015 fund balance	
Mileage	\$1,990	.33% of FY2015 fund balance	
Office Supplies	\$1,990	.33% of FY2015 fund balance	
Postage & Shipping	\$1,990	.33% of FY2015 fund balance	
Streetscaping	\$482,316	80% of FY2015 fund balance	
Incentives - Special Project "A"			
Office/Workforce Focus Area	\$69,815	11.58% of FY2015 fund balance	
TOTAL FOR FY15	\$602,895		
Remaining Funds	\$0		

Total 8.42% of FY15 fund balance

TIRZ - South - FY15			
<i>Figures in Italics are Staff Recommendations; Figures as of September 2014</i>			
Account Name	Projected	Comments	
Fund Balance	\$187,489	From FY08 - FY13	
Real Property Tax	\$345,401	Based on TGCAD projections at 98% collection rate	
	TOTAL		
Financial Commitments for FY15	\$80,169	Based on extensive review of project files - agreements	
	FY15 fund balance		
	\$452,721		
	Budgeted	Comments	
Food	\$589	Based on FY14 expenses (.13% of FY2015 fund balance)	
Professional Services	\$22,636	5% of FY2015 fund balance, for administrative costs	
Mileage	\$1,494	.33% of FY2015 fund balance	
Office Supplies	\$1,494	.33% of FY2015 fund balance	
Postage & Shipping	\$1,494	.33% of FY2015 fund balance	
Advertising	\$4,527	1% of FY2015 fund balance	
Printing & Copying	\$4,527	1% of FY2015 fund balance	
Streetscaping	\$0		
Incentives - Special Project "A"			
Office/Workforce Focus Area	\$138,623	30.62% of FY2015 fund balance	
Restaurant Focus Area	\$138,623	30.62% of FY2015 fund balance	
Housing/Hotel Focus Area	\$138,623	30.62% of FY2015 fund balance	
TOTAL FOR FY15	\$452,631		
Remaining Funds	\$0		

Total 8.12% of FY15 fund balance

V. Discussion and possible action regarding changes to the Incentive Policy.



TIRZ INCENTIVE POLICY

Updated 12/12/14



BACKGROUND

To encourage revitalization and infill development of properties which fall within the TIRZ (Tax Increment Reinvestment Zone) area, the City of San Angelo offers many unique incentives. The TIRZ is divided into two areas, TIRZ - North and TIRZ - South, as illustrated on page 5. Contact the Planning & Development Services Department for more information at (325) 657-4210.

The incentives are part of an overall strategy to leverage investment, lower the cost of doing business and incentivize property owners choosing to improve commercial / retail properties in the target area. They are also intended to preserve the architectural and historic character of buildings and corridors within these areas. The Downtown Master Development Strategic Plan, adopted by the City Council in late 2013, looked at the market realities of developing within the Downtown Development District, which encompasses much of the TIRZ - South and key corridors within the TIRZ - North. Based upon the market study and the key economic drivers, three key areas of development demand were identified which the market can adequately absorb and support.

- CATEGORY A - OFFICE/WORKFORCE Demand for this type of development shows that the downtown area can support 8,646 new jobs, and 220,936 sf of office space.
- CATEGORY B - RESTAURANT Demand for this type of development shows that the downtown area can support 6 additional restaurants.
- CATEGORY C - HOUSING/HOTEL Demand for this type of development shows that the downtown area can support 613 multi-family housing units.

ELIGIBILITY

General Eligibility Information

Beginning in FY2015, incentive "targets" for the TIRZ - North and TIRZ - South areas are as follows, meaning that the goal is to fund projects that bring new business and large impacts - to the downtown area in an aggressive way, while still providing funding for smaller projects (less than \$10,000 total). The funding structure shown below is congruent with goals for FY2015; however, the TIRZ board may at any time fund projects with a modification to these goals, for ultimate flexibility. This policy will be updated each fiscal year, to reflect the goals set at that time.

CATEGORY A - OFFICE/WORKFORCE	Goal: \$138,623	80% (\$110,898) for projects from \$10,000 to \$75,000, total 20% (\$27,724) for projects up to \$10,000, total
CATEGORY B - RESTAURANT	Goal: \$138,623	80% (\$110,898) for projects from \$10,000 to \$75,000, total 20% (\$27,724) for projects up to \$10,000, total
CATEGORY C - HOUSING/HOTEL	Goal: \$138,623	80% (\$110,898) for projects from \$10,000 to \$75,000, total 20% (\$27,724) for projects up to \$10,000, total

Unless specifically exempted, all projects seeking incentives must meet current building standards, codes and permitting requirements as well as be current on all taxing obligations. All incentives are subject to funding availability and final approval by the City of San Angelo/Tax Increment Reinvestment Board.

Submittal Window & Award Schedule for Proposed Projects

For FY2015:

January 15 - March 31, 2015	Window for submittal of proposals & complete application packages, formulation of FY2015 TIRZ board subcommittee	Commented [af1]: As suggested by Board
April 1 - April 31, 2015	Review & evaluation/scoring of all applications; presentation of proposals to TIRZ board subcommittee for applications not administratively eligible	Commented [af2]: As suggested by Board
May 1 - May 31, 2015	Awards made & letters to proceed issued to selected projects; any necessary agreements drafted & submitted for legal review	Commented [af3]: As suggested by Board

For FY2016 and subsequent years:

October 1 - December 31	Window for submittal of proposals & complete application packages, formulation of TIRZ board subcommittee	Commented [af4]: As suggested by Board
January 1 - January 31	Review & evaluation/scoring of all applications; presentation of proposals to TIRZ board subcommittee for applications not administratively eligible	Commented [af5]: As suggested by Board
February 1 - February 28	Awards made & letters to proceed issued to selected projects; any necessary agreements drafted & submitted for legal review	

Applications, Letter to Proceed, & Evaluation Criteria

For all projects - receipt of a complete application package by the Planning & Development Services Department - and issuance to the applicant of a Letter to Proceed - is required before work can begin. The Letter to Proceed will include the deadline for completion of the project - one year from the issuance of this letter. In determining whether or not to fund a project, City staff and TIRZ board members will utilize the following criteria, some of which are contained within the recommendations of the Downtown Master Development Strategic Plan as recommended items for investment in order to realize the potential of the district, and others which were identified in the adopted River Corridor Master Development Plan and TIRZ Project Plan.

Does the proposed project:

- Provide connections between activities?
- Improve pedestrian & vehicular infrastructure?
- Provide or reinforce usable & defined open space?
- Strengthen the focus area's identity?
- Support the goals of making the area a cultural, leisure, and tourist destination?
- Improve the utilities and/or drainage infrastructure?
- Remediate environmental deficiencies or enhance public safety?
- Promote mixed-use development?
- Utilize architectural styles that compliment to historic areas already in existence?
- Help to mitigate or eliminate undesirable views or outside storage?
- Reduces the visual impact of parking areas?
- Preserve or provide natural landscaping?
- Implement environmentally-friendly features, such as green building materials, rainwater harvest, or low-energy heating and cooling?
- Include an aggressive match by the applicant, in excess of what is minimally required?

Commented [af6]: As suggested by Board.

Specific to Category A, does the proposed project:

- Attract energy sector employers to the district?
- Utilize existing buildings already equipped for infill development?
- Generate activity on north side of downtown and around rail line?

Specific to Category B, does the proposed project:

- Provide a type of cuisine not already provided in the district?
- Generate daytime - as well as nighttime - activity?
- Provide unique dining experiences that not only provide a service, but act as a draw for tourism?

Specific to Category C, does the proposed project:

- Utilize public-private financing?
- Enhance the historic features of adjacent areas?
- Provide connections from downtown to Arts/Historic District?

TIRZ - North Eligibility Area

The map on page 7 highlights the eligibility area for the TIRZ - North, within which the incentives outlined within this policy are available.

TIRZ - South Eligibility Area

The map on page 8 highlights the eligibility area for the TIRZ - South, within which the incentives outlined within this policy are available.

INCENTIVE TYPES

As part of the application, the applicant will provide key information about the elements and scope of the proposed project, a brief narrative illustrating how this project meets the criteria outlined on the previous page, contact information, drawings of the proposed work, a W-9, and a completed application. Unlike in previous incentive policies for the TIRZ, applicant will not be required to submit bids for work. Rather, the applicant will provide the total cost of the project, and demonstrate how they will meet the required match, with the remaining cost constituting the maximum request for funding. Approval of proposals for funding purposes does not replace required approval by the Design and Historic Review Commission, the Planning Commission, or any other entity.

The maximum request for funding will be considered; however, the request may be: denied for funding, partially funded, or fully approved for funding, based upon how well the proposed project meets the criteria outlined on page 2. In addition, when the current year of funding is exhausted, the TIRZ board may elect to fund additional projects when funding is available, by approving the project to begin and making reimbursement subject to all restrictions outlined in the agreement - in the following fiscal year. In no circumstance shall an existing TIRZ board make funding commitments more than one cycle in the future.

Total cost < \$10,000 <i>(Administratively awarded by Planning & Development Department staff)</i>	No minimum match required	Maximum award of \$10,000
Total cost = \$10,000 or more <i>(Initial reviews by TIRZ board sub-committee; final award approval by TIRZ board)</i>	Minimum 25% match required	Maximum award of \$75,000

Commented [af7]: As suggested by Board.

Each project award may be issued as follows:

1. For projects < \$10,000: once funding has been authorized, an agreement will be prepared which will outline the requirements of this policy and include recapture provisions in the event the project is not completed, not completed within the maximum one year period, or not completed in accordance with the approved drawings and agreement. The agreement must be executed before work may begin. Upfront payment to the applicant for 90% of the approved funds will occur once the agreement is executed; the remaining 10% will be remitted once the project is complete and deemed compliant with the approved drawings and agreement.

2. For projects = \$10,000 or more: once funding has been authorized, an agreement will be prepared which will outline the requirements of this policy and include recapture provisions in the event the project is not completed, not completed within the maximum one year period, or not completed in accordance with the approved drawings and agreement. The agreement must be executed before work may begin. Upfront payment to the applicant for 90% of the approved funds will occur once the agreement is executed; the remaining 10% will be remitted once the project is complete and deemed compliant with the approved drawings and agreement.

The funding approved for the project will be composed of one or more of the following incentive areas, as deemed appropriate for the project by the review of the scope and expenditures outlined in the proposal. The package must include a proposed budget, illustrating how the amount requested by the applicant will be applied to one or more of the following areas, including documentation explaining how those figures were determined - by way of bid, certification from a design professional, or other substantiation.

Sales Tax - as part of the funding package, TIRZ funds could cover the sales tax on locally purchased construction materials and equipment used on an approved project.

Development Fee Reductions - as part of the funding package, TIRZ funds could cover development fees, including:

- Preliminary Plat, Final Plat, Amended Plat and Replat application fees;
- Abandonment of public right-of-way application fees;
- Application fees for release of easements;
- Dedication of a public right-of-way or easement;
- Special Use, Conditional Use or Zone Change application fees;
- Building Permit fees;
- Off-site sign demolition permit fees (removal of billboards);
- Permit fees for demolition of any non-historic building or structure;
- Water tap fees;

Secondary Egress - as part of the funding package, TIRZ funds could cover a portion or all of the costs involved in the installation of additional exits *if required* by International Fire or Building codes. Written verification by the Fire or Building Code Official that the additional exit(s) are required must be provided.

Asbestos Abatement - as part of the funding package, TIRZ funds could cover a portion or all of the costs involved in the abating of asbestos *if required* by International Fire or Building codes.

Sprinkler & Monitored Smoke Alarm System - as part of the funding package, TIRZ funds could cover a portion or all of the costs involved in the installation of a sprinkler or monitored smoke alarm system if required by International Fire or Building Codes. Written verification by the Fire or Building Code Official that the system is required to be provided.

Paving - as part of the funding package, TIRZ funds could cover a portion or all of the costs involved in paving if required by City Code or International Fire or Building Codes. This includes parking areas, driveways, sidewalks, and curbing. Review and approval of the proposed signage design will be based upon the design standards outlined in the River Corridor Master Development Plan.

Outside Storage Screening - as part of the funding package, TIRZ funds could cover a portion or all of the costs involved in the screening of outside storage areas. Review and approval of the proposed signage design will be based upon the design standards outlined in the River Corridor Master Development Plan.

New Sign Incentive - as part of the funding package, TIRZ funds could cover a portion or all of the costs involved in new exterior signage for approved projects. Review and approval of the proposed signage design will be based upon the design standards outlined in the River Corridor Master Development Plan.

Landscape Incentive - as part of the funding package, TIRZ funds could cover a portion or all of the costs involved in new landscaping for approved projects. Review and approval of the proposed landscaping design will be based upon the design standards outlined in the River Corridor Master Development Plan & plant selection as outlined in the Drought Tolerant Plantings Guide.

Commented [af8]: Over \$5,000 will require approval of Council.

Commented [af9]: Combining previously-separate "Water Tap Refund" into this category.

Facade Improvement - as part of the funding package, TIRZ funds could cover a portion or all of the costs involved in facade improvements on existing buildings which are part of approved projects. Review and approval of the proposed facade design will be based upon the design standards outlined in the River Corridor Master Development Plan. For buildings identified as resources within the 2006 or 2009 Historic Resources Surveys, or which are historically designated, review and approval of the proposed design will also be based upon the design standards outlined in the Central Business/Old Town Historic District Design Guidelines. Buildings identified as resources in the 2006 and 2009 Survey are strongly encouraged to apply, at no cost to the applicant, for a Historic Overlay through the Design and Historic Review Commission.

OTHER INCENTIVES AVAILABLE

Property Tax - in addition to the funding package, TIRZ funds could cover a portion of property taxes - specifically, the increment between the original tax amount and the new tax amount following improvements - beginning with the year a Certificate of Occupancy is granted, in accordance with this schedule. These requests will also be evaluated based upon the criteria outlined on pages 2 & 3.

Commented [af10]: As suggested by Board.

YEAR	1	2	3	4	5	6	7	8	9	10
REBATE	80%	90%	100%	90%	80%	70%	60%	50%	40%	30%

JOB CREATION INCENTIVES

This incentive policy does not preclude or serve as a guide for any incentives that may be granted based upon job creation by the San Angelo Development Corporation (SADC). For more information about incentives possible from this source, contact the Economic Development Department at (325)657-7197 or visit their offices at 69 N Chadbourne.

CODE BENEFITS FOR OLDER BUILDINGS

International Existing Building Code: The City of San Angelo has adopted the 2009 edition of the International Existing Building Code, a developer-friendly code that allows for improvements that consider the design limitations of older buildings to encourage adaptive reuse by allowing different levels of modification to existing structures. Contact the Permits Division at (325)657-4210 for further information regarding questions about the International Existing Building Code.

