



City of Mesquite, Texas

Legislation Details (With Text)

File #: 20-4612 **Version:** 1 **Name:** TIRZ No. 13 Project and Financing Plan Repeal
Type: Agenda Item **Status:** Postponed
File created: 12/31/2019 **In control:** City Council
On agenda: 1/6/2020 **Final action:**
Title: An ordinance repealing Ordinance No. 4734 that approved a Project Plan and Reinvestment Zone Financing Plan for Reinvestment Zone Number Thirteen, City of Mesquite, Texas (Spradley Farms) (the “Zone”), established a tax increment for the Zone, and made a finding regarding feasibility; making a new finding regarding feasibility; disapproving the Project Plan and Reinvestment Zone Financing Plan for the Zone; providing a severability clause; and providing an effective date thereof.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Ordinance.pdf

Date	Ver.	Action By	Action	Result
1/6/2020	1	City Council	Postponed	Pass

An ordinance repealing Ordinance No. 4734 that approved a Project Plan and Reinvestment Zone Financing Plan for Reinvestment Zone Number Thirteen, City of Mesquite, Texas (Spradley Farms) (the “Zone”), established a tax increment for the Zone, and made a finding regarding feasibility; making a new finding regarding feasibility; disapproving the Project Plan and Reinvestment Zone Financing Plan for the Zone; providing a severability clause; and providing an effective date thereof.

On September 16, 2019, the City Council approved a resolution creating Reinvestment Zone Number Thirteen, City of Mesquite, Texas (Spradley Farms) (the “TIRZ”) for the purpose of funding public improvements related to the Spradley Farms development. The TIRZ identifies a base value of all property located within the zone and then obligates any incremental increases to a separate fund. The TIRZ fund may be used to pay for or reimburse certain expenses for public improvements within the Zone as identified in the TIRZ Project Plan and Reinvestment Zone Financing Plan. In the case of the Spradley Farms Master Development Agreement, the TIRZ revenues are directed to reimburse the Developer for financing costs of public infrastructure related to the residential development.

No expenses are permitted by the TIRZ without City Council approval of a Project Plan and Reinvestment Financing Plan. The City Council, based on a recommendation of the TIRZ Board, approved a Project and Financing Plan on November 4, 2019. The basis of the TIRZ funding is outlined in the Master Development Agreement that was also approved by both the TIRZ Board and City Council on November 4, 2019. The Master Development Agreement anticipated participation by Kaufman County in the TIRZ funding of 65 percent of the incremental value over a period of 35 years. The Developer indicated an ongoing discussion with Kaufman County Commissioners and a subsequent approval in December 2019. To date, the Kaufman County Commissioners Court has not considered or acted upon an agreement to participate in the TIRZ.

Without participation of Kaufman County, the desired quality of the project will not achieve the quality originally anticipated by the Master Development Agreement. Without the expected quality of the development and achievement of substantially higher property values within the development, the Council has expressed a

concern over the City's participation using general fund property tax revenues. Additionally, Council has expressed concerns over the use of the TIRZ revenues to cover costs incurred by the Developer related to upfront financing of the development. Staff is working with the Developer to clarify these "carrying costs" and determine amounts that would mitigate concerns over the use of public funds used in this particular manner.

Staff is working with the Developer and Kaufman County to proceed with the County's participation in the project. Until the County has officially voted on the matter, it is advised that the Council withhold any participation through the TIRZ. The attached ordinance provides the necessary action to repeal the Council's previous designation of funds. Should the County choose to participate in the TIRZ in an amount that provides the quality of development outlined in the Master Development Agreement, the Council can work with the TIRZ Board to develop a new Project and Financing Plan.

Recommended/Desired Action

City staff recommends approval of the ordinance.

Attachment(s)

Ordinance

Drafter

Ted Chinn

Head of Department

Cliff Keheley