

City of Houston, Texas, Ordinance No. 2007-140

AN ORDINANCE APPROVING AN AMENDED PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN FOR REINVESTMENT ZONE NUMBER NINETEEN, CITY OF HOUSTON, TEXAS (UPPER KIRBY ZONE); AUTHORIZING THE CITY SECRETARY TO DISTRIBUTE SUCH PLANS; CONTAINING VARIOUS PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

WHEREAS, by City Ordinance No. 1997-767, adopted July 21, 1999, the City Council of the City of Houston (the "City") created Reinvestment Zone Number Nineteen, City of Houston, Texas (the "Upper Kirby Zone" or "Zone") pursuant to Chapter 311 of the Texas Tax Code, as amended (the "Code"), for the purposes of development in the Upper Kirby area of the City; and

WHEREAS, the Board of Directors of the Zone adopted and the City approved, by City Ordinance No. 1999-773, the Project Plan and Reinvestment Zone Financing Plan for the Zone (the "Plan"); and

WHEREAS, Section 311.011 of the Code authorizes the Board of Directors of the Zone to adopt an amendment to the Plan, and such amendment takes effect upon approval of the City Council of the City; and

WHEREAS, the Board of Directors of the Zone, at its December 7, 2006 board meeting, considered and adopted an Amended Project Plan and Reinvestment Zone Financing Plan (the "Amendment"), and requested City Council approval of the Amendment; and

WHEREAS, before the Board of Directors of the Zone may implement the Amendment, the City Council must approve the Amendment; and

WHEREAS, the Amendment includes reallocation of certain costs between existing public works/public improvement projects in the Plan and increases funding for storm drainage improvements and street paving projects resulting in an increase in the total estimated project costs for the Zone; and

WHEREAS, to implement the Amendment, the Zone's Board of Directors may approve adjustments of estimated project costs and reallocate costs among line items listed in the Amendment, however, the total costs incurred for projects may not exceed the amount necessary to complete and pay for the actual costs of all projects listed in the Amendment; and

WHEREAS, a public hearing on the Amendment is required to be held by the provisions of Section 311.011 of the Code; and

WHEREAS, the City Council finds that notice of the public hearing was published in a newspaper of general circulation within the City in the time and manner required by law; and

WHEREAS, the City Council conducted a public hearing on the proposed Amendment on January 24, 2007; and

WHEREAS, at the public hearing, interested persons were allowed to speak for or against the proposed Amendment, its benefits to the City and the property within the Zone, and the concept of tax increment financing; and

WHEREAS, evidence was received and presented at the public hearing in favor of the proposed Amendment, its benefits to the City and the property within the Zone, and the concept of tax increment financing; and

WHEREAS, the City desires to approve the Amendment; and

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. Findings. That the facts and recitations contained in the preamble of this Ordinance are hereby found and declared to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. Approval of the Amendment. That the Amendment is hereby approved and adopted and the Plan is hereby amended as follows:

- A. By substituting the title page (unnumbered page) attached hereto as Exhibit "A" for the title page (unnumbered page) in the Plan;
- B. By substituting page 12R attached hereto as Exhibit "B" for page 12 in the Plan;
- C. By substituting pages 14R and 15R attached hereto as Exhibit "C" for pages 14 and 15 in the Plan.
- D. By substituting pages 23R through 27R attached hereto as Exhibit "D" for pages 23 through 27 in the Plan.
- E. By substituting pages 30R through 33R attached hereto as Exhibit "E" for pages 30 through 33 in the Plan.

The Amendment is hereby determined to be feasible and is approved. The appropriate officials of the City are authorized to take all steps reasonably necessary to implement the Amendment.

Section 3. Distribution to Taxing Units. That the City Secretary is directed to provide copies of the Amendment to each taxing unit levying ad valorem taxes in the Zone.

Section 4. Severability. If any provision, section, subsection, sentence, clause or phrase of this Ordinance, or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining provisions of this Ordinance shall not be affected thereby, it being the intent of the City Council in adopting this Ordinance that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity of any other portion hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

Section 5. That City Council officially finds, determines, recites and declares a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient and readily accessible at all times to the general public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter thereof has been discussed, considered and formally acted upon. That City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

Section 6. There exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 31st day of January, 2007.

APPROVED this _____ day of _____, 2007.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is FEB 06 2007.

Carla Russell

City Secretary

(Prepared by Legal Dept. DEBORAH F. ALBERT)
(dfm:DFM January 25, 2007) Senior Assistant City Attorney
(Requested by Judy Gray Johnson, Director, Finance & Administration Department)
(L. D. File No. 0619900057027)
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AYE	NO	
✓		MAYOR WHITE
••••	••••	COUNCIL MEMBERS
✓		LAWRENCE
✓		JOHNSON
✓		CLUTTERBUCK
	ABSENT ON PERSONAL BUSINESS	EDWARDS
✓		WISEMAN
✓		KHAN
✓		HOLM
✓		GARCIA
✓		ALVARADO
✓		BROWN
✓		LOVELL
	<i>Vacant</i>	SEKULA GIBBS
✓		GREEN
✓		BERRY
CAPTION	ADOPTED	

CAPTION PUBLISHED IN DAILY COURT
REVIEW
DATE: FEB 06 2007

EXHIBIT "A"

TAX INCREMENT REINVESTMENT ZONE NUMBER NINETEEN,
CITY OF HOUSTON
(UPPER KIRBY ZONE)

AMENDED PROJECT PLAN AND REINVESTMENT ZONE
FINANCING PLAN



Amended By:
GUNDA CORPORATION, INC.

December 07, 2006

Original Document Prepared By:
Hawes, Hill & Patterson Consultants, L.L.P.

On Behalf of:
UPPER KIRBY REDEVELOPMENT AUTHORITY

EXHIBIT "B"

Inadequate Mobility Infrastructure

The growth in commercial property has shed light on the inadequate mobility infrastructure that exists within the Zone. Growth in commercial property and tax base is hindered by the impact of inadequate vehicular and pedestrian mobility systems.

Existing major thoroughfares are substandard and unable to handle the current traffic patterns. In their present condition secondary streets such as Wakeforest, Lake, Eastside, as well as other small interior streets within the Zone are not capable of assisting with traffic circulation. These streets are not continuous, mostly asphalt in construction, narrow without curbs, lack an adequate drainage system, and have no sidewalks.

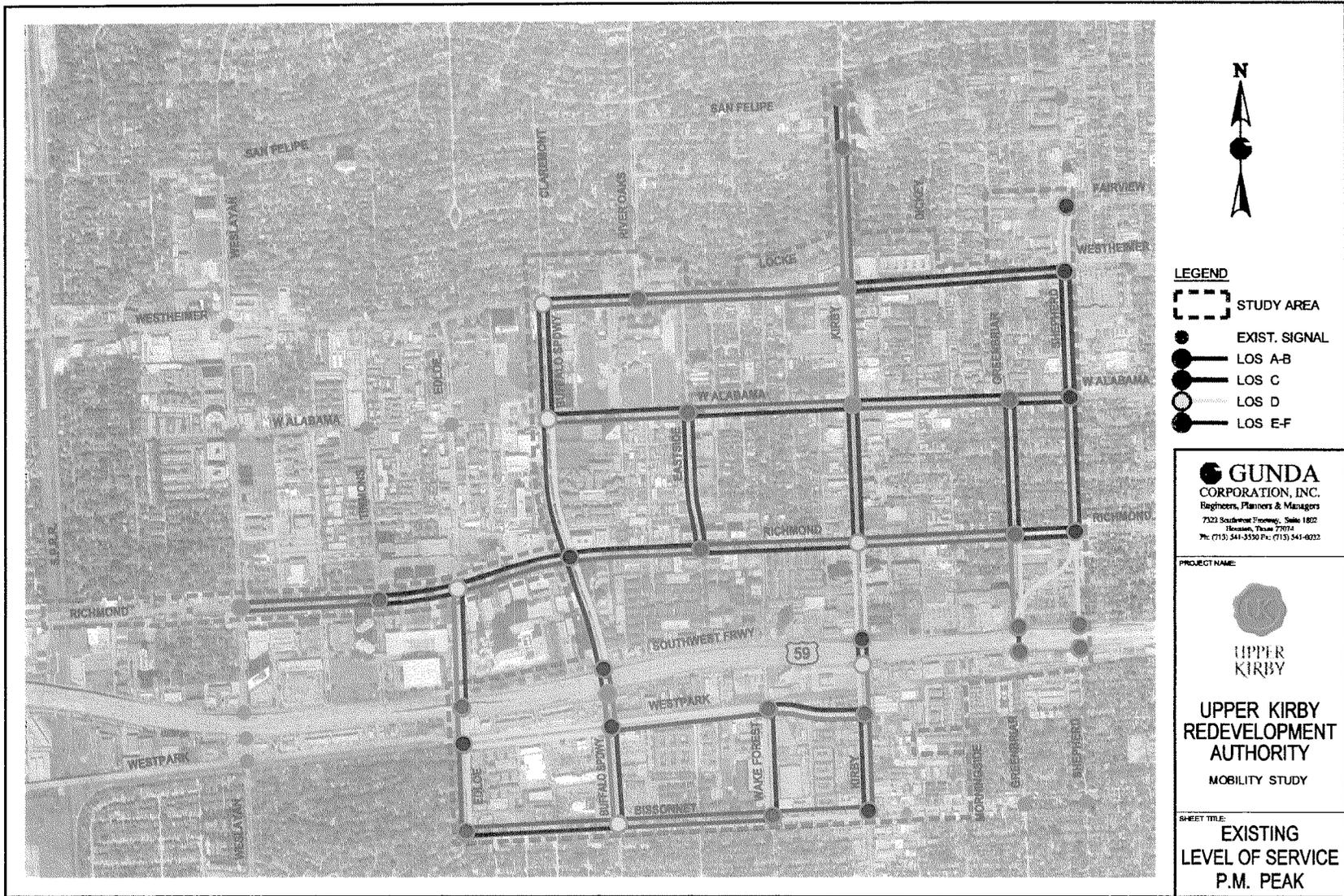
Inadequate Street System

Originally, the Zone's internal street system was developed to serve residential and neighborhood commercial retail development. As increased development occurred, traffic congestion worsened. Studies completed as part of the Capital Improvement Planning process show poor and unacceptable levels-of-service on many of the streets within the Zone. HGAC accident analysis on Kirby Drive revealed accident rate higher than state average due to narrow lanes and absence of pedestrian refuge in the center of the roadway. An existing Street Network Map shows the current street pattern within the Zone. This map shows the:

1. Poor Levels-Of-Service due to low capacity and high demand.
2. Lack of turning capacity at the intersections, lack of access control along major thoroughfares and
3. Outdated traffic signal timing and absence of signal coordination.

A Traffic Flow Map that follows shows the current Level of Service data (Page 14R). Without adding turn lane capacity, wider lanes and traffic congestion measures, this will result in the levels-of-service worsening from their current observed levels in the near future.

EXHIBIT "C"



Inadequate Pedestrian System

Sidewalks play an important role for the safety of pedestrians by eliminating the need to walk in the street and not having to walk on an unimproved path next to the roadway. Sidewalks will encourage more pedestrian activity which will reduce short vehicle trips. Sidewalks in the Zone are narrow and built to residential standards. In many cases they do not exist. Because there is not an adequate pedestrian system in place, internal circulation in the Zone is made by car.

Inadequate pedestrian mobility is characterized by the following:

1. Sidewalks are not located on all streets or missing segments of sidewalk.
2. Existing sidewalks are narrow and built to residential standards.
3. Pedestrians attempt to cross at mid-block because of long block lengths.
4. Pedestrian traffic is inhibited on sidewalks because of the many curb cuts to serve retail and office buildings.

Inadequate Storm Sewer

An inadequate storm drainage system in the Upper Kirby area results in severe street flooding. As a consequence:

1. Infrastructure continues to degrade causing concrete separation and water line breaks,
2. Traffic congestion is increased causing delays,
3. Unsanitary and unsafe conditions exist,
4. Private Property Flooding, and
5. Loss of business revenues.

EXHIBIT "D"

Table A
Upper Kirby Zone Project Costs

Non-Education Project Costs	Estimated Costs	Costs through 10/31/06	Remaining Costs
I. Utility System Improvements			
Storm drainage improvement	\$ 26,000,000	\$ 392,363	\$ 25,607,637
Subtotal	\$ 26,000,000	\$ 392,363	\$ 25,607,637
II. Traffic Mobility Improvements			
Traffic Operational improvements	\$ 880,000	\$ 300,000	\$ 580,000
Pedestrian Improvements	\$ 660,000	\$ 0	\$ 660,000
Street paving projects	\$ 11,700,000	\$ 279,150	\$ 11,420,850
Subtotal	\$ 13,240,000	\$ 579,150	\$ 12,660,850
III. Public Recreation/Public Service Improvements			
Levy Park Improvements	\$ 950,000	\$ 933,167	\$ 16,833
Upper Kirby Wayfinding Project	\$ 100,000	\$ 100,363	\$ 0
Subtotal	\$ 1,050,000	\$ 1,033,530	\$ 16,833
IV. Other Costs			
Operations for duration of Zone (15 Years)	\$ 1,500,000	\$ 348,445	\$ 1,151,555
Zone Creation	\$ 210,000	\$ 206,742	\$ 3,258
Subtotal	\$ 1,710,000	\$ 555,187	\$ 1,154,813
Total Non-Education Project Costs	\$ 42,000,000	\$ 2,560,230	\$ 39,440,133
Education Project Costs			
Costs associated with the construction/reconstruction of educational facilities	\$ 5,572,812		\$ 5,572,812
Total Education Project Costs	\$ 5,572,812		\$ 5,572,812
TOTAL	\$ 47,572,812		\$ 45,012,945

II. STATEMENT LISTING THE KIND, NUMBER, AND LOCATION OF ALL PUBLIC WORKS OR PUBLIC IMPROVEMENTS IN THE ZONE

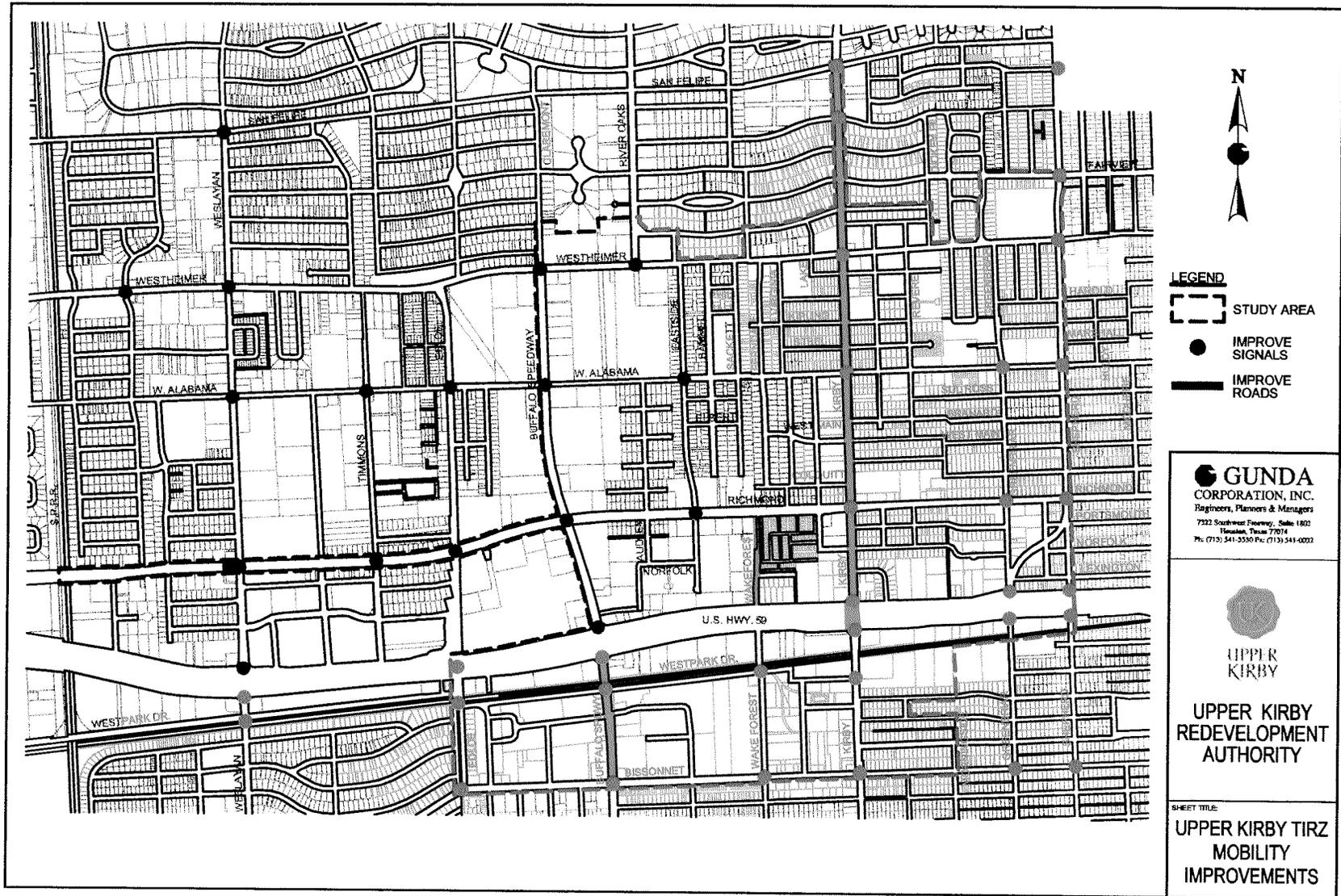
Non-Education Project Costs

1. Decrease occurrence of flooding in the area
 - Replace 5 non-functional inlets in the project area.
 - Construct storm sewer trunk lines along Kirby, Richmond, Westheimer, Greenbriar and Shepherd.
 - Construct laterals along the neighborhood streets to feed in to the trunkline.
2. Improve traffic flow
 - Reconstruct Kirby Drive as a six-lane divided roadway to the current City of Houston standards.
 - Widen Buffalo speedway to a six-lane facility from US 59 to Bissonnet.
 - Reconstruct Wakeforest from Richmond to US 59 as a collector street as per current City of Houston Standards.
 - Construct eastbound right turn lane and improve existing left-turn bays at Richmond/Weslayan intersection.
 - Optimize traffic signal timing in the project area. Improve existing turn lanes and add turn lanes at critical locations.
 - Approximately 10,850 feet of sidewalks will be constructed to facilitate safe walking experience for pedestrians.
3. Improve and provide additional public recreation and service facilities
 - Renovate City of Houston Levy Park with new facilities
 - Wayfinding signs help drivers with directions

Education Project Costs

1. Provide for the construction/reconstruction of educational facilities.

The following maps show the location of the public works for the Zone.

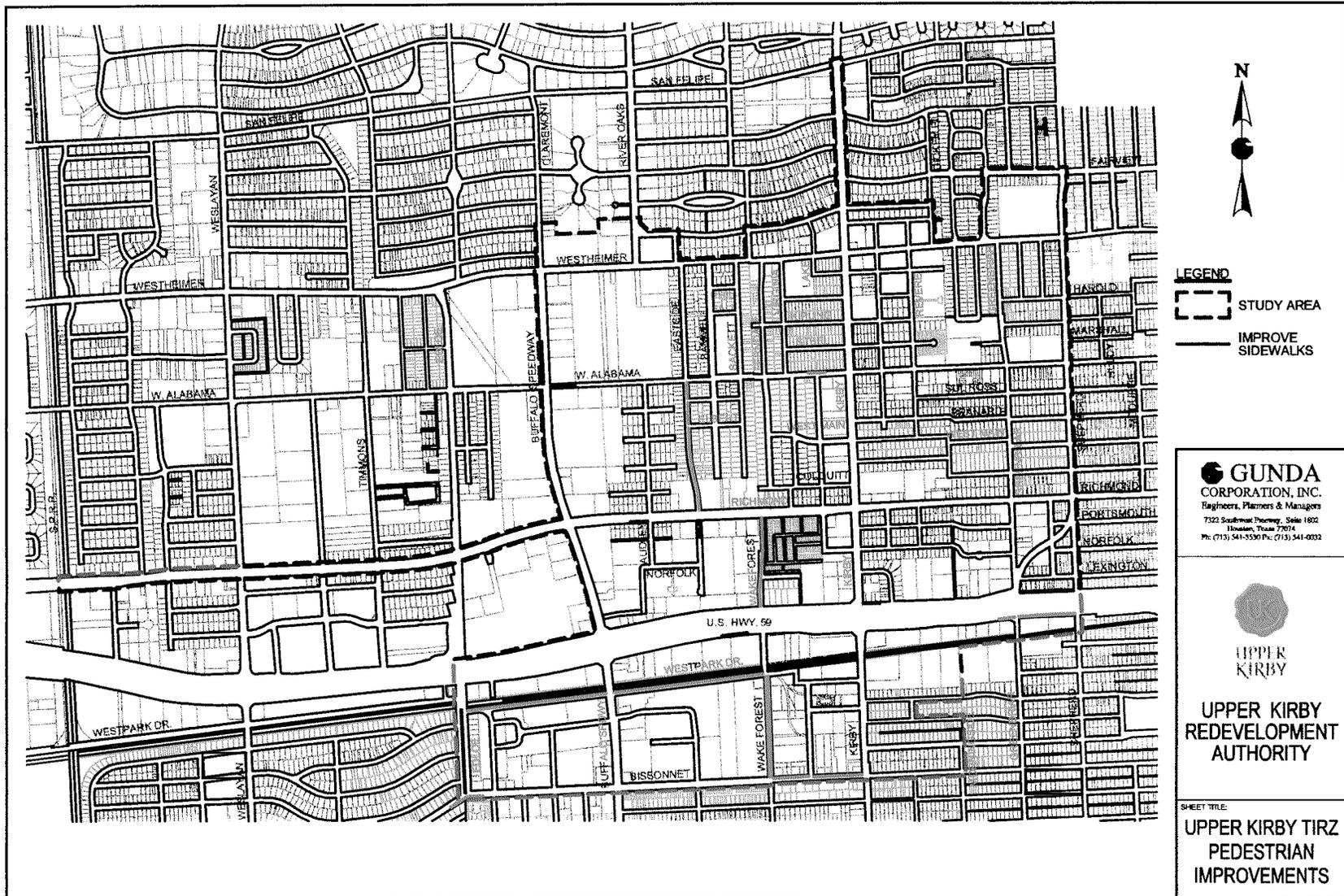


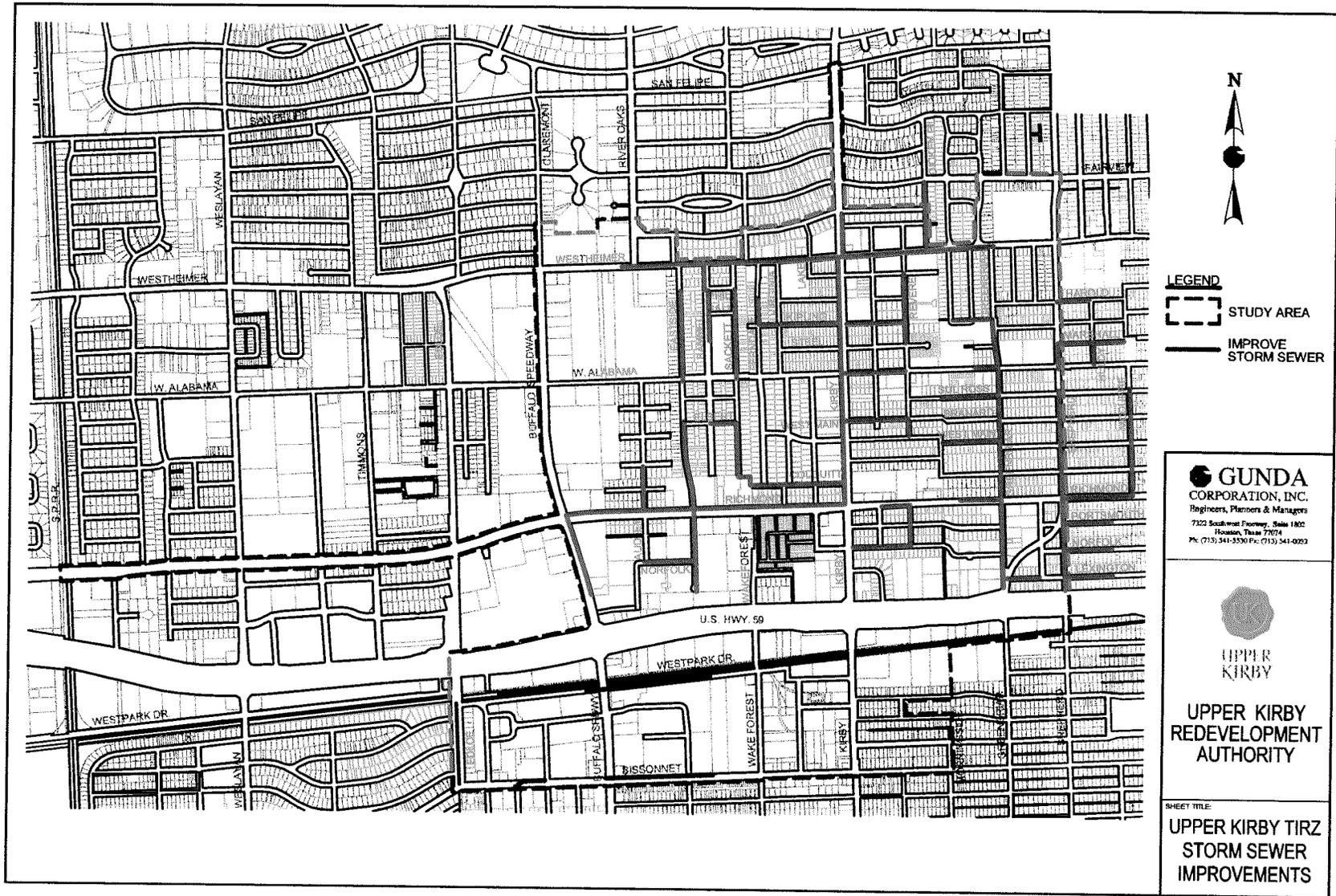
- LEGEND**
-  STUDY AREA
 -  IMPROVE SIGNALS
 -  IMPROVE ROADS

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**UPPER
KIRBY**
**UPPER KIRBY
REDEVELOPMENT
AUTHORITY**

SHEET TITLE:
**UPPER KIRBY TIRZ
MOBILITY
IMPROVEMENTS**





- LEGEND**
-  STUDY AREA
 -  IMPROVE STORM SEWER

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UPPER KIRBY
 REDEVELOPMENT
 AUTHORITY

SHEET TITLE:
**UPPER KIRBY TIRZ
 STORM SEWER
 IMPROVEMENTS**

EXHIBIT "E"

VI. DESCRIPTION OF THE METHODS OF FINANCING ALL ESTIMATED PROJECT COSTS AND THE EXPECTED SOURCES OF REVENUE TO FINANCE OR PAY PROJECT COSTS, INCLUDING THE PERCENTAGE OF TAX INCREMENT TO BE DERIVED FROM THE PROPERTY TAXES OF EACH TAXING UNIT THAT LEVIES TAXES ON REAL PROPERTY IN THE ZONE

Description of the methods of financing:

In accordance with 311.015 of the Tax Increment Financing Act, the City may issue tax increment bonds or notes, the proceeds of which may be used to pay project costs on behalf of the Zone. Upon creation of the Upper Kirby Redevelopment Authority, the Authority may be authorized to incur debt and issue debt or obligations to satisfy developer reimbursements for eligible project costs. If such bonds are issued, bond proceeds shall be used to provide for the project related costs outlined in this plan. When appropriate, Developers will advance project-related costs and be reimbursed from increment revenues of the Zone or through the issuance of tax increment bonds.

Sources of Tax Increment Revenue:

The purpose of the Zone is to provide the necessary public improvements to support and sustain new and existing development. Table B below shows the Tax Increment Revenue through year 2005.

Table B
Previous Tax Increment Revenue

Tax Year	Projected Increased Taxable Valuation	Total Non-Education TIRZ Collections
1999	\$0	\$0
2000	\$105,799,480	\$692,630
2001	\$166,462,110	\$1,089,747
2002	\$193,614,240	\$1,267,002
2003	\$237,578,480	\$1,552,405
2004	\$252,919,440	\$1,636,086
2005	\$301,305,018	\$1,881,511
Total Collections		\$8,119,382

Table C below shows the projected assessed valuations during the development/build-out period and depicts the Zone revenue schedule with City and Houston Independent School District (HISD).

Table C
Tax Increment Revenue Schedule

Tax Year	Projected Increased Taxable Valuation	Dedicated City Tax Rate	Dedicated HISD Tax Rate	Non-Education City TIRZ Collections	Non-Education HISD TIRZ Collections	Education HISD TIRZ Collections	City Admin Fee	Total Non-Education TIRZ Collections
2006	\$331,435,520	\$0.6450	\$0.960	\$2,137,759	\$777,184	\$388,592	\$131,888	\$2,783,055
2007	\$364,579,072	\$0.6450	\$0.960	\$2,351,535	\$777,184	\$388,592	\$142,577	\$2,986,142
2008	\$651,036,979	\$0.6450	\$0.960	\$4,199,189	\$777,184	\$388,592	\$234,959	\$4,741,413
2009	\$683,588,828	\$0.6450	\$0.960	\$4,409,148	\$777,184	\$388,592	\$245,457	\$4,940,875
2010	\$717,768,269	\$0.6450	\$0.960	\$4,629,605	\$777,184	\$388,592	\$256,480	\$5,150,309
2011	\$753,656,683	\$0.6450	\$0.960	\$4,861,086	\$777,184	\$388,592	\$268,054	\$5,370,215
2012	\$791,339,517	\$0.6450	\$0.960	\$5,104,140	\$777,184	\$388,592	\$280,207	\$5,601,117
2013	\$830,906,493	\$0.6450	\$0.960	\$5,359,347	\$777,184	\$388,592	\$292,967	\$5,843,564
2014	\$872,451,817	\$0.6450	\$0.960	\$5,627,314	\$777,184	\$388,592	\$306,366	\$6,098,133
Total Collections				\$38,679,122	\$6,994,656	\$3,497,328	\$2,158,956	\$43,514,822

Note: \$250M development is currently under construction and will be on tax roll starting Tax Year 2008

Table D
Percentage of Increment Dedicated to the Zone

TAXING UNIT	DEDICATED TAX RATE	% OF TOTAL PARTICIPATION
City of Houston	\$0.6450/\$100 valuation	40%
Houston I.S.D.	\$0.9600/\$100 valuation	60%
TOTAL	\$1.6050/\$100 valuation	100%

VII. THE BASE APPRAISED VALUE OF TAXABLE REAL PROPERTY IN THE ZONE

The base appraised value in the Zone is approximately \$ 683,628,290.

VIII. THE ESTIMATED CAPTURED APPRAISED VALUE OF THE ZONE DURING EACH YEAR OF ITS EXISTENCE

It is projected that tax revenues to the Zone will increase at the rate of 10% till year 2008. Current development plans will add another \$250M in the Year 2008. After the Year 2008, it will increase at the rate of 5%. Table C above shows the annual captured appraised value of these new improvements or increases in value of pre-existing property during the build-out period.

IX. DURATION OF THE ZONE

The duration of the Zone is 15 years.