

City of Houston, Texas, Ordinance No. 2018- 732

AN ORDINANCE RELATING TO THE FISCAL AFFAIRS OF REINVESTMENT ZONE NUMBER TWENTY-SEVEN, CITY OF HOUSTON, TEXAS (MONTROSE ZONE); APPROVING THE FISCAL YEAR 2019 OPERATING BUDGET AND THE FISCAL YEARS 2019-2023 CAPITAL IMPROVEMENTS BUDGET FOR THE MONTROSE ZONE; CONTAINING FINDINGS AND OTHER PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, the City designated Reinvestment Zone Number Twenty-Seven, City of Houston, Texas (the "Zone") by Ordinance No. 2015-1257; and

WHEREAS, the City's Chief Development Officer has submitted to the City Council a Fiscal Year 2019 Operating Budget for the Zone (the "Operating Budget") and a five-year Capital Improvements Budget for Fiscal Years 2019-2023 (the "CIP Budget" and, collectively with the Operating Budget, "Budgets") that the City Council desires to approve; and

WHEREAS, the City has experienced an incremental increase in the cost of providing municipal services as a result of the creation of the Zone and the development and redevelopment of the land in the Zone;

WHEREAS, the City Council finds that it is appropriate to recover its incremental costs of municipal services for Fiscal Year 2019 from the tax increment produced by the City and paid into the Tax Increment Fund of the Zone, subject to complying with the provisions of Texas Tax Code Section 311.010(i); and

WHEREAS, the City Council finds that the incremental costs of providing municipal services set forth in the Budget attached hereto as Exhibit "A" are reasonable and will be paid from the tax increment produced by the City and paid into the Tax Increment Fund of the Zone; and

WHEREAS, the City Council desires to approve the Budgets; **NOW, THEREFORE**,

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

Section 1. That the findings contained in the preamble of this Ordinance are determined to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. That the Operating Budget attached hereto as Exhibit "A" is hereby approved for the Zone.

Section 3. That the CIP Budget attached hereto as Exhibit "B" is hereby approved for the Zone.

Section 4. That not later than March 31, 2019, the Zone shall, in cooperation with City representatives: (1) identify surplus funds in the Zone's Fiscal Year 2019 Operating Budget based on the difference between Zone revenues and the Fiscal Year 2019 Operating Budget for the Zone approved by the City; and (2) make available any surplus Zone funds, through appropriate agreement, for projects identified by the City that are eligible for tax increment funding, such as affordable housing, areas of public assembly, incremental costs of municipal services attributable to development and redevelopment in the Zone, and capital projects that benefit the City and the Zone. The agreement may provide for the payment of surplus funds into one or more accounts

established by the City or may provide for direct payment by the Board of Directors of the Zone for the purpose. The Board of Directors of the Zone shall consider amendments to the Project Plan and Reinvestment Zone Financing Plan for the Zone that may be necessary to accomplish this purpose, and shall expedite any such amendments.

Section 6. That approval of this Budget is contingent upon receipt by the City's Chief Development Officer, of a document signed by the Administrator of the Zone disclosing the name of each owner or developer of property within the Zone from which the Administrator has received compensation during the last five calendar years, and the amount of compensation by owner by year. Compensation may be expressed by category as follows:

Category I	Less than \$1,000.00
Category II	At least \$1,000.00 but less than \$10,000.00
Category III	At least \$10,000.00 but less than \$50,000.00
Category IV	At least \$50,000.00 but less than \$100,000.00
Category V	At least \$100,000.00 but less than \$500,000.00
Category VI	At least \$500,000.00 but less than \$1,000,000.00
Category VII	\$1,000,000.00 or more

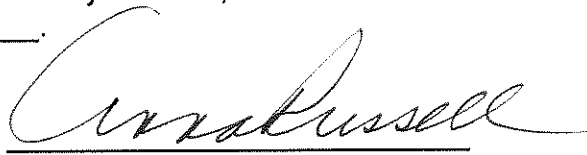
Section 7. That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; 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 7th day of September, 2018.

APPROVED this _____ day of _____, 2018.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is SEP 1 0 2018.


City Secretary

(Prepared by Legal Department )
(MFB:mfb August 30, 2018) Senior Assistant City Attorney
(Requested by Andy Icken, Chief Development Officer, Office of the Mayor)
(LD No. 0421500188005)
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AYE	NO	
✓		MAYOR TURNER
....	COUNCIL MEMBERS
✓		STARDIG
✓		DAVIS
✓		COHEN
✓		BOYKINS
✓		MARTIN
		LE
✓		TRAVIS
✓		CISNEROS
✓		GALLEGOS
✓		LASTER
✓		CASTEX-TATUM
✓		KNOX
✓		ROBINSON
✓		KUBOSH
✓		EDWARDS
✓		CHRISTIE
CAPTION	ADOPTED	

EXHIBIT "A"

**Fiscal Year 2019 Operating Budget for
Montrose Zone**

CITY OF HOUSTON
 ECONOMIC DEVELOPMENT DIVISION
 FISCAL YEAR 2019 BUDGET PROFILE

Fund Summary
 Fund Name: **Montrose**
 TIRZ: **27**
 Fund Number: **7584/50**

P R O F I L E	Base Year:		2015
	Base Year Taxable Value:	\$	1,098,766,790
	Projected Taxable Value (TY2018):	\$	1,512,379,045
	Current Taxable Value (TY2017):	\$	1,454,210,620
	Acres:		3,142
	Administrator (Contact):		City of Houston
Contact Number:		(832) 393-0985	

N A R R A T I V E	Zone Purpose:
	Tax Increment Reinvestment Zone Number Twenty-Seven, City of Houston, Texas was created for the purpose of leveraging the expenditure of public funds for eligible project costs including the planning, engineering and construction of new streets, water distribution facilities, wastewater collection facilities, storm drainage improvements, roadway and street reconstruction projects, cultural and public facility improvements, parks and other related improvements.

P R O J E C T P L A N		Total Plan	Cumulative Expenses (to 6/30/17)	Variance
		Capital Projects:		
	Corridor Improvements	\$ 108,594,133	\$ -	\$ 108,594,133
	Workforce/Affordable Housing	39,600,000	-	39,600,000
	Parking Enhancements	4,830,000	-	4,830,000
	Parks, Recreational Facilities, Cultural Amenities	8,000,000	-	8,000,000
		-	-	-
		-	-	-
		-	-	-
	Total Capital Projects	\$ 161,024,133	\$ -	\$ 161,024,133
	Financing Costs	-	-	-
	Zone Administration/Professional Services	6,000,000	-	6,000,000
	Total Project Plan	\$ 167,024,133	\$ -	\$ 167,024,133

D E B T	Additional Financial Data	FY2018 Budget	FY2018 Estimate	FY2019 Budget
		<u>Debt Service</u>	\$ -	\$ -
	Principal	\$ -	\$ -	\$ -
	Interest	\$ -	\$ -	\$ -
		Balance as of 6/30/16	Projected Balance as of 6/30/17	Projected Balance as of 6/30/18
	<u>Year End Outstanding (Principal)</u>	\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -
		\$ -	\$ -	\$ -
	Other	\$ -	\$ -	\$ -

CITY OF HOUSTON
 ECONOMIC DEVELOPMENT DIVISION
 FISCAL YEAR 2019 BUDGET PROFILE

Fund Summary
 Fund Name: Montrose
 TIRZ: 27
 Fund Number: 7584/50

TIRZ Budget Line Items	FY2018 Budget	FY2018 Estimate	FY2019 Budget
RESOURCES			
RESTRICTED Funds - Capital Projects	\$ 1,365,778	\$ 1,368,480	\$ 2,907,641
RESTRICTED Funds - Affordable Housing	\$ -	\$ -	\$ -
RESTRICTED Funds - Bond Debt Service	\$ -	\$ -	\$ -
Beginning Balance	\$ 1,365,778	\$ 1,368,480	\$ 2,907,641
City tax revenue	\$ 1,700,519	\$ 1,890,592	\$ 2,335,174
County tax revenue	\$ -	\$ -	\$ -
Incremental property tax revenue	\$ 1,700,519	\$ 1,890,592	\$ 2,335,174
Joint Project Reimbursement	\$ -	\$ -	\$ 7,500
Miscellaneous revenue	\$ -	\$ -	\$ 7,500
COH TIRZ interest	\$ -	\$ 19,261	\$ 27,702
Interest Income	\$ -	\$ -	\$ -
Other Interest Income	\$ -	\$ 19,261	\$ 27,702
Grant Proceeds	\$ -	\$ -	\$ -
Proceeds from Bank Loan	\$ -	\$ -	\$ -
Contract Revenue Bond Proceeds	\$ -	\$ -	\$ -
TOTAL AVAILABLE RESOURCES	\$ 3,066,297	\$ 3,278,333	\$ 5,278,017

CITY OF HOUSTON
 ECONOMIC DEVELOPMENT DIVISION
 FISCAL YEAR 2019 BUDGET PROFILE

Fund Summary
 Fund Name: Montrose
 TIRZ: 27
 Fund Number: 7584/50

TIRZ Budget Line Items	FY2018 Budget	FY2018 Estimate	FY2019 Budget
EXPENDITURES			
Accounting	\$ -	\$ -	\$ -
Administration Salaries & Benefits	\$ 54,000	\$ 48,905	\$ 40,000
Auditor	\$ 8,000	\$ -	\$ -
Board Development	\$ 5,000	\$ -	\$ 5,000
Insurance	\$ -	\$ -	\$ 2,500
Office Administration	\$ 2,500	\$ 781	\$ 2,500
TIRZ Administration and Overhead	\$ 69,500	\$ 49,686	\$ 50,000
Engineering Consultants	\$ -	\$ -	\$ 25,000
Legal	\$ 15,000	\$ 29,930	\$ 60,000
Construction Audit	\$ -	\$ -	\$ -
Planning Consultants	\$ 50,000	\$ -	\$ 110,000
Public Engagement	\$ 3,500	\$ -	\$ 10,000
Program and Project Consultants	\$ 68,500	\$ 29,930	\$ 205,000
Management consulting services	\$ 138,000	\$ 79,616	\$ 255,000
Capital Expenditures (See CIP Schedule)	\$ 20,000	\$ -	\$ 197,709
TIRZ Capital Expenditures	\$ 20,000	\$ -	\$ 197,709
	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -
Developer / Project Reimbursements	\$ -	\$ -	\$ -
System debt service	\$ -	\$ -	\$ -
TOTAL PROJECT COSTS	\$ 158,000	\$ 79,616	\$ 452,709
Payment/transfer to ISD - educational facilities	\$ -	\$ -	\$ -
Administration Fees:			
City	\$ 85,026	\$ 94,530	\$ 116,759
County	\$ -	\$ -	\$ -
ISD	\$ -	\$ -	\$ -
Affordable Housing:			
City	\$ -	\$ -	\$ -
County	\$ -	\$ -	\$ -
ISD to City of Houston	\$ -	\$ -	\$ -
Municipal Services Charge	\$ 196,546	\$ 196,546	\$ 196,546
Total Transfers	\$ 281,572	\$ 291,076	\$ 313,305
Total Budget	\$ 439,572	\$ 370,692	\$ 766,014
RESTRICTED Funds - Capital Projects	\$ 2,626,725	\$ 2,907,641	\$ 4,512,003
RESTRICTED Funds - Affordable Housing	\$ -	\$ -	\$ -
RESTRICTED Funds - Bond Debt Service	\$ -	\$ -	\$ -
Ending Fund Balance	\$ 2,626,725	\$ 2,907,641	\$ 4,512,003
Total Budget & Ending Fund Balance	\$ 3,066,297	\$ 3,278,333	\$ 5,278,017

Notes:

EXHIBIT "B"

**Fiscal Years 2019-2023 Capital Improvement Projects Budget for
Montrose Zone**

2019 - 2023 CAPITAL IMPROVEMENT PLAN
 TIRZ 27
 CIP by Project

CITY OF HOUSTON - TIRZ PROGRAM
 Economic Development Division

Council District	CIP No.	Project	Fiscal Year Planned Appropriations								Cumulative Total (To Date)	
			Through 2017	Projected 2018	2019	2020	2021	2022	2023	FY19 - FY23 Total		
C	T-2701	Trip Hazard Removal Project	\$ -	-	17,500	-	-	-	-	-	17,500	17,500
C	T-2702	Concrete Panel Replacement Program	\$ -	-	-	-	-	-	-	-	-	-
C	T-2703	Localized Micro-Improvement Project	\$ -	-	180,209	-	-	-	-	-	180,209	180,209
Totals			\$ -	\$ -	\$ 197,709	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197,709	\$ 197,709

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2019 - 2023 CAPITAL IMPROVEMENT PLAN
 TIRZ 27
 CIP by Sources of Funds

CITY OF HOUSTON - TIRZ PROGRAM
 Economic Development Division

Source of Funds	Fiscal Year Planned Appropriations										Cumulative Total (To Date)	
	Through 2017	Projected 2018	2018	2019	2020	2021	2022	2023	FY19 - FY23 Total			
TIRZ Funds	-	-	190,209	-	-	-	-	-	-	-	190,209	190,209
City of Houston	-	-	-	-	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	7,500	-	-	-	-	-	-	-	7,500	7,500
Project Total	-	-	197,709	-	-	-	-	-	-	-	197,709	197,709

Project:	Trip Hazard Removal Project				Key Map:			T-2701		
	City Council District				Geo. Ref.:			WBS.:		
	Location: C				2020			2021		
	Served: C				Neighborhood:			2022		
					2019			2023		
					Personnel			Total		
Description:	Removal of approximately 147 trip hards on sidewalks along Montrose Boulevard and Westheimer Road within the Zone.									
	Operating and Maintenance Costs: (\$ Thousands)									
					Personnel					
					Supplies					
					Svcs. & Chgs.					
					Capital Outlay					
Justification:	Pedestrian Safety				Total			\$		
					FTEs					

Fiscal Year Planned Expenses

Project Allocation	Projected Expenses thru 6/30/17	2018 Budget	2018 Estimate	2019	2020	2021	2022	2023	FY19 - FY23 Total	Cumulative Total (To Date)
Phase										
1 Planning	-								\$	\$
2 Acquisition	-								\$	\$
3 Design	-								\$	\$
4 Construction	-			17,500					\$ 17,500	\$ 17,500
5 Equipment	-								\$	\$
6 Close-Out	-								\$	\$
7 Other	-								\$	\$
Other Sub-Total:	-	-	-	-	-	-	-	-	\$	\$
Total Allocations	\$	\$	\$	\$ 17,500	\$	\$	\$	\$	\$ 17,500	\$ 17,500

Source of Funds	2019	2020	2021	2022	2023	FY19 - FY23 Total	Cumulative Total (To Date)
TIRZ Funds							
City of Houston	10,000					\$ 10,000	\$ 10,000
Grant Funds						\$	\$
Other						\$	\$
Total Funds	\$	\$	\$	\$	\$	\$ 7,500	\$ 7,500
						\$ 17,500	\$ 17,500

*NOTE:

Project:	Concrete Panel Replacement Program		City Council District		Key Map:		WBS.:		T-2702				
	Location:		C		Geo. Ref.:								
	Served:		C		Neighborhood:								
Description:	Street maintenance program												
Justification:	Mobility improvements to extend life of roads.												
		2019		2020		2021		2022		2023		Total	
Personnel													
Supplies													
Svcs. & Chgs.													
Capital Outlay													
Total		\$		\$		\$		\$		\$		\$	
FTEs													

Fiscal Year Planned Expenses

Project Allocation	Phase	Projected Expenses thru 6/30/17	2018 Budget	2018 Estimate	2019	2020	2021	2022	2023	FY19 - FY23 Total	Cumulative Total (To Date)
1	Planning										
2	Acquisition										
3	Design										
4	Construction										
5	Equipment										
6	Close-Out										
7	Other										
Other Sub-Total:											

Total Allocations	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
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Source of Funds	2019	2020	2021	2022	2023	FY19 - FY23 Total	Cumulative Total (To Date)
TIRZ Funds							
City of Houston Grant							
Other							
Total Funds	\$	\$	\$	\$	\$	\$	\$

Project:	Localized Micro-Improvement Project		City Council District	Key Map:	WBS.:		T-2703	
Description:	Short-term improvements including: street panels and sidewalks.		Location: C	Geo. Ref.:				
Justification:	To take advantage of limited increment by planning and implementing short term public improvements consistent with the zone's project plan		Served: C	Neighborhood:				
			Operating and Maintenance Costs: (\$ Thousands)					
			2019	2020	2021	2022	2023	
			Personnel	-	-	-	-	\$ -
			Supplies	-	-	-	-	\$ -
			Svcs. & Chgs.	-	-	-	-	\$ -
			Capital Outlay	-	-	-	-	\$ -
			Total	\$ -	\$ -	\$ -	\$ -	\$ -
			FTEs	-	-	-	-	-

Fiscal Year Planned Expenses

Project Allocation	Projected Expenses thru 6/30/17	2018 Budget	2018 Estimate	2019	2020	2021	2022	2023	FY19 - FY23 Total	Cumulative Total (To Date)
Phase										
1 Planning	-	-	-	-	-	-	-	-	\$ -	\$ -
2 Acquisition	-	-	-	-	-	-	-	-	\$ -	\$ -
3 Design	-	-	-	-	-	-	-	-	\$ -	\$ -
4 Construction	-	-	-	180,209	-	-	-	-	\$ 180,209	\$ 180,209
5 Equipment	-	-	-	-	-	-	-	-	\$ -	\$ -
6 Close-Out	-	-	-	-	-	-	-	-	\$ -	\$ -
7 Other	-	-	-	-	-	-	-	-	\$ -	\$ -
	-	-	-	-	-	-	-	-	\$ -	\$ -
	-	-	-	-	-	-	-	-	\$ -	\$ -
	-	-	-	-	-	-	-	-	\$ -	\$ -
	-	-	-	-	-	-	-	-	\$ -	\$ -
	-	-	-	-	-	-	-	-	\$ -	\$ -
	-	-	-	-	-	-	-	-	\$ -	\$ -
Other Sub-Total:	-	-	-	-	-	-	-	-	\$ -	\$ -
Total Allocations	\$ -	\$ -	\$ -	\$ 180,209	\$ -	\$ -	\$ -	\$ -	\$ 180,209	\$ 180,209

Source of Funds	2019	2020	2021	2022	2023	FY19 - FY23 Total	Cumulative Total (To Date)
TIRZ Funds	-	-	-	-	-	\$ -	\$ -
City of Houston	180,209	-	-	-	-	\$ 180,209	\$ 180,209
Grants	-	-	-	-	-	\$ -	\$ -
Other	-	-	-	-	-	\$ -	\$ -
Total Funds	\$ 180,209	\$ -	\$ -	\$ -	\$ -	\$ 180,209	\$ 180,209