City of Houston, Texas, Ordinance No. 2016- 618

AN ORDINANCE RELATING TO THE FISCAL AFFAIRS OF LAKE HOUSTON REDEVELOPMENT AUTHORITY ON BEHALF OF REINVESTMENT ZONE NUMBER TEN, CITY OF HOUSTON, TEXAS (LAKE HOUSTON ZONE); APPROVING THE FISCAL YEAR 2017 OPERATING BUDGET FOR THE AUTHORITY AND THE FISCAL YEARS 2017-2021 CAPITAL IMPROVEMENT PROJECTS BUDGET FOR THE ZONE; CONTAINING FINDINGS AND OTHER PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

* * * * * * *

WHEREAS, the City designated Reinvestment Zone Number Ten, City of Houston, Texas ("Zone"), on December 17, 1997 by Ordinance No. 97-1589, and enlarged the boundaries of the Zone by Ordinance No. 99-853 on August 11, 1999, by Ordinance No. 2011-741 on August 24, 2011, and by Ordinance No. 2014-254 on April 2, 2014 ; and

WHEREAS, the Lake Houston Redevelopment Authority (the "Authority"), a local government corporation acting on behalf of the City in connection with the Zone, has submitted an Operating Budget for Fiscal Year 2017 (the "Operating Budget") and a five-year Capital Improvements Budget for Fiscal Years 2017-2021 (the "CIP Budget," and, collectively with the Operating Budget, the "Budgets") to the City Council for approval pursuant to that certain agreement among the City, the Authority, and the Zone approved by Ordinance No. 2014-50 on January 22, 2014 ("Tri-Party Agreement"); **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 City Council takes cognizance of the fact that in order to implement the Project Plan and Reinvestment Zone Financing Plan for the Zone, and to make adjustments occasioned by events transpiring during the year, the Zone may need to transfer funds from one Line Item of Project Costs shown on **Exhibit "A"** to another. Unless approved by the City Council, the Zone may transfer funds only: (1) as needed for Debt Service; and (2) from one Line Item of Project Costs to another, provided that the aggregate of such transfers does not exceed $400,000 during Fiscal Year 2017. Subject to the foregoing, the Operating Budget attached hereto as **Exhibit "A"** is hereby approved for the Authority.

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, 2017, the Zone and the Authority shall, in cooperation with City representatives: (1) identify surplus funds in the Authority's Fiscal Year 2017 Operating Budget based on the difference between Zone revenues and the Fiscal Year 2017 Operating Budget for the Authority 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 Authority for the purpose. The Zone and the Authority shall consider amendments to the Zone's Project Plan and Reinvestment Zone Financing Plan that

may be necessary to accomplish this purpose, and shall expedite any such amendments.

Section 5. 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 6. 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 24th day of August, 2016.

APPROVED this _____ day of _____, 2016.

_____
Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is AUG 30 2016.

_____
City Secretary

(Prepared by Legal Department _____)
(SEK/ems July 25, 2016) Senior Assistant City Attorney
(Requested by Andrew F. Icken, Chief Development Officer, Office of the Mayor)
(L.D. File No. 042-1300016-008)

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AYE	NO	
✓		MAYOR TURNER
••••	••••	COUNCIL MEMBERS
✓		STARDIG
✓		DAVIS
✓		COHEN
✓		BOYKINS
✓		MARTIN
✓		LE
✓		TRAVIS
✓		CISNEROS
✓		GALLEGOS
✓		LASTER
✓		GREEN
✓		KNOX
✓		ROBINSON
✓		KUBOSH
✓		EDWARDS
✓		CHRISTIE
CAPTION	ADOPTED	

CAPTION PUBLISHED IN DAILY COURT REVIEW DATE: AUG 30 2016

EXHIBIT "A"

Fiscal Year 2017 Operating Budget for Lake Houston Zone

CITY OF HOUSTON
ECONOMIC DEVELOPMENT DIVISION
FISCAL YEAR 2017 BUDGET PROFILE

Fund Summary
Fund Name: **Lake Houston Redevelopment Authority**
TIRZ: **10**
Fund Number: **7558/50**

PROFILE

Base Year:		1997
Base Year Taxable Value:	$	8,959,080
Projected Taxable Value (TY2016):	$	1,008,002,300
Current Taxable Value (TY2015):	$	969,232,981
Acres:		3668.11
Administrator (Contact):		Ralph De Leon
Contact Number:		(832) 832-5910

NARRATIVE

Zone Purpose:

Tax Increment Reinvestment Zone Number Ten, City of Houston, Texas was created to provide plans and programs needed to facilitate planned residential and commerical developments and in a manner consisten with the Kingwood Annexation Service Plan which annexed the area into the City of Houston.

PROJECT PLAN

	Total Plan	Cumulative Expenses (to 6/30/15)	Variance
Capital Projects:			
Public Utilities	$ 53,030,640	$ 17,812,418	$ 35,218,222
Street Reconstruction	60,000,000	3,798,000	56,202,000
Cultural and Public Facilities	41,059,850	7,710,269	33,349,581
Wastewater Treatment	8,330,000	-	8,330,000
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Total Capital Projects	$ 162,420,490	$ 29,320,687	$ 133,099,803
Affordable Housing	-	-	-
School & Education/Cultural Facilities	60,000,000	75,111,322	(15,111,322)
Financing Costs	-	1,231,000	(1,231,000)
Administration Costs/ Professional Services	2,040,000	1,654,572	385,428
Creation Costs	260,000	260,000	-
Total Project Plan	$ 224,720,490	$ 107,577,581	$ 117,142,909

DEBT

Additional Financial Data	FY2016 Budget	FY2016 Estimate	FY2017 Budget
Debt Service Other	$ 2,155,386	$ 2,383,876	$ -
Principal	$ 2,014,199	$ 2,242,689	$ -
Interest	$ 141,187	$ 141,187	$ -
	Balance as of 6/30/15	Projected Balance as of 6/30/16	Projected Balance as of 6/30/17
Year End Outstanding (Principal)			
Bond Debt	$ -	$ -	$ -
Bank Loan	$ -	$ -	$ -
Line of Credit	$ -	$ -	$ -
Developer Agreement	$ 15,898,653	$ 15,100,651	$ 12,069,101
Other	$ -	$ -	$ -

CITY OF HOUSTON
ECONOMIC DEVELOPMENT DIVISION
FISCAL YEAR 2017 BUDGET DETAIL

Fund Summary
Fund Name Lake Houston Redevelopment Authority
TIRZ: 10
Fund Number 7558/50

TIRZ Budget Line Items	FY2016 Budget	FY2016 Estimate	FY2017 Budget
RESOURCES			
RESTRICTED Funds - Capital Projects	$ -	$ -	$ -
RESTRICTED Funds - Affordable Housing	$ -	$ -	$ -
RESTRICTED Funds - Bond Debt Service	$ -	$ -	$ -
UNRESTRICTED Funds	$ 5,756,336	$ 5,791,125	$ 5,980,691
Beginning Balance	**$ 5,756,336**	**$ 5,791,125**	**$ 5,980,691**
City tax revenue	$ 4,222,059	$ 4,595,730	$ 4,819,790
County tax revenue	$ -	$ -	$ -
ISD tax revenue	$ 9,813,291	$ 10,300,701	$ 10,724,356
ISD tax revenue - Pass Through	$ -	$ -	$ -
Community College tax revenue	$ -	$ -	$ -
Incremental property tax revenue	**$ 14,035,350**	**$ 14,896,431**	**$ 15,544,146**
	$ -	$ -	$ -
	$ -	$ -	$ -
	$ -	$ -	$ -
	$ -	$ -	$ -
Miscellaneous revenue	**$ -**	**$ -**	**$ -**
COH TIRZ interest	$ 24,752	$ 24,708	$ 25,331
Interest Income	$ -	$ -	$ -
Other Interest Income	**$ 24,752**	**$ 24,708**	**$ 25,331**
	$ -	$ -	$ -
Grant Proceeds	**$ -**	**$ -**	**$ -**
	$ -	$ -	$ -
Proceeds from Bank Loan	**$ -**	**$ -**	**$ -**
	$ -	$ -	$ -
Contract Revenue Bond Proceeds	**$ -**	**$ -**	**$ -**
TOTAL AVAILABLE RESOURCES	$ 19,816,438	$ 20,712,265	$ 21,550,168

CITY OF HOUSTON
ECONOMIC DEVELOPMENT DIVISION
FISCAL YEAR 2017 BUDGET DETAIL

Fund Summary
Fund Name: Lake Houston Redevelopment Authority
TIRZ: 10
Fund Number: 7558/50

TIRZ Budget Line Items	FY2016 Budget	FY2016 Estimate	FY2017 Budget
EXPENDITURES			
Accounting	$ 10,250	$ 9,614	$ 10,250
Administration Salaries & Benefits	$ 95,000	$ 12,791	$ 95,000
Auditor	$ 13,000	$ 12,612	$ 13,000
Tax Consultant	$ 8,500	$ 8,274	$ 8,500
Insurance	$ 900	$ 1,966	$ 900
Office Administration	$ 10,000	$ -	$ 10,000
TIRZ Administration and Overhead	**$ 137,650**	**$ 45,257**	**$ 137,650**
Engineering Consultants	$ 50,000	$ -	$ 50,000
Legal	$ 60,000	$ 46,951	$ 60,000
Construction Audit	$ 5,000	$ -	$ 5,000
Planning Consultants	$ -	$ -	$ -
Program and Project Consultants	**$ 115,000**	**$ 46,951**	**$ 115,000**
Management consulting services	**$ 252,650**	**$ 92,208**	**$ 252,650**
Capital Expenditures (See CIP Schedule)	$ 250,000	$ 437,000	$ 4,245,000
TIRZ Capital Expenditures	**$ 250,000**	**$ 437,000**	**$ 4,245,000**
Friendswood	$ 1,800,000	$ -	$ 1,800,000
Holley-Guniganti	$ 1,550	$ -	$ 1,550
Forestar Group/Kingwood Partners	$ 400,000	$ 332,186	$ 400,000
Classic Contractors/Gene Mendel	$ 100,000	$ 62,999	$ 100,000
Amvest-Skylark	$ 260,000	$ 187,854	$ 260,000
Summit of Texas	$ -	$ -	$ 200,000
Meritage	$ 270,000	$ 214,963	$ 270,000
MainStreet - Lovett	$ -	$ -	$ -
TxDOT Co-Match	$ -	$ -	$ -
Developer / Project Reimbursements	**$ 2,831,550**	**$ 798,002**	**$ 3,031,550**
CO Debt Service			
Principal	$ 2,014,199	$ 2,242,689	$ -
Interest	$ 141,187	$ 141,187	$ -
System debt service	**$ 2,155,386**	**$ 2,383,876**	**$ -**
TOTAL PROJECT COSTS	$ 5,489,586	$ 3,711,086	$ 7,529,200
Payment/transfer to ISD - educational facilities	$ 9,813,291	$ 10,300,701	$ 10,724,356
Payment/transfer to ISD - educational facilities (Pass Through)	$ -	$ -	$ -
Administration Fees:			
City	$ 211,103	$ 229,787	$ 240,989
County	$ -	$ -	$ -
ISD	$ -	$ -	$ -
HCC	$ -	$ -	$ -
Affordable Housing:			
City	$ -	$ -	$ -
County	$ -	$ -	$ -
ISD to City of Houston	$ -	$ -	$ -
Municipal Service Charge	$ -	$ -	$ 205,530
Municipal Services - Supplemental	$ 490,000	$ 490,000	$ -
Total Transfers	$ 10,514,394	$ 11,020,488	$ 11,170,875
Total Budget	$ 16,003,980	$ 14,731,574	$ 18,700,075
RESTRICTED Funds - Capital Projects	$ -	$ -	$ -
RESTRICTED Funds - Affordable Housing	$ -	$ -	$ -
RESTRICTED Funds - Debt Service	$ -	$ -	$ -
UNRESTRICTED Funds	$ 3,812,458	$ 5,980,691	$ 2,850,093
Ending Fund Balance	**$ 3,812,458**	**$ 5,980,691**	**$ 2,850,093**
Total Budget & Ending Fund Balance	**$ 19,816,438**	**$ 20,712,265**	**$ 21,550,168**

Notes:

Council District	CIP No.	Project	Fiscal Year Planned Appropriations								
			Through 2015	Projected 2016	2017	2018	2019	2020	2021	FY17 - FY21 Total	Cumulative Total (To Date)
E	T-1003	Kingwood Park and Community Center	$ 176,000	-	-	-	-	-	-	-	176,000
E	T-1005	Kingwood West Fire Station Land Acquisition	$ 400,000	-	-	-	-	-	-	-	400,000
E	T-1006	Intersection/Pedestrian Safety Improvements	$ -	-	1,300,000	1,250,000	650,000	1,300,000	1,600,000	6,100,000	6,100,000
E	T-1007	Northpark Drive/UPPR Grade Separation	$ -	437,000	2,900,000	28,089,829	26,889,829	-	-	57,879,658	58,316,658
E	T-1099	Concrete Panel Program	$ -	-	45,000	45,000	45,000	45,000	45,000	225,000	225,000
		Totals	**$ 576,000**	**$ 437,000**	**$ 4,245,000**	**$ 29,384,829**	**$ 27,584,829**	**$ 1,345,000**	**$ 1,645,000**	**$ 64,204,658**	**$ 65,217,658**

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Source of Funds	Fiscal Year Planned Appropriations								
	Through 2015	Projected 2016	2017	2018	2019	2020	2021	FY17 - FY21 Total	Cumulative Total (To Date)
TIRZ Funds	576,000	437,000	4,245,000	6,912,965	6,072,965	1,345,000	1,645,000	20,220,930	21,233,930
City of Houston	-	-	-	-	-	-	-	-	-
Grants	-	-	-	22,471,864	21,511,864	-	-	43,983,728	43,983,728
Other	-	-	-	-	-	-	-	-	-
Project Total	**576,000**	**437,000**	**4,245,000**	**29,384,829**	**27,584,829**	**1,345,000**	**1,645,000**	**64,204,658**	**65,217,658**

Project:	Intersection/Pedestrian Safety Improvements	City Council District		Key Map:		WBS.:	T-1006
		Location:	E	Geo. Ref.:			
		Served:	E	Neighborhood:			
Description:	Mobility Improvements including West Lake Houston Parkway at Kings Crossing, Northpark Drive at West Lake Houston Parkway, and Hamblen Road at Forest Cove Drive.	Operating and Maintenance Costs: ($ Thousands)					
Justification:	Increased commercial development and growth of adjacent residential subdivisions have triggered safety considerations and congestion at key intersections.		2017	2018	2019	2020	2021	Total
		Personnel	-	-	-	-	-	$ -
		Supplies	-	-	-	-	-	$ -
		Svcs. & Chgs.	-	-	-	-	-	$ -
		Capital Outlay	-	-	-	-	-	$ -
		Total	$ -	$ -	$ -	$ -	$ -	$ -
		FTEs						-

Fiscal Year Planned Expenses

Project Allocation	Thru 6/30/15	2016 Budget	2016 Estimate	2017	2018	2019	2020	2021	FY17 - FY21 Total	Cumulative Total (To Date)
Phase										
1 Planning	-	35,000	-	-	-	-	-	-	$ -	$ -
2 Acquisition	-	-	-	-	-	-	-	-	$ -	$ -
3 Design	-	50,000	-	300,000	250,000	150,000	300,000	300,000	$ 1,300,000	$ 1,300,000
4 Construction	-	600,000	-	1,000,000	1,000,000	500,000	1,000,000	1,300,000	$ 4,800,000	$ 4,800,000
5 Equipment	-	-	-	-	-	-	-	-	$ -	$ -
6 Close-Out	-	-			-	-	-	-	$ -	$ -
7 Other	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
Other Sub-Total:	-	-	-	-	-	-	-	-	$ -	$ -
Total Allocations	$ -	$ 685,000	$ -	$ 1,300,000	$ 1,250,000	$ 650,000	$ 1,300,000	$ 1,600,000	$ 6,100,000	$ 6,100,000
Source of Funds										
TIRZ Funds	-	685,000	-	1,300,000	1,250,000	650,000	1,300,000	1,600,000	$ 6,100,000	$ 6,100,000
City of Houston	-	-	-	-	-	-	-	-	$ -	$ -
Grants	-	-	-		-	-	-	-	$ -	$ -
Other	-	-	-	-	-	-	-	-	$ -	$ -
Total Funds	$ -	$ 685,000	$ -	$ 1,300,000	$ 1,250,000	$ 650,000	$ 1,300,000	$ 1,600,000	$ 6,100,000	$ 6,100,000

Project:	Northpark Drive/UPPR Grade Separation	City Council District		Key Map:		WBS.:	T-1007
		Location:	E	Geo. Ref.:			
		Served:	E	Neighborhood:			

Description: Northpark Drive is one of two major thoroughfares connecting the Kingwood community to IH 69 (US 59). A grade separation is proposed along Northpark Drive over UPRR tracks and FM 494.

Justification: Increased rail traffic on UPPR tracks is causing excessive delays to Kingwood Community. Emergency response time is severely impaired when the tracks are blocked by a train; accident rate at this RR crossing is increasing.

Operating and Maintenance Costs: ($ Thousands)

	2017	2018	2019	2020	2021	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

Project Allocation	Thru 6/30/15	2016 Budget	2016 Estimate	2017	2018	2019	2020	2021	FY17 - FY21 Total	Cumulative Total (To Date)
Phase										
1 Planning	-	-	437,000	500,000	-	-	-	-	$ 500,000	$ 937,000
2 Acquisition	-	-	-	1,000,000	1,000,000	-	-	-	$ 2,000,000	$ 2,000,000
3 Design	-	-	-	1,000,000	1,200,000	1,200,000	-	-	$ 3,400,000	$ 3,400,000
4 Construction	-	-	-	-	25,689,829	25,689,829	-	-	$ 51,379,658	$ 51,379,658
5 Equipment	-	-	-	-	-	-	-	-	$ -	$ -
6 Close-Out	-	-	-	-	-	-	-	-	$ -	$ -
7 Other	-	-	-	400,000	200,000	-	-	-	$ 600,000	$ 600,000
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
Other Sub-Total:	-	-	-	400,000	200,000	-	-	-	$ 600,000	$ 600,000
Total Allocations	$ -	$ -	$ 437,000	$ 2,900,000	$ 28,089,829	$ 26,889,829	$ -	$ -	$ 57,879,658	$ 58,316,658
Source of Funds										
TIRZ Funds	-	-	437,000	2,900,000	5,617,965	5,377,965	-	-	$ 13,895,930	$ 14,332,930
City of Houston	-	-	-	-	-	-	-	-	$ -	$ -
Grants	-	-	-	-	22,471,864	21,511,864	-	-	$ 43,983,728	$ 43,983,728
Other	-	-	-	-	-	-	-	-	$ -	$ -
Total Funds	$ -	$ -	$ 437,000	$ 2,900,000	$ 28,089,829	$ 26,889,829	$ -	$ -	$ 57,879,658	$ 58,316,658

Project:	Concrete Panel Program	City Council District		Key Map:		WBS.:	T-1099
		Location:	E	Geo. Ref.:			
		Served:	E	Neighborhood:			
Description:	Street Maintenance Program						
Justification:	Mobility improvements to extend life of roads.						

Operating and Maintenance Costs: ($ Thousands)

	2017	2018	2019	2020	2021	Total
Personnel	-	-	-	-	-	$ -
Supplies	-	-	-	-	-	$ -
Svcs. & Chgs.	-	-	-	-	-	$ -
Capital Outlay	-	-	-	-	-	$ -
Total	$ -	$ -	$ -	$ -	$ -	$ -
FTEs						-

Fiscal Year Planned Expenses

Project Allocation	Projected Expenses thru 6/30/15	2016 Budget	2016 Estimate	2017	2018	2019	2020	2021	FY17 - FY21 Total	Cumulative Total (To Date)
Phase										
1 Planning	-	-	-	-	-	-	-	-	$ -	$ -
2 Acquisition	-	-	-	-	-	-	-	-	$ -	$ -
3 Design	-	-	-	-	-	-	-	-	$ -	$ -
4 Construction	-	-	-	-	-	-	-	-	$ -	$ -
5 Equipment	-	-	-	-	-	-	-	-	$ -	$ -
6 Close-Out	-	-	-	-	-	-	-	-	$ -	$ -
7 Other	-	-	-	45,000	45,000	45,000	45,000	45,000	$ 225,000	$ 225,000
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
	-	-	-	-	-	-	-	-	$ -	$ -
Other Sub-Total:	-	-	-	45,000	45,000	45,000	45,000	45,000	$ 225,000	$ 225,000
Total Allocations	$ -	$ -	$ -	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 225,000	$ 225,000
Source of Funds										
TIRZ Funds	-	-	-	45,000	45,000	45,000	45,000	45,000	$ 225,000	$ 225,000
City of Houston	-	-	-	-	-	-	-	-	$ -	$ -
Grants	-	-	-	-	-	-	-	-	$ -	$ -
Other	-	-	-	-	-	-	-	-	$ -	$ -
Total Funds	$ -	$ -	$ -	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 225,000	$ 225,000