



TIRZ #2 UPDATE

DS-23-025

March 7, 2023

Background

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- A Tax Increment Reinvestment Zone, also known as “TIRZ”, is an economic development tool authorized by Chapter 311 of the Texas Tax Code, through which governments can designate a portion of tax increment to finance improvements to promote the development of a defined area, called a “Reinvestment Zone.”
- Powers & Duties of the Board of Directors are outlined in Sec. 311.010 of the Texas Tax Code.

Background

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- ❑ TIRZs are used as forms of tax increment financing, which is an economic development tool to incentivize both development and redevelopment.
- ❑ A TIRZ is not an additional tax. Instead, it establishes a “base tax value” for a designated geographic area when the Tax Increment Reinvestment Zone is created.
- ❑ Once that base tax value is established, a TIRZ reallocates some or all of the additional ad valorem property taxes in the zone.
- ❑ As properties in the TIRZ develop and increase in value, property taxes collected over and above that “base tax value” number, go directly into a TIRZ fund.

Background

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TIRZ funds can be spent on the following types of projects:

- ▣ Public utilities;
- ▣ Streets;
- ▣ Street lights;
- ▣ Water and sewer facilities;
- ▣ New buildings;
- ▣ Remodeling of existing buildings;
- ▣ Demolitions;
- ▣ Land acquisition;
- ▣ Pedestrian walkways;
- ▣ Parks and landscaping;
- ▣ Flood and drainage facilities;
- ▣ Parking facilities;
- ▣ Public roads and buildings;
- ▣ Façade improvements;
- ▣ Environmental remediation;
- ▣ Demolition of existing structures;
- ▣ Financing costs & interest;
- ▣ Professional services;
- ▣ Operational & administrative costs.

Background

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- Killeen's TIRZ #2 was established on November 4, 2008.
- The Board of Directors consists of seven (7) members:
 - ▣ Positions One (1) through Four (4) are reserved for the City and appointed by the City Council;
 - ▣ Positions Five (5) and Six (6) are reserved for Bell County; and
 - ▣ Position Seven (7) is reserved for the Central Texas College District.

Background

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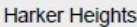
- On December 13, 2022, Council adopted an ordinance amending the boundary of the TIRZ #2 to include an additional 332 acres on the east side of N. Roy Reynolds Drive for expansion of the Killeen Business Park.
- At that time, the duration of the TIRZ #2 was extended by 20 years to expire in 2048, and the Project and Financing Plan was amended to include the following projects:

Project Plan

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Project	Estimated Cost
Streetscaping improvements in Downtown Killeen	\$ 14,000,000
Rancier Avenue replacement and streetscaping improvements	\$ 15,000,000
Rancier Avenue undergrounding overhead utilities	\$ 9,000,000
Downtown land acquisition and development of park space	\$ 8,000,000
Avenue D – Street and sidewalk rehabilitation	\$ 2,500,000
City Hall in the downtown	\$ 10,000,000
Land acquisition and development for expansion of Killeen Business Park	\$ 30,000,000
Economic development and public infrastructure reimbursements	\$ 14,000,000
Downtown land acquisition and redevelopment	\$ 8,000,000
Administrative /Professional Services	\$ 3,000,000
Total	\$ 113,500,000

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Interlocal Agreements

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- On February 14, 2023, Council passed a resolution authorizing the City Manager to execute a Tax Increment Reinvestment Zone Interlocal Agreement with Bell County and Central Texas College.

Ongoing TIRZ Initiatives

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1. Rancier Avenue replacement and streetscaping
2. Anthem Park – Reimbursement Agreement (\$12.7M)
3. Relocation of Automated Weather Observing System (\$350K)
4. MGC Pure Chemicals – Reimbursement Agreement (\$600K)
5. Downtown beautification and streetscaping improvements

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Anthem Park

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- ❑ Projected property & sales tax revenue: \$124M
- ❑ 203 acres, to include:
 - ▣ 60 acres (630 units) of Build-to-Rent (mixed residential);
 - ▣ 89.3 acres (1,720 units) of Multi-Family;
 - ▣ 37.8 acres of Commercial/Retail; and
 - ▣ 9 acres of Office/Flex/Storage.

MGC Pure Chemicals Reimbursement

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- MGC Pure Chemicals has requested reimbursement from TIRZ funds not to exceed \$600,000 to extend a rail spur onto the property and reimbursement from TIRZ funds to relocate the easement for the utility pole located on the property.

Downtown Beautification & Streetscaping

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- ❑ Staff is proposing to allocate TIRZ funding for landscaping, irrigation, and beautification within the Historic Overlay District (HOD).
- ❑ Funding will also be allocated for streetscaping improvements associated with the planned Bell County Annex and potential City Hall, including sidewalks, on-street parking, and street trees.

Downtown Beautification & Streetscaping

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Downtown Beautification & Streetscaping

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- Staff is proposing to allocate TIRZ funding for downtown alleyway activation and beautification.
- Funding will also be allocated for downtown pedestrian and vehicle wayfinding, including gateway murals in downtown.

Downtown Beautification & Streetscaping

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Downtown Façade Grants

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- Staff is proposing to allocate TIRZ funding to further fund the existing façade grant program in the Historic Overlay District (HOD).

Downtown Façade Grants

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TIRZ #2 Board Meeting

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- The next TIRZ #2 Board Meeting is scheduled for March 23rd at 3:00 p.m. in the Utility Collections Conference Room.