



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 22

Agenda Date: December 19, 2024

In Control: City Council A Session

DEPARTMENT: Office of the City Manager

DEPARTMENT HEAD:

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Ordinance authorizing amendments to the Westside and Houston Street Tax Increment Reinvestments Zones (TIRZ).

SUMMARY:

This ordinance authorizes amendments to the Westside and Houston Street TIRZ's that are necessary to implement provisions of the Memorandum of Understanding (MOU) and Term Sheet between the City, County, Designated Bidders, and Weston Urban that was approved by City Council on September 12, 2024.

BACKGROUND INFORMATION:

On September 12, 2024, City Council authorized the execution of an MOU and term sheet that will facilitate the construction of a multi-purpose baseball facility for the San Antonio Missions and other community events. The City, County, Designated Bidders, and Weston Urban are parties to the MOU and term sheet.

The ballpark facility will have approximately 4,500 fixed seats and a total capacity for approximately 7,500 attendees and will be in the northwest quadrant of downtown near San Pedro Creek Culture Park and Fox Tech High School. The project plan also includes privately funded

new surrounding development with an approximate taxable value of \$1 billion anticipated to be constructed over four phases through 2031. This new taxable development is expected to include hospitality and multi-family housing. The following table summarizes these four phases of planned new private development.

Phase	Estimated Completion Date	Estimated Taxable Value by Phase
1	2027	\$300,000,000
2	2029	\$275,000,000
3	2030	\$275,000,000
4	2031	\$150,000,000
Total		\$1,000,000,000

Most of the property for the stadium and surrounding development has been acquired by members of the team's ownership. The remaining property to be acquired is the Fox Tech High School baseball field property owned by the San Antonio Independent School District (SAISD). The City, County, SAISD, and Weston Urban have been working collaboratively on an agreement for the property acquisition. The SAISD Board will consider the property transaction at their December 16th Board Meeting.

The estimated cost of the ballpark facility is \$160 million inclusive of land and is expected to be completed in time for opening day in April 2028. The plan of finance for the ballpark stadium project includes an equity contribution of \$34 million from the ownership group coupled with a TIRZ bond financing. The bonds would include a pledge of revenues from the Houston Street TIRZ and would primarily be repaid through Team revenues and revenues from the taxable new private development (Phases 1 and 2) near the new ballpark stadium facility. Team revenues consist of a \$1 million annual lease payment made by the Team to the Authority and a \$2 ticket fee. Revenues from Phases 1 and 2 of the taxable new development include the City and County incremental property tax revenue and the Municipal Management District assessments.

ISSUE:

The proposed ballpark stadium project is located in the Houston Street Tax Increment Reinvestment Zone along with the majority of property tracts upon which the planned new private development would be constructed. Seventeen parcels upon which planned new development is anticipated to be constructed are located within the current boundaries of the Westside TIRZ. As part of the plan of finance, the 17 parcels are to be removed from the Westside TIRZ and added to the Houston Street TIRZ.

For context, a TIRZ is an economic development tool that is authorized under Texas State Statute. With the establishment of a TIRZ, the incremental increase in property taxes for participating taxing entities is captured and utilized to support development and redevelopment within the geographic boundaries of the TIRZ.

In FY 2025, the amount of projected property tax increment generated from the 17 parcels to be transferred from the Westside TIRZ to the Houston TIRZ is approximately \$123,000. Through FY

2032, the current term of the TIRZ, the projected total property tax increment from these parcels is approximately \$1.2 million based upon the assumptions in the finance plan. The Westside TIRZ plan assumed no redevelopment of the 17 parcels.

To offset the impact of the transfer of parcels to the Houston Street TIRZ, the City's participation rate in the Westside TIRZ is recommended to be increased from 90% to 100%. For FY 2025, this results in a projected increase in property tax increment of approximately \$359,000 for a projected net increase of \$236,000 in revenue for the Westside TIRZ when factoring in the loss of incremental tax revenue from the transfer of the 17 parcels to the Houston Street TIRZ. The total projected net increase in incremental property tax revenue through the remaining term (through FY 2032) of the Westside TIRZ is approximately \$2.3 million.

Additionally, in conjunction with the boundary adjustment for the 17 parcels, the term of the Westside TIRZ is being recommended to be extended from FY 2032 to FY 2060. This results in a projected additional \$266.6 million in incremental property tax revenue over the extended term based upon a participation rate of 100% of the City's property tax rate and the projected growth rate within the Westside TIRZ finance plan.

To facilitate the bond financing for the ballpark project, the term of the Houston Street TIRZ is recommended to be extended from FY 2032 to FY 2060. This extension of the Houston TIRZ term results in a projected \$530.6 million in total incremental property tax revenue over the extended term based upon the growth and development assumptions in the plan of finance. This extension in the term of the Houston Street TIRZ and incremental property tax revenues will support the proposed financing to fund a portion of the ballpark stadium project.

The Westside TIRZ Board was briefed on the proposed amendments at their November 26th meeting. The Houston Street TIRZ Board was briefed at their December 1st meeting. Per Texas Tax Code 311.007(a), the governing body of the municipality that created the TIRZ must approve any boundary changes, participation changes, and term amendments.

ALTERNATIVES:

If the item is not approved, the City will not be able to execute the City Council approved MOU and Term Sheet and the baseball facility will be delayed or not happen at all.

FISCAL IMPACT:

The proposed adjustment in boundaries to move the 17 parcels from the Westside TIRZ to the Houston TIRZ has no financial impact on the City's Adopted Budget.

The proposed increase in the City's participation rate from 90% to 100% for the Westside TIRZ would have a projected revenue loss of \$358,800 in FY 2025. Based on the City's current property tax rate, \$218,700 revenue loss would occur in the General Fund and \$140,100 in the City's Debt Service Fund. Through the current term of the Westside TIRZ in FY 2032, the total increase in incremental property tax revenue in the TIRZ from the increase in the City's participation rate

would be \$3.4 million.

With the extension in the term of the Westside TIRZ from FY 2032 to FY 2060, the projected total incremental property tax revenue is \$266.6 million over the extended term based upon the growth assumptions in the finance plan. The extension of the Houston TIRZ term from FY 2032 to FY 2060 results in a projected \$530.6 million in total incremental property tax revenue over the term based upon the growth and development assumptions in the plan of finance. The extension in the term of the Houston Street TIRZ and incremental property tax revenues will support the proposed financing to fund a portion of the ballpark stadium project.

RECOMMENDATION:

Staff recommends approval of the amendments to the Houston Street TIRZ and Westside TIRZ.