



CITY OF SAN ANTONIO
**NEIGHBORHOOD & HOUSING
SERVICES DEPARTMENT**

City Tower Transfer of Incremental Property Tax Revenue Houston Street TIRZ #09

City Council A-Session | Item #31

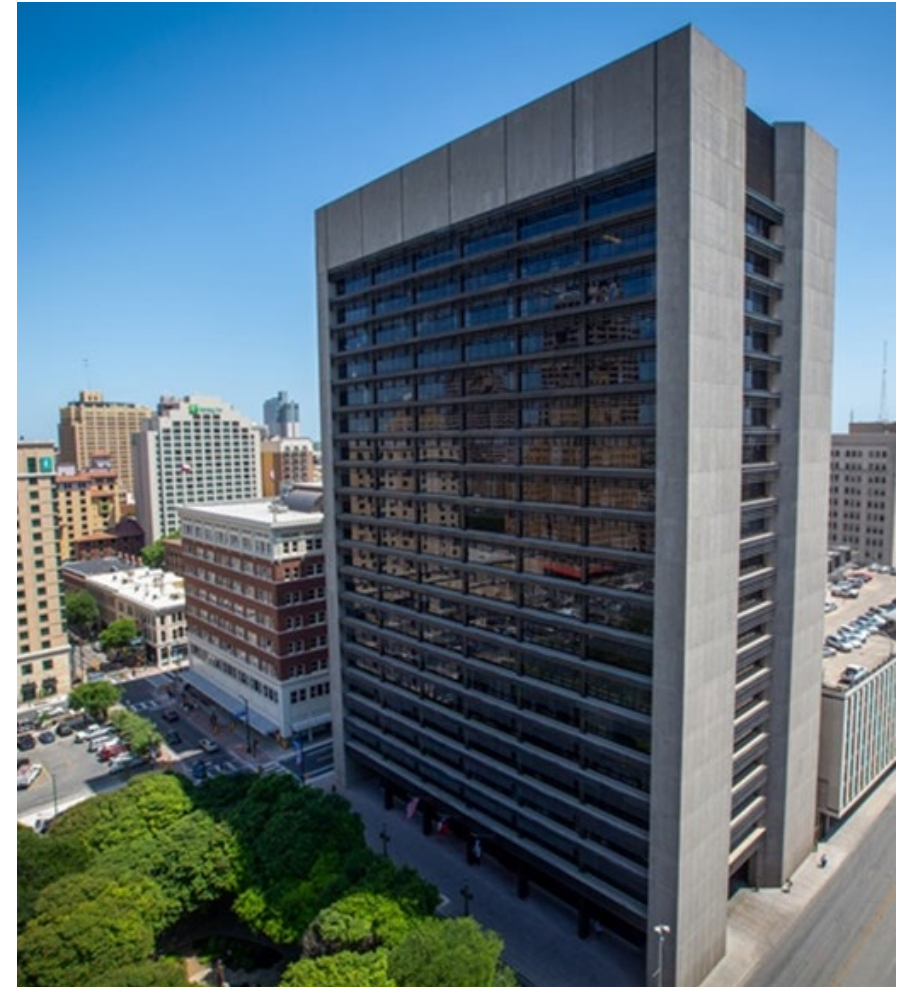
June 16, 2022

Veronica Garcia, Interim Director

Summary



Transfer of Incremental Property Tax Revenue from Tax Increment Reinvestment Zone Houston Street #09 (TIRZ #09) resulting from Public-Private Partnership (P3) to City Tower Project located in Council District 1 that resulted in 1) a consolidated administrative office tower for the City; 2) residential housing redevelopment; and 3) the construction of the first-class A office tower in downtown since 1989.



Background



- On June 4, 2015, City Council approved a Comprehensive Development Agreement between the City, Weston Urban, LLC, and Frost Bank - Public Private Partnership (P3) which resulted in the following:
 - City purchased Frost Tower office building to serve as a consolidated administrative building – City Tower
 - Facilitated construction of Frost's new office tower by Weston Urban
 - Future components include redevelopment of Municipal Plaza as residential housing with Council Chambers, the B Room and other support spaces being retained by the City
 - Previously City owned properties will become taxable and generate tax increment along with the new Frost Tower and parking garage



City Tower Financing Plan

- On June 23, 2021, the City sold a total of \$137 Million in debt to fund the City Tower Project
- Includes repayment of the debt and operating expenses by various sources including:
 - Third Party Leases
 - Parking Revenue
 - Sale of City Properties
 - Budgeted savings from the consolidation of City Services
 - Incremental Taxes from Houston Street TIRZ and Westside TIRZ

Fiscal Impact



The FY 2021 transfer of the incremental tax revenue from related Public-Private Partnership (P3) properties was \$184,485 based on actual tax revenue and \$193,481 for FY 2022. The FY 2023 to FY 2034 transfers will be calculated annually when the actual property tax information is available. The projections included a 3% annual increase. This item authorizes the TIRZ to fund the transfers through FY 2034.

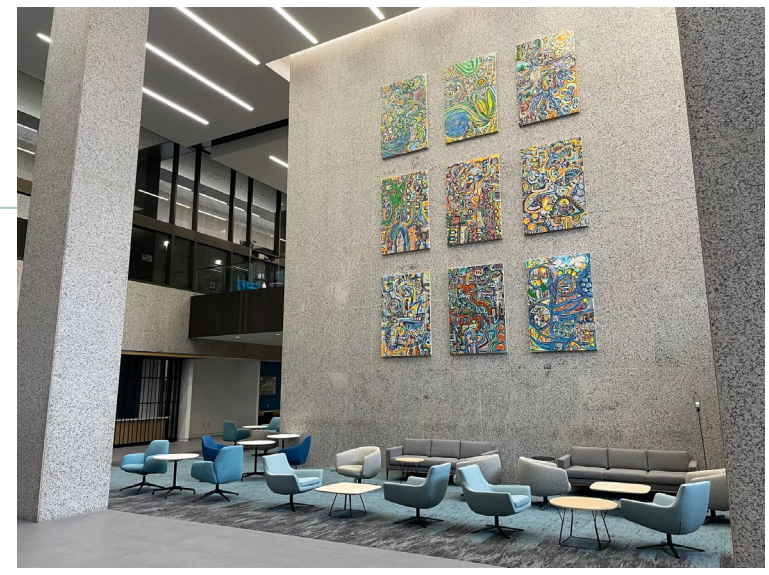
Fiscal Impact



- Base Value calculated based on FY 2017 assessed value of the former Frost Bank headquarters, parking garage and motor bank including an annual increase of 3%
- Incremental Value based on current value of new Frost Tower and parking garage and new value projected for the redevelopment of the Municipal Plaza building for housing less Base Value
- FY 2021 incremental tax revenue is \$184,485 based on actual tax revenue and \$193,481 for FY 2022
- FY 2023 to FY 2034 transfers will be calculated annually based on actuals and are estimated as follows:

Description	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026-2034
Annual Transfer	\$184,485	\$193,481	\$252,670	\$260,250	\$268,057	3% annual increase estimated

- Total Houston Street TIRZ funding is estimated at \$4 Million through FY 2034



Recommendation



Staff recommends approving the transfer of the incremental tax revenue generated by the Public-Private Partnership (P3) including the new Frost Tower building and garage and the condominiumized portion of the Municipal Plaza Building that will be redeveloped by Weston Urban from the Houston Street TIRZ (TIRZ #09) to the City's City Tower Fund, for the purpose of funding the City Tower project. This transfer will occur annually through FY2034.



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