



## Legislation Text

**File #:** 17-0064, **Version:** 1

Consider and take action on a resolution authorizing amendments to: 1) the interlocal agreement between the City of League City, Reinvestment Zone #2 and Galveston County and 2) the interlocal agreement between the City of League City, Reinvestment Zone #2, Clear Creek Independent School District regarding the payment of tax increment (Assistant City Manager)

League City TIRZ No. 2 (Victory Lakes) was created in 1999 and is scheduled to continue until the year 2024; however, all of its original projects (except for the last section of Victory Lake residential) have been completed and the TIRZ will soon pay off the last of its bond debt. Currently, the TIRZ account has a cash balance of \$8,797,922. Please see the attached spreadsheet for the current financial information.

There is \$1,187,462 in outstanding bond debt and it is estimated that it will take \$450,000 in TIRZ revenue to complete the Section 7 residential section of Victory Lakes. Additionally, City staff and consultants are proposing some additional traffic improvements along Walker Road in the estimated amount of \$2,500,000 that are allowed by the TIRZ project plan.

The current cash balance has been allocated to each entity (City, County, ISD) based on the percentage of the overall revenue that was contributed by each entity since inception of the TIRZ. The revenue needed to pay off the outstanding bonds in the original area of the TIRZ as well as the revenue needed for the Section 7 residential and Walker Road improvements will be deducted from each entities proportion of the current cash balance. The City has an additional obligation to the annexed area of the TIRZ (League City Towne Center) where the County and ISD do not participate and where only City increment revenue can be used. This obligation is \$1,163,174 in outstanding bond debt and a developer receivable of \$2,858,249, both of which can only be paid by City increment.

There is currently more than enough increment revenue in the TIRZ account from prior City, County, and CCISD payments to pay off the remaining debt in the original area, fund the Section 7 residential improvements, and fund the Walker Road improvements with each entities' prior payments paying a proportional share. It is projected that even after funding these improvements, the County will have a refund of approximately \$1.6M and the CCISD a refund of \$2.1M. The City obligations in the annexed area will require several more years to pay off with only City contributed increment.

Staff is recommending that Galveston County and CCISD make no further payments to the increment fund, and have their participation in the TIRZ formally concluded. Final reconciliation will be made once the Walker Road improvements and Section 7 residential improvements are complete likely resulting in refunds to the County and ISD.

### Attachments:

1. Data Sheet
2. Proposed Resolution
3. Interlocal with County
4. Interlocal with CCISD
5. Funding Spreadsheet

### FUNDING

{ x } NOT APPLICABLE

{ } Funds are available from Account # \_\_\_\_\_

{ } Requires Budget Amendment to transfer from Account # \_\_\_\_\_ to Account # \_\_\_\_\_

