

**SUPPLEMENTAL
CITY OF LAREDO
RECOGNITION AND COMMUNICATION NOTICE M2017-
S-09
CITY COUNCIL CHAMBERS
1110 HOUSTON STREET
LAREDO, TEXAS 78040
December 4, 2017
5:00 P.M.**

The Mayor presented the following:

1. Recognizing the United States Marshals Service for their participation in Operation Safe Guard and for their commitment to keeping our community safe.

Claudio Treviño, Laredo Police Chief, reported a high level of collaboration between the Laredo Police Department and the US Marshals Service in the field of sex offender registration and surveillance. An LPD officer works closely with the US Marshals, and Operation Safe Guard aimed to take count of Laredo's registered sex offenders. It was a successful operation.

Officer Adriana Reyes noted that in October 2017, she and US Marshals agents checked on the status of all registered sex offenders and found that most offenders were in compliance with the law. Some warrants were issued, and Officer Reyes thanked the Marshals for their help in this operation.

Cm. Vielma commended all parties for their diligence, especially in the arrest of a sex offender who had fled to California illegally.

Mayor Saenz distributed certificates of recognition.

2. Recognizing Tony Vedia for his collaboration in the 3rd Annual Laredo Big Bad BBQ Cook-Off, that took place November 10-11, 2017 at The Outlet Shoppes Parking Lot.

No recognition made.

**CITY OF LAREDO
CITY COUNCIL MEETING
M2017-S-09
CITY COUNCIL CHAMBERS
1110 HOUSTON STREET
LAREDO, TEXAS 78040
December 4, 2017
5:30 P.M.**

SUPPLEMENTAL AGENDA

I. PUBLIC HEARINGS

1. Public Hearing on the proposed creation of Tax Increment Reinvestment Zone Number Two, City of Laredo, Texas, pursuant to section 311.005 (a)(4) of the Texas Tax Code, its benefits to the City, and to the property within this zone, to be located on approximately 1,027.14 acres of land northeast of Loop 20 at its intersection with Winfield Parkway.

A SECOND PUBLIC HEARING ON THIS ITEM WILL BE HELD ON DECEMBER 12, 2017 IN ACCORDANCE WITH THE REQUIREMENTS OF SECTION 311.003 (C) OF THE TEXAS TAX CODE.

Motion to open public hearing.

Moved: Cm. San Miguel

Second: Cm. Torres

For: 8

Against: 0

Abstain: 0

Martin Aleman, Executive Director of Finance and Technology, displayed an aerial view of the proposed Tax Increment Reinvestment Zone (TIRZ) Number 2, outside of the loop at Shiloh. The developer proposed 1,027.14 acres to be developed with 1,767 single family homes, 905 multifamily homes, 211,000 sq ft of large anchor retail, 194,000 sq ft of junior anchor retail, 196,000 sq ft of small retail, 48,000 sq ft of specialty retail, a 100-room hotel, 44 acres for public schools, 23 acres of green space or parks and recreation centers, 45 acres of green space in the flood plain, and 79 acres of a main collector roadway.

The three estimated participating entities are the City, Laredo Community College, and Webb County. The total maximum contribution to the TIRZ fund (estimated) is \$100,564,187.99 with a tax collection rate of 99% for a 30 year TIRZ term. The City's M&O rate is \$0.494068. Benefits to the City include \$7,900,000 in down payment assistant for qualifying families for single-family homes throughout Laredo, among other benefits. The total estimated benefits to the City was calculated at \$149,873,373.00. The TIRZ projects the creation of 2,000 new jobs, and an estimated \$1,903,857,686.00 in payroll within the Laredo area during the term of the TIRZ.

David Earle, attorney for Killam Development, clarified that the TIRZ estimates were calculated by the consultants hired by the City, who conducted an economic impact analysis on the area. Because the population and commercial square footage, there is

an increase in hotel occupancy.

Horacio De Leon, City Manager, added that the hotel is projected to be built in year 15 of the TIRZ. He assured Council that the growth patterns observed by staff supports the creation of a TIRZ. The risk is on the part of the developer; if the TIRZ does not perform, then the City will be reimbursed its commitment. The right-of-way will be deeded to the City at the beginning of the project as a donation. He added that cities are more likely to see big-scale developers pursue TIRZ to help spread the risk.

Mr. Earle clarified that tonight's item is merely to create a zone. It does not bind the City to any obligations or commitments, but instead lays the groundwork to compete with economic development of other cities along the border. The City can form a preliminary, basic plan before Webb County and Laredo Community College opt in to finalize the plan. The developer will invest over \$500 million over the next 30 years to keep the economy stimulated. If the developer does not meet its commitment, the City loses nothing, but the TIRZ will be canceled. Mr. Earle noted that LCC and the County have both passed resolutions supporting the creation of the TIRZ and expressing their willingness to participate in this partnership. He also noted that Laredo is a unique market because of the cross-border traffic. He also pointed out that there is no plan to build a mall because malls are a "thing of the past" and would likely fail.

Mr. Aleman stated that if all three parties can not contribute their portion or agree to the terms, then the TIRZ terminates. The City received a resolution of intent and a letter of support from Webb County.

Mr. Earle clarified that the TIRZ is created under Chapter 311 of the Texas Tax Code, which allows the County to enter TIRZ zones. The County can not issue bonds, but it can participate in the TIRZ. The PID issues bonds for the recreation center.

Kristina L. Hale, Acting City Attorney, reported that the City is classifying the land as undeveloped under Chapter 311, and because it is brought by a petition, the City does not have to meet the exact criteria of the Tax Code. Mr. Earle added that the land must be classified as undeveloped or substantially underdeveloped. The land in question is vacant and falls under agricultural exemption.

Mr. Earle also noted that Council would not create any competition with the Downtown TIRZ (TIRZ Number 1) because the Downtown TIRZ is one of revitalization for existing buildings and businesses. The TIRZ in question is for development of large retail, which would not be implemented Downtown.

Mr. Aleman explained that of the \$7.9 million in Down Payment Assistance, the City could determine how much assistance to provide. He displayed a hypothetical example of providing DPA of \$25,000, which would assist 316 families across Laredo. He confirmed that the PID would be paid by both residential and commercial entities.

Mr. Earle noted that recent state law prevents school districts from participating in TIRZ partnerships. The contributions for school districts can only be used for certain things, so school districts do not participate anymore. The proposed recreation center was designed with classroom space and administrative space. The Tax Code also allows for affordable housing initiatives. He confirmed that the TxDOT value of the Loop 20 right-

of-way was calculated to be \$15.00 per foot. Funds can be made immediately available for Down Payment Assistance through certificates of obligation. PID bonds have immediate capacity.

Cm. Altgelt voiced concern that certificates of obligation would impede the City's bonding capacity. Mr. De Leon reminded Council that the City would not need all of the DPA money upfront.

Mr. Earle reiterated that there is a necessity of the County and LCC in order for the TIRZ to proceed. If either party does not participate, the TIRZ would be terminated.

Cm. San Miguel voiced his opinion that the creation of 2,000 jobs should be taken very seriously. The employees in this TIRZ will be from all over Laredo. He also stated that the value of the right of way seems very reasonable.

Remy Salinas stated that this kind of financial instrument must be negotiated by experts in the field, of which there are none at the City. Mr. De Leon countered that the City utilized consultants throughout negotiations.

Mr. Salinas continued that the City of Laredo is growing in sales tax, permits, and population. Unemployment is low. He asked where the need is for a TIRZ. Development is occurring all over town, so it does not make sense that the taxpayers of Laredo would need to subsidize the development of the Killams. Mr. Salinas explained that Police and Fire services cost the City 63% of the General Fund. The City would still then need to provide services to the TIRZ for 30 years from the taxpayers. He emphasized that there is no need for development subsidies; the typical TIRZ and TIF model is due to stagnating or depreciating property values, which is not present in Laredo. Property values continue to increase. The local economy is vibrant.

Mr. Salinas referenced a book called *Good Jobs First*, which disparages increment financing. He argued that the "build it and they will come" does not work in development. First the City must create attractive, good jobs, then development will be stimulated. He countered that the new jobs that would be created by this development are low-wage retail jobs, not skilled jobs. He reported that TIFs and TIRZs started in California, and now they are outlawed there because the state is bankrupt. He emphasized that the General Funds of cities do not get the money. Asking the taxpayers to subsidize wealthy landowners is "slavery in today's time," in his opinion. Mr. Salinas voiced his disbelief that the wealthiest family in Laredo is coming to the taxpayers of Laredo to subsidize development that they could complete unassisted with no problems and with plenty of profit. He added that Council considering this subsidy is shameful.

Motion to close public hearing and introduce.

Moved: Cm. San Miguel

Second: Cm. Perez

For: 7

Against: 1

Abstain: 0

Cm. Gonzalez

Cm. Torres

Cm. Rodriguez

Cm. Perez

Cm. Vielma

Cm. San Miguel
Cm. Altgelt
Cm. Balli

II. INTRODUCTORY ORDINANCES

1. Introduction of an Ordinance designating the Coves at Winfield Development being a +/- 1,027.14 acre area located Northeast of Loop 20 at its intersection with Winfield Parkway in the Northeast area of the City of Laredo and its extraterritorial jurisdiction as a Tax Increment Reinvestment Zone; Describing the boundaries of the Zone; Creating a Board of Directors for the Zone; Providing for an effective date and termination date for the Zone; Naming the Zone "Reinvestment Zone Number Two, City of Laredo, Texas"; Establishing a Tax Increment Fund; and Containing other Provisions related thereto.

Ordinance Introduction: City Council

III. STAFF REPORTS

2. Discussion with possible action on the recommendation by the City Manager for the position of City Attorney in accordance with the City Charter of the City of Laredo, Article IV, Section 4.02, and any other matters related thereto.

Horacio De Leon, City Manager, reported that the City Attorney position has been vacant for a year in January 2018. Staff recommends one of the candidates, who has been serving as the Acting City Attorney, Kristina L. Hale.

Motion to accept staff recommendation for Kristina L. Hale as City Attorney.

Moved: Cm. Balli

Second: Cm. Altgelt

For: 7

Against: 1

Abstain: 0

Cm. Gonzalez

Cm. Torres

Cm. Rodriguez

Cm. Perez

Cm. Vielma

Cm. San Miguel

Cm. Altgelt

Cm. Balli

IV. ADJOURNMENT

Motion to adjourn.

Moved: Cm.

Second: Cm.

For:

Against:

Abstain: