

TAX INCREMENT REINVESTMENT ZONES 2015 GUIDELINES FOR CAPITAL PROJECTS

Economic Development Division/Public Works and Engineering Department

General Information

This document reinforces practices, policies, and guidelines for TIRZ capital projects. Moreover, It also introduces guidelines to coordinate infrastructure projects that leverage public resources including grant funds. In the past there has been some level of coordination with the City’s Public Works and Engineering (PWE) Department for projects constructed in the public rights of way or for public use, however the coordination and engagement is typically at the time the project is being permitted and constructed.

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Beginning this year, TIRZs will work closely with PWE during the planning stages of capital projects, ensuring that resources are deployed where priorities of the two entities align best. This document will serve as the initial communication with opportunities throughout the year to provide input and refine the process guidelines described.

Public Works and Engineering Engagement

Public Works Director as Ex Officio Director

TIRZs serve as an economic development resource to fund eligible infrastructure projects as defined in the Texas Tax Code, Chapter 311. To aid and assist the TIRZs in the administration and implementation of projects, local government corporations (LGCs) were created for each zone. The City has 24 active TIRZs and with the exception of TIRZ No. 24 and TIRZ No. 25, the boards of directors of the LGCs, also referred to as the Redevelopment Authority (RDA), comprise the same members as the TIRZ board.

Article VI of the certificates of formation creating the RDAs provides that the Director of Public Works and Engineering (or an appointed designee) serve as an ex-officio, non-voting member of the RDA. Additionally, **Article XI** directs the Director of PWE to approve any capital project(s) of the LGC and all plans and specifications of any improvement to be made by the LGC. The director or his designee will review the annual TIRZ budgets, the scope and design of specific projects, the 5 year CIP Plan and to the extent practical, projects contemplated beyond the 5 year plans.

FY 16 Annual Budget Process

The Chief Development Office (CDO) will begin the FY 16 budget process in late January. In February the office will provide updated budget templates to the TIRZ administrators. A complete calendar of assigned tasks, due dates and guidelines for updating the template will be provided in January 2015. After the TIRZ administrators complete the budget, the office will schedule a meeting with PWE and each TIRZ to review and approve each TIRZ budget's CIP for FY16 along with the 5 year plan. Each project will be thoroughly defined within the budget template on Form A, including

the level of detail needed for PWE to fully assess the project's scope, design, construction, and alignment with Rebuild Houston. A generic description will not be acceptable on the Form A's. **All budgets are subject to review by the Chief Development's Office and must be approved by City Council before expenditures can be made against the current year budget.** The goal for submitting the TIRZ budgets to City Council is end of July 2015. PWE reviews will be scheduled beginning in late May.

Capital Improvement Projects

CIP Guidelines

The core of the budget and 5 Year CIP is the **Capital Project Section**. **Capital projects are the primary purpose of the TIRZ** and usually represent the majority of the budget spent within the TIRZ. Capital Projects are defined as part of the budget process with an estimated allocation of funds; however the budget simply reserves dollars set aside for a planned project. Prior to the project's design and prior to any costs being incurred all TIRZs will adhere to the following guidelines:

1. Current year projects must be reflected in the current year budget (at minimum design costs for projects planned for construction in subsequent years)
2. All projects must be within the existing TIRZ boundary
 - a. Projects contemplated outside of the boundary must demonstrate greater need and priority
Furthermore, they must first be reviewed and approved by the CDO and Director of PWE
3. All projects will meet sound engineering principals with feasibility analyses where applicable
4. PWE will review and approve all projects that comprise a public works infrastructure
5. All projects will be evaluated for affordability, COH priority, alignment with ReBuild Houston, 5 year Council approved CIP and other related City programs and plans
6. When The TIRZ begins a project that requires engagement with governmental agencies and coordination with outside entities (HCFCD, TxDot, Harris County) they will engage the CDO and PWE at the onset of the project

Capital Improvement Projects

Calls for Projects

TIRZs are strongly advised to leverage grants or incentives from other public or private entities: funds that complement the investment Houston makes in TIRZs.

This is to ensure that projects are designed in accordance with the standards enumerated in city ordinance and building codes, as well as eliminate conflict with current CIP.

The Chief Development Office will partner with PWE to create guidelines that will improve the processes between the TIRZs and PWE.

MWDBE Reporting

Section X of the Tri-Party agreement “Participation of Disadvantaged Business Enterprises” describes the City’s policy relating to the full participation of minority and women owned businesses. These Tri-Party Agreements further state that the Authorities agree to use their best efforts to carry out this City policy.

Currently, we are working in partnership with the Office of Business Opportunity (OBO) and Houston Technology Services (HTS) to develop an internet application that would provide a user friendly tool to each TIRZ, a tool that would ensure consistent MWDBE vendor reporting. This application will provide the TIRZs an appropriate platform to report and analyze MWDBE data. This in turn would allow

our office to identify best practices, and analyze spending trends. HTS approved the dashboard/application proposal as a FY15 project; they expect implementation for the internet application by the end of February. Our office will coordinate training with HTS as needed. At the time of implementation, guidelines for “qualifying” vendors will be communicated.