



Final Project and Financing Plan
Amarillo, Texas
August 3, 2023

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Overview and Purpose of the South Gateway Tax Increment Reinvestment Zone

The Interstate 27/Loop 335 intersection marks a primary entranceway into Amarillo from the south and can be a major asset to the community if current development barriers are addressed. The area is predominantly open and undeveloped land with a lack of public infrastructure including streets, utilities, and stormwater. With the assistance of strategic public investments, the area is poised for substantial private investment and economic growth.

In early 2022, Kids, Inc. announced that they would use a 90-acre land donation to construct a multi-sport athletic complex south of Loop 335 between I-27 and Coulter Street. The venture will be privately funded. Kids, Inc. has been a premier sports organization in Amarillo for more than 75 years. The phased project will consist of a \$30 million outdoor complex with around 60 acres of lighted synthetic turf sports fields. The location of the facility in the South Gateway Tax Increment Reinvestment Zone provides an anchor attracting teams, fans, and families to this part of Amarillo, creating private sector interest from the new market demands.

Development opportunities include retail, hotel, and entertainment driven by the athletic facilities as well as commercial, auto-oriented uses, and office to support general growth in this part of Amarillo. Some residential and neighborhood service uses are also expected due to the location near already established residential areas. In this context, the vision for the South Gateway TIRZ is a place where paths converge—a place where people, whether local or travelers, can participate in unique recreation and entertainment opportunities, grab a bite to eat, or enjoy the area's retail assortment. Through these activities and the economic growth associated with them, city and county residents will realize increased tax revenues, an attractive southern node of activity, and an improved quality of life.

The primary purpose of the South Gateway TIRZ #3 is to establish a dedicated revenue stream to address long-standing public infrastructure challenges in the area to stimulate and facilitate new private investment. The annual revenues will be primarily dedicated to reimbursing the City or developers for expenditures related to the construction of public infrastructure; however, the Zone will also provide the ability to offer economic development incentives through Chapter 380 agreements to strategically support select uses. Through these strategies, the creation of the Zone will result in development that would not occur in the foreseeable future solely through private investment.

Key Goals

The **key goals** for the South Gateway TIRZ #3 Zone identify the desired uses and development patterns that will enhance and increase the tax base. Because the land is primarily vacant, projects are expected to be proposed as larger, master planned developments that will include coordinated plans for signage, landscaping, and other aesthetic improvements. The desired development types for the Zone include:

- New retail and food establishments contributing additional property and sales tax revenue
- Retail outlets contributing additional property and sales tax revenue
- Sports and entertainment venues contributing additional property and sales tax revenue
- Auto and truck service stations contributing additional property and sales tax revenue
- Grocery store contributing additional property tax and sales tax revenue
- Hotels contributing additional property and HOT tax revenue
- Limited-service hotels contributing additional property and HOT tax revenue
- Limited development of new residential units to help spur new retail development
- Development of new commercial businesses in the area

Key Objectives

- By Year-5, construction of the private athletic facility and associated public infrastructure will be complete.
- Approximately \$65 million of new taxable value will be added within the first five years through anchors, retail, and hotel developments.
- By Year-10, it is anticipated that a majority of development and the construction of infrastructure will be complete and fully contributing to the TIRZ revenue.
- The total TIRZ revenue projected for infrastructure reimbursement is \$15.3M with an estimated \$120M of new taxable value added.



Partnerships and Strategic Actions

To achieve the success of this area, a number of partnerships and strategic actions will be required.

- Partnerships between the private property owners, developers, businesses, and the City of Amarillo will be necessary to assure the timely construction of the needed public infrastructure. This will require planning and coordination among all parties to deliver projects on schedule and budget. It is anticipated that a majority of planned public infrastructure projects will be constructed by private developers and reimbursed through the TIRZ.
- Partnerships between the local taxing entities will also be critical for the success of this area. The willingness of the City of Amarillo, Randall County, and Amarillo College to consent that the incremental increase in property tax revenues be placed within the TIF and reinvested within the Zone in the manner noted in the adopted Project and Financing Plan is critical for the success of this area. Through this mutual investment all taxing entities (including those not directly participating in the TIRZ) will benefit from new growth and development of this area through increased investments, increased property tax revenue, increased sales tax revenue, and increased employment.

The strategic actions necessary to realize the development goals of the South Gateway TIRZ are straightforward yet critical.

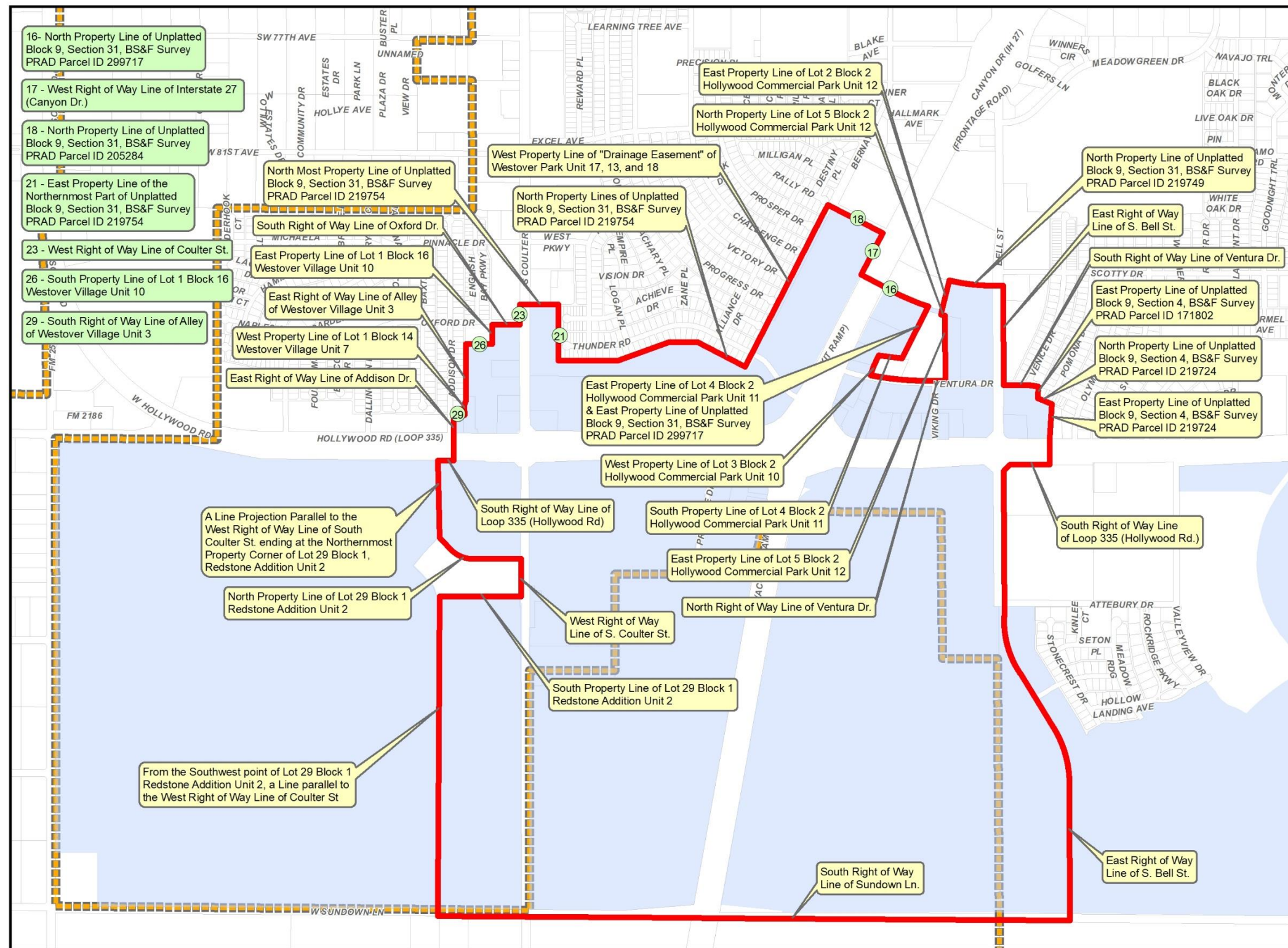
- One of the first primary actions will be the construction of the Kids, Inc. athletic facility which will be built and operated by private investors and used to meet local recreation demands and host tournaments. In addition to meeting local recreational needs, this facility is anticipated to generate additional economic opportunities for the properties in close proximity and throughout the area through attracting visitors participating and attending athletic tournaments. The activities in the athletic facility are expected to generate additional retail, restaurant, entertainment, and hotel demand which in turn will generate additional property tax revenue, sales tax revenue, hotel occupancy tax revenue and employment.
- The landowner/developer will begin to address deficient infrastructure in coordination with the athletic facility construction including sanitary sewer, water, streets, and landscaping.
- Concurrent with these investments, additional private parties in the area will initiate new development – with the construction of retail stores and outlets and the establishment of other additional supporting facilities to the activities in the zone and to the surrounding residences. As incremental tax revenue is generated it will be used to reimburse the developers for costs associated with the construction of infrastructure.
- The final strategic actions include continued extension (and reimbursement) of needed streets and infrastructure and the continued development of retail, entertainment, residential, hospitality, and commercial establishments. Specific notable projected private development associated with this action includes a grocery store, auto service stations, and various retail and entertainment outlets.
- Chapter 380 Agreements are expected to be part of the economic development strategy for the Zone, but their use should be used to attract businesses and uses that not only help the Zone meet its development goals but provide significant economic impact and/or provide a use that is new to the Amarillo market enhancing the appeal and experience of the South Gateway TIRZ area. Examples of this include specialty retailers, recreation/entertainment uses that are complimentary to the sports complex, and leisure/hospitality uses.

Anticipated infrastructure investments needed:

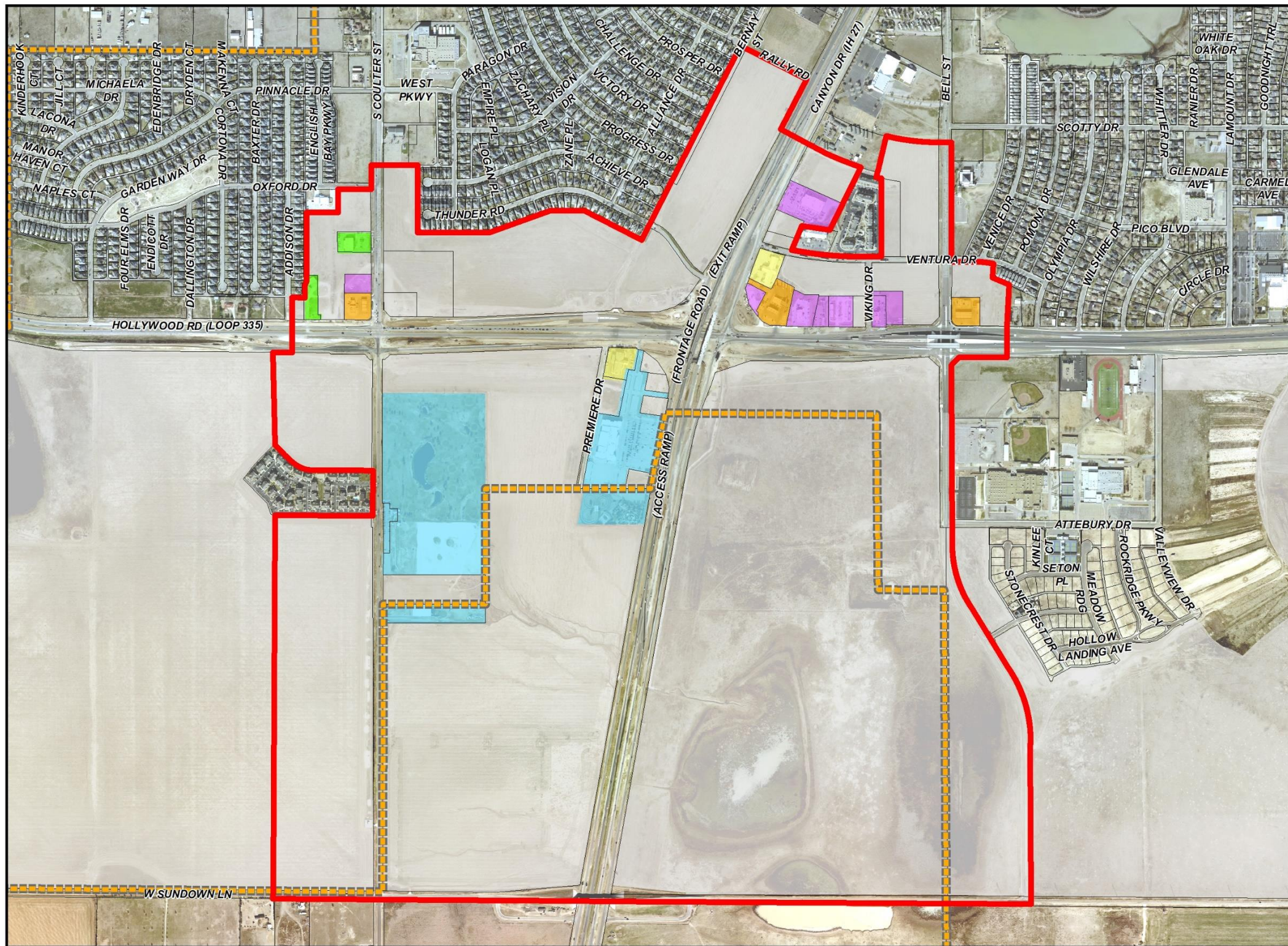
- Undeveloped land north of Loop 335, east of Coulter, and west of I27 is anticipated to need extensions of sanitary sewer, water, streets, and improvements to stormwater drainage.
- Future Kids Inc development and other undeveloped land south of Loop 335, east of Coulter, and west of I27 is anticipated to need extensions of sanitary sewer (upsized to serve adjacent properties), water (including mid-section and section line mains), improvements to section line arterial streets and collectors (Coulter, Sundown, and Premier), and storm water drainage improvements (including Coulter and Sundown arterial street drainage infrastructure)
- Undeveloped land at the northwest corner of the Loop 335 and Coulter Street intersection is anticipated to need water and street extensions, as well as drainage channel improvements.
- Undeveloped land south of Loop 335, east of I27, and west of Bell Street is anticipated to need extensions of sanitary sewer, water (including mid-section and section line mains), improvements to arterial streets (Bell Street and Sundown), and major stormwater drainage improvements (drainage playa located within this section of land).

Total estimated cost of infrastructure improvements is \$45.8M. A large contributor of the expanse of costs for these improvements is the difficulties associated with the major barriers in constructing these improvements such as Interstate 27 and Loop 335. For example, the major playa which would be used to retain the stormwater for the undeveloped land and even some adjacent development is isolated on the southeast side of the I27 and Loop335 intersection.

Boundary Description

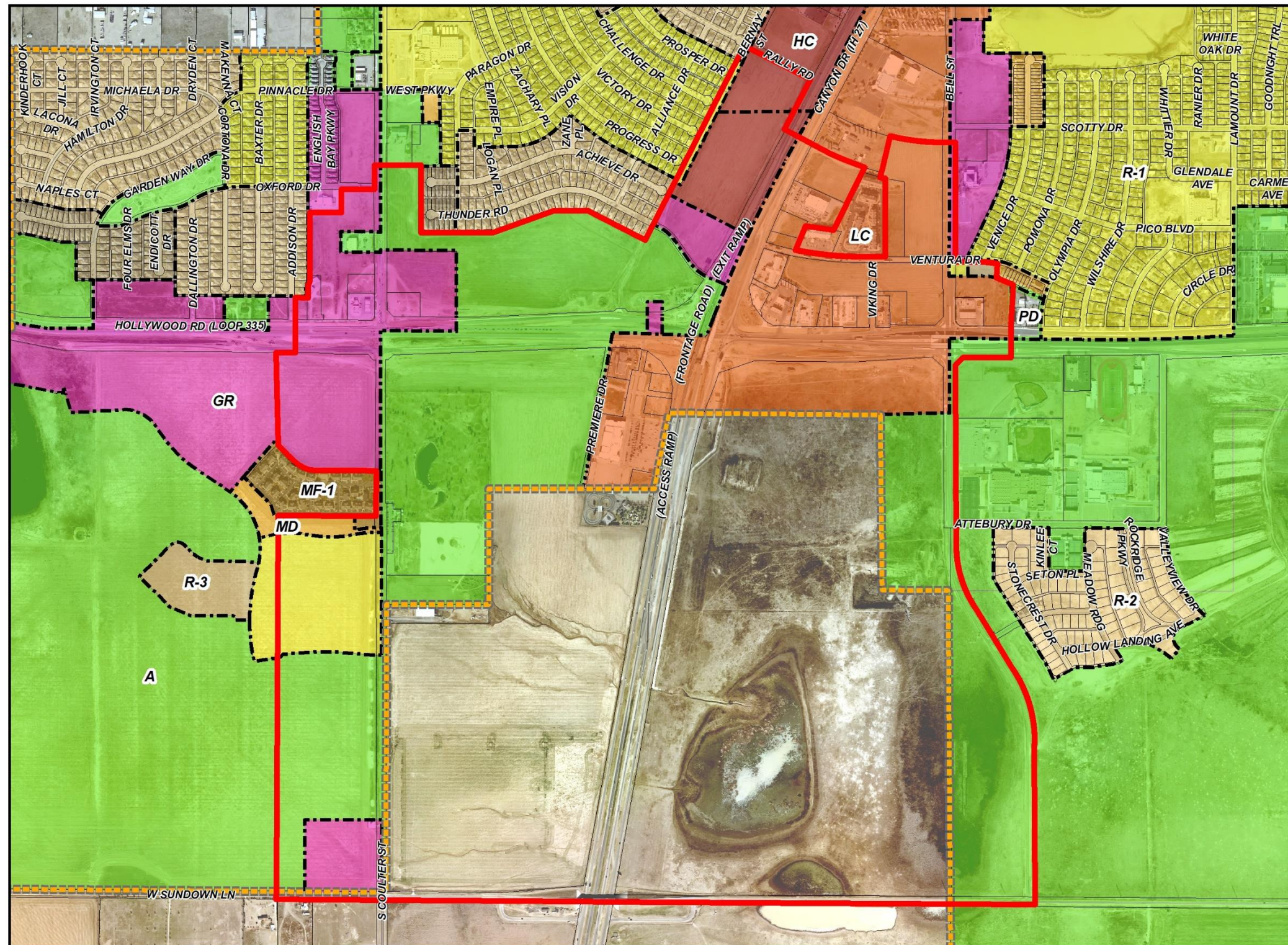


Existing Land Use



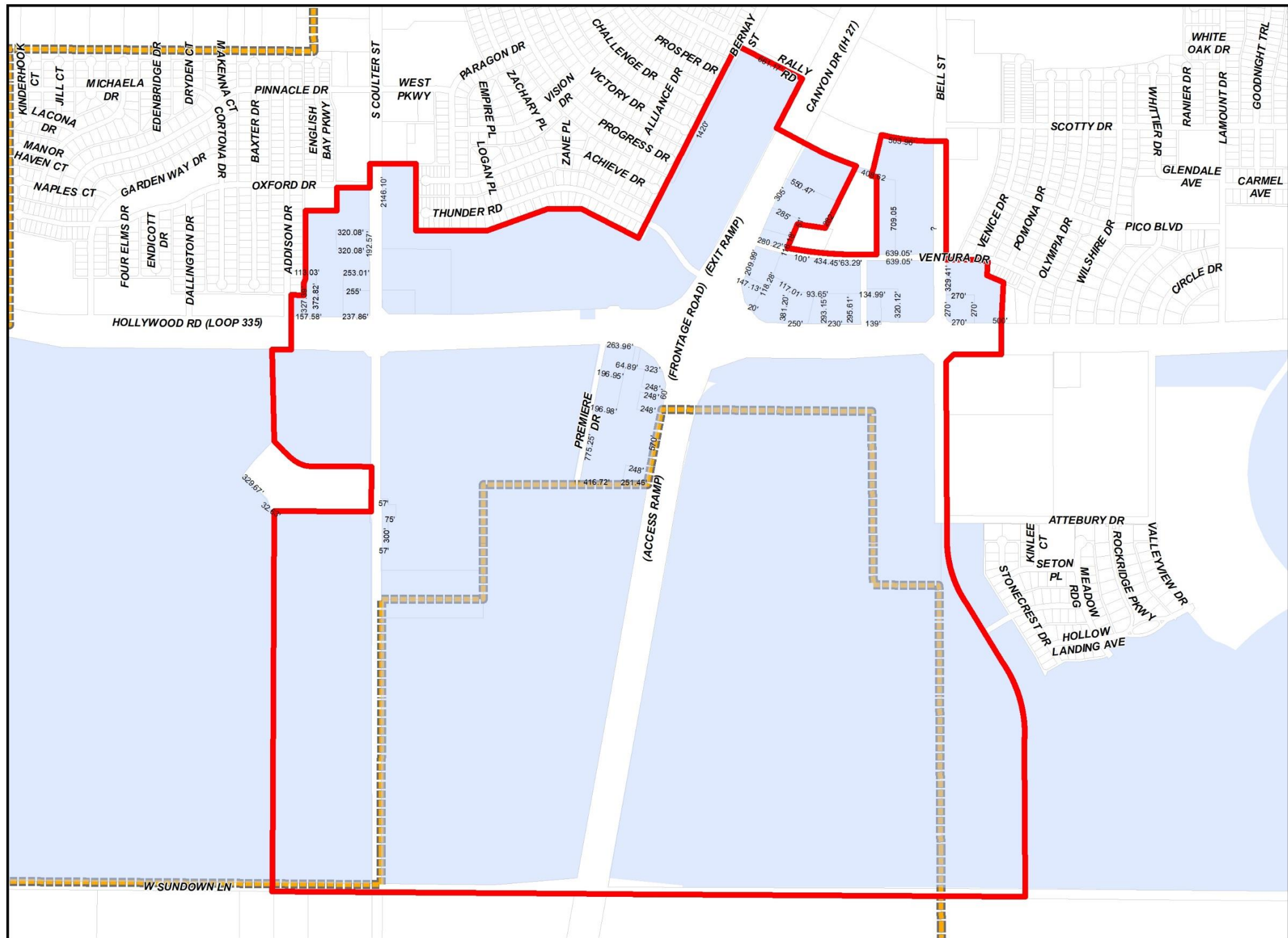
- TIRZ 3 Boundary
- HOTEL / MOTEL
- MEDICAL / VETERINARY
- RETAIL / RESTAURANT
- ENTERTAINMENT / LEISURE
- AUTOMOTIVE GAS / SERVICES
- AGRICULTURE / VACANT / UNIMPROVED

Existing Zoning



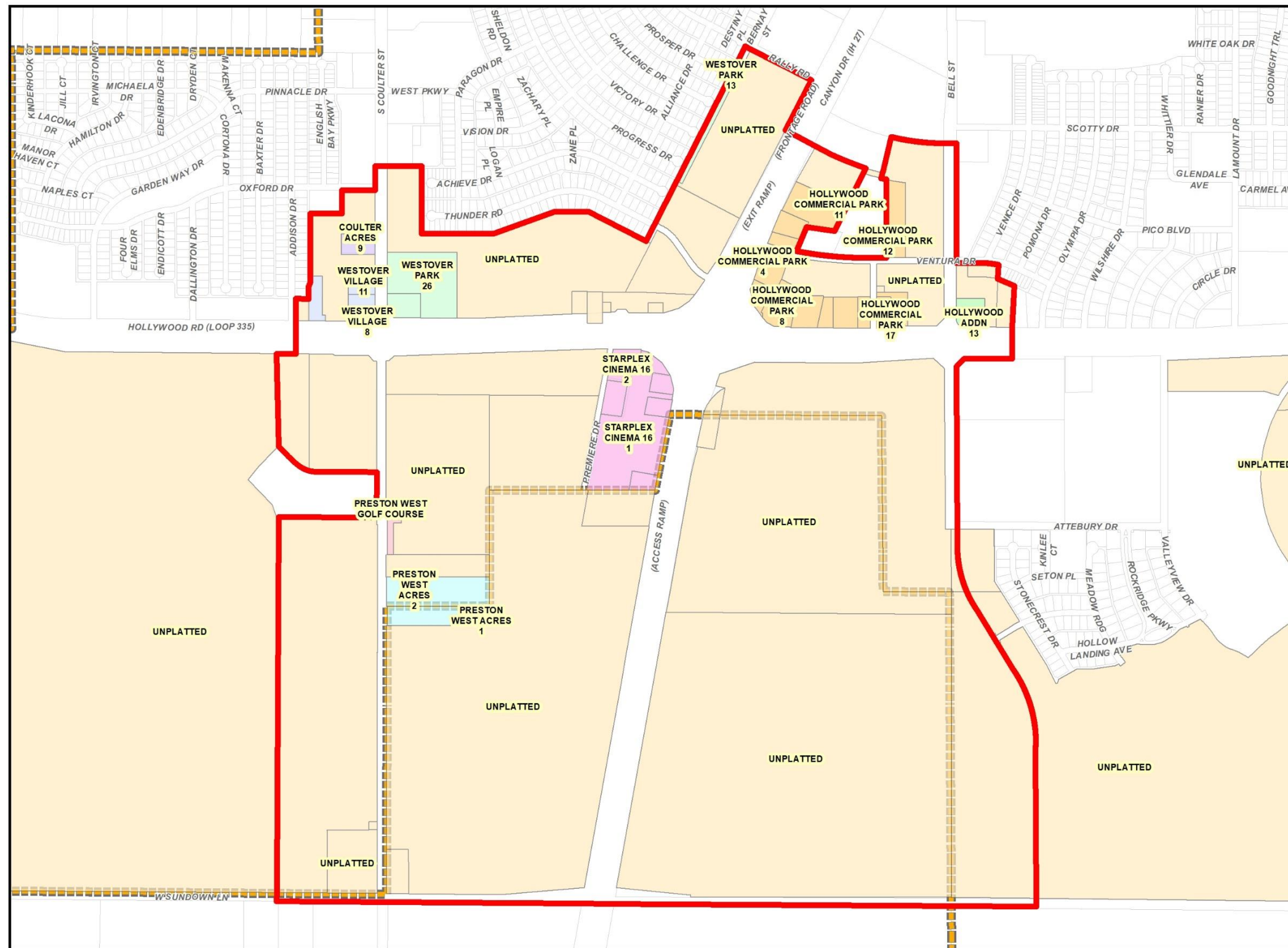
- TIRZ 3 Boundary
- A Agricultural
- GR General Retail
- HC Heavy Commercial
- LC Light Commercial
- MD Moderate Density
- MF-1 Multiple Family 1
- PD Planned Development
- R-1 Residential District 1
- R-2 Residential District 2
- R-3 Residential District 3

Lot Dimensions



-  TIRZ 3 Boundary
-  Parcels

Existing Subdivisions



- TIRZ 3 Boundary
- COULTER ACRES
- HOLLYWOOD ADDN
- HOLLYWOOD COMMERCIAL PARK
- PRESTON WEST ACRES
- PRESTON WEST GOLF COURSE
- STARPLEX CINEMA 16
- UNPLATTED
- WESTOVER PARK
- WESTOVER VILLAGE

Current Development Characteristics

The TIRZ area currently is a mix of primarily vacant undeveloped land, retail, and restaurant uses with limited residential development. The TIRZ area encompasses approximately 1,046 acres in total which includes approximately 4 entertainment or recreation-based businesses, 2 hotels, 3 fuel stations, 2 medical or veterinary offices, 1 general retail and 7 restaurants; all of which represents less than 10% of the area of the zone. Within the southeastern portion of the zone is located a playa lake that retains stormwater runoff for the surrounding area. Associated with this playa is a 100-year floodplain zone AE of approximately 200 acres.



Historic Tax Values

City of Amarillo Taxable Value Analysis

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total	\$10,456,402,589	\$10,760,454,171	\$11,100,054,718	\$11,542,059,264	\$12,065,465,099	\$12,787,774,041	\$13,149,054,756	\$13,616,633,451	\$14,098,673,321	\$14,594,175,318	\$16,592,197,345
Increment		\$304,051,582	\$339,600,547	\$442,004,546	\$523,405,835	\$722,308,942	\$361,280,715	\$467,578,695	\$482,039,870	\$495,501,997	\$1,998,022,027
% Change		2.91%	3.16%	3.98%	4.53%	5.99%	2.83%	3.56%	3.54%	3.51%	13.69%

TIRZ Area Taxable Value Analysis

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total	\$24,082,779	\$23,936,310	\$26,562,811	\$27,266,433	\$26,829,592	\$27,337,589	\$26,983,259	\$28,187,866	\$28,885,147	\$29,791,747	\$30,013,978
Increment		\$ (146,469)	\$2,626,501	\$703,622	\$ (436,841)	\$507,997	\$ (354,330)	\$1,204,607	\$697,281	\$906,600	\$222,231
% Change		-0.61%	10.97%	2.65%	-1.60%	1.89%	-1.30%	4.46%	2.47%	3.14%	0.75%

Comparative Taxable Values

	2012-2022 % Growth	2021-2022 % Growth
City of Amarillo	58.68%	13.69%
TIRZ Area	25.39%	0.75%

This information helps illustrate how the TIRZ area taxable value and growth percentage compare to that of the City of Amarillo as a whole. This information helps yield an understanding in the growth trends for both the City and the TIRZ area and help to serve as a baseline for future comparisons to determine the effectiveness of the TIRZ and associated public investments.

Tax Increment Projections

The Project and Financing Plan details investments projected to occur over the 20-year term of the TIRZ. These investments and related public improvements would not occur without strategic public/private partnerships facilitated by the TIRZ and the related implementation steps. The TIRZ will be a key part of attracting new restaurants, retail outlets, entertainment venues, hotels, and other uses. These investments are projected to result in \$15.3M of tax increment financing revenue (\$9.7M NPV).

TIRZ Participation

Three taxing entities are projected to participate in the South Gateway TIRZ:

- City of Amarillo
- Randall County
- Amarillo College

All participating jurisdictions will continue to receive business personal property tax revenues, no sales taxes will be contributed to the TIRZ, and no school districts will participate in the TIRZ.

For the purposes of preparing a financial model it was assumed that development will occur in phases with revenues increasing year-over-year. It is anticipated that the majority of development will be complete and fully contributing to the TIRZ revenue by Year-10 with approximately \$65M of new construction value within the first five years, and an anticipated \$120M over the full term of the TIRZ.

A financial model was built with the following assumptions:

- 2022 represents the Base Year;
- the TIRZ remains in effect for 20 years;
- all participating entities participate at a level of 100% of the available increment for the first ten years then at a level of 50% of the available increment for the second ten years; and,
- \$120M of new construction value will be added during the TIRZ period.

With these assumptions, the model estimates approximately \$15.3M with annual revenues ranging from approximately \$3,100 in Year-1 to \$1.3M by Year-10. It is anticipated the annual revenues will be primarily dedicated to reimbursing the City or developers for expenditures related to the construction of public infrastructure.

Assumptions

TIF Created: FY 2021/2022
 TIF Base: \$28,754,690 (certified value)
 Taxable Base Year: 2022
 Taxing Entities: All Except School and Water District
 TIF Expiration: 12/31/2042

Real Property Tax

		Participation (reduced to 50% in year 11)		
City of Amarillo	0.40628	100%	0.40628	0.40628
Randall County	0.41713	100%	0.41713	0.41713
Hi Plains Water District	0.004686	0%	0.00000	0.00000
Amarillo College	0.22323	100%	0.22323	0.22323
Canyon ISD	1.14	0%	0.00000	0.00000
	2.19133		1.04664	

Source Name	Description	SF	New Construction Value	New Taxable Value (assumption of 75% of construction values)
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TIRZ Area

Revenue #1	Anchors	70,000,000	52,500,000
Revenue #2	Retail/Hotel	50,000,000	37,500,000
Revenue #3	Restaurants	15,000,000	11,250,000
Revenue #4	Other	30,000,000	22,500,000
Total		165,000,000	123,750,000

Source Name	Description	SF	Base Taxable Value
Revenue A	1.5% Base Growth in TIRZ Core Area		30,013,978

Development Assumptions and Summary

A financial model was created in order to determine potential revenue streams for purposes of capturing tax increment.

Original base value assumptions include a 2022 taxable value of \$30,013,978

The 20-year term assumes accruing tax increment from the following:

Real Property Increment (100%) All tax jurisdictions except the school district and water district

New Development- Anchors	New Investment:	\$52.5 million
New Development - Retail/Hotel	New Investment:	\$37.5 million
New Development - Restaurants	New Investment:	\$11.2 million
New Development - Other (i.e. Commercial, Office, etc.)	New Investment:	\$22.5 million
Annual growth on base property values		\$10.2 million

Project Plan and Estimated Costs

To attract the projects and investments outlined in the previous sections of this Plan it will be necessary to carry out the following public improvements and initiatives:

- TxDOT I27/Loop 335 intersection improvements related to water, wastewater, and drainage
- City lift station
- City utility main extensions
- City and developer participation in arterial and collector street construction
- City and developer participation in water, wastewater, and drainage construction
- Participation in 380 economic development agreements
- TIRZ related project costs per Section 311 of the Texas Tax Code (see below)

Total estimated costs of the above public initiatives to be financed by the proposed TIRZ:

- The TIRZ Revenue projected for infrastructure reimbursement is \$15 million.
- Revenues generated in excess of that projected would be used to continue to reimburse the City and developers for further Infrastructure expenditures.

Terms & Conditions of South Gateway Tax Increment Reinvestment Zone #3

Consideration of Additional Projects

Additional projects will require approval from the City of Amarillo, Randall County, and Amarillo College Board of Regents.

Length of TIRZ in Years

The TIRZ has a 20-year term and is scheduled to end on December 31, 2042.

Powers and Duties of Board of Directors

The Board shall have the powers granted to it by Chapter 311 of the Texas Tax Code, including powers of a municipality under Chapter 380, Local Government Code. The Board shall not be authorized to:

- Issue Bonds;
- Impose taxes or fees;
- Exercise the power of eminent domain; or

Give final approval to the Zone's Project and Financing Plan

Sec. 311.002. DEFINITIONS. In this chapter:

- (1) "Project costs" means the expenditures made or estimated to be made and monetary obligations incurred or estimated to be incurred by the municipality or county designating a reinvestment zone that are listed in the project plan as costs of public works, public improvements, programs, or other projects benefiting the zone, plus other costs incidental to those expenditures and obligations. "Project costs" include:
- (A) capital costs, including the actual costs of the acquisition and construction of public works, public improvements, new buildings, structures, and fixtures; the actual costs of the acquisition, demolition, alteration, remodeling, repair, or reconstruction of existing buildings, structures, and fixtures; the actual costs of the remediation of conditions that contaminate public or private land or buildings; the actual costs of the preservation of the facade of a public or private building; the actual costs of the demolition of public or private buildings; and the actual costs of the acquisition of land and equipment and the clearing and grading of land;
 - (B) financing costs, including all interest paid to holders of evidences of indebtedness or other obligations issued to pay for project costs and any premium paid over the principal amount of the obligations because of the redemption of the obligations before maturity;
 - (C) real property assembly costs;
 - (D) professional service costs, including those incurred for architectural, planning, engineering, and legal advice and services;
 - (E) imputed administrative costs, including reasonable charges for the time spent by employees of the municipality or county in connection with the implementation of a project plan;
 - (F) relocation costs;
 - (G) organizational costs, including the costs of conducting environmental impact studies or other studies, the cost of publicizing the creation of the zone, and the cost of implementing the project plan for the zone;
 - (H) interest before and during construction and for one year after completion of construction, whether or not capitalized;
 - (I) the cost of operating the reinvestment zone and project facilities;
 - (J) the amount of any contributions made by the municipality or county from general revenue for the implementation of the project plan;
 - (K) the costs of school buildings, other educational buildings, other educational facilities, or other buildings owned by or on behalf of a school district, community college district, or other political subdivision of this state; and
 - (L) payments made at the discretion of the governing body of the municipality or county that the governing body finds necessary or convenient to the creation of the zone or to the implementation of the project plans for the zone.
- (2) "Project plan" means the project plan for the development or redevelopment of a reinvestment zone approved under this chapter, including all amendments of the plan approved as provided by this chapter.
- (3) "Reinvestment zone financing plan" means the financing plan for a reinvestment zone described by this chapter.
- (4) "Taxing unit" has the meaning assigned by Section 1.04.

Added by Acts 1987, 70th Leg., ch. 191, Sec. 1, eff. Sept. 1, 1987.

Amended by:

Acts 2005, 79th Leg., Ch. 1094 (H.B. 2120), Sec. 35, eff. September 1, 2005.

Acts 2011, 82nd Leg., R.S., Ch. 1032 (H.B. 2853), Sec. 1, eff. June 17, 2011.

Sec. 311.010. POWERS AND DUTIES OF BOARD OF DIRECTORS. (a) The board of directors of a reinvestment zone shall make recommendations to the governing body of the municipality or county that created the zone concerning the administration of this chapter in the zone. The governing body of the municipality by ordinance or resolution or the county by order or resolution may authorize the board to exercise any of the municipality's or county's powers with respect to the administration, management, or operation of the zone or the implementation of the project plan for the zone, except that the governing body may not authorize the board to:

- (1) issue bonds;
- (2) impose taxes or fees;
- (3) exercise the power of eminent domain; or
- (4) give final approval to the project plan.

(b) The board of directors of a reinvestment zone and the governing body of the municipality or county that creates a reinvestment zone may each enter into agreements as the board or the governing body considers necessary or convenient to implement the project plan and reinvestment zone financing plan and achieve their purposes. An agreement may provide for the regulation or restriction of the use of land by imposing conditions, restrictions, or covenants that run with the land. An agreement may during the term of the agreement dedicate, pledge, or otherwise provide for the use of revenue in the tax increment fund to pay any project costs that benefit the reinvestment zone, including project costs relating to the cost of buildings, schools, or other educational facilities owned by or on behalf of a school district, community college district, or other political subdivision of this state, railroad or transit facilities, affordable housing, the remediation of conditions that contaminate public or private land or buildings, the preservation of the facade of a private or public building, the demolition of public or private buildings, or the construction of a road, sidewalk, or other public infrastructure in or out of the zone, including the cost of acquiring the real property necessary for the construction of the road, sidewalk, or other public infrastructure. An agreement may dedicate revenue from the tax increment fund to pay the costs of providing affordable housing or areas of public assembly in or out of the zone.

(c) Subject to the approval of the governing body of the municipality that created the zone, the board of a zone designated by the governing body of a municipality under Section 311.005(a)(4) may exercise the power granted by Chapter 211, Local Government Code, to the governing body of the municipality that created the zone to restrict the use or uses of property in the zone. The board may provide that a restriction adopted by the board continues in effect after the termination of the zone. In that event, after termination of the zone the restriction is treated as if it had been adopted by the governing body of the municipality.

(d) The board of directors of a reinvestment zone may exercise any power granted to a municipality or county by Section 311.008, except that:

- (1) the municipality or county that created the reinvestment zone by ordinance, resolution, or order may restrict any power granted to the board by this chapter; and
- (2) the board may exercise a power granted to a municipality or county under Section 311.008(b)(2) only with the consent of the governing body of the municipality or county.

(e) After the governing body of a municipality by ordinance or the governing body of a county by order creates a reinvestment zone under this chapter, the board of directors of the zone may exercise any power granted to a board under this chapter.

(f) The board of directors of a reinvestment zone and the governing body of the municipality or county that created the zone may enter into a contract with a local government corporation or a political subdivision to manage the reinvestment zone or implement the project plan and reinvestment zone financing plan for the term of the agreement. In this subsection, "local government corporation" means a local government corporation created by the municipality or county under Chapter 431, Transportation Code.

(g) Chapter 252, Local Government Code, does not apply to a dedication, pledge, or other use of revenue in the tax increment fund for a reinvestment zone under Subsection (b).

(h) Subject to the approval of the governing body of the municipality or county that designated the zone, the board of directors of a reinvestment zone, as necessary or convenient to implement the project plan and reinvestment zone financing plan and achieve their purposes, may establish and provide for the administration of one or more programs for the public purposes of developing and diversifying the economy of the zone, eliminating unemployment and underemployment in the zone, and developing or expanding transportation, business, and commercial activity in the zone, including programs to make grants and loans from the tax increment fund of the zone in an aggregate amount not to exceed the amount of the tax increment produced by the municipality and paid into the tax increment fund for the zone for activities that benefit the zone and stimulate business and commercial activity in the zone. For purposes of this subsection, on approval of the municipality or county, the board of directors of the zone has all the powers of a municipality under Chapter 380, Local Government Code. The approval required by this subsection may be granted in an ordinance, in the case of a zone designated by a municipality, or in an order, in the case of a zone designated by a county, approving a project plan or reinvestment zone financing plan or approving an amendment to a project plan or reinvestment zone financing plan.

(i) The board of directors of a reinvestment zone or a local government corporation administering a reinvestment zone may contract with the municipality that created the zone to allocate from the tax increment fund for the zone an amount equal to the tax increment produced by the municipality and paid into the tax increment fund for the zone to pay the incremental costs of providing municipal services incurred as a result of the creation of the zone or the development or redevelopment of the land in the zone, regardless of whether the costs of those services are identified in the project plan or reinvestment zone financing plan for the zone.

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