

Downtown Tax Increment Reinvestment Zone
Preliminary Project & Financing Plan

City of Pampa, Texas
November 8, 2021



Prepared by



TXP, Inc.
1310 South 1st Street, Suite 105
Austin, Texas 78704
(512) 328-8300 phone
www.txp.com

Table of Contents

Section 1 – Project Plan	1
Overview.....	1
Existing Tax Increment Financing Districts in the City of Pampa.....	1
Description of the Tax Increment Reinvestment Zone 1.....	1
Existing Zoning and Land Use Guidelines Applicable to TIRZ 1	3
Taxing Jurisdictions Applicable to TIRZ.....	3
Proposed Changes in Master Plans, Zoning Ordinances, and Building Codes	3
Relocation of Displaced Persons	3
Section 2 – Project Plan Improvements	4
Eligible Project Costs	4
Section 3 – Financing Plan	5
Compliance & Reporting.....	5
Public Sector Entities Participating in TIRZ 1	5
Financial Forecast Assumptions	6
Financial Forecast Summary Results	7
Conclusion	10
Appendix 1: Specific Properties within the Downtown TIRZ #1	11
Appendix 2: TIRZ Boundary Description	13
Legal Disclaimer	14





List of Figures

Figure 1: Proposed Downtown TIRZ Geographic Boundary	2
Figure 2: Existing Land Use within the Downtown TIRZ.....	2

List of Tables

Table 1: Existing Land Use of Proposed TIRZ 1 (2021)	1
Table 2: Taxing Jurisdictions within the Downtown TIRZ 1	5
Table 3: Preliminary TIRZ 1 Taxable Property Value	7
Table 4: Preliminary TIRZ 1 Taxable Property Value Increment.....	8
Table 5: Preliminary TIRZ 1 Taxable Revenue Increment @ 100% Contribution	9
Table 6.1: Properties within the Downtown TIRZ	11
Table 6.2: Properties within the Downtown TIRZ	12



Section 1 – Project Plan

Overview

The City of Pampa, Texas is considering implementing a tax increment reinvestment zone (TIRZ) to fund a portion of the infrastructure and maintenance costs associated with redeveloping Downtown Pampa. The proposed new zone would be named the TIRZ #1 – Downtown Pampa (TIRZ 1).

This document is designed to meet the legal requirements of designating a TIRZ. The statutes governing tax increment financing are in Chapter 311 of the State of Texas Tax Code.

This preliminary feasibility study and project plan is required by state law. However, to assist Pampa and other taxing entities in understanding the overall financing plan, TXP has included preliminary revenue projections assuming other entities participate in the TIRZ.

Existing Tax Increment Financing Districts in the City of Pampa

There are no existing TIRZs in Pampa. According to state law, cities with less than 100,000 residents may not create a new TIRZ if the total appraised value of taxable real property in the proposed reinvestment zone and in the existing reinvestment zones would exceed 50.0 percent of the total appraised value of taxable real property within the city and its industrial districts. In addition, a TIRZ may not be created if more than 30.0 percent of the property in the proposed new TIRZ (excluding publicly-owned property) is used for residential purposes at the time of designation. The proposed TIRZ 1 complies with these state rules.

Description of the Tax Increment Reinvestment Zone 1

The proposed TIRZ 1 will cover approximately 242.2 acres (including roads and right of way). The 2021 baseline taxable property value of the TIRZ is approximately \$15.4 million. See the appendices for the list of properties within the TIRZ and description of the area.

Table 1: Existing Land Use of Proposed TIRZ 1 (2021)

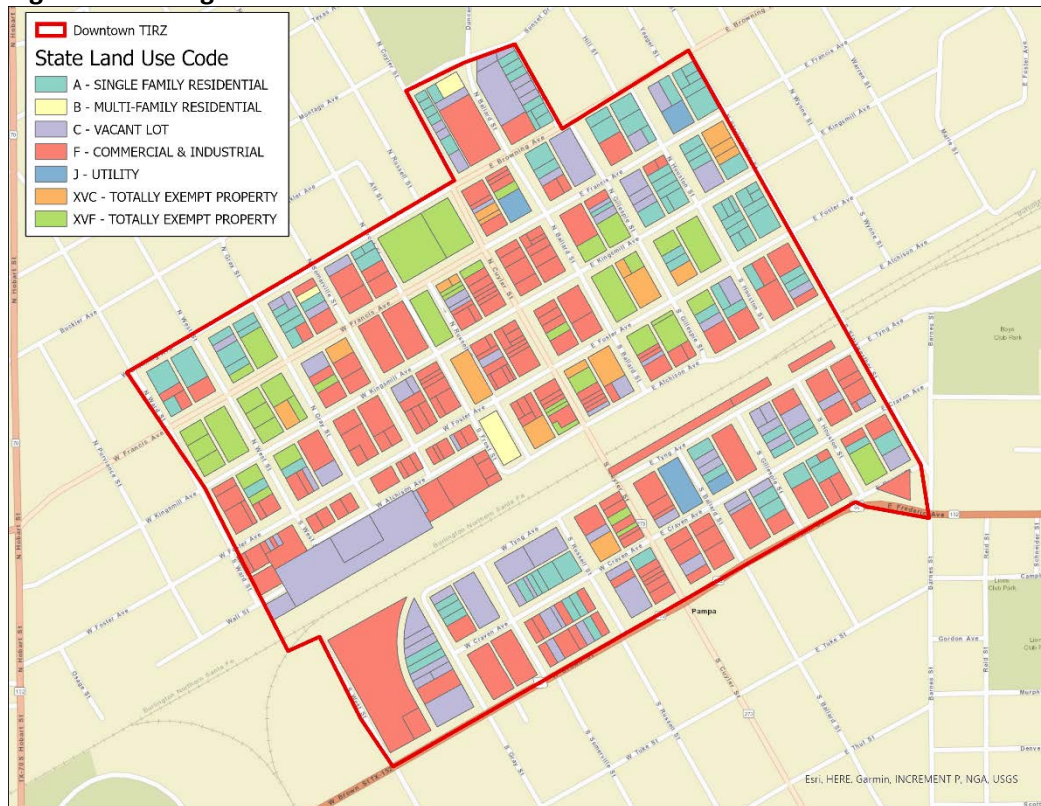
Land Use	Est. Parcel Count	Acreage	City of Pampa Taxable Value
A - Single Family	102	18.95	\$2,341,550
B – Multifamily	3	1.27	\$496,020
C – Vacant Lots	82	23.75	\$492,480
F – Commercial	198	55.51	\$11,575,010
J – Utilities	4	2.13	\$445,520
XVC – Exempt	17	5.22	\$0
XVF – Exempt	40	16.03	\$0
Total	446	122.86	\$15,350,580

Source: Gray County Appraisal District; TXP, Inc.

Figure 1: Proposed Downtown TIRZ Geographic Boundary



Figure 2: Existing Land Use within the Downtown TIRZ



Existing Zoning and Land Use Guidelines Applicable to TIRZ 1

Existing City of Pampa land use, zoning guidelines, and policies would apply to all properties within the city limits.

Taxing Jurisdictions Applicable to TIRZ

The proposed TIRZ 1 is located within the following taxing jurisdictions:

- City of Pampa
- Gray County
- County Road District
- County Water District
- Clarendon College
- Pampa Independent School District

Proposed Changes in Master Plans, Zoning Ordinances, and Building Codes

There are no anticipated changes to the master development and zoning ordinances.

Relocation of Displaced Persons

This plan currently does not call for nor anticipate the displacement and relocation of persons for the proposed projects.

Section 2 – Project Plan Improvements

TIRZ 1 will provide support for catalytic infrastructure and economic development projects that will facilitate the redevelopment of properties within Downtown Pampa. The boundary for the TIRZ is the same as the Downtown Reinvestment Zone that was approved in 2019.

Public infrastructure investment is required to redevelop the Downtown area. This is the priority area of TIRZ 1. Additional infrastructure and enhancement projects are included in the project plan if the resources are available. In addition, other projects might be added to the list as future development projects and related opportunities present themselves. The anticipated project costs are divided into five major categories.

Eligible Project Costs

1. Parks & Streetscape Enhancements

This category includes gateway features, linear parks, corridor landscaping, public plazas, etc.

2. Infrastructure Improvements

This category includes water, sanitary sewer and storm water improvements, roadway and street intersection enhancements, public transportation, relocation of aboveground utilities, public sidewalks, public buildings, etc.

3. Economic Development Grants

It is anticipated that economic development loans or grants might be made to assist in creating the tax base that facilitates implementing the project plan. The City, with advisement from the TIRZ Board shall have the authority to establish and administer economic development programs, including but not limited to grants and loans, authorized under Chapter 380 of the Texas Local Government Code. Should such loans or grants be made, it will be done with the intent to fulfill the public purposes of developing and diversifying the economy, eliminating unemployment or underemployment, and developing or expanding transportation, business, and commercial activity in the TIRZ.

4. Non-Project Costs

It is not possible to quantify other non-project costs at this time, other than to say that they are anticipated.

5. Administration & Implementation

Administration costs, including reasonable charges for time spent by City of Pampa employees, will be eligible for reimbursement as project costs.

Section 3 – Financing Plan

Tax increment financing is a tool used by local governments to publicly finance needed infrastructure and other improvements within a defined area. These improvements are usually undertaken to promote the viability of existing businesses and to attract new commercial enterprises to the area. The statutes governing tax increment financing are located in Chapter 311 of the State of Texas Tax Code.

The costs of improvements in the defined zone are repaid by the contribution of future property tax revenues by each taxing unit that levies taxes against the property. Specifically, each taxing unit can choose to dedicate all, a portion, or none of the tax revenue that is attributable to the increase in property values due to the improvements within the reinvestment zone. The additional tax revenue that is received from the affected properties is referred to as the tax increment. Each taxing unit determines what percentage of its tax increment, if any, it will commit to repayment of the cost of financing the public improvements.

Compliance & Reporting

The TIRZ Board policies shall comply with all federal, state, and local laws, rules and regulations. The TIRZ Board will submit project status reports and financial reports as required by state law.

Public Sector Entities Participating in TIRZ 1

All project costs will be paid through the contribution of incremental property taxes collections. This preliminary plan assumes that the City of Pampa and other taxing entities except the school district and college district will contribute a portion of their total tax rate (maintenance and operations (M&O) and interest and sinking (I&S) ad valorem tax rate for 25 years.

Table 2: Taxing Jurisdictions within the Downtown TIRZ 1

Entity	Property Tax Rate per \$100 (2021)
City of Pampa	\$0.73000
Gray County	\$0.58362
Water District	\$0.10200
Road District	\$0.06724

Source: TXP, Inc.

Financial Forecast Assumptions

- **TIRZ Duration** – TXP has assumed the TIRZ will have a 25-year lifespan.
- **TIRZ Allocation** – TXP has assumed the City of Pampa and other taxing entities will contribute a portion of their total incremental tax collections.
- **Tax Rate** – While tax rates do change over time, the 2021 tax rates were held constant for the duration of the TIRZ.
- **Existing Properties** – The 2021 baseline property value of the TIRZ is approximately \$15.4 million but varies slightly by taxing jurisdiction based on exemptions offered.
- **Real Property** – Only taxable real property values are included in the tax increment calculations. By law, business personal property values are excluded from TIRZ.
- **Inflation & Appreciation Rate** – The inflation rate used for construction costs and the value of improvements is 2.5 percent per year.
- **Net Present Value** – The net present values of the tax increment were calculated at a discount rate of 5.0 percent.
- **Future Development Patterns** – To provide an order of magnitude estimate, TXP has conservatively assumed \$100,000 per year in new taxable real property value will be built. This translates into \$2.5 million of new real property values over 25 years. For 2022 and 2023, TXP has projected the property tax impact of two existing projects under construction within the TIRZ.

Financial Forecast Summary Results

The following table depicts the anticipated revenue generated over 25 years. The revenue forecast assumes the TIRZ is established in 2021 (baseline year). The first TIRZ increment will occur in 2022 (total 2022 value less 2021 baseline value). Note, 2022 taxes are not due until January 2023.

Table 3: Preliminary TIRZ 1 Taxable Property Value

Year	Period	City of Pampa	Gray County	Water District	Road District
2021	0	\$15,350,580	\$15,385,180	\$15,325,180	\$15,385,180
2022	1	\$17,734,345	\$17,769,810	\$17,708,310	\$17,769,810
2023	2	\$22,177,703	\$22,214,055	\$22,151,017	\$22,214,055
2024	3	\$22,832,146	\$22,869,406	\$22,804,793	\$22,869,406
2025	4	\$23,505,449	\$23,543,641	\$23,477,412	\$23,543,641
2026	5	\$24,198,148	\$24,237,295	\$24,169,410	\$24,237,295
2027	6	\$24,910,791	\$24,950,916	\$24,881,335	\$24,950,916
2028	7	\$25,643,942	\$25,685,070	\$25,613,749	\$25,685,070
2029	8	\$26,398,181	\$26,440,338	\$26,367,234	\$26,440,338
2030	9	\$27,174,105	\$27,217,316	\$27,142,384	\$27,217,316
2031	10	\$27,972,326	\$28,016,617	\$27,939,812	\$28,016,617
2032	11	\$28,793,475	\$28,838,873	\$28,760,148	\$28,838,873
2033	12	\$29,638,198	\$29,684,731	\$29,604,038	\$29,684,731
2034	13	\$30,507,161	\$30,554,858	\$30,472,147	\$30,554,858
2035	14	\$31,401,049	\$31,449,938	\$31,365,160	\$31,449,938
2036	15	\$32,320,564	\$32,370,675	\$32,283,777	\$32,370,675
2037	16	\$33,266,429	\$33,317,793	\$33,228,723	\$33,317,793
2038	17	\$34,239,387	\$34,292,035	\$34,200,738	\$34,292,035
2039	18	\$35,240,202	\$35,294,166	\$35,200,587	\$35,294,166
2040	19	\$36,269,658	\$36,324,971	\$36,229,052	\$36,324,971
2041	20	\$37,328,561	\$37,385,257	\$37,286,940	\$37,385,257
2042	21	\$38,417,741	\$38,475,854	\$38,375,079	\$38,475,854
2043	22	\$39,538,049	\$39,597,616	\$39,494,321	\$39,597,616
2044	23	\$40,690,362	\$40,751,418	\$40,645,541	\$40,751,418
2045	24	\$41,875,579	\$41,938,161	\$41,829,638	\$41,938,161
2046	25	\$43,094,626	\$43,158,773	\$43,047,536	\$43,158,773

Source: TXP, Inc.

Table 4: Preliminary TIRZ 1 Taxable Property Value Increment

Year	Period	City of Pampa	Gray County	Water District	Road District
2021	0	\$0	\$0	\$0	\$0
2022	1	\$2,383,765	\$2,384,630	\$2,383,130	\$2,384,630
2023	2	\$6,827,123	\$6,828,875	\$6,825,837	\$6,828,875
2024	3	\$7,481,566	\$7,484,226	\$7,479,613	\$7,484,226
2025	4	\$8,154,869	\$8,158,461	\$8,152,232	\$8,158,461
2026	5	\$8,847,568	\$8,852,115	\$8,844,230	\$8,852,115
2027	6	\$9,560,211	\$9,565,736	\$9,556,155	\$9,565,736
2028	7	\$10,293,362	\$10,299,890	\$10,288,569	\$10,299,890
2029	8	\$11,047,601	\$11,055,158	\$11,042,054	\$11,055,158
2030	9	\$11,823,525	\$11,832,136	\$11,817,204	\$11,832,136
2031	10	\$12,621,746	\$12,631,437	\$12,614,632	\$12,631,437
2032	11	\$13,442,895	\$13,453,693	\$13,434,968	\$13,453,693
2033	12	\$14,287,618	\$14,299,551	\$14,278,858	\$14,299,551
2034	13	\$15,156,581	\$15,169,678	\$15,146,967	\$15,169,678
2035	14	\$16,050,469	\$16,064,758	\$16,039,980	\$16,064,758
2036	15	\$16,969,984	\$16,985,495	\$16,958,597	\$16,985,495
2037	16	\$17,915,849	\$17,932,613	\$17,903,543	\$17,932,613
2038	17	\$18,888,807	\$18,906,855	\$18,875,558	\$18,906,855
2039	18	\$19,889,622	\$19,908,986	\$19,875,407	\$19,908,986
2040	19	\$20,919,078	\$20,939,791	\$20,903,872	\$20,939,791
2041	20	\$21,977,981	\$22,000,077	\$21,961,760	\$22,000,077
2042	21	\$23,067,161	\$23,090,674	\$23,049,899	\$23,090,674
2043	22	\$24,187,469	\$24,212,436	\$24,169,141	\$24,212,436
2044	23	\$25,339,782	\$25,366,238	\$25,320,361	\$25,366,238
2045	24	\$26,524,999	\$26,552,981	\$26,504,458	\$26,552,981
2046	25	\$27,744,046	\$27,773,593	\$27,722,356	\$27,773,593

Source: TXP, Inc.

Table 5: Preliminary TIRZ 1 Taxable Revenue Increment @ 100% Contribution

Year	Period	City of Pampa	Gray County	Water District	Road District	Total
2021	0	\$0	\$0	\$0	\$0	\$0
2022	1	\$17,401	\$13,917	\$1,602	\$2,432	\$35,353
2023	2	\$49,838	\$39,855	\$4,590	\$6,965	\$101,248
2024	3	\$54,615	\$43,679	\$5,029	\$7,634	\$110,958
2025	4	\$59,531	\$47,614	\$5,482	\$8,322	\$120,948
2026	5	\$64,587	\$51,663	\$5,947	\$9,029	\$131,226
2027	6	\$69,790	\$55,828	\$6,426	\$9,757	\$141,800
2028	7	\$75,142	\$60,112	\$6,918	\$10,506	\$152,678
2029	8	\$80,647	\$64,520	\$7,425	\$11,276	\$163,869
2030	9	\$86,312	\$69,055	\$7,946	\$12,069	\$175,381
2031	10	\$92,139	\$73,720	\$8,482	\$12,884	\$187,224
2032	11	\$98,133	\$78,518	\$9,034	\$13,723	\$199,408
2033	12	\$104,300	\$83,455	\$9,601	\$14,586	\$211,941
2034	13	\$110,643	\$88,533	\$10,185	\$15,473	\$224,834
2035	14	\$117,168	\$93,757	\$10,785	\$16,386	\$238,097
2036	15	\$123,881	\$99,131	\$11,403	\$17,325	\$251,740
2037	16	\$130,786	\$104,658	\$12,038	\$18,291	\$265,774
2038	17	\$137,888	\$110,344	\$12,692	\$19,285	\$280,209
2039	18	\$145,194	\$116,193	\$13,364	\$20,307	\$295,058
2040	19	\$152,709	\$122,209	\$14,056	\$21,359	\$310,332
2041	20	\$160,439	\$128,397	\$14,767	\$22,440	\$326,043
2042	21	\$168,390	\$134,762	\$15,499	\$23,552	\$342,203
2043	22	\$176,569	\$141,309	\$16,251	\$24,697	\$358,825
2044	23	\$184,980	\$148,042	\$17,025	\$25,874	\$375,922
2045	24	\$193,632	\$154,969	\$17,822	\$27,084	\$393,507
2046	25	\$202,532	\$162,092	\$18,641	\$28,329	\$411,593
Total		\$2,857,247	\$2,286,332	\$263,009	\$399,585	\$5,806,173
NPV @ %5%		\$1,375,883	\$1,100,891	\$126,656	\$192,404	\$2,795,834

Source: TXP, Inc.



Conclusion

Based on the preliminary development concepts and activity zones within this area, anticipated tax revenue, and market demand projections, a TIRZ is economically and financially feasible. The TIRZ could generate significant revenue to pay for infrastructure and redevelopment costs. Over the next 25 years, the TIRZ could generate \$5.8 million in nominal TIRZ revenue. Using a 5.0 percent discount rate, the anticipated TIRZ could generate \$2.8 million.

These projections are based on the best available datasets and information related to market conditions in the region. Given the high visibility of this area, for example, the substantial commitment of a few large developers could have a significantly positive impact on both the level and timing of future growth. Moreover, the financial projections make no allowance for positive spillover to the value of other properties in area as a result of new development (beyond inflation), which easily could occur. At the same time, a slowdown in development as a result of a weaker national economy, negative changes in key drivers of regional economy, or other unforeseen issues could materially reduce the volume of construction put in place, and resulting tax revenue, over the next 25 years.

Appendix 1: Specific Properties within the Downtown TIRZ #1

Table 6.1: Properties within the Downtown TIRZ

Property ID	Property ID	Property ID	Property ID	Property ID	Property ID
80	6801	6843	6907	6955	6995
2597	6802	6844	6908	6956	6996
2598	6803	6845	6911	6957	6997
2599	6804	6846	6912	6958	7000
2616	6806	6847	6913	6959	7001
4020	6807	6849	6914	6960	7003
4021	6808	6850	6915	6961	7004
4022	6809	6851	6917	6962	7005
4023	6810	6853	6919	6963	7006
4024	6811	6854	6920	6964	7007
4025	6812	6855	6921	6965	7008
4026	6813	6856	6922	6966	7009
4027	6814	6857	6925	6967	7012
4028	6815	6858	6926	6968	7013
4029	6817	6859	6927	6969	7014
4030	6818	6882	6928	6970	7015
4031	6818	6883	6929	6971	7016
4320	6819	6884	6930	6972	7017
4321	6820	6885	6933	6973	7018
4322	6821	6886	6934	6974	7019
4323	6822	6887	6935	6975	7020
4324	6823	6888	6936	6976	7022
4325	6824	6889	6937	6977	7023
4326	6825	6890	6938	6978	7024
4327	6826	6891	6939	6979	7025
4328	6828	6892	6940	6980	7026
4329	6829	6893	6941	6981	7027
4332	6830	6894	6942	6982	7028
4333	6831	6895	6943	6983	7029
6788	6832	6896	6944	6984	7030
6789	6833	6897	6945	6985	7031
6790	6834	6898	6946	6986	7046
6791	6835	6899	6947	6987	7047
6794	6836	6900	6948	6988	7048
6795	6837	6901	6949	6989	7049
6796	6838	6902	6950	6990	7050
6797	6839	6903	6951	6991	7051
6798	6840	6904	6952	6992	7052
6799	6841	6905	6953	6993	7053
6800	6842	6906	6954	6994	7054

Source: TXP, Inc.

Table 6.2: Properties within the Downtown TIRZ

Property ID	Property ID	Property ID	Property ID	Property ID	Property ID
7056	7101	8550	8595	8640	10059
7057	7102	8551	8596	8641	10060
7058	7103	8552	8597	8642	10061
7059	7104	8553	8598	8643	10062
7061	7105	8556	8599	8645	10063
7062	7106	8557	8600	8648	10064
7063	7107	8558	8601	8650	
7064	7108	8559	8602	8653	
7065	7109	8560	8603	8654	
7066	7110	8561	8604	8655	
7067	7111	8562	8605	8656	
7068	7112	8563	8606	8657	
7069	7115	8564	8607	8658	
7070	8276	8565	8608	8659	
7071	8277	8566	8609	8660	
7072	8279	8567	8610	8687	
7073	8280	8568	8611	8688	
7074	8282	8570	8612	8689	
7076	8526	8571	8613	8690	
7077	8527	8572	8614	8713	
7078	8528	8573	8615	8800	
7079	8529	8574	8616	8802	
7082	8530	8575	8619	8803	
7083	8531	8576	8620	8804	
7084	8532	8577	8621	8805	
7085	8533	8578	8622	9691	
7086	8534	8579	8623	9695	
7087	8535	8580	8624	10026	
7088	8536	8583	8625	10027	
7089	8537	8584	8626	10029	
7089	8538	8585	8627	10032	
7090	8539	8586	8629	10033	
7091	8540	8587	8630	10034	
7094	8541	8588	8631	10051	
7095	8542	8589	8633	10052	
7096	8543	8590	8634	10054	
7097	8544	8591	8636	10055	
7098	8546	8592	8637	10056	
7099	8548	8593	8638	10057	
7100	8549	8594	8639	10058	

Source: TXP, Inc.



Appendix 2: TIRZ Boundary Description

BEGINNING at the intersection of W. Browning Avenue and N. Ward Street;

THENCE Easterly along W. Browning Avenue to its intersection with N. Cuyler Street;

THENCE Northerly along N. Cuyler Street to its intersection with E. Sunset Drive;

THENCE Easterly along E. Sunset Drive to its intersection with N. Crest Avenue;

THENCE Southerly along N. Crest Avenue to its intersection with E. Browning Avenue;

THENCE Easterly along E. Browning Avenue to its intersection with N. Starkweather Street;

THENCE Southerly along N. Starkweather Street and S. Starkweather Street to the its intersection with S. Barnes Street;

THENCE Southerly along S. Barnes Street to its intersection with E. Frederick Avenue/U.S. Highway 60;

THENCE Westerly along E. Frederick Avenue/U.S. Highway 60 to its intersection with S. West Street;

THENCE Northerly along S. West Street, cross railroad tracks, to S. Ward Street;

THENCE Northerly along S. Ward Street and N. Ward Street to the POINT OF BEGINNING at the intersection of N. Ward Street and W. Browning Street.



Legal Disclaimer

TXP, Inc. (TXP) reserves the right to make changes, corrections, and/or improvements at any time and without notice. In addition, TXP disclaims any and all liability for damages incurred directly or indirectly as a result of errors, omissions, or discrepancies. TXP disclaims any liability due to errors, omissions, or discrepancies made by third parties whose material TXP relied on in good faith to produce the report.

Any statements involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that such opinions or estimates will be realized. The information and expressions of opinion contained herein are subject to change without notice, and shall not, under any circumstances, create any implications that there has been no change or updates.