



AGENDA MEMORANDUM

Future Item for the City Council Meeting of January 15, 2013

Action Item for the City Council Meeting of January 22, 2013

DATE: January 10, 2013

TO: Ronald L. Olson, City Manager

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Resolution declaring the City's support of and consent to the creation of the Padre Isles Municipal Management District.

CAPTION:

Resolution declaring the City's support of and consent to the creation of the Padre Isles Municipal Management District.

PURPOSE:

The City Council is being asked to approve a resolution consenting to the creation of the Padre Island Municipal Management District (PIMMD) through legislation during the 83rd Regular Session of the Texas Legislature. Consent of the City is required for such a district to be created. The proposed PIMMD is being sought by the Padre Isles Property Owners Association (PIPOA) for the purpose of assisting with the rebuilding of canal bulkheads that may be damaged or destroyed by a storm or natural disaster. Currently the bulkheads are privately-owned structures owned by the PIPOA and are not eligible for disaster assistance.

Prior to legislation of this type to be filed, notice must be published not less than 30 days and not more than 90 days before introduction.

BACKGROUND AND FINDINGS:

Generally, Municipal Management Districts (MMDs), are authorized by state statute (Sec. 375.001 (b), Local Government Code) "...to promote, develop, encourage, and maintain employment, commerce, economic development, and the public welfare in the commercial areas of municipalities and metropolitan areas of this state." MMDs finance facilities, infrastructure and services beyond those already provided by individual property owners or the municipality and may be paid for by self-imposed property taxes, special assessments and impact fees, or by other charges on district property owners. An MMD is created to supplement, not supplant, the municipal services available to the area.

The Texas Constitution (Section 59 (d), Article XVI) and state statute (Chapter 313, Government Code), require notice to be given before a local bill create a new governmental entity can be filed. A person who intends to apply for the new MMD must publish notice in a newspaper once not later than the 30th day before the date on which the intended law is introduced in the legislature. In addition, the Texas Constitution further allows local governments to provide written consent or opposition to the creation of the proposed district.

The PIPOA was created in 1973 and the City annexed the property in the PIPOA boundary in 1982. The PIPOA consists of approximately 5,200 properties, of which only about 1,200 lots remain vacant and undeveloped.

The City has storm water drainage infrastructure that outfall at the PIPOA bulkheads. The City would continue to own and be responsible for maintenance of the storm water infrastructure, but not the bulkheads.

Trying to craft language to protect the City's interests while empowering the PIMMD to achieve its goal, City staff worked closely with MayBeth Christensen, Executive Coordinator for the PIPOA and Bill Calderon, of HawesHillCalderon, a consultant for the PIPOA. City staff briefed the Island Strategic Action Committee (ISAC) several times about draft legislative language and related issues. The ISAC voted on January 3, 2013, to support the concept of creating the PIMMD without endorsing specific legislative language.

The POA agreed to a number of statutory restrictions or limitations that are reflected in the attached draft legislation.

1. The district's boundaries coincide with the boundaries of the POA (*See attached description and map*);
2. The district is authorized to receive gifts, grants, and loans;
3. The district board has no authority to levy taxes or assessments;
NOTE: Rep. Todd Hunter expressed opposition to tax authority and members of ISAC expressed opposition to board-approved assessments.
4. District residents may petition the board of the district to levy assessments to finance improvement projects, in accordance with provisions in Chapter 375, Local Government Code;
5. Improvement projects are restricted to the reconstruction, preservation, and maintenance of District-owned bulkheads within the boundaries of the District;
6. The POA shall transfer ownership of the bulkheads and related easements to the district making the bulkheads public facilities;
7. The POA and the district shall include a reversion clause in the event of the dissolution of the district;
8. The district shall not duplicate existing City services within its boundaries and should only complement those services.
NOTE: Council should be advised that the PIMMD, if created, could compete against the City for disaster assistance funds.
9. The City, under Section 375.207, Local Government Code, retains authority to approve a bond issuance by the district;
NOTE: City will likely want to see pro-formas and debt re-payment options for the PIMMD.
10. The district shall under Section 375, Local Government Code, be responsible for any damage to City-owned facilities or infrastructure caused by a district improvement project;
11. The City retains authority by ordinance to dissolve the district;
12. If the district decides to dissolve, it cannot do so unless all of its bond debts are repaid or defeased,
13. If the district defaults on its bond debt, the City is not responsible for the district's assets, liabilities, or obligations, and
14. If the City dissolves the district, the district's bonds, debts, obligations and liabilities and any property and assets, except as specified in the property transfer and reversion agreement, are assumed by the City.

There are two existing municipal management districts within the city limits of Corpus Christi. The Corpus Christi Downtown Management District was created in the mid-1990s and remains very active in its mission to improve the quality of life in downtown Corpus Christi. The Padre Island Gateway Municipal Management District was created in 2009 by Senate Bill 2550 by

Senator Juan “Chuy” Hinojosa and Representative Kelly Hancock for the proposed Golden Pointe, LLC development to be located on the north side of Park Road 22 (South Padre Island Drive) at Aquarius Drive. The developer is bankrupt and the project is dead.

The 83rd Regular Session of the Texas Legislature convenes on January 8, 2013, and adjourns sine die on May 27, 2013.

ALTERNATIVES:

- (1) Support the creation of the proposed municipal management district with limited scope and authority.
- (2) Oppose the creation of the proposed municipal management district. No bill can be filed without the City’s consent.
- (3) Oppose the creation of the proposed municipal management district by legislation and request that it be created administratively through the Texas Commission on Environmental Quality (TCEQ).
- (4) Support the creation of the proposed municipal management district with little to no limitations in scope and authority.

OTHER CONSIDERATIONS:

None

CONFORMITY TO CITY POLICY:

N/A

EMERGENCY / NON-EMERGENCY:

This is a non-emergency item.

DEPARTMENTAL CLEARANCES:

The following departments, divisions or areas reviewed drafts of the proposed Padre Isles Municipal Management District legislation: Finance, Legal, Engineering, Planning, Police, Fire, Intergovernmental Relations, and Regional Economic Development Corporation.

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year: 2012-2013	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This item				
BALANCE				

Fund(s)

Comments: None

RECOMMENDATION:

Staff recommends approval of the resolution and consent for the creation of the Padre Isles Municipal Management District for the limited purpose of assisting with the rebuilding of canal bulkheads that may be damaged or destroyed by a storm or natural disaster and subject to the limitations mentioned above.

LIST OF SUPPORTING DOCUMENTS:

Council Resolution

Draft legislation

Description of Padre Isles Property Owners Association territory

Maps of Padre Isles Property Owners Association boundaries