



AGENDA MEMORANDUM

Corpus Christi Tax Increment Reinvestment Zone #4 Meeting March 17, 2020

DATE: February 14, 2020

TO: President and Honorable Board Members,
Corpus Christi Tax Increment Reinvestment Zone #4

THROUGH: Peter Zanoni, City Manager

FROM: Arlene Medrano, Business Liaison
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**Approving Amendment to the Tax Increment Reinvestment Zone #4
Project & Financing Plan**

CAPTION:

Motion approving the amendments to the Tax Increment Reinvestment Zone #4 Amended Project & Financing Plans approved by the Board of Directors of Reinvestment Zone Number Four, Corpus Christi, Texas, regarding additional increment revenue projections, and other matters relating thereto.

SUMMARY:

On February 4, 2020, the Del Mar College Board of Regents motioned to approve its scaled participation in the TIRZ #4 at North Beach. This action will be solidified on February 25, 2020 with City Council approval of an Interlocal Agreement between the City and Del Mar College. Assuming City Council approval of the Interlocal agreement, amendments should be made to the TIRZ #4 Creation Ordinance #031927 and to the TIRZ #4 Project and Financing Plan to account for the additional revenue that Del Mar's participation will result in. The additional increment revenue is estimated to be \$9.3 million over the 20-year life of the TIRZ. The new total estimated 20-year increment is \$42,139,811.

Per Chapter 311.011 of Tax Code, Project and Financing Plans and amendments to the plans must be adopted by the Board and by the City Council via Ordinance. Because this amendment increases the total estimated projects costs, the approval must also be adopted after a public hearing, which has been posted in accordance to statute.

BACKGROUND AND FINDINGS:

Due to the increase in projected TIRZ #4 increment revenue, staff proposes increasing three of the four major project areas accordingly. Because the Zone will contribute 5% of the total incremental ad valorem to Maintenance Projects, that budget is increased to reflect 5% of the new projected 20-year total. There will be no changes to the Administrative Costs Project.

Because Infrastructure Projects represent 47% of the total projected increment value, that Project grouping will be increased proportionately to the remaining balance. The same logic will apply to the increase of the Incentives Projects at 42% proportionate increase to the balance of the increase in projected increment. Below is table reflecting the new estimated project costs This amendment also includes correcting an overage of \$19,921 in costs.

Table 2. Proposed Estimated Project Costs

Project Areas	Adopted	Revised	% of Total	Difference
Revenue:				
Tax Increment	34,254,724	42,139,811		7,885,087
Expenses:				
Administrative Costs	2,250,000	2,250,000	5.34%	0
Maintenance Projects	1,713,732	2,106,990	5.00%	393,259
Infrastructure Projects	15,919,636	19,944,815	47.33%	4,025,179
Incentives	14,391,277	17,838,006	42.33%	3,446,729
Total	34,274,645	42,139,811	100.00%	7,865,167
Balance	(19,921)	0		19,921

The Del Mar College Board of Regents agreed to participate in the TIRZ #4 at the same rate as the City of Corpus Christi with a scaled approach. Del Mar's base year will be tax year 2019 and will contribute 100% of its increment for the first ten years and 75% of the increment for the second ten years. Below is a table reflecting the new estimated increment revenue that the TIRZ #4 may realize over the next twenty years.

The last amended TIRZ #4 Project and Financing Plan included an estimate for the City's contribution at \$21,487,056. The City's contribution is a maximum of \$20,000,000 which is set by Ordinance and which the new projection table correctly displays.

Table 2. Changes to Increment Projections

	Adopted	Revised	% of Total	Difference
City of Corpus Christi	21,487,056	20,000,000	47%	(1,487,056)
Nueces County	12,767,668	12,767,668	30%	-
Del Mar College	-	9,372,143	22%	9,372,143
Total	34,254,724	42,139,811	100%	7,885,087

Table 3. Twenty Year Increment Projections

	City of Corpus Christi	Nueces County	Del Mar College	Total
20 Year Tax Increment	20,000,000	12,767,668	9,372,143	42,139,811

ALTERNATIVES:

An alternative to amending the attached Project and Financing Plan in the way proposed today is that the City Council could make revisions to the Plan to be considered by the TIRZ #4 Board and brought back to City Council for consideration. The Ordinance amending the creation Ordinance is required in order to adopt the revision to Exhibit D which shows Del Mar College's base value.

FISCAL IMPACT:

The fiscal impact of this amendment to the Project and Financing Plans would be adopting a new estimated 20-year TIRZ #4 increment revenue increase of \$42,139,811.

Funding Detail:

Fund: 1114- TIF NO. 4 North beach
Organization/Activity: 11020 – General Government Revenue
Mission Element: 888- Revenue
Project # (CIP Only): NA
Account: 300040- RIVZ current taxes- Del Mar

RECOMMENDATION:

Staff recommends approval of the ordinance as presented. Ordinance amending Ordinance No. 031927, which created Reinvestment Zone Number Four, City of Corpus Christi, Texas, the Tax Increment Base for the Zone by replacing Exhibit D; and approving the amendments to the Tax Increment Reinvestment Zone #4 Amended Project & Financing Plans approved by the Board of Directors of Reinvestment Zone Number Four regarding additional increment revenue projections within the zone, and other matters relating thereto.

Per Chapter 311.011 of Tax Code, Project and Financing Plans and amendments to the plans must be adopted by the Board and by the City Council via Ordinance. Because this amendment increases the total estimated projects costs, the approval must be adopted after a public hearing, which has been posted in accordance to statute.

LIST OF SUPPORTING DOCUMENTS:

Amended Project and Financing Plan