



## **AGENDA MEMORANDUM**

First Reading Ordinance City Council Meeting March 17, 2020  
Second Reading Ordinance City Council Meeting March 24, 2020

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**DATE:** March 2, 2020

**TO:** Peter Zaroni, City Manager

**FROM:** Arlene Medrano, Business Liaison  
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<p><b>Amending Tax Increment Reinvestment Zone (TIRZ #4) Creation Ordinance and Amending the TIRZ #4 Project &amp; Financing Plan</b></p>
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**CAPTION:**

Ordinance amending Ordinance No. 031927, which created Reinvestment Zone Number Four, City of Corpus Christi, Texas, covering North Beach, to correct 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 Plan approved by the Board of Directors of Reinvestment Zone Number Four, Corpus Christi, Texas, regarding participation of Del Mar College in the amount of approximately \$9.3 million over 20 years, and other matters relating thereto.

**SUMMARY:**

On February 4, 2020, the Del Mar College Board of Regents approved a scaled participation in the Tax Increment Reinvestment Zone (TIRZ) #4 at North Beach. This action was solidified on February 25, 2020 when the Corpus Christi City Council approved an Interlocal Agreement between the City of Corpus Christi and Del Mar College. Amendments are now needed 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 TIRZ #4 estimated 20-year increment is \$42,139,811.

Per Chapter 311.011 of Tax Code, Project and Financing Plan 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 TIRZ 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 a correction of an overage of \$19,921 in costs from the prior plan.

Table 2. Proposed Estimated Project Costs

<b>Project Areas</b>	<b>Adopted</b>	<b>Revised</b>	<b>% of Total</b>	<b>Difference</b>
<b>Revenue:</b>				
<b>Tax Increment</b>	\$34,254,724	\$42,139,811		\$7,885,087
<b>Expenses:</b>				
<b>Administrative Costs</b>	2,250,000	2,250,000	5.34%	0
<b>Maintenance Projects</b>	1,713,732	2,106,990	5.00%	393,259
<b>Infrastructure Projects</b>	15,919,636	19,944,815	47.33%	4,025,179
<b>Incentives</b>	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 (the first year of the TIRZ) and will contribute 100% of its increment for the first nine 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 20 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 revised projection table correctly displays.

Table 2. Changes to Increment Projections

	<b>Adopted</b>	<b>Revised</b>	<b>% of Total</b>	<b>Difference</b>
<b>City of Corpus Christi</b>	21,487,056	20,000,000	47%	(1,487,056)
<b>Nueces County</b>	12,767,668	12,767,668	30%	-
<b>Del Mar College</b>	-	9,372,143	22%	9,372,143
<b>Total</b>	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
<b>20 Year Tax Increment</b>	\$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 in this agenda item is for the City Council to make revisions to the Plan to be considered by the TIRZ #4 Board and then back to City Council for approval. 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 new estimated 20-year TIRZ #4 increment revenue projection of \$42,139,811.

### **Funding Detail:**

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

### **RECOMMENDATION:**

Staff recommends approval of the Ordinance as presented.

### **LIST OF SUPPORTING DOCUMENTS:**

Ordinance including the Amended Project and Financing Plan