



## AGENDA MEMORANDUM

Public Hearing & First Reading Ordinance City Council Meeting October 29, 2019  
Second Reading Ordinance City Council Meeting November 12, 2019

**DATE:** October 21, 2019  
**TO:** Peter Zanoni, City Manager  
**FROM:** Arlene Medrano, Business Liaison  
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Ordinance designating a Tax Increment Financing District to be known as Reinvestment Zone Number Four in the area of the City known as North Beach

### **CAPTION:**

Ordinance pertaining to North Beach designating a 1,423 acre area within the jurisdiction of the City of Corpus Christi Tax Increment Reinvestment Zone (TIRZ) Number 4; setting a maximum City financial participation of \$20,000,000 via a scaled contribution for a period not to exceed 20 years; establishing a Board of Directors for the TIRZ; and, establishing a preliminary Project and Financing Plan.

### **SUMMARY:**

Per Tax Code 311.011(e), this Ordinance and public hearing will designate the reinvestment zone for tax increment financing purposes and create the Board of Directors for the reinvestment zone. Staff has prepared a preliminary reinvestment zone project and financing plan, a copy of which is attached to and incorporated into this ordinance as Exhibit C. A joint workshop between the City Council and Nueces Commissioners Court is scheduled to be held on October 24, 2019. Staff will incorporate feedback from this workshop into the Preliminary Project and Financing Plans.

Based on the feedback from Council during the Joint Workshop with the City Council and the Nueces County Commissioners on October 24, 2019 the following changes have been made to the Preliminary Project and Financing Plan for discussion:

1. Reduced Wayfinding from \$3 Million to \$1 Million
2. Adjusted 5% of North Beach Public Spaces Beautification Program from \$735,556 to \$587,681
3. Adjusted incentive level for Project Specific Development Agreement to provide different levels of incentives:
  - a. The total reimbursement by the TIRZ #4 will not exceed 20% of the total project cost if a development is at least 20,000 square feet or creating 100 or more new residential units.
  - b. The total reimbursement by the TIRZ #4 will not exceed 10% of the total project cost if a development is at least 5,000 square feet, but less than 20,000 square feet or creating at least 25, but less than 100, new residential units.

**BACKGROUND AND FINDINGS:**

On April 9, 2019, Nueces County Commissioner Vaughn, as the Chairperson of the North Beach Task Force, provided a report to City Council which included a recommendation to create a tax increment reinvestment zone at North Beach. During this item, Councilman Roy made a motion, seconded by Councilman Garza directing the City Manager to move forward with the creation of a TIRZ at North Beach.

- a description of the zone boundaries with sufficient detail to identify the territory within the zone;
- a designation of the board of directors for the zone and an indication of the number of directors of the board;
- a provision that the zone will take effect immediately on passage of the ordinance;
- an indication of the zone termination date;
- a name for the zone as provided under Tax Code Section 311.004(a)(5);
- a provision establishing a tax increment fund for the zone;
- findings that the improvements within the zone will significantly enhance the value of the taxable property within the zone and will be of general benefit to the city or county; and
- a finding that the area meets the criteria for designation of a reinvestment zone under Tax Code Section 311.005.

The City would participate at 100% for the first 10 years and at 75% for the following 10 years. At no time will the City’s contributions exceed \$20,000,000. The preliminary reinvestment zone financing plan provides that portions of the ad valorem taxes of the City constituting its tax increment are to be deposited into the Tax Increment Fund created by this ordinance, and that ad valorem taxes of the other taxing units constituting their respective tax increments may also be utilized for the purposes described in the preliminary financing plan in accordance with agreement from those other taxing entities to contribute said increment.

See below:

City’s Ad Valorem Increment Percentage	Tax Year(s)
100%	2019 through 2028
75%	2029 through 2038

On July 10, 2019, the Nueces County Commissioners Court passed a Resolution supporting the City in its efforts to establish a TIRZ at North Beach. Based on conversations with the County, staff anticipates 100% participation by the County for the full length of the TIRZ. A draft Interlocal Agreement has been provided to the County and is currently under review in preparation of taking said agreement to the County Commissioner’s Court for consideration.

Furthermore, Del Mar College staff are currently preparing a financial policy that will provide a road map for how the college responds to requests for TIRZ participation. This policy is expected to be presented to the Del Mar Board of Regents in October or November 2019. After adoption of a policy, Del Mar College Board and Executive Leadership will be prepared to accept a formal invitation to participate in the TIRZ #4.

The North Beach area substantially arrests or impairs the sound growth of the City and has been found to be in state of deferred infrastructure. Tourism and convention business is of extreme

importance to the Corpus Christi economy, and the area within the proposed district has tremendous, unrealized potential to support tourist and convention facilities as the area includes some of the biggest tourist attractions in Corpus Christi, including the Texas State Aquarium and the USS Lexington. It is essential that this presently under-developed area be fully developed to encourage tourism to continue in the area.

In relation to the two other TIRZ's in Corpus Christi, TIRZ 2 on the Island and TIRZ 3 Downtown, this proposed TIRZ 4 at North Beach has significantly less property value and has seen little to no development over the past decade.

	TIRZ 2 (estb. 2000)	TIRZ 3 (estb. 2008)	TIRZ 4
2019 Net Taxable Value	513,369,642	439,524,182	60,689,500
Estimated City Contribution for life of TIRZ	\$30,000,000	\$12,000,000	\$20,000,000

Contributions to the TIRZ will not redirect funding from today's General Fund. Significant contributions to the TIRZ will only occur if increases to property values occur at North Beach which spurred by new development or enhancements to existing property.

The zone is expected to be one of a variety of potential funding sources and programs that will be acting in concert to accomplish a transformed public environment in North Beach. By improving and maintaining public spaces with a high level of service, plus increasing density, the zone and the other programs will encourage the development of new land uses and the redevelopment or rehabilitation of existing uses. The intended result is that North Beach will become a vibrant and economically vital urban waterfront district with a variety of tourist, entertainment, residential, retail, and lodging uses.

**Board Appointments:**

The Board members are appointed by the City Council of the City. All members appointed by the Board must meet eligibility requirements, as set forth in the Act. Provided, however, notwithstanding any other provision of this Ordinance, the City Council has the right to appoint at least 10 members of the Board, and the Board may exceed 15 members, if necessary for the City Council to make the 10 appointments. Staff recommends the following board composition:

- 9 City Council Members
- 1 - 2 Nueces County Representative(s)
- 1 Community Member (Must be a resident within the TIRZ)
- 1 Texas State Aquarium Appointee
- 1 Lexington Appointee

**ALTERNATIVES:**

An alternative to designating North Beach a tax increment reinvestment zone would be to use a different economic development tool such as a Public Improvement District (PID) to increase levels of service in this area.

**FISCAL IMPACT:**

The fiscal impact of the recommended North Beach TIRZ would be as follows:

- Total contributions of \$20,000,000 of City's ad valorem from the increment above the current base value;
- Or 20 years of participation at 100% for the first 10 years and at 75% for the following 10 years, whichever comes first.

**Funding Detail:**

Fund:	N/A
Organization/Activity:	N/A
Mission Element:	N/A
Project # (CIP Only):	N/A
Account:	N/A

**RECOMMENDATION:**

Staff recommends approval of the ordinance pertaining to North Beach designating a 1,423 acre area within the jurisdiction of the City of Corpus Christi Tax Increment Reinvestment Zone (TIRZ) Number 4; setting a maximum City financial participation of \$20,000,000 via a scaled contribution for a period not to exceed 20 years; establishing a Board of Directors for the TIRZ; and, establishing a preliminary Project and Financing Plan.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance with Exhibits