



AGENDA MEMORANDUM

City Council Meeting First Reading November 15, 2022
Second Reading December 6, 2022

DATE: November 1, 2022

TO: Peter Zanoni, City Manager

FROM: Heather Hurlbert, CPA, CGFO Director of Finance and Procurement
Heatherh3@cctexas.com
361-826-3227

Public hearing and ordinance to extend the term for Tax Increment Reinvestment Zone (TIRZ) #2 to December 31, 2042, amend the boundaries, and amend the project and financing plan.

CAPTION:

Public Hearing and First Reading Ordinance amending Ordinance No. 024270, which created the Reinvestment Zone No. 2, City of Corpus Christi ("TIRZ #2") on Padre Island, by extending the term to December 31, 2042; modifying the boundaries to add the portions of the Whitecap PID that are currently outside the TIRZ #2 boundary; and amending the Tax Increment Reinvestment Zone # 2 Amended Project & Financing Plans to add continuing maintenance of the Packery Channel through December 31, 2042 at a cost of \$36,400,000, infrastructure improvements to R. Briscoe King Pavilion in the amount of \$2,000,000, creation of a multi-mobility plan at a cost of \$150,000, and infrastructure improvements related to the Whitecap PID development in the amount of \$11,500,000, as recommended by the TIRZ #2 Board on October 25, 2022 and November 1, 2022.

SUMMARY:

This item will hold a public hearing and provide for the first reading of an ordinance to extend the term of the TIRZ #2 for an additional 20 years with the new term beginning January 1, 2023 and ending December 31, 2042. The ordinance will also amend the current boundaries to include portions of the Whitecap Public Improvement District (PID) that is currently not in the zone. The final action included in the ordinance is to amend the Project and Financing Plan to include \$2.0M for improvements to R Briscoe King Pavilion, \$36.4M for ongoing maintenance activities for Packery Channel, \$150,000 for a mobility plan, and \$11.5M developer reimbursement for public infrastructure including public mobility bridges, water exchange culvert, and public walking trails.

BACKGROUND AND FINDINGS:

TIRZ #2 was created to support the local share of the North Padre Island Storm Damage Restoration Project known as Packery Channel. The project was funded through 100% of the taxes generated on the increment above the base year from the City of Corpus Christi, Nueces County, Dell Mar College, and the Nueces County Hospital District. Del Mar college ended their

participation in 2011. The TIRZ is set to expire on December 31, 2022.

Texas Tax Code 311 is the statute that defines Tax Increment Zones. Per section 311.007, the term of a zone can be extended by the governing body by providing notice and holding a hearing. The statute does not require that the zone meet the initial designation criteria at the time that the term is extended. Legislation adopted in 2011 broadened the eligible uses of a TIRZ and this economic development tool has been used successfully across the state to encourage and support economic development. The allowable uses for funds collected by the zone include:

- Public infrastructure that benefits the zone
- Public improvements that benefit the zone
- Capital maintenance of public infrastructure/improvements within the zone
- Programs or other projects that benefit the zone
- Reimbursement to private parties that make improvements to benefit the zone but would not occur “but for” creation of the zone

The actions involved in the extension of TIRZ #2 include:

- Extending the term
- Modifying the boundaries
- Choosing project and expenses to be funded by the TIRZ
- Setting a contribution amount
- Amending the Project and Finance Plan
- Amending the interlocal agreement with Nueces County

The TIRZ #2 Board met on October 25, 2022 and November 1, 2022 to discuss the extension of the term of the zone, the modification of boundaries, and amendments to the Project and Financing Plan. The Board made the following motions:

1. Motion to recommend extension of term until December 31, 2042 and add two additional board members to be appointed by City Council on the recommendation of Nueces County:

If the Zone is allowed to expire, all increment growth would be lost and the base year reset. The Board is recommending that the term be extended for an additional 20 years, and the expiration date be set for December 31, 2042. Included in the motion is to appoint two additional TIRZ board members on the recommendation of Nueces County. These two members would replace the positions held by representatives from Flour Bluff ISD and the Nueces County Hospital District. In addition, staff recommends maintaining the current contribution rate of 100% until further discussions are held about future project and expense needs and a revenue requirement is calculated.

2. Motion to recommend modification of boundaries to include all portions of Whitecap Public Improvement District (PID) that are currently outside the Zone:

Currently there are two sections of the Whitecap PID that are not currently included in the Zone. The modification of the boundaries is time sensitive because if the boundaries are not amended before the end of the calendar year, the increment created since January 1, 2022 will be lost and the base year will be set as the value as of January 1, 2023. The Board recommends that the boundaries be modified to ensure the Whitecap PID boundaries are wholly contained within the Zone boundaries.

3. Motion to recommend modifications of boundaries to include the areas recommended by Nueces County including the Packery Channel Nature Park and Padre Balli Park:

Nueces County Commissioners Court passed a motion requesting the TIRZ boundaries be modified to include Nueces County assets including the Packery Channel Nature Park and

Padre Balli Park. This motion will be brought for City Council consideration at a later date once required geographical information has been completed.

4. Motion to recommend modifications to the project and financing plan for inclusion of the following:

- **Addition of an amount of \$36,400,000 for ongoing Packery Channel maintenance.** Based on engineering estimates an average of \$1.5M annually will be needed for ongoing maintenance, dredging, beach nourishment and monitoring of the Packery Channel to ensure the channel continues to function as intended. The \$1.5M annually adjusted for inflation over the 20-year period totals \$36,400,000.
- **Addition of an amount not to exceed \$11,500,000 for developer reimbursements for public infrastructure in the Whitecap development for public mobility bridges, water exchange culvert, and public walking trails.** The developer is requesting reimbursement from the TIRZ for public infrastructure that includes nature trails, public mobility bridge at Commodores Drive, public mobility bridge at Encantada Avenue, two mobility bridges over the Island Walk canal, and a water exchange culvert at Aquarius Street. These assets will be open to the public and for use by the public. Assets, not including the bridges in the public right of way will be maintained by the PID for the life of the PID. The assets will be eligible for reimbursement once completed and accepted by the City. The reimbursement for projects within the development will be made from up to 50% of the contribution created by the increment resulting from the Whitecap PID area.
- **Addition of an amount not to exceed \$150,000 for a multi-mobility plan.** During the development of the Padre and Mustang Island Area Development Plan (the ADP) in 2020-21, the Island community identified the need for a multi-modal transportation network, such as for golf carts, pedestrians, and bicycles, as a high priority. As a result of the community's input, Section 1.10 of the adopted ADP states the following for action:

Conduct a transportation study to identify walking, cycling, and golf cart pathways that connect residential neighborhoods to commercial and retail uses, as well as the east and west sides of the Island.

Once complete, this type of transportation study, or Island Mobility Plan, would recommend routes for new multi-modal transportation networks and specific improvements needed within the main rights-of-way on the Island. This plan will also be utilized to assist TXDOT with the design of the Park Road 22 project highlighted in the 2020-2045 Metropolitan Transportation Plan (MTP).

- **Addition of an amount not to exceed \$2,000,000 for improvements to R Briscoe King Pavilion.** The Briscoe King Pavilion is a community gathering place on the Island. The facility needs repairs and upgrades including installation of climate control systems, modifications to meet current ADA requirements, conversion from a septic system to the public sewer system, installation of fire protections systems, and improvements to the parking areas.

Future TIRZ Board meetings will be scheduled after the first of the year to continue discussions about further recommendations for amendments to the Project and Financing Plan, the contribution amount and possible funding caps, possible participation by Del Mar College, and to amend the budget for FY2023.

ALTERNATIVES:

The City Council could choose not to extend the term, modify the boundaries, or include the recommended modifications to the project and financing plan. If the extension of the term is not approved, the TIRZ will expire on December 31, 2022.

FISCAL IMPACT:

There is no fiscal impact associated with today's actions.

RECOMMENDATION:

Staff recommends approval of the recommendations made by the TIRZ #2 Board.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Presentation