



AGENDA MEMORANDUM

One Reading Ordinance for the City Council Meeting on August 13, 2024

DATE: August 2, 2024

TO: City Manager Peter Zanoni
Mayor and Council

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Calling a Special Election on November 5, 2024, to repurpose the expiring 1/8 of 1% Type A sales tax to Type B to provide funds for infrastructure improvements for the Downtown Seawall Flood Control Structures and other city-wide Flood Control, Drainage, and Coastal Resiliency Projects for a 20 year term

CAPTION:

One reading ordinance calling for a special election to be held on November 5, 2024 to repurpose the expiring Type A sales tax funding to Type B sales tax funding utilizing an existing 1/8 cent for financing the Downtown Seawall Flood Control structures including the maintenance and improvements to the entire seawall structure including the breakwater, salt flat levee, T and L Head land masses, Marina basin, and flood control pumps and other city-wide stormwater, flood control, drainage, and coastal resiliency projects; and allow the City to enter into a joint election agreement with Nueces County.

SUMMARY:

This ordinance will allow for a special election to be held on November 5, 2024 to repurpose the expiring Type A sales tax funding to Type B sales tax funding utilizing an existing 1/8 cent for financing the Downtown Seawall Flood Control structures including the maintenance and improvements to the entire seawall structure including the breakwater, salt flat levee, T and L Head land masses, Marina basin, and flood control pumps and other city-wide stormwater, flood control, drainage, and coastal resiliency projects; and allow the City to enter into a joint election agreement with Nueces County.

BACKGROUND AND FINDINGS:

On February 27, 2024, City Council members discussed initial concepts and uses for the City Sales Tax Reauthorization. Staff developed potential baseline uses based on City Council dialogue from that meeting. A workshop for further discussion was conducted on May 8, 2024, to ensure consensus as well as understanding of the reauthorization, eligible projects, and the subsequent timeline. A briefing was also provided to the City Council at the June 18, 2024, meeting.

Since the beginning of April, city staff have conducted 62 meetings and informational sessions with stakeholders ranging from the Chamber of Commerce to the Westside Business Association. In addition, a survey to collect community input closed on Sunday, June 23, 2024, and received a total of 2,206 responses. The survey results indicated strong support (86% of respondents) for use of the sales tax for downtown seawall protection/enhancements and city-wide flood protection. When asked to prioritize the two, city-wide flood control improvements were only slightly higher than downtown seawall protection.

With this information, staff proposed the following project to the City Council at a Special City Council meeting on Thursday, August 1, 2024, and the City Council approved it to be added to the November election:

- Repurposes the existing 1/8 cent to Type B sales and use tax for a 20-year term
- Continue the use for the Downtown Seawall Flood Control Structures including maintenance and improvements to the entire seawall structure including the breakwater, salt flat levee, T and L Head land masses, Marina basin, and flood control pumps to protect the City's downtown businesses.
- Exclude any vertical structures or amenities that do not support the items above or pertain to flood control.
- Add City-wide flood control, drainage, stormwater, and coastal resiliency projects to create new or expand business enterprises.

If the election to repurpose the 1/8 cent sales tax is successful, the repurposing of the 1/8 cent for the Downtown Seawall would not begin until the outstanding debt is retired. The estimated revenue generated by 1/8 cent of the local sales taxes is budgeted at \$8.9M for FY25.

Ballot language for Proposition F is as follows:

**CITY OF CORPUS CHRISTI PROPOSITION F
(CITY-WIDE FLOOD CONTROL, DRAINAGE AND COASTAL RESILIENCY)**

Repurposing the expiring Type A sales and use tax of 1/8 of 1% (being 0.125 cents per \$1) for seawall improvements by the adoption of a Type B sales and use tax at the rate of 1/8 of 1% (being 0.125 cents per \$1), with annual sales tax collections being used for promotion and development of new and expanded business enterprises limited to infrastructure improvement projects pertaining to downtown seawall flood control structures and other City-wide flood control, drainage, stormwater, and coastal resiliency projects, as authorized by the Development Corporation Act and available to Type B corporations, to be imposed for 20 years.

ALTERNATIVES:

The Council could choose not to call an election or modify the proposition as proposed.

FISCAL IMPACT:

Based on the most recent actuals for the 2022 general election, paid in FY 2023, staff has budgeted a conservative amount of \$300,000 for the special election.

Funding Detail:

Fund: 1020

Organization/Activity: 10020 City Secretary's Office

Account: 530000 Professional Services

Note: Will be paid in FY 2024.

RECOMMENDATION:

Approval of the ordinance.

SUPPORTING DOCUMENTS:

Ordinance

Joint Election Agreement – Nueces County

Presentation