



DATE: November 11, 2019
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| One Reading Ordinance Approving the Tax Increment Reinvestment Zone #4 Project & Financing Plans |
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CAPTION:

One Reading Ordinance to approve the Final Project and Financing Plan for the North Beach Tax Increment Reinvestment Zone No. 4 in order to accommodate Opportunity Zone deadline for North Beach development

SUMMARY:

Per Texas Tax Code, the board of directors of a reinvestment zone shall make recommendations to the governing body of the municipality (City Council) that created the zone concerning the administration the Project and Financing Plans for the Zone.

BACKGROUND AND FINDINGS:

An 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; and, establishing a *Preliminary* Project and Financing Plan is scheduled was approved by City Council on November 12, 2019. The Reinvestment Zone #4 Board approved the Final Project and Financing Plans on the same day. A final version of the Project and Financing Plan is attached to this item.

Chapter 311.004 of the Tax Code requires the following for Project and Financing Plans for a Tax Increment Reinvestment Zone:

The project plan must include:

- (1) a description and map showing existing uses and conditions of real property in the zone and proposed uses of that property;
- (2) proposed changes of zoning ordinances, the master plan of the municipality, building codes, other municipal ordinances, and subdivision rules and regulations, if any, of the county, if applicable;
- (3) a list of estimated nonproject costs; and

(4) a statement of a method of relocating persons to be displaced, if any, as a result of implementing the plan.

The reinvestment zone financing plan must include:

- (1) a detailed list describing the estimated project costs of the zone, including administrative expenses;
- (2) a statement listing the proposed kind, number, and location of all public works or public improvements to be financed by the zone;
- (3) a finding that the plan is economically feasible and an economic feasibility study;
- (4) the estimated amount of bonded indebtedness to be incurred;
- (5) the estimated time when related costs or monetary obligations are to be incurred;
- (6) a description of the methods of financing all estimated project costs and the expected sources of revenue to finance or pay project costs, including the percentage of tax increment to be derived from the property taxes of each taxing unit anticipated to contribute tax increment to the zone that levies taxes on real property in the zone;
- (7) the current total appraised value of taxable real property in the zone;
- (8) the estimated captured appraised value of the zone during each year of its existence; and
- (9) the duration of the zone.

The Project and Financing Plan has 4 major Project Areas:

1. Infrastructure Projects: \$14,665,943
2. Maintenance Projects: \$1,587,681
3. Incentives: \$13,250,000
4. Administrative Costs: \$2,250,000

The City will 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 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 Financing Plan in accordance with agreement from those other taxing entities to contribute said increment.

See table 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. The County Commissioners approved an Interlocal Agreement on November 6, 2019 and will be considered by the City Council on November 12, 2019. The County will participate at 100% for the full length of the TIRZ.

Furthermore, the Del Mar College Del Mar Board of Regents passed a TIRZ Policy on November 12, 2019. After adoption of a policy, Del Mar College Board and Executive Leadership will be prepared to evaluate participation in 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, the 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 |

Significant contributions to the TIRZ will only occur if increases to property values occur at North Beach which would be spurred by new development or enhancements to existing property.

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.

ALTERNATIVES:

An alternative to adopting the attached Project and Financing Plan, the City Council could make revisions to the plan to be considered by the TIRZ #4 Board and brought back to Council for consideration.

FISCAL IMPACT:

The fiscal impact of the Project and Financing Plans would be as follows:

- Estimated 20 year Revenue of \$31,753,624 with an estimated total project cost of the same amount
- The General Fund will not decrease from today's current revenue and the General Fund will continue to receive the 2019 Base Value annually for the life of the TIRZ
- It is anticipated that after 20 years of targeted projects completed by the TIRZ #4, that North Beach ad valorem values will increase

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 adopting the Reinvestment Zone Number 4 Project and Financing Plans. Adoption of Project and Financing Plans is a legislative requirement to establish a tax increment reinvestment zone and the documents will be a guide to redevelopment initiatives at North Beach. The Project and Financing Plans have undergone several revisions

and have been a fluid document, open to revisions for six months. The City Council and the County held a joint workshop in October to discuss the Project and Financing Plans and revisions were made as a result.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Project and Financing Plan