



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

FROM: Rebecca L. Huerta, City Secretary
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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 to Citywide Arterial and Collector Streets and select City-owned Recreational and Community Facilities within the Sports, Entertainment, and Arts (SEA) District and the Selena Auditorium, Convention Center, and Arena 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 by allocating 50% of the annual sales tax collections to financing infrastructure improvements to Citywide Arterial and Collector street projects and 50% of the annual sales tax collection for improvements to city-owned recreation and community facilities within the Sports, Entertainment, and Arts (SEA) District (The Corpus Christi Museum of Science and History, the Art Museum of South Texas, the Texas State Museum of Asian Cultures and Education Center, the Harbor Playhouse, and the Water Garden) and the Selena Auditorium, the Convention Center, and the Arena ; 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 by allocating 50% of the annual sales tax collections to financing infrastructure improvements to Citywide Streets-Arterial and Collector projects and 50% of the annual sales tax collection for improvements to city-owned recreation and community facilities within the Sports, Entertainment, and Arts (SEA) District (to wit: Corpus Christi Museum of Science and History, the Art Museum of South Texas, the Texas State Museum of Asian Cultures and Education Center, the Harbor

Playhouse, and the Water Garden) and the Selena Auditorium, the Convention Center, and the Arena ; 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 support for street improvements and use of the sales tax for the proposed American Bank Center Complex and SEA District facilities, with the American Bank Center chosen as the highest priority of the facilities listed.

With this information, staff proposed four eligible uses to the City Council at a Special City Council meeting on Thursday, August 1, 2024. The City Council approved the proposed project #1D which includes:

- Repurposes the existing 1/8 cent to Type B sales and use tax for a 20-year term
- 50% allocation of the annual sales tax collections for:
 - City-wide Streets-Arterial and Collector Projects
- 50% allocation for City-owned recreational and community facilities including:
 - The American Bank Center Complex including the Arena, Convention Center, and Selena Auditorium.
 - Facilities located in the Sports, Entertainment, and Arts (SEA) District (e.g. the Corpus Christi Museum of Science and History, the Art Museum of South Texas, the Texas State Museum of Asian Cultures and Education Center, the Harbor Playhouse, and the Water Garden).

If the election to repurpose the 1/8 cent sales tax is successful, the repurposing of the 1/8 cent for the Arena 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 E is as follows:

CITY OF CORPUS CHRISTI PROPOSITION E (STREETS-ARTERIAL AND COLLECTOR AND COMMUNITY AND RECREATIONAL FACILITIES)

Repurposing the expiring Type A sales and use tax of 1/8 of 1% (being 0.125 cents per \$1) for arena 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 allocable in the indicated percentages to be used for promotion and development of new and expanded business enterprises limited to infrastructure improvement projects pertaining to City-wide arterial and collector streets (50%) and the city-owned recreational and community facilities within the Sports, Entertainment and Arts District (to wit: the Corpus Christi Museum of Science and History, the Art Museum of South Texas, the Texas

State Museum of Asian Cultures and Education Center, the Harbor Playhouse, and the Water Garden) and the Selena Auditorium, the Convention Center, and the Arena (50%), each 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