



AGENDA MEMORANDUM

Second Reading for the City Council Meeting of August 15, 2023

DATE: August 8, 2023

TO: City Manager Peter Zanoni
Mayor and Council

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Calling a Special Election on November 7, 2023 to repurpose Type A sales taxes for financing the City's Convention Center Complex, Regional Parks, Commercial/Industrial Streets, and New Destination Flight Options

CAPTION:

Ordinance calling a Special Election to be held in the City of Corpus Christi, Texas to repurpose two local sales and use taxes for financing the City's Convention Center Complex, Regional Parks, Commercial/Industrial Streets and New Destination Flight options; making provision for the conduct of the election; and resolving other matters related to such election.

SUMMARY:

This ordinance will allow for a special election to be held on November 7, 2023 to reallocate Type A sales tax funding from the existing 1/8 cent for the Arena and 1/8 cent for the Seawall for financing the Conference Center complex (which will include the convention center, arena, Selena Auditorium, headquarters hotel, and the seawall flood control structure), commercial and industrial streets including arterial and collector streets, City's regional parks and new destination flight options; and allow the City to enter into a joint election agreement with Nueces County.

BACKGROUND AND FINDINGS:

On July 25, the Council approved a motion declaring the intent to include an item on the November 2023 election ballot replacing the existing Type A sales tax with the adoption of a two-eighths of one percent sales and use tax (maintaining the current level of sales and use tax) for the promotion and development of new and expanded business enterprises to be administered by

the Corpus Christi Business and Job Development Corporation (Type A Corporation) under Chapter 504 of the Texas Local Government Code. The proceeds will specifically be used for the design, construction, expansion, improvement, renovation, and equipping the convention center complex, including maintenance and operation costs for the life thereof, design, construction, maintenance and repair of commercial and industrial streets including arterial and collector streets, design, construction, maintenance, and operation of regional parks within the City and the facilitation of new destination flight options to and from the City and making necessary and related improvements to the Corpus Christi International Airport. Prior to calling the election City Council will approve a resolution defining what is including in the Convention Center Complex and the regional parks. The Convention Center Complex which is proposed as the convention center, arena, Selena Auditorium, headquarters hotel, and the Seawall structure from McGee Beach to the Port of Corpus Christi. The Regional Parks are proposed as Bill Witt Park, Cole Park, Commodore Park, Labonte Park, Parker Park, Salinas Park, and West Guth Park.

Included in the proposed language is the requirement to allocate at least 5% of the annual revenue to each eligible use which includes the Convention Center Complex, Regional Parks, Commercial and Industrial Streets, and new destination flight options.

If the election to repurpose the 1/4 cent sales tax is successful, the repurposing of the 1/8 cent for the Arena would not begin until the final debt payment on the outstanding debt in 2025 and the 1/8 cent for the Seawall would not begin until the final debt payment on the outstanding debt in 2026. The estimated revenue generated by 1/4 cent of the local sales taxes is budgeted at \$17.8M for FY24.

Any potential changes to board structure, creation of a special purpose district to consolidate and manage the funding for the Conference Center Complex project, or interlocal agreements between the City, the special purpose district and the Type A Corporation can be made after the election and prior to the expiration of the original purposes. The Seawall Fund is estimated to have a remaining balance of \$14M once all current projects are completed and the tax expires. These funds can be allocated in part or in full as a maintenance and/or capital improvement reserve for the seawall flood control structure.

ALTERNATIVES:

The Council could choose not to call an election.

FISCAL IMPACT:

Based on the most recent actuals for the 2022 general election, paid in FY 2023, staff has budgeted a conservative amount of \$200,000 for the special election.

Funding Detail:

Fund: 1020
Organization/Activity: 10020 City Secretary's Office
Mission Element: 714
Project # **(CIP Only)**: N/A
Account: 530000 Professional Services
Note: Will be paid in FY 2024.

RECOMMENDATION:

Approval of the ordinance.

SUPPORTING DOCUMENTS:

Ordinance

Joint Election Agreement – Nueces County