



AGENDA MEMORANDUM

Future Item for the City Council Meeting of January 27, 2015
Action Item for the City Council Meeting of February 10, 2015

DATE: January 16, 2015
TO: Ronald L. Olson, City Manager
FROM: Wes Pierson, Assistant City Manager
(361) 826-3082
wesp@cctexas.com

**Extending the time for completion of the waterpark for Upper Padre Partners, L.P., and
North Padre Waterpark Holdings, LTD**

CAPTION:

Resolution regarding the City of Corpus Christi's Chapter 380 Economic Development Agreement with Upper Padre Partners, L.P., and North Padre Waterpark Holdings, LTD. (collectively, "Developer"), extending the time for completion of the waterpark on Padre Island in order for Developer's qualification for certain incentives under the agreement

PURPOSE:

The resolution will extend the deadline for completion of the Waterpark from February 24, 2015 until September 30, 2015 as described in Article 4.1 (B) of the Chapter 380 agreement between the City of Corpus Christi and the developer, Upper Padre Partners, L.P.

BACKGROUND AND FINDINGS:

Upper Padre Partners negotiated with the City for incentives to develop a waterpark and other features on Padre Island. On May 22, 2012 the City Council approved the Chapter 380 agreement which provided for sharing of various taxes including sales, hotel and occupancy, and property taxes. The agreement required that the construction for the waterpark feature commence within 9 months of the effective date of the agreement which was May 22, 2012. The Developer began construction on February 15, 2013. They have been under construction since that time. The Developer is required to have completed the waterpark within 24 months from the commencement of construction. The waterpark must be complete by February 22, 2015. There is a clause in 4.1 (B) that allows the City Manager or designee to approve an extension of that date subject to City Council approval.

The waterpark was envisioned to be completed in phases. With Phase one being a waterpark equal to the Schlitterbahn located on South Padre Island next to Brownsville, Texas. The waterpark has grown in scope and now is being constructed to include both phase one and phase two. This has extended the construction timeline and Upper Padre Partners will not be able to complete construction in time to remain in compliance with the agreement.

The Developer's have asked for an extension. The City has not paid incentives under the Chapter 380

agreement and is under no obligation to pay until the terms of the agreement are met. This extension is also based on the Developer's payment of the construction debts for which liens have been filed.

Attached to this agenda is a letter from the bank that is financing this project which states their commitment to seeing this project through to completion and to resolving any outstanding liens or legal issues.

ALTERNATIVES:

The Council may consider denying the requested extension. Such a denial would have a detrimental effect on the overall development.

The extension does not require any payments from the City. This is still a performance based agreement where the Developer must complete construction and open the various parts of the project and pay the taxes before any incentives are refunded.

OTHER CONSIDERATIONS:

Not applicable

CONFORMITY TO CITY POLICY:

This project is consistent with the City's stated goals of promoting economic development and incentivizing business to expand and thrive in Corpus Christi.

EMERGENCY / NON-EMERGENCY:

Non-emergency

DEPARTMENTAL CLEARANCES:

Legal

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year: 2014-2015	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This item				
BALANCE				

RECOMMENDATION:

The staff recommends that the City Council extend the deadline for completion of the waterpark. This will ensure that the project continues.

LIST OF SUPPORTING DOCUMENTS:

Resolution
 Letter from IBC Bank
 Chapter 380 Agreement