



AGENDA MEMORANDUM

Action Item for the City Council Meeting October 13, 2020

DATE: October 6, 2020

TO: Peter Zaroni, City Manager

FROM: Heather Hurlbert, Director of Finance & Business Analysis
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Authorizing Interlocal Cooperation Agreements with Nueces County and Del Mar College for participation on the southwest corner of South Padre Island Drive and Crosstown Expressway Tax Increment Reinvestment Zone Number Five (TIRZ #5)

CAPTION:

Resolution authorizing execution of two Interlocal Cooperation Agreements, one with Nueces County and one with Del Mar College, in the Tax Increment Reinvestment Zone Number Five.

SUMMARY:

The City, Del Mar College, and Nueces County desire to participate in the Tax Increment Reinvestment Zone Number Five for the purposes of development in the reinvestment zone area, on the southwest corner of South Padre Island Drive and Crosstown, for their mutual benefit and the benefit of their citizens.

BACKGROUND AND FINDINGS:

On July 14, 2020, a presentation was made to the City Council that provided an overview of the developer-petitioned Tax Increment Reinvestment Zone (TIRZ) (Ch 311 Tax Code) for developer reimbursement of street, sewer, stormwater and water infrastructure and development and subsequent maintenance of a 10-acre park. The proposed development will have 999 multi-family units, 777 townhomes, and 450,000 sq./ft of commercial space. The proposed 258.9-acre development is located on the southwest corner of South Padre Island Drive (SPID) and Crosstown Expressway and is currently used primarily for agricultural purposes. The reimbursement of the infrastructure costs will be from 75% of the ad valorem taxes (excluding the City's 2+2+2 residential street tax) generated by the increment above the base value of \$825,943 for the 258.9 acres. The TIRZ will exist until infrastructure costs, park maintenance and TIRZ administration are reimbursed by the City of Corpus Christi, Nueces County, and Del Mar College in an amount not to exceed \$17,000,000 to the developer or a maximum of 20 years, whichever is less.

On August 11, 2020, an ordinance designating 258.9 acres within the jurisdiction of the

City of Corpus Christi as a Tax Increment Financing District to be known as "Reinvestment Zone Number Five, City Of Corpus Christi, Texas" pursuant to petition by owners of Crosstown Commons subdivision; setting a maximum City financial participation of 75% over 20 years and a maximum contribution of \$9,000,000; and establishing a Board of Directors for the Reinvestment Zone passed on first reading.

On August 18, 2020, a second reading ordinance passed.

Nueces County approved the interlocal agreement for its participation at 75% of its increment for the life of the TIRZ on September 9, 2020. Del Mar College has an item on its agenda to approve the interlocal agreement at 75% for fourteen years, up to \$4,000,000 on October 13, 2020.

ALTERNATIVES:

City Council could choose not to authorize this interlocal agreements, but then Del Mar College and Nueces County would not be authorized to participate in the TIRZ #5, and the Zone's ability to complete the project will be decelerated.

FISCAL IMPACT:

Del Mar College and Nueces County will participate at a rate of 75% of their tax increment with the base year being 2020. The City's twenty-year contribution is capped at \$9 million; TIRZ #5 estimated increment from all participating taxing jurisdictions is \$17,000,000.

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 Interlocal Cooperation Agreements with Nueces County and Del Mar College. The participation of Nueces County and Del Mar College in the Tax Increment Reinvestment Zone is crucial for the success and implementation of the TIRZ #5 Project and Financing Plan: and thus, the revitalization of the southwest corner of South Padre Island Drive and Crosstown Expressway.

LIST OF SUPPORTING DOCUMENTS:

Resolution
Interlocal Cooperation Agreements