



AGENDA MEMORANDUM

Action Item for the TIRZ #2 Board Meeting March 29, 2022

DATE: March 17, 2022

TO: Peter Zanoni, City Manager

FROM: Heather Hurlbert, CPA, CGFO Director of Finance and Procurement
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Motion to recommend the amendment of the TIRZ #2 to include projects and expenses totaling \$51,550,000 to benefit the Zone

CAPTION:

Motion recommending the amendment of Tax Increment Reinvestment Zone #2 (TIRZ #2) to include up to \$13,000,000 for public infrastructure associated with the Whitecap Public Improvement District (PID) project, up to \$2,000,000 for improvements to R Biscoe King Pavilion, up to \$150,000 for a multi-mobility study for the Zone, and up to \$36,400,000 for maintenance to Packery Channel.

SUMMARY:

This motion will provide a recommendation to the City Council to amend the Project and Finance Plan to include up to \$36,400,000 for the ongoing maintenance of Packery Channel, up to \$13,000,000 for reimbursement to the Whitecap developer for public improvements, up to \$2,000,000 for improvements and repairs to R Briscoe King Pavilion, and up to \$150,000 for an Island multi-mobility study .

BACKGROUND AND FINDINGS:

TIRZ #2 was created to support the local share of the North Padre Island Storm Damage Restoration Project known as Packery Channel. The project was funded through 100% of the taxes generated on the increment above the base year from the City of Corpus Christi, Nueces County, Dell Mar College, and the Nueces County Hospital District. Del Mar college ended their participation in 2011. The TIRZ is set to expire on December 31, 2022.

Texas Tax Code 311 is the statute that defines Tax Increment Zones. Per section 311.007, the term of a zone can be extended by the governing body by providing notice and holding a hearing. The statute does not require that the zone meet the initial designation criteria at the time that the term is extended. Legislation adopted in 2011 broadened the eligible uses of a TIRZ and this economic development tool has been used successfully across the state to encourage and support economic development. The allowable uses for funds collected by the zone include:

- Public infrastructure that benefits the zone
- Public improvements that benefit the zone
- Capital maintenance of public infrastructure/improvements within the zone
- Programs or other projects that benefit the zone
- Reimbursement to private parties that make improvements to benefit the zone but would not occur “but for” creation of the zone

The actions involved in the extension of TIRZ #2 include:

- Extending the term
- Modifying the boundaries
- Choosing project and expenses to be funded by the TIRZ
- Setting a contribution amount
- Amending the Project and Finance Plan
- Amending the interlocal agreement with Nueces County

Several of the actions are not time sensitive and can be discussed and recommendations made at a future date. There are several actions that are time sensitive and need to be discussed and considered by the TIRZ board at today’s meeting.

The first action item is the extension of the term. If the Zone is allowed to expire, all increment growth would be lost and the base year reset. Staff is recommending that the term be extended for an additional 20 years, and the expiration date be set for December 31, 2042. In addition, staff recommends maintaining the current contribution rate of 100% until further discussions are held about future project and expense needs and a revenue requirement is calculated.

The second action that needs to be discussed and considered is the expansion of the boundaries to include two sections of the Whitecap PID that are not currently included in the Zone. This is time sensitive because if the boundaries are not amended before the end of the calendar year, the increment created since January 1, 2022, will be lost and the base year will be set as the value as of January 1, 2023. Staff recommends that the boundaries be modified to ensure the Whitecap PID boundaries are wholly contained within the Zone boundaries. Additional boundary modifications that are not time sensitive will be considered at a future meeting.

The final action that needs to be discussed and considered is the amendment of the Project and Financing Plan. Staff is recommending the following amendments:

- **Addition of an amount of \$36,400,000 for ongoing Packery Channel maintenance.** Based on engineering estimates an average of \$1.5M annually will be needed for ongoing maintenance, dredging, beach nourishment and monitoring of the Packery Channel to ensure the channel continues to function as intended. The \$1.5M annually adjusted for inflation over the 20-year period totals \$36,400,000.
- **Addition of an amount not to exceed \$13,000,000 for developer reimbursements for public infrastructure in the Whitecap development for public mobility canals, water exchange canals, and public walking trails.** The developer is requesting reimbursement from the TIRZ for public infrastructure that includes nature trails, mobility canals, a bridge at Commodores Drive to improve water exchange, and a water exchange culvert and canal at Aquarius Street for greater water exchange. These assets will be open to the public and for use by the public and will be maintained by the PID for the life of the PID. The assets will be eligible for reimbursement once completed and accepted by the City. The reimbursement will be made from up to 50% of the contribution created by the increment resulting from the Whitecap PID area.
- **Addition of an amount not to exceed \$150,000 for a multi-mobility study.** During the development of the Padre and Mustang Island Area Development Plan (the ADP) in 2020-

21, the Island community identified the need for a multi-modal transportation network, such as for golf carts, pedestrians, and bicycles, as a high priority. As a result of the community's input, Section 1.10 of the adopted ADP states the following for action:

Conduct a transportation study to identify walking, cycling, and golf cart pathways that connect residential neighborhoods to commercial and retail uses, as well as the east and west sides of the Island.

Once complete, this type of transportation study, or Island Mobility Plan, would recommend routes for new multi-modal transportation networks and specific improvements needed within the main rights-of-way on the Island. This plan will also be utilized to assist TXDOT with the design of the Park Road 22 project highlighted in the 2020-2045 Metropolitan Transportation Plan (MTP).

- **Addition of an amount not to exceed \$2,000,000 for improvements to R Briscoe King Pavilion.** The Briscoe King Pavilion is a community gathering place on the Island. The facility needs repairs and upgrades including installation of climate control systems, modifications to meet current ADA requirements, conversion from a septic system to the public sewer system, installation of fire protections systems, and improvements to the parking areas.

All motions made at this meeting will be taken to City Council as an ordinance with public hearing and first reading on November 15, 2022, and second reading on December 6, 2022. Future meetings will be scheduled after the first of the year to continue discussions about the amendments to the Project and Financing Plan, the contribution amount and possible funding caps, possible participation by Del Mar College, additional boundary modifications, composition of the TIRZ board and to amend the budget for FY2023.

ALTERNATIVES:

The board could choose not to amend the Project and Financing Plan for any of the recommended expenses.

FISCAL IMPACT:

There is no fiscal impact associated with today's actions.

Funding Detail:

Fund:

Organization/Activity:

Mission Element:

Project # (CIP Only):

Account:

RECOMMENDATION:

Staff recommends approval of the amendments to the Project and Financing Plan.

LIST OF SUPPORTING DOCUMENTS:

Presentation