



AGENDA MEMORANDUM

Action Item for the TIRZ #2 Board Meeting of April 18, 2023

DATE: March 8, 2023

TO: Peter Zaroni, 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 Project and Financing Plan to include funding for Public Infrastructure Improvements in the Lake Padre Development.

CAPTION:

Motion recommending the amendment of the Tax Increment Reinvestment Zone #2 (TIRZ #2) Project and Financing Plan to include up to \$17,849,990 for public infrastructure associated with the Lake Padre Development project.

SUMMARY:

This motion will recommend to the City Council an amendment to the Project and Financing Plan to include up to \$17.8M for public infrastructure improvements associated with the Lake Padre Development project. The infrastructure improvements include up to \$13.6M for promenade/open space construction and development, \$1.9M for pedestrian bridges, \$1.2M for a golf cart bridge, and \$1.0M for golf cart path and ramps.

BACKGROUND AND FINDINGS:

The Lake Padre development is a 102-acres development with over 50 acres representing 54% of the development being utilized for commercial space, including a retail village and entertainment district along the canal, marina, hotel, and mixed use retail. Over 500 new permanent jobs will be created upon completion of the project and the project is estimated to generate over \$7.5m in annual tax revenue for the city.

The development master plan includes:

- Full-service marina and drystack boat storage,
- Public areas for outdoor events and gatherings
- Canal Walk including restaurants and entertainment
- Mixed-use real estate consisting of a class-A apartment community located on the promenade.
- Residential district with townhomes, condominiums, and a gated community subdivision.

- Resort-style hotel, including an event center

The Public Infrastructure Improvements projects will include:

- An open space 11.17-acre public promenade throughout the development
- Two pedestrian bridges over the canal
- A golf cart bridge over the canal
- Golf cart path & ramps providing connectivity underneath Park Rd 22 and South for future beach access.

The public benefits relating to the public infrastructure project include a public waterfront promenade spanning over 2 miles. Multiple areas of open space for public outdoor gatherings including outdoor music, farmer's markets, vendor events, and more. Two pedestrian bridges that span the canal walk providing convenient public access to both sides of the canal. A golf cart path, which includes a bridge over the canal. The canal path will provide connectivity to the West side of Park Rd 22 underneath the Park Rd 22 Bridge as well as access south to the beach.

The total public improvement costs are listed below:

Project/Product	Land Acres	Units/SF	Value
Promenade/Open Space	8.64	376,562	\$13,693,050
Pedestrian Bridges		2	\$1,980,000
Golf Cart Bridge		1	\$1,200,000
Golf Cart Path & Ramps		108,520	\$1,030,940
TOTAL PUBLIC IMPROVEMENTS:			\$17,849,990

The schedule buildout plan for the Lake Padre development will be in five phases listed below:

Phase	Projected Buildout Schedule	Projected Revenue	Phase Product
1	Projected 5 Year Buildout	\$188,433,439	<ul style="list-style-type: none"> • Drystack & Storage • Marina Retail • Phase I Marina Slips & Fuel Dock • Phase I Apartments • Resort Hotel • Canal Retail • Canal Residential for Sale • Boardwalk • Golf Cart & Pedestrian Bridge
2	Projected 3 Year Buildout	\$78,180,000	<ul style="list-style-type: none"> • Canal Residential for Sale • Canal Retail II • Parking Garages
3	Projected 5 Year Buildout	\$196,210,000	<ul style="list-style-type: none"> • Cove-Multi Family for Sale • Phase II Apartments
4	5-7 Year Buildout	\$172,504,400	<ul style="list-style-type: none"> • Channelside – Townhouses • Channelside – Single Family • Channelside – Retail

			<ul style="list-style-type: none"> • Cove/Channelside Infrastructure
5	5 Year Buildout	\$61,205,000	<ul style="list-style-type: none"> • Cove Shops • Cove Grocery • Cove Hotel

ALTERNATIVES:

The Board can choose to not approve the motion to amend the project and financing plan for this development agreement, choose to limit the total reimbursement amount, or change elements to the amendment.

FISCAL IMPACT:

The amendment is for a maximum amount, not to exceed \$17,849,990.

Funding Detail:

Fund:

Organization/Activity:

Mission Element:

Project # **(CIP Only)**:

Account:

RECOMMENDATION:

Staff recommends approving the motion to amend the project and financing plan. This development will make a measurable difference in achieving economic growth and development, creating new quality jobs, and revitalizing the area.

LIST OF SUPPORTING DOCUMENTS:

Presentation