



AGENDA MEMORANDUM

Action Item for the City Council Meeting May 9, 2023

DATE: April 25, 2023
TO: Peter Zanoni, City Manager
FROM: Heather Hurlbert, CPA, CGFO Director of Finance and Procurement
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Authorizing Interlocal Cooperation Agreement with Nueces County for participation in the Padre Island TIRZ #2 Zone.

CAPTION:

Resolution authorizing execution of an Interlocal Cooperation Agreement with the Nueces County for participation in the Island Tax Increment Reinvestment Zone No. 2 for a twenty-year period ending December 31, 2042.

SUMMARY:

The City and the County desire to participate in the Reinvestment Zone for the purposes of development in the Reinvestment Zone Area commonly known as the Island, for their mutual benefit and the benefit of their citizens. The County has set their participation at 75% of the revenue produced above the increment for years 1-5, stepping down 5% per year for years 6-10, and remaining at 50% for years 11-20.

BACKGROUND AND FINDINGS:

The County agrees to participate in the Reinvestment Zone by contributing into the Tax Increment Fund, which will generate an estimated \$60,900,000 in TIRZ revenue over the next 20 years during the term of this Agreement on the Captured Appraised Value of real property within the Reinvestment Zone:

- 75% for year 1-5
- 70% for year 6
- 65% for year 7
- 60% for year 8
- 55% for year 9
- 50% for year 10-20

The agreement becomes effective as of the date of the final signature, and remains in effect through December 31, 2042, or the date on which the TIRZ #2 Project and Financing Plan has

been fully implemented and all Project Costs paid in full.

The first payment of Tax Increment by the County under this agreement is based upon the tax increment base for the property within the Zone being determined as of January 1, 2022, and the payment shall be based upon those taxes as levied in the year 2022. The last payment of Tax Increment by the taxing units under this Agreement is for those taxes levied in the year 2041.

ALTERNATIVES:

Council could choose not to authorize, but then the County would not participate in the TIRZ and the Zone's ability to complete as projects will be decelerated.

FISCAL IMPACT:

The Nueces County will participate at a rate of:

- 75% for year 1-5
- 70% for year 6
- 65% for year 7
- 60% for year 8
- 55% for year 9
- 50% for year 10-20

Of its tax increment for the full twenty-year life of the TIRZ. The projected total contribution from the county is estimated at \$60,900,000 over twenty years.

Funding Detail:

Fund:

Organization/Activity:

Mission Element:

Project # (CIP Only):

Account:

RECOMMENDATION:

Staff recommends approval of this Interlocal Cooperation Agreement with Nueces County.

LIST OF SUPPORTING DOCUMENTS:

Resolution

Interlocal Cooperation Agreement