

An aerial photograph of North Padre Island, showing a long, straight stretch of sandy beach meeting the ocean. To the left of the beach is a green, grassy area with some buildings and a swimming pool. The ocean is blue with white waves breaking along the shore. The sky is clear and blue.

TIRZ # 2- North Padre Island

TIRZ #2 Meeting

April 18, 2023

Heather Hurlbert, CPA, CGFO





Agenda

- Recap of Extension and related actions
- Discuss potential future revenue
- Discuss potential future projects and expenses
- Discuss amendments to the Project and Financing plan
- Discuss 2023 Budget amendment
- Next Steps



Recap

Board Actions October & November 2022

Motion to recommend extension of the term until December 31, 2042 and to add two additional board members to be appointed by City Council on the recommendation of Nueces County

Motion to recommend modification of boundaries to include all portions of Whitecap PID that were currently outside the zone

Motion to recommend modification of boundaries to include the areas recommended by Nueces County including the Packery Channel Nature Park and Padre Balli Park

Motion to recommend amending the project and financing plan to include \$2.0M for improvements to R Briscoe King Pavilion, \$36.4M for Packery Channel maintenance, \$11.5M for Whitecap preserve developer reimbursements, and \$150K for a Mobility Plan.

City Council Actions November & December 2022

Approved ordinance to extend the term until December 31, 2042 and to add two additional board members to be appointed by City Council on the recommendation of Nueces County

Approved ordinance to modify boundaries to include all portions of Whitecap PID that were currently outside the zone

Approved ordinance to amend the project and financing plan to include \$2.0M for improvements to R Briscoe King Pavilion, \$36.4M for Packery Channel maintenance, \$11.5M for Whitecap preserve developer reimbursements, and \$150K for a Mobility Plan.

Today's Discussion & Action At Future Meetings

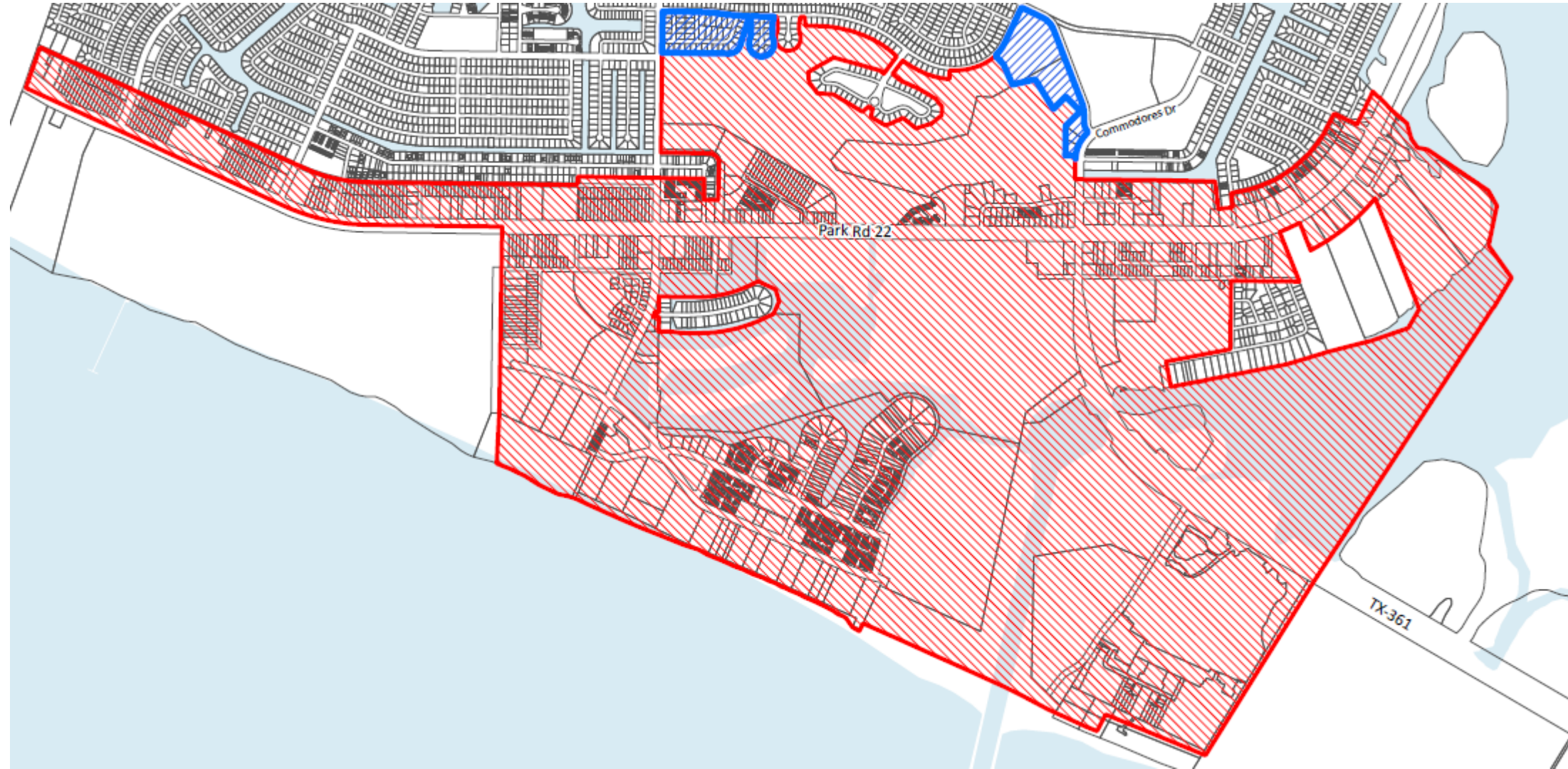
Discuss future revenue

Discuss future projects and expenses

Recommend contribution amount and possible contribution cap

Recommend amendments to the TIRZ Project and Financing Plan to include future projects and expenses

TIRZ Boundaries





Project and Financing Plan and Allowable Uses

Project and Financing Plan

Project and Financing Plan defines the allowable uses of the funds

- Plan should be a living document
- Should be updated to reflect the current needs of the TIRZ area
- Plan can be amended at any time with recommendation of the TIRZ Board and the approval of City Council

Allowable Uses

Infrastructure and improvements that benefit the TIRZ zone and would not otherwise occur “but for” creation of the zone:

- Public infrastructure
- Public improvements
- Capital maintenance of public infrastructure
- Reimbursement to private parties that make improvements
- Programs or other projects that benefit the zone

Identified Needs

Ongoing Packery Channel maintenance

Improved amenities within the TIRZ

Stormwater, Water and Wastewater infrastructure

Mobility, connectivity, walkability

Environmental conservation/preservation

Quality entertainment and retail infrastructure

Water circulation and quality



Projects and Expenses

Current Projects and Commitments

	Total Commitment
Packery Channel Maintenance-20 Years	\$36,400,000
Briscoe King Pavilion	\$2,000,000
Whitecap Preserve Reimbursement	\$11,500,000
Mobility Plan	\$150,000
Total Current Commitments	\$50,050,000

Potential Project Summary

	Project Total
Water/Wastewater Infrastructure	\$113,030,000
Parks and Infrastructure Projects	\$34,800,000
Mobility Projects	\$17,300,000
Developer Reimbursement	\$17,900,000
Administration	\$2,000,000
Total Potential Projects	\$185,030,000

Potential Projects

Sources

- Planned CIP Projects and know future improvements
- Projects identified in the Area Development Plan adopted in 2021
- Projects recommended by the Island Strategic Action Committee
TIRZ #2 Subcommittee
- Other known potential requests

Water/Wastewater

Water Projects	Project Total	Wastewater Projects	Project Total
Sand Dollar connection to Coral Vine Elevated Storage Tank	\$6,930,000	Whitecap Wastewater Treatment Plant Improvements	\$20,000,000
Waterline extension to Padre Island	\$35,000,000	Whitecap effluent water reuse	\$1,500,000
Waterline replacement-large and small diameter	\$12,000,000	Wastewater line and manhole replacement	\$7,000,000
Sand Dollar Pump Station	\$25,000,000	Lift station repair and capital maintenance within the Whitecap basin	\$5,000,000
		Aquarius Lift Station repairs	\$600,000
Total Water Projects	\$78,930,000	Total Wastewater Projects	\$34,100,000

Parks and Infrastructure

	Project Total		Project Total
Packery Channel Loop Road	\$1,000,000	Seawall Repairs, Access improvements, amenities	\$15,000,000
Commodore Park Improvements	\$2,000,000	Multi-purposed community meeting facility	\$5,000,000
Briscoe King Pavilion (additional)	\$2,000,000	Paper Street development	\$7,300,000
Seawall parking lot pavilion	\$500,000	Environmental and preliminary studies for second causeway	\$2,000,000
		Total Parks and Infrastructure Projects	\$34,800,000

Mobility

	Project Total		Project Total
Mobility Plan Implementation Phase I	\$2,000,000	Mobility Plan Implementation Phase II	\$2,000,000
Pedestrian and bike safety improvements (near seawall)	\$300,000	Park Road 22 pedestrian and access management improvements	\$13,000,000
		Total Parks and Infrastructure Projects	\$17,300,000

Development Reimbursement and Administration

	Project Total		Project Total
Developer Reimbursement-Lake Padre	\$17,900,000	Administration-20 years	\$2,000,000
		Total Parks and Infrastructure Projects	\$19,900,000



Revenue

Current Available Balances

- FY2022 ending operating fund balance is \$8.1M
- FY2023 Revenue totals \$5.9M for a current ending fund balance of \$14.0M
- \$500K reserved for maintenance of Packery Channel
 - Prior board reserved \$500K of the existing fund balance specifically for maintenance of Packery Channel
 - Staff recommends releasing this reserve since there is funding totaling \$36.4M specifically allocated for ongoing maintenance of Packery Channel in the Project and Financing Plan
- CIP fund has \$4.0M allocated and available for dredging once repairs to the channel infrastructure is completed

Future Development

Whitecap Preserve

\$800 million over 10 years

Lake Padre

\$700 million over 12 years

Other potential projects

\$500 million over 5-10 years

\$2 Billion in investment expected
over the next 12 years

Revenue

- During the original term of the TIRZ the City contributed 100% of the tax revenue generated above the base year which totaled \$58M over 20 years.
- All other participating tax entities which included Nueces County and Nueces County Hospital District contributed 100% of the tax revenue also.
- Nueces County Hospital District is unable to continue participating due to change in State law.
- For the extension Nueces County has already reduced their participation to 75% for year 1-5, a reduction of 5% per year for years 6-10, and then continuing with 50% for years 11-20.

Revenue Considerations

- Contribution percentage should support current and future needs and projects and not accumulate excess revenues. Once all projects included on the project and financing plan are completed the TIRZ automatically expires.
- Due to changes from Senate Bill 2, the value of the increment created in the TIRZ is treated as existing value which is subject to the 3.5% limitation for the tax rate calculation.
 - Need to have a planned exit strategy to step down the contribution percentage so the City's tax rate will not be adversely affected

Revenue Scenarios

Estimated revenue produced over 20 years

Participation Scenario	City	County	Total City /County	Del Mar
100% -20 years	\$241,200,000	\$60,900,000	\$302,100,000	\$70,200,000
100% year 1-5, 75% year 6, 5% decline per year 7-10, 50% year 11-20	\$140,100,000	\$60,900,000	\$201,000,000	\$38,100,000
County Scenario	\$131,000,000	\$60,900,000	\$191,900,000	\$36,800,000
County Scenario with 10% decline year 16-20	\$114,000,000	\$60,900,000	\$174,900,000	\$31,000,000
50% year 1-11, 5% decline per year 12-19	\$82,600,000	\$60,900,000	\$143,500,000	\$22,600,000

Action for Today

Revenue Recommendation

- 100% year 1-5
- 75% year 6
- 5% decline per year 7-10
- 50% year 11-20

Total Estimated Revenue over 20 Years-
\$201,000,000

City Revenue-\$140,100,000

County Revenue-\$60,900,000

Expense

Addition of up to \$150,950,000 in projects to the Project and Financing Plan for a total of \$201,000,000 in projects.



Next Steps

Next Steps

- City Council approval of project and financing plan
- Continue discussion with Del Mar about participation
- Enter into a new interlocal agreement with Nueces County and Del Mar should they choose to participate



Questions