

Type A Repurpose Convention Center Project

City Council Meeting
August 15, 2023



Convention Center Project Scope

Scope to Include:

- Arena
- Convention Center
- Selena Auditorium
- Entertainment District
- New Headquarters Hotel

Estimated Project Investment

Project Total \$725M

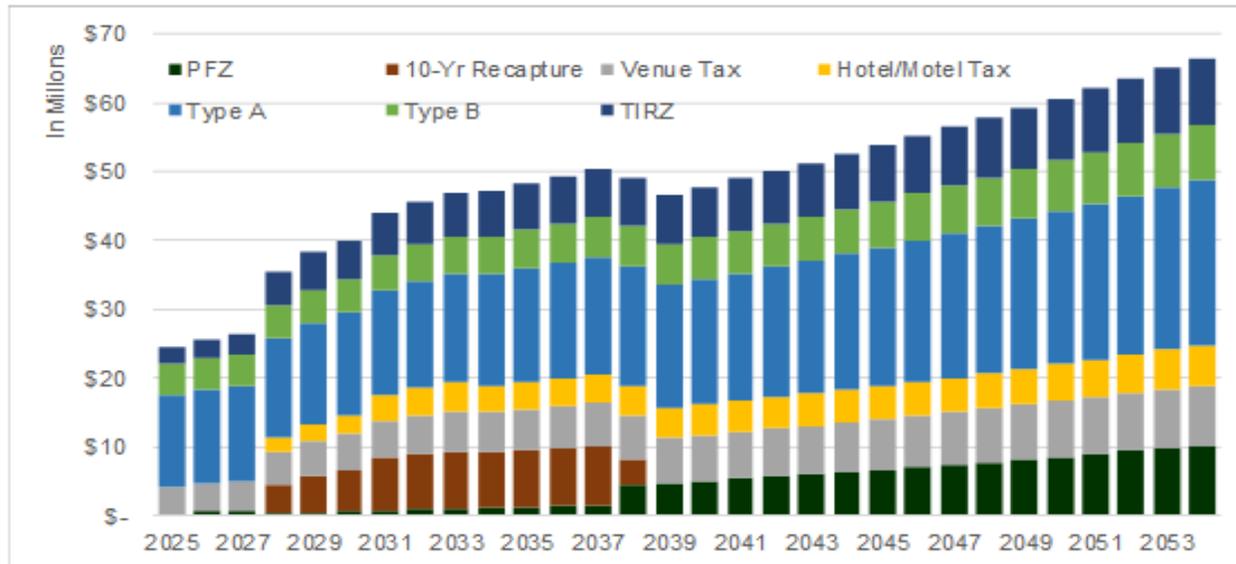
City Investment \$480M

American Bank Center Expansion/Renovation	Entertainment District	Parking	Headquarters Hotel
<u>Project Total</u> \$200M	<u>Project Total</u> \$160M	<u>Project Total</u> \$31M	<u>Project Total</u> \$330M
<u>City Investment</u> \$200M	<u>City Investment</u> \$50M	<u>City Investment</u> \$31M	<u>City Investment</u> \$200M

Potential Revenues

Type A accounts for approximately 35% of the needed funding

Summary of Potential Gross Revenues (in thousands)				
Revenue Source	Description	Projected Total	@ 1.50x DSCR	Est. PV
3-Mile Project Finance Zone (PFZ)	State - Hotel, Sales & Bev	\$ 133,598	\$ 89,066	\$ 32,061
10-Year Recapture (Hotel & Sales)	State - Onsite	75,810	50,540	34,411
Venue Occupancy Tax (2.0%)	Local - Historical & Onsite	196,641	131,094	62,831
Hotel/Motel Tax (7.0%)	Local - Onsite	118,823	79,215	35,077
Type A Taxes	Local - Historical & Onsite	549,125	366,083	178,093
Type B Econ Dev Sales Taxes	Local - Historical & Onsite	183,042	122,028	59,364
TIRZ Tax Revenues	Local - Historical & Onsite	211,070	140,714	65,538
Totals		\$1,468,109	\$ 978,739	\$ 467,376



- ▶ Projected revenue sources, annual amounts and applicable years provided by Hunden Partners as of June 26, 2023. Preliminary, subject to change.
- ▶ The annual revenue projections represent gross tax receipts. Operations & maintenance (O&M) and renewal & replacement (R&R) costs would be paid from these revenues, reducing the potential bond capacity.
- ▶ For purposes of illustration, the annual gross tax revenues are adjusted for a minimum debt service coverage ratio (DSCR) of 1.50x and present valued to July 1, 2024 at an illustrative cost of funds.
- ▶ An independent consultant should be retained to provide a detailed forecast of available pledged revenues. This study will be used to structure the debt and obtain bond ratings and insurance.
- ▶ Additionally, the City should consider adding a senior underwriter with considerable convention center/arena experience to the finance team early in the process as the plan of finance is being built.

Type A Repurposing

Today

- **1/4 Cent Sales Tax**
 - Arena-1/8 cent
 - Seawall-1/8 cent
- **Expiration**
 - Arena-2025
 - Seawall-2026
- **Revenue**
 - 1/4 cent produces approximately \$17.8M annually which continues to increase each year

Convention Center Complex Defined by Resolution

City Council will approve a resolution to define the *Convention Center Complex* to include:

- Arena
- Convention Center
- Selena Auditorium
- New Headquarters Hotel
- Seawall
 - Defined as Seawall flood control structure to include public improvements and promenade along the length of the downtown seawall (from the Port of Corpus Christi to McGee Beach) that connect directly to the seawall as well as flood protection features that are necessary to the downtown seawall flood protection system, along with its surface from the sea-facing highest vertical edge inland 50 feet

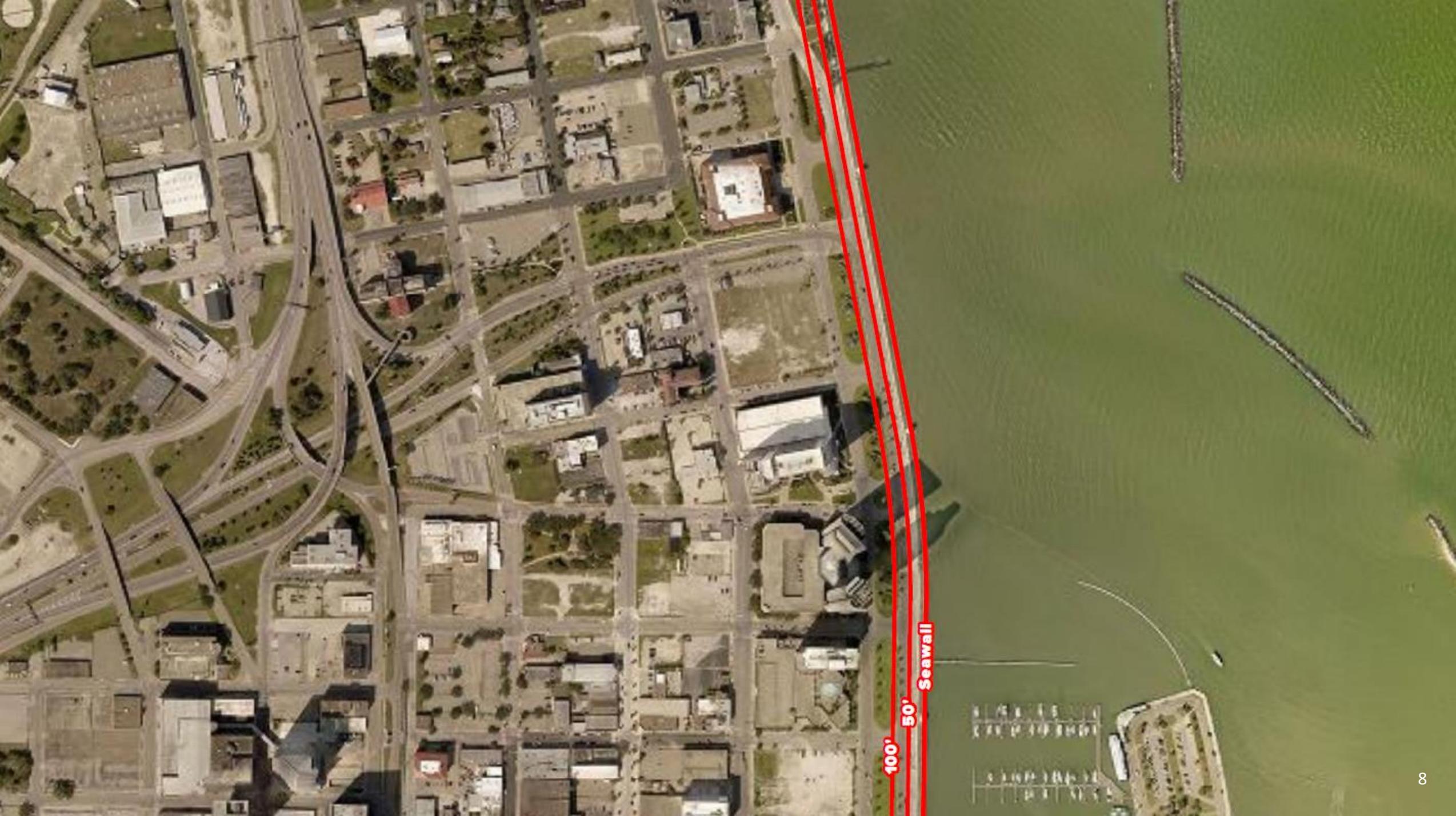


Selena Auditorium

Convention Center

Arena

Seawall 50'



100'
50'
Seawall





0 500 1,000

Source: City of Corpus Christi, Economic Development
Path: C:\Users\RogerM2\OneDrive - City of Corpus Christi\Economic_Development\American Bar

Current Type A Sales Tax Revenue Seawall Fund Use

Projects funded by the Type A Seawall Funding

- Seawall Capital Repairs & Maintenance \$49.5M
- Marina Restoration and Improvements \$24.0M
- Water Garden Restoration \$ 9.1M
- MaGee Beach Nourishment \$ 3.5M
- Art Center Renovation \$ 2.8M
- Art Museum Improvements \$ 1.5M
- Science Museum Floodwall \$ 1.3M
- SEA District Water Feature Restoration \$ 1.1M

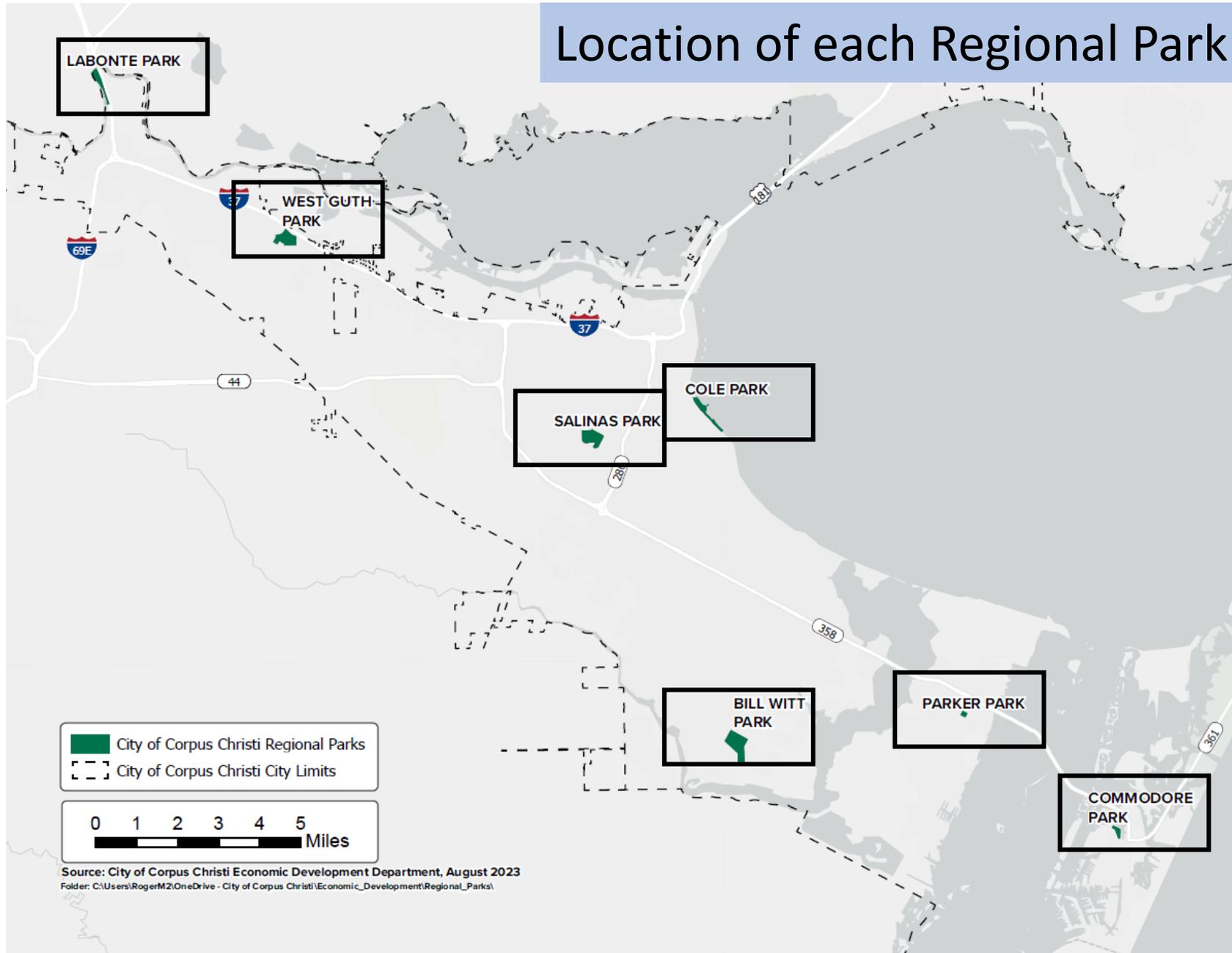
An estimated balance of \$14M is expected to remain at the completion of all current projects. This balance can be reserved completely, or in part, for future maintenance needs. Staff recommends the balance be reserved in total for the seawall maintenance.

Regional Parks Defined by Resolution

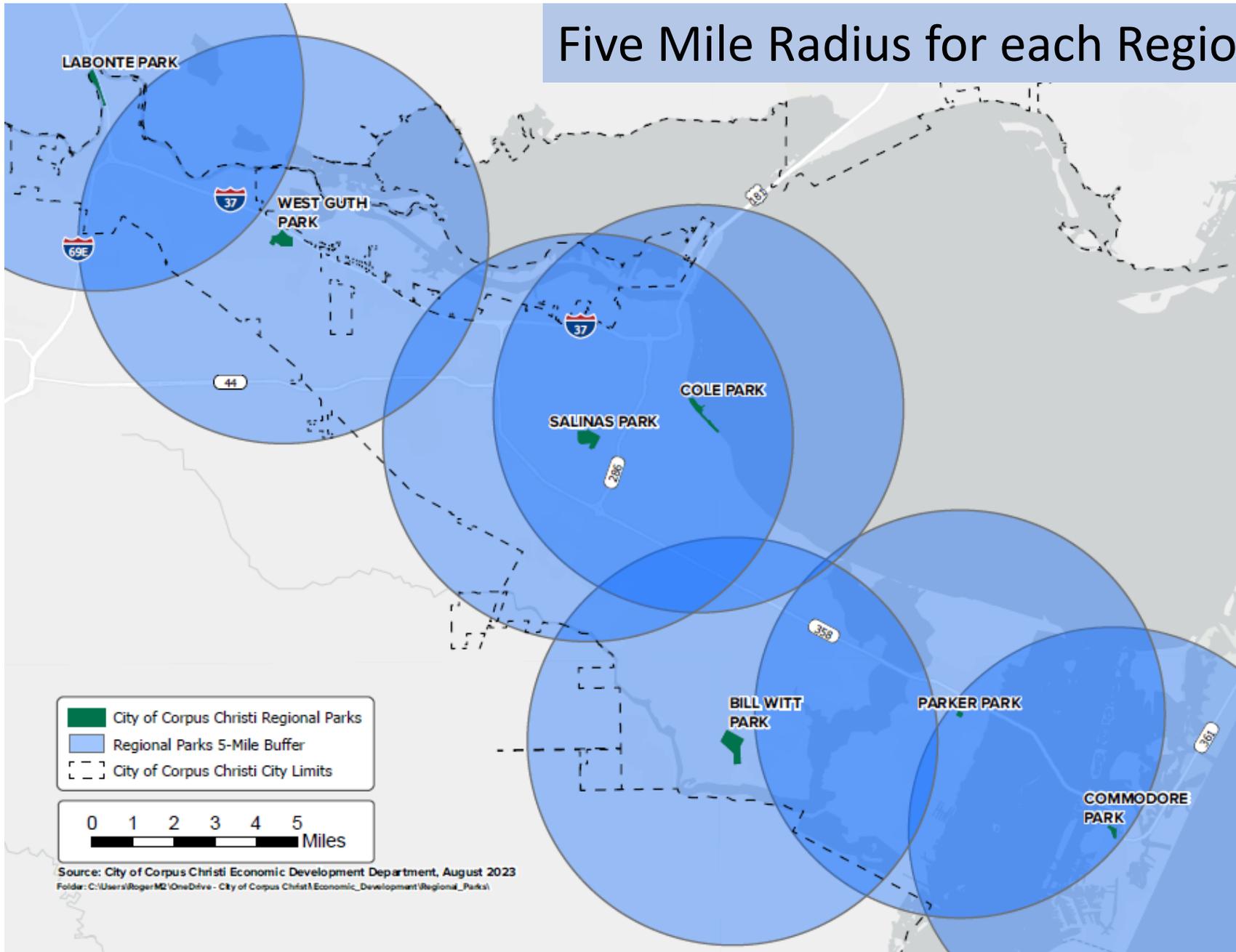
City Council will approve a resolution to define *Regional Parks* to include:

- Bill Witt
- Cole
- Commodores
- Labonte
- Parker
- Salinas
- West Guth

Location of each Regional Park



Five Mile Radius for each Regional Park



Type A Repurposing

Process

- November 2023 election to approve repurpose of 1/4 cent after existing debt is paid in full
- Election prior to expiration ensures no interruption in collection
- Single measure and ballot proposition
 - *Measure* is the “contract with the voters” and contains the details of the allowable uses
 - *Proposition* is the wording on the ballot and summarizes the Measure

Type A Repurposing

Proposition

- Propose 1/4 cent allocation
 - Convention Center Complex as defined by resolution
 - Regional parks as defined by resolution
 - Commercial/industrial streets (including arterials and collectors)
 - New destination flight option enhancement
- If approved, collections can be used for the specific items approved by voters without expiration or until a change is approved by voters.
- Some Councilmembers requested to mandate that a ***minimum of 5%*** of the collections annually be allocated to each of the 4 purposes

Type A Repurposing

Proposition Proposed Ballot Language

Voters will vote “For” or “Against”

Replacing the expiring Type A sales and use taxes by adopting a sales and use tax at the rate of 1/4 of 1% (being 0.250 cents per \$1), maintaining the same sales and use tax rate that now exists within the City, with proceeds to be used for the construction, renovation, maintenance, and operations of Regional Parks (a term defined by the City of Corpus Christi, Texas Resolution Number _____), commercial/industrial streets, the Convention Center Complex (a term defined by Resolution Number _____), and new destination flight option enhancement at the Corpus Christi International Airport.

Recommendation

- ✓ Approve resolution defining the Convention Center Complex and Regional Parks
- ✓ Approve ordinance to call the election for November 7 to repurpose 1/4 cent of sales tax to:
 - Convention Center Complex
 - Regional Parks
 - Commercial and industrial streets
 - New Destination Flight Option Enhancements

A photograph of the American Bank Center, a modern skyscraper with a prominent glass facade. The building is split vertically by a white line. The left side shows the building's exterior with the name 'American Bank CENTER' and a logo. The right side shows a close-up of the glass facade. The sky is blue with some clouds, and palm trees are visible in the foreground.

American Bank CENTER

Questions?