



## AGENDA MEMORANDUM

Action Item for the City Council Meeting July 25, 2023

**DATE:** July 17, 2023  
**TO:** Peter Zanoni, City Manager  
**FROM:** Heather Hurlbert, CPA, CGFO-Assistant City Manager  
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Motion to call an election to reallocate Type A Sales Taxes

### **CAPTION:**

Motion declaring the intent to include an item on the November 2023 election ballot replacing the existing Type A sales tax with the adoption of a two-eighths of one percent sales and use tax (maintaining the current level of sales and use tax) for the promotion and development of new and expanded business enterprises to be administered by the Corpus Christi Business and Job Development Corporation (Type A Corporation) under Chapter 504 of the Texas Local Government Code, with the use of the proceeds specifically to be used for the convention center complex, including maintenance and operation costs for the life thereof, design, construction, maintenance and repair of commercial and industrial streets, and design, construction, maintenance, and operation of regional parks within the City.

### **SUMMARY:**

This motion will declare City Council's intent to call an election for the purpose of reallocating Type A sales tax funding from the existing 1/8 cent for the Arena and 1/8 cent for the Seawall to be used instead for the Conference Center complex which will include the convention center, arena, Selena Auditorium, headquarters hotel, entertainment district and the seawall, commercial and industrial streets, and the City's regional parks.

### **BACKGROUND AND FINDINGS:**

On April 22, 2022, the City of Corpus Christi hired Hunden Strategic Partners, Inc. (HSP) to provide professional consulting services to evaluate the existing and future Corpus Christi market for possible renovation and/or expansion of the City's convention center and the development of a new headquarter hotel. On June 2, 2022, the contract scope of work was amended to include a market, financial feasibility study, and economic/fiscal impact analysis for the potential development of City-owned parcels surrounding the American Bank Center (ABC). HSP has been working since April gathering relevant data and analysis for the study. HSP and city staff have

engaged stakeholders on multiple occasions throughout the process for dialogue and input. The stakeholders for this project have included local hoteliers, Texas Hotel and Lodging Association, Visit Corpus Christi, convention center meeting planners, and the Buccaneer Commission, to name a few.

On January 24, 2023, City staff and HSP presented to Council the results of the feasibility study and opportunities for a potential Convention Center Hotel, Renovations-Expansion of the American Bank Center, and Mixed-Use Entertainment District.

On June 13, 2023 State Legislature approved House Bill 5012. The law will allow the creation of a Project Finance Zone (PFZ) to recapture state hotel occupancy, sales and mixed beverage taxes within a three mile radius of the American Bank Center. The financial tool will generate revenues above the current baseline to fund projects for the American Bank Center complex.

On June 27, 2023 a proposed plan of finance for the Convention Center Project including the renovation and expansion of the American Bank Center, Convention Center Hotel, and the Mixed-Use Entertainment District was presented to City Council. The plan of finance identified several sources of funding that can be used for the project including the Type A sales taxes. Currently 1/8 cent of sales taxes is allocated for the debt service and ongoing maintenance and operation of the Arena and 1/8 cent of sales taxes is allocated for the debt service and ongoing maintenance and operations of the Seawall that runs from the Port of Corpus Christi to McGee Beach. In addition to the reallocation of Type A sales tax, the plan of finance includes the use of local hotel occupancy tax, Type B sales tax, and the Project Finance Zone funding that was approved by the state legislature during the 2023 legislative session.

The proposed plan of finance calls for the repurposing of both 1/8 cents to the Convention Center Complex along with regional parks and commercial/industrial streets. The current definition of the Convention Center Complex includes the Arena, Convention Center facilities and meeting rooms, Selena Auditorium, new headquarters hotel, and the seawall. The plan of finance does not contain sufficient funding for the proposed project without the reallocation of the 1/4 cent for use in the Convention Center Complex project.

### **ALTERNATIVES:**

The City Council could choose to not call for an election to reallocate the Type A Sales Tax or could propose an alternative allocation than what has been proposed.

### **FISCAL IMPACT:**

There is not fiscal impact associated with this item.

### **RECOMMENDATION:**

Staff recommends approval of the motion declaring an intent to call an election for the reallocation of Type A sales tax funding from existing 1/8 cent for the Arena and 1/8 cent for the Seawall to be used instead for the Conference Center complex which will include the convention center, arena, Selena Auditorium, headquarters hotel, entertainment district and the seawall, commercial and industrial streets, and the City's regional parks.

### **LIST OF SUPPORTING DOCUMENTS:**

Presentation