



TIRZ # 2- North Padre Island

TIRZ #2 Meeting

October 25, 2022

Heather Hurlbert, CPA, CGFO



Agenda

- TIRZ Process Overview
- TIRZ Outlook
- Extension of term with recommendation
- Modification of boundaries with recommendation
- Project and Financing plan amendment with recommendation
- Next Steps



Process Overview

TIRZ Extension Steps

Extend the term

Modify boundaries (as needed)

Choose projects and expenses to be paid through the TIRZ

Set City contribution amount

Amend the Project and Finance Plan

Amend interlocal agreement with Nueces County

Explore participation and interlocal agreement with Del Mar College

- Nueces County Commissioners Court approved a motion on September 14, 2022 to support extension of the term, request boundary modifications, and add 2 additional seats on the TIRZ board. The City has not received correspondence concerning this action.
- On October 12, 2022 Commissioner Court approved a motion to request an amount of \$2.0M for renovations to the Briscoe King Pavilion from the TIRZ board. This project has been communicated with the board Chairman.

Recommendations Needing Action Today

Recommendation to extend the term

Recommendation to modify boundaries for Whitecap development

Recommendation to amend the TIRZ Project and Financing Plan to include requested projects

Recommend preliminary contribution amount

Discussion and Action At Future Meetings

Discuss future revenue

Discuss future projects and expenses

Recommendation for additional boundaries modifications as requested by Nueces County

Discuss participation by Del Mar College

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

Recommend contribution amount and possible contribution cap



TIRZ Outlook

Anticipated Future Development within the Zone

Whitecap Preserve Development

\$850 million investment over 10 years

Lake Padre Development

\$700 million investment over 12 years

Other potential projects including hotel and entertainment venues

\$500 million investment over 5-7 years

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

Current and Future Revenue

- In FY2022 the TIRZ generated \$6.0M in revenue with 100% contribution by all taxing entities
- Based on developer build out schedules and conservative growth projections the TIRZ is expected to generate the following average annual revenue for the next 20 years

	Average Annual Revenue for next 20 years	Average Annual Revenue for next 20 years including Del Mar
100% Contribution	\$23.3M	\$28.4M
75% Contribution	\$17.5M	\$21.3M
Step Down from 75% to 50%	\$12.7M	\$15.4M
50% Contribution	\$11.7M	\$14.2M

Development Progress



Whitecap
Development

Development Progress



Lake Padre
Development





Extension of Term

Permissibility of Term

- Texas Tax Code 311 is the statute that defines Tax Increment Zones
- Per section 311.007 the extension of a zone does not need to meet the initial designation criteria set forth in section 311.005 and can be extended by the governing body by providing notice and holding a hearing.
- Legislation adopted in 2011 broadened the eligible uses of a TIRZ and this economic development tool has been used successfully across the state to encourage and support economic development.

Recommendation for Term Extension

- Extension of term for 20 years with new term of January 1, 2023 through December 31, 2042 maintaining a 100% contribution until further discussions are had as to future projects and expense needs.

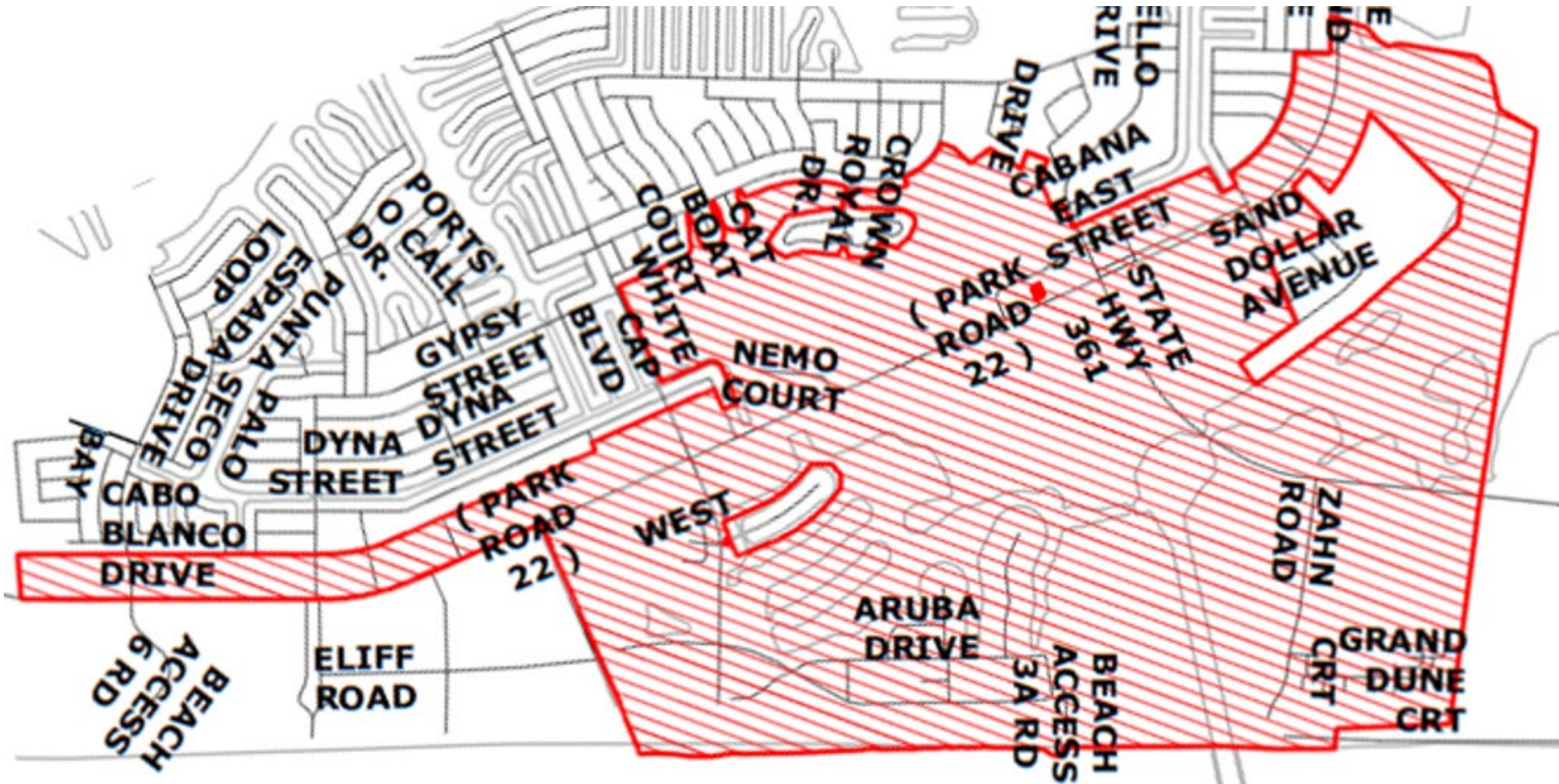


Modification of Boundaries

Boundary Modification

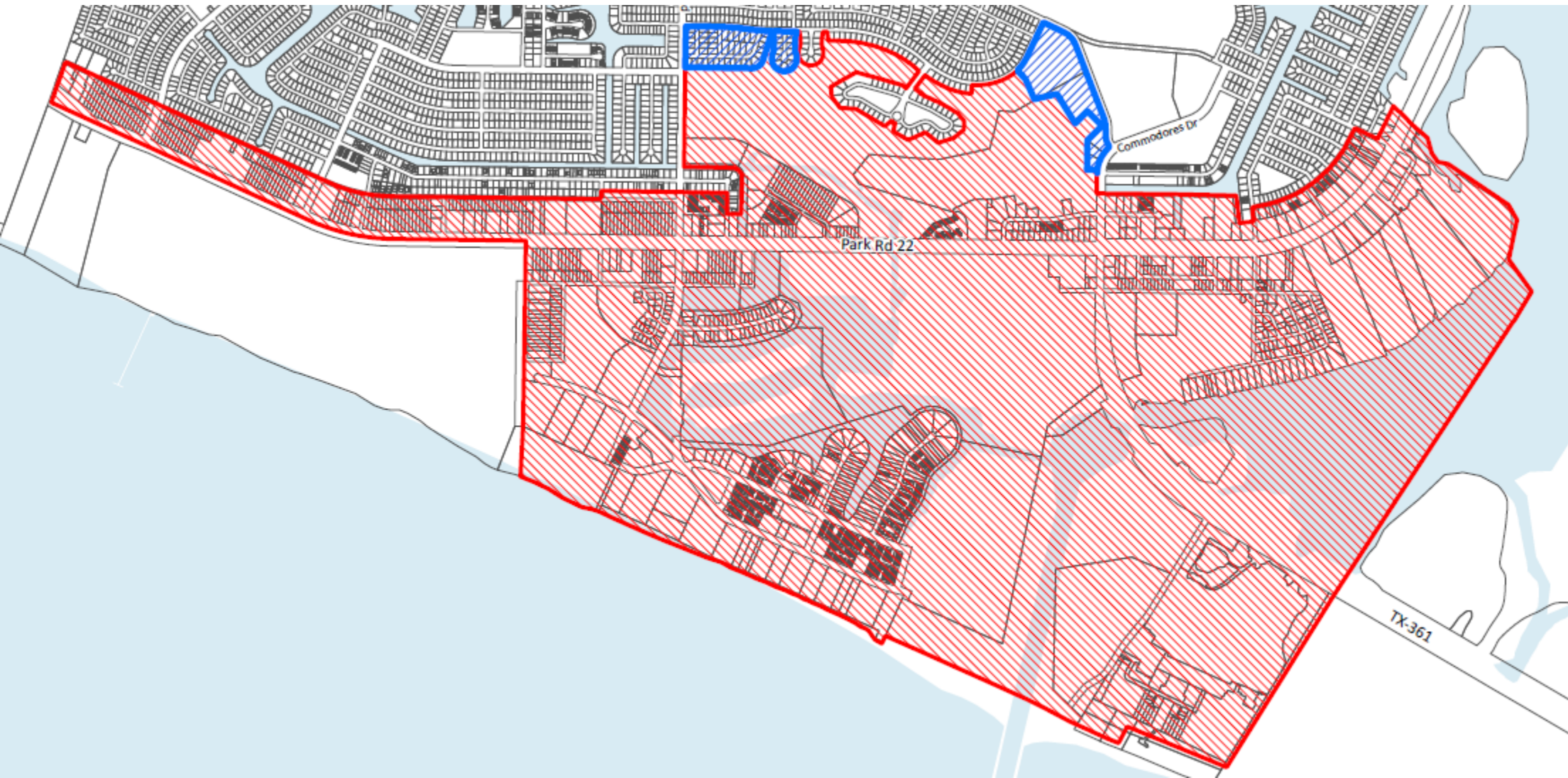
- TIRZ boundaries can be modified at any time
- Parcels need to be contiguous to the current TIRZ to be eligible for addition.
- If boundaries are revised to include new parcels, these parcels would have a base of the year they are added so the increment would begin at zero.
- If boundaries are revised to exclude certain parcels, then the increment will be lost.

Current TIRZ Boundaries



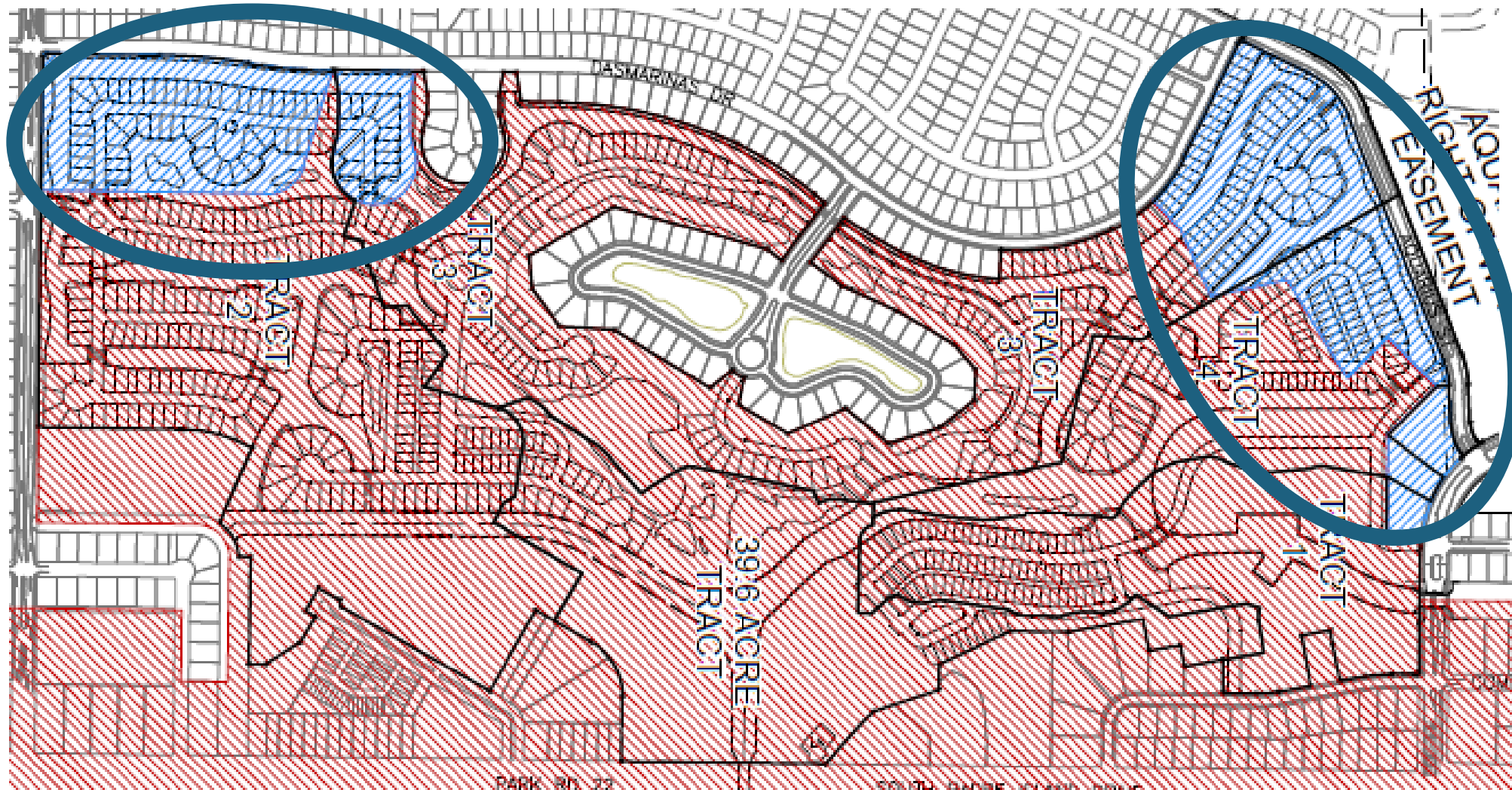
TIRZ area is currently 1,930 acres

Proposed TIRZ Boundaries



Addition will expand the total TIRZ area to 1968.9 acres

Whitecap Boundary Modification



- Areas in blue are not currently included in the TIRZ boundaries but are in the Whitecap development area. This area totals 38.9 acres.
- These areas are essentially undeveloped and it is important to capture the base year as of January 1, 2022.

Recommendation for Boundary Modification

- Amend the current TIRZ boundaries to include the 38.9 acres that are in the Whitecap development area but not in the current TIRZ boundaries.
- Discuss future modifications as requests are made.



■ Project and Financing Plan Amendment

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

Packery Channel

Packery Channel Ongoing Maintenance-\$1.5M annually**

	FY 23	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29
Beach & Channel Survey	\$50,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Jetty & Revetment Maintenance		\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Major Dredging*	\$4,000,000						
Spot Dredging		\$1,500,000		\$1,500,000		\$1,500,000	
Dredge Design & Permitting	\$250,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Offsite Sediment Sourcing Study	\$75,000						
Offsite Sediment Design & Permitting						\$200,000	
Offsite Beach Nourishment							\$2,000,000
Restroom near Pavilion		\$500,000					
Inspection Vessel	\$60,000						
Total	\$4,435,000	\$2,375,000	\$375,000	\$1,875,000	\$375,000	\$2,075,000	\$2,375,000

* \$4.0M available in CIP and not included in the calculation of the average

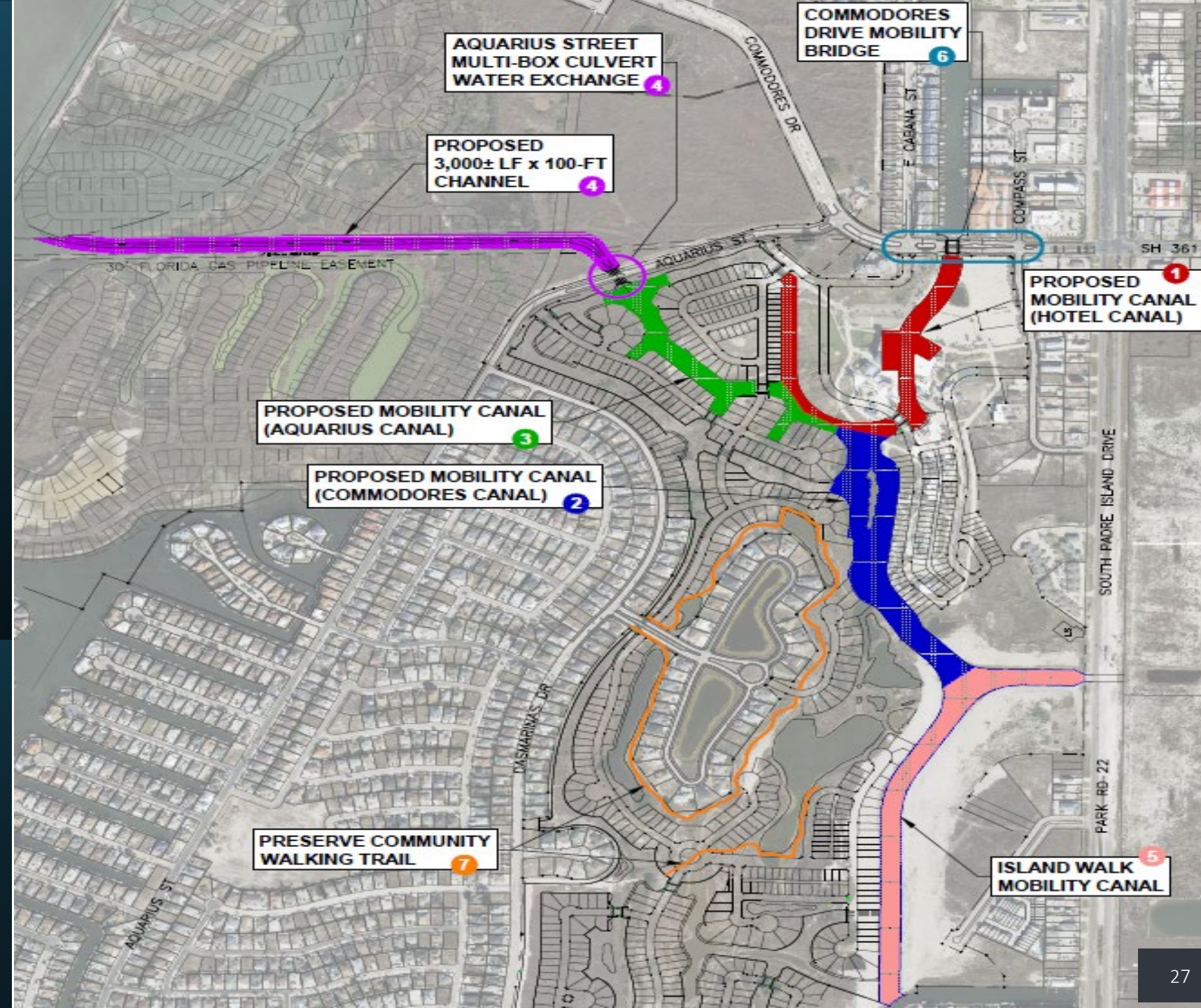
** Amount adjusted for inflation over 20 years is \$36.4M

Whitecap Developer Requested Reimbursement-\$13,000,000

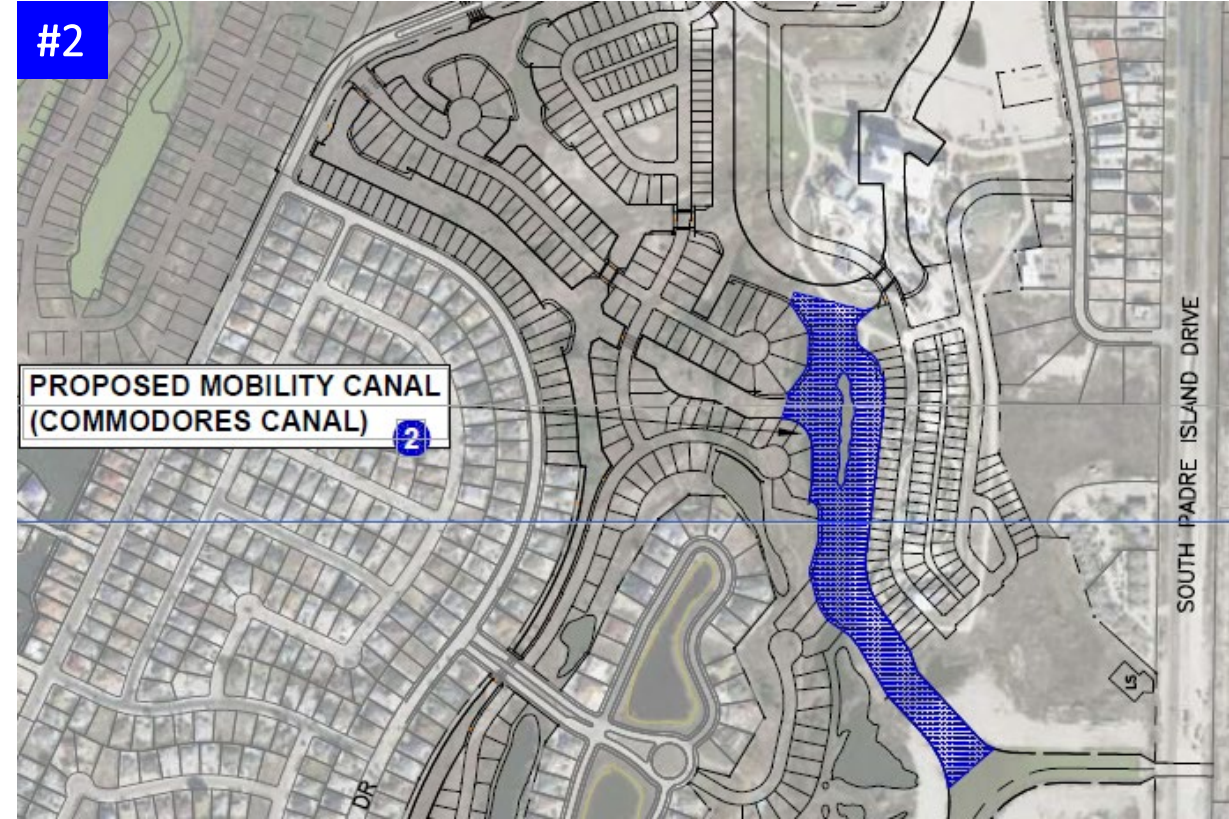
Requesting reimbursement for public infrastructure including:

- Nature trails
- Mobility canals
- Commodores Drive bridge
- Aquarius Street water exchange culvert

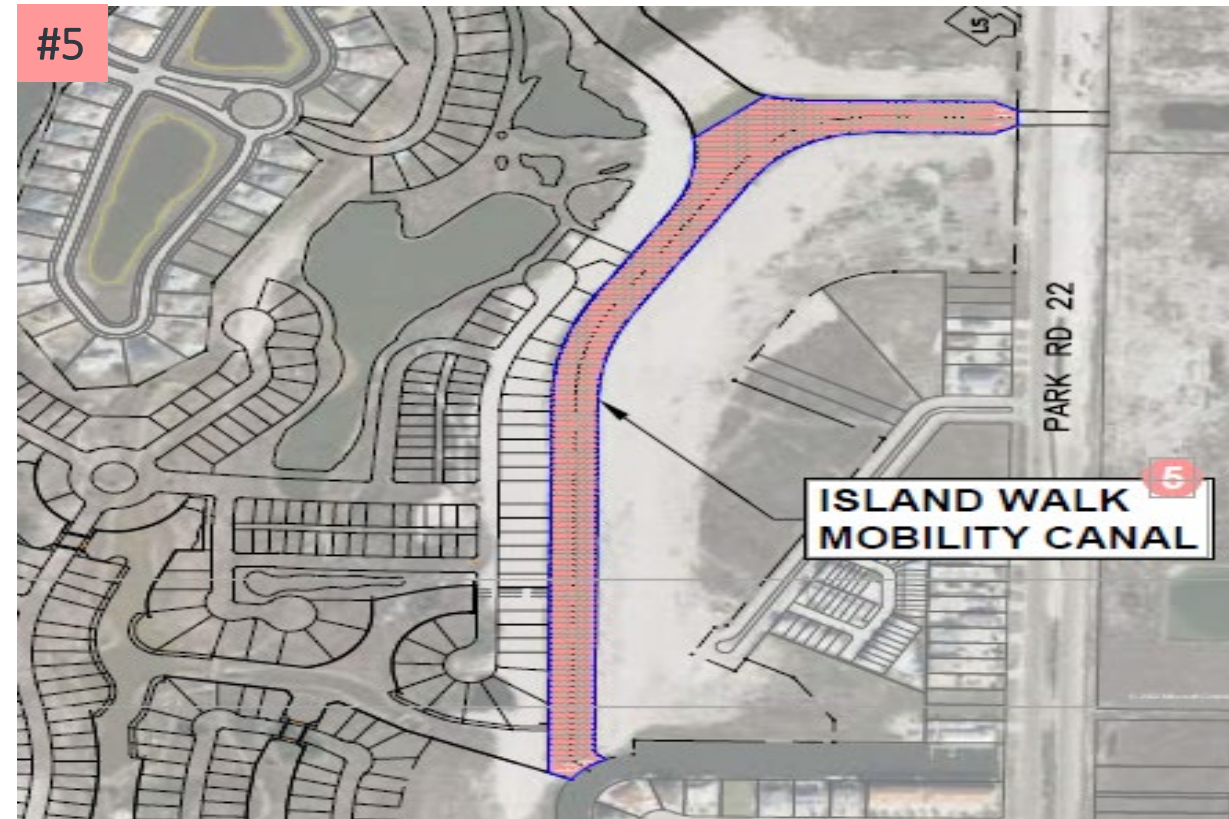
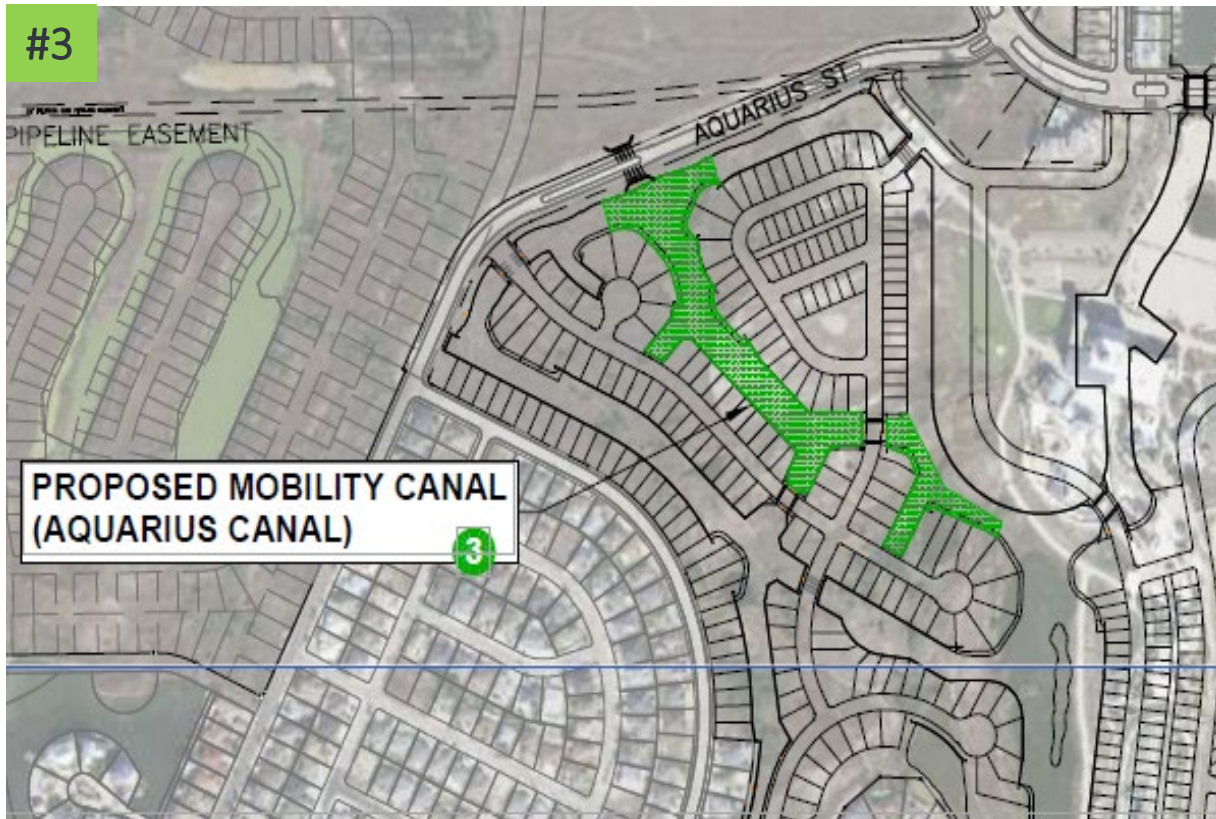
Infrastructure Project	Estimated Cost
1-Hotel Mobility Canal	\$2.5M
2-Commodores Mobility Canal	\$1.9M
3-Aquarius Mobility Canal	\$1.7M
4-Aquarius Street Box Culvert Water Exchange and Channel	\$1.7M
5-Island Walk Mobility Canal	\$.8M
6-Commodores Drive Mobility Bridge	\$3.2M
7-Preserve Community Walking Trail	\$1.2M
Total	\$13.0M



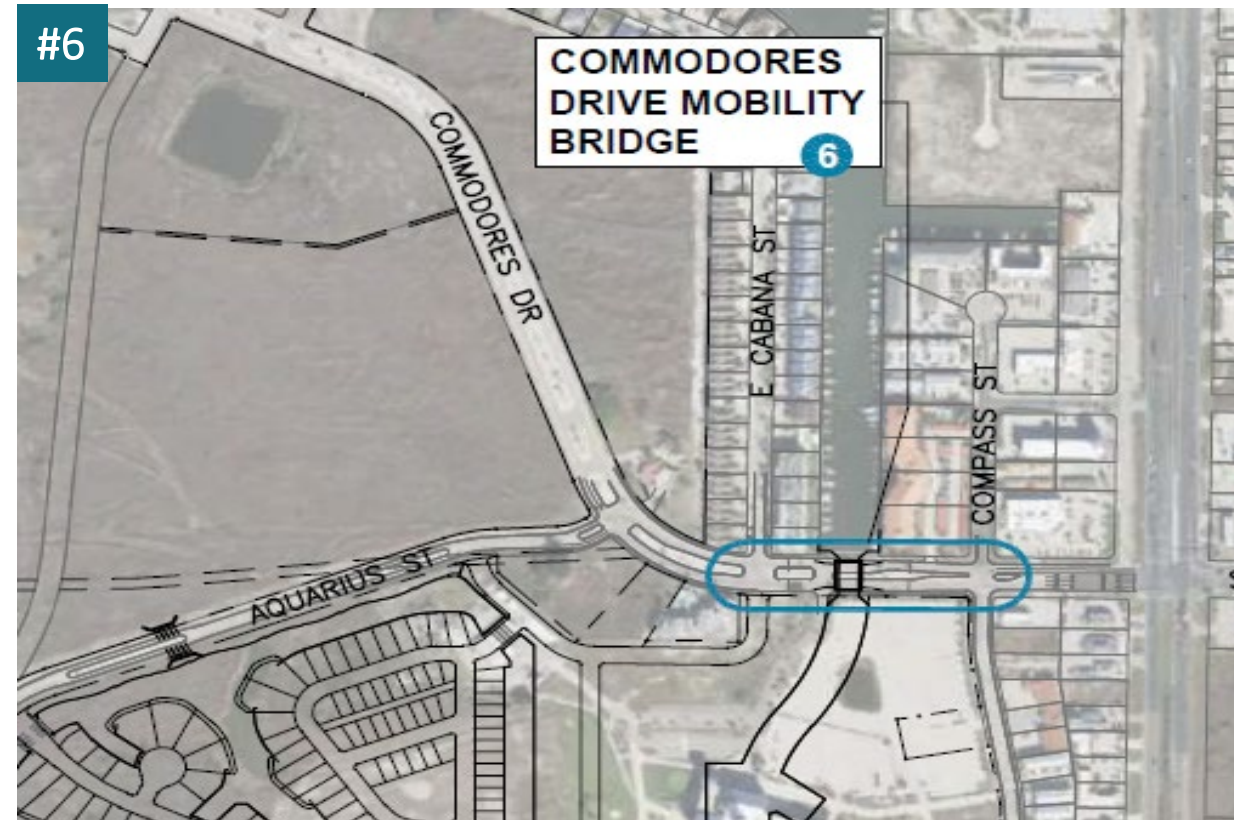
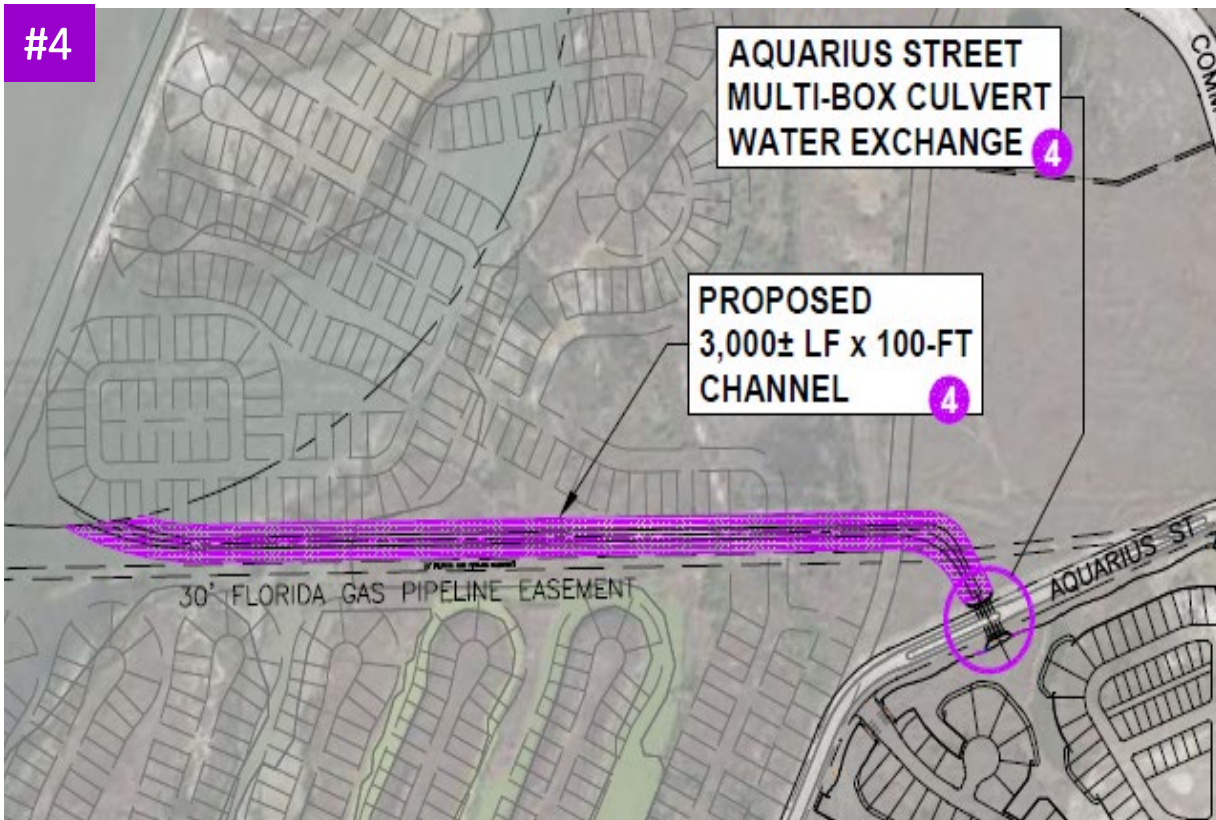
Public Mobility Canals



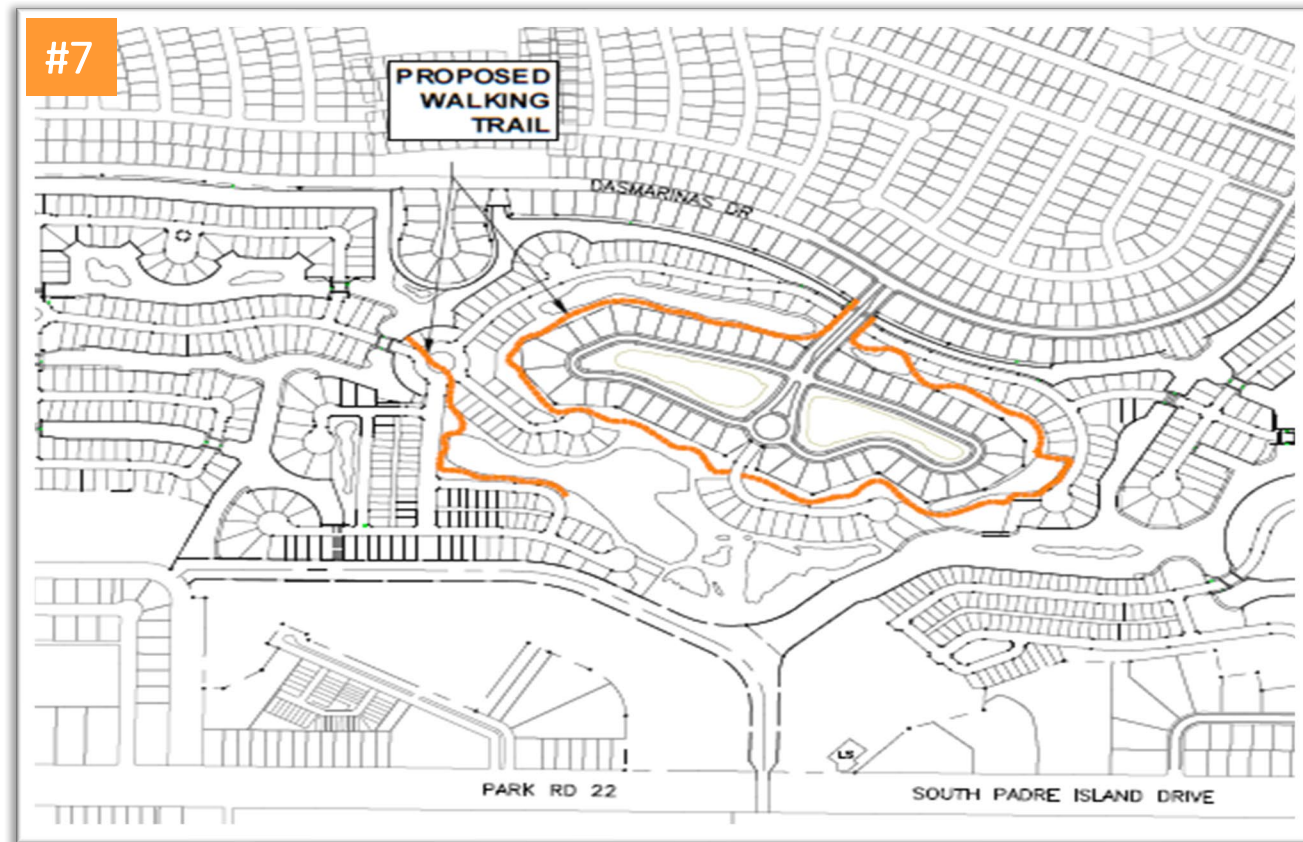
Public Mobility Canals



Water Exchange Canals



Public Walking Trails



Developer Reimbursement for Public Infrastructure

- Assets will be open to the public and for use by the public
- Assets will be eligible for reimbursement once completed and accepted by the City
- Reimbursement will be from the increment created by the development with a recommendation to limit it to 50% of the TIRZ contribution
- Assets will be maintained through the Public Improvement District (PID) assessment for the life of the PID

Mobility-\$150,000

During the development of the Padre and Mustang Island Area Development Plan (ADP) in 2020-2021 the need for a multi-modal transportation network was identified

- Section 1.10 of the adopted ADP states:
 - *Conduct a transportation study to identify walking, cycling, and golf cart pathways that connect residential neighborhoods to commercial and retail uses, as well as the east and west sides of the Island.*
- Multi-modal study would have an emphasis on golf carts, pedestrians, and bicycles as a high priority and would also include marine/watercraft
- Report would recommend routes for new multi-modal transportation networks and specific improvements needed within the main right-of-way on the island
- Report would be utilized to assist TXDOT with the design of the Park Road 22 project in the 2020-2045 Metropolitan Transportation Plan (MTP)

Island Mobility Plan



A plan that will evaluate multi-modal transportation options on North Padre Island to identify where and what type of infrastructure should be installed to improve connectivity and safety.

- Pedestrian, Bike, Marine, and Golf Cart
- Routing
- Infrastructure Design (width of network, protected/unprotected lanes, one- and two-way options, specialized signage, etc..)

Section 1.10: Conduct a transportation study to identify walking, cycling, and golf cart pathways that connect residential neighborhoods to commercial and retail uses, as well as the east and west sides of the Island.

Short-Term Projects (1-5 Years)



#	PROJECT NAME
PARK AND TRAIL IMPROVEMENTS	
P1	North Padre Island Beach Facility*
P2	Douden Park Improvements
P3	Aquarius Park Improvements
P4	Billish Park Park Amenity Improvements & Covered Basketball Court
P5	Packery Channel Dredging & Beach Nourishment
P6	Packery Channel Hurricane Harvey Repairs
P7	Packery Channel Monitoring
P8	Dune and Beach Monitoring*
P9	Riley P. Dog Park (Civic Organization)
STREET IMPROVEMENTS	
S1	Park Road 22 Bridge
S2	JFK Causeway Access Road Improvements (Bond 2018)
S3	Jackfish Ave. Improvements
S4	PR22 Median Improvements (Compass St.)
S5	PR22 South Access Road Improvements
S6	Encantada Traffic Safety Improvement Project
S7	Beach Access Road 2A Design (Bond 2020)
S8	Beach Access Road 2A Construction
S9	Island Mobility Plan for Pedestrian, Bicycle, Golf Cart, and Other Alternative Transportation*
S10	Pedestrian and Bike Safety Improvements (North Padre Sea Wall Area)

#	PROJECT NAME
S11	Sea Pines Dr. Rehabilitation
S12	Cruiser St. Rehabilitation
S13	King Phillip Ct. Rehabilitation
S14	Aquarius St. Rehabilitation (Commodores Dr. to Das Marinas Dr.)
S15	Aquarius St. Rehabilitation (Topsail St. to Whitecap Blvd.)
S16	Caravel Dr. Rehabilitation
S17	Yardarm Ct. Rehabilitation
S18	Bowsprit Ct. Rehabilitation
S19	Mutiny Ct. Rehabilitation
S20	Beaufort Ct. Rehabilitation
S21	Blackbeard Dr. Rehabilitation
S22	Man O War Ct. Rehabilitation
S23	Barataria Dr. Rehabilitation
S24	Years 3-5 IMP**
UTILITY/INFRASTRUCTURE IMPROVEMENTS	
U1	Packery Channel Water Line
U2	Sand Dollar Pump Station
U3	Whitecap Wastewater Treatment Plant Improvements
U4	Whitecap Wastewater Treatment Plant, Odor Control, Bulkhead Improvements
U5	Park Road 22 Lift Station
U6	Aquarius Lift Station Repairs
U7	Impact Fee Study - Utility Master Plan Updates (Water, Wastewater, Stormwater, Roads)*

S9

Island Mobility Plan for Pedestrian, Bicycle, Golf Cart, and Other Alternative Transportation*

*Project Not Mapped

**The first two years of the Infrastructure Management Plan (IMP) are considered to be complete in the planning process, while the subsequent three-years are considered to be on a rolling list that is utilized for planning purposes. The IMP will be updated and presented to Council for adoption annually. Residents are encouraged to visit <https://www.cctexas.com/imp> for the most current list of projects.

Padre/Mustang Island Area Development Plan: Adopted June 29, 2021

Spring 2020 Survey
(March 12 – May 11, 2020)

518
Total Respondents

WHAT IS IMPORTANT TO YOU?



WHAT IS YOUR FAVORITE THING ABOUT PADRE-MUSTANG ISLAND?



80%
Nature, open space and beach areas

WHAT IS YOUR VISION FOR THE ISLAND?

"Better entertainment, restaurants and shopping without taking away from the Island Coastal community"

"50/50 split between primary residences and destination recreation."

"Beautiful and safe beaches and views"

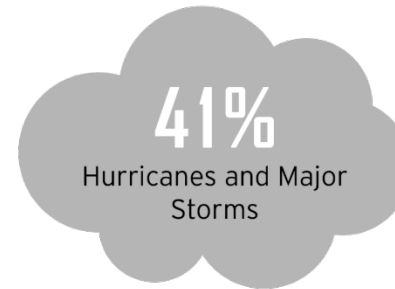
"A balance between a sustainable environment, inviting tourism spot and community engagement."

"Keeping the island clean, peaceful, and prosperous. Encourage small businesses to provide much needed goods and services."

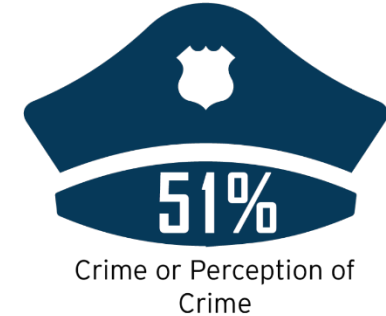
"A safe, family friendly place with open beaches and parks where kids can play."

"A destination for vacationers and locals alike with quality amenities."

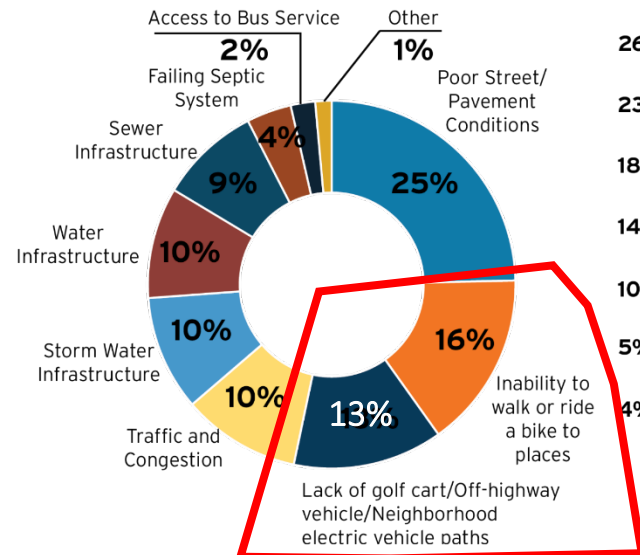
WHAT WOULD YOU CONSIDER THE GREATEST ENVIRONMENTAL ISSUE FACING PADRE-MUSTANG ISLAND?



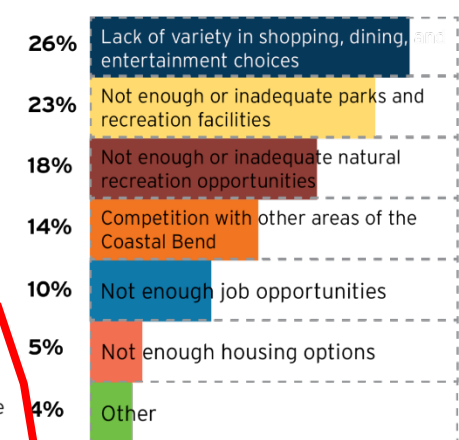
WHAT WOULD YOU CONSIDER THE GREATEST SOCIAL ISSUE FACING PADRE-MUSTANG ISLAND TODAY?



WHAT WOULD YOU CONSIDER THE THREE GREATEST INFRASTRUCTURE ISSUES FACING PADRE-MUSTANG ISLAND TODAY?



WHAT WOULD YOU CONSIDER THE THREE GREATEST LAND USE ISSUES FACING PADRE-MUSTANG ISLAND TODAY?









R Briscoe King Pavilion-\$2,000,000

Upgrades to aging community facility. Anticipated upgrades include:

- Installation of climate control systems
- Modifications to meet current ADA requirements
- Conversion from septic to sewer system
- Installation of fire protection systems
- Improvements to parking areas

Recommendation for Project and Financing Plan

Amend the TIRZ #2 Project and Financing Plan to include:

- Ongoing maintenance activities for Packery Channel of \$1.5M annually or \$36.4M (adjusted for inflation) over the 20-year term
- Developer reimbursements for public infrastructure in Whitecap Preserve including public mobility canals, water exchange canals, and public walking trails up to \$13.0M
- Mobility Plan totaling \$150,000
- Improvements to R Briscoe King Pavilion estimated to be \$2,000,000



Next Steps

Next Steps

November/December

- City Council Public Hearing and First and Second reading of the TIRZ ordinance to extend the term and set a preliminary contribution amount
- City Council approval of project and financing plan
- City Council approval of reimbursement agreement for Whitecap developer

After the first of the year

- Continue discussion about future needs and projects for the TIRZ
- Discuss contribution percentage and future revenue
- Amend TIRZ #2 budget
- Continue discussion about future boundary modifications
- Continue discussion with Del Mar about participation
- Amend interlocal agreement with Nueces County and enter into an interlocal agreement with Del Mar should they choose to participate



Questions