



TIRZ # 2- Option to Extend Term

TIRZ #2 Meeting

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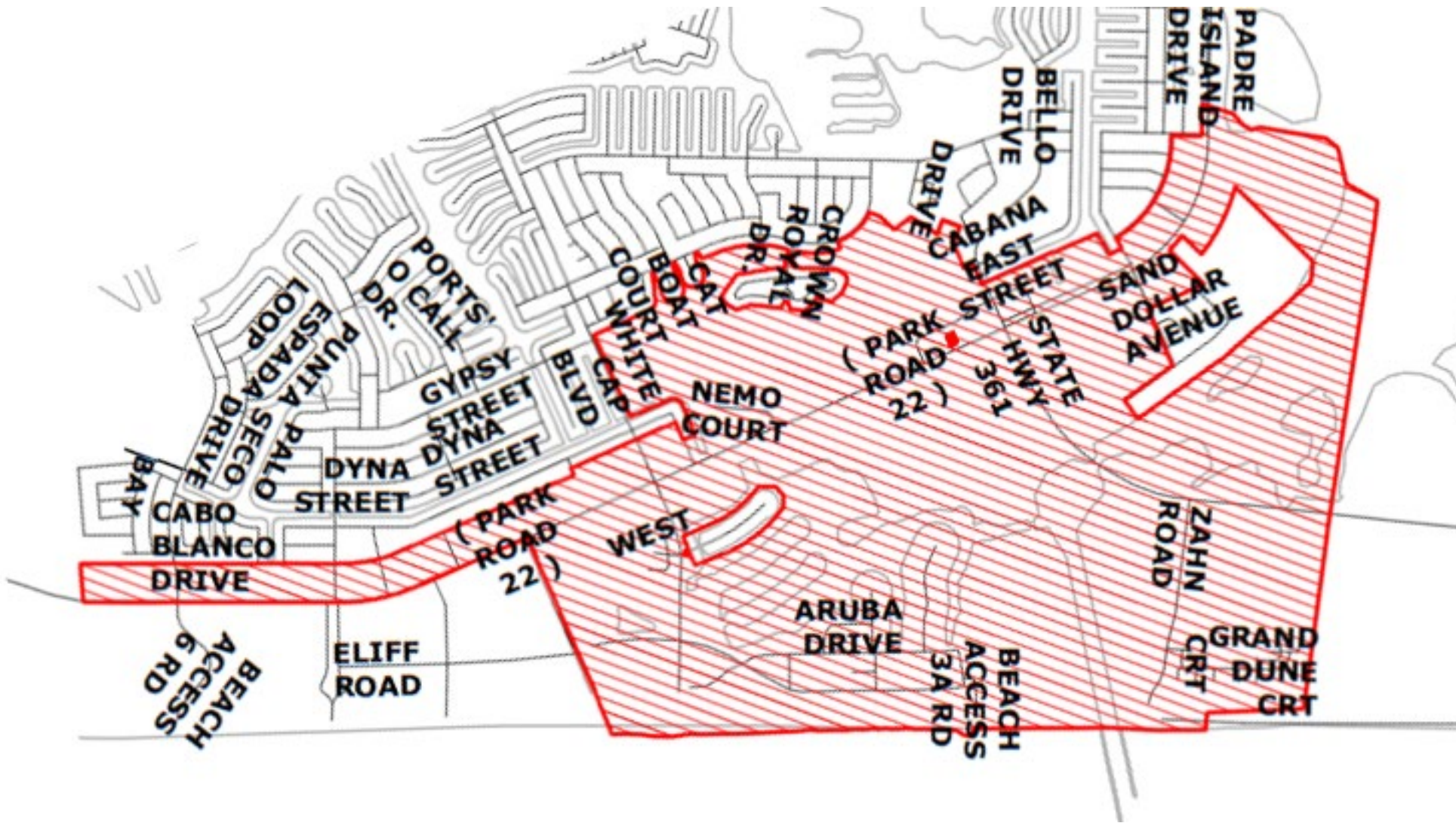
Discussion

- Original Purpose
- Permissibility of term and boundary revisions
- Future revenue
- Identified needs
- Future Project and Financing plan
- Next Steps



Original Purpose

TIRZ Boundaries





Original Purpose

- Created in 2000 to support the local share of the North Padre Island Storm Damage Reduction & Environmental Restoration Project (Packery Channel)
- Funded through 100% of taxes generated on the increment above the base year from City of Corpus Christi, Nueces County, Del Mar (participation ended 2011), and the Nueces County Hospital District.
- Expires December 31, 2022

A TIRZ uses tax revenue generated in the zone to fund projects that benefit and improve the properties within the zone

Allowed Uses

- Programs or other projects that benefit the zone but would not occur “but for” creation of the zone
- Public Infrastructure
- Public Improvements
- Capital maintenance of public infrastructure/improvements
- Reimbursement to private parties that make improvements to benefit the TIRZ

Projects included in the Project and Financing Plan

North Padre Island Storm Damage Reduction & Environmental Restoration Project Construction

Construction of parking lots, restrooms, and other amenities along Packery Channel

Construction of Park Road 22 Bridge

Pedestrian improvements

Dredging and Beach nourishment

Periodic survey of channel conditions and shoreline

City portion of repairs due to damage from Hurricane Harvey and Hannah

Feasibility Study for TIRZ continuation



Permissibility of term and boundary revisions

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.
- David Ortiz, with Brown and Ortiz a San Antonio firm that specializes in land use planning and development including TIRZ's , provided an opinion dated September 23, 2021 that the TIRZ could be extended using the steps defined in 311.007.
- 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.

Boundary Revisions

- TIRZ boundaries can be revised 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.



Revenue

Current Revenue

- Currently 100% tax increment above the base year is contributed to the TIRZ by all participating tax entities
- Base year generated \$555K in City tax revenue in FY2022 that was allocated between General Fund operations, street maintenance, and debt service
- General Fund services include but are not limited to:
 - Public safety
 - Parks
 - Library
 - Code Enforcement
 - Animal Control
- Recommend a contribution of less than 100% for all participating tax entities when the TIRZ is extended to allow for additional funds to go to the General Fund

Current Available Balances

There is sufficient funding to begin projects as identified and as the Project and Financing Plan is amended

- FY2022 ending fund balance is budgeted at \$7.8M after the final bond payment is made
- Bond Reserve of \$1.5M will be released after the final bond payment
- Maintenance Reserve has a balance of \$500K
- CIP fund has a balance of \$4.0M available for dredging once repairs to the channel infrastructure is completed

Current Revenue

In 2002, the first year of the TIRZ, total revenue was \$163,836
 The TIRZ has experienced a 29.6% increase in tax revenue over the past 5 years and 2,411% over the past 20 years.

	FY2018 Actual	FY 2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Budget
City Tax Revenue	\$2.32M	\$2.40M	\$2.70M	\$2.74M	\$3.10M
County Tax Revenue	\$1.17M	\$1.19M	\$1.30M	\$1.31M	\$1.48M
Hospital District Tax Revenue	\$ 462K	\$ 449K	\$ 470K	\$ 470K	\$ 539K
Other Revenue*	\$ 171K	\$ 380K	\$ 107K	\$ 5K	\$ 5K
Total Revenue	\$4.12M	\$4.42M	\$4.58M	\$4.53M	\$5.11M
Total Revenue from Tax	\$3.95M	\$4.04M	\$4.47M	**\$4.52M	\$5.12M

*Average rate of return in investments in FY2019 was 2.31% vs .03% in FY2022

**Lower growth due to COVID revenue reductions, closure of Schlitterbahn and temporary property exemptions due to damage suffered in Hannah.

Future Revenues

With 75% Contribution	FY 2023	FY2024	FY2025	FY2026	FY2027
City Tax Revenue	\$2.34M	\$2.44M	\$2.54M	\$2.63M	\$2.72M
County Tax Revenue	\$1.13M	\$1.17M	\$1.22M	\$1.26M	\$1.31M
Total City and County	\$3.47M	\$3.51M	\$3.76M	\$3.89M	\$4.03M
Potential Del Mar Participation	\$0.0	\$41.2K	\$84.0K	\$123K	\$163K
Total with Del Mar	\$3.47M	\$3.55M	\$3.84M	\$4.01M	\$4.19M

With 50% Contribution	FY 2023	FY2024	FY2025	FY2026	FY2027
City Tax Revenue	\$1.57M	\$1.63M	\$1.70M	\$1.75M	\$1.81M
County Tax Revenue	\$752K	\$782K	\$813K	\$842K	\$871K
Total City and County	\$2.32M	\$2.41M	\$2.51M	\$2.59M	\$2.68M
Potential Del Mar Participation	\$0.0	\$27.5K	\$56.0K	\$82.0K	\$108.9K
Total with Del Mar	\$2.32M	\$2.44M	\$2.57M	\$2.67M	\$2.79M

Modeled with a 17.2% increase in tax revenue over the 5 years.



Identified Needs

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



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

Proposed Projects

- Packery Channel annual capital maintenance
- Mobility projects
 - Mobility Study
 - Construction of prioritize projects from results of study
- Infrastructure improvements
 - Create multi-year plan
 - Fund through TIRZ or reimburse for developer constructed improvements
- Revenue sharing for master planned development
 - Available to planned development with investments of over \$100M and that meet the economic development goals and objectives for Island development
 - Revenue share an amount less than the revenue generated by the incremental increase from the improvements in the development area for a given year



Next Steps

Next Steps

February/March/April

- Continue discussion with Del Mar and Nueces County about participation
 - If both choose not to participate then there is no benefit in extending the TIRZ
- Draft updated project and financing plan with input from appropriate stakeholders and TIRZ board
- TIRZ board motion recommending extension of the TIRZ to City Council

May/June

- Public Hearing and First and Second reading of the TIRZ ordinance
- TIRZ Board and City Council approval of project and financing plan
- Amend interlocal agreement with Nueces County and enter into an interlocal agreement with Del Mar should they choose to participate



Questions