



## AGENDA MEMORANDUM

Action Item for the City Council Meeting April 16, 2024

**DATE:** March 27, 2024

**TO:** Peter Zaroni, City Manager

**FROM:** Heather Hurlbert, Assistant City Manager  
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### Corpus Christi Downtown Management District – South Downtown Expansion

#### **CAPTION:**

Resolution approving the annexation of additional properties to expand the Corpus Christi Downtown Management District (DMD) southern boundary to Buford and Water Street, adding an additional 40.721 acres, anticipated to produce \$55,000 annually for the DMD, bringing the current revenues to \$325,000.

#### **SUMMARY:**

This resolution authorizes an expansion of the Downtown Management District to a southern boundary of Buford and Water Street.

#### **BACKGROUND AND FINDINGS:**

The Corpus Christi Downtown Management District (CCDMD) was established under the leadership of Mayor Betty Turner in an effort to bring life back to downtown in the early 1990s. It is the 2<sup>nd</sup> oldest municipal management district in the state, initiated immediately after the enabling legislation was approved and Central Houston was created. The enabling legislation was codified in Chapter 375 of the Texas Local Government Code. The boundaries run east of Lower Broadway, south of I-37, west of the Corpus Christi Bay, and north of Kinney Street. This boundary is also known as the Downtown Marina Arts District. It has been renewed by a majority petition of the property owners within the boundary every five to ten years. The current revenue produced by the levy is about \$270,000.

In 2016, an interlocal agreement between the CCDMD and the Downtown Reinvestment Zone #3 has led to significant revitalization in the Downtown Marina Arts District. While the TIRZ #3 provides funding for revitalization services, including blight mitigation and operations, there is a lack of equity between the property owners who pay the additional levy for services and the benefits of the TIRZ programs which were created by the CCDMD. However, due to the way the legislation was originally written, it was virtually impossible for the DMD to expand boundaries, as it required petition from each property owner.

Following a change in the governing legislation, the El Paso Downtown Management District identified an alternative path to expansion, referred to as annexation under chapter 54 of the Texas Water Code. Upon receipt of 50% of the property owners in a given area, the DMD is able to expand with the approval of the City Council. The CCDMD has received petitions from 70.0% of property owners from the area south of the current boundary, to Buford Avenue. Therefore, the resolution for annexation has been submitted for your consideration.

Below is more context from a memo from the DMD's attorney, John Bell:

*The annexation of additional areas into the DMD involves compliance with two different procedures set out in State law. Section 375.043 of Texas Local Govt Code says that a district may annex land as provided by Section 49.301 and Chapter 54 of Texas Water Code.*

*Texas Water Code Section 54.016 sets out a procedure in which the owners of 50 percent or more of the value of the land in an area may petition to be included within a district. (Under subsection (d) of that provision, the same process applies whether the land is proposed to be included at the time of creation of a district or to be included by annexation.) Subsection (a) further provides that no land in the corporate limits or ETJ of a city shall be included within a district unless the City grants its written consent by resolution or ordinance. (A reference is provided to Section 42.042 of Texas Local Govt Code which pertains to the provision of water and sewer services which would not be applicable to annexation to a municipal management district.)*

The main services being extended at this time are district operations, including cleaning and landscaping. This annexation is anticipated to produce about \$55,000 from the annexed area. This is also being done in anticipation of the Water Street Reimagine project, so that maintenance will be funded by the adjacent property owners. The first levy due from the new property owners will be expected February 2025.

**PROCUREMENT DETAIL:**

None.

**ALTERNATIVES:**

No alternatives.

**FISCAL IMPACT:**

City may be asked to increase General Fund match to interlocal agreement.

**FUNDING DETAIL:**

Fund:	5210 Information Technology
Organization/Activity:	40440 IT GIS
Department:	23 Information Technology
Project # (CIP Only):	n/a
Account:	520105 Computer software

**RECOMMENDATION:**

Staff recommends approval of this resolution as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Resolution – CCDMD Expansion  
Procedure Memo  
Presentation – CCDMD South Expansion  
Petition Packet