



CITY OF CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for the City Council Meeting January 27, 2026

DATE: January 16, 2026

TO: Peter Zaroni, City Manager

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Funding Strategy and Budget Reallocation for the North Padre Island Seawall Capital Improvement Project

CAPTION:

One Reading Ordinance amending a portion of TIRZ #2 Capital Improvement Projects (CIP) to fully fund the North Padre Island Seawall CIP Project, including the transfer of \$2,100,000.00 from the Sand Dollar CIP Project, \$300,000.00 from the Crowsnest CIP Project, \$2,700,000.00 from the Packery Channel Capital Repairs CIP Project, \$300,000.00 from the Packery Channel TDEM CIP Project, \$900,000.00 from the Whitecap Effluent Waterline CIP Project, and \$4,800,000.00 from the CIP reserves for a total amount of \$11,100,000.00 reallocated to the North Padre Island Seawall CIP Project; and amending the FY 2026 Capital Budget.

SUMMARY:

The purpose of this agenda item is to brief the City Council on the proposed funding strategy for the North Padre Island Seawall CIP Project and to approve the budget reallocations and use of available project savings and contingency reserves to fully fund the project.

BACKGROUND AND FINDINGS:

The North Padre Island Seawall Capital Improvement Project (CIP) is located along the Gulf beach and is heavily utilized by both residents and visitors on a daily basis. In addition to serving as a protective barrier between beachfront development and the shoreline, the seawall also functions as a pedestrian walkway along the beachfront corridor. Portions of the seawall are in need of repair, and the surrounding area currently lacks key public amenities such as benches, lighting, and shared public-use structures.

The North Padre Island Seawall CIP Project will assess the needs of the area and provide funding for necessary repairs and improvements, while enhancing the overall safety, functionality, and user experience of the beachfront.

TIRZ #2 has funded multiple capital improvement projects on North Padre Island that support infrastructure, mobility, and quality-of-life improvements. As project needs and priorities have evolved, funding adjustments are proposed to ensure critical infrastructure projects, including the North Padre Island Seawall, can advance to construction.

Potential funding sources for the North Padre Island Seawall CIP Project have been identified through a combination of deferred allocations from select CIP projects, utilization of project savings, and use of capital fund reserves from recently completed CIP projects.

To fully fund the North Padre Island Seawall CIP Project, the following funding adjustments are proposed:

- Reallocation of CIP funds designated for the construction of paper streets, while maintaining funding for paper street design
- Reallocation of CIP funds from the Packery Channel CIP Project
- Utilization of savings from the Whitecap Effluent Waterline CIP Project
- Use of contingency and reserve funds designated for unplanned CIP projects

North Padre Island Seawall

- The North Padre Island Seawall is located along the Gulf beach and is heavily utilized by both residents and visitors on a daily basis. The seawall serves a dual purpose as a protective barrier between the beach and adjacent buildings and as a pedestrian walkway along the shoreline.
- The seawall is in need of significant repairs, and the surrounding area currently lacks basic amenities such as benches, lighting, and shared public-use structures. This project will evaluate the needs of the area and provide funding to address identified deficiencies.
- To date, \$5,887,500 has been funded. The project is currently at 90% design, with an estimated total cost of \$16,987,500 to complete the project. An unencumbered balance of \$4,400,000 is available within the project; however, an additional \$11,100,000 is required to advance the project into the construction phase.
- The projects below have either been identified as having funding gaps that cannot be bridged currently or have cost savings that can be reallocated to the seawall project.

Sand Dollar Street Construction

- North Padre Island includes several planned or “paper” streets that have never been constructed. Development of these streets will enhance mobility, connectivity, and support future development. Sand Dollar Street is located between Verdemar Drive and Highway 361 and includes roadway construction and necessary utility infrastructure.
- The project is currently pending 100% design submittal, with an estimated total cost of \$6,680,568 for both design and construction. An unencumbered balance of \$3,187,168.20 is available within the project. Reallocating approximately \$2,100,000 from this project to the North Padre Island Seawall project would allow for the completion of the design but would delay construction, shifting the project to later fiscal years.
- The Sand Dollar Street construction project was never fully funded and while design funding was identified in full, the construction costs were only partially funded. Based on this shortfall, and with no identified funding to bridge the gap in construction costs, the funding has been identified for the NPI Seawall.
- **Next Steps** - Beginning in FY 2027, TIRZ #2 operating revenues are projected to begin replenishing the Sand Dollar Street CIP Project, with full replenishment anticipated by FY 2031.

Crowsnest Design Cost Savings

- Crowsnest is another paper street intended to improve transportation connectivity on North Padre Island. The project corridor extends from Beach Access 4 to Whitecap Boulevard and continues to Park Road 22.
- The project is currently at 90% submittal and was limited to design work only. The original design budget was \$1,052,176, with final design costs totaling \$752,176. This resulted in \$300,000 in project savings, which are proposed to be reallocated to the North Padre Island Seawall project.
- **Next Steps** - Replenishment of the Crowsnest Project is projected to begin in FY 2029 and be fully restored by FY 2035.

Packery Channel Capital Repairs

- The ongoing capital repairs program has \$3,254,756 in available funding, with proposed reallocation of \$2,700,000 to the North Padre Island Seawall project. This account is treated as a set aside account and due to recently completed projects, this fund has some savings that can be allocated to the seawall.
- **Next Steps** – Beginning in FY 2027, TIRZ #2 operating revenues can be used to replenish the project for future capital repair activities.

Packery Channel TDEM Restoration Cost Savings

- Hurricane Harvey tidal influences caused significant damage to Packery Channel, including the undermining of structures along the channel. Preliminary investigations identified displaced armor stone blocks along the inner portions of the jetties, necessitating repairs or replacement of channel bank protection. Damaged walkways and storm drain outfalls were also repaired as part of the project.
- This project was funded through TIRZ #2 and a Texas Division of Emergency Management (TDEM) grant. The project has been completed with approximately \$0.3 million in cost savings from the original project cost of \$11,587,293.34. These remaining savings are proposed to be reallocated to the North Padre Island Seawall project.

Whitecap Effluent Waterline Project Savings

- This project included the design and construction of an effluent waterline supplying the golf course on North Padre Island. Due to the Whitecap Development, the effluent line was reactivated and extended to supply water to ponds within the adjacent nature preserve area.
- The City entered into a participation agreement with the developer, requiring the developer to construct improvements to the existing effluent waterline from the Whitecap Wastewater Treatment Plant. The project has been completed with approximately \$0.9 million in cost savings from the original project cost of \$1,566,500. These remaining savings are proposed to be reallocated to the North Padre Island Seawall project.

The North Padre Island Seawall CIP Project currently has an unencumbered balance of \$4,400,000. With the proposed reallocations totaling \$11,100,000, the project's revised total budget will be \$15,500,000, allowing the project to advance into the construction phase.

| Project / Description | Amount |
|--|----------------|
| North Padre Island Seawall current allocation | \$ 4.4M |
| Sand Dollar construction funds | \$ 2.1M |
| Crowsnest design cost savings | \$ 0.3M |
| Packery Channel capital repairs | \$ 2.7M |
| Packery Channel TDEM Restoration | \$0.3M |
| Whitecap effluent waterline savings | \$ 0.9M |
| Capital fund reserves from recently completed projects | \$ 4.8M |
| Total | \$15.5M |

Revenue projections used for this funding strategy are conservative and do not account for potential increases in taxable value associated with the Whitecap and Lake Padre developments.

On January 17, 2026, City and County officials met with community stakeholders at the Gulfstream Condominiums to provide project updates. The Island Strategic Action Committee (ISAC) will also be briefed on this item at its regularly scheduled meeting on February 3, 2026.

ALTERNATIVES:

The City Council could choose not to approve the proposed funding strategy and budget reallocations to fully fund the North Padre Island Seawall Project or revise the funding strategy.

FISCAL IMPACT:

The fiscal impact consists of transferring \$2.1 million from the Sand Dollar CIP Project, \$0.3 million from the Crowsnest CIP Project, \$2.7 million from the Packery Channel CIP Project, \$0.3 million from Packery Channel TDEM Restoration CIP Project, \$0.9 million from the Whitecap Effluent Waterline CIP Project, and \$4.8 million from the contingency reserve for unplanned CIP Projects. These transfers, totaling \$11.1 million, will be combined with the North Padre Island Seawall CIP Project's existing unencumbered balance of \$4.4 million, resulting in a revised project budget of \$15.5 million.

Funding Detail:

North Padre Island Seawall

| | |
|------------------------|---|
| Fund: | 3278PackChProjTIF#2 |
| Organization/Activity: | N/A |
| Department: | 57 |
| Project # (CIP Only): | 24133 North Padre Island Seawall Improvements |
| Account: | 550910 |
| Amount: | \$11.1M |

Crowsnest

| | |
|------------------------|--|
| Fund: | 3278 PackChProjTIF#2 |
| Organization/Activity: | N/A |
| Department: | 57 |
| Project # (CIP Only): | 24134 Crowsnest (Beach Access 4 to Whitecap) |
| Account: | 550950 |
| Amount: | \$0.3M |

Packery Channel Capital Repairs

| | |
|------------------------|---------------------------------------|
| Fund: | 3278 |
| Organization/Activity: | N/A |
| Department: | 57 |
| Project # (CIP Only): | 24129 Packery Channel Capital Repairs |
| Account: | 550970 |
| Amount | \$2.7M |

Packery Channel TDEM Restoration

| | |
|------------------------|--|
| Fund: | 3278 |
| Organization/Activity: | N/A |
| Department: | 57 |
| Project # (CIP Only): | 21200 Packery Channel TDEM Restoration |
| Account: | 55 |
| Amount | \$0.3M |

Whitecap Effluent Line

| | |
|------------------------|---|
| Fund: | 3278 PackChProjTIF#2 |
| Organization/Activity: | N/A |
| Department: | 57 |
| Project # (CIP Only): | 24132 Whitecap Effluent Waterline Rehab & Extension |
| Account: | 550910 |
| Amount | \$1.0M |

Sand Dollar
Fund: 3278 PackChProjTIF#2
Organization/Activity: N/A
Department: 57
Project # (CIP Only): 24130 Sand Dollar (Verdemar Dr and Highway 361)
Account: 550910
Amount: \$2.0M

CIP Reserves
Fund: 3278 PackChProjTIF#2
Organization/Activity: N/A
Department: 57
Project # (CIP Only): 5000303278 Reserve Approp
Account: 550970
Amount: \$4.8M

RECOMMENDATION:

Staff recommends that City Council approves the Resolution amending a portion of TIRZ #2 Capital Improvement Projects (CIP) to fully fund the North Padre Island Seawall CIP Project, including the transfer of \$2,100,000.00 from the Sand Dollar CIP Project, \$300,000.00 from the Crowsnest CIP Project, \$2,700,000.00 from the Packery Channel CIP Project, \$300,000.00 from Packery Channel TDEM Restoration CIP Project, \$900,000.00 from the Whitecap Effluent Waterline CIP Project, and \$4,800,000.00 from the CIP reserves for a total amount of \$11,100,000.00 reallocated to the North Padre Island Seawall CIP Project.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
CIP Page – NPI Seawall
CIP Page – Crowsnest
CIP Page – Sand Dollar Ave.
CIP Page – Packery Channel Capital Repairs
CIP Page – Whitecap Effluent
Presentation