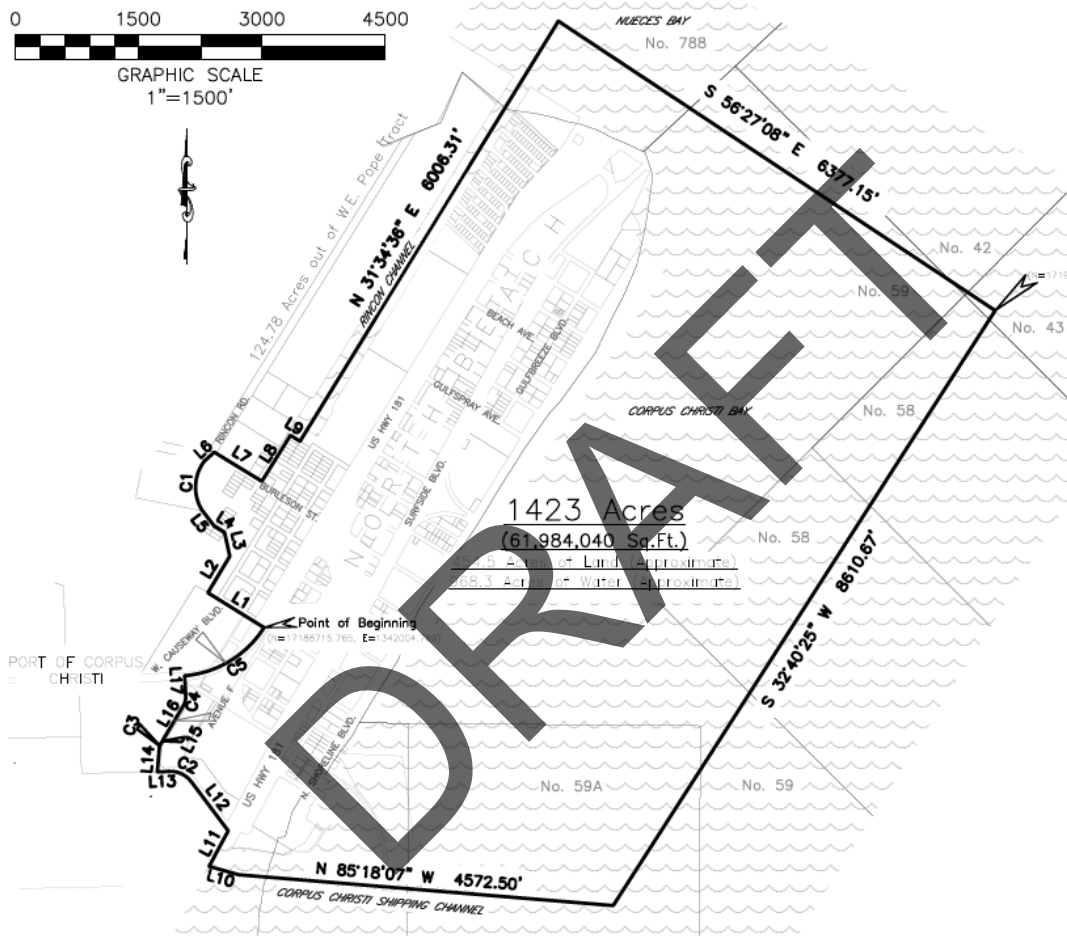


- FOR DISCUSSION ONLY -

# DRAFT PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN Tax Increment Reinvestment Zone #4 NORTH BEACH, CORPUS CHRISTI, TEXAS



October 2019

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## INTRODUCTION

The City of Corpus Christi is proposing to create a Tax Increment Reinvestment Zone or TIRZ (hereafter referred to as the “Zone”) over a portion of the city that includes the city’s North Beach area along the Bayfront from the Rincon Channel at the north end, south to the USS Lexington, adjacent to the Texas State Aquarium, and west to the Port of Corpus Christi.

### Criteria for Zone Creation

The area within the Zone qualifies for a TIRZ because it suffers from economic stagnation, inadequate infrastructure, and deteriorating properties. Without intervention by the public sector, private market forces will not be sufficient to generate significant development and redevelopment. Conditions meeting the criteria of the Tax Code of the State of Texas, Chapter 311, Section 005 for reinvestment zone designation include:

- A substantial number of substandard, slum, deteriorated, or deteriorating structures;
- The predominance of defective or inadequate sidewalk or street layout;
- Unsanitary or unsafe conditions;
- The deterioration of site or other improvements; and
- Conditions that endanger life or property by fire or other cause.

According to the language of Chapter 311, these conditions must “substantially arrest or impair the sound growth of the municipality or county creating the zone, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition and use.” The existing conditions in the North Beach area of Corpus Christi hamper investment in residential, retail and hospitality-related property improvements, as outlined in the portions of the Downtown Area Development Plan (DAPD) Residential Market Analysis relevant to North Beach, included in Appendix A. The conditions outlined above will not be overcome or corrected without significant intervention and assistance from the public sector, therefore satisfying the general criteria for creation of the Zone.

## **Vision for North Beach**

Over 800,000 people visit the Texas State Aquarium and USS Lexington on North Beach each year. Each of those visitors drives through areas with frequent flooding and many blighted as well as vacant properties. Corpus Christi's first impression to over 800,000 people each year is largely a pathway of deferred maintenance, disrepair, and unimproved properties on the way to the beautifully maintained and exciting Texas State Aquarium and USS Lexington. This is not the first impression of Corpus Christi we want nearly 1 million visitors each year taking back home.

In recent years, the new Harbor Bridge construction has changed the entrance and exit ramps to and from North Beach. These changes will have an enormous impact on access to and from North Beach and its ability to remain the most visited location in all of the Coastal Bend area. The completion of the Harbor Bridge, and demolition of the old bridge, will spur new opportunities for North Beach revitalization. The proposed Zone can directly aid in the realization of this vision while addressing the deficiencies and challenges outlined above.

## **Anticipated Zone Role in North Beach Improvements**

The DAPD Analysis of Residential Market Potential (attached as Appendix A) 2011 North Beach Development Plan and 2018 North Beach Redevelopment Area Specific Plan, included as Appendices to this document, indicate the nature of the intervention and assistance needed to spur economic growth in different areas of the Zone. Flooding, vacant properties, the aging of existing development, inadequate public infrastructure and facilities together depress the viability of new development and redevelopment in North Beach. However, continued investment by the Texas State Aquarium, changes brought by the new Harbor Bridge, new multi-family construction, new single-family homes, and the City's commitment to solving the stormwater flooding, infrastructure and public amenity improvements indicate that a reversal of fortune is possible.

The primary functions of the zone will be to support:

- Roads and wayfinding infrastructure
- Parks and community center improvements
- Public restroom improvements
- Drainage improvements
- Demolition of blighted structures
- Parking Structure

The zone is expected to be one of a variety of planned funding sources and programs that will be acting in concert to accomplish a transformed public environment in North Beach. By improving and maintaining public spaces with a high level of service, plus increasing density through parking structure, the zone and the other programs will encourage the development of new land uses and the redevelopment or rehabilitation of existing uses. The intended result is that North Beach will become a vibrant and economically vital urban waterfront district with a variety of tourist, entertainment, residential, retail, and lodging uses, sending a strong first impression to nearly 1 million annual visitors to Corpus Christi.

## PROJECT PLAN

### Existing Uses and Conditions / Boundaries §311.011(b)(1)

The Zone includes approximately 435.3 acres wholly within the City of Corpus Christi. Its boundaries encompass all of the North Beach area east of the Port of Corpus Christi land, as shown in **Exhibit A**. A variety of land uses, shown in maps in **Exhibit B** and described generally below, are present within the proposed TIRZ. A legal description of the Zone is given in **Exhibit C**.

The Texas State Aquarium and the USS Lexington, in the southern area of North Beach, draw more than 800,000 tourists and visitors annually, combined. Removing the Burleson exit leaves only one northbound exit from the new Harbor Bridge, impacting accessibility to these two heavily visited attractions.

To the north, the zone transitions to an area of tourist retail, restaurants, hotels, vacant buildings and unimproved land. The beach runs along the eastern portion of the zone. Further north along the beach are multi-story condominiums, city owned Surfside Park, a small number of single-family homes, and a popular city park, Dolphin Park. If funding is determined to be appropriate and TIRZ and City Council choose to fund them, the off shore area allows for the potential inclusion of breakwater barriers.

Central North Beach has a linear right of way, formerly a rail easement, owned by the City of Corpus Christi. Timon and Surfside Boulevards run along its edges, acting as a main thoroughfare through North Beach. This right of way is the location of a proposed drainage solution, a canal to mitigate extensive flooding that occurs with even light rain. This North Beach drainage solution will improve stormwater flow, thereby bringing public safety response times within an adequate range and allowing travel during rain events. Residents in the northwest portion of North Beach often experience difficulty making the turnaround at the north end of North Beach under the causeway due to flooding.

The new Harbor Bridge, TxDOT and the Port of Corpus Christi border the zone to the west.

Exhibit A - Zone Boundaries



Exhibit B.1: Existing Uses Throughout the Zone

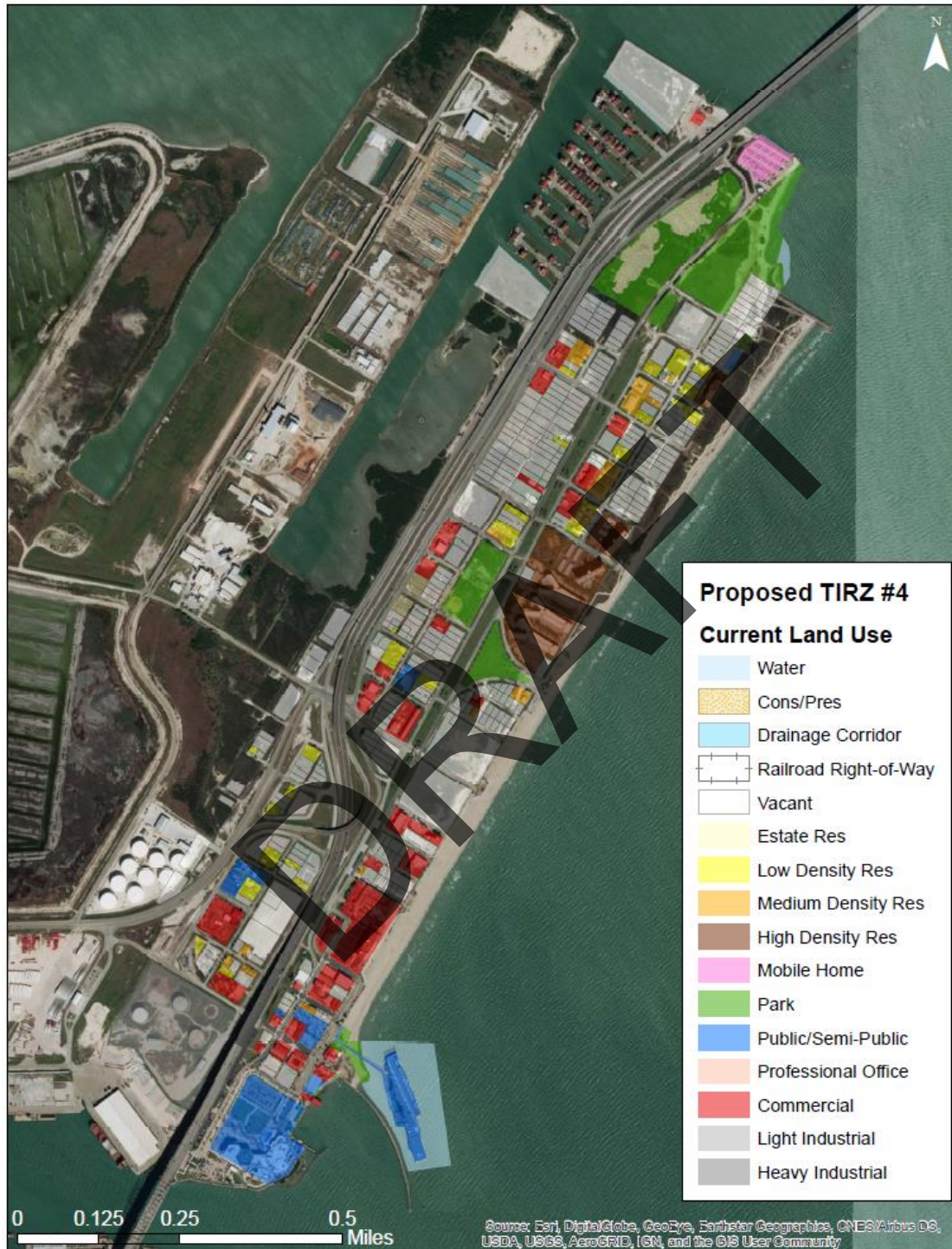


Exhibit B.2



Exhibit B.3

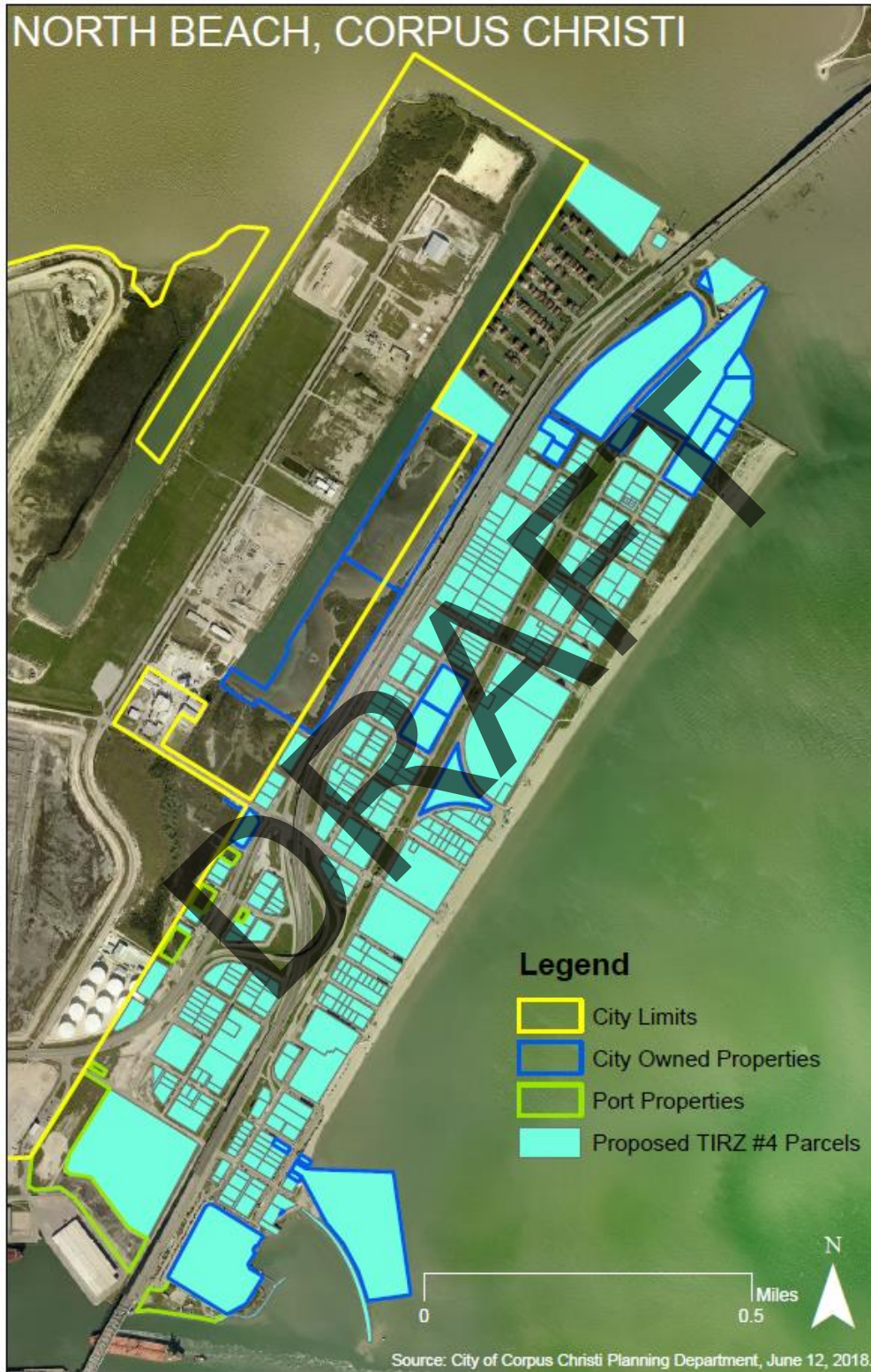




Exhibit C - Legal Description of the Zone



Job No. 43201.B9.08  
August 26, 2019

Exhibit A  
1,423 Acre  
North Beach Tax Increment Reinvestment Zone (TIRZ)

STATE OF TEXAS  
COUNTY OF NUECES

**Fieldnotes**, for a 1,423 Acre Tract of Land (Not based on an on the ground Survey), situated between the Corpus Christi Shipping Channel and Nueces Bay, over and across a portion of land commonly known as North Beach, Corpus Christi Bay, Nueces Bay, Rincon Channel and Corpus Christi Shipping Channel in Nueces County, Texas; the said 1,423 Acre Tract being more fully described as follows:

**Beginning**, at a point with a Northing of 17188715.765 and an Easting of 1342004.769, for a corner of this Tract and the point of Beginning;

**Thence**, with distances and bearings as follows:

- North 58°16'18" West, a distance of 807.37 Feet to a point for a corner of this Tract;
- North 31°12'27" East, a distance of 519.93 Feet to a point for a corner of this Tract;
- North 12°34'59" West, a distance of 298.84 Feet to a point for a corner of this Tract;
- North 58°13'03" West, a distance of 151.19 Feet to a point for a corner of this Tract;
- North 37°22'07" West, a distance of 225.64 Feet to a point for a corner of this Tract and the beginning of a circular curve to the Right, having a delta of 71°42'01", a radius of 527.86 Feet, an arc length of 660.56 Feet, and a chord which bears North 02°51'40" East a distance of 618.29 Feet;
- With said circular curve to the Right, a distance of 660.56 Feet for a corner of this Tract;
- North 47°24'20" East, a distance of 149.01 Feet to a point for a point at the intersection of the Northeast Right-of-Way line of Burleson Street and the Southeast Right-of-Way line of Rincon Road and for a corner of this Tract;
- South 58°19'56" East, with said Northeast Right-of-Way line of Burleson Street, a distance of 679.38 Feet to a point for a corner of this Tract;
- North 31°47'42" East, a distance of 659.79 Feet to a point for a corner of this Tract;

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- South 58°21'36" East, a distance of 139.27 Feet to a point for a corner of this Tract;
- North 31°34'36 East, generally with the centerline of Rincon Channel, a distance of 6006.31 Feet to a point in the State Submerged Lands parcel 788 for a corner of this Tract;
- South 56°27'08" East, over and across State Submerged Lands parcels 788, 59, 42 and 43 a distance of 6,377.15 Feet to a point in State Submerged Lands parcel 43 with a Northing of 17192577.892 and an Easting of 1350901.872, for a corner of this Tract;
- South 32°40'25" West, over and across State Submerged Lands parcels 43, 58, 59, and 59A a distance of 8,610.67 Feet to a point in State Submerged Lands parcel 59A, for a corner of this Tract;
- North 85°18'07" West, over and across Submerged Lands, a distance of 4,572.50 Feet to a point for a corner of this Tract;
- North 74°02'44" West, over and across Submerged Lands, a distance of 376.53 Feet to a point for a corner of this Tract;
- North 28°15'59" East, over and across Submerged Lands and up Lands, a distance of 491.15 Feet to a point for a corner of this Tract;
- North 36°52'49" West, a distance of 751.68 Feet to a point for a corner of this Tract and the beginning of a circular curve to the Left, having a delta of 56°58'45", a radius of 315.97 Feet, an arc length of 314.22 Feet, and a chord which bears North 66°04'42" West a distance of 301.43 Feet;
- With said circular curve to the Left, a distance of 314.22 Feet to a point for a corner of this Tract;
- South 88°43'24" West, a distance of 136.49 Feet to a point on the centerline of Avenue F and for a corner of this Tract;
- North 04°55'02" East, with said centerline of Avenue F, a distance of 276.87 Feet, to a point for a corner of this Tract and the beginning of a circular curve to the Right, having a delta of 18°54'21", a radius of 220.19 Feet, an arc length of 72.66 Feet, and a chord which bears North 19°07'11" East a distance of 72.33 Feet;
- With said circular curve to the Right, continuing with said centerline of Avenue F, a distance of 72.66 Feet to a point for a corner of this Tract;
- North 26°48'19" East, continuing with said centerline of Avenue F, a distance of 71.31 Feet to a point for a corner of this Tract;
- North 31°04'49" East, continuing with said centerline of Avenue F, a distance of 433.56 Feet to a point for a corner of this Tract and the beginning of a circular curve to the Left, having a delta of 48°21'30", a radius of 207.41 Feet, an arc length of 175.05 Feet, and a chord which bears North 14°22'37" East a distance of 169.90 Feet;
- With said circular curve to the Left, continuing with said centerline of Avenue F, a distance of 175.05 Feet to a point for a corner of this Tract;

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- North 03°04'08" West, continuing with said centerline of Avenue F, a distance of 223.76 Feet to a point, for the centerline intersection of said Avenue F and West Causeway Boulevard and for a corner of this Tract and the beginning of a circular curve to the Left, having a delta of 52°56'41", a radius of 1269.76 Feet, an arc length of 1173.33 Feet, and a chord which bears North 58°43'14" East a distance of 1132.03 Feet;

**Thence**, with said circular curve to the Left and said centerline of said West Causeway Boulevard, a distance of 1173.33 Feet to the point of Beginning, containing 1,423 Acres (61,984,040 Sq.Ft.) of Land more or less;

Grid Bearings and Distances shown hereon are referenced to the Texas Coordinate System of 1983, Texas South Zone 4205, and are based on the North American Datum of 1983(2011) Epoch 2010.00.

Unless this fieldnotes description, including preamble, seal and signature, appears in its entirety, in its original form, surveyor assumes no responsibility for its accuracy. *Also reference accompanying sketch of tract described herein.*

*This document was prepared under 22 TAC 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared. TIRZ boundary provided to the Surveyor by the City of Corpus Christi.*

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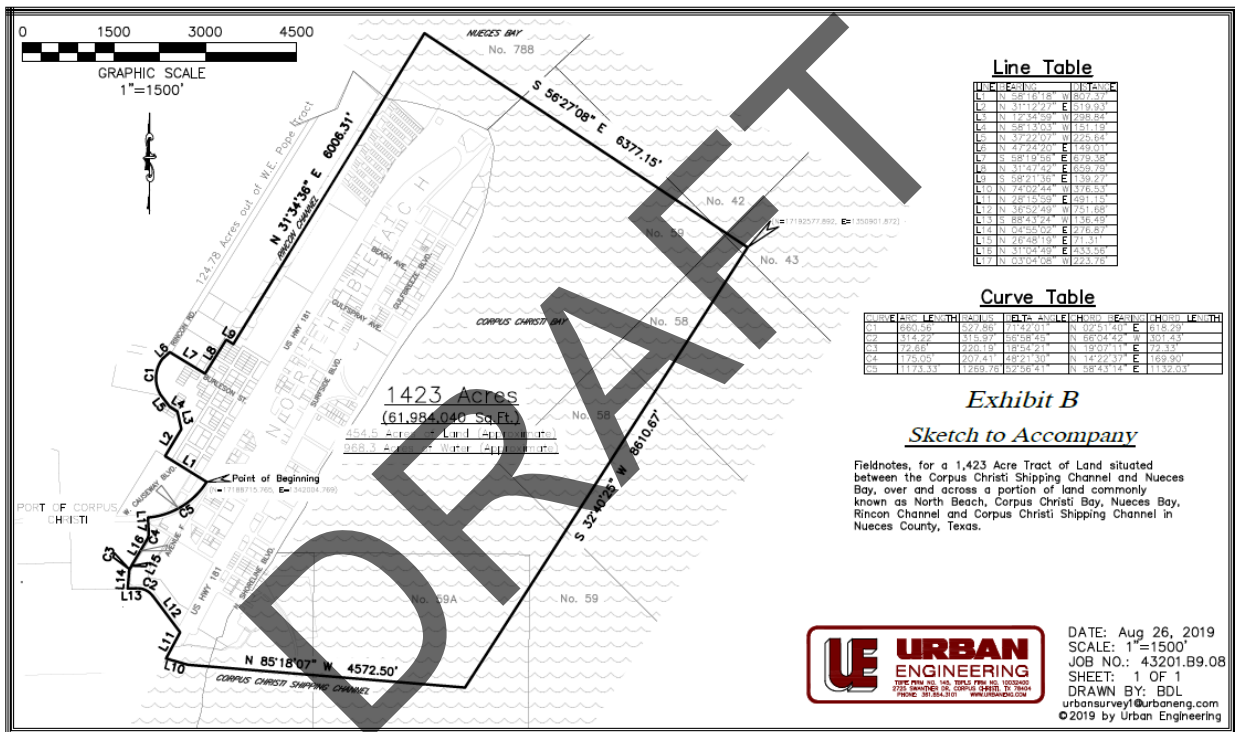
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## Municipal Ordinances §311.011(b)(2)

The City is not contemplating any specific changes to municipal ordinances as part of any projects to be undertaken by the Zone.

## City Planned Improvements (Non-Project Costs) §311.011(b)(3)

It is expected that the City, Nueces County, TxDOT, and other public agencies will participate in the rehabilitation of existing and development of new public facilities and infrastructure within the Zone. In addition, various nonprofit organizations, private citizens and developers may also consider efforts to remediate environmental and safety deficiencies on existing private properties.

The City of Corpus Christi has identified about \$11,882,989 million in projects planned for locations partly or wholly within the Zone intended to rehabilitate and improve existing public facilities and infrastructure. TIRZ funds may be used to assist these projects; however, the bulk of funding is anticipated to come from other sources. The table below lists some of these projects.

Note: Amounts may not add perfectly due to rounding

### Current City Planned Improvements (Non-Project Costs)

Project	Source	Status	Projected Cost
<b>Gas</b>			
<b>US 181 at Burlleson</b> Due to conflicts with the new bridge construction there will be 860 feet of 6" steel gas line replacement located in the Burlleson St. and US181 intersection.	Rev Bond	Complete	\$557,788
<b>Breakwater Ave.. at W Causeway Blvd.</b> Due to conflicts with the new bridge construction there will be 425 feet of 2" steel gas line replacement located in the East Causeway Blvd. and Plum St. area.	Rev Bond	Complete	\$202,883
<b>Streets</b>			
<b>North Beach Area Road Improvements &amp; Area Beautification</b> Includes pavement restoration to North Shoreline Boulevard, new wastewater and water lines on North Shoreline Boulevard, and cleaning existing stormwater and wastewater pipes and manholes on Breakwater Avenue and Coastal Avenue.	Bond 2012 Streets Storm Water Wastewater Water	Substantially Complete	\$801,500
<b>North Beach Breakwater Plaza, North Shoreline Repair and Enhancement</b> Includes new curb and gutter, sidewalks, ADA ramps, markings, signage, seating, on-street parking enhancements and illumination improvements to North Shoreline Boulevard. Improvements also include a paved surface to Breakwater Plaza and cleaning existing stormwater pipes and manholes on North Shoreline Boulevard.	Bond 2012	Substantially Complete	\$1,623,900
<b>Beach Avenue (E. Causeway Blvd. to Dead End at Gulfbreeze Blvd.)</b> Reconstruction of existing 2-lane roadway with new pavement, curb & gutter, sidewalks, ADA compliant curb ramps, signage, pavement markings and illumination. Includes bike mobility improvements per the adopted MPO bicycle mobility plan and approved in North Beach Area Plan.	Bond 2018	In planning phase	\$1,000,000
<b>N. Beach Area Primary Access (Beach &amp; Timon/Surfside Intersection)</b> Design and construction of a new curved access road from E. Causeway Blvd. onto Timon Blvd. with a new traffic circle at intersection of Timon/Surfside and Beach roads. Provides a new	Bond 2018	In planning phase	\$1,250,000

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route for the single access road into North Beach from the new Harbor Bridge. Traffic circle connects Timon/Surfside and Beach and converts Beach Avenue to one-way from Surfside to E. Causeway Blvd. New Traffic circle also allows development of new gateway feature for the entry into North Beach approved in the North Beach Area Plan.			
<b>N. Beach Gulf Spray Ave. Pedestrian/Bike Access (Beach Access to E. Causeway Blvd.)</b> Pedestrian and bicycle infrastructure improvements to create a new train for improved access from Harbor Bridge and the beach approved in the North Beach Area Plan.	<b>Bond 2018</b>	<b>In planning phase</b>	<b>\$300,000</b>
<b>N. Beach Coastal Protection (Breakwater Barrier)</b> Preliminary engineering and permitting with USACE, GLO, Port of Corpus Christi and other agencies for the design and construction of new breakwater barriers to mitigate beach erosion and coastal flooding as approved in the North Beach Area Plan.	<b>Bond 2018</b>	<b>In planning phase</b>	<b>\$250,000</b>
<b>Water</b>			
<b>US 181-Beach Ave to Elm St</b> Due to conflicts with the new bridge construction there will be 3000 feet of 12" waterline replacement, 600 feet of 16" waterline replacement and 800 feet of 6" waterline replacement to maintain water quality. The work is concentrated on the east side of US181 between Reef Ave. and Burleson St.	<b>Rev Bond</b>	<b>90% complete by TxDOT</b>	<b>\$3,715,322</b>
<b>Breakwater- W. Causeway Blvd</b> Due to conflicts with the new bridge construction there will be 500 feet of 12" waterline replacement to maintain water quality. The work is located on Breakwater Ave. between Avenue F and East Causeway Blvd.	<b>Rev Bond</b>	<b>90% complete by TxDOT</b>	<b>\$1,021,191</b>
<b>Wastewater</b>			
Due to conflicts with the new bridge construction there will be 500 feet of 4" wastewater force main replacement and abandonment of a total of 1000 feet of 6" and 8" gravity sewer main. This work is located west side of the existing US181 between Burleson St. and Avenue F.			
<b>US 181 at Plum St.</b>	<b>Rev Bond</b>	<b>90% complete by TxDOT</b>	<b>\$201,649</b>
<b>US 181 at E Walnut St</b>	<b>Rev Bond</b>	<b>90% complete by TxDOT</b>	<b>\$446,815</b>
<b>Burleson St from US 181 SBFR to Seagull</b>	<b>Rev Bond</b>	<b>90% complete by TxDOT</b>	<b>\$411,941</b>
<b>Parks and Recreation</b>			
<b>North Beach Historic Plaza</b> Placement and installation of a series of historical panels in North Beach plaza currently being constructed as part of Bond 2012.	<b>Hotel Occupancy Tax</b>	<b>Dec 2019</b>	<b>\$100,000</b>
<b>Total</b>			<b>\$11,882,989</b>

**Relocation §311.011(b)(4)**

No relocation of existing residents is anticipated to be required as a result of the Zone's projects.

## REINVESTMENT ZONE FINANCING PLAN

### Estimated Project Cost Description §311.011(c)(1) and Kind, Number, and Location of TIRZ Improvements §311.011(c)(2)

The Zone is anticipated to engage in projects that will support the types of development and economic activity projected in the DAPD Residential Market Analysis (Appendix A) as well as contribute to the image and attractiveness of North Beach Corpus Christi on a local, regional, and national level. In addition, the Zone will pay the costs of Zone creation and ongoing administration.

The following project cost estimates are derived from similar types of projects and should not be construed as definitive costs for the listed projects.

#### **PUBLIC IMPROVEMENTS, FACILITIES, AND INFRASTRUCTURE (not listed in priority order)**

1. **Wayfinding Infrastructure – \$3,000,000**  
The Zone may participate in proposed construction of a gateway feature with wayfinding throughout North Beach. It may also build multi-use paths to major tourists destinations.
2. **Park Improvements – \$4,000,000**  
The Zone may contribute to enhancements to Dolphin Park, Surfside Park, and Kiwanis and construct a North Beach birding park (Eco Park).
3. **Demolition of Blighted Structures – \$2,000,000**  
Many older vacant or underutilized buildings within the Zone are not economically feasible to reuse because they contain environmentally undesirable or unsafe elements that present a public safety hazard. The Zone may provide assistance to property owners and developers who must remediate or demolish such structures in order to develop or redevelop.
4. **Public Safety – \$2,500,000**  
With the purpose of increasing safety and security within the Zone, the Zone will provide support for security cameras and associated costs.
5. **North Beach Public Spaces Beautification & Revitalization Programs & Services - \$1,735,556**  
The Zone may contribute five percent of the total incremental ad valorem taxes collected per year in the Zone to beautification projects including the creation of or enhancements to common areas, roadway & median streetscapes, pedestrian landscapes, beach beautification, public fountains, wayfinding signage. Lighting, public facilities and any services relating to such program.

In addition, any City funding currently and annually appropriated to maintain North Beach, could be used by the Zone for this intended use pending a full and thorough evaluation via a Request for Proposal process.

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6. **North Beach Parking Structure Initiative Grant – \$10,000,000**  
With the purpose of increasing density and maximizing land availability on North Beach, the Zone will provide support for parking structure(s) in key location(s) where parking is undersupplied or inadequately distributed.

In order to encourage the building of public access off street and concealed parking infrastructure ahead of the economic growth generated by New Developments, the Zone will establish a grant that will provide a \$25,000 per built parking space grant for any New Developments containing a concealed or enclosed parking structure comprising at least 20 parking spaces, with at least 22% of such spaces, on property, accessible to the public (“Parking Grant”). The maximum value of this grant will be \$10,000,000. Each applicant will have preference to receive Parking Grant funds equal to ninety-five (95) percent of the cumulative, incremental ad valorem taxes generated by all new projects on North Beach at least 75% commonly owned by applicant(s) (“Project Cap”). Parking Grants will be paid to recipients annually until the Project Cap is met or up to the end date of the tax increment collection.

7. **Project Specific Development Agreement- pending available funding**  
In situations where higher development costs create a financing gap, TIRZ #4 can provide assistance to property owners or developers through a Development Agreement for reimbursement of net new tax increment on new developments. The total reimbursement by the TIRZ #4 will not exceed 20% of the total project cost. A pro-forma is required to qualify for up to 75% reimbursement of the new taxes for 10 years if a development is 5,000 sq. ft or creating 25 or more new residential units. If further gap exists, staff will undertake additional third-party review to justify any additional reimbursement up to 95% of the qualifying tax increment, based on the “but, for” principle. The qualifying cost elements for this Program include:

- Environmental Remediation/Code Compliance
- Historic Preservation
- Structured Parking, including availability for public parking
- Urban Design/Landscaping
- Public Improvements/Utilities

8. **North Beach Property Improvement Program – \$4,000,000**  
This grant will support and encourage private investment in the existing structures and facilities already built on North Beach. The Zone will match approved property improvements funded by the property owners. The Zone will consider a match of 50/50 (Property Owner / Zone), depending upon the extent to which the scope of the project meets the priorities of the Zone. The maximum amount of Grants to be paid to property owners under this program will be \$200,000 annually.

9. **North Beach Living Initiative– \$4,000,000**  
In order to stimulate the development of North Beach and quickly build residential density in the district, the Zone will establish a grant that will provide a \$10,000 per unit reimbursement grant for multi-family developments of over 10 units (“Living Initiative Grant”).

Any applicant awarded a grant must obtain a Building Permit for the entirety of such project(s) within six (6) months of award of such grant. If a Building Permit is not obtained within the six-month time period, then the grant will be forfeited.



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**10. Residential Streets-**

**\$797,431**

In November 2016, the voters approved a Charter Revision to *Article VIII. Taxation and Bonds, Section 1. Taxation* of the City's Charter which authorized the City Council to levy, assess and collect a property tax not to exceed six cents per \$100 valuation for residential street reconstruction to be gradually implemented at a rate not to exceed two cents per \$100 valuation per year (ie. 2+2+2 = 6 cents). The City Council exercised that authority in FY 2018 and in FY 2019. The additional four cents must be used for residential streets as approved by the residents of Corpus Christi on November 8, 2016.

*City Charter Art. VIII, Sec. 1(c):*

*(c) A dedicated fund to be used solely for residential street reconstruction is established, and the city council is authorized each year to levy, assess and collect a property tax not to exceed six cents (\$0.06) per one hundred dollars (\$100.00) of assessed value for the purpose of residential street reconstruction to be deposited in such fund. Said taxes shall be used solely for the purpose of residential street reconstruction, including associated architectural, engineering and utility costs, and shall be implemented gradually at a rate not to exceed two cents (\$0.02) per one hundred dollars (\$100.00) of assessed value per year. For the purposes of this provision, the term "reconstruction" is defined as removing all or a significant portion of the pavement material and replacing it with new or recycled materials. The dedicated fund established by this subsection (c) may not be used for payment of debt service.*

**ADMINISTRATIVE COSTS**

**11. Creation –**

**\$250,000**

The Zone may reimburse relevant parties for expenses related to the costs of creating the Zone.

**12. Administration –**

**\$2,000,000**

Zone funds may pay for the costs of ongoing administration of the Zone, including but not limited to accounting, legal services, document production and maintenance, and other administrative costs. These costs are estimated at \$100,000 per year for the 20-year life of the Zone.

The Project Costs are estimated as follows:

Public improvements, facilities, and infrastructure	<b>\$32,282,987</b>
Administrative costs	<b>\$2,000,000</b>
<b>TOTAL</b>	<b>\$ 34,282,987</b>

### **Economic Feasibility Study §311.011(c)(3)**

Several market and economic feasibility studies for the Zone have been completed. The MJB Consulting “Retail Market Analysis and Strategy” and the Zimmerman/Volk Associates “Office, Retail, and Hotel Market Assessment” are provided under separate cover. In addition, a feasibility analysis by Landmark Renewal was completed in August 2019, which is also included in Appendix A to this Plan.

### **Estimate of Bonded Indebtedness §311.011(c)(4)**

It is not initially anticipated that the Zone will issue bonded debt; instead the Zone’s projects will be funded on a pay-as-you-go basis or utilize other financing methods. However, if the annual Zone revenue and available non-bonded debt financing are insufficient to address the needs of the Zone, the Zone may issue bonded debt commensurate with the specific project costs under consideration and anticipated annual Zone revenues to support debt service payments.

### **Timing of Incurring Costs or Monetary Obligation §311.011(c)(5)**

Costs will be incurred over the life of the Zone based on its Board of Directors’ identification of priority activities and projects, opportunities for implementation, and available revenues to sustain a pay-as-you-go project expenditure approach or a bonded debt issuance.

### **Method of Financing and Sources of Revenue §311.011(c)(6)**

**Methods of financing.** The Zone will initially take a pay-as-you-go approach to financing projects that could utilize the following methods:

- Cash funds generated from existing property value increment,
- Short term anticipation notes or other debt issued by private financial institutions based on projected property tax increment to be generated from taxable development under construction at the time of debt issuance, and
- Developer cash reimbursement agreements where the revenues from the Zone’s property tax increment compensate a developer for fronting eligible expenditures in a specific taxable project after the project is completed.

If future Zone revenues to support debt service payments are anticipated, the Zone may also issue bonded debt, the term of which will not extend past the expected life of the Zone.

**Sources of revenue.** The primary source of revenue for the Zone will be funds from the contributed property tax collections of the City of Corpus Christi and Nueces County on the taxable property value increment within the Zone. It is currently projected that the County will agree to participate in funding the Zone with 100% of the incremental property taxes collected over the life of the Zone and that the City will participate in the funding of the Zone based on the table below. If the City reaches or exceeds \$25 million, then the City shall cease contributions to the increment.

- FOR DISCUSSION ONLY -

Taxing Entity	Maximum Dollar Contribution	Increment Percentage	Tax Year(s)
City of Corpus Christi	\$20,000,000	100%	2019 through 2028
		75%	2029 through 2038
Nueces County	None	100%	2019 through 2038

The assessed value base year for the City of Corpus Christi is 2019; the base year for Nueces County is also projected to be 2019. Based upon 2018 tax rates for each jurisdiction, the projection of incremental property tax revenue contributed to the Zone is as follows:

**Certified Appraised Values**

Base value is from 2019 (January 1, 2019) taxable appraised value. Values in future years are based on current development projections.

**Net Taxable Values from the Certified Roll 2019  
(\*with estimated development)**

Year		3%	Tax Revenue			Tax Increment		Total
Fiscal Year	Tax Year	Values	City	County	Total	City Scaled	County	County 100% City Scaled
FY 20	2019	60,689,500	392,214	189,101	581,316			
FY 21	2020	62,510,185	403,981	194,774	598,755	11,766	5,673	17,439
FY 22	2021	64,385,491	416,100	200,617	616,718	23,886	11,516	35,402
FY 23	2022*	140,317,055	906,819	437,211	1,344,030	495,216	248,110	743,326
FY 24	2023	144,526,567	934,023	450,327	1,384,351	521,839	261,226	803,035
FY 25	2024*	206,362,364	1,333,646	643,000	1,976,646	597,731	453,899	1,395,330
FY 26	2025	220,278,235	1,423,579	686,361	2,109,939	677,353	497,259	1,528,624
FY 27	2026	234,843,332	1,517,708	731,744	2,249,452	760,862	542,642	1,668,136
FY 28	2027	250,084,084	1,616,203	779,232	2,395,435	848,418	590,131	1,814,120
FY 29	2028	266,027,923	1,719,243	828,911	2,548,154	940,190	639,810	1,966,838
FY 30	2029	282,703,316	1,827,010	880,870	2,707,879	1,076,097	691,768	1,767,865
FY 31	2030	300,139,808	1,939,696	935,200	2,874,895	1,160,611	746,098	1,906,709
FY 32	2031	318,368,056	2,057,498	991,997	3,049,495	1,248,963	802,895	2,051,858
FY 33	2032	337,419,873	2,180,623	1,051,360	3,231,983	1,341,307	862,259	2,203,565
FY 34	2033	357,328,269	2,309,284	1,113,392	3,422,676	1,437,802	924,291	2,362,093
FY 35	2034	378,127,489	2,443,702	1,178,200	3,621,902	1,538,616	989,099	2,527,714
FY 36	2035	399,853,068	2,584,106	1,245,894	3,830,001	1,643,919	1,056,793	2,700,712
FY 37	2036	422,541,867	2,730,736	1,316,590	4,047,326	1,753,891	1,127,489	2,881,380
FY 38	2037	446,232,126	2,883,838	1,390,406	4,274,243	1,868,717	1,201,305	3,070,022
FY 39	2038	470,963,512	3,043,668	1,467,466	4,511,133	1,988,590	1,278,365	3,266,955
TOTALS			34,663,676	16,712,652	51,376,328	19,935,773	12,930,628	34,711,124

According to these projections, 53% of the tax increment revenues will come from the City of Corpus Christi and 47% will come from Nueces County. Revenue estimates will be monitored and adjusted annually.

- FOR DISCUSSION ONLY -

The 2019 tax rate applicable to the reinvestment zone is \$0.957852 (or approximately \$0.96) per \$100 of assessed valuation, broken down as follows:

City of Corpus Christi	0.646264
Nueces County	0.311588
Total	<u>0.957852</u>

Applying the 2019 tax rate of \$0.957852 per \$100 assessed valuation to the 2019 total certified roll taxable value of properties within the zone, property taxes of \$581,316 are generated. This amount produced from the tax increment base (or the “frozen base”) will continue to be allocated and paid to the taxing entities levying taxes in the zone area, based on their respective tax rates.

Zone property tax contributions from the participating tax jurisdictions could be supplemented with other sources of revenue as available. These could include but are not limited to:

- Grants from other local, state, and federal agencies;
- Grants from private entities such as foundations; and
- Joint implementation and funding agreements with other public agencies or private entities such as civic associations for specific projects.

### **Current Appraised Value §311.011(c)(7)**

According to the Nueces County Appraisal District, the 2019 certified roll total assessed value for the Zone as of July 26, 2019 is \$64,724,132.

Due to differences in policies regarding exemptions and tax abatements, the *net* taxable values differ among the two jurisdictions. According to the Nueces County Appraisal District, the 2019 certified roll net taxable value for the Zone as of July 26, 2019 is \$60,689,500 for the City of Corpus Christi and \$59,657,026 for Nueces County.

### **Estimated Captured Appraised Value §311.011(c)(8)**

The table above provides the projected schedule of taxable value increment captured by the Zone over its proposed 20-year duration. There is a column shown for each entity. Captured value projections assume a 3.0% annual value appreciation rate for existing development.

In year 2022, the development currently underway on North Beach, LaVista Pointe Apartments, will be complete with an estimated future property value increase of \$24 million. Additionally, there are other developments planned throughout the zone with a combined projected increase in value of \$124 million. Based on calculations in the TIRZ # 4 Feasibility Analysis, beginning in 2024 and continuing throughout the remaining life of the Zone, 22 apartment units valued at \$150,000 each and 12 condominium or townhome units valued at \$300,000 each, are projected to be added to the tax rolls each year. The per unit amounts are adjusted for inflation at 3% per year.

The tax increment is the amount of property taxes produced yearly during the term of the reinvestment zone on the captured appraised value. This value is the appraised value of taxable real property within the reinvestment zone which exceeds the tax increment base. The table above shows estimated TIRZ revenues over the 20 life of the zone to be as follows:

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City of Corpus Christi:	\$19,935,773
Nueces County:	<u>\$12,930,628</u>
Total	<u>\$34,711,124</u>

**Duration of the Zone §311.011(c)(9)**

The proposed duration of the Zone is twenty years from the time of its creation. Assuming creation in 2019, the Zone would expire after 2038.

City Council may, by ordinance, extend the length of the TIRZ to allow additional time to expend funds.

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## **Appendices**

**Appendix A – Financial Feasibility Analysis**

**Appendix B – Projection of New Development and Taxable Assessed Value**

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