



**AGENDA MEMORANDUM**  
First Reading Ordinance for the City Council Meeting of November 19, 2019  
Second Reading Ordinance for the City Council Meeting of December 10, 2019

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**DATE:** November 11, 2019

**TO:** Peter Zanoni, City Manager

**FROM:** Arlene Medrano, Business Liaison  
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Ordinance Appropriating \$2,884,815.66 from TIRZ #2 Fund and Amending the Budget in the amount of \$6,884,815.66

**CAPTION:**

Ordinance appropriating additional funds in the amount of \$2,884,815.66 from the Reinvestment Zone No. 2 Fund 1111 for construction of the Park Road 22 Bridge; transferring funds in the amount of \$6,884,815.66 from the Reinvestment Zone No. 2 Fund 1111 to the Capital Improvement Program Fund for the project; and amending the operating and capital budgets.

**SUMMARY:**

The purpose of this item is to appropriate additional funds in the amount of \$2,884,815.66 for the Park Road 22 Bridge project; to amend the Fiscal Year (FY) 2020 operating and capital budgets by \$2,884,815.66. This brings the total Tax Increment Reinvestment Zone (TIRZ) #2 contribution towards the construction of the Park Road 22 Bridge to \$6,884,815.66. This action transfers funds in the amount of \$6,884,815.66 from the Reinvestment Zone No., 2 Fund 1111 to the Capital Improvement Program (CIP) Fund for this project and is required in order to move forward with the construction of Park Road 22 Bridge per the City's agreement with a developer to build a third-party canal project in the vicinity of the bridge. The City's funds must be certified before the developer will begin construction of the canal, which is anticipated to take approximately 90 days to complete.

**BACKGROUND AND FINDINGS:**

On February 21, 2017, the TIRZ #2 Board met and approved an amendment to the Project & Financing Plan to use funds from TIRZ #2 to support the construction of two one-way bridges spanning Park Road 22. City Council approved this amendment on February 20, 2018. On April 23, 2019, the TIRZ #2 Board, the North Padre Island Development Corporation (NPIDC), and City Council approved the appropriation of \$4,000,000 of TIRZ #2 funds for the construction of Park Road 22 Bridge.

Diamond Beach Holdings, LLC (DBH) and Padre Island Holdings, LLC (PIH) are the current owners of land adjacent to the proposed location of the Park Road 22 Bridge. DBH and PIH are proposing to build a canal to create a water connection under the Park Road 22 Bridge and provide for connectivity from the existing canal system owned by the Padre Island Property Owners Association to the Packery Channel.

A developer agreement for Park Road 22 Bridge was approved by City Council on April 23, 2019. The agreement lays out the requirements for the proposed bridge and canal project, which requires the City to certify the availability of \$11,696,319.50 for the bridge and to award the construction contract for the bridge project after the canal is substantially completed. \$11,696,319.50 was the amount of the low bid when this project was previously bid by the City. The construction contract related to that bid was never awarded. The construction contract will be brought back to City Council for approval once the canal is substantially completed.

On October 30, 2019 the project was re-bid, and the lowest bid was \$13,943,536. The estimated budget shortfall is \$2,884,815.66.

The TIRZ #2 Board approved a Project Plan Amendment on November 12, 2019 and recommended City Council approval to increase the budget for the Park Road 22 Bridge by \$2,884,815.66, bringing the total TIRZ #2 contribution to the project to \$6,884,815.66 or approximately 50% of the total \$14M construction cost.

Below is timeline regarding Park Road 22 Bridge certification of additional funding.

November 12, 2019	TIRZ #2 Board Meeting 1. Resolution amending the TIRZ #2 Project & Financing Plan and recommending City Council approval. <b>Complete</b>
November 19, 2019	City Council 1. First Reading Ordinance Amending the TIRZ #2 Project & Financing Plan 2. First Reading Ordinance Appropriating \$6,884,815.66 and amending the FY 2020 Operating & Capital Budget
December 10, 2019	City Council 1. Second Reading Ordinance Amending the TIRZ #2 Project & Financing Plan 2. Second Reading Ordinance Appropriating \$6,884,815.66 and amending the FY 2020 Operating & Capital Budget
December 10, 2019	North Padre Island Development Corporation (NPIDC) 1. Motion approving the expenditure of up to \$6,884,815.66 for construction of Park Road 22 Bridge.

**ALTERNATIVES:**

An alternative to approving this appropriation and budget amendment is to terminate the Developer Agreement or incur additional debt specific for this use. However, this use is not consistent with the purpose of the TIRZ #2 Project and Financing Plan and is also not consistent with the Developer Agreement approved by City Council in April 2019.

**FISCAL IMPACT:**

The additional \$2,884,815.66 will come from the uncommitted fund balance in Reinvestment Zone No. 2 Fund 1111. Committing these funds will deplete the FY 2020 uncommitted fund balance in Fund 1111.

**Financial Detail:**

Fund:	1111- Reinvestment Zone Two (Island)
Organization/Activity:	
Mission Element:	717
Project # (CIP Only):	None
Account:	Fund Balance (uncommitted)

**RECOMMENDATION:**

City staff recommends approval of this appropriation and amendment. This use is consistent with the purpose of the TIRZ #2 Project and Financing Plan and is also consistent with the Developer Agreement approved by City Council in April 2019.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance