



## **AGENDA MEMORANDUM**

Action item for the Tax Increment Reinvestment Zone #2 Meeting of November 12, 2019

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**DATE:** November 7, 2019

**TO:** Board of Directors  
Tax Reinvestment Zone No. 2

**THROUGH:** Peter Zaroni, City Manager

**FROM:** Arlene Medrano, Business Liaison  
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Approving Amendments to the Island TIRZ #2 Project and Financing Plan
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### **CAPTION:**

Resolution recommending adoption of an amendment to the revised Project and Financing Plan for the Island Reinvestment Zone Number Two, Dated November 12, 2019.

### **SUMMARY:**

The purpose of this item is to amend the TIRZ #2 Project and Financing Plan to increase the Park Road (PR) 22 Bridge Project Cost by \$2,884,815.66 bringing the total TIRZ #2 contribution (Project Cost) towards the construction of the PR 22 Bridge to \$6,884,815.66.

### **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. In April 2019, the TIRZ #2 Board, the North Padre Island Development Corporation 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. That agreement lays out the requirements for the proposed bridge and canal project, which required 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 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.

This amendment dated November 12, 2019 will accomplish the following:

**1. Project #16- Park Road 22 Bridge**

Increase Project Cost 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.

In tandem with this TIRZ #2 Project Plan Amendment, the following actions must occur:

November 19, 2019	City Council 1. First Reading Ordinance Amending the TIRZ #2 Project & Financing Plan 2. First Reading Ordinance Appropriating \$2,884,815.66 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 \$2,884,815.66 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 would be to terminate the Developer Agreement or incur additional debt specific for this use. However, this use is consistent with the purpose of the TIRZ #2 and the Project and Financing Plan.

**FISCAL IMPACT:**

Of the additional \$2,884,815.66, \$2,265,848 will come from the uncommitted reserve fund balance in Fund 1111 – Reinvestment Zone No. 2. The remaining \$618,967 will temporarily be redirected from the Packery Channel Revetment Repair project, which will

rebound funding throughout the FY 2020 fiscal year as ad valorem revenues are collected. The Packery Channel Revetment Repair Project is not anticipated to utilize the full \$4,600,000 in FY 2020.

**FINANCIAL DETAIL:**

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

**RECOMMENDATION:**

City staff recommends approval of the resolution as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Resolution – TIRZ#2 Project and Financing Plan  
TIRZ #2 Project & Financing Plan (November 12, 2019 Update)  
Exhibit H