



**AGENDA MEMORANDUM**  
Corpus Christi Tax Increment Reinvestment Zone #4 Meeting November 12, 2019

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**DATE:** October 21, 2019

**TO:** Chairman and Honorable Board Members,  
Corpus Christi Tax Increment Reinvestment Zone #4

**THROUGH:** Peter Zanoni, City Manager

**FROM:** Arlene Medrano, Business Liaison  
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Motion approving the North Beach Tax Increment Reinvestment Zone (TIRZ #4) Project and Financing Plan and recommending City Council approval

**CAPTION:**

Motion approving the North Beach Tax Increment Reinvestment Zone (TIRZ #4) Project and Financing Plan and recommending City Council approval.

**SUMMARY:**

Per Texas Tax Code, the board of directors of a reinvestment zone shall make recommendations to the governing body of the municipality or county that created the zone concerning the administration of this chapter in the zone.

**BACKGROUND AND FINDINGS:**

The board of directors of a reinvestment zone shall prepare and adopt a project plan and a reinvestment zone financing plan for the zone and submit the plans to the governing body of the municipality or county that designated the zone.

An ordinance pertaining to North Beach designating a 1,423 acre area within the jurisdiction of the City of Corpus Christi Tax Increment Reinvestment Zone (TIRZ) Number 4; and, establishing a *Preliminary* Project and Financing Plan is scheduled to be considered by City Council on November 12, 2019.

Chapter 311.004 of the Tax Code requires the following for Project and Financing Plans for a Tax Increment Reinvestment Zone:

**The project plan must include:**

- (1) a description and map showing existing uses and conditions of real property in the zone and proposed uses of that property;
- (2) proposed changes of zoning ordinances, the master plan of the municipality, building codes, other municipal ordinances, and subdivision rules and regulations, if any, of the county, if applicable;
- (3) a list of estimated nonproject costs; and
- (4) a statement of a method of relocating persons to be displaced, if any, as a result of implementing the plan.

**The reinvestment zone financing plan must include:**

- (1) a detailed list describing the estimated project costs of the zone, including administrative expenses;
- (2) a statement listing the proposed kind, number, and location of all public works or public improvements to be financed by the zone;
- (3) a finding that the plan is economically feasible and an economic feasibility study;
- (4) the estimated amount of bonded indebtedness to be incurred;
- (5) the estimated time when related costs or monetary obligations are to be incurred;
- (6) a description of the methods of financing all estimated project costs and the expected sources of revenue to finance or pay project costs, including the percentage of tax increment to be derived from the property taxes of each taxing unit anticipated to contribute tax increment to the zone that levies taxes on real property in the zone;
- (7) the current total appraised value of taxable real property in the zone;
- (8) the estimated captured appraised value of the zone during each year of its existence; and
- (9) the duration of the zone.

The Project and Financing Plan will have 4 major Project Areas:

- |                             |              |
|-----------------------------|--------------|
| 1. Infrastructure Projects: | \$14,665,943 |
| 2. Maintenance Projects:    | \$1,587,681  |
| 3. Incentives:              | \$13,250,000 |
| 4. Administrative Costs:    | \$2,250,000  |

The City will participate at 100% for the first 10 years and at 75% for the following 10 years. At no time will the City's contributions exceed \$20,000,000. The Reinvestment Zone Financing Plan provides that portions of the ad valorem taxes of the City constituting its tax increment are to be deposited into the Tax Increment Fund created by this Ordinance, and that ad valorem taxes of the other taxing units constituting their respective tax increments may also be utilized for the purposes described in the Financing Plan in accordance with agreement from those other taxing entities to contribute said increment.

See table below:

City's Ad Valorem Increment Percentage	Tax Year(s)
100%	2019 through 2028
75%	2029 through 2038

On July 10, 2019, the Nueces County Commissioners Court passed a Resolution supporting the City in its efforts to establish a TIRZ at North Beach. The County Commissioners approved an Interlocal Agreement on November 6, 2019 and will be considered by the City Council on November 12, 2019. The County will participate at 100% for the full length of the TIRZ.

Furthermore, Del Mar College staff are currently preparing a financial policy that will provide a road map for how the college responds to requests for TIRZ participation. This policy will be presented to the Del Mar Board of Regents on November 12, 2019. After adoption of a policy, Del Mar College Board and Executive Leadership will be prepared to evaluate participation in TIRZ #4.

The North Beach area substantially arrests or impairs the sound growth of the City and has been found to be in state of deferred infrastructure. Tourism and convention business is of extreme importance to the Corpus Christi economy, and the area within the proposed district has tremendous, unrealized potential to support tourist and convention facilities as the area includes some of the biggest tourist attractions in Corpus Christi, including the Texas State Aquarium and the USS Lexington. It is essential that this presently under-developed area be fully developed to encourage tourism to continue in the area.

In relation to the two other TIRZ's in Corpus Christi, TIRZ 2 on the Island and TIRZ 3 Downtown, this proposed TIRZ 4 at North Beach has significantly less property value and has seen little to no development over the past decade.

	TIRZ 2 (estb. 2000)	TIRZ 3 (estb. 2008)	TIRZ 4
2019 Net Taxable Value	513,369,642	439,524,182	60,689,500

Significant contributions to the TIRZ will only occur if increases to property values occur at North Beach which would be spurred by new development or enhancements to existing property.

By improving and maintaining public spaces with a high level of service, plus increasing density, 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.

#### **ALTERNATIVES:**

An alternative to approving the Project and Financing Plans would be to request that changes are made to the Plans and brought back to the Board for consideration at a later date.

#### **FISCAL IMPACT:**

The fiscal impact of the recommended North Beach Project and Financing Plan is \$31,753,624 over 20 years. The breakdown is as follows:

City of Corpus Christi:	\$19,924,084
Nueces County:	\$11,829,540

#### **Funding Detail:**

Fund:	N/A
Organization/Activity:	N/A
Mission Element:	N/A
Project # (CIP Only):	N/A
Account:	N/A

#### **RECOMMENDATION:**

The board of directors of a reinvestment zone shall prepare and adopt a project plan and a reinvestment zone financing plan for the zone and submit the plans to the governing body of the

municipality or county that designated the zone.

Staff recommends approval of the motion approving the North Beach Tax Increment Reinvestment Zone (TIRZ #4) Project and Financing Plan and recommending City Council approval. If the motion is approved, City Council will consider the final Project and Financing Plan at the November 19, 2019 City Council meeting.

**LIST OF SUPPORTING DOCUMENTS:**

North Beach TIRZ #4 Project and Financing Plan