



AGENDA MEMORANDUM
Corpus Christi Tax Increment Reinvestment Zone #4 Meeting December 17, 2019

DATE: December 12, 2019

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

THROUGH: Peter Zanoni, City Manager

FROM: Arlene Medrano, Business Liaison
arlenem@cctexas.com
361-826-3356

Approving Amendment to the Tax Increment Reinvestment Zone #4 Project & Financing Plan

CAPTION:

Motion approving the amendments to the Tax Increment Reinvestment Zone #4 Amended Project & Financing Plans approved by the Board of Directors of Reinvestment Zone Number Four, Corpus Christi, Texas, regarding additional ad valorem property values within the zone, and other matters relating thereto.

SUMMARY:

On November 21, 2019 staff was informed of additional properties within the TIRZ #4 that were not included in the initial adoption of the plans. As such, amendments must be made to reflect additional properties valued at \$44.1 million, and staff recommends amending the project and financing plan.

Per Chapter 311.011 of Tax Code, Project and Financing Plans and amendments to the plans must be adopted by the Board and by the City Council via Ordinance. Because this amendment increases the total estimated projects costs, the approval must be adopted after a public hearing, which has been posted.

BACKGROUND AND FINDINGS:

The Nueces County Appraisal District (NCAD) mapping system does not display condominium buildings. Therefore, five condominium buildings were inadvertently left out of the 2019 certified totals report:

1. [Geo 0941] 4242 Gulfbreeze Boulevard (The Breakers Condo) 54 units
2. [Geo 9019] 3938 Surfside (Villa Del Sol Condo) 412 units
3. [Geo 4220] 4000 Surfside (Las Brisas Condo) 81 units
4. [Geo 0545] 202 Reef (Beach Place Condo) 38 units
5. [Geo 0541] 4601 Gulfbreeze (Beachcomber Cottages Townhomes) 5 units

The total value of these 5 condominium properties is approximately \$41,327,319 for 590 individual condominiums. There were additional submerged parcels, non-taxable parcels, and County-only parcels that were not included and which total \$2.8 million. Total additional value is \$44.1 million.

There will be an increase of \$285,467 to the City's base value revenue, the amount of ad valorem that goes to the General Fund every year. See Table 1 below:

Table 1. Changes to Base Value

	Fiscal Year	Tax Year	Net Taxable Values (\$)	City Base Revenue (\$)	County Base Revenue (\$)	Total Base Values (\$)
Adopted	FY 2020	2019	60,689,500	392,214	189,101	581,316
Amendment	FY 2020	2019	104,861,392	677,681	326,736	1,004,417
Difference			44,171,892	285,467	137,635	423,101

The net taxable value within the TIRZ #4 will increase by \$44.1 million from approximately \$60 million to \$105 million. Due to projected growth and the additional values, this increase is projected to add \$2.5 million to the TIRZ #4 increment over the next 20 years, or \$126,000 per year. See Table 2 below:

Table 2. Changes to TIRZ #4 Increment

	Net Taxable Values (\$)	Estimated Development (\$)	Increment Projection (\$)
Adopted	60,689,500	105,000,000	31,753,624
Amendment	104,861,392	105,000,000	34,274,645
Difference	44,171,892	0	2,521,021

Due to the increase in projected TIRZ #4 increment revenue in the amount of \$2,521,021, staff proposes increasing three of the four major project areas accordingly. Because the Zone will contribute 5% of the total incremental ad valorem to Maintenance Projects, that budget is increased to reflect 5% of the new projected 20-year total. There will be no changes to the Administrative Costs Project. Because Infrastructure Projects represent 46% of the total projected increment value, that Project grouping will be increased proportionately to the remaining balance. The same logic will apply to the increase of the Incentives Projects at 42% proportionate increase to the balance of the increase in projected increment.

Table 3. Project Cost Amendments

Project Areas	Adopted Estimated Costs (\$)	Percentage of Total	Proposed Estimated Costs (\$)	Percentage of Total	Difference (\$)
Infrastructure Projects	14,665,943	46.19%	15,919,636	46.45%	1,253,693
Maintenance Projects	1,587,681	5.00%	1,713,732	5.00%	126,051
Incentives	13,250,000	41.73%	14,391,277	41.99%	1,141,277
Administrative Costs	2,250,000	7.09%	2,250,000	6.56%	0
Total	31,753,624	100.00%	34,274,645	100.00%	2,521,021

ALTERNATIVES:

The Board could choose not to accept these revisions or alter the revisions to the project and financing plan. However, not adopting revisions would mean not recognizing the additional property value in the project and plan.

FISCAL IMPACT:

The fiscal impact of this amendment to the Project and Financing Plans would be as follows:

- Estimated 20-year TIRZ #4 increment revenue increase of \$2,521,021 with a projected total project cost increase of the same amount.

Funding Detail:

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

RECOMMENDATION:

Staff recommends approval of the ordinance amending the Reinvestment Zone Number 4 Project and Financing Plans. On November 21, 2019 staff was informed of additional properties within the TIRZ #4 that were not included in the initial adoption of the plans. As such, amendments must be made to reflect additional properties valued at \$44.1 million and staff recommends amending the project and financing plan.

Per Chapter 311.011 of Tax Code, Project and Financing Plans and amendments to the plans must be adopted by the Board and by the City Council via Ordinance. Because this amendment increases the total estimated projects costs, the approval must be adopted after a public hearing, which has been posted.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Amended Project and Financing Plan