



AGENDA MEMORANDUM

Corpus Christi Tax Increment Reinvestment Zone #3 Meeting March 24, 2020

DATE: March 4, 2020

TO: Peter Zaroni, City Manager

FROM: Alyssa Barrera Mason, Executive Director, CCDMD
Alyssa@cctexasdmd.com
(361) 882-2363

Jason Alaniz, Real Estate & Main Street Manager, CCDMD
Jason@cctexasdmd.com
(361) 882-2363

| |
|--|
| <p>Approval of TIRZ #3 Reimbursement Request for Shoreline Hospitality, LP at 309 S Shoreline Blvd.</p> |
|--|

CAPTION:

Motion to approve a reimbursement request with Shoreline Hospitality, LP under the Downtown Development Reimbursement Agreement for 309 S Shoreline Blvd. and authorizing a reimbursement of 75% of the annual property taxes paid on the improvements to TIRZ #3, up to the cap of 10 years and not to exceed \$940,000.

SUMMARY:

This motion authorizes payment per the Reimbursement Agreement under the Project Specific Development Program. This project was a new construction build that activated a vacant lot located at 309 S Shoreline Blvd. to serve as a Marriott Residence Inn, an extended stay 5-story 110 room hotel. The incentive consists of an annual reimbursement for up to a ten-year period or expiration of the TIRZ (whichever occurs first) up to 75% of the property taxes paid on the improvements to the participating taxing entities in the TIRZ #3. Once \$940,000 is reimbursed or the reimbursement period ends, whichever occurs first, no further incentive payments or obligations will be made to Shoreline Hospitality, LP.

BACKGROUND AND FINDINGS:

On November 11, 2016, the TIRZ #3 Board approved a Downtown Development Reimbursement Agreement with Shoreline Hospitality, LP located at 309 S Shoreline Blvd. The project fit the criteria for the Project Specific Development Program which was created to encourage specific types of developments, key to our community's long-term goal of Downtown Revitalization. The project consisted of a new construction build that activated a vacant lot. It opened in October 2019.

Shoreline Hospitality, LP built a Marriott Residence Inn Hotel, an extended stay hotel, consisting of five stories and 110 rooms across Water's Edge Park on decades old unimproved land. The property features include on-site parking with unique blue lighting, swimming pool, fitness center, bar, glass canopy at the main entrance, and roof-top viewing deck. The structure is steel and concrete to increase the longevity and durability of this waterfront building. Total project amount was approximately \$15 Million.

Marriott Residence Inn received their Temporary Certificate of Occupancy (TCO) on August 28, 2019 which allowed for occupancy. As required by the Agreement, as amended, all of the required improvements were completed by November 30, 2019. They received their final Certificate of Occupancy (CO) on December 31, 2019. The hotel opened in October 2019.

ALTERNATIVES:

The Board could not approve this agreement and request additional information from the Developer. Any changes to the reimbursement amount or reimbursement period would require an agreed upon contract amendment with Shoreline Hospitality, LP. This action is not anticipated and unlikely.

FINANCIAL IMPACT:

The funding source for this project is from the TIRZ #3 Project Specific Development Program. The funds for this program are from a reimbursement on taxes paid by the property owner on an annual basis. If the developer fails to pay the required taxes on the property or files an appeal to the Nueces County Appraisal District or any state or federal court of the assessed value of the Property for ad valorem tax purposes, the City and TIRZ #3 shall be under no obligation to make any payments under this agreement until such time as the appeal is resolved and all taxes are paid in full. Any late fees, fines, or interest assessed as a result of the failure to pay taxes or the appeal process shall not be reimbursed to the Developer under this agreement. Reimbursement is limited to the actual amount of property tax paid on the Improvements. Below is an approximate timeline for reimbursement process:

- CO Received in 2019 (tax year 2019)
- Reimbursements will begin the year after the developer receives CO (tax year 2020)
- Valuations complete in July 2020
- Bills sent in October 2020
- Tax Payments due by January 31, 2021
- TIRZ #3 will budget first reimbursement in the 2021 fiscal year based on the July 2020 valuations.
- TIRZ #3 will budget subsequent payments in each fiscal year to the extent provided in the agreement.

Funding Detail:

Fund: 1112 – TIRZ #3
Organization/Activity: 10279 – Project Specific
Mission Element: 707 – Economic Development
Project # (CIP Only): N/A
Account: 540140 – Reimbursement to Developers

RECOMMENDATION:

Per the service agreement, DMD staff has completed a compliance performance audit in accordance to the Reimbursement Agreement, Section 2. DMD staff has confirmed completion of the project as stated in the Reimbursement Agreement. As a result, staff recommends approving the agreement.

LIST OF SUPPORTING DOCUMENTS:

Reimbursement Request – Shoreline Hospitality, LP

Certificate of Occupancy

PowerPoint – Marriott Residence Inn