



## **AGENDA MEMORANDUM**

Public Hearing & First Reading Ordinance City Council Meeting August 11, 2020

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**DATE:** July 31, 2020

**TO:** Peter Zaroni, City Manager

**THROUGH:** Steven Viera, Assistant City Manager  
Constance P. Sanchez, CFO

**FROM:** Heather Hurlbert, Director of Finance and Business Analysis  
[heatherh3@cctexas.com](mailto:heatherh3@cctexas.com)  
(361) 826-3227

<p><b>Ordinance designating a Reinvestment Zone Number Five on the southwest corner of South Padre Island Drive and Crosstown Expressway</b></p>
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### **CAPTION:**

Ordinance designating 258.9 acres within the jurisdiction of the City of Corpus Christi as a Tax Increment Financing District to be known as "Reinvestment Zone Number Five, City Of Corpus Christi, Texas" pursuant to petition by owners of Crosstown Commons subdivision; setting a maximum City financial participation of 75% over 20 years and a maximum contribution of \$9,000,000; and establishing a Board of Directors for the Reinvestment Zone.

### **SUMMARY:**

Per Tax Code 311.011(e), this Ordinance and public hearing will designate the reinvestment zone for tax increment financing purposes and create the Board of Directors for the reinvestment zone. Staff has prepared a preliminary reinvestment zone project and financing plan, a copy of which is attached to and incorporated into this ordinance as Exhibit C.

### **BACKGROUND:**

On July 14, 2020, a presentation was made to the City Council that provided an overview of the developer-petitioned Tax Increment Reinvestment Zone (TIRZ) (Ch 311 Tax Code) for developer reimbursement of street, sewer, stormwater and water infrastructure and development and subsequent maintenance of a 10-acre park. The proposed development will have 999 multi-family units, 777 townhomes, and 450,000 sq./ft of commercial space. The proposed 258.9-acre development is located on the southwest corner of South Padre Island Drive (SPID) and Crosstown Expressway and is currently used primarily for agricultural purposes. The reimbursement of the infrastructure costs will be from 75% of the ad valorem taxes (excluding the City's 2+2+2 residential street tax) generated by the increment above the base value of \$825,943 for the 258.9 acres. The TIRZ will exist until the infrastructure costs are reimbursed in an amount not to exceed \$17,000,000 to the developer or a maximum of 20 years, whichever is less.

In addition to the City, Nueces County and Del Mar College are being asked to participate in the

Reinvestment Zone. The Developer will be meeting with these entities and if they decide to participate, the City will enter into an interlocal agreement with each entity.

**Board Appointments:**

As per the Tax Increment Financing Act, Chapter 311, of Texas Tax Code ("Act"), the Board members for TIRZ #5 will consist of:

- One representative appointed by each participating taxing entity other than the City
- A member of the State Senate and a member of the State House of Representatives in whose district the zone is located or their designee
- Up to five landowners, or their agent, as appointed by City Council

All members appointed by the Board must meet eligibility requirements as set forth in the Act.

**ALTERNATIVES:**

N/A

**FISCAL IMPACT:**

The fiscal impact of the recommended SPID & Crosstown TIRZ would be as follows:

- An estimated \$320 million of commercial and residential development in land that is currently used for agricultural purposes
- Reimbursements to the developer for street, sewer, stormwater and water infrastructure and development and subsequent maintenance of a 10-acre park from the City's ad valorem taxes generated from the increment above the current base value;
- 20 years of participation at 75% of the ad valorem taxes generated from the increment above the current base value excluding the City's 2+2+2 residential street tax
- The reimbursement to the developer will not exceed \$17,000,000 and the City's contribution to the TIRZ will not exceed \$9,000,000.

**Funding Detail:**

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

**RECOMMENDATION:**

Recommend approval of the creation of the Reinvestment Zone Number Five.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance with Exhibits  
TIRZ #5 Buildout Schedule  
TIRZ #5 Increment Summary