



AGENDA MEMORANDUM

Corpus Christi Tax Increment Reinvestment Zone #3 Meeting September 30, 2020

DATE: September 11, 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

Approval of 1st Amendment TIRZ #3 Reimbursement Agreement for Dusty's Taco Shop at 322 N Chaparral

CAPTION:

Motion approving Amendment No. 1 to the Downtown Development Reimbursement Agreement for Americano Properties, LLC for Dusty's Taco Bar, located at 322 N Chaparral, which increases the total incentive, previously set at \$30,000, by an amount not to exceed \$11,500 for a total incentive amount not to exceed \$41,500 and provides a twelve-month extension to the deadline to complete construction from September 30, 2020 to September 30, 2021, effective upon signature by the City Manager or designee.

SUMMARY:

This motion authorizes an extension of the completion date requirement for Americano Properties, LLC, and assists with asbestos remediation costs identified through the process. This project consists of the following improvements:

- Demo interior
- Reinforce framing, install drywall, paint
- Electrical work
- Plumbing re-route
- Repair concrete floors
- New roof and insulation
- Repair interior stairwell
- Asbestos remediation (NEW)

The Developer has installed a new roof and HVAC system. The construction cost was originally estimated at \$60,000 which does not include an additional \$40,000 in tenant improvements, furniture, fixtures, and equipment.

BACKGROUND AND FINDINGS:

On October 15, 2019, the Board approved a Downtown Development Reimbursement Agreement with Americano Properties located at 322 N Chaparral Street St. The project fit the criteria for the Chaparral Street Property Improvement Grant Program, which assists property owners converting vacant space to tenant-ready or owner-occupied space for new businesses on Chaparral Street.

This developer, Dusty Oliveira, is also the owner of Americano Properties project located at 415-419 Peoples Street. After stabilizing roof and HVAC, his construction crew was set to start on the interior of this project once the work at his other project was nearing completion - in the Spring of 2020. Due to COVID 19, the restaurant concept became less appealing and Mr. Oliveira's regular income stream – live music performance – was suspended. When asbestos was discovered in the building at a \$23,000 mitigation cost, it became clear the project would need an extension and further assistance.

We are recommending an increase in the incentive amount from \$30,000 to \$41,500 which will provide for reimbursement of one-half of the asbestos remediation. Additionally, a twelve-month extension is recommended in order to re-assess the significant shift in the restaurant market. If or when a "new normal" is established, then he will continue the project as-is, pivot into another business model, or disposition of the property as a last resort.

ALTERNATIVES:

The Board could not approve this amendment, modify the performance deadline, or reduce the reimbursement amount.

FINANCIAL IMPACT:

The funding source for this project is from the TIRZ #3 Chaparral Street Property Improvement Grant FY20. The budget for this program is \$200,000 with a balance of \$80,000. By increasing the incentive value to \$41,500 the new balance will be \$68,500.

Funding Detail:

Fund: 1112 – TIF #3
Organization/Activity: 10276 – Chaparral Street Property Improvement Grant
Mission Element: 707 - Economic Development
Project # (CIP Only): N/A
Account: 540450 – Reimbursement to Developers

RECOMMENDATION:

Staff recommends approving the amendment to the Agreement by extending the completion date for this project by twelve-months and increasing the incentive value to \$41,500. This property is a targeted vacant building that sits on our main street, Chapparral. Once renovated and occupied, this property will add to storefront activation of Chaparral Street which is a necessary achievement of revitalization.

LIST OF SUPPORTING DOCUMENTS:

Letter Requesting Extension – Dusty's Taco Shop
Amendment No. 1 Downtown Development Reimbursement Agreement – Dusty's Taco Shop