



AGENDA MEMORANDUM

Action item for the City Council Meeting October 27, 2020

DATE: October 19, 2020

TO: Peter Zanoni, City Manager

FROM: Randy Almaguer, Senior Management Analyst
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Approving the Tax Increment Reinvestment Zone #5 Project & Financing Plan approved by the Board of Directors of Reinvestment Zone Number Five, City of Corpus Christi, Texas

CAPTION:

One-reading Ordinance Approving the Tax Increment Reinvestment Zone Number 5 Project & Financing Plans approved by the Board of Directors of Reinvestment Zone Number Five, City of Corpus Christi, Texas.

SUMMARY:

Per Texas Tax Code, the Board of Directors of a reinvestment zone recommends the project plan and finance plan to the governing body of the municipality or county that created the zone.

BACKGROUND AND FINDINGS:

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

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.

Project Plan:

The purpose of the TIRZ #5 is to finance the construction of public facilities and infrastructure necessary to stimulate residential and commercial development within the zone boundaries. Developer reimbursement will include street, sewer, stormwater, water infrastructure and development and subsequent maintenance of a ten-acre park.

The Project will be a master planned development that will include the construction of public infrastructure to support the development of 777 townhomes, 999 multifamily units, and 450,000 square feet of commercial space. The commercial space will be located as follows: 275,000 square feet within the BoCo master planned community and 175,000 square feet on the Ayers tract.

The area within the zone qualifies for a TIRZ because it suffers from economic stagnation, inadequate infrastructure, inadequate sidewalks, and street layout. Without intervention by the public sector, private market forces will not be sufficient to generate significant development and redevelopment. These conditions meet the criteria of the Tax Code of the State of Texas, Chapter 311, Section 005 for reinvestment zone designation.

Finance Plan:

The reimbursement of the infrastructure costs will be from the ad valorem taxes generated by the increment above the base value of approximately 261.6 acres. The TIRZ will exist until the infrastructure costs are reimbursed in full to the developer, the TIRZ collects \$17,000,000 or a maximum of 20 years, whichever is less. The base year will be the values as of tax year 2020 and the total TIRZ contributions will not exceed \$17,000,000.

The taxable value added after 20 years is estimated at \$320,000,000. The following taxing jurisdictions will contribute to the TIRZ as detailed below.

Taxing Entity	Maximum Dollar Contribution	Increment Percentage	Tax Years

City of Corpus Christi	\$9,000,000	75%*	2020-2039
Nueces County	None	75%	2020-2039
Del Mar College	\$4,000,000	75%	2020-2039

*Excluding the residential street portion of the tax rate which is currently four cents.

The developer will be reimbursed for infrastructure from revenue generated by the increment over the base year. The amounts for each phase will be reimbursed after the infrastructure is completed and accepted by the City.

October 20, 2020- the Board of Directors of the Reinvestment Zone Number Five, City of Corpus Christi, Texas approved the Project Plan and Reinvestment Zone Financing Plan (the "Plan") and recommended that City Council approve the Plan.

ALTERNATIVES:

An alternative to approving the Project and Financing Plan 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 impact of the Bohemian Colony Project and Financing Plan is that the Developer is eligible to be reimbursed for the cost of the projects listed in the Project Plan in an amount not to exceed \$17,000,000 over 20 years after the payment of annual amounts for TIRZ administration and maintenance of the park once developed. The City's contribution is limited to \$9,000,000 over the life of the TIRZ.

Funding Detail:

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

RECOMMENDATION:

Staff recommends the approval of this ordinance, approving Bohemian Colony Tax Increment Reinvestment Zone (TIRZ #5) Project and Financing Plan which was approved by the TIRZ #5 Board on October 20, 2020.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
TIRZ #5 Project and Financing Plan