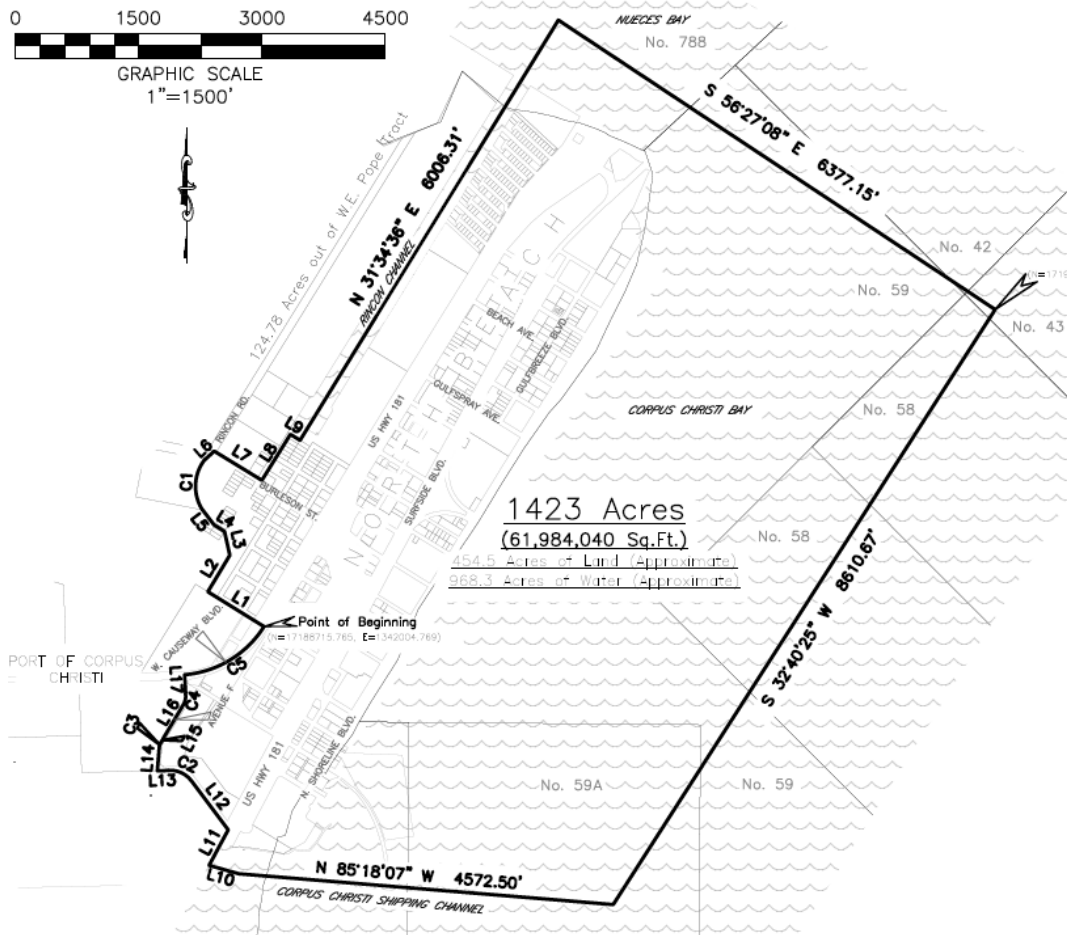


REINVESTMENT ZONE PROJECT PLAN AND FINANCING PLAN Tax Increment Reinvestment Zone #4 NORTH BEACH, CORPUS CHRISTI, TEXAS



~~December 2019~~ March 2020

~~December 9, 2019~~ March 17, 2020

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INTRODUCTION

The City of Corpus Christi is proposing to create a Tax Increment Reinvestment Zone or TIRZ (hereafter referred to as the “Zone”) over a portion of the city that includes the city’s North Beach area along the Bayfront from the Rincon Channel at the north end, south to the USS Lexington, adjacent to the Texas State Aquarium, and west to the Port of Corpus Christi.

Criteria for Zone Creation

The area within the Zone qualifies for a TIRZ because it suffers from economic stagnation, inadequate infrastructure, and deteriorating properties. Without intervention by the public sector, private market forces will not be sufficient to generate significant development and redevelopment. Conditions meeting the criteria of the Tax Code of the State of Texas, Chapter 311, Section 005 for reinvestment zone designation include:

- A substantial number of substandard, slum, deteriorated, or deteriorating structures;
- The predominance of defective or inadequate sidewalk or street layout;
- Unsanitary or unsafe conditions;
- The deterioration of site or other improvements; and
- Conditions that endanger life or property by fire or other cause.

According to the language of Chapter 311, these conditions must “substantially arrest or impair the sound growth of the municipality or county creating the zone, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition and use.” The existing conditions in the North Beach area of Corpus Christi hamper investment in residential, retail and hospitality-related property improvements, as outlined in the portions of the Downtown Area Development Plan (DAPD) Residential Market Analysis relevant to North Beach. The conditions outlined above will not be overcome or corrected without significant intervention and assistance from the public sector, therefore satisfying the general criteria for creation of the Zone.

Vision for North Beach

Over 800,000 people visit the Texas State Aquarium and USS Lexington on North Beach each year. Each of those visitors drives through areas with frequent flooding and blighted as well as vacant properties. Corpus Christi's first impression to over 800,000 people each year is largely a pathway of deferred maintenance, disrepair, and unimproved properties on the way to the beautifully maintained and exciting Texas State Aquarium and USS Lexington.

In recent years, the new Harbor Bridge construction has changed the entrance and exit ramps to and from North Beach. These changes will have an enormous impact on access to and from North Beach and its ability to remain the most visited location in all of the Coastal Bend area. The completion of the Harbor Bridge, and demolition of the old bridge, will spur new opportunities for North Beach revitalization. The proposed Zone can directly aid in the realization of this vision while addressing the deficiencies and challenges outlined above.

The North Beach Area should have very well maintained infrastructure and public spaces including medians, right of ways, beaches and parks. The North Beach TIRZ could participate in contributing to a high level of proactive maintenance ensuring a clean residential, commercial and tourist community.

Anticipated Zone Role in North Beach Improvements

The DAPD Analysis of Residential Market Potential, the 2011 North Beach Development Plan and the 2018 North Beach Redevelopment Area Specific Plan indicate the nature of the intervention and assistance needed to spur economic growth in different areas of the Zone. Flooding, vacant properties, the aging of existing development, inadequate public infrastructure and facilities together depress the viability of new development and redevelopment in North Beach. However, continued investment by the Texas State Aquarium, changes brought by the new Harbor Bridge, new multi-family construction, new single-family homes, and the City's commitment to solving flooding issues and to make public amenity improvements are a positive indicator for North Beach.

The primary functions of the zone will be to support:

- Infrastructure Projects
- Maintenance Projects
- Development Incentives
- Administration of the Zone

The zone is expected to be one of a variety of planned funding sources and programs that will be acting in concert to accomplish a transformed public environment in North Beach. By improving and maintaining public spaces with a high level of service, plus increasing density through parking structure, the zone and the other projects will encourage the development of new land uses and the redevelopment or rehabilitation of existing uses. The intended result is that North Beach will become a vibrant and economically vibrant urban waterfront district with a variety of tourist, entertainment, residential, retail, and lodging uses, sending a strong first impression to nearly one million annual visitors to Corpus Christi.

PROJECT PLAN

Existing Uses and Conditions / Boundaries §311.011(b)(1)

The Zone includes approximately 1,423 acres (454.5 Acres of Land; 968.3 Acres of Water) wholly within the City of Corpus Christi. Its boundaries encompass all of the North Beach area east of the Port of Corpus Christi land, as shown in **Exhibit A**. A variety of land uses, shown in maps in **Exhibit B** and described generally below, are present within the proposed TIRZ. A legal description of the Zone is given in **Exhibit C**.

The Texas State Aquarium and the USS Lexington, in the southern area of North Beach, draw more than 800,000 tourists and visitors annually, combined. Removing the Burleson exit leaves only one northbound exit from the new Harbor Bridge, impacting accessibility to these two heavily visited attractions.

To the north, the zone transitions to an area of tourist retail, restaurants, hotels, vacant buildings and unimproved land. The beach runs along the eastern portion of the zone. Further north along the beach are multi-story condominiums, city owned Surfside Park, a small number of single-family homes, and a popular city park, Dolphin Park. If funding is determined to be appropriate and TIRZ and City Council choose to fund them, the off shore area allows for the potential inclusion of breakwater barriers.

Central North Beach has a linear right of way, formerly a rail easement, owned by the City of Corpus Christi. Timon and Surfside Boulevards run along its edges, acting as a main thoroughfare through North Beach. This right of way is the location of a proposed drainage solution, a canal to mitigate flooding. This North Beach drainage solution could potentially improve stormwater flow on the peninsula. Residents in the northwest portion of North Beach often experience difficulty making the turnaround at the north end of North Beach under the causeway due to flooding.

The new Harbor Bridge, TxDOT and the Port of Corpus Christi border the zone to the west.

Exhibit A - Zone Boundaries



Exhibit B.1: Existing Uses Throughout the Zone

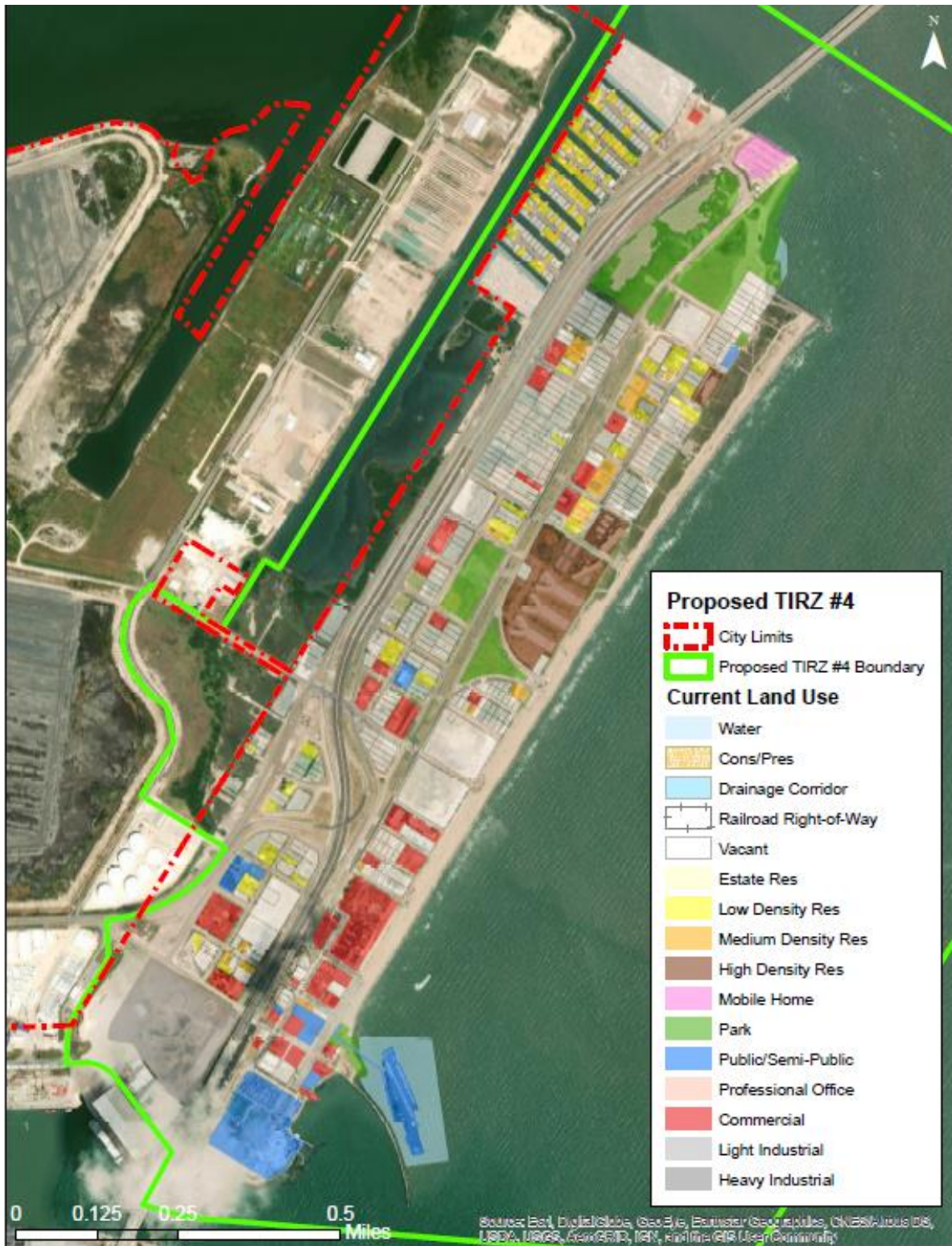


Exhibit B.2 Criteria for the Zone

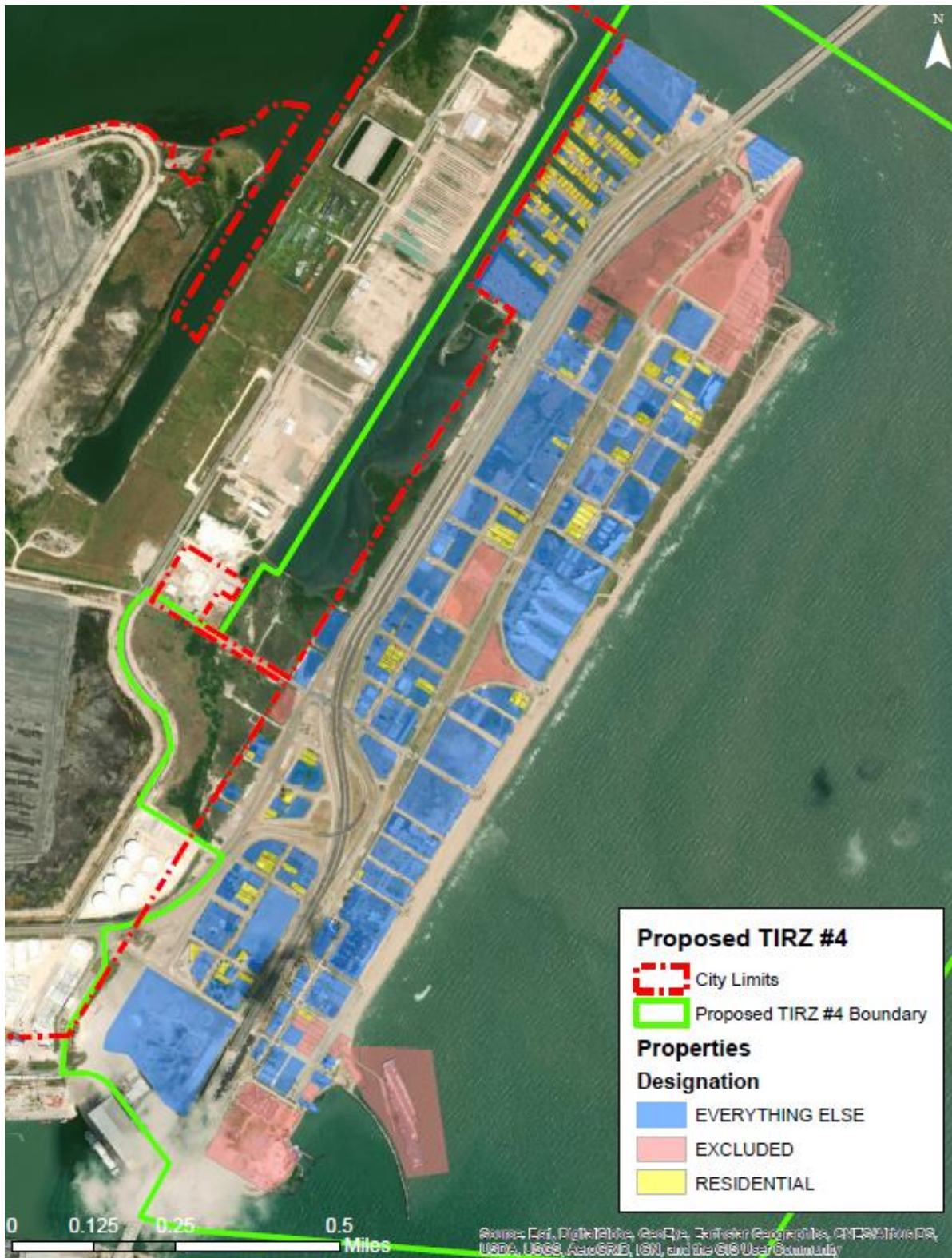


Exhibit B.3 Parcels

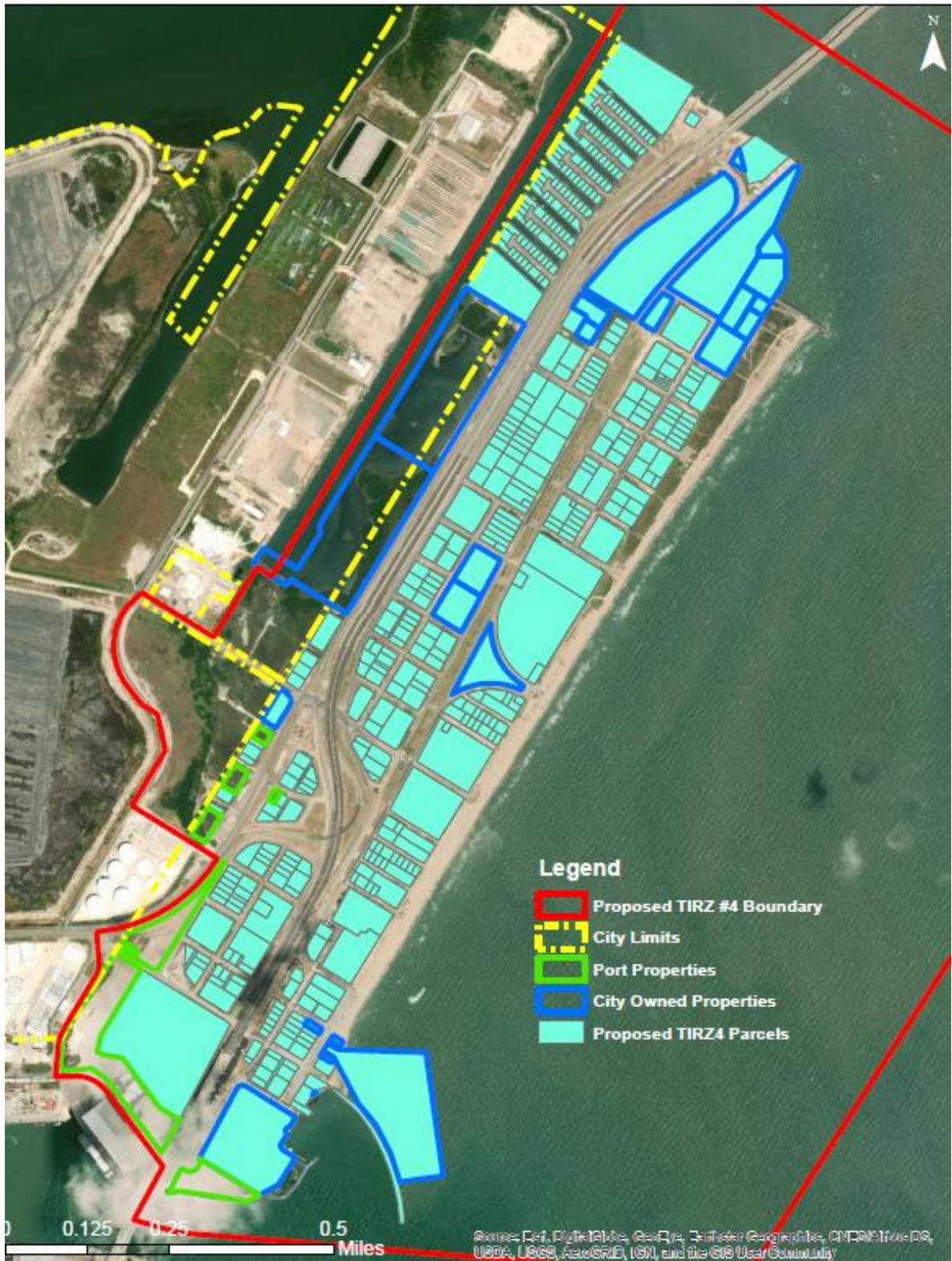


Exhibit C - Legal Description of the Zone



Job No. 43201.B9.08
August 26, 2019

Exhibit A
1,423 Acre
North Beach Tax Increment Reinvestment Zone (TIRZ)

STATE OF TEXAS
COUNTY OF NUECES

Fieldnotes, for a 1,423 Acre Tract of Land (Not based on an on the ground Survey), situated between the Corpus Christi Shipping Channel and Nueces Bay, over and across a portion of land commonly known as North Beach, Corpus Christi Bay, Nueces Bay, Rincon Channel and Corpus Christi Shipping Channel in Nueces County, Texas; the said 1,423 Acre Tract being more fully described as follows:

Beginning, at a point with a Northing of 17188715.765 and an Easting of 1342004.769, for a corner of this Tract and the point of Beginning;

Thence, with distances and bearings as follows:

- North 58°16'18" West, a distance of 807.37 Feet to a point for a corner of this Tract;
- North 31°12'27" East, a distance of 519.93 Feet to a point for a corner of this Tract;
- North 12°34'59" West, a distance of 298.84 Feet to a point for a corner of this Tract;
- North 58°13'03" West, a distance of 151.19 Feet to a point for a corner of this Tract;
- North 37°22'07" West, a distance of 225.64 Feet to a point for a corner of this Tract and the beginning of a circular curve to the Right, having a delta of 71°42'01", a radius of 527.86 Feet, an arc length of 660.56 Feet, and a chord which bears North 02°51'40" East a distance of 618.29 Feet;
- With said circular curve to the Right, a distance of 660.56 Feet for a corner of this Tract;
- North 47°24'20" East, a distance of 149.01 Feet to a point for a point at the intersection of the Northeast Right-of-Way line of Burleson Street and the Southeast Right-of-Way line of Rincon Road and for a corner of this Tract;
- South 58°19'56" East, with said Northeast Right-of-Way line of Burleson Street, a distance of 679.38 Feet to a point for a corner of this Tract;
- North 31°47'42" East, a distance of 659.79 Feet to a point for a corner of this Tract;

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- South 58°21'36" East, a distance of 139.27 Feet to a point for a corner of this Tract;
- North 31°34'36" East, generally with the centerline of Rincon Channel, a distance of 6006.31 Feet to a point in the State Submerged Lands parcel 788 for a corner of this Tract;
- South 56°27'08" East, over and across State Submerged Lands parcels 788, 59, 42 and 43 a distance of 6,377.15 Feet to a point in State Submerged Lands parcel 43 with a Northing of 17192577.892 and an Easting of 1350901.872, for a corner of this Tract;
- South 32°40'25" West, over and across State Submerged Lands parcels 43, 58, 59, and 59A a distance of 8,610.67 Feet to a point in State Submerged Lands parcel 59A, for a corner of this Tract;
- North 85°18'07" West, over and across Submerged Lands, a distance of 4,572.50 Feet to a point for a corner of this Tract;
- North 74°02'44" West, over and across Submerged Lands, a distance of 376.53 Feet to a point for a corner of this Tract;
- North 28°15'59" East, over and across Submerged Lands and up Lands, a distance of 491.15 Feet to a point for a corner of this Tract;
- North 36°52'49" West, a distance of 751.68 Feet to a point for a corner of this Tract and the beginning of a circular curve to the Left, having a delta of 56°58'45", a radius of 315.97 Feet, an arc length of 314.22 Feet, and a chord which bears North 66°04'42" West a distance of 301.43 Feet;
- With said circular curve to the Left, a distance of 314.22 Feet to a point for a corner of this Tract;
- South 88°43'24" West, a distance of 136.49 Feet to a point on the centerline of Avenue F and for a corner of this Tract;
- North 04°55'02" East, with said centerline of Avenue F, a distance of 276.87 Feet, to a point for a corner of this Tract and the beginning of a circular curve to the Right, having a delta of 18°54'21", a radius of 220.19 Feet, an arc length of 72.66 Feet, and a chord which bears North 19°07'11" East a distance of 72.33 Feet;
- With said circular curve to the Right, continuing with said centerline of Avenue F, a distance of 72.66 Feet to a point for a corner of this Tract;
- North 26°48'19" East, continuing with said centerline of Avenue F, a distance of 71.31 Feet to a point for a corner of this Tract;
- North 31°04'49" East, continuing with said centerline of Avenue F, a distance of 433.56 Feet to a point for a corner of this Tract and the beginning of a circular curve to the Left, having a delta of 48°21'30", a radius of 207.41 Feet, an arc length of 175.05 Feet, and a chord which bears North 14°22'37" East a distance of 169.90 Feet;
- With said circular curve to the Left, continuing with said centerline of Avenue F, a distance of 175.05 Feet to a point for a corner of this Tract;

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- North 03°04'08" West, continuing with said centerline of Avenue F, a distance of 223.76 Feet to a point, for the centerline intersection of said Avenue F and West Causeway Boulevard and for a corner of this Tract and the beginning of a circular curve to the Left, having a delta of 52°56'41", a radius of 1269.76 Feet, an arc length of 1173.33 Feet, and a chord which bears North 58°43'14" East a distance of 1132.03 Feet;

Thence, with said circular curve to the Left and said centerline of said West Causeway Boulevard, a distance of 1173.33 Feet to the point of Beginning, containing 1,423 Acres (61,984,040 Sq.Ft.) of Land more or less;

Grid Bearings and Distances shown hereon are referenced to the Texas Coordinate System of 1983, Texas South Zone 4205, and are based on the North American Datum of 1983(2011) Epoch 2010.00.

Unless this fieldnotes description, including preamble, seal and signature, appears in its entirety, in its original form, surveyor assumes no responsibility for its accuracy. *Also reference accompanying sketch of tract described herein.*

This document was prepared under 22 TAC 663.21, does not reflect the results of an on the ground survey, and is not to be used to convey or establish interests in real property except those rights and interests implied or established by the creation or reconfiguration of the boundary of the political subdivision for which it was prepared. TIRZ boundary provided to the Surveyor by the City of Corpus Christi.

URBAN ENGINEERING

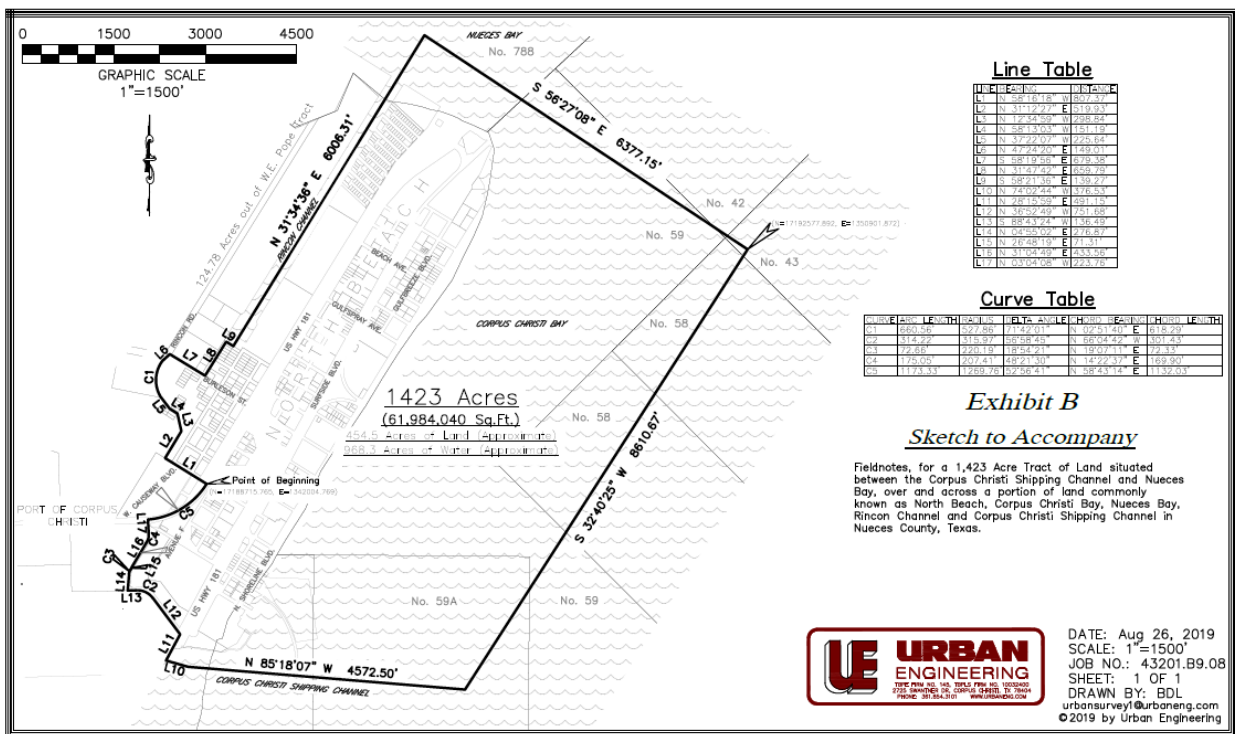


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Municipal Ordinances §311.011(b)(2)

The City is not contemplating any specific changes to municipal ordinances as part of any projects to be undertaken by the Zone.

City Planned Improvements (Non-Project Costs) §311.011(b)(3)

It is expected that the City or Corpus Christi, Nueces County, and other public agencies will participate in the rehabilitation of existing and development of new public facilities and infrastructure within the Zone. In addition, various nonprofit organizations, private citizens and developers may also consider efforts to remediate environmental and safety deficiencies on existing private properties.

The City of Corpus Christi has identified about \$11,882,989 million in projects planned, or just recently completed, for locations partly or wholly within the Zone intended to rehabilitate and improve existing public facilities and infrastructure. TIRZ funds may be used to assist these projects; however, the bulk of funding is anticipated to come from other sources. The table below lists some of these projects.

Note: Amounts may not add perfectly due to rounding

Current City Planned Improvements (Non-Project Costs)

Project	Source	Status	Projected Cost
Gas			
US 181 at Burluson Due to conflicts with the new bridge construction there will be 860 feet of 6" steel gas line replacement located in the Burluson St. and US181 intersection.	Rev Bond	Complete	\$557,788
Breakwater Ave.. at W Causeway Blvd. Due to conflicts with the new bridge construction there will be 425 feet of 2" steel gas line replacement located in the East Causeway Blvd. and Plum St. area.	Rev Bond	Complete	\$202,883
Streets			
North Beach Area Road Improvements & Area Beautification Includes pavement restoration to North Shoreline Boulevard, new wastewater and water lines on North Shoreline Boulevard, and cleaning existing stormwater and wastewater pipes and manholes on Breakwater Avenue and Coastal Avenue.	Bond 2012 Streets Storm Water Wastewater Water	Substantially Complete	\$801,500
North Beach Breakwater Plaza, North Shoreline Repair and Enhancement Includes new curb and gutter, sidewalks, ADA ramps, markings, signage, seating, on-street parking enhancements and illumination improvements to North Shoreline Boulevard. Improvements also include a paved surface to Breakwater Plaza and cleaning existing stormwater pipes and manholes on North Shoreline Boulevard.	Bond 2012	Substantially Complete	\$1,623,900
Beach Avenue (E. Causeway Blvd. to Dead End at Gulfbreeze Blvd.) Reconstruction of existing 2-lane roadway with new pavement, curb & gutter, sidewalks, ADA compliant curb ramps, signage, pavement markings and illumination. Includes bike mobility improvements per the adopted MPO bicycle mobility plan and approved in North Beach Area Plan.	Bond 2018	In planning phase	\$1,000,000
N. Beach Area Primary Access (Beach & Timon/Surfside Intersection) Design and construction of a new curved access road from E. Causeway Blvd. onto Timon Blvd. with a new traffic circle at intersection of Timon/Surfside and Beach roads. Provides a new	Bond 2018	In planning phase	\$1,250,000

route for the single access road into North Beach from the new Harbor Bridge. Traffic circle connects Timon/Surfside and Beach and converts Beach Avenue to one-way from Surfside to E. Causeway Blvd. New Traffic circle also allows development of new gateway feature for the entry into North Beach approved in the North Beach Area Plan.			
N. Beach Gulf Spray Ave. Pedestrian/Bike Access (Beach Access to E. Causeway Blvd.) Pedestrian and bicycle infrastructure improvements to create a new train for improved access from Harbor Bridge and the beach approved in the North Beach Area Plan.	Bond 2018	In planning phase	\$300,000
N. Beach Coastal Protection (Breakwater Barrier) Preliminary engineering and permitting with USACE, GLO, Port of Corpus Christi and other agencies for the design and construction of new breakwater barriers to mitigate beach erosion and coastal flooding as approved in the North Beach Area Plan.	Bond 2018	In planning phase	\$250,000
Water			
US 181-Beach Ave to Elm St Due to conflicts with the new bridge construction there will be 3000 feet of 12" waterline replacement, 600 feet of 16" waterline replacement and 800 feet of 6" waterline replacement to maintain water quality. The work is concentrated on the east side of US181 between Reef Ave. and Burleson St.	Rev Bond	90% complete by TxDOT	\$3,715,322
Breakwater- W. Causeway Blvd Due to conflicts with the new bridge construction there will be 500 feet of 12" waterline replacement to maintain water quality. The work is located on Breakwater Ave. between Avenue F and East Causeway Blvd.	Rev Bond	90% complete by TxDOT	\$1,021,191
Wastewater Due to conflicts with the new bridge construction there will be 500 feet of 4" wastewater force main replacement and abandonment of a total of 1000 feet of 6" and 8" gravity sewer main. This work is located west side of the existing US181 between Burleson St. and Avenue F.			
US 181 at Plum St.	Rev Bond	90% complete by TxDOT	\$201,649
US 181 at E Walnut St	Rev Bond	90% complete by TxDOT	\$446,815
Burleson St from US 181 SBFR to Seagull	Rev Bond	90% complete by TxDOT	\$411,941
Parks and Recreation			
North Beach Historic Plaza Placement and installation of a series of historical panels in North Beach plaza currently being constructed as part of Bond 2012.	Hotel Occupancy Tax	Dec 2019	\$100,000
Total			\$11,882,989

Relocation §311.011(b)(4)

No relocation of existing residents is anticipated to be required as a result of the Zone's projects.

REINVESTMENT ZONE FINANCING PLAN

Estimated Project Cost Description §311.011(c)(1) and Kind, Number, and Location of TIRZ Improvements §311.011(c)(2)

The Zone is anticipated to engage in projects that will support development and economic activity as well as contribute to the image and attractiveness of North Beach Corpus Christi on a local, regional, and national level. In addition, the Zone will pay the costs of Zone creation and ongoing administration.

The following are project cost estimates and should not be construed as definitive costs for the listed projects (not listed in priority order).

1. INFRASTRUCTURE PROJECTS: \$ ~~15,919,636~~19,944,815

- A. **Wayfinding Infrastructure** – The Zone may participate in proposed construction of gateway features with wayfinding throughout North Beach. It may also build multi-use paths to major tourists destinations.
- B. **Park Improvements** – The Zone may contribute to enhancements to Dolphin Park, Surfside Park, and Kiwanis and construct a North Beach birding park (Eco Park).
- C. **Demolition of Blighted Structures** – Many older vacant or underutilized buildings within the Zone are not economically feasible to reuse because they contain environmentally undesirable or unsafe elements that present a public safety hazard. The Zone may provide assistance to property owners and developers who must remediate or demolish such structures in order to develop or redevelop.
- D. **Public Safety** – With the purpose of increasing safety and security within the Zone, the Zone will provide support for security cameras and associated costs or other one-time security equipment and system devices.
- E. **Drainage**- The Zone may contribute financially to addressing infrastructure improvements that would reduce tidal and stormwater related flooding.
- F. **Residential Streets**- In November 2016, the voters approved a Charter Revision to *Article VIII. Taxation and Bonds, Section 1. Taxation* of the City’s Charter which authorized the City Council to levy, assess and collect a property tax not to exceed six cents per \$100 valuation for residential street reconstruction to be gradually implemented at a rate not to exceed two cents per \$100 valuation per year (i.e. 2+2+2 = 6 cents). The City Council exercised that authority in FY 2018 and in FY 2019. The additional four cents and potential additional two cents must be used for residential streets as approved by the residents of Corpus Christi on November 8, 2016.

City Charter Art. VIII, Sec. 1(c):

(c) A dedicated fund to be used solely for residential street reconstruction is established, and the city council is authorized each year to levy, assess and collect a property tax not to exceed six cents (\$0.06) per one hundred dollars (\$100.00) of assessed value for the purpose of residential street

reconstruction to be deposited in such fund. Said taxes shall be used solely for the purpose of residential street reconstruction, including associated architectural, engineering and utility costs, and shall be implemented gradually at a rate not to exceed two cents (\$0.02) per one hundred dollars (\$100.00) of assessed value per year. For the purposes of this provision, the term "reconstruction" is defined as removing all or a significant portion of the pavement material and replacing it with new or recycled materials. The dedicated fund established by this subsection (c) may not be used for payment of debt service.

2. MAINTENANCE PROJECTS: \$~~1,713,732~~—2,106,990

A. North Beach Public Spaces Beautification & Revitalization Programs & Services - The Zone may contribute 5% of the total incremental ad valorem taxes collected per year in the Zone to beautification projects including the creation of or enhancements to common areas, roadway and median streetscapes, pedestrian landscapes, beach renourishment and beautification, wayfinding signage, lighting, public facilities and any services relating to such program.

3. INCENTIVES: \$ ~~14,391,277~~17,838,006

All Development Incentives are approved at the discretion of the TIRZ Board.

A. Project Specific Development Agreement- In situations where higher development costs create a financing gap, TIRZ #4 can provide assistance to property owners or developers through a Development Agreement for reimbursement of net ad valorem new tax increment on new developments, including mixed-use developments. A pro-forma is required to qualify for up to 75% of the qualifying tax increment for 10 years, unless the gap suggests that additional time is required.

- The total reimbursement by the TIRZ #4 will not exceed 20% of the total project cost if a development is at least 20,000 square feet or creating 100 or more new residential units.
- The total reimbursement by the TIRZ #4 will not exceed 10% of the total project cost if a development is at least 5,000 square feet but less than 20,000 square feet or creating at least 25 but less than 100 new residential units.

If further gap exists, staff will undertake additional third-party review to justify any additional reimbursement up to 95% of the qualifying tax increment for 10 years, unless the gap suggests that additional time is required based on the “but, for” principle. The qualifying cost elements for this Project Specific Development Agreement include those listed in the paragraph above and also:

- Environmental Remediation/Code Compliance
- Historic Preservation
- Structured Parking, including availability for public parking
- Urban Design/Landscaping
- Public Improvements/Utilities, including drainage

To incent developers to build more than one project on North Beach, the TIRZ Board will consider reimbursement of net ad valorem new tax increment on all of the developer’s properties within the TIRZ boundary.

- B. North Beach Property Improvement Program** – This grant will support and encourage private investment in the existing structures and facilities already built on North Beach. The Zone will match approved property improvements funded by the property owners. The Zone will consider a match of 50/50 (Property Owner / TIRZ #4), depending upon the extent to which the scope of the project meets the priorities of the Zone.
- C. North Beach Living Initiative**– In order to stimulate the development of North Beach and quickly build residential density in the area, the Zone will establish a grant that will provide a \$10,000 per dwelling unit reimbursement for multi-family developments of over 10 units.

Any applicant awarded a grant must obtain a Building Permit for the entirety of such project(s) within six (6) months of award of such grant. If a Building Permit is not obtained within the six-month time period, then the grant will be forfeited.

4. ADMINISTRATIVE COSTS: \$2,250,000

- A. Creation** – (\$250,000) Zone shall reimburse the City for City incurred expenses related to the costs of creating the Zone.
- B. Administration** – (\$2,000,000) Zone funds shall pay for the City’s costs of ongoing administration of the Zone including but not limited to accounting, legal services, document production and maintenance, and other administrative costs. These costs are estimated at \$100,000 per year for the 20-year life of the Zone.

Project Costs are Estimated as Follows:

Infrastructure, Maintenance and Incentives	<u>\$32,024,64539,889,811</u>
Administrative Costs	\$2,250,000
TOTAL	<u>\$ 34,274,64542,139,811</u>

Economic Feasibility Study §311.011(c)(3)

Several market and economic feasibility studies for the Zone have been completed. The MJB Consulting “Retail Market Analysis and Strategy” and the Zimmerman/Volk Associates “Office, Retail, and Hotel Market Assessment” are provided under separate cover. In addition, a feasibility analysis by Landmark Renewal was completed in August 2019, which is included in Appendix A to this Plan.

Estimate of Bonded Indebtedness §311.011(c)(4)

It is not initially anticipated that the Zone will issue bonded debt; instead the Zone’s projects will be funded on a pay-as-you-go basis or utilize other financing methods. However, if the annual Zone revenue and available non-bonded debt financing are insufficient to address the needs of the Zone, the Zone may issue bonded debt commensurate with the specific project costs under consideration and anticipated annual Zone revenues to support debt service payments.

Timing of Incurring Costs or Monetary Obligation §311.011(c)(5)

Costs will be incurred over the life of the Zone based on its Board of Directors’ identification of priority activities and projects, opportunities for implementation, and available revenues to sustain a pay-as-you-go project expenditure approach or a bonded debt issuance.

Method of Financing and Sources of Revenue §311.011(c)(6)

Methods of financing. The Zone will initially take a pay-as-you-go approach to financing projects that could utilize the following methods:

- Cash funds generated from existing property value increment,
- Short term anticipation notes or other debt issued by private financial institutions based on projected property tax increment to be generated from taxable development under construction at the time of debt issuance, and
- Developer cash reimbursement agreements where the revenues from the Developer’s property tax increment compensate a developer for fronting eligible expenditures in a specific taxable project after the project is completed.

If future Zone revenues to support debt service payments are anticipated, the Zone may also issue bonded debt, the term of which will not extend past the expected life of the Zone.

Sources of revenue. The primary source of revenue for the Zone will be funds from the contributed property tax collections of the City of Corpus Christi and Nueces County on the taxable property value increment within the Zone. It is currently projected that the County will agree to participate in funding the Zone with 100% of the incremental property taxes collected over the life of the Zone and that the City will participate in the funding of the Zone based on the table below. If City reaches \$20 million, then the City shall cease contributions to the increment. The Del Mar College Board of Regents agreed to participate in the TIRZ #4 at the same rate as the City of Corpus Christi with a scaled approach. Del Mar’s base year will be tax year 2019 and will contribute 100% of its increment for the first ten years and 75% of the increment for the second ten years. ~~It is anticipated that Del Mar College will be a participant in the TIRZ.~~

Taxing Entity	Maximum Dollar Contribution	Increment Percentage	Tax Year(s)
City of Corpus Christi	\$20,000,000	100%	2019 through 2028
		75%	2029 through 2038

Nueces County	None	100%	2019 through 2038
<u>Del Mar College</u>	<u>None</u>	<u>100%</u>	<u>2019 through 2028</u>
		<u>75%</u>	<u>2029 through 2038</u>

The assessed value base year for the City of Corpus Christi and Nueces County is 2019. The projection of incremental property tax revenue contributed to the Zone is as follows:

Certified Appraised Values

Base value is from 2019 (January 1, 2019) taxable appraised value. Values in future years are based on current development projections.

Net Taxable Values from the Certified Roll 2019 (*with estimated development)

Year		3%	Tax Revenue			Tax Increment		
Fiscal Year	Tax Year	Values	City	County	Total	City	County	County 100% City Scaled
FY 20	2019	104,512,349	675,426	325,648	1,001,074			
FY 21	2020	107,647,719	695,688	335,417	1,031,106	20,263	9,769	30,032
FY 22	2021	110,877,151	716,559	345,480	1,062,039	41,133	19,832	60,965
FY 23	2022*	188,203,466	1,216,291	586,419	1,802,711	540,866	260,771	801,637
FY 24	2023	193,849,570	1,252,780	604,012	1,856,792	577,354	278,364	855,718
FY 25	2024*	238,165,057	1,539,175	742,094	2,281,269	863,749	416,446	1,280,195
FY 26	2025	253,035,008	1,635,274	788,427	2,423,701	959,848	462,779	1,422,627
FY 27	2026	268,582,809	1,735,754	836,872	2,572,626	1,060,328	511,224	1,571,552
FY 28	2027	284,835,745	1,840,791	887,514	2,728,305	1,165,365	561,866	1,727,231
FY 29	2028	301,822,134	1,950,568	940,442	2,891,009	1,275,142	614,794	1,889,936
FY 30	2029	319,571,353	2,065,275	995,746	3,061,021	1,042,387	670,098	1,712,485
FY 31	2030	338,113,886	2,185,108	1,053,522	3,238,631	1,132,262	727,874	1,860,136
FY 32	2031	357,481,357	2,310,273	1,113,869	3,424,142	1,226,136	788,221	2,014,357
FY 33	2032	377,706,573	2,440,982	1,176,888	3,617,870	1,324,167	851,240	2,175,407
FY 34	2033	398,823,569	2,577,453	1,242,686	3,820,140	1,426,521	917,038	2,343,559
FY 35	2034	420,867,649	2,719,916	1,311,373	4,031,289	1,533,368	985,725	2,519,093
FY 36	2035	443,875,433	2,868,607	1,383,063	4,251,670	1,644,886	1,057,415	2,702,301
FY 37	2036	467,884,902	3,023,772	1,457,873	4,481,645	1,761,259	1,132,225	2,893,485
FY 38	2037	492,935,452	3,185,664	1,535,928	4,721,592	1,882,679	1,210,280	3,092,959
FY 39	2038	519,067,939	3,354,549	1,617,353	4,971,903	2,009,343	1,291,705	3,301,048
TOTALS			39,989,906	19,280,626	59,270,532	21,487,056	12,767,668	34,254,724

Year		Tax Revenue					Tax Increment by Entity			Total Tax Increment
Fiscal Year	Tax Year	Values	City	County	Del Mar	Total	City Scaled	County	Del Mar Scaled	City Scaled County 100% Del Mar Scaled
FY 20	2019	104,512,349	675,426	325,648	294,605	1,295,678	Base Year			Base Year
FY 21	2020	107,647,719	695,688	335,417	303,443	1,334,549	20,263	9,769	8,838	38,870
FY 22	2021	110,877,151	716,559	345,480	312,546	1,374,585	41,133	19,832	17,941	78,907
FY 23	2022*	188,203,466	1,216,291	586,419	530,517	2,333,228	540,866	260,771	235,913	1,037,550
FY 24	2023	193,849,570	1,252,780	604,012	546,433	2,403,225	577,354	278,364	251,828	1,107,547
FY 25	2024*	238,165,057	1,539,175	742,094	671,352	2,952,620	863,749	416,446	376,747	1,656,942
FY 26	2025	253,035,008	1,635,274	788,427	713,268	3,136,969	959,848	462,779	418,663	1,841,290
FY 27	2026	268,582,809	1,735,754	836,872	757,095	3,329,720	1,060,328	511,224	462,490	2,034,042
FY 28	2027	284,835,745	1,840,791	887,514	802,909	3,531,214	1,165,365	561,866	508,305	2,235,536
FY 29	2028	301,822,134	1,950,568	940,442	850,791	3,741,801	1,275,142	614,794	556,187	2,446,122
FY 30	2029	319,571,353	2,065,275	995,746	900,824	3,961,844	1,042,387	670,098	454,664	2,167,149
FY 31	2030	338,113,886	2,185,108	1,053,522	953,092	4,191,723	1,132,262	727,874	493,866	2,354,002
FY 32	2031	357,481,357	2,310,273	1,113,869	1,007,686	4,431,829	1,226,136	788,221	534,811	2,549,168
FY 33	2032	377,706,573	2,440,982	1,176,888	1,064,698	4,682,568	1,324,167	851,240	577,570	2,752,978
FY 34	2033	398,823,569	2,577,453	1,242,686	1,124,224	4,944,363	1,426,521	917,038	622,214	2,965,773
FY 35	2034	420,867,649	2,719,916	1,311,373	1,186,363	5,217,652	1,533,368	985,725	668,819	3,187,912
FY 36	2035	443,875,433	2,868,607	1,383,063	1,251,218	5,502,888	1,644,886	1,057,415	717,460	3,419,761
FY 37	2036	467,884,902	3,023,772	1,457,873	1,318,897	5,800,542	1,761,259	1,132,225	768,220	3,661,704
FY 38	2037	492,935,452	3,185,664	1,535,928	1,389,511	6,111,103	1,882,679	1,210,280	821,180	3,914,139
FY 39	2038	519,067,939	3,354,549	1,617,353	1,463,175	6,435,077	522,286	1,291,705	876,428	2,690,419
TOTALS			39,989,906	19,280,626	17,442,647	76,713,179	20,000,000	12,767,668	9,372,143	42,139,811

According to these projections, 4763% of the tax increment revenues will come from the City of Corpus Christi, and 3037% will come from Nueces County and 22% from Del Mar College. Revenue estimates will be monitored and adjusted annually.

The 2019 tax rate applicable to the reinvestment zone is \$0.9578521.2397 (or approximately \$0.961.24) per \$100 of assessed valuation, broken down as follows:

City of Corpus Christi	<u>0.00646264</u>
Nueces County	<u>0.00311588</u>
<u>Del Mar College</u>	<u>0.00281890</u>
Total	<u>0.957852012397</u>

Applying the 2019 tax rate of \$1.2397 0.957852 per \$100 assessed valuation to the 2019 total certified roll taxable value of properties within the zone, property taxes of \$1,001,074,295,678 are generated. This amount produced from the tax increment base (or the "frozen base") will continue to be allocated and paid to the taxing entities levying taxes in the zone area, based on their respective tax rates.

Zone property tax contributions from the participating tax jurisdictions could be supplemented with other sources of revenue as available. These could include but are not limited to:

- Grants from other local, state, and federal agencies;
- Grants from private entities such as foundations; and
- Joint implementation and funding agreements with other public agencies or private entities such as civic associations for specific projects.

Current Appraised Value §311.011(c)(7)

According to the Nueces County Appraisal District, the 2019 certified roll total assessed value for the Zone for the City of Corpus Christi as of July 26, 2019 is \$198,076,260.

Due to differences in policies regarding exemptions and tax abatements, the *net* taxable values differ among the ~~two-three~~ jurisdictions. According to the Nueces County Appraisal District, the 2019 certified roll net taxable value for the Zone as of July 26, 2019 is \$104,861,392 for the City of Corpus Christi, ~~and~~ \$102,791,043 for Nueces County, ~~and~~ \$106,308,460 for Del Mar College.

Estimated Captured Appraised Value §311.011(c)(8)

The table above provides the projected schedule of taxable value increment captured by the Zone over its proposed 20-year duration. There is a column shown for each entity. Captured value projections assume a 3.0% annual value appreciation rate for existing development.

In year 2022, the development currently underway on North Beach, LaVista Pointe Apartments, will be complete with an estimated future property value increase of \$24 million. Additionally, there are other developments planned throughout the zone with a combined projected increase in value of \$105 million. Based on calculations in the TIRZ # 4 Feasibility Analysis, beginning in 2024 and continuing throughout the remaining life of the Zone, 22 apartment units valued at \$150,000 each and 12 condominium or townhome units valued at \$300,000 each, are projected to be added to the tax rolls each year. The per unit amounts are adjusted for inflation at 3% per year.

The tax increment is the amount of property taxes produced yearly during the term of the reinvestment zone on the captured appraised value. This value is the appraised value of taxable real property within the reinvestment zone which exceeds the tax increment base. The table above shows estimated TIRZ revenues over the 20 life of the zone to be as follows:

City of Corpus Christi:	\$21,487,056 <u>20,000,000</u>
Nueces County:	\$12,767,668
<u>Del Mar College:</u>	<u>\$9,372,143</u>
Total	<u>\$34,254,724</u> <u>42,139,811</u>

Duration of the Zone §311.011(c)(9)

The proposed duration of the Zone is twenty years from the time of its creation. Assuming creation in 2019, the Zone would expire after 2038.

City Council may, by ordinance, extend the length of the TIRZ to allow additional time to expend funds.

Appendices

Appendix A – Economic Feasibility Study §311.011(c)(3)

Feasibility Analysis

Tax Increment Reinvestment Zone # 4

North Beach Area

City of Corpus Christi, Texas

August 2019

Jim Johnson, PhD

Landmark Renewal

I. Introduction

The North Beach area of Corpus Christi, Texas, already a leading tourist destination with 800,000 visitors annually, is primed for accelerated redevelopment upon completion of the new Harbor Bridge and demolition of the old bridge. A number of planning processes have focused on the area, producing a wealth of reports including:

- North Beach Development Plan (November 2011) - NBDP
- Zimmerman Volk Associates: Residential Market Potential (October 2014) - ZVA
- North Beach Redevelopment Area Specific Plan (February 2018) - NBRA
- Downtown Area Development Plan, Corpus Christi (March 2018) - DADP

In addition, the Market and Economic Feasibility Study Update for TIRZ # 2 (July 2019), contains a detailed residential, retail and hotel development analysis of the Corpus Christi metropolitan statistical area (MSA) applicable in part to North Beach.

The feasibility of a tax increment reinvestment zone (TIRZ) depends on whether tax increment stimulated by TIRZ improvements will cover the costs of those improvements, leaving local tax jurisdictions better off at termination of the TIRZ than they would be without a TIRZ. While some new development would occur regardless, establishing the zone provides a revenue source for public improvements that can spur additional and more intensive development than would otherwise occur.

The year in which a TIRZ is established becomes its base year, with each succeeding year's incremental tax revenues pledged to a fund controlled by the zone's board of directors. Local taxing jurisdictions may contribute up to 100% of their tax increment. TIRZ revenues depend on:

- Overall changes in property valuations;
- Timing and value of new development; and
- Loss of value from demolition of existing improvements.

Once the zone has sufficient revenue, infrastructure improvements should coincide with and enable associated private investment (DADP, p. 26). This analysis assumes that TIRZ spending will be based on articulated stakeholder and planning priorities, such as the February 2018 North Beach Redevelopment Initiative Near-Term Projects and Mid- and Long-Term Projects lists.

II. TIRZ Revenue Projection

City of Corpus Christi is expected to participate at 100% for the first ten years and at 75% for the last ten years. Nueces County is expected to participate with 100% of tax increment for the full length of the TIRZ.

Base year taxable values vary slightly between jurisdictions, primarily due to differing property tax exemptions offered. Exemptions on owner-occupied residential property include homestead and the over-65 tax freeze. For purposes of these projections, we assume the effect of these exemptions will be small since most existing and new development will be commercial, including multifamily, that is ineligible for these residential exemptions. The aggregate value of single family residential property tax exemptions changes slowly over time. We assume no effect from commercial property tax abatements that could be offered by participating jurisdictions.

The following projections of TIRZ revenue are based on the following assumptions:

- 3% annual growth in taxable property valuations
- Completion of a \$24 million apartment complex, LaVista Pointe, in 2022
- New residential development in North Beach equivalent to 22 new apartment units and 12 new condominium or townhome units per year beginning in 2024

Prudence requires a conservative bias in revenue assumptions so that TIRZ spending can be reasonably planned. There is no assumption of added taxable value from retail/commercial or hotel/hospitality/tourism-related new development, despite a reasonable possibility of such investments.

According to ZVA (p. 42), the residential “market is constrained in North Beach due to the additional cost of development incurred by flooding issues.” In the five years since the ZVA report, no multifamily residential development has been completed. The TIRZ revenue forecast assumes that a flooding mitigation solution, such as the proposed canal (NBRI Alternative 2), is devised and implemented by the City of Corpus Christi within the next five years. While drainage improvements are unlikely to erase the additional costs of development in North Beach, it should substantially ease that market constraint, making the ZVA residential projections for North Beach realizable in the future.

LaVista Pointe, a 150-unit apartment complex, is planned for completion around 2022. ZVA projects North Beach annual residential absorption over a 10-year period of 44-53 apartment units and 26-31 condominium and townhome units. Taking a middle point of those projections, or 48 apartment units

and 28 condo/townhome units, times 10 years, and subtracting the 150 completed apartment units, results in a projection of 330 additional apartment units and 280 new condo/townhome units after 2024.

This analysis assumes that tax revenue from these units is, conservatively, spread over a 15-year period beginning in 2024, after LaVista Pointe has likely reached stabilized occupancy. Apartments are estimated at \$150,000 per unit and condos and townhomes at \$350,000 at the beginning of the 15-year period, with 3% inflation for new construction in each succeeding year. The 2024 per unit values discounted back to 2019 values at 3% per year equal about \$129,000 per apartment unit and \$300,000 per condo/townhome unit.

While the TIRZ revenue forecast involves no additional retail or hotel development, TIRZ infrastructure should make high intensity tourism-oriented development appealing to the private sector. In particular, TIRZ infrastructure, a canal or other drainage solution, and right of way opened up by demolition of old the Harbor Bridge ramps, together should enable the transformative potential of high-density mixed-use development and structured parking near existing tourist attractions and associated parking needs (DADP, p. 87). “Opportunities here could include hotels, other tourism-related uses, and surface parking serving the beach and other visitor destinations.” (DADP, p. 85)

III. TIRZ Projects, Costs and Timing

The proposed TIRZ project list is derived from the planning documents listed above and stakeholder input. Project costs are estimates derived from similar types of projects, and therefore should not be construed as definitive costs for the listed projects. The TIRZ Project Plan should contain cost estimates in categories of spending rather than for specific projects, which over the 20-year life of the zone may change conceptually and in terms of scope and extent.

Among recommendations of the DADP are the following:

- Restore street connections where old Harbor Bridge is removed, and provide “convenient, attractive access at Beach Ave. connecting to Surfside and Timon Blvd.” (p. 32)
- Build a “new multi-use path extending along Beach Ave. to the Beachwalk, and along Timon and Surfside Blvd. to the Texas State Aquarium ferry dock.” (p. 36)
- “Complete North Beach birding park and Timon/Surfside path within 5 years.” (p. 36)
- “Create a welcoming Beach Ave. gateway at the new point of entry to North Beach off the Harbor Bridge.” (p. 86)

-
- “A new ‘North Beach Blvd.’ should also be created through the redesign of existing Timon and Surfside Blvd. with street upgrades, a new wide multi-purpose path for pedestrians and bicyclists...and planting the center median with a rich palette of native, coastal plant species.” (p. 86)

The North Beach TIRZ should include the following project categories:

Roads and wayfinding

- Beach Ave. roadway/pedestrian improvements and area beautification
- Construction of Traffic Circle at the intersection of Beach Ave. with Surfside Blvd. and Timon Blvd. including gateway feature with wayfinding

Parks

- Dolphin Park improvements
- Surfside Park improvements
- Kiwanis Park and Community Center improvements

Other infrastructure

Demolition of blighted structures

Structured parking

Cumulative revenue is projected as follows:

Year		Revenue		Year		Revenue	
Fiscal Year	Tax Year	Annual	Cumulative	Fiscal Year	Tax Year	Annual	Cumulative
FY 20	2019			FY 20	2019		
FY 21	2020	30,032	30,032	FY 21	2020	38,870	38,870
FY 22	2021	60,965	90,998	FY 22	2021	78,907	117,777
FY 23	2022	801,637	892,635	FY 23	2022	1,037,550	1,155,327
FY 24	2023	855,718	1,748,353	FY 24	2023	1,107,547	2,262,873
FY 25	2024	1,280,195	3,028,548	FY 25	2024	1,656,942	3,919,816
FY 26	2025	1,422,627	4,451,175	FY 26	2025	1,841,290	5,761,106
FY 27	2026	1,571,552	6,022,728	FY 27	2026	2,034,042	7,795,148
FY 28	2027	1,727,231	7,749,959	FY 28	2027	2,235,536	10,030,684
FY 29	2028	1,889,936	9,639,895	FY 29	2028	2,446,122	12,476,806
FY 30	2029	1,712,485	11,352,379	FY 30	2029	2,167,149	14,643,955
FY 31	2030	1,860,136	13,212,516	FY 31	2030	2,354,002	16,997,958
FY 32	2031	2,014,357	15,226,872	FY 32	2031	2,549,168	19,547,126
FY 33	2032	2,175,407	17,402,280	FY 33	2032	2,752,978	22,300,103
FY 34	2033	2,343,559	19,745,839	FY 34	2033	2,965,773	25,265,877
FY 35	2034	2,519,093	22,264,932	FY 35	2034	3,187,912	28,453,788
FY 36	2035	2,702,301	24,967,232	FY 36	2035	3,419,761	31,873,549
FY 37	2036	2,893,485	27,860,717	FY 37	2036	3,661,704	35,535,253
FY 38	2037	3,092,959	30,953,676	FY 38	2037	3,914,139	39,449,392
FY 39	2038	3,301,048	34,254,724	FY 39	2038	2,690,419	42,139,811
					Total		

TIRZ spending could begin as early as 2022 on modest improvements, but assuming a pay-as-you-go structure, major infrastructure spending would have to wait at least until approximately \$3.90 million had been accumulated in 2024. A parking structure would have to wait until near the end of the TIRZ lifetime, unless a private developer could be induced to build a garage in a public-private partnership earlier than that. With the opportunity of vacated ROW from the demolished Harbor Bridge ramps, such a partnership is feasible, perhaps in conjunction with an on-street meter parking policy as envisioned by the DADP (p. 28).