



AGENDA MEMORANDUM
City Council Meeting of February 25, 2020

DATE: February 10, 2020

TO: Peter Zaroni, City Manager

FROM: Arlene Medrano, Business Liaison
arlenem@cctexas.com
361-826-3356

Authorizing Interlocal Cooperation Agreement with Del Mar College for 20-year participation in North Beach Tax Increment Reinvestment Zone Number Four (TIRZ #4)

CAPTION:

Resolution authorizing execution of an Interlocal Cooperation Agreement with Del Mar College for a 20-year participation in the North Beach Tax Increment Reinvestment Zone Number Four for a period ending December 31, 2039.

SUMMARY:

The City and Del Mar College desire to participate in the Tax Increment Reinvestment Zone Number Four for the purposes of development in the reinvestment zone area, commonly known as North Beach, for their mutual benefit and the benefit of their citizens.

BACKGROUND AND FINDINGS:

Del Mar College agrees to participate in TIRZ #4 by contributing into the Tax Increment Fund one hundred percent (100%) of its tax increment each tax year from 2020 through 2028 and seventy-five percent (75%) of its tax increment each tax year from 2029 through 2038 during the term of this Agreement on the Captured Appraised Value of real property within the Reinvestment Zone. The first tax year (2019) of Del Mar's participation sets the base values from which future increment property revenue will be based.

The agreement becomes effective as of the date of the final signature, and remains in effect through December 31, 2039, or the date on which the TIRZ #4 Project and Financing Plan has been fully implemented and all Project Costs paid in full.

The first payment of tax increment by Del Mar under this agreement is based upon the tax increment base for the property within the Zone being determined as of January 1, 2019 (tax year 2019 – which is the most recent certified roll), and the payment shall be based upon those taxes as levied in tax year 2020. The last payment of tax increment by the taxing units under this Agreement is for those taxes levied in the tax year 2038.

As a contributing taxing unit, Del Mar College shall have the right to appoint one member to the Reinvestment Zone Board of Directors. At their February 4, 2020 Regular Meeting, the Del Mar College Board of Regents appointed chairman, Carol A. Scott, to the TIRZ #4 Board. As such and under the authority of Texas Tax Code Chapter 311.009, Mrs. Scott is a member of the TIRZ #4 Board by appointment of the Del Mar Board of Regents, and no action is required on this topic from either the TIRZ #4 Board or the City Council.

Following City Council's approval of the TIRZ #4 Interlocal Agreement with Del Mar College, City staff will present to the TIRZ #4 Board and to City Council an amendment to the Project & Financing Plan to increase the projected increment revenue and projected project costs to include Del Mar's participation. This amendment will be presented in March to the TIRZ #4 Board first for approval, and then to City Council.

ALTERNATIVES:

City Council could choose not to authorize this interlocal agreement, but then Del Mar College would not be authorized to participate in the TIRZ #4, and the Zone's ability to complete projects will be decelerated.

FISCAL IMPACT:

Del Mar College will participate at a rate of 100% of its tax increment for the first nine years and 75% of its tax increment for the next ten years. The projected total contribution from Del Mar College over the life of the TIRZ is \$9,372,143. This amounts to 22% of the total anticipated revenue of \$42,139,811 over the life of the reinvestment zone. The City's twenty-year contribution is capped at \$20 million, and Nueces County's contribution is estimated to be \$12,767,668 for a total TIRZ #4 estimated increment of \$42,139,811.

Funding Detail:

Fund:	1114 - TIF No. 4 North beach
Organization/Activity:	11020 – General Government Revenue
Mission Element:	888- Revenue
Project # (CIP Only):	N/A
Account:	300040- RIVZ current taxes- Del Mar

RECOMMENDATION:

Staff recommends approval of the Interlocal Cooperation Agreement with Del Mar College. The participation of Del Mar College in the Tax Increment Reinvestment Zone is crucial for the success and implementation of the TIRZ #4 Project and Financing Plan; and thus, the revitalization of North Beach.

LIST OF SUPPORTING DOCUMENTS:

Resolution
Interlocal Cooperation Agreement