



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting of September 10, 2013
Second Reading Ordinance for the City Council Meeting of September 17, 2013

DATE: August 26, 2013
TO: Ronald L. Olson, City Manager
FROM: Wes Pierson, Assistant City Manager – Business Support Services
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Reestablishing Industrial Districts and authorizing City Manager to execute Industrial District Agreements for a ten year period.

CAPTION:

Ordinance authorizing the reestablishment of land areas located within the extraterritorial jurisdiction of the City of Corpus Christi, Texas as Industrial Districts; reserving and preserving all rights, powers and duties of the City Council; authorizing the City Manager, or designee, to execute Industrial District Agreements by and between the City and various property owners located within the extraterritorial jurisdiction of the City.

PURPOSE:

Ordinance reestablishing Industrial Districts within the City's extraterritorial jurisdiction (ETJ) and renewing agreement with new terms with the Industrial District Partners for a ten year period, from January 2015 until December 2024.

BACKGROUND AND FINDINGS:

As a mechanism to encourage economic development and expand the local tax base, Section 42.044 of the Texas Local Government Code, authorizes cities to negotiate with industry for a payment in lieu of annexation in designated Industrial Districts. Since adoption of the first agreement in 1981, the City of Corpus Christi has maintained Industrial Districts, either renewing or renegotiating terms continuously for the past three decades. The most recent renewal of the agreement with the Industrial District Partners was adopted by the Council in 2004 and is set to expire at December 31, 2014.

In October 2012, the City began work on a more comprehensive contract for the next renewal of the Industrial District Agreement. The City team conducted four months of fieldwork, which consisted of cleaning up billing issues, making contact with other cities to research best practice language and conduct comparative financial analysis. The team also produced cost benefit analysis of what annexation would mean, should the Industrial District Agreement not be renewed.

Prior to entering negotiations, City Council and Staff agreed on four primary goals: keeping the contract simple, clear, fair but competitive, and ensuring a contribution from the Industrial District Partners toward citywide street maintenance.

Discussions with the Industrial District Partners kicked off in February 2013. With 64 separate entities, the City structured negotiations with the top seven largest companies (making up 93%

of the value of the Industrial Districts) and two additional seats at the negotiating table for representatives of smaller companies, chosen by Port Industries of Corpus Christi. After nearly 6 months of building consensus on about 30 issues and two rounds of legal review by ID companies and City, the final product being presented has been signed off by the Industrial District Partners and the City of Corpus Christi staff.

This renewal of the Industrial District Agreement corrects issues from the prior contract, achieves all four of the goals agreed upon by council and city management, and puts Corpus Christi in fair but competitive position with other Texas industrial districts while promoting economic growth. Once the new master Industrial District Agreement is approved by Council, city staff will move forward to getting Industrial District Partner signed agreements with partners prior to January 1, 2015.

ALTERNATIVES:

Alternatives included:

- Not executing a new contract and collect no payments from the Industrial District Partners;
- Not executing a new contract and pursue annexation of land in the Industrial District;
- Extend the current contract with the same terms.

OTHER CONSIDERATIONS:

Not Applicable.

CONFORMITY TO CITY POLICY:

This item conforms to City policies.

EMERGENCY / NON-EMERGENCY:

Item requires two readings.

DEPARTMENTAL CLEARANCES:

Legal

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

| Fiscal Year: 2013-2014 | Project to Date Expenditures (CIP only) | Current Year | Future Years | TOTALS |
|-------------------------------|--|---------------------|---------------------|---------------|
| Line Item Budget | | | | |
| Encumbered / Expended Amount | | | | |
| This item | | | | |
| BALANCE | | | | |

Fund(s):

Comments: Contract would be effective in January 2015.

RECOMMENDATION:

Staff recommends approval of new Industrial District Agreement.

LIST OF SUPPORTING DOCUMENTS:

Ordinance- Industrial District Agreement
 Contract- Industrial District Agreement