


AGENDA MEMORANDUM

First Reading Ordinance the City Council Meeting of June 11, 2013
Second Reading Ordinance for the City Council Meeting of June 25, 2013

DATE: May 29, 2013

TO: Ronald L. Olson, City Manager

THROUGH: Wes Pierson, Assistant City Manager
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Type A Grant for Sam Kane Beef Processors, LLC

CAPTION:

Ordinance approving a Business Incentive Agreement between the Corpus Christi Business and Job Development Corporation ("Type A Corporation") and Sam Kane Beef Processors, LLC ("Sam Kane") to provide a grant of up to \$3,000,000 for the creation and retention of jobs at their beef packing plant in the City of Corpus Christi extra territorial jurisdiction, amending the budget to allow for this funding of up to \$3,000,000 from the Unreserved Fund balance in the No. 1140 Business/Job Development Fund and appropriating up to \$3,000,000 to the Unreserved Fund Balance in the No. 1140 Business/Job Development Fund.

PURPOSE:

Approving a grant of \$3,000,000 for Sam Kane Beef Processors, LLC for the retention of 739 jobs and creation 100 jobs at their meat packing facility located in Corpus Christi

BACKGROUND AND FINDINGS:

Sam Kane has been open since 1949. It is the last meat packing plant in South Texas. It employs 739 people and pays out an annual payroll of approximately \$21 million. The next closest meat processing plant is in Amarillo. They have negotiated a sell to a Houston based company, owned by Lou Waters, Sr. and Lou Waters, Jr. The Waters Group will keep the company operating and retain 739 jobs and create 100 jobs.

ALTERNATIVES:

The Type A agreement is the only incentive program that the City has for this location.

OTHER CONSIDERATIONS:

If the company were to cease operations, 739 employees will lose their jobs, a direct impact to

the local economy. The increased transportation costs of shipping cattle, and the general stress on cattle due to travel would shut down the cattle industry in South Texas directly affecting feed lots and ranchers.

CONFORMITY TO CITY POLICY:

This project is consistent with the City's stated goals of promoting economic development and incentivizing business to locate and thrive in Corpus Christi and its extraterritorial jurisdiction.

EMERGENCY / NON-EMERGENCY:

NON-EMERGENCY

DEPARTMENTAL/BOARD CLEARANCES:

Legal
Type A Board approved on May 1, 2013

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year: 2012-2013	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This item			3,000,000	3,000,000
BALANCE			3,000,000	3,000,000

Fund(s): Type A Fund

RECOMMENDATION:

Staff recommends approving this \$3,000,000 grant to Sam Kane Beef Processors, LLC for retaining 739 jobs and creating 100 jobs

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Type A Agreement
Project Service Agreement