



AGENDA MEMORANDUM

Action Item for the City Council Meeting November 1, 2022

DATE: October 14, 2022
TO: Peter Zanoni, City Manager
FROM: Mike Culbertson, Interim CEO, Corpus Christi Regional EDC
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Chapter 380 Agreement with Net Zero Carbon One, LLC

CAPTION:

Resolution approving a Chapter 380 agreement with Net Zero Carbon One, LLC in the total amount not to exceed \$500,000 for the development of an electrofuels processing plant located near 5238 Union Street.

SUMMARY:

The company will invest \$25 million in construction and create twenty-five high paying jobs. This Chapter 380 agreement would rebate to the project the amount equivalent to 100% of their city ad valorem maintenance and operation taxes in the first year and 50% of those taxes in years two through five. This amount will be capped at \$500,000.

BACKGROUND AND FINDINGS:

Net Zero Carbon One, LLC is a technology-based electrofuels innovator with a mission to decarbonize the transportation sector and help mitigate the catastrophic effects of climate change. This groundbreaking electrofuels are an ultra-low carbon fuel alternative to existing liquid jet and diesel fuels that may be used in planes, ships and truck fleets with no costly infrastructure changes. The Corpus Christi plant would be located at the Javelina Plant on Howard Energy Partner's land. They will invest at least \$25 million and create 25 full-time jobs. This demonstration plant will use waste carbon dioxide, renewable power, and water to produce a net-zero carbon diesel fuel that can be used in existing diesel engines. This is carbon that would otherwise be released to the atmosphere. Net Zero is instead capturing this carbon and will create fuel with it.

This will put the City on the map as a green center for this type of technology that captures carbon and makes a fuel plus the facility will create up to 10 MW of power that the facility will use to power itself.

This is the process, that we as a country, have been looking at to reduce pollution and find a method to capture carbon and find a new use for it.

ALTERNATIVES:

The City could not approve the Chapter 380 agreement.

FINANCIAL IMPACT:

The City's incentives are capped at \$500,000. The benefit to the city is over \$500,000 in new taxes, net of the incentive, over ten years plus they would have a first of its kind plant in the United States. There is no fiscal impact in FY 2023 and the rebate amount will be included in the budget once the plant receives its certificate of occupancy and full value is on the tax rolls.

Funding Detail:

Fund:

Organization/Activity:

Mission Element:

Project # (CIP Only):

Account:

RECOMMENDATION:

Staff recommends approving the Chapter 380 agreement with Net Zero Carbon One, LLC.

LIST OF SUPPORTING DOCUMENTS:

Resolution

Chapter 380 Agreement