



AGENDA MEMORANDUM

Future Item for the City Council Meeting of January 20, 2015
Action Item for the City Council Meeting of January 27, 2015

DATE: January 14, 2015

TO: Ronald L. Olson, City Manager

FROM: Wes Pierson, Assistant City Manager
(361) 826-3082
wesp@cctexas.com

Agreement for temporary tax abatement for Corpus Christi Liquefaction, LLC

CAPTION:

Approving a resolution authorizing the execution of an agreement with Corpus Christi Liquefaction, LLC providing for temporary property tax abatement

PURPOSE:

Granting a tax abatement to Corpus Christi Liquefaction, LLC (Cheniere) for a term of up to five years.

BACKGROUND AND FINDINGS:

Cheniere plans to construct a natural gas liquefaction facility in three phases, or "trains", which will be constructed on land located within City limits and within City's extraterritorial jurisdiction. The first train of the Facility will be constructed at a cost of at least One Billion Five Hundred Million Dollars (\$1,500,000,000) and employ at least ninety (90) full-time employees; (ii) the second train of the Facility will be constructed at a cost of at least Seven Hundred Fifty Million Dollars (\$750,000,000) and employ at least thirty-five (35) full-time employees; and (iii) the third train of the Facility will be constructed at a cost of at least Seven Hundred Fifty Million Dollars (\$750,000,000) and employ at least thirty-five (35) full-time employees. This resolution will allow projects on that site to be eligible for certain economic development incentives from taxing entities.

The Cheniere project will be on the La Quinta site but also extend from the water's edge into Corpus Christi Bay. The docks will extend into the city limits of Corpus Christi.

The tax abatement agreement is for one dollar. This allows other taxing entities to grant Cheniere tax abatements if they desire.

ALTERNATIVES:

The City needs to establish the reinvestment zone. Without the reinvestment zone other taxing entities will not be allowed to grant tax abatements.

OTHER CONSIDERATIONS:

Not applicable

CONFORMITY TO CITY POLICY:

This is in compliance with the City's economic development policies to incent growth within the city.

EMERGENCY / NON-EMERGENCY:

NON-EMERGENCY

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year: 2014-2015	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This item				
BALANCE				

RECOMMENDATION:

Staff recommends approval to grant a temporary tax abatement to Corpus Christi Liquefaction, LLC in accordance with the City's Tax Abatement Guidelines and Criteria.

LIST OF SUPPORTING DOCUMENTS:

Resolution – Cheniere
Tax Abatement Agreement