



## AGENDA MEMORANDUM

Future Item for the City Council Meeting of November 20, 2012  
Action Item for the City Council Meeting of December 11, 2012

**DATE:** November 2, 2012

**TO:** Ronald L. Olson, City Manager

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

**FROM:** Emily Martinez  
(361) 882-7448  
emartinez@ccredc.com

Temporary Tax Abatement for JHPK, LLC for the property located at 6200 Saratoga Boulevard

### **CAPTION:**

Resolution authorizing the execution of an agreement with JHPK, LLC providing for temporary property tax abatement

### **PURPOSE:**

Granting a tax abatement to JHPK, LLC for a term of up to eight years.

### **BACKGROUND AND FINDINGS:**

JHPK, LLC submitted an application for incentives to the City of Corpus Christi requesting tax abatement for the building located at 6200 Saratoga Boulevard, Building 3. The development is located within the Texas Enterprise Zone, a council identified catalyst area.

In accordance with the City's Tax Abatement Guidelines and Criteria, JHPK is seeking tax abatement as per section 2 (i)(3) of the Guidelines:

The level of any New Facility, Expansion, or Modernization that is located within a Catalyst Area or that is a Locally-Owned Facility is increased by one level above the standards set forth in Section 2(i)(1) and (2) above, with a minimum level of 3 for any project. Further, if a Facility qualifies under both the capital investment qualification criteria and the new jobs and salary criteria, the Facility will be increased by one level above the highest criteria level achieved.

Level 3 provides a maximum number of 8 years tax abatement, including up to 2 years during construction. The increment value of the City's ad-valorem tax will be abated based on the following schedule:

- Years 1-5 100% (not to exceed 2 years for construction)
- Year 6 75%
- Year 7 50%
- Year 8 25%

The building to be constructed will become a center for outpatient surgery. Improvements are estimated to be approximately \$2.1 million of which \$1.7 million is eligible for tax abatement. The property is currently appraised at \$201,472. This project will create 12 permanent jobs.

**ALTERNATIVES:**

There are no other incentives available for a project of this size. It is below the investment limits for a County or College District abatement.

**OTHER CONSIDERATIONS:**

Not applicable

**CONFORMITY TO CITY POLICY:**

This tax abatement is eligible for a Level 3 treatment. It is in a Texas Enterprise Zone and it is locally owned.

**EMERGENCY / NON-EMERGENCY:**

NON-EMERGENCY

**FINANCIAL IMPACT:**

Operating       Revenue       Capital       Not applicable

<b>Fiscal Year: 2012-2013</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget				
Encumbered / Expended Amount				
This item			53,347	53,347
BALANCE			53,347	53,347

Fund(s): General

**Comments:** The amount of taxes for ten years for the unimproved property would be \$11,495. With the tax abatement, the amount of property tax collected over the base amount of \$11,495, will be \$53,347 in new tax revenues.

**RECOMMENDATION:**

Staff recommends approval to grant tax abatement to JHPK, LLC, the owner of taxable property located at 6200 Saratoga Boulevard, Building 3 in accordance with the City's Tax Abatement Guidelines and Criteria.

**LIST OF SUPPORTING DOCUMENTS:**

Tax Abatement Agreement