



AGENDA MEMORANDUM

Future Item for the City Council Meeting of October 14, 2014
Action Item for the City Council Meeting of October 21, 2014

DATE: September 18, 2014
TO: Ronald L. Olson, City Manager
FROM: Emily Martinez
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Agreement for temporary tax abatement for the development located in the 900 block of North Water Street

CAPTION:

Approving a resolution authorizing the execution of an agreement with Prosperity Bank providing for temporary property tax abatement

PURPOSE:

Granting a tax abatement to Prosperity Bank for a term of up to eight years.

BACKGROUND AND FINDINGS:

Prosperity Bank submitted an application for incentives to the City of Corpus Christi requesting tax abatement for the building located in the 900 block of North Water Street. The development is located within the Council designated downtown catalyst area.

In accordance with the City's Tax Abatement Guidelines and Criteria, Prosperity Bank 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 the 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 the bank's office and drive through. Improvements are estimated to be approximately \$2,686,000 all of which is eligible for tax abatement. The property is currently appraised at \$165,733. This project will retain fifteen (15) permanent jobs.

ALTERNATIVES:

There are no other incentives available to a project 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 catalyst area as defined by the City Council.

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			55,021	55,021
BALANCE			55,021	55,021

Fund: General

Comments: The amount of taxes for ten years for the unimproved property would be \$9,700. With the tax abatement, the amount of property tax collected over the base amount of \$165,733, will be \$55,021 in new tax revenues.

RECOMMENDATION:

Staff recommends approval to grant a temporary tax abatement to Prosperity Bank, the owner of taxable property located of in the 900 block of North Water Street in accordance with the City's Tax Abatement Guidelines and Criteria.

LIST OF SUPPORTING DOCUMENTS:

Resolution – Prosperity Bank
Tax Abatement Agreement