



AGENDA MEMORANDUM
Resolution for the City Council Meeting of April 9, 2024

DATE: March 11, 2024
TO: Peter Zaroni, City Manager
FROM: Randy Almaguer, CCREDC
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Cimbar Resources Inc. – Foreign Trade Zone

CAPTION:

Resolution of the City Council of Corpus Christi, Texas authorizing a letter of support by the City of Corpus Christi to the Foreign Trade Zone (FTZ) Manager at the Port of Corpus Christi, Grantee of FTZ #122, for an application to the U.S. Foreign-Trade Zones Board (FTZB) requesting designation as a subzone, owned and operated by Cimbar Resources, Inc, for their site located at 322 Manning Road in Corpus Christi, Texas.

SUMMARY:

This resolution authorizes a letter of support by the City of Corpus Christi for Cimbar Resources, Inc, to operate a subzone for their site located at 322 Manning Road under the U.S. Foreign-Trade Zones program.

BACKGROUND AND FINDINGS:

Cimbar is a leading supplier of barium sulfate. Established in 1914, Cimbar is globally recognized as a critical minerals supplier and produces industrial minerals at twelve production sites in the United States. The Cimbar plant in Corpus Christi produces ground barite suitable for use in oil field applications.

In September 2020, Cimbar acquired the Baker Hughes Facility at 322 Manning Road. When Baker Hughes was operational at this location it operated as a FTZ subzone, but the designation was terminated after acquisition. Cimbar has re-opened the plant and created an additional eleven jobs for a total of twelve full-time employees. They have invested \$500,000 at the plant for equipment in the last year and intend to invest an additional \$1.5 to 2 million in the next two to three years.

Cimbar is in the process of reapplying for FTZ subzone designation to access the available benefits under the FTZ program, which includes duty elimination on the imported barite. The U.S. Foreign-Trade Zones Act exempts certain tangible personal property (inventory) from state and local ad valorem taxes. The ad valorem tax exemption is limited to tangible personal property imported into or held for export from an FTZ. To establish the subzone, the FTZB

requires letters of support from each of the taxing entities that may be impacted. Cimbar has confirmed support from Tuloso-Midway ISD, Nueces County Hospital District, and Del Mar College. They are still seeking support from Nueces County and the City of Corpus Christi.

There are three other barite plants in Nueces County, operating under FTZ procedures: Halliburton, Cimbar, and Superior Weighing. Each of those facilities are operating with the benefit of the inventory tax exemption that Cimbar is requesting. Cimbar operates in a competitive industry and faces pressures from imported finished goods from Mexico. Exports from Mexico to the U.S. have increased by 40% over last year and continues to trend upward. Without the sub-zone Cimbar would be at a greater disadvantage.

ALTERNATIVES:

The City Council may choose not to recommend a letter of support for this project.

FISCAL IMPACT:

Based on an inventory of \$2.5 million, the City of Corpus Christi would forgo approximately \$15,000 in tangible personal property taxes per year, however, the estimated ten-year net benefit to the City of Corpus Christi would be \$242,192 based on current models.

Funding Detail:

Fund:	NA
Organization/Activity:	NA
Mission Element:	NA
Project # (CIP Only):	NA
Account:	NA

RECOMMENDATION:

Staff recommends approval of the resolution by the City of Corpus Christi, City Council.

LIST OF SUPPORTING DOCUMENTS:

Resolution
Concurrence Letter of Support – Port of CC
PowerPoint Presentation