



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting of January 22, 2013
Second Reading Ordinance for the City Council Meeting of January 29, 2013

DATE: December 26, 2012

TO: Ronald L. Olson, City Manager

THROUGH: Wes Pierson, Assistant City Manager
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Type A Grant for HEB Grocery Company, LP

CAPTION:

Ordinance approving a Business Incentive Agreement between the Corpus Christi Business and Job Development Corporation ("Type A Corporation") and HEB Grocery Company, LP ("HEB") to provide a grant of up to \$850,000, to improve McCampbell Road in front of their bread and tortilla manufacturing facility in Corpus Christi and the retention of jobs and authorizing the City Manager, or designee, to execute a Business Incentive Project Support Agreement with the Type A Corporation regarding implementation and administration of the HEB Business Incentive Agreement for the retention of jobs; and appropriating \$850,000 from the unreserved fund balance in the No. 1140 Business/Job Development Fund for said business incentive grant from the Type A Corporation to HEB; and changing the FY 2012-2013 operating budget, adopted by Ordinance No. 029565, by increasing proposed expenditures by \$850,000.

PURPOSE:

HEB will improve McCampbell Road in front of their manufacturing and distribution facilities in Corpus Christi and the retention of jobs. They will invest over \$17.7 million and retain 388 employees with an annual payroll of \$12,522,700.

BACKGROUND AND FINDINGS:

HEB has been a part of Corpus Christi since 1905 and currently has 388 employees at their bakery plant on McBride Lane where bread and tortillas are produced for the Texas market. The part of McCampbell Road outside of their facility has deteriorated and HEB has proposed to pay for road improvements. On May 21, 2012 the Type A Board approved a grant of \$750,000 for this project. The Type A Board increased the grant to \$850,000 during the September 17, 2012 meeting with the added requirement that the road must be concrete. Type A funds may be used for targeted infrastructure improvement.

ALTERNATIVES:

The company is not eligible for any other incentives.

OTHER CONSIDERATIONS:

HEB has been a fixture in this community for over one hundred years. This grant will be used to improve the road at their McCampbell entrance. The road is a City asset and once complete will continue to be maintained by the City. Additionally the City's Engineering Department will have full responsibility for ensuring the construction of the road to City standards.

CONFORMITY TO CITY POLICY:

This project is consistent with the City's stated goals of promoting economic development and incentivizing business to expand and thrive in Corpus Christi.

EMERGENCY / NON-EMERGENCY:

Non-emergency

DEPARTMENTAL CLEARANCES:

Engineering

FINANCIAL IMPACT:

- Operating Revenue Capital Not applicable

Fiscal Year: 2012-2013	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This item		850,000		850,000
BALANCE		850,000		850,000

Fund(s): Type A

RECOMMENDATION:

Staff recommends approval of the Type A Grant to HEB Grocery Company, LP in the amount of \$850,000 for improvement of McCampbell Road in front of the HEB Bakery facility.

LIST OF SUPPORTING DOCUMENTS:

- Type A Agreement
- Project Service Agreement