


AGENDA MEMORANDUM

Future Item for the City Council Meeting of August 21, 2012
Action Item for the City Council Meeting of September 25, 2012

DATE: August 6, 2012
TO: Ronald L. Olson, City Manager
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Tax Abatement for Mr. Owen A. Norton for the property located at 908 and 916-928 Staples Street

CAPTION:

Resolution authorizing the execution of an agreement with Mr. Owen A. Norton providing for temporary property tax abatement.

PURPOSE:

Granting a tax abatement to Mr. Owen A. Norton for a term of up to eight years.

BACKGROUND AND FINDINGS:

Mr. Owen A. Norton submitted an application for incentives to the City of Corpus Christi requesting tax abatement for the building located at 908 and 916-928 Staples Street. 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, Mr. Norton is seeking tax abatement as per section 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 8,950 square foot building will become a restaurant, and retail and office space keeping the period look. Improvements are estimated to be approximately \$425,000. The property is currently appraised at \$76,946 and is currently vacant. This project will create 10 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 Tier 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

Fiscal Year: 2011-2012	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This item			10,912	10,912
BALANCE			10,912	10,912

Fund(s):

Comments:

RECOMMENDATION:

Staff recommends approval to grant tax abatement to Owen A. Norton, the owner of taxable property located at 908 and 916-928 Staples Street in accordance with the City's Tax Abatement Guidelines and Criteria.

LIST OF SUPPORTING DOCUMENTS:

- Tax Abatement Application
- Tax Abatement Agreement