



AGENDA MEMORANDUM

First Reading Ordinance the City Council Meeting of June 10, 2014
Second Reading Ordinance for the City Council Meeting of June 17, 2014

DATE: May 27, 2014
TO: Ronald L. Olson, City Manager
THROUGH: Wes Pierson, Assistant City Manager
FROM: Mike Culbertson
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Type A Grant for Texas A&M University Electrical Engineering of \$1,000,000

CAPTION:

Approving a Business Incentive Agreement between the Corpus Christi Business and Job Development Corporation ("Type A Corporation") and Texas A&M University – Corpus Christi to provide a grant of \$1,000,000 to expand its undergraduate degrees in electrical engineering and authorizing the City Manager, or designee, to execute a Business Incentive Project Service Agreement with the Type A Corporation regarding implementation and administration of the Texas A&M University – Corpus Christi Business Incentive Agreement; and appropriating \$1,000,000 from the unreserved fund balance in the No. 1140 Business/Job Development Fund for said business incentive grant from the Type A Corporation to Texas A&M University – Corpus Christi and changing the FY 2013-2014 operating budget, adopted by Ordinance No. 029915, by increasing proposed expenditures by \$1,000,000.

PURPOSE:

Provide a grant from the Type A fund to Texas A&M University – Corpus Christi (TAMU-CC) to expand their undergraduate degrees in electrical engineering by reimbursing TAMU-CC to purchase laboratory equipment for their electrical engineering program and retrofit existing labs for electrical engineering as needed.

BACKGROUND AND FINDINGS:

The City previously approved a grant of \$1 million for the Mechanical Engineering program at TAMU-CC. The enrollment numbers have exceeded projections and ABET accreditation was achieved earlier than anticipated. The need for additional engineers statewide and locally remains high today, as evidenced by a wide range of data from State and industry sources.

The establishment of the Electrical Engineering degree at TAMU-CC will benefit the City in many ways, including but not limited to:

- Assisting with new business recruitment to the City by building a trained workforce needed by prospective businesses;

- Providing an educated, skilled labor pool for existing local industries, thereby increasing their capability and capacity;
- Enhancing employee retention—locally educated employees have already established themselves in Corpus Christi, making them more likely to stay;
- Providing qualified candidates for many of the 400-500 engineering jobs Coastal Bend Workforce Development anticipates by 2015;
- Increasing the number of local highly compensated positions—the starting salary of BSEE graduates is \$75,000 to \$80,000 per year with an estimated annual increase of 5% to 10% per year;
- Providing three additional University faculty (annual salaries of \$100,000 to \$120,000 each) and one staff positions (annual salary of \$40,000) over a four year period;
- Providing a cumulative total of 200 full-time students over a five-year period, with increases as the program becomes well established;
- Generating additional student tuition, as well as State funding dollars through Student Credit Hour Revenue, to the University;
- Supporting local businesses through patronage, local spending, and personal contributions from the increased numbers of faculty, staff, and students; and,
- Impacting the local economy by approximately \$5 million by the end of the first five years of the program;
- The Electrical Engineering program is also vital to the success of the Lone Star Unmanned Aircraft System Program at TAMU-CC.

Texas A&M University-Corpus Christi is investing \$534,750 in the Electrical Engineering program for faculty and staff salaries and benefits, over the next five years. They also have a goal of raising another \$1,000,000 from their community partners and industry businesses that will directly benefit from the electrical engineers who graduate from the University. They anticipate the five-year cumulative total of expenses for faculty and staff salaries and benefits plus program administration to be \$1,140,705 for this program. Additional funding for laboratories and student scholarships is necessary to ensure the success of these programs.

The \$1 million requested from the Type A Board will be paid out over time as the program is implemented. TAMU-CC requests that \$1 million dollars be dedicated to the Electrical Engineering program to be paid two months prior to that program commencing, either in the fall of 2014 or 2015.

ALTERNATIVES:

This is the only incentive for this project.

OTHER CONSIDERATIONS:

None

CONFORMITY TO CITY POLICY:

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

EMERGENCY / NON-EMERGENCY:

NON-EMERGENCY

DEPARTMENTAL CLEARANCES:

None

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year: 2013-2014	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This item		1,000,000		1,000,000
BALANCE		1,000,000		1,000,000

Fund: Type A Fund

RECOMMENDATION:

CCREDC presents this item while operating under the supplemental contract. This item was not presented to our Board for approval.

LIST OF SUPPORTING DOCUMENTS:

TAMU-CC Proposal letter