


AGENDA MEMORANDUM

Future Item for the City Council Meeting of July 9, 2013
Action Item for the City Council Meeting of July 23, 2013

DATE: May 31, 2013

TO: Ronald L. Olson, City Manager

THROUGH: Wes Pierson, Assistant City Manager
(361) 826-3082
wesp@cctexas.com

FROM: Emily Martinez 
(361) 882-7448
emartinez@ccredc.com

Tax Abatement Agreement for Kinney Hotel Partners LTD

CAPTION:

Resolution authorizing the execution of an agreement with Kinney Hotel Partners LTD providing for temporary property tax abatement.

PURPOSE:

Granting a tax abatement to Kinney Hotel Partners LTD for a term of up to eight years.

BACKGROUND AND FINDINGS:

Kinney Hotel Partners LTD submitted an application for incentives to the City of Corpus Christi requesting tax abatement for the property located at 318 Born Street. The development is located within Downtown, a council identified catalyst area, and is within an enterprise zone designated pursuant to the Texas Government Code.

In accordance with the City's Tax Abatement Guidelines and Criteria, Kinney Hotel Partners LTD 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 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 a hotel. Improvements are estimated to be approximately \$4.7 million of which \$4.7 million is eligible for tax abatement. The property is currently appraised at \$438,670.00.

ALTERNATIVES:

There are no other incentives available for a project of 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 the downtown catalyst area and it will be locally owned

EMERGENCY / NON-EMERGENCY:

NON-EMERGENCY

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			147,489	147,489
BALANCE			147,489	147,489

Fund(s): General

Comments:

In a ten year analysis of tax receipts, the City would receive \$25,029 for the property if the land remains vacant. The City would receive \$147,489 more if the project is approved over a ten year period. The total taxes the City would receive if the project goes forward is \$172,518 for the ten year period.

RECOMMENDATION:

Staff recommends approval to grant tax abatement to Kinney Hotel Partners LTD, the owner of taxable property located at 318 Born Street in accordance with the City's Tax Abatement Guidelines and Criteria.

LIST OF SUPPORTING DOCUMENTS:

Resolution

Certification of Funds

Tax Abatement Agreement