



CITY OF CORPUS CHRISTI

AGENDA MEMORANDUM

Action Item for the City Council Meeting December 9, 2025

DATE: November 20, 2025

TO: Peter Zaroni, City Manager

FROM: Miles Risley, City Attorney
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Tax Settlement Agreement with the City of San Antonio for the Barney Davis and Nueces Bay Power Plants

CAPTION:

Resolution authorizing Tax Agreements with the City of San Antonio, Texas, via the City Public Service Board (CPS), for total payments to the City of Corpus Christi of \$1,770,000.00 for tax years 2024 through 2027 for the Barney Davis and Nueces Bay Power Plant properties operated by CPS Energy.

SUMMARY:

The Tax Settlement agreements are valid until December 31, 2035. Under the two agreements, the City of Corpus Christi would receive \$570,000.00 for tax year 2024, \$630,000.00 for tax year 2025, \$400,000.00 for tax year 2026, and \$170,000.00 for tax year 2027, for a total of \$1,770,000.00. These payments are a “prepayment of and credit against any future tax liability” which requires each Taxing Authority to credit the settlement payments received against future taxes if the property becomes taxable for any reason anytime through tax year 2035. For example, suppose in Tax Year 2034 the property is transferred to a taxable entity, or there is a change in the law or judicial opinion that finds the property is taxable. Then the City would have to credit payments received against taxes owed for Tax Year 2034 and Tax Year 2035.

BACKGROUND AND FINDINGS:

The City of San Antonio, acting by and through the City Public Service Board of San Antonio, Texas, rebranded as CPS Energy, purchased the Nueces Bay and Barney Davis Power Plants on December 13, 2024. Prior to the December 13th transaction, the City annexed the Nueces Bay Power Plant into the City limits. CPS Energy, a City Public Service Board of the City of San Antonio, operates the power plants. The power plant properties have been granted a tax exemption under Texas Tax Code §11.11, which provides in part, “...property owned by this state or a political subdivision of this state is exempt from taxation if the property is used for public

purposes.” To mitigate the impact of the sudden loss of revenue resulting from the property’s conversion from private to public ownership, the City of San Antonio is offering a tax settlement agreement to taxing entities with jurisdiction that allows them to receive staggered payments for tax years 2024, 2025, 2026, and 2027.

Subject to acknowledgment from the Appraisal District that the properties are tax exempt, the City would receive payments for Tax Years 2024-2027, starting March 31, 2026, for a total of \$805,000.00 for Nueces Bay property and a total of \$965,000.00 for Barney Davis property.

In the event that all the taxing entities for the Barney Davis or Nueces Bay Power Plant properties do not agree to enter into the tax settlement agreement with the City of San Antonio, the City may enter into a stand-alone tax settlement agreement for such property.

ALTERNATIVES:

N/A

FISCAL IMPACT:

Generates revenue of \$1,200,000.00 in FY26, \$400,000.00 in FY27, and \$170,000.00 in FY28.

Funding Detail:

Fund:

Organization/Activity:

Department:

Project # **(CIP Only)**:

Account:

RECOMMENDATION:

Approve Tax Settlement Agreement.

LIST OF SUPPORTING DOCUMENTS:

Resolution

Tax Settlement Agreement – Nueces Bay Power Plant (All Taxing Entities)

Tax Settlement Agreement – Barney Davis Power Plant (All Taxing Entities)

Tax Settlement Agreement – Nueces Bay Power Plant (City of Corpus Christi only)

Tax Settlement Agreement – Barney Davis Power Plant (All Taxing Entities only)