



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting March 17, 2020
Second Reading Ordinance for the City Council Meeting March 24, 2020

DATE: March 5, 2020
TO: Peter Zanoni, City Manager
FROM: Daniel McGinn, AICP, Director of Planning and Environmental Services
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Expansion of Industrial District No. 8

CAPTION:

Ordinance amending Ordinance No. 031817 by adjusting the boundary of the City’s Industrial District No. 8 to include disannexed tracts; and approving Industrial District Agreement No. 103 with Occidental Chemical Corporation, Ingleside Cogeneration Limited Partnership, Ingleside Ethylene, LLC, and OXYMAR.

SUMMARY:

This item provides for the expansion of Industrial District No. 8 in San Patricio County to include disannexed tracts owned by Occidental Chemical Corporation and affiliated entities.

BACKGROUND AND FINDINGS:

On July 23, 2019, the City of Corpus Christi created Industrial District No. 8 in San Patricio County to include the disannexed tracts owned by Chemours Company FC, LLC (“Chemours”). At the time of that disannexation, staff was in the process of negotiating an industrial district agreement with Occidental Chemical Corporation and affiliated entities (“Oxy”), but that agreement was not finalized. Oxy’s property is adjacent to Industrial District No. 8 and Chemours.

A related item on the agenda proposes the disannexation of approximately 869.20 acres, which consists of Oxy’s property. The disannexation is in exchange for execution of a new industrial district agreement between the City and Oxy. In order to enter into an industrial district agreement with Oxy, the City must include Oxy’s property within the boundaries of an Industrial District. As Oxy’s property is adjacent to Industrial District No. 8, it makes sense to expand the boundaries of Industrial District No. 8 to include Oxy rather than creating a new industrial district.

The proposed industrial district agreement provides that Oxy must make payments in lieu of taxes annually in the amount of 62.5% of the ad valorem taxes that would be due on the improvements if they were within the boundaries of the City and 100% of the ad valorem taxes that would be due for the land. These are the same payment in lieu of taxes terms that apply to other industrial partners in San Patricio County, including Chemours.

Staff recommends expansion of Industrial District No. 8 and approval of an industrial district agreement with Oxy. The industrial district agreement is a means by which the City can continue to support regional economic development and Oxy's presence in the Coastal Bend.

Analysis of the Request:

The proposed disannexation is consistent with City policy and the Comprehensive Plan as follows:

- Plan CC's Vision Statements identifies that "Our broadly diversified economy provides opportunity for all."
- Plan CC's Future Land Use Plan indicates this area for industrial development.
- Plan CC Element 7, Goal 6 states "Annexation plans provide for orderly growth and industrial agreements in the ETJ."
- Plan CC Element 7, Goal 6, Strategy 6 states, "Support the evaluation of the use of industrial

ALTERNATIVES:

In lieu of the proposed industrial district agreement, staff considered further negotiating with Oxy. Staff chose not to pursue this option as other industrial partners in the area are subject to the same payment in lieu of taxation terms proposed in the Oxy agreement, which were originally proposed to the industrial partners at the time of the annexation.

FISCAL IMPACT:

The agreement requires rebate of any ad valorem taxes paid for tax year 2020 that exceed the contractual payment in lieu of taxes amount. This would require reimbursement of 37.5% of the ad valorem paid on improvements and 100% of the ad valorem paid on personal property. For future years, payment in lieu of taxes will be collected in the amount of 100% on land and 62.5% on improvements.

RECOMMENDATION:

Staff recommends approval.

LIST OF SUPPORTING DOCUMENTS:

- Ordinance
- Industrial District Agreement No. 103