



AGENDA MEMORANDUM

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

DATE: March 25, 2013

TO: Ronald L. Olson, City Manager

THROUGH: Wes Pierson, Assistant City Manager
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FROM: Roland C. Mower, President/CEO
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Chapter 380 Agreement for voestalpine Texas LLC

CAPTION:

Approving a resolution authorizing the City Manager or designee to execute a Chapter 380 Economic Development Incentive Agreement with voestalpine Texas LLC ("Agreement") for certain economic development grants for development of an iron and steel facility within the City's extraterritorial jurisdiction and for construction of docks potentially within the Corpus Christi city limits for the benefit of the City.

PURPOSE:

The Chapter 380 agreement between the City and voestalpine Texas, LLC will provide economic incentives to develop and operate an iron and steel production facility in the City's extra territorial jurisdiction. The agreement provides for sharing certain tax revenues over a twenty year term.

BACKGROUND AND FINDINGS:

voestalpine Texas, LLC is a wholly owned subsidiary of voestalpine Eurostahl an Austrian steel manufacturer and processor. voestalpine has been in business for over 50 years and has over 46,000 employees worldwide. They will construct a direct reduced iron ("DRI") plant for the production of hot briquetted iron ("HBI") with an estimated annual production of 2,000,000 tonnes within the City's extraterritorial jurisdiction on land owned by the Port and may construct piers that may extend into the city limits. They wish to have an agreement to have predictability in their tax structure.

voestalpine will invest up to \$700 million in their plant and create up to 150 full time jobs in this phase. Future phases for this project are possible and probable. This phase is expected to create almost 2,500 peak construction jobs

ALTERNATIVES:

Failure to address this issue would result in the company selecting another site for their plant.

OTHER CONSIDERATIONS:

voestalpine expects to enter into a Chapter 381 incentive agreement with San Patricio County and expects to enter into a tax abatement agreement the San Patricio County Drainage District and will be applying for a Chapter 313 Value Limitation with Gregory-Portland ISD.

CONFORMITY TO CITY POLICY:

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

EMERGENCY / NON-EMERGENCY:

Non-Emergency

DEPARTMENTAL CLEARANCES:

Legal

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				
BALANCE				

RECOMMENDATION:

Staff recommends approval of the Chapter 380 agreement between the City of Corpus Christi and voestalpine.

LIST OF SUPPORTING DOCUMENTS:

Resolution
Certification of Funds
Chapter 380 Agreement