



AGENDA MEMORANDUM

First Reading Ordinance the City Council Meeting of April 9, 2013
Second Reading Ordinance for the City Council Meeting of April 23, 2013

DATE: March 20, 2013

TO: Ronald L. Olson, City Manager

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Type A Grant for Texas A&M University-Corpus Christi

CAPTION:

Ordinance approving a Business Incentive Agreement between the Corpus Christi Business and Job Development Corporation ("Type A Corporation") and Texas A&M University-Corpus Christi ("TAMU-CC") to provide a grant of up to \$600,000 for an application to the Federal Aviation Administration (FAA) to locate an Unmanned Aerial Systems (UAS) test range in Corpus Christi, Texas, and authorizing the City Manager, or designee, to execute a Business Incentive Project Support Agreement with the Type A Corporation regarding implementation and administration of the TAMU-CC Business Incentive Agreement; amending the budget to allow for this funding of up to \$600,000 from the Unreserved Fund balance in the No. 1140 Business/Job Development Fund and appropriating up to \$600,000 to the Unreserved Fund Balance in the No. 1140 Business/Job Development Fund.

PURPOSE:

TAMU-CC will submit an application to the FAA to locate an FAA Center in Corpus Christi.

BACKGROUND AND FINDINGS:

The FAA will designate six UAS test sites in 2013 for the purpose of developing technologies, policies and procedures that will safely integrate UAS into the national airspace. It is critical for Texas to compete successfully for this designation in order to reap its share of UAS national industrial development and economic growth estimated at 150,000 jobs and \$8 billion annually by 2020. Texas is proposing a statewide test site that will be comprised of five test ranges, with the principal range and command center located in Corpus Christi. In-depth consultation with former FAA senior executives indicates that, properly developed into a coordinated system, Texas, and Corpus Christi in particular, are ideal for the type of testing, evaluation and policy

development required by the FAA to meet its congressionally mandated goal of integrating all classes of UAS into U.S. national airspace over the next 10 to 15 years.

Texas A&M University – Corpus Christi is the lead entity preparing to submit a bid for one of these test sites. The cost of securing and preparing the bid to the University could be as high as \$600,000. This cost is being matched by in-kind and in-cash contributions from the Texas Engineering Experiment Station and the lead systems integrator on the project, Camber Inc.

Given its role as lead test range and command center for Texas, if Corpus Christi reaps just 2 percent of economic activity projected for the UAS national market, more than 300 well-paying jobs will be created by private-sector investment in UAS manufacturing and technology research and development. Texas A&M University – Corpus Christi will, moreover, increase its capacities for UAS-related research funding from public and private sources. Students at all levels will benefit from this upgrade as they prepare for careers related to UAS industries, from high-tech maintenance bays to research labs and advanced flight-testing. In all likelihood, UAS industrial development in Texas, spawned by UAS integration test ranges, will lead to long-term – and, to date, unimagined – economic and educational benefits, much of it in the Corpus Christi area.

Type A funds may be granted for start-up costs for research centers. The statute also allows the Type A Board to approve grants that will increase economic development.

ALTERNATIVES:

OTHER CONSIDERATIONS:

This is a competitive process. Corpus Christi may not be selected.

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		600,000		600,000
BALANCE		600,000		600,000

Fund(s): Type A

RECOMMENDATION:

Staff recommends approval of the Type A Grant to TAMU-CC for the purpose of developing technologies, policies and procedures that will safely integrate UAS into the national airspace

LIST OF SUPPORTING DOCUMENTS:

Type A Agreement
Business Service Agreement