



## **AGENDA MEMORANDUM**

Future Item for the City Council Meeting of August 25, 2015  
Action Item for the City Council Meeting of September 8, 2015

**DATE:** August 3, 2015  
**TO:** Ronald L. Olson, City Manager  
**FROM:** Emily Martinez  
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Agreement for temporary tax abatement for the development located in the 6000 block of Bear Lane

### **CAPTION:**

Resolution authorizing the execution of an agreement with Cameron International Corporation providing for temporary property tax abatement

### **PURPOSE:**

Granting a tax abatement to Cameron International for a term of up to eight years.

### **BACKGROUND AND FINDINGS:**

Cameron International Corporation submitted an application for incentives to the City of Corpus Christi requesting tax abatement for a facility located in the 6000 block of Bear Lane. The development is located within a Texas Enterprise Zone catalyst area.

In accordance with the City's Tax Abatement Guidelines and Criteria, Cameron 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%

Cameron International Corporation (CAM) plans to construct a new facility to serve as both new manufacturing and remanufacturing of CAM Frac Valve and Gate Valve/Components servicing South Texas and North American assets. The capital improvements will include machine tools such as CNC Horizontal Boring Mills, CNC Horizontal Machining Centers, CNC Lathes and Robotic Clad welding machines. The building and site will consist of the following: 105,405 square foot building which includes: 11,825 SF office (level 1); 11,825 SF office, 73,000 SF workshop; 8,800 SF warehouse and 10 acres of stabilized yard. The total capital investment for site, building and equipment is approximately \$29 million. They will create forty (40) new jobs.

**ALTERNATIVES:**

There are no other incentives available to a project 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 a catalyst area as defined by the City Council.

**EMERGENCY / NON-EMERGENCY:**

NON-EMERGENCY

**FINANCIAL IMPACT:**

☐ Operating      ☒ Revenue      ☐ Capital      ☐ Not applicable

<b>Fiscal Year: 2014-2015</b>	<b>Project to Date Expenditures (CIP only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget				
Encumbered / Expended Amount				
This item			515,032	515,032
BALANCE			515,032	515,032

**Comments:** The amount of property taxes for ten years, based on the City's current rate, for the unimproved property would be \$10,356. With the tax abatement, the amount of property tax collected over the base amount of \$10,356, will be \$515,032 in new tax revenues to the City. West Oso ISD would receive more than \$4 million over the next ten years from this development.

**RECOMMENDATION:**

Staff recommends approval to grant a temporary tax abatement to Cameron International, the owner of taxable property located of in the 6000 block of Bear Lane in accordance with the City's Tax Abatement Guidelines and Criteria.

**LIST OF SUPPORTING DOCUMENTS:**

Resolution – Cameron  
Agreement - Cameron