



## **AGENDA MEMORANDUM**

First Reading Ordinance for the City Council Meeting of May 9, 2017  
Second Reading Ordinance for the City Council Meeting of May 16, 2017

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**DATE:** April 28, 2017

**TO:** Margie C. Rose, City Manager

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Creation of new Industrial District Agreement for Basic Equipment Co. Owned Property
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### **CAPTION:**

Ordinance disannexing from the City of Corpus Christi, Texas, an approximately 3.41-acre tract of land owned by Basic Equipment Company and located in Nueces County; adjusting the City boundaries; amending Ordinance no. 029958 by adjusting the boundary of the City's Industrial District No. 1 to include the disannexed tract; authorizing the City Manager, or designee, to execute an Industrial District Agreement with Basic Equipment Company, requiring the payment of 100 percent of the ad valorem taxes that would be due if the tract was in city limits, and to file the Industrial District Agreement in the official records of Nueces County; providing for publication; and providing for severance.

### **PURPOSE:**

This item is a two-part action to create an Industrial District Agreement (IDA) with Basic Equipment Company, for 100% Payment-In-Lieu-of-Taxes (PILOT) on properties which they intend to invest \$2 million.

### **BACKGROUND AND FINDINGS:**

In September 2013, the City Council approved a Master IDA with modifications to key financial provisions. The 2015 IDA removed a clause regarding treatment of "contiguous property," in the City limits. Since the creation of the Industrial District in 1980, companies had acquired properties inside City limits, but the "contiguous property," clause created an avenue for operations to continue as though the property was in the Industrial District.

In the years following the approval of the current IDA template, some companies in the IDA have requested their "contiguous property" be disannexed to keep their property subject to a uniform standard of rules. In the fall of 2016, the Council approved disannexation of a few parcels owned by CITGO, with terms of 100% PILOT on Land, Improvements and Business Personal Property. CITGO plans \$8 million of improvements over the next three years.

Recently, Basic Equipment Co. provided written request to have the property disannexed and included in their existing IDA. Basic Equipment is proposing a \$2 million Welcome and Training Center to replace an existing maintenance building on their property. Basic Equipment Co. has agreed to the same provisions that the Council has previously approved - 100% PILOT on Land and Improvements and continuing to pay Business Personal Property at 100%.

**ALTERNATIVES:**

To deny Basic Equipment Co.'s request for disannexation.

**OTHER CONSIDERATIONS:**

Not applicable.

**CONFORMITY TO CITY POLICY:**

Provide adequate and suitably-zoned land for both light and heavy Industries. (Corpus Christi Policy Statements, Land Use, Industrial a.)

**EMERGENCY / NON-EMERGENCY:**

Non-emergency.

**DEPARTMENTAL CLEARANCES:**

Legal Department  
Development Services  
Business Liaison, Executive Departments

**FINANCIAL IMPACT:**

☐ Operating      ☐ Revenue      ☐ Capital      X Not applicable

<b>Fiscal Year: 2015-2016</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Line Item Budget			
Encumbered / Expended Amount			
This item			
BALANCE			

Fund(s):

**Comments:** No budgetary impact as Basic Equipment Co. will pay a fee in lieu of property taxes equal to the amount of taxes required if the property was inside city limits.

**RECOMMENDATION:**

Approval

**LIST OF SUPPORTING DOCUMENTS:**

Presentation – Basic Equipment Disannexation / IDA 7B

Ordinance – Basic Equipment Disannexation / IDA 7B

Section 2 Attachment - Metes & Bounds, Map – Tract A

Section 4 Attachment - Metes & Bounds, Map – Industrial District 1

Section 5 Attachment - Industrial District Agreement 7B – Basic Equipment  
Form 1295