



AGENDA MEMORANDUM

Corpus Christi B Corporation Meeting of August 30, 2021

DATE: August 12, 2021

TO: President and Honorable Board Members,
Corpus Christi B Corporation

FROM: Mike Culbertson, COO, CCREDC
mculbertson@ccredc.com
(361) 882-7448

Authorizing an incentive agreement with Texas A&M University for the Corpus Christi Lone Star
Unmanned Aircraft Systems Center

CAPTION:

Public hearing and possible action authorizing a Corpus Christi B Corporation (Type B) business incentive agreement with Texas A&M University - Corpus Christi (TAMU-CC) in an amount not to exceed \$4,000,000 for the Lone Star Unmanned Aircraft Systems Center and amending the FY 2022 budget to appropriate \$1,103,000 for the first year of funding.

PURPOSE:

TAMU-CC is requesting an incentive agreement to support the modernization and infrastructural needs related to the Lone Star Unmanned Aircraft System Center.

BACKGROUND AND FINDINGS:

For a number of years, the City of Corpus Christi and Texas A&M University- Corpus Christi have discussed establishing a presence for the university in the downtown as part of the redevelopment efforts. The parties have also worked to establish drone technology and unmanned aerial systems as a cutting-edge research and commercialization niche to build the area's economic development core competencies and infrastructure. This proposal is a significant and bold step in moving downtown redevelopment forwards and taking the next step in building the university's assets in this technology with significant potential for commercial opportunities in the future.

In May 2013 a Type A grant of \$600,000 was approved for Texas A&M University – Corpus Christi to help apply to one of the seven proposed FAA test sites for drones. The FAA had been tasked with incorporating drones into the national airspace. In June 2014 TAMU-CC was awarded one of those sites. Since then, they have constructed a mission control and flown countless hours in support of that mission. They have expanded their reach to include test and evaluation on commercial drones with private companies. This proposal will take them to another level of testing and evaluation for a myriad of missions, establish a Center of Innovation in Emergency Management working with the City and the County. This center will also be able to act as mission control in support of drone activities.

This proposal is the biggest step in attraction of drone companies the area has seen. CCREDC just completed a targeted industry survey and survey results indicated that the unmanned vehicle market is the perfect fit for the Coastal Bend due to the TAMU-CC FAA test site. It also urged the city to look at getting university-oriented programs downtown. This will also help attract tech centric businesses and entrepreneurs downtown which was another aspect that the survey addressed

Texas A&M University-Corpus Christi requests that the Type B Corporation support modernization and infrastructural needs related to the expansion of LSUASC and drone-related efforts of the Office of Economic Development and Industry Partnerships, iPORTs, and the Center of Innovation in Emergency Management to contribute to the expansion of economic development opportunities related to drones in Corpus Christi.

The grant would support the following:

1. Beyond-Visual-Line-Of-Sight (BVLOS) airspace study [\$250,000]
 - One new position (~\$116,000 annually salary and benefits)
2. Second Mission Control Center in newly acquired University building in downtown Corpus Christi [\$2.13M]
 - Two years of Thales support (\$1.5M)
 - Implementation of system architecture and supporting labor
 - Provision of back-end services
 - Support services applications and two-year support agreement
 - Purchase of hardware (computers, monitors, displays, etc.), software and licenses (~\$120,000)
 - One new position (~\$130,000 annual salary and benefits)
 - Space renovation and buildout in the downtown building for 2,500 square feet at \$152/square foot (\$380,000)
3. Supporting centers with drone-related activities will be established within the downtown building to facilitate collaboration and integration with LSUASC's efforts [\$1.62M]
 - Costs include renovating space, buildout needs, and a prorated portion based on anticipated square feet of addressing IT/AV, electrical, plumbing, roof and elevator requirements within the downtown building estimated at \$152/square foot
 - Dedicate the University's building in the Flour Bluff district to drone-related business incubation and move non-drone-related business incubation to downtown building
 - Establish the Office of Economic Development and Industry Partnerships, iPORTs, and the Center of Innovation in Emergency Management within the downtown building to provide additional expertise for drone-related technology, innovation, and economic development

This project will result in a \$20.4 million investment in the downtown area. TAMU-CC has already acquired the downtown building for \$2.3 million and will be investing \$6.8 million in upgrades and repairs to the roof, elevators, mechanical, plumbing, and electrical systems. IN addition, \$11.3 million will be invested for build out of space to incorporate the programmatic elements outlined previously for the drone technology and other university operations. The Type B grant of \$4 million would constitute slightly less than 20% of the total \$20.4 million project cost and is considered a 4:1 match ratio. The agreement will require that TAMU-CC expend at least \$7 million on this Project, not including the contribution from the Type B and that at least \$4 million be expended on eligible infrastructure improvements and/or job training programs.

TAMU-CC has secured \$3 million from the State legislature to enhance LSUASC's ability to provide UAS public service to the State of Texas by supporting critical emergency response and disaster relief demands. LSUASC will enhance and sustain a UAS response force.

CCREDC Board of Directors voted to recommend approval of a \$4 million grant to the Type B Corporation Board on June 10, 2021.

ALTERNATIVES:

The Board may choose to not approve funding or fund a lesser amount.

FINANCIAL IMPACT:

This item will use \$4,000,000 of the Type B funds which is being proposed to be included in the City of Corpus Christi's FY 2022 operating budget.

Funding Detail:

Fund: 1145
Organization/Activity: 15020
Mission Element:
Project # (CIP Only):
Account: 530000

RECOMMENDATION:

City staff recommends approval of the Type B business incentive agreement with Texas A&M University - Corpus Christi (TAMU-CC) in the amount not to exceed \$4,000,000 for the Lone Star Unmanned Aircraft Systems Center.

LIST OF SUPPORTING DOCUMENTS:

Incentive agreement
Letter from CCREDC
Proposal
Presentation