

REQUEST FOR COUNCIL ACTION

TO: Mayor via City Secretary

RCA #

SUBJECT: A motion to set a public hearing date for December 22, 2015 regarding the designation of the Fairway Energy Partners LLC. Reinvestment Zone for tax abatement purposes.

Category #

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Agenda Item#

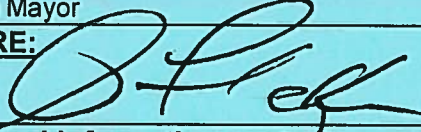
FROM: (Department or other point of origin):

Andrew F. Icken, Chief Development Officer
Office of the Mayor

Origination Date

Agenda Date

SIGNATURE:



Council Districts affected:
K

For additional information contact:

Gwendolyn Tillotson Phone: 832-393-0937

Date and identification of prior authorizing Council Action:
Ord. No. 2014-245, 3/26/14

RECOMMENDATION: (Summary) A motion to set a public hearing date for December 22, 2015 regarding the designation of the Fairway Energy Partners LLC. Reinvestment Zone for tax abatement purposes.

Amount of Funding: Not Applicable

Finance Budget:

SOURCE OF FUNDING: General Fund Grant Fund Enterprise Fund
 Other (Specify)

SPECIFIC EXPLANATION:

State law requires cities to adopt tax abatement guidelines and criteria before entering into tax abatement agreements, and each approved abatement agreement must meet those guidelines. State law also provides that cities' tax abatement guidelines and criteria expire after two years. City Council renewed the tax abatement guidelines and criteria on March 12, 2014. Sec. 312.201 of the Texas Tax Code requires that the City hold a public hearing before it can adopt an ordinance designating an area as a reinvestment zone.

Fairway Energy Partners LLC. (the "Company") is developing a crude oil storage project at the Pierce Junction Salt Dome (the "Project") which is located in the City, two miles south of NRG Stadium. The Company is headquartered in Houston, Texas. The Company submitted a tax abatement application to the City on October 21, 2013, with all supporting documentation. The Project consists of existing caverns with five segregations and an aggregate capacity of up to 19.8 million barrels of crude oil at 11650 Almeda Road, Houston, Texas 77045. The Company plans to invest between \$300 million and \$400 million to develop the Project. The Company is also requesting a variance from the requirements of Section 44-121 of the Code relating to the ownership of goods stored.

The City has reviewed the Company's tax abatement application, and the proposed tax abatement agreement was presented to the Budget and Fiscal Affairs Committee on November 19, 2015. The proposed date of the public hearing is December 22, 2015.

cc: Marta Crinejo, Agenda Director
Anna Russell, City Secretary
Donna Edmundson, City Attorney
Gary Dzierlenga, Senior Assistant City Attorney

REQUIRED AUTHORIZATION

Finance Director:

Other Authorization:

Other Authorization: