

**REQUEST FOR COUNCIL ACTION**

**TO: Mayor via City Secretary**

**RCA #**

<b>SUBJECT:</b> Ordinance approving a tax abatement agreement between the City of Houston Halliburton Energy Services, Inc.	<b>Category #</b>	<b>Page 1 of</b> 1	<b>Agenda Item#</b>
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<b>FROM: (Department or other point of origin):</b> Andrew F. Icken, Chief Development Officer Office of the Mayor	<b>Origination Date</b>	<b>Agenda Date</b>
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<b>SIGNATURE:</b> 	<b>Council Districts affected:</b> District "B" - Davis
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<b>For additional information contact:</b> Gwendolyn Tillotson Phone: 832-393-0937	<b>Date and identification of prior authorizing Council Action:</b> Ord. No. 2014-245 3/26/14
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**RECOMMENDATION: (Summary)** Approve an Ordinance authorizing a tax abatement agreement between the City of Houston and Halliburton Energy Services, Inc.

<b>Amount of Funding:</b> Not Applicable	<b>F&amp;A Budget:</b>
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**SOURCE OF FUNDING:**     General Fund     Grant Fund     Enterprise Fund     Other (Specify)

**SPECIFIC EXPLANATION:**

Halliburton Energy Services, Inc. (the "Company") is one of the world's largest providers of products and services to the oil and gas industry and is headquartered in Houston, Texas. The company began a multi-phase expansion of its U.S. corporate headquarters, the North Belt Campus, in 2009 to include the construction of three office buildings, a technology center, a life center, a shipping and receiving building, central plant and three parking garages. The expansion at completion represents 945,000 square feet of new development on approximately 89 acres of land. The property is located at 3000 N. Sam Houston Parkway East, Houston, Texas 77032.

The Company has invested approximately \$145 million to develop and construct the North Belt Campus and will continue to employ at least 2,700 Permanent Employees throughout the Abatement Period. The Company submitted an application for tax abatement on April 2, 2014, with all supporting documentation for an incentive equal to the partial cost for the construction of Milner Road, one of the main feeder roads servicing the Company's facility as well as the adjacent General Electric campus. The Company is requesting a variance from the requirements of Section 44-123(g) of the City Code relating to the timing of the commencement of construction, alteration, or installation of improvements at the North Belt Campus and formal announcement of the project.

The proposed abatement will apply only to the property value in excess of the January 1, 2014 value, consistent with the year the Company filed the tax abatement application. The value on January 1, 2014 was \$127,095,642 and will not be subject to the tax abatement. The amount of City property taxes paid by the Company on the January 1, 2014 value was \$802,075.

The Company's request for the tax abatement is to minimize the cost to improve Milner road from a narrow, two-lane asphalt road to a three-lane paved street with curb, gutter and related storm drainage improvements. The total cost is approximately \$3.1M and the company will construct and convey the improved street to the City prior to receiving the abatement. The maximum value of the tax abatement is \$1.5M. The tax abatement is 50% for a period sufficient to abate the maximum \$1.5M but not to exceed 10 years. Based on a 50% abatement rate, the City tax to be abated is estimated at \$136,000 - \$375,000 annually as the property value increases. The maximum tax abatement is projected to be achieved in year 7.

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

**REQUIRED AUTHORIZATION**

<b>&amp;A Director:</b>	<b>Other Authorization:</b>	<b>Other Authorization:</b>
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