

**REQUEST FOR COUNCIL ACTION**

**TO: Mayor via City Secretary**

**RCA #**

<b>SUBJECT:</b> Ordinance approving a tax abatement agreement among the City of Houston, United Parcel Service, Inc., and BT-OH, LLC for the construction of a new warehouse and parcel distribution center.	<b>Category #</b>	<b>Page 1 of</b> 1	<b>Agenda Item#</b>
	<b>FROM: (Department or other point of origin):</b>		<b>Agenda Date</b>

Andrew F. Icken, Chief Development Officer Mayor's Office	<b>Origination Date</b>	<b>Agenda Date</b>
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<b>SIGNATURE:</b> 	<b>Council Districts affected:</b> A
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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. 2009-858, 9/16/09; 2011-1167, 12/14/11; 2014-0245, 3/26/14
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**RECOMMENDATION: (Summary)** Adopt an Ordinance approving a tax abatement agreement ("Agreement") among the City of Houston ("City"), United Parcel Service, Inc., and BT-OH, LLC (collectively, "Company") for the construction of a new warehouse and parcel distribution center.

<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:**

United Parcel Service, Inc. and its wholly owned subsidiary BT-OH, LLC is a national shipping and logistic company with headquarters in Atlanta, Georgia. The proposed new 400,000-500,000 square feet distribution facility will be constructed on a 68.4 acre site. The Company submitted an application on 7/6/2015. The proposed abatement will apply to the capital investment in real property and equipment. The application states that the Company is considering multiple competitive sites to locate this project, including the cities of Conroe and Tomball, and that the economic incentive improves the feasibility of the project and therefore is a significant factor in the Company's decision. Additionally, Harris County is also evaluating an incentive for the project, to leverage the City's incentive consideration, as Harris County is competing with Montgomery County for this project.

This project involves the construction of a parcel distribution facility located at 11802 North Gessner Road. The Company plans to invest approximately \$12,000,000 in land, \$60,000,000 in capital improvements, and \$71,000,000 in equipment. The Company will retain its current 2,535 jobs and will create 500 or more new full time equivalent jobs upon project completion.

The real property improvements subject to tax abatement are approximately \$131,000,000 and represent the incremental value above the property base value. The appraised value is estimated at approximately 80% of the investment amount, excluding the land. Based upon a 75% abatement rate, the City tax to be abated is estimated at \$506,908 - \$536,500 annually for a term of 10 years.

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

**REQUIRED AUTHORIZATION**

<b>Other Authorization:</b>	<b>Other Authorization:</b>	<b>Other Authorization:</b>
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