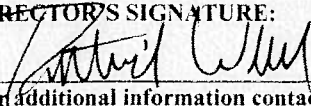


SUBJECT: An ordinance changing the status of an area previously annexed for general purposes to limited purpose annexation status and entering into an Industrial District Agreement with Valero Refining Texas, L.P.		Category #	Page 1 of 1	Agenda Item #
FROM (Department or other point of origin): Planning and Development		Origination Date		Agenda Date December 10, 2014
DIRECTOR'S SIGNATURE: 		Council District affected: E		
For additional information contact: Nicole Smothers Phone: 713-837-7856		Date and identification of prior authorizing Council action: Ordinance No. 3351; December 31, 1956		
RECOMMENDATION: (Summary) That City Council approve an ordinance changing the status of certain property from full purpose to limited purpose, and approving an Industrial District Agreement with Valero Refining Texas, L.P.				
Amount and Source of Funding:			Finance Budget:	
SPECIFIC EXPLANATION: The City has received a petition for a change in annexation status and simultaneous Industrial District (IDA) designation from Valero Refining Texas, L.P. The petition proposes the change in status from full purpose to limited purpose for approximately 160.54 acres of its 189.50 acre property located at 9701 Manchester Street on the east side of Houston. The 160.54 acres mentioned represents the portion of the refinery that is located within 2500 feet of the Houston Ship Channel and is eligible for a change in status as part of the Navigation District pursuant to Section 43.136(h) of the Texas Local Government Code. The remaining 28.96 acres of the refinery property would remain in the full purpose city limits and will not be affected by this ordinance. The IDA would expire in 2027 in keeping with the terms of other existing IDAs to which the City is a party. During the term of this agreement, Valero Houston Refinery has plans to make substantial improvements to the property including upgrades to wastewater treatment and equipment, tank replacements and boiler reliability and pipe rack improvements. <ul style="list-style-type: none"> • During the term of the Agreement, the City forgoes annexation of the property covered and provides no public services to the property. • The property owner makes annual payments to the City equal to 100% of what they would pay in ad valorem taxes on the land itself and 73.4% on buildings & personal property. New construction valued over a \$3.5 million minimum value is incentivized by provisions that exempt such construction until it is completed at which time the property owner begins to make specified percentage payments on the actual value of such new construction, without adjustment, for the succeeding 7 years and then it is subject to the formula above. • The amount in lieu of taxes will always equal or exceed the 2014 taxed amount. • The property owner agrees to comply with all State & Federal environment regulations. The City has entered into IDAs with industrial companies located outside the Houston city limits as an alternative to annexation since the 1960s. The terms of these contracts require the companies to make annual payments to the City in lieu of property taxes. Under these agreements, the City does not provide full city services to the area designated in the IDA. The primary benefit for entering into these agreements is that they foster economic growth in the greater Houston area.				
cc: Marta Crinejo, Agenda Director David Feldman, City Attorney Anna Russell, City Secretary Kelly Dowe, Finance Director Gwendolyn Tillotson, Economic Development Deputy Director Sameera Mahendru, Senior Assistant City Attorney				
REQUIRED AUTHORIZATION				
Finance Director:		Other Authorization:		Other Authorization: