Council puts off vote on tax aid

Plan is to review retail incentive options before July 26 meeting

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A policy that would guide tax incentives for future retail projects was put on hold Tuesday as City Council members considered how such a measure would shape how the city helps development.

Such incentives are a must for a proposed Westside mall, developers said, but council members were concerned about the impact of a quick decision.

"We need to tweak and do our homework and bring it back up on the 26th," said Mayor Henry Garrett, after the nine-hour meeting.

Several council members said they wanted more time to digest information given to them by city staff, from Trademark Property, a company looking at acquiring Padre Staples Mall and the Staples Center, and consider public comments.

Meanwhile, developers of the proposed Crosstown Commons outdoor mall said the clock is ticking on a land deal and an agreement needs to be made before Aug. 3 or the project would not go through. Ryan Gaston, a member of the Crosstown Commons development team, confirmed Tuesday the retail development will not occur if the city does not offer a $40 million tax incentive package.

The city never has offered a tax incentive to retail development and does not have a policy for doing so.

Crosstown Commons developers promise a $300 million investment to bring 2.2 million square feet of retail to a 227-acre site near Crosstown Expressway and Holly Road.

The incentives, in the form of a tax increment finance zone and a sales tax revenue split, would pay back the developer for improvements to nearby public roads and utilities and may cover improvements like landscaping, parking and interior roads.

In a tax increment finance zone, the additional property tax revenue that results from improvements added after the zone is established is spent within the zone, which in this case is the Commons land. In a sales tax revenue split, the city would rebate to the developers a portion of the city's sales tax revenue generated by the mall.

Time concerns

Councilman Bill Kelly said he understands the developers' time constraints and the time the council needs to develop a policy.

"I don't want to end up with a regrettable policy because we want to do this deal," he said. "At the same time I don't want to lose this deal because we don't have a policy."

Councilwoman Nelda Martinez offered several suggestions to the draft policy, including ensuring extra consideration is given to developments that would address blighted areas of town.

"The policy is the footprint forever," she said, adding that the city should work on its policy for future retail development and a separate tax incentive agreement for the Crosstown Commons project on the table.

Councilman Mike Hummell encouraged people who had suggestions on drafting a policy for future tax incentives to take them to council members or the city's staff.

"I don't think this is something that is going to die by being ignored," he said.

Store relocations and whether new sales will be generated were among the top concerns of council members.

John D. Bell, an attorney representing the Crosstown Commons developers, said developers would not receive any benefits from relocating stores and that any revenue generated from them wouldn't be figured in to any sales tax rebate deals that are being proposed.

Hummell said the definition of relocating stores needs to include a time element to clarify whether it would include a company that opens a second store and then closes the first store later.

Irma Caballero, the city's economic development director, presented the council with a study conducted by city staff in other cities where tax incentives were given to large developments.

"Most of the cities that we looked at did not have retail tax incentive policies before they made a decision and took it on a case-by-case basis," Caballero said.

Councilman Mike McCutchon was concerned that small businesses would not be eligible for any incentives in the draft policy, which states that a new retail project must generate 500 new jobs and have a value of no less than $50 million.

Caballero said council can choose to charge a $5,000 application fee for any group requesting a tax incentive and the city has the option to waive that fee.

Other retail

Bill Morris of Trademark Property, the Fort Worth company interested in purchasing Padre Staples Mall, waited all day to make his three-minute speech, which asked the council to slow its policy-making process and consider how such a policy would impact existing stores.

"Public money should not undermine Corpus' existing retail assets," he said.

Terry Carter, president and CEO of Corpus Christi Chamber of Commerce, said the fundamental question of whether the city should give incentives to retail development will be the most divisive issue the council will face this two-year term.

"People who supported and built this city never did it with any help," he said, referring to small business owners who he said comprise a majority of businesses in town. "Don't rush to make a decision. The public does not know. They are not informed."

Sam Susser, president and CEO of Susser Holding Corporation, which owns all Stripes convenience stores, said he supports the Crosstown Commons project, and new jobs it could create are important for families who see their children leaving Corpus Christi.

Matthew Cravey, the real estate agent for the Crosstown Commons land, said four other developers were interested in the land, but only Crosstown wanted to do the entire project.

"If you want it to stay what it is, don't work together," he said.

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