



City of San Antonio

Agenda Memorandum

File Number: 15-2498

Agenda Item Number: 23.

Agenda Date: 5/21/2015

In Control: City Council A Session

DEPARTMENT: Economic Development

DEPARTMENT HEAD: Rene Dominguez

COUNCIL DISTRICTS IMPACTED: District 3

SUBJECT:

City Council is considering approval of an assignment of a Texas Enterprise Project Designation to Calumet San Antonio Refining, LLC.

SUMMARY:

Approval of a Resolution supporting the assignment of the Texas Enterprise Project designation from NuStar Refining, LLC to Calumet San Antonio Refining, LLC (Calumet) for consideration by the Office of the Governor.

BACKGROUND INFORMATION:

On December 1, 2008, the City nominated AGE Refining, Inc. ("AGE") for designation as a Texas Enterprise Project. This nomination was subsequently approved by the State on February 27, 2009, entitling AGE to a potential refund of state sales tax over 5 years at its refinery located at 7811 South Presa Street in Council District 3. AGE subsequently declared bankruptcy at its San Antonio facility on February 8, 2010, and did not claim and/or receive any refund of state sales tax. On April 19, 2011, NuStar Refining, LLC ("NuStar") purchased the AGE refinery out of bankruptcy. On January 2, 2013, Calumet purchased the NuStar refinery for approximately \$115 million in order to expand its operations in San Antonio. Calumet has requested an assignment of the previously approved Enterprise Project designation.

Calumet is a subsidiary entity of Calumet Specialty Products Partners, L.P. In 2012, Calumet had total sales revenue of \$4.657 billion, much of it re-invested in the company for further expansion projects. Since 2014, Calumet has invested \$150 million toward improvements in safety and efficiency at the San Antonio refinery and has retained 104 jobs. Based on the retention of 104 jobs, Calumet may potentially claim up to \$260,000 in state sales tax refunds over the remaining year of the approved designation period which ends on June 1, 2015.

ISSUE:

In order for Calumet to receive consideration by the state for the assignment of the State Enterprise designation, City Council must approve a Resolution nominating the project. The assignment of the Texas Enterprise Project designation is critical to Calumet's successful renovation of the refinery and the retention of 95 full-time jobs.

ALTERNATIVES:

Without the designation, Calumet may not be able to fully implement its renovation plans and enhance productivity at the refinery.

FISCAL IMPACT:

There is no direct fiscal impact to the City as the incentive is a refund of state sales and use taxes only.

RECOMMENDATION:

Staff recommends approval of a Resolution supporting the assignment of the Texas Enterprise Project designation from NuStar Refining, LLC to Calumet San Antonio Refining, LLC.