ACTION FORM
BRYAN CITY COUNCIL

DATE OF COUNCIL MEETING:	October 27, 2015	**DATE SUBMITTED:**	October 12, 2015
DEPARTMENT OF ORIGIN:	Economic Dev.	**SUBMITTED BY:**	Kevin Russell

MEETING TYPE:	**CLASSIFICATION:**	**ORDINANCE:**	**STRATEGIC INITIATIVE:**
☐ **BCD**	☒ **PUBLIC HEARING**	☐ **1ST READING**	☐ **PUBLIC SAFETY**
☐ **SPECIAL**	☐ **CONSENT**	☐ **2ND READING**	☐ **SERVICE**
☒ **REGULAR**	☐ **STATUTORY**		☒ **ECONOMIC DEVELOP.**
☐ **WORKSHOP**	☐ **REGULAR**		☐ **INFRASTRUCTURE**
			☐ **QUALITY OF LIFE**

AGENDA ITEM DESCRIPTION: Public hearing regarding an Ordinance creating Reinvestment Zone Number Thirty Two (32) designated for a tract of land that is 7.083 acres located on a portion of Lot 6, Block 1 of the Brazos County Industrial Park, Phase III, Bryan, Brazos County, Texas.

SUMMARY STATEMENT: This is a public hearing to consider an ordinance to establish Reinvestment Zone Number Thirty Two (32) for a portion of land under the ownership of Lubrizol Specialty Products, Inc. (Lubrizol). This 7.083-acre tract of land lies adjacent to the existing Lubrizol facility within the Brazos County Industrial Park in Bryan.

Designation of this new Reinvestment Zone 32 is the first step toward consideration of a separate tax abatement agreement for the construction of a sister facility of Lubrizol. This sister facility will be a minimum of 9,000 square feet and will have a minimum ad-valorem value of $20,000,000.00. The proposed sister facility will be owned and operated by Lubrizol.

This request is being processed in accordance with the Texas Tax Code, Chapter 312 of the Property Redevelopment and Tax Abatement Act. Notification has been provided for this public hearing, which will be followed by two (2) readings of the ordinance to designate TRZ 32. If TRZ 32 is designated, a property tax abatement agreement will be brought forward for separate consideration by the City Council.

STAFF ANALYSIS AND RECOMMENDATION: Staff recommends approval of this item. The community is positioned for industrial growth in the existing Industrial Parks. The proposed project will serve to continue job growth and economic development in the City of Bryan.

This project will allow a thriving business to expand on property adjacent to its current location. After completion of the sister facility, Lubrizol will have doubled its manufacturing facility space. In addition, the City of Bryan has an opportunity to retain a business that – without this type of assistance – may relocate to other metro areas in Texas or the United States.

The Research Valley Partnership (RVP) has been in negotiations with Lubrizol to expand this company in Bryan. The RVP mailed a letter to Lubrizol outlining proposed incentives in a letter dated June 17, 2015.

Lubrizol plans to construct a sister facility on this property, with a minimum increase in the appraised tax value of $20,000,000.00, as determined by the Brazos Central Appraisal District. This facility is anticipated to add approximately 25 new jobs, with an additional payroll of $1,500,000.00, to the Bryan-College Station area.

OPTIONS (In Suggested Order of Staff Preference):

1. hold public hearing on this TRZ 32; or
2. postpone public hearing on this TRZ 32 (new notifications would have to be mailed and published in accordance with State law requirements).

ATTACHMENTS:

1. Proposed ordinance with related exhibit
2. Letter and related attachment from the RVP dated June 17, 2015

FUNDING SOURCE: No direct funding source is necessary for this item. However, if approved, this item will allow for the City to consider tax abatement, which may impact future tax revenues related to new tax growth during the initial years of the project.

APPROVALS: Joey Dunn, 10-12-15; Hugh R. Walker, 10/12/2015

APPROVED FOR SUBMITTAL: CITY MANAGER Kean Register, 10-19-2015

APPROVED FOR SUBMITTAL: CITY ATTORNEY Janis K. Hampton, 10-20-2015

Revised 04/2013

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BRYAN, TEXAS, TO CREATE AND DESIGNATE REINVESTMENT ZONE THIRTY-TWO PURSUANT TO CHAPTER 312, TEXAS TAX CODE; PROVIDING A SAVINGS CLAUSE; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HEREWITH; PROVIDING A SEVERABILITY CLAUSE; FINDING AND DETERMINING THAT THIS ORDINANCE WAS PASSED AT A MEETING THAT WAS OPEN TO THE PUBLIC AS REQUIRED BY LAW; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Council of the City of Bryan, Texas (the "City") desires to promote the development of a certain area within its jurisdiction by designating it a reinvestment zone; and

WHEREAS, the City Council desires to create the proper economic and social environment to induce the investment of private resources in productive business enterprises located in areas of the City and to provide employment to residents of the City; and

WHEREAS, the City Council desires to promote the development or redevelopment of a certain geographic area within its jurisdiction by the creation of a reinvestment zone for commercial/industrial reinvestment, as authorized by the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code (the "Act"); and

WHEREAS, the City held a public hearing on October 27, 2015, after publishing notice of such hearing, and giving written notice to all taxing units overlapping the territory inside the proposed reinvestment zone; and

WHEREAS, the City at such hearing invited any interested person, or his attorney, to appear and contend for or against the creation of the reinvestment zone, whether all or part of the territory described in the ordinance calling such hearing should be included in such proposed reinvestment zone, and considered the concept of tax abatement; and

WHEREAS, by the approval of Resolution No. 3622 on August 25, 2015, the City stated its intent to participate in tax abatement; and approved Tax Abatement Guidelines and Criteria; and

WHEREAS, it is the belief of the City Council that the premises do not include any property that is owned or leased by a member of the City Council or by a member of the City of Bryan Planning and Zoning Commission. The parties recognize, and understand, that any property so owned is excluded by law from the property tax abatement.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OR BRYAN, TEXAS, THAT:

SECTION 1.
FINDINGS OF CITY COUNCIL

The City Council, after conducting such hearings and having heard such evidence and testimony has made the following findings and determinations based upon the testimony presented to it:

A. That a public hearing on the adoption of the reinvestment zone has been properly called, held and conducted and that notices of such hearings have been published as required by

law and delivered to all taxing units overlapping the territory inside the proposed reinvestment zone; and

B. That the boundaries of the reinvestment zone should be approximately 7.083 acres as described and depicted in the attached Exhibit "A"; and

C. That creation of the reinvestment zone for commercial/industrial tax abatement with the boundaries as described in Exhibit "A" will result in benefits to the City and to the land included in the zone, the improvements sought are feasible and practical, and would be a benefit to the land included in the reinvestment zone after the expiration of an agreement entered into under Section 312.204 of the Act; and

D. That the reinvestment zone defined in Exhibit "A" meets the criteria for the creation of a reinvestment zone as set forth in Section 312.201 of the Act; and

E. That it would reasonably be likely, as a result of the designation, to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment zone that would contribute to the economic development of the municipality.

SECTION 2.

Pursuant to the Act, the City hereby creates a reinvestment zone for commercial/industrial tax abatement encompassing the approximately 7.083 acres as described and depicted in Exhibit "A" attached hereto and the reinvestment zone is hereby designated and shall hereafter be designated as Reinvestment Zone Number Thirty-Two, City of Bryan, Texas.

SECTION 3.

The City Council hereby declares that, upon designation of the reinvestment zone, the City may provide, on a case-by-case basis, tax abatement incentives in accordance with the Act and the Tax Abatement Guidelines and Criteria for the City of Bryan, Texas.

SECTION 4.

The zone shall take effect on the effective date of this Ordinance and shall be in effect for five (5) years from that date, unless a longer period is authorized by law.

SECTION 5.

The Bryan City Code, as amended, shall remain in full force and effect, save and except as amended by this ordinance.

SECTION 6.

This Ordinance shall be cumulative of all provisions of ordinances of the City of Bryan, Texas, except where the provisions of this ordinance are in direct conflict with the provisions of such ordinances, in which event the conflicting provisions of such ordinances are hereby repealed.

SECTION 7.

It is hereby declared to be the intention of the City Council that the phrases, clauses, sentences, paragraphs, and sections of this ordinance are severable and, if any phrase, clause, sentence, paragraph or section of this Ordinance shall be declared unconstitutional by the valid judgment or decree of any court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance, since the same would have been enacted by the City Council without the incorporation in this Ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

SECTION 8.

That is hereby found and determined that the meetings at which this ordinance was passed were open to the public as required by law and that public notice of the time place and purpose of said meetings was given as required.

SECTION 9.

This Ordinance shall become effective from and after its final passage.

PRESENTED AND GIVEN on this 27th day of October, 2015, at a regular meeting of the City Council of the City of Bryan, Texas and given second reading, PASSED AND APPROVED on the 10th day of November, 2015 by a vote of _____ ayes and _____ nays at a regular meeting of the City Council of the City of Bryan, Texas.

ATTEST:

_____
Mary Lynne Stratta, City Secretary

CITY OF BRYAN:

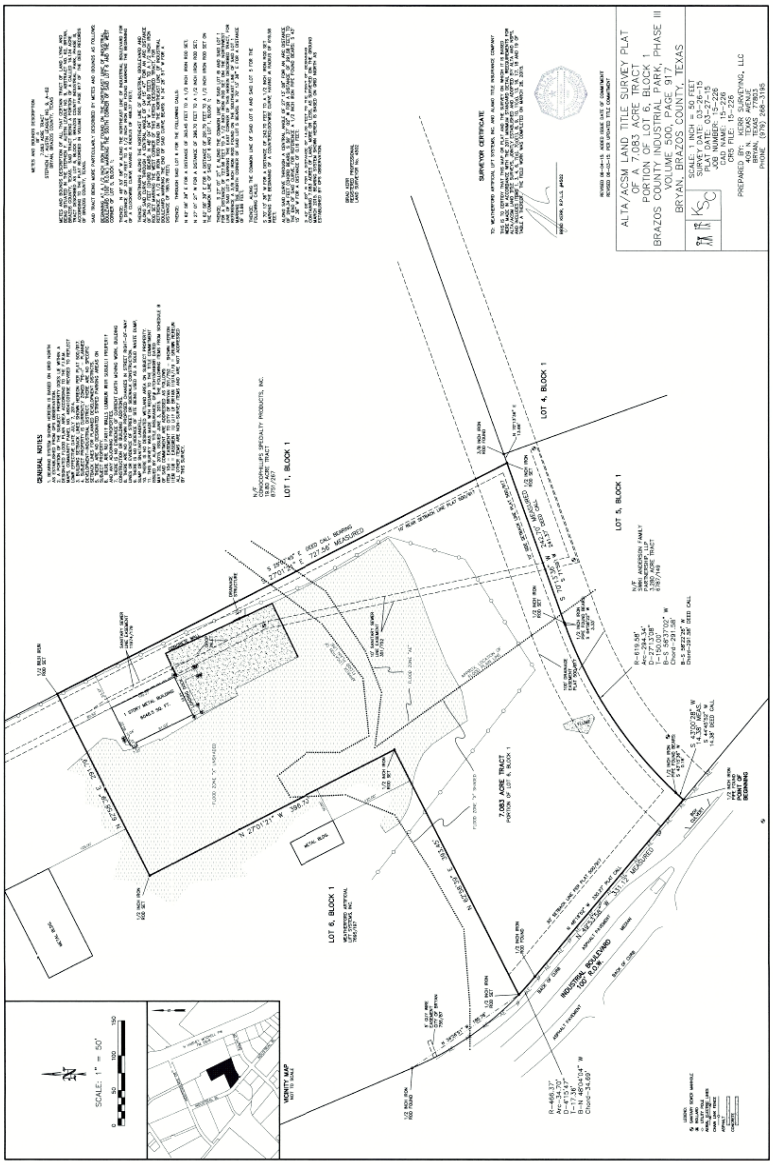
_____
Jason P. Bienski, Mayor

APPROVED AS TO FORM:

_____
Janis K. Hampton, City Attorney

EXHIBIT "A"

Title Survey map and Metes and Bounds description


ALTA/ACSM LAND TITLE SURVEY PLAT
OF A 7.083 ACRE TRACT
PORTION OF LOT 6, BLOCK 1,
BRAZOS COUNTY INDUSTRIAL PARK, PHASE III
VOLUME 500, PAGE 917
BRYAN, BRAZOS COUNTY, TEXAS
SCALE: 1" = 50'
SURVEY DATE: 03-27-15
PLAT DATE: 03-27-15
CAD FILE: 15-226
DWG. FILE: 15-226
PREPARED BY: KERR SURVEYING, LLC
3105 S. TRAVIS STREET
BRYAN, TEXAS 77803
PHONE: (979) 268-3195
SCALE: 1" = 50'
VICINITY MAP
NOT TO SCALE
GENERAL NOTES
SURVEYOR CERTIFICATE
LOT 6, BLOCK 1
LOT 5, BLOCK 1
LOT 4, BLOCK 1
LOT 7, BLOCK 1
7.083 ACRE TRACT
PORTION OF LOT 6, BLOCK 1
BRAZOS BOULEVARD
(100' R.O.W.)
POINT OF BEGINNING
1 STORY METAL BUILDING
BASE: 55.7'
METAL BLDG.
N 27°01'21" W 396.10'
S 27°01'21" E 722.08' MEASURED
S 27°01'21" E 722.08' MEASURED
N 62°58'39" W 310.19' MEASURED
S 62°58'39" E 310.19' MEASURED
R=468.57'
Arc=34.70'
D=4°14'20"
L=17.36'
Chord=S 64°51'47" W
Chord=34.69'
R=1,000.00'
Arc=394.34'
D=22°35'08"
L=397.30'
Chord=N 16°43'47" W
Chord=391.64'
R=1,000.00'
Arc=394.34'
D=22°35'08"
L=397.30'
Chord=N 16°43'47" W
Chord=391.64'
N 62°58'39" W 310.19' MEASURED
S 62°58'39" E 310.19' MEASURED
N 27°01'21" W 396.10'
S 27°01'21" E 722.08' MEASURED

Research Valley Partnership | Impact life

June 17, 2015

Mrs. Gabriela Ring
Director – Manufacturing Operations
Lubrizol Specialty Products, Inc.
1331 Independence Ave
Bryan, Texas 77803

Dear Mrs. Ring:

On behalf of The Research Valley Partnership, Inc. (RVP), I am pleased to submit the following incentives proposal for Lubrizol Specialty Products, Inc. (LSPI) consideration. This proposal represents a significant commitment on behalf of The Research Valley. This proposal is contingent upon LSPI expanding its advanced manufacturing facilities at the company's location at Brazos County Industrial Park in Bryan, Texas. It is also contingent upon approval by the RVP Board of Directors and all other appropriate jurisdictions that may be party to the final incentive agreements. The project type and scope defined below is the basis for the proposal offer.

Project Type and Performance Requirements:

Type: Addition of "sister" facility that is approximately 90,000 sf to 100,000 sf +/- on remaining undeveloped property at existing location

New Real and Personal Property Investment Requirement by 2017: $25,000,000 Plus

Brazos County Appraisal District Property Value Requirement by 2018: $20,000,000

# of New FTE's Requirement: 25 by end of 2016 (Baseline March 31, 2015)

Annual New Payroll Requirement: $1,500,000 by end of 2016

The Research Valley Partnership
1500 Research Parkway, Suite 270
College Station, TX 77845

Toll Free:
1-800-449-4012
Office:
979-260-1755

Website:
researchvalley.org

Incentives Proposal

Development Fees and Fast Tracking

I will recommend to the RVP Board of Directors (Board) the approval of a grant to pay City of Bryan development fees associated with the expansion of LSPI's advanced manufacturing facilities not to exceed $75,000. I will also recommend to the Board of Directors that direction be given to RVP staff to work with the City of Bryan to "fast-track" the project's development process. This incentive is contingent upon LSPI meeting the performance requirements as detailed on Page One.

Ad Valorem Tax Abatement

I will recommend to the Board the approval of an ad valorem tax abatement on all new real and personal property investments associated with LSPI's expansion project in Bryan, Texas. The term of the agreement will be for a period of eight years and the abatement schedule will be 100% the first year, 70% in year two, 60% in year three, 50% in year four, and 40% in year five, 30% in year six, 20% in year seven, and 10% in year eight. This incentive is contingent upon LPSI meeting the performance requirements as detailed on Page One.

Economic Development Expansion Grant

I will recommend to the Board that RVP provide a $125,000 cash expansion grant to LSPI. The grant will be paid in two $62,500 installments. The first grant installment will be made to LSPI upon proof of building permit. The second grant installment will be paid to LSPI upon proof of Certificate of Occupancy of its new facility. This incentive is contingent upon LSPI meeting the performance requirements detailed on Page One.

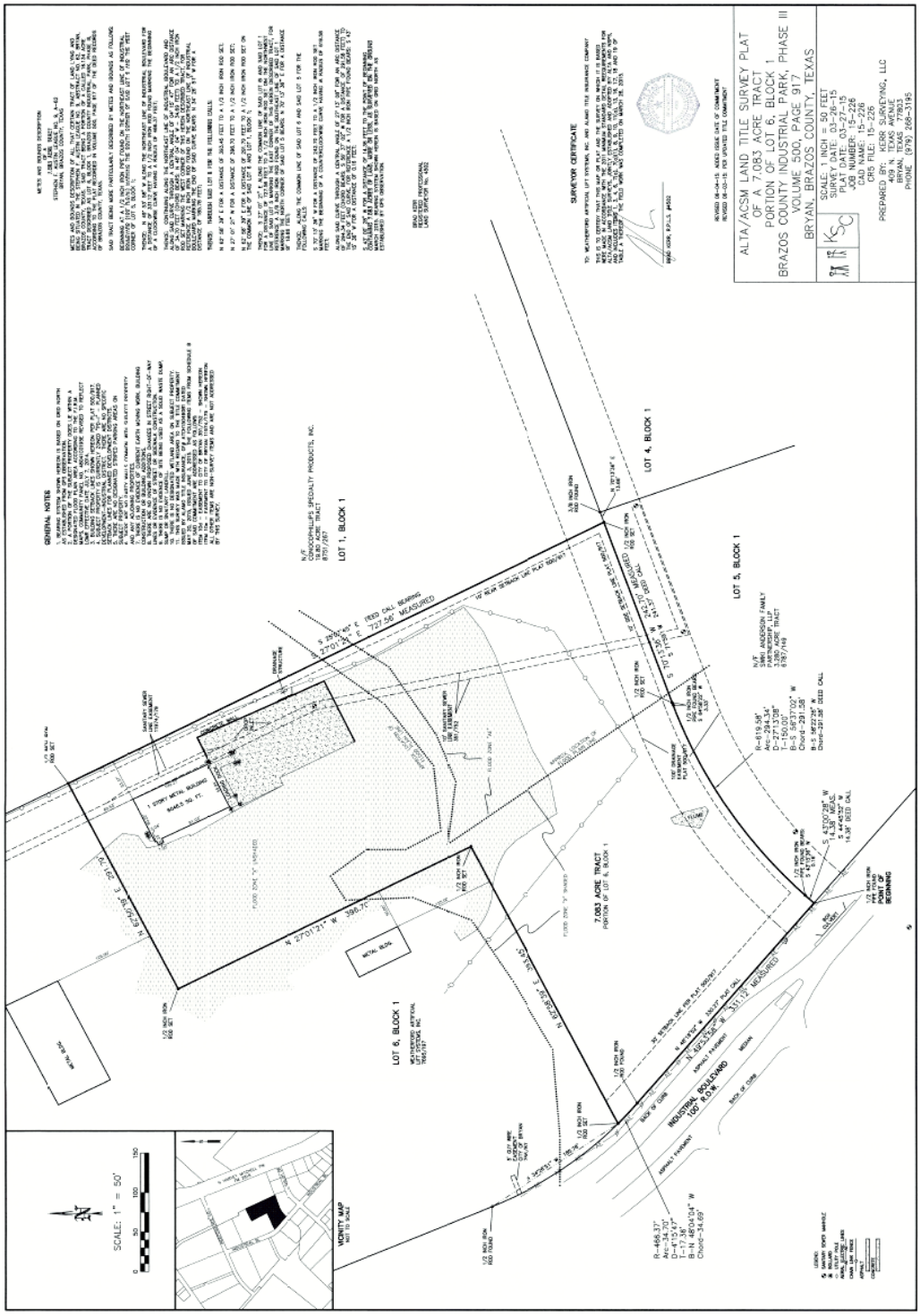
Job Training and Workforce Assistance

I will recommend to the Board that the RVP staff assist LSPI in securing skills development training grant monies through the State of Texas in collaboration with Blinn College and/or Texas A&M Engineering (TEEX/TEES). I will also recommend to the Board that RVP staff assist LSPI with accessing potential employees as it expands operations in the Research Valley. The RVP will look to its Texas A&M partners for assistance in this effort via Texas A&M University's Dwight Look College of Engineering and Blinn College.

The terms outlined in this proposal will remain in place for 30 days. I do ask that the details of this proposal letter remain confidential and proprietary.

Sincerely,

Mark D. Humphrey

Mark D. Humphrey
Chairman of the Board

Survey and metes and bounds