

Meeting Date (?) 07/12/2016

Subject Matter* (?) CALJO Amended 380 Agreement
This must match rolling agenda entry

Department of Origin* ECONOMIC DEVELOPMENT

Submitted By* Kevin Russell

Type of Meeting* BCD Special Regular

Classification* Public Hearing Consent Statutory Regular

Ordinance* None First Read Second Read First & Only Read

Strategic Initiative* Public Safety Service
 Economic Development Infrastructure
 Quality of Life

Agenda Item Description* Consideration of an amendment to the Chapter 380 Economic Development Agreement between the City of Bryan and CALJO, Inc., d/b/a Calloway-Jones Funeral Home and Crematory, for the redevelopment of the existing funeral home facility located at 3001 S. College Avenue in Bryan, Brazos County, Texas.

Summary Statement* South College Avenue has been a priority of the City of Bryan (City) for redevelopment and improvement to the properties that connect Downtown Bryan to Texas A&M University. The City has experienced some redevelopment with multi-family and other rental properties over the past few years. Many opportunities remain for improvement as ownership of properties change or as current owners decide to either move to other locations or invest in their current property.

The Licensed Director of Callaway-Jones Funeral Home and Crematory, Cody Jones (Developer), originally approached the City regarding the redevelopment of the current Callaway-Jones Funeral Home and Crematory site. During these discussions, the City was asked if there was an opportunity to assist in redeveloping their site. The City Council adopted Resolution No. 3462 establishing criteria for tax abatement guidelines, and entered into a Chapter 380 Economic Development Agreement with the following terms:

- Providing a minimum of \$1M in additional ad valorem tax valuation;
- Adding a minimum of two full-time employees (the newly-created positions must remain at least through the term of the agreement);
- Ensuring the facility will be used in the same manner throughout the term of the agreement and the Developer shall submit the necessary documents to provide staff the ability to verify compliance with the agreement;
- Increasing the value of the property by a minimum specific amount. The Brazos County Appraisal District (BCAD) present value at this location is \$251,000.00. For the City to participate and the terms of the agreement to be satisfied, the BCAD value of the redeveloped site will be a minimum of \$1,251,000 in taxable property value; and,
- Completing the construction of the facility within nine (9) months of the effective date of the original agreement.

After City Council approval, the Economic Development Agreement (agreement) was executed on March 12, 2015. Since that time, construction progress was slowed by inclement weather conditions to the degree that the original nine (9) month construction deadline could not be met. In the proposed agreement amendment, the construction deadline is extended to December 31, 2016, and the terminology from the agreement has been streamlined and standardized.

The terms of this proposed First Amendment to the original agreement are as follows:

Article II.2.

Term - allows for an effective date to coincide with the approval of the First Amendment to the Chapter 380 Agreement.

Article III.6.

Expiration Date - clarifies the language defining when the agreement will terminate, which is based on the "Maximum Grant Amount" (over five years from the effective date) or December 31, 2021, which ever occurs earlier.

Article III.12., 13. & 14.

The following proposed changes to this article are to make it clear that this a Chapter 380 Agreement with a reimbursement of future ad valorem tax valuation:

- Maximum Grant Amount - clarifies that an amount equal to one-half (1/2) of increased property, as determined by BCAD values, can be abated.
- Tax Revenues - added definition to clarify that the City's portion of ad valorem taxes collected can be reimbursed.
- Chapter 380 Payments or Cash Incentives - defines the source of funds for the reimbursement (i.e., property tax revenue).

Article IV.1.

This article regarding Payment of Cash Incentives is restated in its entirety from the original agreement:

- City agrees to reimburse Developer what is owed, provided the Developer is in compliance with the terms of the agreement.
- City will only reimburse what has been collected from the Developer for this property up to 50 percent.
- The reimbursements are subject to annual appropriations by the Bryan City Council.

Article IV.3.

Amended to allow the substitution of the term "Chapter 380 Payments" for the terms "Reimbursement payments" and "reimbursement".

Article V.1.

Amended to add the date (December 31, 2016) that the Developer will be required to complete construction of the facility.

Article V.2.

Amended to require the Developer to create two permanent, full-time positions by January 1, 2017. These positions will have a combined annual salary of a minimum of \$80,000 and shall be required to remain in place until at least the through the end of the agreement term.

Article VI.1.

Amended to add subsections (l) and (m):

- Subsection (l) requires the Developer to maintain records showing proof of compliance with the agreement and the first amendment for five (5) years after the agreement terminates.
- Subsection (m) Developer will allow the City the ability to review and audit records and books upon written notice to Developer.

Article VI.2.

Clarifies that the City is obligated to pay the Developer the Maximum Grant Amount over the duration of the agreement.

The First Amendment concludes with an acknowledgment that the City is in compliance with all its obligations under the Agreement, and that all other terms and conditions of the original agreement remain in full force and effect.

Staff Analysis & Recommendation *

Staff recommends approving this First Amendment. This project will continue to meet the City Council's strategic initiatives, serve to assist job growth, and add economic development in central Bryan. In addition, this project will allow a business that has thrived and out-grown its current location of sixty-five years on South College Avenue the opportunity to expand and reinvest in the Bryan community.

Options *

(In Suggested Order of Staff Preference)

1. Approve the amendment to the Chapter 380 Economic Development Agreement with Calloway-Jones Funeral Home and Crematory
2. Modify the amendment for approval, which may require additional negotiation and consideration at a future City Council meeting
3. Deny the amendment and provide direction to staff

Funding Source *

Future ad-valorem property tax revenue generated by the property itself.

Attachments

CALJO, INC. DBA CALLOWAY-JONES FUNERAL HOME.pdf	693.84KB
CalJoAmendProposalFinal062816.pdf	143.28KB

Please detail attachments and note attachments available for viewing in City Secretary's Office:

1. Original Chapter 380 Agreement with Callaway-Jones Funeral Home
2. Proposed First Amendment to the Original Chapter 380 Agreement

Dept. Head Signature



Deputy City Manager Signature



City Manager Signature



City Attorney Signature

