



**NOTICE OF REGULAR MEETING AGENDA
LANCASTER CITY COUNCIL
MUNICIPAL CENTER CITY COUNCIL CHAMBERS
211 N. HENRY STREET, LANCASTER, TEXAS
Monday, January 9, 2023 - 7:00 PM**



While one or more City Council Members may be present via video or audio link, a quorum of the City Council will be at the Municipal Center-City Council Chambers, as required by the Texas Open Meetings Act.

Please click the link below for forms:

<https://www.lancaster-tx.com/1413/Notice-Regarding-Public-Participation>

Please click the link below to join the webinar:

<https://us02web.zoom.us/j/81873394378?pwd=RGhIQmxPYXlkcWNGNXlZbU52aEhCdz09>

The meeting will be broadcast live via video at the following address:

<http://www.lancaster-tx.com/324/Watch-Meetings>

7:00 P.M. REGULAR MEETING:

CALL TO ORDER

INVOCATION: Lancaster Interdenominational Ministerial Alliance

PLEDGE OF ALLEGIANCE: Mayor Pro Tem Betty Gooden-Davis

PUBLIC TESTIMONY/CITIZENS COMMENTS:

At this time, citizens who have pre-registered before the call to order will be allowed to speak on any matter for a length of time not to exceed three minutes. No Council action or discussion may take place on a matter until such matter has been placed on an agenda and posted in accordance with law. Anyone desiring to speak on an item scheduled for a public hearing is requested to hold their comments until the public hearing on that item.

CONSENT AGENDA:

Items listed under the consent agenda are considered routine and are generally enacted in one motion. The exception to this rule is that a Council Member may request one or more items to be removed from the consent agenda for separate discussion and action.

1. Consider approval of minutes from the Regular Meeting held on November 14, 2022 and the Special Meeting held on December 5, 2022.
2. Consider a resolution amending the terms and conditions of a Professional Service Agreement with Catholic Charities of Dallas for the purpose of administering the City of Lancaster Emergency Assistance Program (EAP) by amending Exhibit A Eligibility Criteria

for Utility Assistance for non-homeowners with funds received from the American Rescue Plan Act (ARPA) Coronavirus Local Fiscal Recovery Funds (CLFRF).

3. Consider a resolution approving a professional services agreement between the City of Lancaster and Gap Strategies for the purpose of updating the City's Comprehensive Plan in an amount not to exceed \$422,000.

PUBLIC HEARING:

4. M22-29 Conduct a public hearing and consider several exception requests on the property addressed as 3200 West Pleasant Run Road for a mixed use development. The property is known as Lot 1, Block 1, out of the Gateway Plaza East Addition, City of Lancaster, Dallas County, Texas.

ACTION:

5. M22-35 Discuss and consider a resolution authorizing the City Manager to execute a development agreement with DALCO LLC for the ACU Development, relating to building materials for the construction of property located at the southwest intersection of West Pleasant Run Road and Rolling Hills Place, addressed as 3200 West Pleasant Run Road, City of Lancaster, Dallas County, Texas.
6. Discuss and consider a resolution ratifying a performance agreement with Stewarding Space, LLC in an amount not to exceed six hundred thousand dollars (\$600,000), from funds collected from one-fourth (1/4) of one (1) percent additional sales and use tax for the promotion and development of new and expanded business enterprises, as authorized by state law.
7. Discuss and consider a resolution ratifying a performance agreement between the Lancaster Economic Development Corporation (LEDC) and Saviana Winery, LLC in an amount not to exceed seventy-five thousand dollars (\$75,000), from funds collected from one-fourth (1/4) of one (1) percent additional sales and use tax for the promotion and development of new and expanded business enterprises, as authorized by state law.
8. Discuss and consider a resolution ratifying the terms and conditions of an economic development performance agreement by and between the Lancaster Economic Development Corporation (LEDC) and Kyoto Brew LLC, in an amount not to exceed seventy-five thousand dollars (\$75,000) from funds collected from the one-fourth (1/4) of one (1) percent additional sales and use tax for the promotion and development of new and expanded business enterprises, as authorized by state law.
9. Discuss and consider a resolution approving a Chapter 380 Economic Development Agreement by and between the City of Lancaster, Texas and Best Buy Stores, LP.
10. Discuss and consider a resolution approving the terms and conditions of a Chapter 380 Agreement between the City of Lancaster, Texas, and CH-M Wintergreen Phase I, LLC.
11. Discuss and consider a resolution approving a Chapter 380 Economic Development Agreement by and between the City of Lancaster, Texas and Romark Texas, LLC.
12. Discuss and consider a resolution approving a Chapter 380 Economic Development Agreement by and between the City of Lancaster, Texas and Electrolux Home Products, Inc.

EXECUTIVE SESSION:

13. In accordance with Chapter 551 of the Texas Government Code (the Texas Open Meetings Act), the City Council may meet in executive session to discuss the following:
 1. Section § 551.071(1)(a) of the Texas Government Code to seek legal advice from the City Attorney concerning protesting Rockett Special Utility District's Certificate of Convenience and Necessity (CCN) within the City limits.
14. Reconvene into open session. Consider and take appropriate action(s), if any, on closed/executive session matters.

ADJOURNMENT

EXECUTIVE SESSION: The City Council reserves the right to convene into executive session on any posted agenda item pursuant to Section 551.071(2) of the Texas Government Code to seek legal advice concerning such subject.

ACCESSIBILITY STATEMENT: Meetings of the City Council are held in municipal facilities and are wheelchair-accessible. For sign interpretive services, call the City Secretary's office, 972-218-1311, or TDD 1-800-735-2989, at least 72 hours prior to the meeting. Reasonable accommodation will be made to assist your needs.

PURSUANT TO SECTION 30.06 PENAL CODE (TRESPASS BY HOLDER WITH A CONCEALED HANDGUN), A PERSON LICENSED UNDER SUBCHAPTER H, CHAPTER 411, GOVERNMENT CODE (HANDGUN LICENSING LAW), MAY NOT ENTER THIS PROPERTY WITH A CONCEALED HANDGUN.

CONFORME A LA SECCION 30.06 DEL CODIGO PENAL (TRASPASAR PORTANDO ARMAS DE FUEGO CON LICENCIA) PERSONAS CON LICENCIA BAJO DEL SUB-CAPITULO 411, CODIGO DEL GOBIERNO (LEY DE PORTAR ARMAS), NO DEBEN ENTRAR A ESTA PROPIEDAD PORTANDO UN ARMA DE FUEGO OCULTADA.

PURSUANT TO SECTION 30.07 PENAL CODE (TRESPASS BY HOLDER WITH AN OPENLY CARRIED HANDGUN), A PERSON LICENSED UNDER SUBCHAPTER H, CHAPTER 411, GOVERNMENT CODE (HANDGUN LICENSING LAW), MAY NOT ENTER THIS PROPERTY WITH A HANDGUN THAT IS CARRIED OPENLY.

CONFORME A LA SECCION 30.07 DEL CODIGO PENAL (TRASPASAR PORTANDO ARMAS DE FUEGO AL AIRE LIBRE CON LICENCIA) PERSONAS CON LICENCIA BAJO DEL SUB-CAPITULO H, CAPITULO 411, CODIGO DE GOBIERNO (LEY DE PORTAR ARMAS), NO DEBEN ENTRAR A ESTA PROPIEDAD PORTANDO UN ARMA DE FUEGO AL AIRE LIBRE.

Certificate

I hereby certify the above Notice of Meeting was posted at Lancaster City Hall on January 5, 2023 @ 10:25 p.m. and copies thereof were provided to the Mayor, Mayor Pro-Tempore, Deputy Mayor Pro-Tempore and Council members.



Carey D. Neal, Jr.

Assistant City Manager

CITY OF LANCASTER CITY COUNCIL

City Council Regular Meeting

Item 1.

Meeting Date: 01/09/2023

Policy Statement: This request supports the City Council 2022-2023 Policy Agenda

Goal(s): Financially Sound Government
Healthy, Safe & Engaged Community
Sound Infrastructure
Quality Development
Professional and Committed City Workforce

Submitted by: Jennifer Avila, Deputy City Secretary

Agenda Caption:

Consider approval of minutes from the Regular Meeting held on November 14, 2022 and the Special Meeting held on December 5, 2022.

Background:

Attached for your review and consideration are minutes from the City Council Regular meeting held on November 14, 2022 and the Special Meeting held on December 5, 2022

Attachments

November 14, 2022

December 5, 2022

CITY OF LANCASTER CITY COUNCIL

City Council Regular Meeting

Item 2.

Meeting Date: 01/09/2023

Policy Statement: This request supports the City Council 2022-2023 Policy Agenda

Goal(s): Financially Sound Government
Healthy, Safe & Engaged Community

Submitted by: Ray Silva-Reyes, Assistant City Manager

Agenda Caption:

Consider a resolution amending the terms and conditions of a Professional Service Agreement with Catholic Charities of Dallas for the purpose of administering the City of Lancaster Emergency Assistance Program (EAP) by amending Exhibit A Eligibility Criteria for Utility Assistance for non-homeowners with funds received from the American Rescue Plan Act (ARPA) Coronavirus Local Fiscal Recovery Funds (CLFRF).

Background:

On August 29, 2022, City Council approved a professional services agreement with Catholic Charities of Dallas for the purpose of administering the EAP with funds received from the ARPA CLFRF. This amendment is to further clarify the definition of eligibility criteria which allows non-homeowners within the city limits to qualify for utility assistance. The original contract only allowed homeowners and not renters to apply for utility assistance. All applicants must provide proof of residency and government-issued identification for all assistance provided within this program.

On October 18, 2021, City Council received a presentation and discussed eligible projects for funding through the ARPA. ARPA provides funding to local governments to broadly respond to the COVID-19 public health emergency. The City of Lancaster's allocation of \$9,729,752.25 was divided into two equal payments for the calendar years 2021 and 2022. Both payments have been received.

ARPA funds have a timeframe of 5 years with it ending in December 2026 to administer funds. Catholic Charities of Dallas met the federal requirements to administer an EAP and have worked with other cities to administer similar programs. The City implemented the following programs:

Emergency Housing Assistance Program	\$250,000
Internet Bill Assistance	\$144,000
Utility Bill Assistance	\$480,000

Catholic Charities of Dallas went live on November 18, 2022.

Operational Considerations:

ARPA funds have a timeframe of 5 years with it ending in December 2026 to administer funds. A total of eight residents have applied and been awarded assistance from Catholic Charity Dallas for a grand total of \$11,286.22 within the 45 days of the program being available.

Legal Considerations:

The attached amendment and resolution have been reviewed and approved as to form by the City Attorney.

Public Information Considerations:

This item is being considered at a Regular Meeting of the City Council noticed in accordance with the Texas Open Meeting Act.

Options/Alternatives:

1. City Council may approve the resolution, as presented.
2. City Council may deny the resolution.

Recommendation:

Staff recommends approval of the resolution, as presented.

Attachments

Resolution

Exhibit A

CITY OF LANCASTER CITY COUNCIL

City Council Regular Meeting

Item 3.

Meeting Date: 01/09/2023

Policy Statement: This request supports the City Council 2022-2023 Policy Agenda

Goal(s): Financially Sound Government
Healthy, Safe & Engaged Community
Sound Infrastructure
Quality Development

Submitted by: Vicki D. Coleman, Director of Development Services

Agenda Caption:

Consider a resolution approving a professional services agreement between the City of Lancaster and Gap Strategies for the purpose of updating the City's Comprehensive Plan in an amount not to exceed \$422,000.

Background:

The Comprehensive Plan is a city's policy document that guides long-range growth, development, and service delivery. Generally, a major plan update occurs every 10 years unless community conditions significantly change (i.e. population, development), which would cause an update to occur sooner. The Comprehensive Plan establishes the City Council's vision and goals for the following key areas: Future Land Use, Transportation, Infrastructure, Economic Development, Open Space and Recreation, Community character and Design, Historic Preservation, Public Facilities. The 2016 Comprehensive Plan update was developed through the use of an 18-member Advisory Committee that consisted of two City Council members, the LISD Superintendent, as well as Lancaster residents and business owners. Additionally, there were also extensive efforts to engage and obtain feedback from the public through multiple community workshops and public hearings.

The Comprehensive Plan has also been amended to incorporate and prioritize other guiding principle documents such as the Master Throughfare Plan (updated September 2020), Parks and Open Space Master Plan (updated June 2020), Trails Master Plan (updated September 2020), Streetscape Master Plan (updated September 2020), Water/Wastewater Master Plan (updated June 2021) and the Stormwater Master Plan (estimated to be complete the first quarter of Fiscal Year 2023).

The City Council engaged in additional efforts to further clarify, define and plan for the implementation of the comprehensive plan vision through the I-35E/Loop 9 corridor studies (adopted February 2021) and the Quality Residential Pattern Book and Guide to define through text and pictures the quality, character, and style of residential development the community desires (in progress, to be complete the first quarter of Fiscal Year 2023).

An item was placed on the City Council agenda for May 2, 2022, at the request of Councilmember Marco Mejia to discuss the 2016 Comprehensive Plan. During the discussion, City Council provided direction to open bids seeking a company that would facilitate a comprehensive plan update.

On August 1, 2022, staff issued a Request for Qualifications (RFQ) and received a proposal from Gap Strategies.

At its November 7, 2022 meeting, the City Council received a presentation from Gap Strategies regarding their community planning qualifications and experience with updating Comprehensive Plans. On November 8, 2022, a memo providing references for Gap Strategies was sent to City

Council and there was no additional feedback received. As a result, staff is moving forward in the process with its final recommendation to Council.

Legal Considerations:

The City Attorney has reviewed and approved the resolution and agreement as to form.

Public Information Considerations:

This item is being considered at a Regular Meeting of the City Council noticed in accordance with the Texas Open Meetings Act.

Options/Alternatives:

1. City Council may approve the resolution, as presented.
2. City Council may deny the resolution.

Recommendation:

Staff recommends approval of the resolution and contract for professional services with Gap Strategies.

Attachments

Resolution

Professional Services Agreement - Gap Strategies

Exhibit A -Scope of Services and Fee Schedule

CITY OF LANCASTER CITY COUNCIL

City Council Regular Meeting

Item 4.

Meeting Date: 01/09/2023

Policy Statement: This request supports the City Council 2022-2023 Policy Agenda

Goal(s): Sound Infrastructure
Quality Development

Submitted by: Vicki D. Coleman, Director of Development Services

Agenda Caption:

M22-29 Conduct a public hearing and consider several exception requests on the property addressed as 3200 West Pleasant Run Road for a mixed use development. The property is known as Lot 1, Block 1, out of the Gateway Plaza East Addition, City of Lancaster, Dallas County, Texas.

Background:

1. **Location and Size:** The property is located at the southwest intersection of West Pleasant Run Road and Rolling Hills Place, addressed as 3200 West Pleasant Run Road. It is approximately 4.44 acres in size.
2. **Current Zoning:** The subject property is currently split-zoned Commercial Highway (CH) and Single-Family Residential (SF-5) within the Medical District Corridor and Mixed Density Residential sub-districts, within the Medical District Overlay.
3. **Adjacent Properties:**
North: Planned Development (PD)- Restaurants, Undeveloped Land
South: Commercial Highway (CH); Multi-Family (MF-16)- Undeveloped land, Apartments
East: Planned Development (PD); Single-Family Residential (SF-5)- Gas Station, Quick Serv Restaurant, Townhomes
West: Commercial Highway (CH)- The Courtyard at Pleasant Run Shopping Mall
4. **Comprehensive Plan Compatibility:** The Future Land Use Plan of the Comprehensive Plan identifies this site as Suburban Mixed Use. The proposed restaurant, office, retail, and apartment uses are consistent with the Comprehensive Plan.
5. **Case history:**

Date	Body	Action
06/11/2007	CC	Adopted the Medical District Overlay

Operational Considerations:

The applicant is proposing to re-develop the site for commercial, office, and apartment use within the Medical District Corridor. The northern portion of the site is within the Medical District Corridor sub-district and the southern portion of the site is within the Mixed-Density Residential sub-district. The site will be developed into two phases. Phase I will include the existing bank and office building and the applicant proposes building two small restaurant kiosks. Phase II will be new development

located towards the rear of the site and will include commercial, office, and multi-family uses.

Medical District Corridor (MDC) (Phase 1 North property)

The intent of the MDC is to take advantage of the undeveloped land along Pleasant Run Road and revitalize the corridor. This sub-district's land uses should be predominately office, mixed residential, retail and other lifestyle destinations situated in a mixed-use environment that takes advantage of its location near the Medical Center.

The exceptions are as follows:

1. Building Setbacks

In order to maintain consistency of built form throughout the Medical District Corridor, buildings are required to be constructed on a defined build-to-line. Per Section 2.1, secondary streets should be built 8-feet from the street rights-of-way. The proposed building is 97-feet from Rolling Hills Place. The building setback along Rolling Hills Place cannot be met, due to the building size.

2. Lot Coverage

Per Section 3.1 of the MDC, "the minimum lot coverage shall be forty (40%) percent to ensure a village-like atmosphere....These lot coverage amounts shall be inclusive of parking facilities, except for parking structures". This development proposes a lot coverage minimum of 18%. Phase I will house the existing bank, existing office towards the rear, a newly constructed restaurant kiosk, and a newly constructed restaurant kiosk with an ATM drive-thru associated with the adjacent bank. The applicant focuses on smaller creative use buildings such as the two small 400 s.f. new construction kiosk restaurant structures. This will activate the front of the property and create a pedestrian-friendly environment, and visually enhance the site.

3. Height

The minimum building height is intended to assure a minimum level of urbanity and building intensity within the Medical District Corridor. Section 4.1 states, "all buildings shall have a minimum height of thirty-five (35) feet. The applicant is proposing a building height of 15- feet for both kiosk restaurant structures.

4. Building Corner Treatment

Per Section 4.2, the MDC requires a strong and pronounced corner condition. Due to the size of the buildings, it is difficult to accomplish a pronounced building corner.

5. Building Articulation

Per Section 4.4, "building facades fronting public and private streets and driveways shall have massing changes and architectural articulation to provide visual interest and texture... All buildings should be designed to emphasize a "base, mid-section, and top." The base may be defined through the use of unified storefront heights, running awnings, and the building(s) base construction. The mid-section, for buildings over one story, may be defined through the use of punched windows, balconies, and awnings. The building's top may be defined through the use of a strong cornice treatment, articulated parapets, and overhanging eaves". Due to the size of the structures and the modern design, this requirement has not been met. However, the applicant has provided visual interest by breaking up the building through the use of different materials. The elevations show brick, glazing and corten steel.

6. Roof Line Articulation

Per Section 4.4, "forty (40%) percent of the roofline for each building (measured as forty (40%) percent of the linear dimension along a particular building block) shall utilize at least two of the features:

1. Parapets concealing flat roofs and rooftop equipment from public view. The average height shall not exceed fifteen (15%) percent of the height of the supporting wall. Parapets shall feature three dimensional cornice treatment
2. Overhanging eaves, extending no less than three (3) feet past the supporting walls.
3. Supporting roofs that do not exceed the average height of the supporting walls with an average slope no greater than 3:1 slope.
4. Exposed end gable conditions.
5. Roof dormers designed to interrupt the eave line

No building articulation has been provided.

7. Primary Cladding Materials

Per Section 6.1, "primary cladding material on exterior facades facing streets shall be one hundred (100%) percent masonry material". The applicant has provided 50% brick on the north elevation and 51% brick on the east elevation. The north and east elevations are adjacent to the street. The south and west elevations provide significantly less masonry material; however, these facades are internal to the site. The remaining materials are steel and glazing.

8. Surface Parking Perimeter Screening

Per Section 8.6, "all surface parking lots shall be screened from street view. Such screening shall take the form of four (4) foot high masonry walls designed with a running base and wall cap of complementary stone material. In addition, plantings of dense evergreen hedge material shall be required between the wall and sidewalk designed to provide a three (3) foot high shrub at installation".

The applicant wishes to seek an exception from the requirement to provide a screening wall. Perimeter landscaping has been provided to screen the parking lot from the rights-of-way.

9. Parking End Caps and Landscape Medians

Per Section 8.7, "In addition, there shall be a landscape median strip with a minimum width of six (6) feet incorporated into the parking lot design to separate the parking area and drive aisle with direct connection to the street. One tree shall be planted for every forty (40) linear feet of median".

This has not been provided.

Mixed Density Residential Corridor (Phase II)

The Mixed Density Residential District is intended to act as a transition from the Highway Commercial District and the Medical District Corridor. This transition is accomplished by using pedestrian-oriented streets to integrate commercial developments and residential uses such as apartments, townhouses, live-work units, and lofts.

Phase II of the development will include 12 apartment units in two, 2-story buildings, and 18 commercial/office units in two, 2-story buildings. The apartments will have a minimum of 900 s.f. living area.

10. Building Setbacks

It is intended that buildings along streets within the Mixed Density Residential District create a strong "street wall" in which the urban form and block closure along the street is the definitive characteristic of its environment. Per Section 2.1, the build-to-line is 5-feet from a local road. The applicant proposes a setback of approximately 85-feet along Rolling Hills Place.

11. Lot Coverage

Per Section 3.1, "as the neighborhoods have been envisioned to be less dense in built form than the Medical District Corridor, maximum lot coverage of sixty (60%) percent for has been proposed to provide for circulation, setbacks and small open spaces." The site is currently paved with asphalt and

is almost 100% impervious cover. Re-development of this site will reduce a small portion of impervious cover through landscaping.

12. Building Height

The Mixed Density Residential sub-district requires a minimum building height of forty-five (45) feet (Section 4.1). The applicant is proposing a building height between 11-feet to 22-feet for the commercial/office and apartment structures.

13. Roof Line Articulation

Per Section 4.5, "variations in roof lines shall be used to add interest and reduce the scale of large buildings. Roof features shall complement the character of the overall development and shall have at least one of the following features":

1. Parapets concealing flat roofs and rooftop equipment from public view. The average height shall not exceed fifteen (15%) percent of the height of the supporting wall. Parapets shall feature three dimensional cornice treatment.
2. Overhanging eaves, extending no less than three (3) feet past the supporting walls.
3. Supporting roofs that do not exceed the average height of the supporting walls with an average slope no greater than 3:1 slope.
4. Exposed end gable conditions.
5. Roof dormers interrupting the eave line.

No roof line articulation has been provided.

14. Surface Parking Perimeter Screening

Per Section 8.6, "all surface parking lots shall be screened from street view. Such screening shall take the form of three (3) foot plantings of dense evergreen hedge at time of installation measured above the grade of the parking lot".

The evergreen hedge has not been provided; however, landscaping is shown on the plan to screen the parking lot.

15. Parking End Caps and Landscape Medians

Per Section 8.7, "In addition, there shall be a landscape median strip with a minimum width of six (6) feet incorporated into the parking lot design to separate the parking area and drive aisle with direct connection to the street. One tree shall be planted for every forty (40) linear feet of median".

This has not been provided.

The final request is for the site overall. The site is required to provide 205 parking spaces for the proposed uses outlined in their site plan. The site has provided 251 parking spaces. The site is over-parked by 46 spaces. The applicant is requesting a special exception to the maximum parking requirement.

The applicant has agreed to a Development Agreement. M22-35 is a companion item to this request to ensure ACU Development develops utilizing building materials identified in the Development Agreement.

Due to the parcel being underutilized and overparked, the re-development of the site warrants flexibility for the construction of commercial and residential uses. Furthermore, this development aligns with the vision of the Mixed Density Residential subdistrict for mixed uses as a transition to the main corridor along Pleasant Run Road. Based on this and the use of masonry materials, staff recommends approval.

Legal Considerations:

This item is being considered at a Regular Meeting of the City Council noticed in accordance with the Texas Open Meetings Act.

Public Information Considerations:

On December 18, 2022, a notice for this public hearing appeared in the Focus Daily Newspaper. Staff mailed notifications of this public hearing to all property owners that are within 200-feet of the subject site, in addition to a sign being posted on the property. Staff has not received letters of support or opposition.

Options/Alternatives:

1. City Council may approve the exception requests, as presented.
2. City Council may approve the exception requests with conditions, and state those conditions.
3. City Council may deny the requests.

Recommendation:

Staff recommends approval of the request as presented.

Attachments

Ordinance

Location Map

Site Plan

Phase 1 Elevations

Phase 2 Elevations

Renderings

Material Reference

Landscape Plan

CITY OF LANCASTER CITY COUNCIL

City Council Regular Meeting

Item 5.

Meeting Date: 01/09/2023

Policy Statement: This request supports the City Council 2022-2023 Policy Agenda

Goal(s): Sound Infrastructure
Quality Development

Submitted by: Vicki Coleman, Director of Development Services

Agenda Caption:

M22-35 Discuss and consider a resolution authorizing the City Manager to execute a development agreement with DALCO LLC for the ACU Development, relating to building materials for the construction of property located at the southwest intersection of West Pleasant Run Road and Rolling Hills Place, addressed as 3200 West Pleasant Run Road, City of Lancaster, Dallas County, Texas.

Background:

1. **Location and Size:** The property is located at the southwest intersection of West Pleasant Run Road and Rolling Hills Place, addressed as 3200 West Pleasant Run Road. It is approximately 4.44 acres in size.
2. **Current Zoning:** The subject property is currently split-zoned Commercial Highway (CH) and Single-Family Residential (SF-5) within the Medical District Corridor and Mixed Density Residential sub-districts, within the Medical District Overlay.
3. **Adjacent Properties:**
North: Planned Development (PD)- Restaurants, Undeveloped Land
South: Commercial Highway (CH); Multi-Family (MF-16)- Undeveloped land, Apartments
East: Planned Development (PD); Single-Family Residential (SF-5)- Gas Station, Quick Serv Restaurant, Townhomes
West: Commercial Highway (CH)- The Courtyard at Pleasant Run Shopping Mall
4. **Comprehensive Plan Compatibility:** The Future Land Use Plan of the Comprehensive Plan identifies this site as Suburban Mixed Use. The proposed restaurant, office, retail, and apartment uses are consistent with the Comprehensive Plan.

5. **Case history:**

Date	Body	Action
06/11/2007	CC	Adopted the Medical District Overlay

Operational Considerations:

This is a companion item to zoning case M22-29, a special exception request. The purpose of this development agreement is to ensure ACU Development develops utilizing building materials identified in the Development Agreement. On September 1, 2019, the Texas Legislature passed House Bill 2439 which "prohibits a governmental entity from enforcing a rule, charter provision, ordinance, order, building code or other regulation that prohibits or limits, directly or indirectly, the use or installation of a building product or material in the construction, renovation, maintenance, or other alteration of a residential or commercial building if the building product or material is approved for use by a national model code published within the last three code cycles that applies to the construction, renovation, maintenance, or other alteration of the building..." The development agreement illustrates the City and the Developer agree to the use of proposed building materials for the development depicted in Exhibit C of the Development Agreement."

Public Information Considerations:

This item is being considered at a Regular Meeting of the City Council in accordance with the Texas Open Meetings Act.

Options/Alternatives:

1. City Council may approve the development agreement as presented.
2. City Council may approve the development agreement with changes and state those changes.
3. City Council may deny the development agreement.

Recommendation:

Staff recommends approval as presented.

Attachments

Resolution

Development Agreement

Location Map

CITY OF LANCASTER CITY COUNCIL

City Council Regular Meeting

Item 6.

Meeting Date: 01/09/2023

Policy Statement: This request supports the City Council 2022-2023 Policy Agenda

Goal(s): Financially Sound Government
Quality Development

Submitted by: Shane Shepard, Director of Economic Development

Agenda Caption:

Discuss and consider a resolution ratifying a performance agreement with Stewarding Space, LLC in an amount not to exceed six hundred thousand dollars (\$600,000), from funds collected from one-fourth (1/4) of one (1) percent additional sales and use tax for the promotion and development of new and expanded business enterprises, as authorized by state law.

Background:

Stewarding Space, LLC is a Dallas-based business that plans to purchase eight separate properties in the downtown Lancaster area. At least one of the properties will be improved to be used as the corporate headquarters of the company. Stewarding Space is required to place restaurant, café, beverage or general food and beverage associated businesses in a minimum of four sites. To be eligible to receive this incentive, at least six of the eight properties, seventy-five percent (75%) of the total space, must be occupied. The incentive is based on occupied spaces; the maximum incentive will be available only when one hundred percent (100%) of the properties are leased. If six of the spaces are occupied, the developer will receive seventy-five percent (75%) of the annual incentive. The developer will give preference to local entrepreneurs, minority-owned businesses, women-owned businesses, and existing Lancaster businesses.

The anticipated cost of the project including building improvements, equipment, facilities, infrastructure and related expenses is approximately one million six hundred thousand dollars (\$1,600,000). Estimated operating expenses of approximately four hundred seventy-three thousand dollars (\$473,000) are estimated over the first five years of business.

The applicant submitted an incentive request for six hundred thousand dollars (\$600,000 to be paid out over a five-year period) to offset a portion of the construction, equipment, and renovation. The agreement specifies annual payments based on performance. If one hundred percent (100%) of the properties are leased in a given year and all other contingencies are met, the developer will receive one hundred twenty thousand dollars; if seventy-five percent of the properties are leased, the developer will receive ninety thousand dollars (\$90,000) for that year; if less than seventy-five percent of the spaces are leased, the developer will not receive an incentive for that year.

The applicant will be required to meet the following obligations:

1. **Executed Sale Contract and Transfer of Ownership to Stewarding Space, LLC.** Developer covenants and agrees to provide an executed sale contract for all property within sixty days of the Execution Date of the Agreement and that the contract is closed and property transferred to Stewarding Space, LLC within sixty (60) days of the Execution Date of the Agreement.
2. **Occupation of Facility.** Developer agrees to either: (1) occupy at least 2,000 square feet with a headquarters corporate office which supports “primary jobs” as defined in Section 501.002(12) of the Texas Local Government Code, or (2) lease at least 2,000 square feet of space to at least one tenant who meets that definition, no later than **June 1, 2024**. Developer

covenants and agrees to maintain and actively operate all properties until the earlier of December 31, 2028 or the four-year anniversary of the date of the initial Certificate of Occupancy.

3. **Tenant Selection and Requirements.** Preferred tenants for the remaining non-headquarters space will be businesses that support “primary jobs” as defined in Section 501.002(12) of the Texas Local Government Code. No incentives shall be offered for the following types of businesses or uses: (1) residential; (2) office (except as permitted for headquarters use); (3) event space; (4) storage; (5) religious; (6) non-profits; (7) "pop-up" or temporary use; (8) government space; (9) sexually-oriented businesses; (10) guns and ammo shops; and (11) pawn shops. Entities with three (3) or more health code violations or code enforcement violations within a year will not qualify for incentives for that year.
4. **Certificate of Occupancy.** Developer agrees to obtain or cause to be obtained a Certificate of Occupancy from the City for each of the properties by **June 1, 2024**. The Developer may apply to the City for an extension of this term (such extension not to be unreasonably withheld) for up to three (3) months if Developer has appropriately applied for such certificate by September 1, 2023, and obtained Certificates of Occupancy for at least 75% of the total properties.
5. **Capital Investment.** In order to be eligible to receive LEDC funds under this Agreement, Developer must invest not less than one million four hundred thousand dollars (\$1,400,000) in the project including land purchase costs, construction and renovation improvements and related fees, within one (1) year of the Effective Date of this Agreement, and provide to the City receipts for the same no later than thirteen (13) months from the Effective Date of this Agreement. Ultimately, the Developer will invest one million six hundred thousand dollars (\$1,600,000) in the project.
6. **Payment of City Fees.** Developer agrees to pay to the City all City-related development fees for the development of the Property. Those fees include (but may not be limited to) the following: special use permit fees, building permit fees, sign permit fees, plan review fees, plumbing, heating and electrical permit fees, grading permit fees, architectural review fees, variance application fees, and zoning change fees.
7. **Definition of and Documentation of Development Costs.** Developer agrees to obtain accurate invoices, receipts, and other written documentation regarding the amount of: (1) city fees related to permitting and construction; and (2) general development costs for which the developer is seeking reimbursement, that are actually incurred and paid for project expenses within one (1) year of the Effective Date of this Agreement.
8. **Performance.** Developer agrees to perform and comply with all terms, conditions, and provisions set forth in this Agreement and in all other instruments and agreements by and between Developer and LEDC and between Developer and City.
9. **Marketing.** Developer agrees to require tenants to cross market to promote businesses and special events in the downtown Lancaster area. A minimum of fifteen thousand dollars (\$15,000) annually in documentable marketing/programming expenditures is required, and receipts or other information acceptable to the City must be provided to support the expenditure of funds.
10. **General Requirements.** Developer agrees to provide all signatures to fully execute this document no later than sixty (60) days after the Effective Date of the Agreement. Annual funding requests are due by June 1 of each year of eligibility or foregone.
11. **Other Requirements**
 - A minimum of four (4) sites must be occupied by restaurants, café, beverage or general food & beverage associated business.
 - At least one restaurant must be open on Monday nights from 5 p.m. until 10:00 p.m.
 - Spaces vacant for more than one hundred eighty (180) days shall not be eligible for an incentive for that year.
 - A minimum of seventy-five percent (75%) of the space must be occupied for the Project to be eligible for incentive each year covered by the agreement. If less than seventy-five percent (75%) of the property is occupied in any year, the Developer is not eligible to receive any

incentives for the specific year. If more than seventy-five percent (75%) of the property is occupied in any year, the Developer is eligible to receive incentives however, the maximum annual incentive will only be available in one hundred percent (100%) of the property is occupied.

- Developer agrees to give preference to local entrepreneurs, minority-owned businesses, women-owned businesses, and existing businesses in Lancaster; and
- Developer agrees to house their regional corporate office within the property.

Development Grant. LEDC covenants and agrees to provide a Development Grant up to an aggregate total not to exceed six hundred thousand dollars (\$600,000). The funds may be used to reimburse Developer for actual expenses incurred and paid for development and permitting fees and general development costs. Reimbursement of funds to Developer will be made according to the following schedule:

1. \$15,000 upon issuance of a Certificate of Occupancy for each individual Property, provided that a minimum of seventy-five percent (75%) of the properties are leased;
2. \$15,000 annually for up to four (4) years, issued on the anniversary of the initial issuance of a Certificate of Occupancy if the restaurant business maintains business hours when it is open to the public including the hours of 2:00 p.m. until 10:00 p.m. on Thursday, Friday and Saturday, retail from 2:00 p.m. until 7:00 p.m. on Thursday, Friday and Saturday (notwithstanding holidays) and meets all other contingencies described in Section 4.

At the City Council Strategic Planning session on August 26, 2022, Council identified implementation of development priorities including high-quality, diverse housing, commercial and retail growth and small business development and continuation of the focus on high priority areas including downtown, hospital and campus districts. This project supports these goals.

Operational Considerations:

The operational elements of reviewing Annual Reports and monitoring compliance with the incentive agreement are well within the scope of staff activities.

Legal Considerations:

The City Attorney has reviewed and approved the resolution and agreement as to form.

Public Information Considerations:

This item is being considered at a Regular Meeting of the City Council, noticed and held in accordance with the Texas Open Meetings Act.

Fiscal Impact:

The total incentive cost will not exceed six hundred thousand dollars (\$600,000) over the term of the agreement. Adequate funds are available in the Lancaster Economic Development Corporation fund balance but will require a budget amendment.

Options/Alternatives:

1. City Council may approve the resolution, as presented.
2. City Council may deny the resolution.

Recommendation:

The Lancaster Economic Development Corporation recommended approval of the item at their December 15, 2022 Regular Meeting. Staff concurs with the Lancaster Economic Development Corporation.

Attachments

CITY OF LANCASTER CITY COUNCIL

City Council Regular Meeting

Item 7.

Meeting Date: 01/09/2023

Policy Statement: This request supports the City Council 2022-2023 Policy Agenda

Goal(s): Financially Sound Government
Quality Development

Submitted by: Shane Shepard, Director of Economic Development

Agenda Caption:

Discuss and consider a resolution ratifying a performance agreement between the Lancaster Economic Development Corporation (LEDC) and Saviana Winery, LLC in an amount not to exceed seventy-five thousand dollars (\$75,000), from funds collected from one-fourth (1/4) of one (1) percent additional sales and use tax for the promotion and development of new and expanded business enterprises, as authorized by state law.

Background:

Saviana Winery is a local small business that makes small-batch wines with one location in Cedar Hill. Saviana uses Texas-grown grapes and fruit exclusively for its wines. The wines are not only sold directly at the location, but also off-premise (Saviana Wine Club), via internet sales, and at wine festivals. The business has received gold medals for their Tempranillo, Trebbiano and Dolcette wines in international competitions and their Cartemour Red Blend won a gold medal for Best in Category at the 2022 Lone Star International Wine Competition.

Saviana Winery is seeking to open a second location located at 116 Historic Town Square, Lancaster, Texas. The business has plans to renovate the building and the associated open space to the north of the building (106 Historic Town Square). The use, upon completion, will be a wine retail store and tasting room with an outdoor seating area. The applicant submitted an incentive request for seventy-five thousand dollars (\$75,000). The owner plans to spend approximately five hundred ninety-three thousand sixty-four dollars (\$593,064) on operations over the term of the agreement. Approximately one hundred twenty-seven thousand one hundred thirty-two dollars (\$127,132) will be used to market, promote and provide live events in downtown Lancaster.

The applicant is required to meet the following obligations:

- **Executed Lease.** The developer agrees to provide an executed lease for the facility within sixty days of the execution date of the agreement.
- **Occupation of Facility.** The developer agrees to occupy the facility by **July 1, 2023**. Hours of operations must be at minimum 2:00 p.m. until 10:00 p.m. on Thursday, Friday, and Saturday (notwithstanding holidays).
- **Certificate of Occupancy and Operation of the Facility.** The developer agrees to obtain or cause to be obtained a Certificate of Occupancy from the City for the facility located on the property by **July 1, 2023** and actively operate the facility located on the property until the earliest of June 30, 2027, or the four-year anniversary of the date a Certificate of Occupancy is issued for the facility.
- **Capital Investment/Marketing/Promotion.** In order to be eligible to receive LEDC funds under this agreement, the developer must invest not less than seventy thousand dollars (\$70,000) in construction and equipment for the facility, within one (1) year of the effective date of this agreement, and provide to the City receipts for the same. In addition, the developer is required to spend an additional one hundred ten thousand dollars (\$110,000) over the term of

the agreement to market downtown Lancaster including such activities as entertainment events, contract entertainment, direct advertising, promotion of Lancaster through wine and wine-related organizations and at local and regional wine festivals and competitions and land purchase. The minimum required private investment over the term of the agreement is one hundred eighty thousand dollars (\$180,000).

- **Payment of City Fees. The developer** agrees to pay to the City all City-related development fees for the development of the Property, construction of the facility, and for facility operations. Those fees include (but may not be limited to) the following: specific use permit fees, building permit fees, sign permit fees, plan review fees, plumbing, heating, and electrical permit fees, grading permit fees, architectural review fees, variance application fees, and zoning change fees.
- **Definition of and Documentation of Development Costs.** The developer agrees to obtain accurate invoices, receipts, and other written documentation regarding the amount of (1) city fees related to permitting and construction of the facility; and (2) general development costs for which the developer is seeking reimbursement, that is actually incurred and paid for the development of the property and improvement to the Facility by June 30, 2023.
- **Performance.** The developer agrees to perform and comply with all terms, conditions, and provisions set forth in this agreement and in all other instruments and agreements by and between the developer and LEDC and between the developer and City.

Development Grant. LEDC covenants and agrees to provide funds of up to an aggregate total of up to seventy-five thousand dollars (\$75,000). The funds may be used to reimburse the developer for actual expenses incurred and paid for development and permitting fees and general development and operational costs. Reimbursement of funds to the developer will be made according to the following schedule:

- \$15,000 upon issuance of a Certificate of Occupancy for the facility; and
- \$15,000 annually for up to four (4) years issued on the anniversary of a Certificate of Occupancy for the facility if the business maintains business hours when it is open to the public including the required hours of 2:00 p.m. until 10:00 p.m. on Thursday, Friday and Saturday (notwithstanding holidays).

Operational Considerations:

The administrative elements of monitoring the incentive agreement are well within the scope of staff activities.

Legal Considerations:

The City Attorney has reviewed and approved the resolution and agreement as to form.

Public Information Considerations:

This item is being considered at a Regular Meeting of the City Council, noticed and held in accordance with the Texas Open Meetings Act.

Fiscal Impact:

The total incentive cost will not exceed seventy-five thousand dollars (\$75,000) over the term of the agreement. Adequate funds are available in the Lancaster Economic Development Corporation fund balance. A budget adjustment may be required if this project is completed prior to the end of Fiscal Year 2022-2023.

Options/Alternatives:

1. City Council may approve the resolution, as presented.
2. City Council may deny the resolution.

Recommendation:

The Lancaster Economic Development Corporation recommended approval of the item at their October 20, 2022 Regular Meeting. Staff concurs with the Lancaster Economic Development Corporation.

Attachments

Resolution

Exhibit A-Performance Agreement

Saviana Winery-Street View

Saviana Winery-Floor Plan

CITY OF LANCASTER CITY COUNCIL

City Council Regular Meeting

Item 8.

Meeting Date: 01/09/2023

Policy Statement: This request supports the City Council 2022-2023 Policy Agenda

Goal(s): Financially Sound Government
Quality Development

Submitted by: Shane Shepard, Director of Economic Development

Agenda Caption:

Discuss and consider a resolution ratifying the terms and conditions of an economic development performance agreement by and between the Lancaster Economic Development Corporation (LEDC) and Kyoto Brew LLC, in an amount not to exceed seventy-five thousand dollars (\$75,000) from funds collected from the one-fourth (1/4) of one (1) percent additional sales and use tax for the promotion and development of new and expanded business enterprises, as authorized by state law.

Background:

Kyoto Brew LLC is a local startup business that plans to renovate a small building and adjacent open space in Lancaster. The 765 square foot building is located at 121 Historic Town Square. The project also includes a vacant lot (open space) located at 108 North Dallas Avenue. The use, upon completion, will be a coffee shop and cocktail bar with one outdoor seating area. The anticipated cost of the project including building improvements, equipment, facilities, infrastructure and related expenses is approximately four hundred thousand dollars (\$400,000). Kyoto Brew, LLC worked with the Small Business Administration (SBA) to develop a detailed business plan and pro forma. It estimates that annual business expenditures will be approximately three hundred sixty thousand dollars (\$360,000).

The applicant submitted an incentive request for seventy-five thousand dollars (\$75,000) to offset a portion of the construction, equipment, renovation, and land costs. The building was formerly the site of the Six Shooters Restaurant/Bar. It has been vacant for over three years.

The applicant will be required to meet the following obligations:

1. **Occupation of Facility** – The applicant agrees to occupy the facility by January 1, 2024 and actively operate the Facility until December 31, 2028 or the four-year anniversary of the date of the Certificate of Occupancy for the Facility, maintaining business hours of 5:00 p.m. until 10:00 p.m. on Thursday, Friday and Saturday and 7:00 a.m. until 2:00 p.m. on Monday through Wednesday (notwithstanding holidays); and
2. **Certificate of Occupancy** – The applicant agrees to obtain a Certificate of Occupancy for the facility no later than January 1, 2024; and
3. **Documentation of Costs** – The applicant agrees to document costs associated with occupancy of the building. A maximum of seventy-five thousand dollars (\$75,000) is available for reimbursement of the allowable expenditures. Rebated funds will be limited to reimbursements of actual eligible expenditures. A minimum capital investment of one hundred seventy thousand dollars (\$170,000) for eligible Project Costs is required; and
4. **Payment of City Fees** – The applicant is required to pay all City-related development fees for the project; and
5. **Reporting** – The applicant is required to submit annual reports for the term of this agreement documenting expenditures and other requirements.

Development Grant. LEDC covenants and agrees to provide a Development Grant up to an aggregate total not to exceed seventy-five thousand dollars (\$75,000). The funds may be used to reimburse Developer for actual expenses incurred and paid for development and permitting fees and general development costs. Reimbursement of funds to Developer will be made according to the following schedule:

1. \$15,000 upon issuance of a Certificate of Occupancy for the Facility;
2. \$15,000 annually for up to four (4) years issued on the anniversary of a Certificate of Occupancy for the Facility if the business maintains business hours when it is open to the public including the hours of 5:00 p.m. until 10:00 p.m. on Thursday, Friday and Saturday and 7:00 a.m. until 2:00 p.m. on Monday through Wednesday (notwithstanding holidays).

Operational Considerations:

The administrative elements of monitoring the incentive agreement are well within the scope of staff activities.

Legal Considerations:

The City Attorney has reviewed and approved the resolution and agreement as to form.

Public Information Considerations:

This item is being considered at a Regular Meeting of the City Council, noticed and held in accordance with the Texas Open Meetings Act.

Fiscal Impact:

The total incentive cost will not exceed seventy-five thousand dollars (\$75,000) over the term of the agreement. Adequate funds are available in the Lancaster Economic Development Corporation fund balance. The first payment (of five) is expected to occur in FY 2023-2024.

Options/Alternatives:

1. City Council may approve the resolution, as presented.
2. City Council may deny the resolution.

Recommendation:

The Lancaster Economic Development Corporation recommended approval of the item at their December 1, 2022 Special Meeting. Staff concurs with the Lancaster Economic Development Corporation.

Attachments

Resolution

Exhibit A - Performance Agreement

Elevation

Site Plan

Cost Estimate

CITY OF LANCASTER CITY COUNCIL

City Council Regular Meeting

Item 9.

Meeting Date: 01/09/2023

Policy Statement: This request supports the City Council 2022-2023 Policy Agenda

Goal(s): Financially Sound Government
Quality Development

Submitted by: Shane Shepard, Economic Development Director

Agenda Caption:

Discuss and consider a resolution approving a Chapter 380 Economic Development Agreement by and between the City of Lancaster, Texas and Best Buy Stores, LP.

Background:

Best Buy Co. Inc. is an American multinational consumer electronics retailer headquartered in Richfield, Minnesota. Originally founded in 1966 as an audio specialty store called Sound of Music, it was rebranded under its current name with an emphasis on consumer electronics in 1983.

The company plans to occupy a new building located at the southeast corner of East Jefferson Street and East Wintergreen Road containing approximately eight hundred thousand (800,000) square feet of space. The facility will be used for product distribution. The company plans to invest a minimum of three million dollars (\$3,000,000) in Business Personal Property (BPP) for the distribution processes at the facility. The Best Buy facility will result in the addition of a minimum of fifty (50) new jobs with an average salary of a minimum of fifty thousand dollars (\$50,000).

This action authorizes a Chapter 380 grant agreement with Best Buy to promote new construction and job creation in the City of Lancaster. This agreement allows for financial incentives as described below:

- **Business Personal Property (BPP) Tax.** This agreement allows the City of Lancaster to rebate forty-five percent (45%) to Developer of ad valorem taxes paid by the Developer to the City for Business Personal Property for a period not to exceed four (4) years.
- **Sales Tax on Equipment and Construction Material.** Provided that: (1) the Developer has obtained a Certificate of Occupancy for the Facility by October 1, 2024; (2) the Minimum Investment valuation thresholds set forth herein is met; and (3) all other Affirmative Obligations set out in Section 4 have been satisfied, the City will rebate fifty percent (50%) of the City's one percent (1%) general funds portion of sales tax paid to and received by the City; being a point five percent (.5%) portion of sales and use tax for services and materials used in the construction of the Facility. All such expenditures must be made by October 1, 2024 and all receipts and accounting reports must be received by the City no later than June 1, 2025.

In order for the company to be eligible to receive this incentive:

- The facility must be occupied by October 1, 2024
- A Certificate of Occupancy must be issued prior to October 1, 2024 and maintained for the term of the Agreement
- The facility must be actively operated
- The company must invest a minimum of three million dollars (\$3,000,000) for machinery and equipment placed in service at the facility for distribution operations
- The company agrees to grant a tour of the facility every four years to City staff

Operational Considerations:

The company will annually submit receipts for BPP tax payments in order to exercise the grant. Within sixty (60) days of verification of payment, the City will remit eligible rebate amounts outlined in the agreement, provided that all contractual contingencies are satisfied.

Legal Considerations:

The City Attorney has reviewed and approved the resolution and agreement as to form.

Public Information Considerations:

This item is being considered at a Regular Meeting of the City Council noticed and held in accordance with the Texas Open Meetings Act.

Fiscal Impact:

Based on the estimated value added capital investment submitted by the company, new business personal property tax collections for the facility (BPP) for the next four years will be approximately eighty-two thousand eight hundred dollars (\$82,800), of which incentive rebates are estimated to be approximately thirty-seven thousand two hundred sixty dollars (\$37,260).

The estimated total amount of sales tax foregone is twenty-two thousand five hundred dollars (\$22,500).

Options/Alternatives:

1. City Council may approve the resolution, as presented.
2. City Council may deny the resolution.

Attachments

Resolution

Exhibit A - 380 Agreement

CITY OF LANCASTER CITY COUNCIL

City Council Regular Meeting

Item 10.

Meeting Date: 01/09/2023

Policy Statement: This request supports the City Council 2022-2023 Policy Agenda

Goal(s): Financially Sound Government
Quality Development

Submitted by: Shane Shepard, Director of Economic Development

Agenda Caption:

Discuss and consider a resolution approving the terms and conditions of a Chapter 380 Agreement between the City of Lancaster, Texas, and CH-M Wintergreen Phase I, LLC.

Background:

CH-M Wintergreen Phase I, LLC (CH) owns a site on the southeast corner of East Jefferson Street and East Wintergreen Road and plans to construct a facility totaling approximately eight hundred thousand (800,000) square feet for a warehousing/distribution facility. The building will be for Best Buy to be used as a distribution facility. The estimated taxable valuation of the completed project is forty million dollars (\$40,000,000).

This agreement requires the developer to occupy the facility and obtain a Certificate of Occupancy by October 1, 2024. The project is required to increase and maintain the taxable value of Real Property by thirty-five million dollars (\$35,000,000).

The incentive consists of a rebate of Real Property Taxes of up to forty-five percent (45%) for a period of five (5) years on the value of improvements, beginning the tax year after the Certificate of Occupancy is issued for the facility if the taxable value of the facility is between thirty-five million dollars (\$35,000,000) and fifty million dollars (\$50,000,000). If the taxable value of the facility exceeds fifty million dollars (\$50,000,000), the rebate will be for sixty percent (60%) for a period of five (5) years.

Operational Considerations:

Subject to satisfaction of all conditions of the grant including maintenance of a minimum taxable valuation of \$35,000,000 for the Facility, CH will annually submit receipts for real property tax payments in order to exercise the grant. Within sixty (60) days of verification of payment, the City will remit the rebate of the real property tax payment on the value of improvements only to the company for a period of five (5) years.

Legal Considerations:

The City Attorney has reviewed and approved the resolution and agreement as to form.

Public Information Considerations:

This item is being considered at a regular meeting of the City Council, noticed and held in accordance with the Texas Open Meetings Act.

Fiscal Impact:

Based on the estimated value of added capital investment submitted by the company and in consideration of real property tax rebates on the value of improvements, the project will generate approximately one million three hundred thirty-eight thousand dollars (\$1,338,000) in new revenue to the City over the first five years of property tax collections; the estimated value of the financial

incentive over this period is six hundred twenty-one thousand dollars (\$621,000). The facility is expected to generate approximately two hundred seventy-six thousand dollars (\$276,000) annually after the term of the agreement.

Options/Alternatives:

1. City Council may approve the resolution as presented.
2. City Council may deny the resolution.

Recommendation:

Staff recommends approval of the resolution as presented.

Attachments

Resolution

Exhibit A - 380 Agreement

CITY OF LANCASTER CITY COUNCIL

City Council Regular Meeting

Item 11.

Meeting Date: 01/09/2023

Policy Statement: This request supports the City Council 2022-2023 Policy Agenda

Goal(s): Financially Sound Government
Quality Development

Submitted by: Shane Shepard, Economic Development Director

Agenda Caption:

Discuss and consider a resolution approving a Chapter 380 Economic Development Agreement by and between the City of Lancaster, Texas and Romark Texas, LLC.

Background:

Romark Texas, LLC (Romark) provides customers with best-in-class third party logistics to support all facets of the supply chain. They provide logistics services for Mars Petcare at their facility located at 2801 North Houston School Road. In order to improve capacity at this facility, Romark seeks to purchase approximately six million five hundred thousand dollars (\$6,500,000) of equipment to be installed at the facility. This agreement will provide a sales tax rebate for equipment purchased (and sales tax collected) in Lancaster.

Mars Petcare currently operates a distribution facility at this location and has a Certificate of Occupancy. The equipment covered by this agreement will be placed in service prior to December 31, 2023 and are required to have a taxable value of a minimum of six million five hundred thousand dollars (\$6,500,000). This investment will increase the capacity of this distribution facility. There will be no ongoing incentives or rebates related to the increased Business Personal Property value created by this expenditure. Currently, there is a rebate on a portion of real property taxes on the building that goes to the building's developer, Crow Holdings (sixty percent rebate of real property taxes paid for a period of eight years, expiring in FY 2027-2028).

This action authorizes a Chapter 380 grant agreement with Romark Texas, LLC to encourage local spending related to increasing the capacity of the Mars Petcare facility located at 2801 North Houston School Road through robotics and related equipment. This agreement allows for financial incentives as described below:

- **Sales Tax on Equipment and Construction Material.** Provided that: (1) the **Operator** has obtained a Certificate of Occupancy for the Facility by December 31, 2023; (2) sales taxes are sourced and paid to the City of Lancaster on a minimum taxable value of six million five hundred thousand dollars (\$6,500,000) under this incentive; and (3) all other Affirmative Obligations set out in Section 4 have been satisfied, the City shall reimburse fifty percent (50%) of the City's 1% sales tax collected on: (1) equipment; and (2) construction materials for the Facility for purchases that are sourced to the City of Lancaster and that taxes are paid to the City. The reimbursement in this Section shall apply for all taxable purchases of said items for the duration of the Agreement. **Operator** is required to inform the City of Lancaster of the name of any vendors submitting sales tax receipts of any work or purchase.

In order for the company to be eligible to receive this incentive:

- The facility must be occupied by December 31, 2023

- A Certificate of Occupancy must be issued prior to December 31, 2023 and maintained for the term of the Agreement.
- The facility must be actively operated
- The company must invest in machinery and equipment placed in service at the facility for distribution operations with a minimum taxable value of six million five hundred thousand dollars (\$6,500,000)

Operational Considerations:

The company must submit receipts for sales tax payments in order to exercise the incentive. Within sixty (60) days of verification of payment, the City will remit eligible rebate amounts outlined in the agreement, provided that all contractual contingencies are satisfied. These activities are within the capacity of staff.

Legal Considerations:

The City Attorney has reviewed and approved the resolution and agreement as to form.

Public Information Considerations:

This item is being considered at a Regular Meeting of the City Council noticed and held in accordance with the Texas Open Meetings Act.

Fiscal Impact:

The estimated value of sales taxes collected for this new investment is one hundred thirty thousand dollars (\$130,000). The estimated value of the incentive is thirty-two thousand five hundred dollars (\$32,500).

Without this agreement, it is unlikely that the Developer would source the equipment sales to the City of Lancaster. Net additional sales tax revenue is ninety-seven thousand five hundred dollars (\$97,500). In addition, the expenditure will generate an estimated forty-four thousand eight hundred fifty dollars (\$44,850) annually in new Business Personal Property taxes.

Options/Alternatives:

1. City Council may approve the resolution, as presented.
2. City Council may deny the resolution.

Recommendation:

Staff recommends approval of the resolution as presented.

Attachments

Resolution

Exhibit A - 380 Agreement

Site Plan

CITY OF LANCASTER CITY COUNCIL

City Council Regular Meeting

Item 12.

Meeting Date: 01/09/2023

Policy Statement: This request supports the City Council 2022-2023 Policy Agenda

Goal(s): Financially Sound Government
Quality Development

Submitted by: Shane Shepard, Economic Development Director

Agenda Caption:

Discuss and consider a resolution approving a Chapter 380 Economic Development Agreement by and between the City of Lancaster, Texas and Electrolux Home Products, Inc.

Background:

Electrolux Home Products, Inc. ('Electrolux') is a leading global appliance company with a 100-year history. The company strives to be at the forefront of sustainability in society through innovative product design and operations. Electrolux brands include Electrolux, AEG and Frigidaire. The company sells approximately 60 million household products in approximately 120 markets each year.

Electrolux leased approximately 343,000 square feet of warehouse space at 2935 Daniieldale Road for the past several years. The company let the City of Lancaster know that they had outgrown this space and were looking at other sites for their expansion, including Lancaster.

The City of Lancaster's Business Retention policy encourages local business to stay in town as they grow. Electrolux, subject to approval of incentives, plans to lease approximately 563,000 square feet of warehouse space located at 3701 North Dallas Avenue. This is a sixty-four percent (64%) increase from their existing lease. This is a new facility located in the Midpoint Industrial Park.

Finish out work on the facility is expected to be completed by the fourth quarter of 2023. The company plans to invest a minimum of ten million dollars (\$10,000,000) in taxable Business Personal Property (BPP) at the facility. The incentive package will allow Electrolux to expand operations in Lancaster and execute a ten-year lease for the new facility and retain approximately sixty-five (65) jobs. The incentive is structured to reward the company for staying in Lancaster for a full ten-year period. The proportion of BPP taxes rebated will increase, in steps, during the term of the Agreement. Overall, the average proportion of rebate for the ten-year term is 41.5%.

This action authorizes a Chapter 380 grant agreement with Electrolux to promote business and job retention in the City of Lancaster. This agreement allows for financial incentives as described below:

1. **Business Personal Property Tax.** In order to qualify for the incentive, the Developer must obtain a Certificate of Occupancy for the Facility by October 1, 2023; (2) meet the investment threshold of ten million dollars (\$10,000,000); and (3) meet all other Affirmative Obligations set out in the Agreement, the City shall make Program Payments to Developer for a portion (as set forth below) of ad valorem taxes paid by the Developer to the City for Business Personal Property Taxes for a period of ten (10) years. Developer shall provide the City records of ad valorem taxes paid in a format approved by the City as soon as possible after the payment, and City shall provide the Program Payment within thirty (30) business days after receipt of the tax records.
 - o This incentive is structured to encourage Electrolux to stay in Lancaster for the full term of the contract, since the rebate proportion increases in the latter years of the agreement. It

is intended to encourage the company to stay longer in Lancaster and invest more.

- The first year of eligibility for the Program Payment shall be the tax year starting the earlier of: (1) the tax year when the Investment Threshold is met; or (2) January 1, 2024.

These Program Payments shall be based upon the following percentages and terms:

Years	Percentage of City Business Personal Property Taxes Reimbursed
1 st through 3 rd tax year	35%
4 th through 7 th tax year	40%
8 th through 10 th tax year	50%

- **Bonus Provision:** Annual Program Payments may increase by a maximum of ten percent (10%) annually. A bonus of one percent (1%) shall be added for each employee who is a Lancaster resident for at least two years and works at the facility for two years in a position that pays \$65,000 or more annually. The maximum rate if this bonus is fully utilized is 45% in years one through three; 50% in years four through seven; and 60% in years eight through ten. Staff will monitor annual taxable valuation as shown on the Dallas Central Appraisal District website and the Developer will supply evidence of payment annually. This incentive is intended to encourage the hiring of local residents.

2. **Sales Tax on Equipment and Construction Material.** Provided that: (1) the Developer obtains a Certificate of Occupancy for the Facility by October 1, 2023; (2) meets the valuation thresholds in the Agreement; and (3) meets all other Affirmative Obligations in the Agreement, the City shall reimburse fifty percent (50%) of the City's 1% sales tax collected on: (1) equipment; and (2) construction materials for the Facility for purchases that are sourced to the City of Lancaster. The Developer will be required to provide receipts of these expenditures and show that they were sourced to Lancaster-based vendors. The reimbursement in this Section shall apply for all taxable purchases of said items prior to October 1, 2023.
3. **Sales Tax on Consumer Goods Sold.** Provided that the Developer meets all other Affirmative Obligations stated below, the City shall reimburse fifty percent (50%) of the City's 1% sales tax collected on consumer goods sold from the Facility for a period of ten (10) years, starting with the tax year starting on January 1, 2023 (billed October 1, 2023). All receipts and accounting reports must be received by the City no later than May 1 of the year following the tax year for which the Program Payment is claimed.

In order for the company to be eligible to receive this incentive:

- The facility must be occupied by October 1, 2023
- A Certificate of Occupancy must be issued prior to October 1, 2023, and maintained for the term of the Agreement
- The facility must be actively operated
- The company must maintain a minimum taxable valuation of ten million dollars (\$10,000,000) for BPP at the Facility
- The company agrees to use commercially reasonable efforts to establish its Facility to be designated as a 'place of business' so that sales tax on goods and/or services will be sourced to the City of Lancaster for the purposes of state law
- The company agrees to grant a tour of the facility every four years to City staff

Operational Considerations:

The company will annually submit receipts for BPP tax payments in order to exercise the incentive. Within sixty (60) days of verification of payment, the City will remit eligible rebate amounts outlined in the agreement, provided that all contractual contingencies are satisfied.

The company will submit evidence of sales tax payments which staff will verify with sales tax collection information and submit evidence of designation of 'place of business' if and when it occurs, also subject to verification by staff.

Legal Considerations:

The City Attorney has reviewed and approved the resolution and agreement as to form.

Public Information Considerations:

This item is being considered at a Regular Meeting of the City Council noticed and held in accordance with the Texas Open Meetings Act.

Fiscal Impact:

This Agreement enables the City to retain an employer with approximately 65 employees and a taxable BPP of a minimum of ten million dollars (\$10,000,000). The estimated additional tax collections over the ten-year period will be approximately six hundred ninety thousand dollars (\$690,000) of which the estimated incentive will be approximately two hundred ninety thousand five hundred dollars (\$290,500), assuming a constant tax rate over this period and a taxable BPP valuation of ten million dollars (\$10,000,000).

Options/Alternatives:

1. City Council may approve the resolution, as presented.
2. City Council may deny the resolution.

Recommendation:

Staff recommends approval of the resolution as presented.

Attachments

Resolution

Exhibit A - 380 Agreement

CITY OF LANCASTER CITY COUNCIL

City Council Regular Meeting

Item 13.

Meeting Date: 01/09/2023

Policy Statement: This request supports the City Council 2022-2023 Policy Agenda

Goal(s): Financially Sound Government
Healthy, Safe & Engaged Community
Sound Infrastructure
Quality Development
Professional and Committed City Workforce

Submitted by: Opal Mauldin-Jones, City Manager

Agenda Caption:

In accordance with Chapter 551 of the Texas Government Code (the Texas Open Meetings Act), the City Council may meet in executive session to discuss the following:

1. Section § 551.071(1)(a) of the Texas Government Code to seek legal advice from the City Attorney concerning protesting Rockett Special Utility District's Certificate of Convenience and Necessity (CCN) within the City limits.

LANCASTER CITY COUNCIL

City Council Regular Meeting

Item 14.

Meeting Date: 01/09/2023

Policy Statement: This request supports the City Council 2022-2023 Policy Agenda

Goal(s): Financially Sound Government
Healthy, Safe & Engaged Community
Sound Infrastructure
Quality Development
Professional and Committed City Workforce

Submitted by: Opal Mauldin-Jones, City Manager

Agenda Caption:

Reconvene into open session. Consider and take appropriate action(s), if any, on closed/executive session matters.

Background:

This agenda item allows City Council to take action necessary, if any, on item(s) discussed in Executive Session.