

CHAPTER 380 ECONOMIC DEVELOPMENT PROGRAM

POLICIES & PROCEDURES

I. PURPOSE & POLICY

The City of Dripping Springs is committed to the promotion of high quality development in all parts of the City, and to an ongoing improvement in the quality of life for its citizens. The City of Dripping Springs desires to encourage superior business, commercial, and manufacturing concerns to locate, remain, and expand in the City of Dripping Springs. Now the City of Dripping Springs seeks to enhance its economic development efforts to attract and retain high quality development and jobs by establishing these Chapter 380 Economic Development Program Policies and Procedures.

These Policies and Procedures are established in an effort to develop and expand the local economy by:

- (a) promoting and encouraging development and redevelopment projects that enhance the City's economic base; or
- (b) diversify and expand job opportunities; or
- (c) by promoting and encouraging projects that create additional revenue for the city without substantially increasing the demand on City services or infrastructure.

The ultimate goal and public purpose of programs established hereunder is to protect and enhance the City's fiscal ability to provide municipal services for the safety, comfort, and enjoyment of Dripping Springs residents.

In furtherance of these objectives, the City of Dripping Springs will, on a **case-by-case** basis, give consideration to providing economic incentives to applicants in accordance with these Policies and Procedures as authorized by Chapter 380 of the Texas Local Government Code, as amended from time to time.

Nothing in this document is intended to imply or suggest that the City of Dripping Springs is under any obligation to provide economic incentives to any applicant. All applicants shall be considered on a **case-by-case** basis. The decision to approve or deny economic incentives shall be at the discretion of an Advisory Committee and City Council. Each applicant granted economic incentives as a Chapter 380 Economic Development Program ("Program") under these Policies and Procedures must enter into an agreement with the City of Dripping Springs containing all terms required by these Policies and Procedures and by state law to protect the public interest of receiving a public benefit in exchange for public funds, assets, and services invested to stimulate economic development in Dripping Springs.

II. PROGRAM REQUIREMENTS

A. To be considered eligible to receive incentives as a Chapter 380 Economic Development Program, a project must at least meet the following minimum requirements:

(1) Either the project:

- (a) will result in a minimum increased revenue for another existing locally owned City business(es) of \$250,000 in the City limits or City ETJ; **or**
- (b) will result in a minimum increased taxable value for the City of \$250,000 in real and business property tax (excluding inventory and supplies) per City fiscal year in the City limits or City ETJ; **or**
- (c) will result in a minimum increased taxable value for the City of \$200,000 per City fiscal year in sales tax in the City limits or City ETJ; **or**
- (d) will result in a minimum of 50 additional local full-time jobs; **or**
- (e) is specifically determined by resolution of the Dripping Springs City Council to bring benefit to the City consistent with the General Statement of Purpose and Policy as stated in Section I above; **and**

(2) In addition, the project:

- (a) is qualified as a Target Industry. A “Target Industry” is a business, structure, or other project deemed critical to the City’s current, anticipated, or ongoing growth and development needs. The City may redefine “needs” from time to time as the City’s circumstances warrant; **or**
- (b) will make a unique or unequaled contribution to development or redevelopment efforts in the City of Dripping Springs, due to its
 - (i) financial magnitude (e.g., wage scale, total dollars invested),
 - (ii) significance to the community (e.g., includes a charitable innovation, provides an underrepresented service, attracts tourists),
 - (iii) aesthetic quality (e.g., ability to operate within City Ordinances, renovates or remodels a historic building(s), design complementary to adjacent or area structures), or
 - (iv) benefit to the environment (e.g., minimal impervious cover, water conservation); **or**
- (c) will enhance the City’s fiscal ability to provide municipal services for the safety, comfort, and enjoyment of Dripping Springs residents; or
- (d) will enhance the City’s public infrastructure by including the construction of infrastructure that may or may not be contiguous to the project, and may or may not be related to the project (e.g., sidewalks, lap posts, water/sewer, roads, parking, drainage).

B. All applicants shall be considered on a **case-by-case** basis. However, an eligible project that meets more than one requirement from II.A.(1) and/or II.A.(2) will be preferred over projects that meet only the minimum of one requirement from II.A.(1) and II.A.(2).

- C. A project shall not be eligible for incentives if a building permit has been issued for the project prior to making application in accordance with these Policies and Procedures.
- D. Incentives will be provided only to the extent that the revenue realized by the City and attributable to a project exceeds a minimum amount established by the Agreement. The public benefit or amount of revenue realized by the City and attributable to the project must be commensurate with value of any incentives granted under this Program.

III. ADDITIONAL CONSIDERATIONS

- A. Additional factors to be considered by the City Council in determining whether to authorize an Agreement for incentives as a Chapter 380 Economic Development Program are:
 - (1) the number and types of jobs to be created or retained;
 - (2) the financial capacity of the applicant to undertake and complete the proposed project;
 - (3) other incentive programs for which the applicant has applied or is qualified;
 - (4) the market conditions and growth potential for the business activity; and
- B. Any other factors the City Council finds helpful and relevant to accomplishing the City's economic development objectives.

IV. APPLICATION PROCESS

- A. An application for consideration as a Program shall be made on forms supplied by the City. An applicant may be required to provide additional information to show compliance with minimum Program requirements. If City staff determines minimum Program requirements have been met, City staff shall prepare and present a proposed Agreement with the applicant to the City Council.
- B. The City Council may consider the proposed Agreement and may take action on the proposal as it deems appropriate. Nothing in these Policies and Procedures and nothing in the application form and process shall create any property, contract, or other legal right for any person to have the City Council consider or grant incentives.

V. AGREEMENT TERMS

- A. An Agreement established for a Program must include:
 - (1) a timetable and list of the kind of improvements or development that the Program will include, and conditions to assure that the Program meets or exceeds the City's

requirements pertaining to property values and revenues, which in no event shall be less than the minimum Program requirements established in Section II above;

- (2) a complete description of the location of the proposed Program or projects included in the Program;
- (3) a timetable and list of the kind and amount of property values, revenues, incomes or other public benefits that the proposed Program will provide;
- (4) a provision establishing the duration the Agreement;
- (5) a provision identifying the method for calculating and source of funding for any grant, loan, refund, in-kind, or other incentive either up front or over time provided in the Agreement;
- (6) a provision identifying whether any grant, loan, or other incentive provided in the Agreement will be utilized for construction costs or for other specified business expenses;
- (7) a provision providing benchmarks or other tangible means for measuring whether the applicant and other responsible parties have met their obligations under the Agreement;
- (8) a provision providing for access to and authorizing inspection of the property and applicant's pertinent business records by municipal employees in order to determine compliance with the Agreement;
- (9) a provision for cancellation of the Agreement and/or nonpayment of incentives if the Program is determined to not be in compliance with the Agreement;
- (10) a provision for recapturing City funds granted or loaned, or for recapturing the value of other public assets granted or loaned, if the applicant does not meet its duties and obligations under the terms of the Agreement;
- (11) a provision that allows assignment of the Agreement with prior written approval of the City Council, or without the prior written approval of the City Council provided that:
 - (a) all rights, duties, obligations and liabilities under the Agreement are assigned from the assignor to the assignee; **and**
 - (b) the assignment is made subject and subordinate to the Agreement and the Chapter 380 Economic Development Program Policies and Procedures; **and**
 - (c) the assignment document is in a form and contains content acceptable to the City Attorney's Office;
- (12) provisions relating to administration, delinquent taxes, reporting requirements, and indemnification;

- (13) a provision that the Agreement may be amended by the parties to the Agreement by using the same procedure for approval as is required for entering into the Agreement; and
- (14) a provision providing for auditing of the Program, including public access to non-privileged or confidential documents; and
- (15) such other provisions as the City Council shall deem appropriate.

SAMPLE