

Montgomery City Council
AGENDA REPORT

Meeting Date: September 26, 2023	Available Funds: N/A
Department: Admin	Prepared By: Dave McCorquodale

Subject

Consideration and possible action on a Chapter 380 Agreement by and between the City of Montgomery and Home Depot USA, Inc. for the Buffalo Springs Drive Roadway Reconstruction and Traffic Signal at SH105W & Buffalo Springs Drive projects.

Recommendation

Review the draft Chapter 380 agreement and discuss.

Discussion

Issue:

The City and Home Depot have been discussing a proposed store at 20240 Eva Street for several months. These discussions include off-site infrastructure improvements of a traffic signal and roadway reconstruction to be completed before the store opens in October 2024.

Regulations:

Chapter 380 of the Local Government Code authorizes municipalities to offer incentives designed to promote economic development such as commercial and retail projects. Specifically, it provides for offering loans and grants of city funds or services at little or no cost to promote economic development and to stimulate business and commercial activity. (Source: <https://comptroller.texas.gov/economy/local/ch380-381/>)

Analysis:

Home Depot desires a traffic signal at Buffalo Springs Drive and Eva Street to facilitate customer access. The City recognizes the need for the traffic signal to increase mobility in the City and conducted a Traffic Signal Warrant Analysis at the intersection in the fall of 2021. The City also desires improvements to be made to the Buffalo Springs Drive roadway which is nearing the end of its lifecycle. Discussions with Home Depot about Buffalo Springs Drive are limited to the portion of the roadway from Eva Street to their northern property line (approx. 1,050 feet). The Chapter draft 380 Agreement is based on reimbursing 50% of the total sales tax collected by the City at the Home Depot store.

Fiscal Review:

The total design and construction cost for the two projects is estimated to be \$1,424,800. Home Depot has agreed to contribute \$750,000 toward the traffic signal and roadway improvements. They have also agreed to pay the remaining estimated costs of \$674,000 plus 15% for contingencies subject to being reimbursed through a Chapter 380 Agreement for project costs exceeding \$750,000. The City will reimburse Home Depot approximately \$674,000 over a period of 5 or more years instead of paying those costs up front. The net result of the agreement with Home Depot is the City receiving infrastructure improvements totaling \$1.4 million for an estimated cost of \$674,000.

Conclusion:

This agreement will be discussed in the workshop on Monday. Depending on the conversation from the workshop and comments from Home Depot's team, the item may be tabled as edits are made. It is on the agenda to provide City Council with the option to act on it if circumstances warrant it.

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Approved By		
Assistant City Administrator & Planning & Development Director	Dave McCorquodale	Date: 09/22/2023
City Administrator	Gary Palmer	Date: 09/22/2023