

Montgomery City Council
AGENDA REPORT

Workshop Date: September 25, 2023	Available Funds: N/A
Department: Admin	Prepared By: Dave McCorquodale

Subject

Review of the draft Chapter 380 Agreement Between The Home Depot and City of Montgomery for the Buffalo Springs Drive Roadway Reconstruction and Traffic Signal at SH105W & Buffalo Springs Drive.

Recommendation

Review the draft Chapter 380 agreement and discuss.

Discussion

Issue:

The City and The Home Depot have been discussing a proposed store at 20240 Eva Street for several months. These discussions include off-site infrastructure improvements to include a traffic signal on FM105 and Buffalo Springs Dr., and roadway reconstruction North from FM105 to the rear of the proposed Home Depot property. These projects are 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 (FM105) to facilitate 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 The 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.

Approved By

Assistant City Administrator & Planning & Development Director	Dave McCorquodale	Date: 09/20/2023
-------------------------------------------------------------------	-------------------	------------------

Montgomery City Council
AGENDA REPORT

City Administrator	Gary Palmer	Date: 09/20/2023
--------------------	-------------	------------------