

Montgomery City Council  
**AGENDA REPORT**

<b>Meeting Date:</b> October 2, 2023	<b>Available Funds:</b> N/A
<b>Department:</b> Admin	<b>Prepared By:</b> Dave McCorquodale

**Subject**

Consideration and possible action on a Chapter 380 Agreement with Home Depot 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 Council conducted a brief overview of the draft agreement as edited by the Home Depot team at the September 25<sup>th</sup> workshop. Since that time, staff has reviewed and proposed additional changes to the agreement. The current draft reflects agreement on a majority of revisions, leaving several to be discussed further by City Council. Home Depot will have received the updated draft agreement on Friday afternoon (09/29/23) and will not have had a chance to review and reply by agenda publication.

If the Home Depot team provides comments prior to Monday evening's meeting, staff will update City Council at meeting time.

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:

The City and Home Depot recognizes the need for the traffic signal a traffic signal at Buffalo Springs Drive and Eva Street to facilitate customer access and improve mobility in the area. 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 for total project costs above \$750,000.

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.

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<b>Approved By</b>		
Assistant City Administrator & Planning & Development Director	Dave McCorquodale	Date: 09/29/2023
City Administrator	Gary Palmer	Date: 09/29/2023