

City of Port Lavaca, Texas
Chapter 380 Economic Development Incentive Policy

I. Purpose & Policy

The City of Port Lavaca is committed to the promotion of quality development and to an ongoing improvement in the quality of life for its citizens. The City of Port Lavaca desires to encourage business, commercial, and manufacturing facilities to locate, remain, and expand in the City of Port Lavaca. As the largest city and economic hub of Calhoun County, Port Lavaca is nestled on Lavaca Bay, adjacent to the Matagorda Ship Channel and the Calhoun Port Authority, in close proximity to West Side Navigation District, the Victoria Barge Canal and a multitude of significant regional employers. Our prime location allows quick access to quality-of-life amenities, the Texas Gulf Coast, and employers of choice for the Region, making Port Lavaca a desirable place to live.

This policy is established 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; or
- (d) establishing incentives for housing options for new and future residents of Port Lavaca.

The primary purpose of this Economic Development Incentives Policy is to make Port Lavaca more attractive for development in accordance with Chapter 380 of the Local Government Code to companies seeking to create or retain jobs and invest in Port Lavaca. In furtherance of these purposes, the City of Port Lavaca will, on a case-by-case basis, give consideration to providing economic incentives to applicants in accordance with this Policy.

The ultimate goal and public purposes 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 Port Lavaca Residents.

Nothing in this document is intended to imply or suggest that the City of Port Lavaca 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 the City Council. Each applicant granted economic incentives as a Chapter 380 Economic Development Project under this Policy must enter into an agreement with the City of Port Lavaca containing all terms required by the Policy 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 Port Lavaca, Texas.

The City of Port Lavaca may amend this document and any attachments from time to time. Any project submitted must receive approval by the Port Lavaca City Council prior to the incentive award. A project shall be ineligible for incentives if a building permit has been issued for the project prior to making application.

II. Program Definition

Economic Incentives considered may be a rebated portion of Sales or Real and fixed Personal Ad Valorem (Property) taxes paid to the City of Port Lavaca for a period of up to ten (10) years or until a value set forth in an executed Economic Development Incentives Agreement is met, whichever is earlier.

III. Program Requirements

When considering an application for incentives as a Chapter 380 Economic Development program, the City Council may use the following key considerations as criteria for decision making including the following:

- Jobs created or retained;
- Wages of jobs created or retained;
- The capital investments made by the business enterprise 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;
- 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;
- Number of homes or residential dwellings developed;
- Number of residents that may occupy new or redeveloped residential dwellings;
- Sales price or rental rate of new residential dwellings developed or redeveloped;
- Quality or condition of new residential dwellings developed or redeveloped;
- A financial review of the applicant;
- The potential for competing sites or locations for project outside of Port Lavaca;
- Primary economic activity, does the project bring in outside dollars to Port Lavaca;
- How the project contributes to the quality of place and character of Port Lavaca;
- Impact(s) on the City's infrastructure and the costs associated with the project;
- Public improvements associated with the project;
- Sales and Ad valorem taxes generated by the project;
- Real and/or personal property acquisition and site development related to the project;
- If the project entails restoration or adaptive reuse of existing structures or infill development;
- Estimated created operation and maintenance costs and resources from the City of Port Lavaca;
- Any additional criteria determined appropriate for meeting objectives of economic Development;
- Is specifically determined by resolution of the Port of Lavaca City Council to bring benefit to the City consistent with the General Statement of Purpose and Policy as stated in Section I above.

IV. Application Process

An application for consideration shall be made on forms supplied by VEDC. An applicant may be required to provide additional information. The City Manager or his/her designee shall present a proposed Agreement with the applicant to the City Council.

The City Council may consider the proposed Agreement and may take action on the proposal as it deems appropriate. Nothing in this policy or 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. Target Developments and Industry

The City of Port Lavaca seeks to attract and retain quality, sustainable businesses, and amenities that maintain and enhance Port Lavaca's charm and qualities. Strong consideration will be given to projects that:

- Bring new capital investment and sales tax revenue into the City;
- Provide more attractive housing and residential options for new and future Port Lavaca residents;
- Improve the city's infrastructure and contribute to the place making and character of Port Lavaca 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, lamp posts, water/sewer, roads, parking, drainage);
- Target developments and industries including industrial, manufacturing, retail, hospitality, and office.

VI. Quality Residential Economic Development Incentives

Based on the number of new residential dwellings constructed on existing City Infrastructure, City Council may choose to rebate all or a portion of City Ad Valorem taxes until a residential dwelling is purchased, or more than half of the units developed are occupied. The City Council may choose to rebate sales taxes on all materials purchased within the City for the construction and completion of the home. As stated previously, all incentives are considered on a case-by-case basis. Other considerations may include:

- The City may consider providing all or a portion of water and sewer utility extensions;
- The City may consider waiving fees associated with plan review, building permits and/or other required fees;
- If the City acquires a lot or substandard building/lot, City may consider providing property to a preapproved developer for a mutually agreed upon residential project, to include a mutually agreed upon condition, including number of units and amenities and that the property be occupied within a certain number of months and achieve and maintain a specified capacity at any given time;
- *The City may consider determining which types of residential development will be considered for incentives (i.e. "spec" homes, multi-family, rental, etc) and may be based on square footage, sales price, amenities, number of units and/or bedrooms, etc.).*

VII. Performance Criteria

Performance measures will be customized to the incentive. Performance measures will include number of jobs created or retained, wages paid, capital investments made, number of residential dwellings developed or redeveloped, and the sales price, rental rate and quality/condition of residential dwellings developed or redeveloped in the City of Port Lavaca. Qualifying companies will be required to enter into a mutually accepted performance agreement based on capital investment and/or local annual sales tax generation and maintain a physical location and conduct business in the City of Port Lavaca for a specified period of time.

VIII. Recapture Provisions

All Economic Incentive Agreements will include a provision for recapture of all City financial incentives in the event Agreement terms and requirements are not met.

IX. Confidentiality

In order to perform an adequate cost-benefit analysis of each incentive request, the City of Port Lavaca requests thorough information regarding the economic attributes of each Project. This information is used in the strictest

sense to evaluate the potential incentive investment being considered by the City and will be treated as confidential.

While government documents are subject to the provisions of the Texas Open Records Act and other regulations pertaining to transparency in government, certain exceptions may apply to information used in Economic Development negotiations. Information that is provided to the City of Port Lavaca or the VEDC in connection with an application or request for economic incentives in accordance with the above criteria and guidelines and which describes the specific process or business activities to be conducted or equipment or other property to be located on the property for which the economic incentives are sought may be deemed confidential and not subject to public disclosure until the economic incentives agreement is executed.