

Request to IDC Board for the City of Ingleside, Texas

Subject: *Request for \$200,000 to reimburse City for \$3.2M EDA Grant*

Submitted By: *Jim Gray, City Manager*

For The Agenda Of: *April 24, 2013*

Attachments: *4-B Sales Tax Funding Request
Local Government Code Chapter 505 excerpts*

Summary Statement: The EDA Water System Project is a \$3.2 million project for the construction of a 1 Million Gallon Ground Storage Tank and a 750,000 Gallon Elevated Tank. The EDA is contributing up to \$1,200,000, ~38%, towards the project.

Phase 1 of the Project, the 1 Million Gallon Ground Storage Tank, was let for bids and the contract awarded on February 26, 2013 for a net \$977,972, which left construction funds of \$1,341,028 for Phase 2.

Phase 2 of the Project, the 750,000 Gallon Elevated Tank was presented to the City Council at its meeting of April 9, at which the City Council accepted the low bid of \$1,945,000 for Phase 2.

To meet the funding shortage of \$600,000, The City is requesting /suggesting the IDC (4B) considering funding \$200,000 towards completion of the Project.

Staff has confirmed with the Comptroller's Office that this type of project is an eligible 4B project. However, voter approval of the project is required. The next possible election date is November 2013. The cost to hold an election on our own will approximately \$5,000-\$6,000; or if joined with the County Election would cost approximately \$2,000-\$2,500. (or less if other entities are included in the election).

Recommended Action: *Staff requests the IDC to approve the reimbursement of \$200,000 for this project, subject to final approval by the City Council and citizens of Ingleside.*

The project costs for the EDA Grant to replace a 100,000,000 Gallon-Water Ground Storage Tank and build a new 750,000 Gallon-Water Tower have exceeded the original budget figures by \$600,000. At this time, the City is requesting assistance by the IDC in the amount of \$200,000 to help fund this project.

Upon review of the State Statues, this will require a vote by the Citizens of Ingleside. The next possible election date will be November 2013. The cost to hold an election on our own will approximately \$5,000-\$6,000 or the cost to join with the County Election could cost approximately \$2,000-\$2,500 (or less if other entities are included in the election).



April 18, 2013

IDC Board
2671 San Angelo
Ingleside, TX 78362

Re: Request for 4-B Sales Tax Funds

Dear IDC Board,

The Water Distribution System Improvements Project includes the construction of a new 750,000 gallon composite elevated storage tank intended to provide the City with the additional elevated storage capacity required by TECQ in order to expand the City's system. This tank will be built at N.O. Simmons Park.

In addition, a new 1,000,000 gallon concrete ground storage tank is also planned to replace the existing steel tank at the 4th Street City Facilities which has reached the end of its useful life.

Attached is the City application to the IDC Board of Directors requesting \$200,000.00 for completion of this project.

Should you have any questions, please contact me at 361-776-2517.

Sincerely,


Jim Gray
City Manager

Request for IDC - \$200,000b

P.O. Drawer 400 • Ingleside, Texas 78362 • Phone (361) 776-2517 • Fax (361) 776-5011

Ingleside Economic Improvement Corporation 4B Sales Tax Funding Request Guidelines and Procedures

Ingleside Development Corporation

Both the Ingleside Development Corporation Board of Directors (IDC) and the Ingleside City Council must approve expenditures of 4B funding. Before a project may be considered and awarded funds, the attached application must be completed and submitted to:

Ingleside Development Corporation
c/o City of Ingleside
2671 San Angelo
Ingleside, Texas 78362
361.776.2517

All actions of the IDC are subject to the Development Corporation Act of 1979, article 5190.6 Vernon's Civil Statutes, Section 4B. The IDC is a legal entity with statutory authority to spend economic development sales tax dollars. The Corporation is city-chartered and governed by a city-appointed board of directors. The IDC is a 4B Corporation and may fund "projects" focused on the creation of "primary jobs" and/or to provide an economic benefit to the City of Ingleside, as well as "Quality of Life" projects. Application approvals are subject to funding availability.

Types of Projects

The Ingleside Development Corporation will consider applications for:

- 1. Direct contributions to business development;** projects should include support of retention, expansion, or recruitment, resulting in public economic benefit, and economic and demographic analyses used for policy development.
- 2. Quality of Life projects;** projects which are owned by the City of Ingleside upon completion; or, where funding is requested for the construction of private (which includes non-profit) development projects, but only if the resulting facility is accessible or open to the public; both such Quality of Life projects indirectly result in economic benefits.
- 3. Participation in Public Infrastructure;** necessary to facilitate private development, resulting in public economic benefit.

Guidelines and Procedures

Business Development and Participation in Public Infrastructure Projects

Application

The City of Ingleside will accept applications for projects at any time. Applications will not be considered until complete. Applicants must be available to present projects at an Ingleside Development Corporation board meeting. City owned improvements will be included in the Capital Improvement Plan. Eligible projects can be projects within the city limits of Ingleside . Applicants may be businesses, individuals, or the City of Ingleside .

Initial Response

Applications will be accepted by the Director of Economic Development for the City of Ingleside.

Upon review of the application and support documents, the Director will forward the application to the Ingleside Development Corporation. The Director will then notify the applicant of the next available Ingleside Development Corporation board meeting for a project presentation.

The Ingleside Development Corporation may direct a public hearing to be scheduled and a funding agreement to be drafted. The IDC and the Ingleside City Council must both approve the funding agreement. Public infrastructure improvement projects will be placed in the Capital Improvements Plan, and when complete, the project is owned by the City of Ingleside. In the case of a Quality of Life project, it is a publicly available private project, which will provide access or service on a non-discriminatory basis.

The Ingleside Development Corporation's annual budget is presented to the IDC members during July each year. Upon review and approval, the IDC recommends the budget to city council for approval in August or September.

*Specific criteria for the economic impact analysis may be described in a separate economic development incentive policy.

The Ingleside Development Corporation meets quarterly at the Ingleside City Hall, Council Chambers, 2671 San Angelo, Ingleside, Texas. For additional information visit the City's website at www.inglesidetx.gov or call 361.776.2517.

**APPLICATION FOR 4B SALES TAX FUNDS
CITY OF INGLESIDE
INGLESIDE DEVELOPMENT CORPORATION**

Both the Ingleside Development Corporation Board of Directors (IDC) and the Ingleside City Council must approve all expenditures of 4B funding. Before a project may be considered and awarded any funds, the attached application must be completed and submitted to:

**Ingleside Development Corporation
c/o City of Ingleside
2671 San Angelo
Ingleside, Texas 78362
361.776.2517**

All actions of the IDC are subject to the Development Corporation Act of 1979, article 5190.6 Vernon's Civil Statutes, Section 4B. The IDC is a legal entity with statutory authority to spend economic development sales tax dollars. The Corporation is city-chartered and governed by a city-appointed board of directors. The IDC is a 4B Corporation and may fund "projects" focused on the creation of "primary jobs" and/or to provide an economic benefit to the City of Ingleside, as well as "Quality of Life" projects. Application approvals are subject to funding availability.

APPLICATION

SECTION 1 – DEFINITIONS

Clawback- That provision in a Funding Agreement, which states how and to what extent any incentive payments from public funds must be repaid if the stated Performance Standards are not met.

Current Payroll- The company's total expenditure for all employees for the month immediately preceding this application multiplied by 12.

Employee Benefit- Incentives offered to employees and paid for by the employer such as health care coverage, vacation, etc. If an employee pays 30% of the cost, or more, it should not be considered a "benefit" for purposes of this application.

Full Time Job- The employment of a person for a minimum of 35 hours per week and offering that person all those benefits adopted by company policy for Full Time Employees. Major stockholders or immediate family members should not be included in this number when considering "New Full-Time Jobs Created."

Hourly Wage- The gross amount paid to the employee for each hour worked not including the Employer's portion of FICA or FWH. Benefits should not be included in this figure, but should be listed separately under the compensation per employee section of the application.

Part-Time Job- A person working less than 35 hours per week. Major stockholders or immediate family members should not be included in this category when completing the application under New Part-Time Jobs Created.

Funding Agreement- a written document designed to protect the interest of local taxpayers by putting a businesses' job creation or capital investment commitments in writing and by linking the payment of any financial incentive to the business fulfilling its written commitments (i.e. clawbacks).

Public Capital Project- Improvements owned and maintained by the City of Ingleside included in the Capital Improvement Plan and funded by the capital budget.

SECTION II - APPLICANT INFORMATION

Submittal Date: 04 / 24 / 2013

Company Name/Organization: City of Ingleside

Address(Street/City/State/Zip): 2671 San Angelo St.

Phone 361.776.2517 Fax

Name of Company/Organization Contact on this project:

Jim Gray, City Manager

Contact Address (if different from above):

Phone

Fax

City

State

Zip Code

Type of Business Structure: Corporation Partnership Sole Proprietorship (Gov't)

Year Business Started: Year 1951 Location Ingleside, Texas

Current Employment: Permanent Full-Time N/A Permanent Part-Time

Average Production Wage N/A

Full-Time Employees receive the following benefits:

Financial Information: Five Years Annual Financials Attached [_www.inglesidetx.gov/](http://www.inglesidetx.gov/)

Include: Statement of profit and loss; Balance sheet; Cash Flow Statement; IRS reporting forms, Proforma

Annual Sales for Corporation / Company \$__ ~ \$10mm_____

This Facility \$_____

Local Sales Tax paid Annually \$ ___N/A_____

Current Payroll \$ _~\$4.0mm_____

Has the Company ever filed for bankruptcy protection under Chapter 7 or Chapter 11 of the Bankruptcy Statutes? No (X) Yes () Details:

SECTION III- PROJECT INFORMATION

This application is for a:

Business Development ()

- Expansion of Existing Facility (X) or
- New Construction (X)
- Other ()

Quality of Life Improvement ()

- Parks, Open Space ()
- Other ()

Capital Improvements for Public Infrastructure

- Utilities (X)
- Roadways ()
- Other ()

The proposed improvements are to be located within the following taxing district (s): City of Ingleside () San Patricio County () Ingleside ISD () Property will not be taxable

SECTION IV - PROJECT DESCRIPTION

Please attach a statement on company letterhead and signed by an officer of the company (1) fully explaining the nature and scope of the project; (2) describing

the proposed site and existing improvements, if any; (3) describing all proposed improvements; and (4) providing a list of eligible improvements; (5) provide a list of major, fixed equipment along with manufacturer specifications and cost quote from the manufacturer.

Should this project be approved, the Ingleside Development Corporation may require performance criteria as a part of the funding agreement, in addition to this application. The funding agreement is between the Ingleside Development Corporation and the City of Ingleside. Said funding agreement will outline project costs, timelines, other information may be necessary to carry out the project in an efficient manner.

SECTION V – ECONOMIC IMPACT INFORMATION

Part A- Project Investment in Improvements

Total \$ 3.2 Million _____
Sq. Footage of New Building (s) _____
Size of Parking _____
Other _____

Part B- Project Investment in Fixed Equipment

(New)\$ _____
Manufacturer of Equipment _____
Anticipated Useful Life of Equipment _____
Purchase Price \$ _____ Installation Cost \$ _____
Anticipated Delivery time from Date of Order _____

Part C- Permanent Employment Estimates- (do not include owners, stockholders or their dependants)

Anticipated Number of New Full-Time Employees as a result of this project _____

Anticipated Number within 12 months of Completion of this project _____

Anticipated Number within 24 months of Completion of this project _____

Typical Job Descriptions or Job Titles _____

Anticipated starting salaries of these employees: (avg.) \$ _____/hour

Part D- Permanent Part-Time Employment Estimates-

(do not include owners, stockholders or their dependents)

Anticipated Number of New Part-Time Employees as a result of this project _____

Anticipated Number within 12 months of Completion of this project _____

Anticipated Number within 24 months of Completion of this project _____
Typical Job Descriptions or Job Titles of these employees: _____

Anticipated starting salaries of these employees: (avg.) \$ _____ / hour

Part E- Payroll Impact

Within 12 months of Project Completion _____ Within 24 months of Project Completion _____
\$ _____ \$ _____
FTE X Avg. Wage X 40 hrs X 52 wks PTE X Avg. Wage X 20 hrs X 52 wks

Section VI – OTHER

If the scope of your project request is not addressed above, please outline your request here: _____

SECTION VII- OTHER ASSISTANCE

Has the Company applied for any State or Federal assistance on this project? No () Yes (X)
Describe: EDA Grant \$1.2 million has been approved

Has the Company applied for loans in any other format? No () Yes (X)
Describe: Series 2011 Bonds - \$1.3million

“I hereby certify that City of Ingleside does not presently, nor will at any time in the future, employ an undocumented worker “.

“To the best of my knowledge, the above information is an accurate description of the proposed project details.”

Jim Gray

April 19, 2013

Printed name

Date

City Manager

Title

Jim Gray
Signature

Your project will be considered by the Ingleside Development Corporation Board, and if deemed to meet all criteria, and voted so by this body, will then be forwarded on to the Ingleside City Council for consideration.

For additional information visit the City’s website at www.inglesidetx.gov or call 361.776.2517

LOCAL GOVERNMENT CODE

TITLE 12. PLANNING AND DEVELOPMENT

SUBTITLE C1. ADDITIONAL PLANNING AND DEVELOPMENT PROVISIONS
APPLYING TO MORE THAN ONE TYPE OF LOCAL GOVERNMENT

CHAPTER 505. TYPE B CORPORATIONS

Sec. 505.103. LIMITATION ON USE OF REVENUES FOR PROMOTIONAL PURPOSES. A Type B corporation may spend not more than 10 percent of the corporate revenues for promotional purposes.

Added by Acts 2007, 80th Leg., R.S., Ch. [885](#), Sec. 3.01, eff. April 1, 2009.

Sec. 505.154. PROJECTS RELATED TO WATER SUPPLY FACILITIES AND WATER CONSERVATION PROGRAMS. For purposes of this chapter, "project" includes land, buildings, equipment, facilities, and improvements found by the board of directors to be required or suitable for:

(1) the development or improvement of water supply facilities, including dams, transmission lines, well field developments, and other water supply alternatives; or

(2) the development and institution of water conservation programs, including incentives to install water-saving plumbing fixtures, educational programs, brush control programs, and programs to replace malfunctioning or leaking water lines and other water facilities.

Added by Acts 2007, 80th Leg., R.S., Ch. [885](#), Sec. 3.01, eff. April 1, 2009.

Sec. 505.155. PROJECTS RELATED TO BUSINESS ENTERPRISES THAT CREATE OR RETAIN PRIMARY JOBS. For purposes of this chapter, "project" includes land, buildings, equipment, facilities, and improvements found by the board of directors to promote or develop new or expanded business enterprises that create or retain primary jobs, including:

(1) a project to provide public safety facilities, streets and roads, drainage and related improvements, demolition of existing structures, general municipally owned improvements, and any improvements or facilities related to a project described by this subdivision; and

(2) any other project that the board of directors in the board's discretion determines promotes or develops new or expanded business enterprises that create or retain primary jobs.

Added by Acts 2007, 80th Leg., R.S., Ch. [885](#), Sec. 3.01, eff. April 1, 2009.

Sec. 505.158. PROJECTS RELATED TO BUSINESS DEVELOPMENT IN CERTAIN SMALL MUNICIPALITIES. (a) For a Type B corporation authorized to be created by a municipality with a population of 20,000 or less, "project" also includes the land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements found by the corporation's board of directors to promote new or expanded business development.

(b) A Type B corporation may not undertake a project authorized by this section that requires an expenditure of more than \$10,000 until the governing body of the corporation's authorizing municipality adopts a resolution authorizing the project after giving the resolution at least two separate readings.

Added by Acts 2007, 80th Leg., R.S., Ch. [885](#), Sec. 3.01, eff. April 1, 2009.

Sec. 505.159. HEARING REQUIRED TO UNDERTAKE PROJECT. (a) Except as provided by Subsection (b), a Type B corporation shall hold at least one public hearing on a proposed project before spending money to undertake the project.

(b) A Type B corporation the creation of which was authorized by a municipality with a population of less than 20,000 is not required to hold a public hearing under this section if the proposed project is defined by Subchapter C, Chapter 501.

Added by Acts 2007, 80th Leg., R.S., Ch. [885](#), Sec. 3.01, eff. April 1, 2009.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. [87](#), Sec. 15.015(a), eff. September 1, 2009.

Sec. 505.160. ELECTION REQUIRED FOR PROJECT; PETITION. (a) A Type B corporation may undertake a project under this chapter unless, not later than the 60th day after the date notice of the specific project or general type of project is first published, the governing body of the authorizing municipality receives a petition from more than 10 percent of the registered voters of the municipality requesting that an election be held before the specific project or general type of project is undertaken.

(b) The governing body of the authorizing municipality is not required to hold an election after the submission of a petition under Subsection (a) if the voters of the municipality have previously approved the undertaking of the specific project or general type of project:

(1) at an election ordered for that purpose by the governing body of the municipality; or

(2) in conjunction with another election required under this chapter.

Added by Acts 2007, 80th Leg., R.S., Ch. [885](#), Sec. 3.01, eff. April 1, 2009.

Sec. 505.304. PAYMENT FOR CERTAIN WATER-RELATED PROJECTS: ELECTION REQUIRED. (a) A Type B corporation may not use proceeds from the sales and use tax to undertake a project described by Section 505.154 unless the use of tax proceeds for that purpose is authorized by a majority of the voters voting at an election held in the municipality for that purpose.

(b) The ballot in an election held under this section shall be printed to provide for voting for or against the proposition: "The use of sales and use tax proceeds for infrastructure relating to _____ (insert water supply facilities or water conservation programs, as appropriate)."

(c) An election held under this section may be authorized by the governing body of an authorizing municipality subsequent to an earlier election authorized under Section 505.251.

Added by Acts 2007, 80th Leg., R.S., Ch. [885](#), Sec. 3.01, eff. April 1, 2009.