

Meeting Date (?) 11/24/2015

Subject Matter * (?) Chapter 380 Lubrizol
This must match rolling agenda entry

Department of Origin * ECONOMIC DEVELOPMENT

Submitted By * Kevin Russell

Type of Meeting * BCD Special Regular

Classification * Public Hearing Consent Statutory Regular

Ordinance * None First Read Second Read First & Only Read

Strategic Initiative * Public Safety Service
 Economic Development Infrastructure
 Quality of Life

Agenda Item Description * Consider approving a Tax abatement agreement and a Chapter 380 Economic Development Program Agreement, pursuant to Chapter 312 and Chapter 380 of the Texas Local Government Code, with Lubrizol Specialty Products, Inc. (LSPI) and authorizing the Mayor to execute the agreement providing an eight (8) year ad valorem property tax abatement starting at 100% and reducing to 10% the eighth year based on Brazos Central Appraisal District valuations on new real and personal property. This proposed project is situated on 7.083 acres located on a portion of Lot 6, Block 1 of the Brazos County Industrial Park, Phase III, Bryan, Brazos County, Texas.

Summary Statement * The developer, Lubrizol Specialty Products, Inc. (LSPI), is proposing to expand their business located within the Brazos County Industrial Park in Bryan. The expansion will include constructing a new building (minimum 66,000 square feet), investing a minimum of \$25,000,000 in real property and maintaining a minimum increase in the Brazos Central Appraisal District (BCAD) value of \$20,000,000. In addition, LSPI must hire at least twenty-four (24) new employees with an increased payroll of \$1,500,000. LSPI is a specialty chemical and industrial lubricant manufacturer and supplier currently operating in Bryan, Texas, and in other locations in the United States.

Per the requirements established by Chapter 312 of the Texas Tax Code, the tax abatement within Reinvestment Zone 32 will be for a period of eight (8) years and the abatement schedule will be 100% the first year, 70% in year two, 60% in year three, 50% in year four, 40% in year five, 30% in year six, 20% in year seven, and 10% in year eight.

Per the requirements established by Chapter 380 of the Texas Local Government Code, the Chapter 380 Agreement will reimburse LSPI, Inc. an amount not to exceed \$75,000 for development costs including but not limited to site plan, platting, and permitting fees for the minimum 90,000 square foot facility. LSPI, Inc. is eligible for the reimbursement upon the issuance of a Certificate of Occupancy for the facility.

The City will benefit from the expansion of this facility in terms of property value, as well as from the increase in employment positions at that location.

Staff Analysis & Recommendation *

Staff recommends approval of the Lubrizol Specialty Products, Inc., Tax Abatement Agreement and Chapter 380 Economic Development Program Agreement. This proposed agreement implements the expansion of Lubrizol Specialty Products, Inc. and meets the strategic initiatives of creating new jobs and helping existing business to expand.

This project will allow a business that has thrived and outgrown its current building space the opportunity to expand and invest in the community. In addition, the City of Bryan is given the opportunity to retain a business that, without this type of assistance, could possibly be hindered in its growth in terms of new employment positions and expanded facilities. Approval of the proposed agreement, and authorizing the Mayor to execute it, will not only aid in the creation of 24 new jobs at an existing business, but also encourage investment within the Brazos County Industrial Park.

Options *

(In Suggested Order of Staff Preference)

1. Approve the agreement.
2. Modify the agreement, which may require consideration at a future City Council meeting and further negotiations with Lubrizol Specialty Products, Inc.
3. Deny the agreement and provide direction to City staff.

Funding Source *

Future property tax from value added within Reinvestment Zone 32

Attachments

Please detail attachments and note attachments available for viewing in City Secretary's Office: Agreement will be available for viewing in the City Secretary's Office.

Dept. Head Signature



Deputy City Manager Signature



City Manager Signature



City Attorney Signature

