



# City of Saginaw

**Meeting Date:** 6/26/2018

**Staff Contact:** Alora Wachholz  
Director of Economic Development

**Agenda Item:** 4c  
(CC-0618-16)

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**SUBJECT:** Action regarding Resolution No. 2018-17, Economic Development Incentive Policy and Application

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**BACKGROUND/DISCUSSION:**

A workshop item was presented to Council at the June 19, 2018 regularly-held meeting to discuss a drafted Economic Incentive Policy & Application. The document outlines the procedural guidelines associated with review and final determination of any future incentive requests, as well as expectations of applicants as to the process by which they apply for incentive and the items of importance to consideration. This formalized policy is for staff use and direction and will be reviewed and updated on a standard, biennial basis.

**FINANCIAL IMPACT:**

N/A

**RECOMMENDATION:**

Staff recommends approval of Resolution No. 2018-17, Economic Development Incentive Policy and Application.

**Attachments**

Resolution with attached Economic Development Incentive Policy & Application

**RESOLUTION NO. 2018-17**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SAGINAW, TEXAS, ADOPTING AN ECONOMIC DEVELOPMENT INCENTIVE POLICY; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the City of Saginaw, Texas, is a home rule city acting under its Charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Local Government Code; and

**WHEREAS**, the City Council desires to establish the policies and criteria used when considering whether to provide financial incentive as a stimulus for economic development.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAGINAW, TEXAS:**

**SECTION 1. PURPOSE**

That the City of Saginaw Economic Development Incentive Policy is hereby adopted. A copy of the same is attached hereto and incorporated herein for all purposes, as Exhibit "A."

**SECTION 2. EFFECTIVE DATE**

This Resolution shall take effect from and after its date of its passage.

**PASSED, APPROVED and ADOPTED THIS \_\_\_\_\_ day of \_\_\_\_\_ 2018.**

**APPROVED:**

\_\_\_\_\_  
Todd Flippo, Mayor, City of Saginaw, Texas

**ATTEST:**

\_\_\_\_\_  
Janice England, City Secretary

Approved as to Form and Legality:

\_\_\_\_\_  
Bryn Meredith, City Attorney

**EXHIBIT “A”**

**City of Saginaw Economic Development Incentive Policy**



## ECONOMIC DEVELOPMENT INCENTIVE POLICY

### I. GENERAL PURPOSE AND OBJECTIVES

The City of Saginaw is committed to the attraction and retention of high-quality development which meets the needs and desires of its residents and helps grow and diversify the local tax base. Success in economic development ensures Saginaw's financial ability to provide continued quality service and infrastructure to its residential and corporate citizens. Insofar as such objectives are generally served by the enhancement and expansion of the local economy, the Saginaw City Council may, on a case-by-case basis, give consideration to providing financial incentive as a stimulus for commercial development.

It is the policy of the City that consideration of such incentives will be provided in accordance with the procedures and criteria outlined in this document. Nothing herein, nor by any past practice, shall imply or suggest that the City is under any obligation to provide financial incentives of any measure to any applicant.

### II. METHODOLOGY

All applications shall be considered and negotiated on a case-by-case basis. Incentives may be utilized only as inducements to generate development which otherwise would not occur. Unless as part of a retention program for existing businesses, incentives will not be considered if a building permit for new construction has already been issued, the purchase of an existing building has been finalized, or a tenant lease has been executed.

### III. CRITERIA

Information provided in applications pertaining to fiscal, community, and employment impacts will be used to determine whether or not it is in the best interest of the City to recommend an incentive be offered for a project. In order to determine the feasibility of a project, a cost/benefit analysis will be performed internally and presented in confidence to the City Council to elaborate on the expected economic impact to the community.

Specific consideration will be given to projects which further the goals and objectives of the community as described in the City of Saginaw Strategic Plan, as well as those with a significant positive impact on diversifying existing markets, adding employment, expanding the local tax base through added improvement values, and increasing sales tax revenues to the City.

### IV. EXISTING BUSINESS RETENTION/EXPANSION

The Saginaw City Council may consider the use of incentives to retain existing businesses in cases where these businesses propose to improve or redevelop property within the City limits or keep jobs in Saginaw that would otherwise go elsewhere. Any approved tax abatement for the expansion of an existing facility will only apply to the increased valuation of the improvements over the appraised value of the property prior to such improvements as established by the appraisal district the year in which the tax abatement agreement is executed.



## V. AVAILABLE INCENTIVES

### Chapter 380 and Tax Abatement for Real and/or Personal Property

Under Chapter 380 of the Texas Local Government Code, the City of Saginaw may, on a case-by-case basis, consider authorizing incentives to encourage economic development, including but not limited to:

- Cash grants
- Forgivable loans
- Hotel occupancy tax rebates
- Relocation assistance
- Real and/or tangible property tax rebates
- Matching grants
- Sales tax rebates
- Training grants
- Any combination of listed options

Chapter 380 Agreements are the primary incentive option for qualifying projects which meet certain capital investment values and project specifications that may be determined through a cost-benefit analysis to be of benefit to, and in line with the values of, the City of Saginaw. A cost-benefit analysis will be conducted internally by the City and will be based on information provided by the requesting entity on the Incentive Application following this policy. Qualifying projects include new tenancies, expansions, or renovations of existing facilities.

Fee-based incentives may also be considered if the project presents extraordinary value to the City and may include the reduction or full waiver of building permit fees assessed by the City and/or rebated impact fees.

The City may also offer real and/or business personal property (tangible property) tax abatements. Tax abatements are available for both new facilities and structures and for the expansion or modernization of existing facilities and structures. Tax abatements shall only apply to the value of improvements made to real property and/or to the value that new business personal property has brought into the taxing jurisdiction.

If the determination is made that an incentive should be offered for a project, the value and term of the incentive may be determined by consideration of factors, including but not limited to:

- Financial investment in site improvements
- Increased local employment
- Competitive living wages for employees
- Environmentally-conscious building and operation efforts
- Redevelopment of under-utilized properties
- Diversification of local economy industry by requesting entity
- Increased quality of life enhancements

The City retains discretion to determine the resulting amounts and terms of incentive for individual projects. Nothing herein, nor any previously-issued agreement, shall imply or suggest that the City is under any obligation to provide financial incentives at any time to any applicant.



## **VI. INCENTIVE RECONSIDERATION**

Application for incentive may be made at any time for any commercial project within the City of Saginaw. Reconsideration of an application previously denied may be requested after any of the following alterations: the type of incentive requested is different, the terms associated with the requested incentive are different, new information related to the project is obtained, or one year after initial rejection in response to the changing economic needs, desires, goals, and objectives of the community.

Applicants seeking reconsideration are to complete and submit an Incentive Application in the same manner as a new incentive request and will be processed in the same timely manner as a new incentive request. Previously submitted documents with the initial application may be considered in each subsequent determination.

## **VII. EXCEPTIONS**

Tax abatements will not be considered within any Tax Increment Reinvestment Zone (TIRZ) created in the City. Providing ad valorem tax abatements in a TIRZ would dilute the fund's projected value and limit the City's ability to carry out approved projects within these zones. The City will not consider any real property abatements for tax-exempt entities which do not produce property tax revenues.

## **VIII. APPROVAL**

All applications are considered on a case-by-case basis and all incentive agreements are subject to final approval by the Saginaw City Council. Even though a project may meet the criteria set forth in this policy, an application may be denied for any reason at the discretion of the City.

The City will not enter into an incentive agreement with any business entity unless, in accordance with Section 2252.908 of the Texas Government Code and rules adopted by the Texas Ethics Commission, a disclosure of interested parties is submitted. (Referenced: Form 1295)

## **IX. PERFORMANCE**

All financial incentives granted by the City of Saginaw are performance-based. Approved incentive agreements will include individual performance measures to be met and certified annually by the contracted party, and each incentive agreement may include specific recapture provisions intended to safeguard the City from potential financial loss.

## **X. ANNUAL EVALUATION**

At regular intervals throughout the year the City will perform evaluations of approved incentive agreements in order to ensure compliance by all parties. At the end of each year, an incentive report will be generated and made available to the public which will summarize the status of each approved incentive agreement.

## **XI. PROCEDURAL GUIDELINES**

Any person, organization, or corporation desiring that the City of Saginaw consider providing incentive to encourage local economic development is expected to comply with the following procedural guidelines. Nothing within these guidelines shall imply or suggest that the City is under any obligation to provide tax abatement or any other incentive to any applicant.



## Completion of the Application

1. Applicants should complete the “Application for Economic Incentives” and include a statement explaining why incentives are being sought for the specific project referenced therein.
2. The incentive request should include a map or other documentation showing the following:
  - a. The location of the project property and all roadways within 500 feet of the site.
  - b. A complete legal description of the project property.
  - c. Any known existing uses assigned to and conditions of the project property.
  - d. A summary of the proposed improvements and uses on the site.
  - e. A proposed project site plan and elevations, if applicable.
  - f. Outline of any proposed changes in zoning that may be requested.
  - g. A statement indicating that the applicant understands the project must be compatible with the City of Saginaw’s building codes and ordinances.
3. Completed application forms and supplementary information may be submitted to the Director of Economic Development, at:

City of Saginaw City Hall  
ATTN: Economic Development Department  
333 W. McLeroy Blvd.  
Saginaw, TX 76179

Or via email by sending scanned documents to **AloraW@saginawtx.org**.

4. All information in the application package detailed above will be reviewed for completeness and accuracy. Additional information may be requested.

## Consideration of the Application

1. The application and supplemental documentation is reviewed by the Economic Development Department. Additional information may be requested at this time, as needed.
2. The Saginaw City Council reviews the application during Executive Session at a regular or called meeting(s). Additional information may be requested again, as needed.
3. The recommendation of the City Council is communicated to the Director of Economic Development who will provide a response to the applicant on behalf of the City.
4. If the City Council wishes to formally consider a request for tax abatement and the project meets all applicable criteria, the City will call a public hearing to consider the establishment of a tax reinvestment zone in accordance with Section 312.201 of the Tax Code<sup>1</sup>.
5. If the City Council is generally interested in granting an incentive for the project, an incentive agreement will be negotiated and drafted for the City Council’s consideration.

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<sup>1</sup> The application and all supplemental information shall be regarded as a matter of public record and will be available for inspection by the public. Notwithstanding the foregoing, pursuant to Section 312.003 of the Texas Tax Code, information the applicant provides to the City in connection with its application or request for a tax abatement that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which the applicant seeks a tax abatement is confidential and not subject to public disclosure until the tax abatement agreement is executed, unless a waiver has been obtained from the applicant. The applicant’s information in the custody of the City after the agreement is executed is not confidential.

# SAGINAW

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6. If a Chapter 380 agreement, the incentive agreement will be brought before the City Council at a regular or called meeting(s) for public presentation, discussion, and/or a final vote. Any tax abatement agreement must be approved at a regularly scheduled meeting of the City Council.
7. Following a majority approval vote, the Mayor or his or her designee will execute copies of the agreement. The City will retain one original agreement and another original will be mailed to the contracted party. A copy of each executed agreement will be maintained in the Economic Development Department office. Additionally, executed incentive agreements may be recorded in the Tarrant County Real Property records if required by the terms of the incentive agreement or if required by law.

The City reserves the authority to enter into incentive agreements on a case-by-case basis at differing terms than any previous or existing agreement that may have been approved in the City or elsewhere, whether of a similar scope and size or not. Nothing within these guidelines shall imply or suggest that the City is under any obligation to provide tax abatement or any other incentive to any applicant.





**APPLICATION FOR  
ECONOMIC INCENTIVE**

Completed application forms and supplementary information may be submitted to: City of Saginaw Economic Development Department, 333 W. McLeroy Blvd., Saginaw, TX 76179 or via email to AloraW@saginawtx.org. For questions, please email or call at 682.385.9190.

Contact Name: \_\_\_\_\_ Date: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Project/Company Name: \_\_\_\_\_

Project Address/Location: \_\_\_\_\_

Company's Primary Business: \_\_\_\_\_

**Please provide the following information based on the completed project at full operation. It will be assumed that the project is phased in equal annual increments unless indicated otherwise. All values should be those listed on Appraisal District tax rolls. Please provide supporting documentation where appropriate. Additional pages for responses may be attached.**

1. Incentive(s) Requested: \_\_\_\_\_  
\_\_\_\_\_
2. Necessity of Requested Incentive(s): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
3. Would this project be financially feasible without the requested incentive(s)?: \_\_\_\_\_
4. Is the project a relocation or new facility expansion?: \_\_\_\_\_
  - a. If relocation, please state current location(s): \_\_\_\_\_
5. Is the project new construction or lease?: \_\_\_\_\_
  - a. If new construction, is it a shell building or build-to-suit?: \_\_\_\_\_
  - b. If new construction, number of water and irrigation meters and size(s): \_\_\_\_\_
  - c. If a lease, will it occupy existing space or new construction?: \_\_\_\_\_
6. Number and square footage of proposed/existing project building(s): \_\_\_\_\_
7. Will the incentive applicant be the owner and/or tenant?: \_\_\_\_\_
8. List the specific operations to be performed at the proposed location (products produced/distributed, services provided, etc.): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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- 9. Projected date of occupancy: \_\_\_\_\_
- 10. Size of property: \_\_\_\_\_
- 11. Current assessed value of land: \_\_\_\_\_
- 12. Estimated value of improvements to property: \_\_\_\_\_
- 13. Proposed uses for project: \_\_\_\_\_
- 14. Estimated value and description of end-of-year inventory: \_\_\_\_\_
- 15. Number of new full time employees on-site: \_\_\_\_\_
- 16. Average annual salary per employee: \_\_\_\_\_
- 17. Annual estimated sales subject to local sales tax: \_\_\_\_\_
- 18. Annual estimated sales subject to City hotel occupancy tax: \_\_\_\_\_
- 19. Will Saginaw be designated as a point of sale for construction/equipment purchases: \_\_\_\_\_
  - a. If so, estimated project construction/equipment cost?: \_\_\_\_\_
- 20. Is this anticipated to be a LEED certified (or equivalent) project?: \_\_\_\_\_
- 21. Is the property zoned to accommodate the proposed use(s)?: \_\_\_\_\_
  - a. If not, what zoning is required for this project?: \_\_\_\_\_
- 22. Other factors the applicant would like to have taken into consideration: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
- 23. Please sign here acknowledging that you understand the project must be consistent with the City's building codes and ordinances to be considered for incentives and to indicate that you believe the proposed project does, in fact, meet those criteria: \_\_\_\_\_

**Supplemental Attachments – Check all documents that may be attached to submitted application:**

- |   |   |
|---|---|
| <input type="checkbox"/> Map of property location           | <input type="checkbox"/> Summary of proposed site improvements      |
| <input type="checkbox"/> Legal description of property      | <input type="checkbox"/> Proposed project site plan                 |
| <input type="checkbox"/> Existing uses assigned to property | <input type="checkbox"/> Proposed project elevations                |
| <input type="checkbox"/> Known condition of property        | <input type="checkbox"/> Description of any proposed zoning changes |