



# City of Pflugerville

## Legislation Text

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**File #:** RES-0469, **Version:** 1

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Approving a resolution with the caption reading: RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PFLUGERVILLE, TEXAS ADOPTING A CHAPTER 380 ECONOMIC DEVELOPMENT AGREEMENT BETWEEN THE CITY OF PFLUGERVILLE, TEXAS AND COSTCO WHOLESALE CORPORATION; PROVIDING FOR AN EFFECTIVE DATE.

This Economic Development Agreement is enabled by Chapter 380 of the Local Government Code, and per Section 3 terminates on the first to occur of the 15-year term, or receipt by Costco of Chapter 380 Payments of \$6,250,000, or upon termination as provided in the agreement using performance criteria outlined in Section 4:

- Costco constructs a facility of at least 150,000 square feet
- Costco makes a capital investment of \$15,000,000.
- The Costco facility shall be developed and constructed in accordance with the City's Unified Development Code (UDC) and secure a Certificate of Occupancy.
- In connection with the project, Costco shall construct detention facilities within the Costco Property generally within the Detention Pond Land.

Payments to Costco are outlined in Section 5, and shall be made annually by March 31 for sales tax-generating transactions in the prior calendar year. Additionally, the agreement provides an intent to convey the Detention Pond Land to Costco which is also on this agenda for consideration (Ord-0382) and release of the old Kelly Lane right-of-way (Ord-0372). Section 5.3.5 establishes that should Costco fail to perform, or the agreement is otherwise terminated, Costco would pay the City the sum of \$392,000 for the land, and no additional payments to Costco for the reimbursement of sales and taxes would be made.

### **Status**

Related Interlocal Agreements (ILA) with the Pflugerville Community Development Corporation (PCDC) and Travis County Emergency Services District No. 2 (ESD) have been approved by the two entities and are on this agenda for consideration by the City Council.

Costco is fully engaged in the city's entitlement process and intends to close on the property when complete. Construction is anticipated to commence in early 2018.

### **Prior City Council Action**

None.

### **Deadline for City Council Action**

Action is requested on November 14, 2017.

### **Projected Future City Council Action**

No additional action is required.

**Fiscal Impact**

There is no negative fiscal impact. The incentive to Costco is the reimbursement of sales and use taxes attributed to Costco up to a maximum \$6,250,000 over a 15-year term, whichever occurs first. The net reimbursement by the City is reduced to \$3,250,000 as a result of the ILA's with PCDC and the ESD.

**Staff Recommendation**

Staff recommends approval.

**Drafter**

Trey Fletcher  
Assistant City Manager