

Economic Development Work Session

December 17, 2019



Policy Item

Reauthorization of Residential Tax Abatement Policy

Project Items

Merrick Engineering, Inc. – Business Grant

Merrick Engineering, Inc. – WMCEDC Grant

Marriott AC Hotel – 380 Grant HOT Rebate

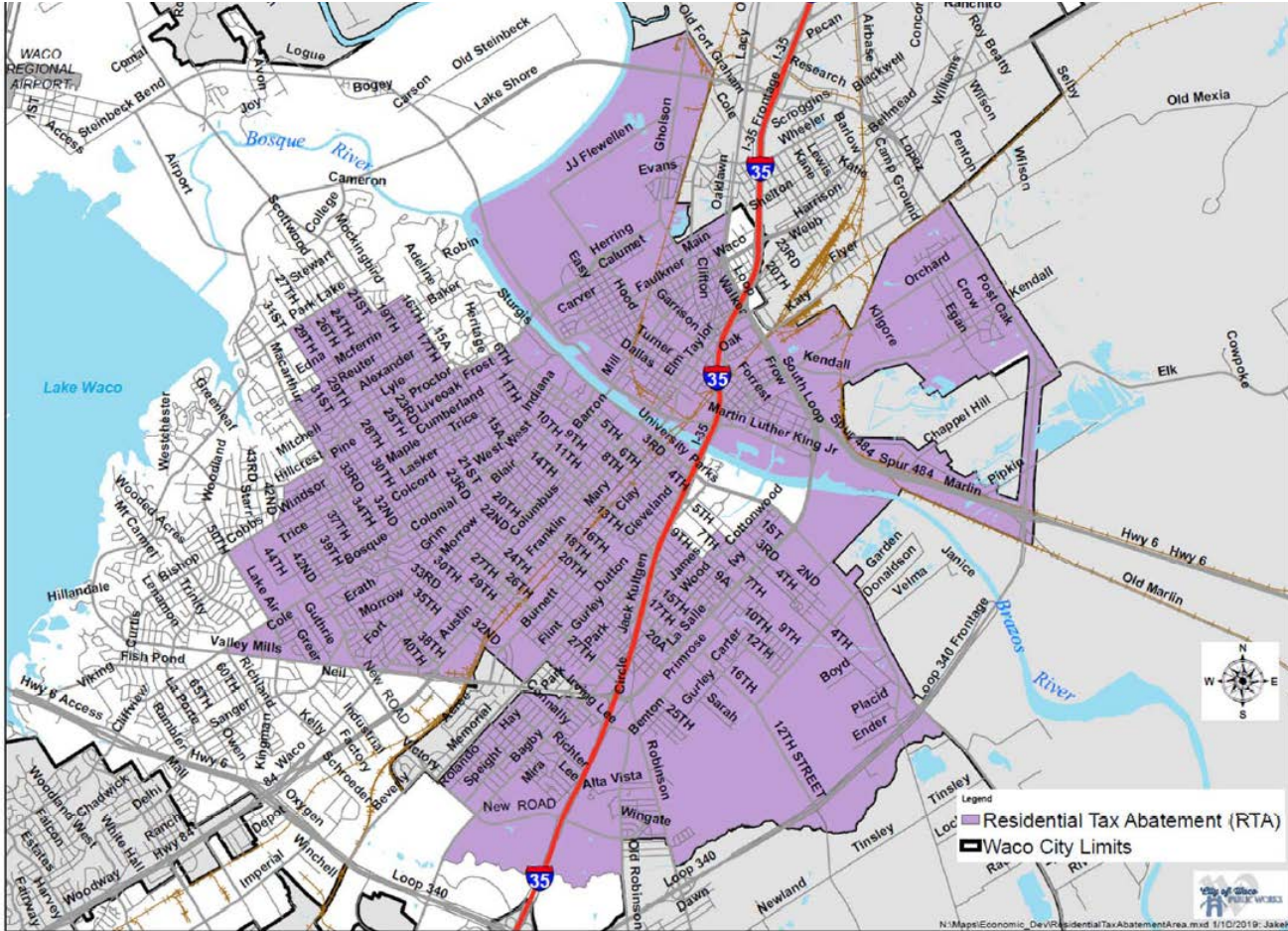


Residential Tax Abatement Policy – Reauthorization

- Required every two years by state law
- Anticipating changes in conjunction with Strategic Economic Development study
- New map (approved by Council April 2019) incorporated within guidelines



Reinvestment Zone - RTA1



Economic Development Projects

Merrick Engineering, Inc.

Marriott AC



Merrick Engineering, Inc.



Project Location



Company Summary

- Existing Waco Manufacturer – hangers
- Headquartered in Corona, California
- Company has been in discussions regarding an expansion project since 2018
- Need for a consolidated site; adding automation
- Company requires a rail-served site (inbound)



Project Background

- Site selected in Texas Central Park
 - 71 acres at the end of Mars Drive
- Relocating headquarters to Waco
- Building new facility
- Job retention & new job creation



Project Details

- \$33 million total capital investment
- Approximately 71 acres (42 buildable acres)
- Constructing approximately 400,000 SF facility
- \$23 million in real property improvements
- \$10 million in business personal property
- 20 new full-time jobs by 2023



Incentives Proposed

- Business Grant – City of Waco
- WMCEDC Grant – Waco McLennan County Economic Development Corporation
- Business Grant – McLennan County



City of Waco Business Grant

- Real Property - \$23 million
 - 5 years at 90% & 2 years at 65%
 - Benefit to City over 10 years: \$749,000
 - Benefit to Company over 10 years: \$1,035,000
- Personal Property - \$10 million
 - 5 years at 40, 30, 20, 15, 5%
 - Benefit to City over 10 years: \$418,000
 - Benefit to Company over 10 years: \$72,500



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Net Benefit over 10 years	
Tax Entity	Total Revenue
City	\$ 1,168,540
County	\$ 730,560
MCC	\$ 433,192
MISD	\$ 3,666,250



Proposed Job Creation

- 20 full-time jobs with benefits
 - 10 production assembly workers – minimum \$12/hr
 - 10 headquarter positions – average annual wage \$57,500
- Jobs must be retained through 2027
 - contract term of Business Grant
- Job retention of 150 existing local jobs



WMCEDC Grant

- \$950,000 grant - \$475,000 from City and County each
- Up to \$345,000 to WIF (Waco Industrial Foundation) at property closing to cover a portion of the land cost
- Up to \$250,000 to Company to reimburse the cost of a rail switch needed for the rail spur to bring in raw materials
- Up to \$355,000 to Company for 20 new jobs
 - Includes 10 HQ positions with average annual wage of \$57,500;
 - Includes 10 new plant jobs with minimum wage of \$12/hr

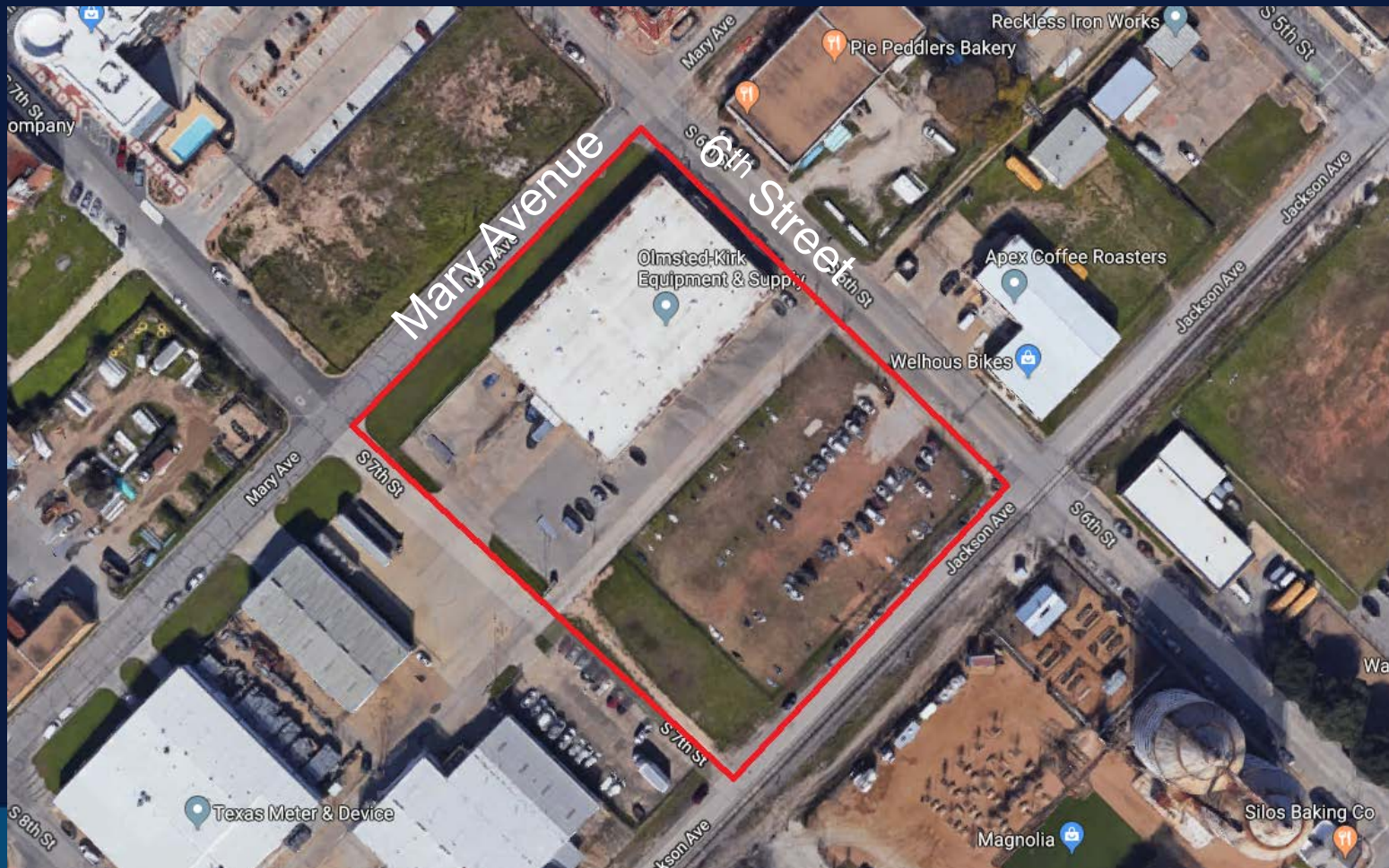


SRH Hospitality Waco Downtown Investments, LLC

Marriott AC

Downtown Hotel - 600 block of Mary Avenue





Corner of Mary Ave & 6th St.



Mary Ave view of conference space



View of Retail along 6th Street



3 DIMENSIONAL VIEW LOOKING EAST ON 6TH STREET

PROJECT																															
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<div><div>AC HOTELS</div><div>MARRIOTT</div></div>																															
MARTY, ANDERSON, AND ERIN ST. MARRIOTT, TX 75001 713.255.0000																															
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LANDSCAPE ARCHITECT																															
NOTES																															
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View from Jackson Ave.



3 DIMENSIONAL AERIAL VIEW LOOKING NORTH

PROJECT: NICH18.0027.00

AC HOTELS
MARRIOTT
HARRY ABE, 4500 E 1ST ST.
WACO, TX 76798

CLIENT

SRH HOSPITALITY HOLDINGS, LLC.

ARCHITECT

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1.817.424.2400 | 1.817.424.2401 | www.norr.com

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MEP ENGINEER

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www.hflenz.com

CIVIL ENGINEER

CP&Y
P.O. BOX 2000
WACO, TX 76798
817.770.8000

LANDSCAPE ARCHITECT

NOTES

REVISIONS / SUBMITTALS

NO.	DATE	ISSUE
1	08/21/19	SCHEMATIC DESIGN

SHEET TITLE

3 DIMENSIONAL VIEW

SHEET NUMBER

G1.00

PROFESSIONAL STAMP

Courtyard view



Courtyard view – showing parking garage screening

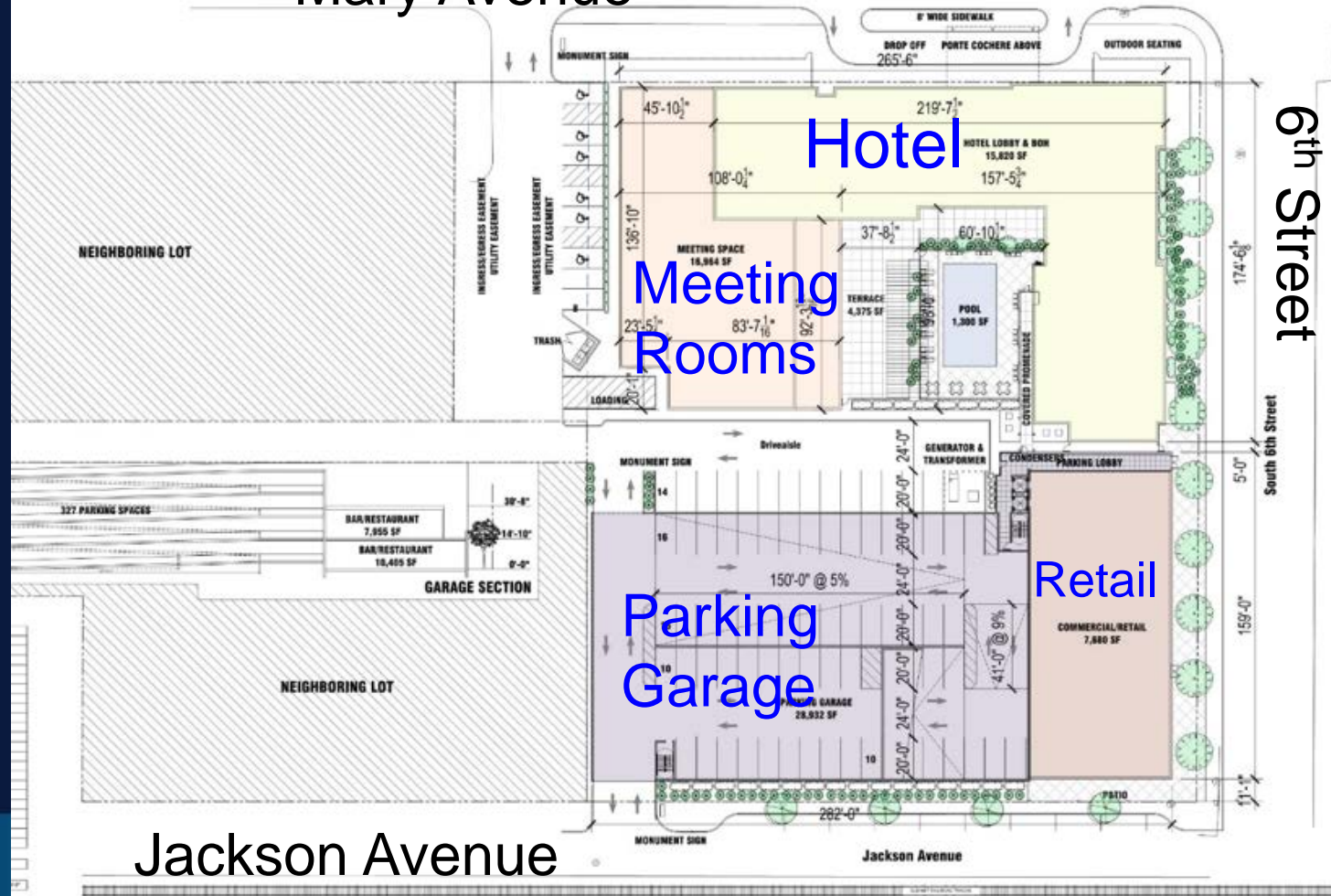


Mary Avenue

Mary Avenue

6th Street

South 6th Street



Jackson Avenue

Jackson Avenue

HOT Tax Rebate

- Hotel Occupancy Tax rebate
- Hotel will generate taxes and a portion will be rebated back to them quarterly
 - Proposed Rebate: 55% for 8 years
 - With up to 10% in “bonus” options annually
 - 5% bonus if 67% employees are Waco Residents
 - 5% bonus if 33% employees are City Core Residents
 - 40 full-time jobs with benefits

Addresses ~13,631

Census Tracts

1,2,3,4,5,9,7,8,9,10,11,12,
13,14,15,16,17,18,19,21

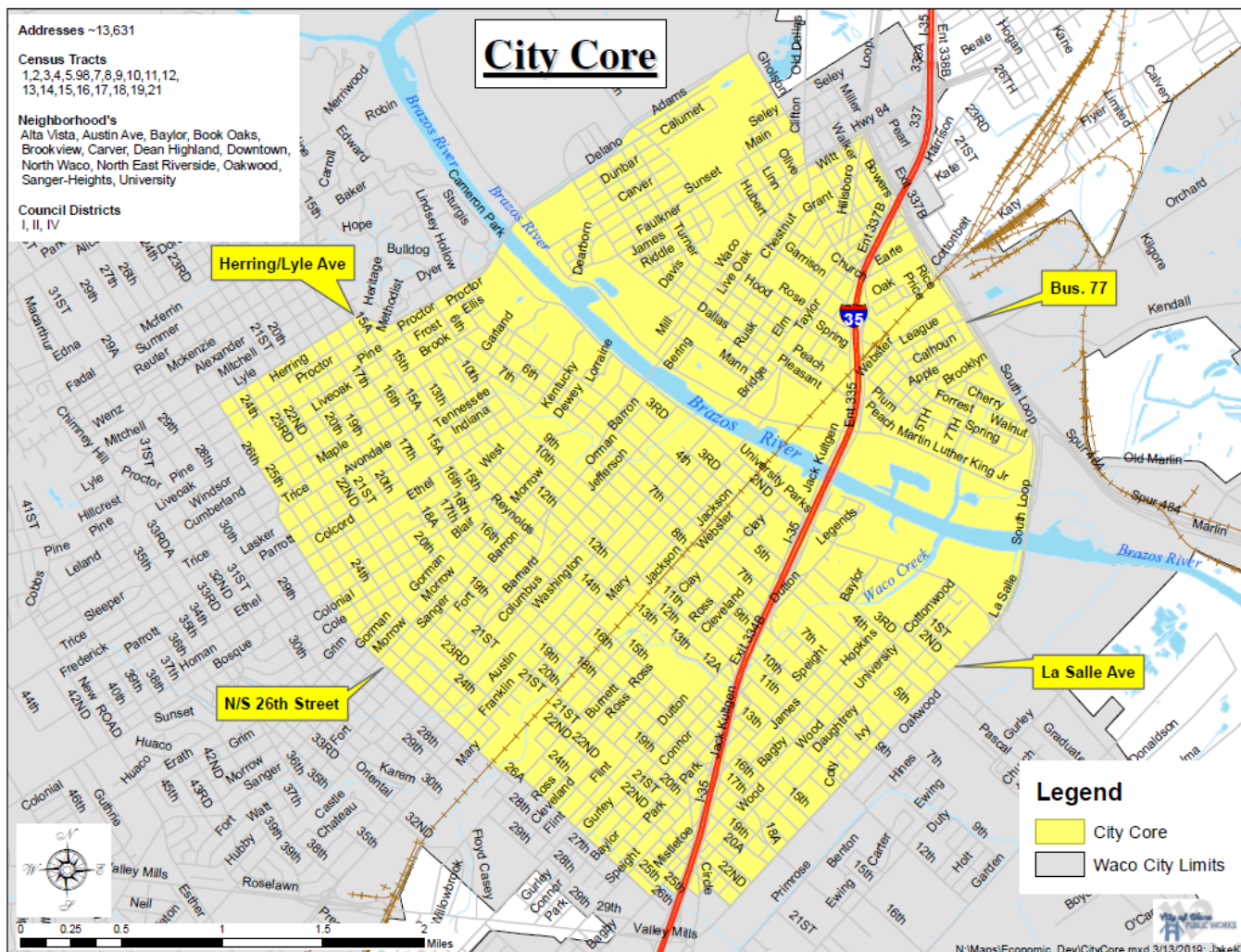
Neighborhood's

Alta Vista, Austin Ave, Baylor, Book Oaks,
Brookview, Carver, Dean Highland, Downtown,
North Waco, North East Riverside, Oakwood,
Sanger-Heights, University

Council Districts

I, II, IV

City Core



Staff Recommendation – HOT rebate

- City's Hotel Occupancy Tax (HOT) rebates
 - 55% of HOT over 8 years to hotel - \$3,022,500 (City's 7% only)
 - Plus 5% in any year with 67% of jobs filled by Waco Residents
 - Plus 5% in any year with 33% of jobs filled by City Core Residents
 - Cap on the total amount HOT rebate allowed: \$4.5 MM
- Agreement to work with WCC on room blocks for conventions, room rates & overflow bookings for meeting space
- Agreement to work with Chambers on “job fairs” to hire local subcontractors and local employees



Thank you

