

# 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

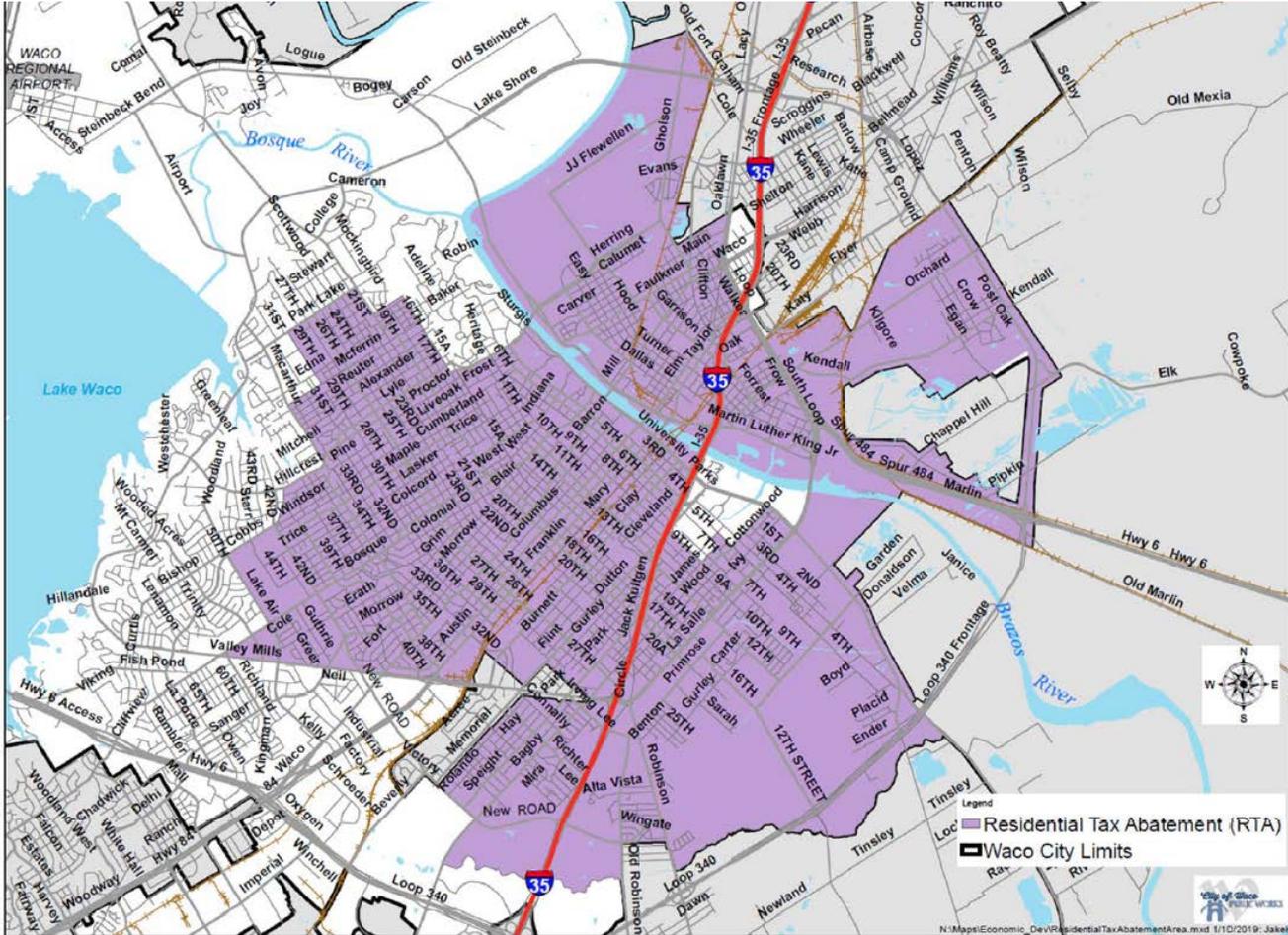


# Residential Tax Abatement Policy – Reauthorization

- 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



Imperial Dr.

Dupuy Oxygen & Foundation  
Jewell

Mars Dr.

Texas Central Pkwy



Dupuy Oxygen & Foundation

Waco Express (AAFES)

Mars Wrigley Confectionery

Marshall's

Smile Direct Club

Joseph S. Moore, MS

Waco Ob/Gyn at Hillcrest

Bagby Ave

Bagby Ave

Bagby Ave

35

6

35

# 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



# 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

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



# 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

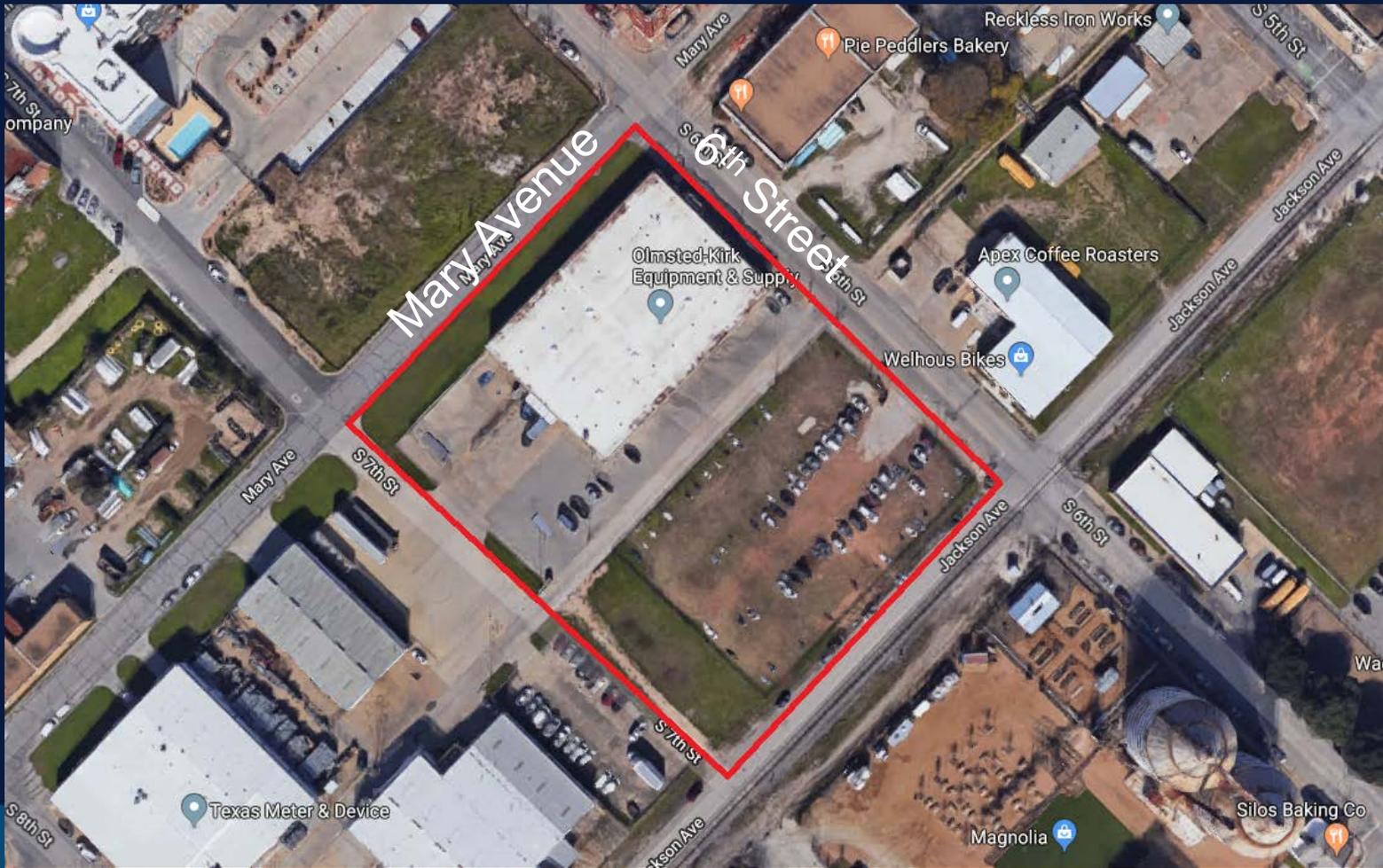


# SRH Hospitality Waco Downtown Investments, LLC

## 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 6<sup>th</sup> Street



3 DIMENSIONAL VIEW LOOKING EAST ON 6TH STREET

PROJECT  
NCH18.0227.00

**AC**  
HOTELS  
MARRIOTT

MARY AVE. AND 6TH ST.  
WACO, TX 76798

CLIENT  
SRH HOSPITALITY HOLDINGS, LLC.

1600 Westgate, Suite 100  
Arlington, TX 76010  
817.275.9999

ARCHITECT  
**NORR**  
ARCHITECTS ENGINEERS PLANNERS  
325 N. LaSalle St. | Suite 500 | Chicago, IL 60654  
P: 815.461.3400 | F: 815.461.3401 | www.norr.com

STRUCTURAL ENGINEER

MEP ENGINEER  
**H.F. LENZ**  
COMPANY  
101 East Chicago  
1407 South Ash  
Aurora, IL 60004  
www.hflenz.com

CIVIL ENGINEER

CP&Y  
P.O. BOX 10055  
WACO, TX 76798  
504.753.8222

LANDSCAPE ARCHITECT

NOTES

REVISIONS / SUBMITTALS

NO.	DATE	ISSUE
1	06/21/19	SCHEMATIC DESIGN

SHEET TITLE  
**3 DIMENSIONAL VIEW**

SHEET NUMBER  
**G1.03**

PROFESSIONAL STAMP



# Courtyard view



# Courtyard view – showing parking garage screening

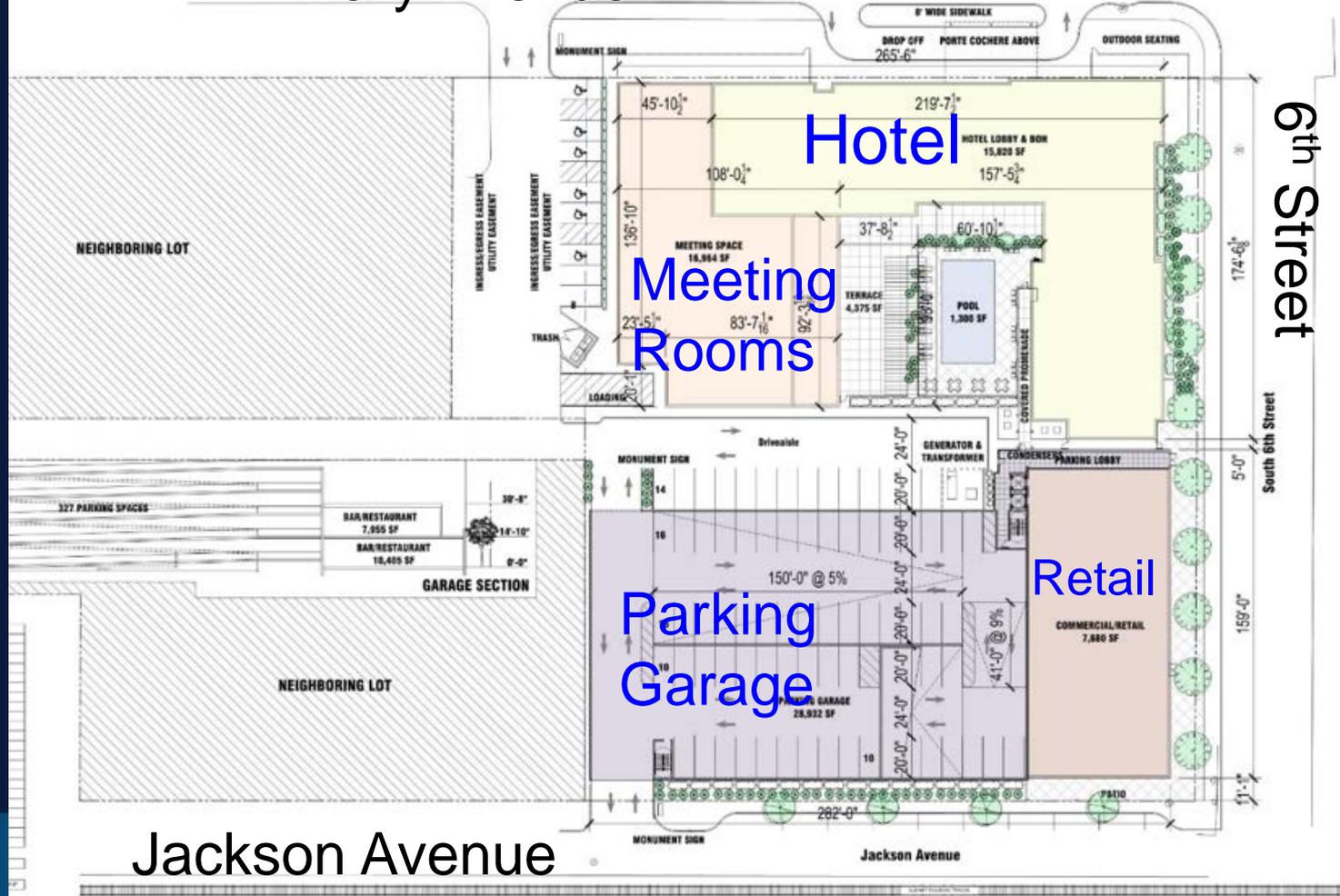


Mary Avenue

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

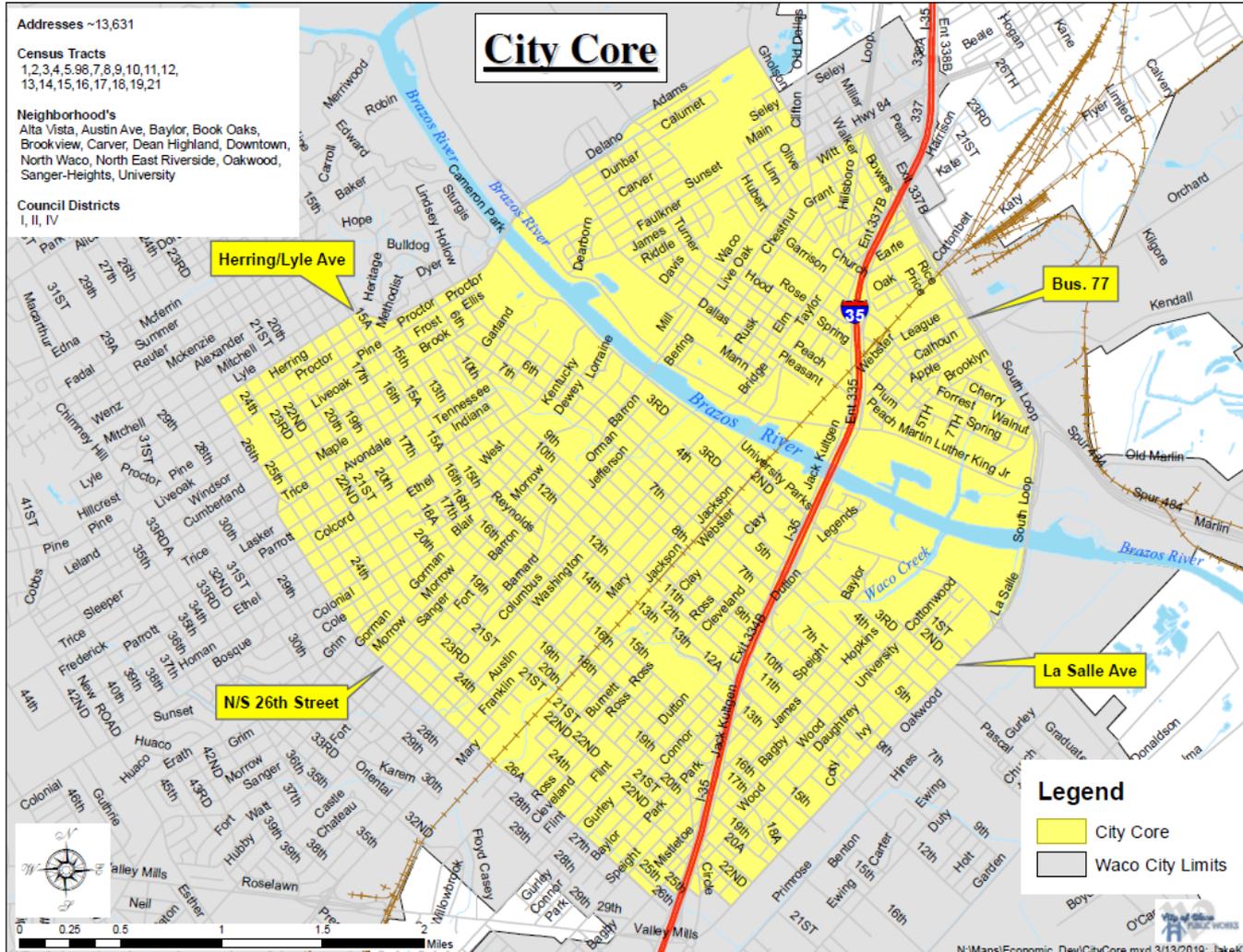
**Neighborhood's**

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



Herring/Lyle Ave

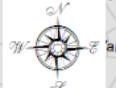
Bus .77

N/S 26th Street

La Salle Ave

## Legend

- City Core
- Waco City Limits



# 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

