

Mayor and Council Communication

DATE: 12/13/22

M&C FILE NUMBER: M&C 22-1032

LOG NAME: 17RAIDEREXPRESSAMEND2

SUBJECT

(CD 7) Authorize Execution of a Second Amendment to City Secretary Contract Number 50800, a Tax Abatement Agreement with Raider Express, Inc., to Revise the Square Footage Requirement for an Office, Training, and Maintenance Facility Located on Property at 12544 Northwest Highway 287 From 61,000 Square Feet to at least 52,634 Square Feet

RECOMMENDATION:

It is recommended that the City Council authorize the City Manager to execute a Second Amendment to City Secretary 50800, a Tax Abatement Agreement with Raider Express, Inc., to revise the square footage requirement of the office, training, and maintenance facility located on property at 12544 Northwest Highway 287 from 61,000 square feet to at least 52,634 square feet.

DISCUSSION:

The City and Raider Express, Inc. (Company) are currently parties to a Tax Abatement Agreement, as amended (CSC 50800). Per the terms of the Agreement, the Company is required to construct a facility consisting of at least 61,000 square feet with a corporate office, training, and maintenance space directly in connection with its logistics and transportation business.

After the execution of the Agreement, the Company informed City staff that it only constructed a 52,634 square-foot facility, as verified by certificates of occupancy, because of increased stormwater and gas well allowances required by the City and Texas Department of Transportation (TxDOT) planners.

As a result of those allowances, the Company had to remove several truck bays on the north and south portions of the facility. These changes brought the square footage on the planned facility down under the required square footage. The Company met the capital investment requirements of the Agreement that would qualify it to receive the tax abatements except for the required square footage. The capital investment requirements were to expend at least \$13,000,000 in construction costs and have a taxable appraised value of at least \$56,100,000 in business personal property. The Company expended \$13,430,388 in construction costs and has a taxable appraised value of \$56,721,360.

Due to the additional stormwater and gas well requirements by the City and TxDOT planners during the permitting process but after execution of the Agreement, the Company has requested to lower the square footage requirement from 61,000 square feet to 52,634 square feet. All other commitments will remain unchanged.

This project is located in COUNCIL DISTRICT 7.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon final approval of the amendment to the Tax Abatement Agreement, a loss of an estimated \$1,100,722.00 in property tax revenue may occur over the next five year period. This reduction in revenue will be incorporated into the long-term financial forecast of the City.

Submitted for City Manager's Office by: William Johnson 5806

Originating Business Unit Head: Robert Sturns 2663

Additional Information Contact: Ryan Pohler 2627