

AN ORDINANCE **2006-06-29-0740**

APPROVING A ONE-TIME, CHAPTER 380 ECONOMIC DEVELOPMENT REIMBURSEMENT GRANT WITH LOWE'S HOME CENTERS, INC. OF UP TO \$300,000.00 FOR WATER UTILITY INFRASTRUCTURE AND OTHER RELATED PROJECT COSTS.

* * * * *

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code, the City is authorized to grant municipal funds in furtherance of public purposes for economic development projects; and

WHEREAS, through City Ordinance No. 100684, the City created an economic development program for the purpose of making such grants available; and

WHEREAS, Lowe's Home Centers, Inc. ("Lowe's") is engaged in an economic development Project that will be located within the City and that will consist of the construction and operation of a data center (the "Center") that will create 22 high-technology jobs with an average wage of \$51,700.00 and generate at least \$1,100,000.00 in annual payroll; and

WHEREAS, the construction of the Center and the creation of jobs will promote local economic development and stimulate business and commercial activity in the City of San Antonio; and

WHEREAS, Lowe's has requested an economic development grant for the purpose of deferring costs associated with the construction and improvement of water utility infrastructure to the Center and the costs of permitting fees for construction activities at the site; and

WHEREAS, the City has identified funds which it desires to grant Lowe's on a reimbursement basis for these purposes; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The terms and conditions of an Economic Development Grant Agreement with Lowe's Home Centers, Inc. for the reimbursement of costs associated with water utility infrastructure improvements and certain permitting fees are hereby approved.

SECTION 2. The City Manager, or her designee, is authorized to execute an Economic Development Grant Agreement with Lowe's Home Centers, Inc. in an amount not to exceed \$300,000.00. A copy of the Agreement in substantially final form, is attached as

“Attachment I” and made a part of this ordinance. A final copy of the Agreement will be attached when executed.

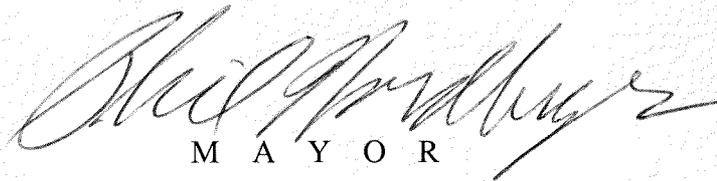
SECTION 3. An allowance in the amount of \$100,000 is to be established in an account at the Development Services Department to be used for various fees for the construction of the Lowe's Home Center, Inc., Data Center.

SECTION 4. An appropriation and encumbrance in the amount of \$200,000.00 is authorized in general ledger 5201040, entitled “Fees to Pros,” Special One-Time Project number 7001990035 and is authorized to be made payable to Lowe’s Home Centers, Inc. to be used for the purpose of reimbursing Lowe’s for the costs associated with the construction of a SAWS redundant waterline.

SECTION 5. The financial allocations in this ordinance are subject to approval by the Director of Finance for the City of San Antonio. The Director may, subject to concurrence by the City Manager or the City Manager’s designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts, and Fund Numbers as necessary to carry out the purpose of this ordinance

SECTION 6. This ordinance shall become effective ten days following its passage.

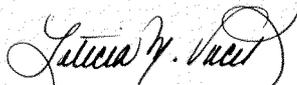
PASSED AND APPROVED this 29th day of JUNE 2006.



M A Y O R

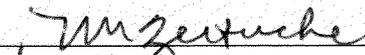
PHIL HARDBERGER

ATTEST:



City Clerk

APPROVED AS TO FORM: _____



for City Attorney

STATE OF TEXAS

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§
§
§

**ECONOMIC DEVELOPMENT
GRANT AGREEMENT OF THE
CITY OF SAN ANTONIO**

COUNTY OF BEXAR

This Economic Development Grant Agreement (hereinafter referred to as the "Agreement") is made and entered into by and between the City of San Antonio, a municipal corporation of the State of Texas, hereinafter referred to as "CITY", by and through its City Manager or her designee, and LOWES HOME CENTERS, INC., hereinafter referred to as "CONTRACTOR."

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code, CITY is authorized to grant municipal funds in furtherance of public purposes for economic development projects; and

WHEREAS, in accordance with City of San Antonio City Ordinance No. 100684, CITY created an economic development program for the purpose of making such grants available; and

WHEREAS, CONTRACTOR is engaged in an economic development project that will be located within the city limits of the City of San Antonio and that will consist of the construction and operation of a data center which is anticipated to create 22 high-technology jobs with an average wage of \$51,700.00 and generate at least \$1,100,000.00 in annual payroll; and

WHEREAS, the construction of the data center and the creation of jobs will promote local economic development and stimulate business and commercial activity in the City of San Antonio; and

WHEREAS, CONTRACTOR has requested an economic development grant for the purpose of deferring costs associated with the construction and improvement of infrastructure related to the provision of utilities to the data center and the costs of permitting fees for construction activities at the project site; and

WHEREAS, CITY has identified funds available in the form of an economic development grant for CONTRACTOR to use to carry out this purpose; and

WHEREAS, the City Council of CITY authorized the City Manager or designee to enter into this Agreement with CONTRACTOR as reflected in Ordinance No. _____, passed and approved on June 29, 2006 and CITY now wishes to engage CONTRACTOR to carry out such project; **NOW THEREFORE:**

The parties hereto severally and collectively agree, and by the execution hereof are bound, to the mutual obligations herein contained and to the performance and accomplishment of the tasks hereinafter described:

SECTION 1. AGREEMENT PURPOSE

CONTRACTOR shall complete the construction and start-up of an economic development project, as described in CONTRACTOR's application for tax phase-in assistance, an economic development project consisting of the construction and operation of a data center within the city limits of the City of San Antonio, Texas (hereinafter referred to as the "Facility") that will create 22 high- technology jobs with an average salary of \$51,700.00 which are anticipated to promote local economic development and

stimulate business and commercial activity in the City of San Antonio (hereinafter referred to as the "Project"). The CITY is supporting the Project through an economic development grant to provide funding for the purpose of defraying costs associated with the construction and improvement of infrastructure related to the provision of utilities and the costs of permitting fees for construction at the project site as part of a larger incentive package intended, in part, to attract and retain high-impact companies that support the City's targeted industries and that may be used to leverage private, state or federal funds intended to achieve the same goals.

CITY acknowledges that CONTRACTOR is relying upon the funds to be generated by this Agreement in deciding to locate a national data center in San Antonio over competing cities and that these funds are a material oart of a comprehensive economic development package necessary to support CONTRACTOR's location decision.

SECTION 2. PROJECT REQUIREMENTS

- A. Both Contractor and CITY understand and agree that this Agreement is to be executed pursuant to the approval of the City Council of San Antonio by Ordinance Number _____ given on June 29, 2006.
- B. The total number of new, direct, non-temporary, non-seasonal full-time jobs to be created by CONTRACTOR, as a result of the Project, shall be no less than 22.
- C. The total amount of funding that may be granted toward the Project is \$300,000.00, which is to be allocated as follows:

Funding Type	Specific Use	Amount of Funding
COSA Econ. Dev. Grant	Water Utility Infrastructure*	\$200,000.00
COSA Econ. Dev. Grant	Defraying permitting fees	\$100,000.00
Total Project Cost		\$300,000.00 Total

*costs associated with Water Utility Infrastructure shall be those costs as described in Attachment I.

D. The funding provided in Section 2(C) above shall be disbursed or credited thirty days following CONTRACTOR's submission of invoices reflecting actual costs associated with the water utility infrastructure improvements and permitting fees assessed for construction activities at the Facility.

SECTION 3. AGREEMENT PERIOD

This Agreement shall commence upon full execution of this Agreement and shall terminate upon final acceptance of the last disbursement of funds required for the actual costs associated with the water utility infrastructure improvements and permitting fees assessed for construction activities at the Facility so long as such payments do not exceed a cumulative total of THREE HUNDRED THOUSAND DOLLARS as described in Section 2(C) of this Agreement.

SECTION 4. CONTRACTOR PERFORMANCE

A. Contractor shall complete an economic development project consisting of the construction and operation of a data center, as described in CONTRACTOR's application for tax phase-in assistance, subject to all terms and conditions of this Agreement.

B. Contractor shall comply with all applicable laws and regulations, and shall perform all activities in accordance with the terms of the Special Conditions specified in Section 16 of this AGREEMENT, and with all other terms, provisions, and requirements set forth herein.

SECTION 5. DEPARTMENT OBLIGATIONS

A. In consideration of full and satisfactory performance of activities required by Section 2 of this Agreement, CITY will disburse grant funds not to exceed \$300,000.00 as described in Section 2(C) to Contractor in the amounts and at the times specified by Section 3 of this Agreement, and subject to the limitations set forth in this Section 5 and in Sections 14 and 15 below. Notwithstanding any other provision of this Agreement, the total of all grant payments and other obligations incurred by CITY under this Agreement will not exceed the sum of THREE HUNDRED THOUSAND and NO/100 DOLLARS (\$300,000.00).

B. CITY will not be liable to Contractor or other entity for any costs incurred by Contractor.

C. Contractor is only entitled to funds for the costs of actual expenses incurred and not in any amounts exceeding the allocations in Section 2(C) of this Agreement. Allowable costs will be determined in accordance with this Agreement by CITY's Economic Development Department and are defined as direct costs incurred in the construction and improvement of infrastructure related to the provision of utilities to the data center and the costs of permitting fees for construction activities at the Facility. Should CITY determine after payment that a cost is unallowable under this Agreement CONTRACTOR shall reimburse CITY for such payment not later than 30 days after notification by CITY.

SECTION 6. RETENTION AND ACCESSIBILITY OF RECORDS

A. Contractor shall maintain the fiscal records and supporting documentation for all expenditures of funds to be reimbursed or credited to CONTRACTOR under this Agreement in a manner that conforms to this Agreement. Contractor shall retain such records, and any supporting documentation, for the greater of: (1) four [4] years from the end of the Agreement period; or (2) the period required by other applicable laws and regulations.

B. Contractor shall give the CITY, its designee, or any of their duly authorized representatives, access to and the right to examine all books, accounts, records, audit reports, reports, files, documents, written or photographic material, videotape and other papers, things, or property belonging to or in use by Contractor pertaining to the funds expended by CONTRACTOR which are reimbursed or credited under this Agreement. Such rights to access shall continue as long as the records are retained by Contractor. Failure to provide reasonable access to authorized CITY representatives shall give the CITY the right to suspend or terminate the Agreement as provided for in Section 15 and 16, or any portion thereof, for reason of default. All records and other information shall be retained by Contractor for a period of four (4) years after all performance requirements are achieved for audit purposes until such audits or other administrative, civil or criminal matters including, but not limited to, investigations, lawsuits, administrative inquiries and open record requests are completed. Contractor agrees to maintain such records in an accessible location and to provide citizens reasonable access to such records consistent with the Texas Public Information Act.

SECTION 7. MONITORING

A. CITY reserves the right to confirm Contractor's compliance with the terms and conditions of this Agreement. CITY will provide Contractor with a written report of the monitor's findings. If the monitoring report notes deficiencies in Contractor's performances under the terms of this Agreement, the monitoring report shall include a listing of requirements for the correction of such deficiencies by Contractor and a reasonable amount of time in which to attain compliance. Failure by Contractor to take action specified in the monitoring report may be cause for suspension or termination of this Agreement, in accordance with Sections 14 and 15 herein.

B. Contractor shall provide to CITY a statement with reasonable supporting information evidencing the creation of and filling of the number of jobs required by this Agreement.

SECTION 8. INDEPENDENT CONTRACTOR

It is expressly understood and agreed by the parties hereto that CITY is contracting with Contractor as an Independent Contractor, and that Contractor, its employees and subcontractors are not employees of the CITY.

SECTION 9. CONFLICT OF INTEREST

A. Contractor shall ensure that no employee, officer, or agent of Contractor shall participate in the selection, award or administration of a subcontract supported by funds provided hereunder if a conflict of interest, real or apparent, would be involved. Such conflict of interest would arise when: (1) the employee, officer, or agent; (2) any member of his or her immediate family; (3) his or her partner; or, (4) any organization which employs, or is about to employ any of the above, has a financial or other interest in the firm or person selected to perform the subcontract. Contractor shall comply with Chapter 171, Texas Local Government Code as well as the CITY's Code of Ethics.

B. Except for eligible administrative costs, no employee, agent, consultant, officer, or elected or appointed official, of either Contractor or of a subcontractor, who exercises or has exercised any functions or responsibilities or is in a position to participate in decision-making or gain inside information in regard to the activities involved in the Project, shall be permitted to have or obtain a financial interest in or benefit from the Project or any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties. This prohibition shall remain in effect for the duration of the prohibited relationship plus one calendar year thereafter.

SECTION 10. NONDISCRIMINATION AND SECTARIAN ACTIVITY

A. Contractor shall ensure that no person shall, on the ground of race, color, national origin, religion, sex, age or handicap, be excluded from participation in, be denied the benefits of, be subjected to discrimination under, or be denied access to any program or activity funded in whole or in part with funds made available under this Agreement.

B. None of the performances rendered by Contractor under this Agreement shall involve, and no portion of the funds received by Contractor under this Agreement shall be used in support of, any sectarian or religious activity, nor shall any facility used in the performance of this Agreement be used for sectarian instruction or as a place of religious worship.

C. Contractor shall include the substance of this Section 10 in all subgrant agreements.

SECTION 11. LEGAL AUTHORITY

A. Each party assures and guarantees to the other that they possesses the legal authority to enter into this Agreement, to receive/deliver the funds authorized by this Agreement, and to perform their obligations hereunder.

B. The person or persons signing and executing this Agreement on behalf of each party or representing themselves as signing and executing this Agreement on behalf of a party, do hereby guarantee that he, she or they have been duly authorized to execute this Agreement on behalf of that party and to validly and legally bind that party to all terms, performances and provisions herein set forth.

C. CITY will have the right to suspend or terminate this Agreement in accordance with Sections 14 and 15 herein if there is a dispute as to the legal authority, of either Contractor or the person signing this Agreement, to enter into this Agreement, any amendments hereto or failure to render performances hereunder. Contractor is liable to CITY for any money it has received from CITY for performance of the provisions of this Agreement if CITY suspends or terminates this Agreement for reasons enumerated in this Section 11.

SECTION 12. LITIGATION AND CLAIMS

A. Contractor shall give CITY immediate notice in writing of any action, including any proceeding before an administrative agency, filed against Contractor arising out the performance of any subcontract hereunder. Except as otherwise directed by CITY, Contractor shall furnish immediately to CITY copies of all pertinent papers received by Contractor with respect to such action or claim. Contractor shall notify the CITY immediately of any legal action filed against the Contractor or any subcontractor, or of any proceeding filed under the federal bankruptcy code. Contractor shall submit a copy of such notice to CITY within 30 calendar days after receipt. No funds provided under this Agreement may be used in the payment of any costs incurred from violations or settlements of, or failure to comply with, federal and state regulations.

B. CITY and Contractor acknowledge that CITY is a political subdivision of the State of Texas and is subject to, and complies with, the applicable provisions of the Texas Tort Claims Act, as set out in the Civil Practice and Remedies Code, Section 101.001 et. seq., and the remedies authorized therein regarding claims and causes of action that may be asserted by third parties for accident, injury or death.

C. This Agreement shall be interpreted according to the Constitution and the laws of the State of Texas. Venue of any court action brought directly or indirectly by reason of this Agreement shall be in Bexar County, Texas.

SECTION 13. CHANGES AND AMENDMENTS

A. Except as specifically provided in Section 13(C) of this Agreement, any alterations, additions, or deletions to the terms of this Agreement shall be by amendment hereto in writing and executed by both parties to this Agreement upon CITY approval and authorization of Contractor.

B. It is understood and agreed by the parties hereto that performances under this Agreement shall be rendered in accordance with the laws and rules governing the Economic Development Program as set forth this date, and the terms and conditions of this Agreement.

C. Any alterations, additions, or deletions to the terms of this Agreement required by changes in state law or regulations are automatically incorporated into this Agreement without written amendment hereto, and shall become effective on the date designated by such law or regulation.

SECTION 14. SUSPENSION

A. Notwithstanding the provisions of Chapter 2251 of the Texas Government Code, in the event Contractor fails to comply with the terms of any Agreement with the CITY, CITY shall provide Contractor with written notification as to the nature of the non-compliance. CITY shall grant Contractor a sixty (60) day period from the date of the CITY's written notification to cure any issue of non-compliance under such Agreement. Should Contractor fail to cure any default within this period of time, the CITY may, upon written Notice of Suspension to Contractor, suspend this Agreement in whole or in part and withhold further payments to Contractor, and prohibit Contractor from incurring additional obligations of funds under this Agreement. Such Notice of Suspension shall include: (1) the reasons for such suspension; (2) the effective date of such suspension; and, (3) in the case of partial suspension, the portion of the Agreement to be suspended.

B. In the case of default for causes beyond Contractor's reasonable control, which cannot with due diligence be cured within such sixty (60) day period, the CITY may, in its sole discretion, extend the cure period provided that Contractor shall: (1) immediately upon receipt of Notice of Suspension advise CITY of Contractor's intention to institute all steps necessary to cure such default and the associated time frame; and (2) institute and thereafter prosecute to completion with reasonable dispatch all steps necessary to cure same.

C. A suspension under this Section 14 may be lifted only at the sole discretion of the CITY upon a showing of compliance with or written waiver by CITY of the term(s) in question.

D. With the exception of payment for work in progress or materials ordered prior to receiving a Notice of Suspension, CITY shall not be liable to Contractor or to Contractor's creditors for costs incurred during any term of suspension of this Agreement.

SECTION 15. TERMINATION

A. CITY shall have the right to terminate this Agreement for non-compliance, in whole or in part, at any time before the date of completion specified in Section 4 of this Agreement whenever CITY determines that Contractor has failed to comply with any term of any Agreement with the CITY. CITY will provide Contractor with written notification as to the nature of the non-compliance, and grant Contractor a sixty (60) day period from the date of the CITY's written notification to cure any issue of non-compliance under such Agreement. Should Contractor fail to cure any default within this period of time, the CITY may, upon issuance to Contractor of a written Notice of Termination, terminate this Agreement in whole or in part and withhold further payments to Contractor, and prohibit Contractor from incurring additional obligations of funds under this Agreement. Such notification shall include: (1) the reasons for such termination; (2) the effective date of such termination; and, (3) in the case of partial termination, the portion of the Agreement to be terminated.

B. In the case of default for causes beyond Contractor's reasonable control, which cannot with due diligence be cured within such sixty (60) day period, the CITY may, in its sole discretion, extend the cure period provided that Contractor shall: (1) immediately upon receipt of Notice of Termination advise CITY of Contractor's intention to institute all steps necessary to cure such default and the associated time frame; and (2) institute and thereafter prosecute to completion with reasonable dispatch all steps necessary to cure same.

C. Except as provided in Section 15(A), awards may be terminated in whole or in part only as follows:

1. By the CITY (with the consent of the Contractor) in which case the two parties shall agree upon the termination conditions, including the effective date and in the case of partial termination, the portion to be terminated; or
2. By the Contractor upon written notification to the CITY, setting forth the reasons of such termination, the effective date, and in the case of partial termination, the portion to be terminated. However, if, in the case of partial termination, the CITY determines in its sole discretion that the remaining portion of the award will not accomplish the purpose for which the award was made, the CITY may terminate the award in its entirety under Section 15(A).

D. Upon receipt of Notice of Termination for non-compliance under Section 15(A), Contractor shall, to the extent possible under its other contractual obligations, cancel, withdraw or otherwise terminate any outstanding orders or subcontracts related to the performance of this Agreement or the part of this Agreement to be terminated and shall cease to incur costs thereunder. Any other work or materials under or part of this Agreement shall be terminated and CITY will not be liable to Contractor or to Contractor's creditors for any costs incurred subsequent to receipt of a Notice to Terminate.

E. Notwithstanding any exercise by CITY of its right of suspension under Section 14 of this Agreement, or of early termination pursuant to this Section 15, Contractor shall not be relieved of any liability to CITY for damages due to CITY by virtue of any breach by Contractor of any Agreement with CITY. CITY may withhold payments to Contractor until such time as the exact amount of damages due to CITY from Contractor is agreed upon or is otherwise determined.

SECTION 16. SPECIAL CONDITIONS AND TERMS (RESERVED)

SECTION 17. SUBAGREEMENTS

A. Contractor shall ensure that the performance rendered under all subcontracts complies with all terms and provisions of this Agreement as if such performance were rendered by Contractor. Contractor shall bear full responsibility for performance by all subcontractors.

B. Contractor, in subcontracting any of the performances hereunder, expressly understands that in entering into such subcontracts, CITY is in no way liable to Contractor's subcontractor(s).

C. Contractor assures and shall obtain assurances from all of its subcontractors where applicable, that no person shall, on the grounds of race, creed, color, disability, national origin, sex or religion, be excluded from, be denied the benefit of, or be subjected to discrimination under any program or activity funded in whole or in part under this Agreement.

D. As subcontracts and supplier Agreements become necessary to carry out the requirements of this Agreement, Contractor covenants to comply with the CITY's SBEDA Program, currently identified under Ordinance No. 96754, and as amended.

SECTION. 18. DEBARMENT

By signing this Agreement, Contractor certifies that it will not award any funds provided under this Agreement to any party which is debarred, suspended or otherwise excluded from or ineligible for participation in assistance programs.

SECTION 19. RIGHTS UPON DEFAULT

It is expressly understood and agreed by the parties hereto that any right or remedy provided for in this Agreement shall not preclude the exercise of any other right or remedy under any Agreement between Contractor and the CITY or under any provision of law, nor shall any action taken in the exercise of any right or remedy be deemed a waiver of any other rights or remedies. Failure to exercise any right or remedy hereunder shall not constitute a waiver of the right to exercise that or any other right or remedy at any time.

SECTION 20. NON-ASSIGNMENT

This Agreement is not assignable. Notwithstanding any attempt to assign the Agreement, Contractor shall remain fully liable on this Agreement and shall not be released from performing any of the terms, covenants and conditions herein. Contractor shall be held responsible for all funds received under this Agreement.

SECTION 21. ORAL AND WRITTEN AGREEMENTS

All oral and written agreements between the parties to this Agreement relating to the subject matter of this Agreement that were made prior to the execution of this Agreement have been reduced to writing and are contained in this Agreement.

SECTION 22. AUTHORIZED RELIEF FROM PERFORMANCE (*Force Majeure*)

CITY shall grant relief from performance of the Agreement if the Contractor is prevented from compliance and performance by an act of war, order of legal authority, act of God, or other unavoidable cause not attributed to the fault or negligence of the Contractor. The burden of proof for the need for such relief shall rest upon the Contractor. To obtain release based upon *force majeure*, the Contractor must file a written request with the CITY.

SECTION 23. SURVIVAL OF CERTAIN AGREEMENT PROVISIONS

The following provisions of the Agreement, concerning Contractor's obligations, shall survive the termination of the Agreement after completion of the Project:

- A. Section 2B (Job Creation)
- B. Section 6 (Records Retention and Accessibility of Records)

Signatures appear on next page.

WITNESS OUR HANDS, EFFECTIVE as of _____, 200__:

Accepted and executed in two duplicate originals on behalf of the City of San Antonio pursuant to Ordinance Number _____, dated June 29, 2006, and Lowes Home Centers, Inc. pursuant to the authority of its _____.

LOWES HOME CENTERS, INC.

A _____ Corporation

CITY OF SAN ANTONIO,

a Texas Municipal Corporation

BY: _____

Name: _____

Title: _____

Sheryl L. Sculley

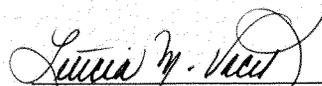
CITY MANAGER

ATTEST:

ATTEST:

Name: _____

Title: _____



Leticia Vacek

CITY CLERK

APPROVED AS TO FORM:



Michael D. Bernard

CITY ATTORNEY

AN ORDINANCE 2006-06-29-0739

AUTHORIZING EXECUTION AND APPROVING THE TERMS OF A TAX PHASE-IN AGREEMENT WITH LOWE'S HOME CENTERS, INC. TO EXEMPT 100% OF AD VALOREM TAXES FOR 10 YEARS ON PERSONAL PROPERTY AND REAL PROPERTY IMPROVEMENTS; AND GRANTING EXCEPTIONS TO THE TAX PHASE-IN GUIDELINES REGARDING JOB CREATION AND TERM.

* * * * *

WHEREAS, Lowe's Home Centers, Inc. is a publicly-traded Fortune 500 company, founded in 1946, with over 180,000 employees nationwide and more than 1,250 superstores in 49 states with plans to expand into Canada in 2007; and

WHEREAS, with sales revenue of over \$43 billion and a 1-year net growth of 27.3%, Lowe's is ranked as the #2 U.S. home improvement chain (after The Home Depot) and the company's stores sell about 40,000 products for home improvement projects, gardening projects, home fashion items, lumber, millwork, plumbing and electrical supplies, and tools, as well as appliances and furniture; and

WHEREAS, in order to centralize data transactions and storage for this increased business volume, company officials have been in search for a potential site to locate a data center; and

WHEREAS, a desirable site has been located which will require the construction of a new 100,000 square foot facility on 10 acres in the Westover Hills area (the "Project") with a total estimated capital investment of \$200 million over 20 years; and

WHEREAS, the Lowe's Data Center is expected to create 22 high-tech jobs with an average wage of \$51,700, generate at least \$1,100,000 in annual payroll, create full-time contract jobs for local information technology professionals, and greatly strengthen the City's Information Technology industry; **NOW THEREFORE:**

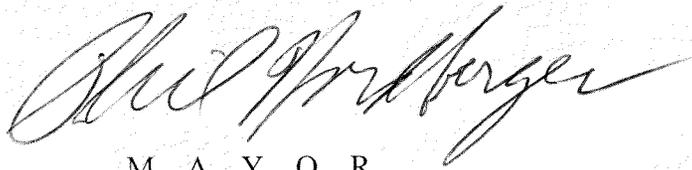
BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Council approves the terms of a Tax Phase-In Agreement with Lowe's Home Centers, Inc. to exempt 100% of ad valorem taxes for 10 years on personal property and real property improvements and grants exceptions to the Tax Phase-In Guidelines regarding job creation and term of the Agreement due to location of the Project.

SECTION 2. The City Manager, or her designee, is authorized to execute the Agreement in Section 1 for sixty (60) days from the date this ordinance is approved.

SECTION 3. This ordinance shall be effective on the tenth (10th) day after passage.

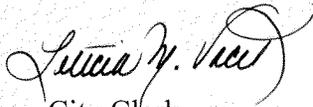
PASSED AND APPROVED this 29th day of June, 2006.



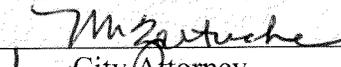
M A Y O R

PHIL HARDBERGER

ATTEST:


City Clerk

APPROVED AS TO FORM: _____


for City Attorney

MEETING OF THE CITY COUNCIL

ALAMODOME
ASSET MANAGEMENT
AVIATION
CITY ATTORNEY
MUNICIPAL COURT
REAL ESTATE
REAL ESTATE (WOOD)
RISK MANAGEMENT
CITY MANAGER
SPECIAL PROJECTS
CODE COMPLIANCE
COMMERCIAL RECORDER
COMMUNITY INITIATIVES
CONVENTION AND VISITORS BUREAU
CONVENTION CENTER EXPANSION OFFICE
CONVENTION FACILITIES
CONTRACT SERVICES
COUNCIL OFFICES
CULTURAL AFFAIRS
CUSTOMER SERVICE/311 SYSTEM
DEVELOPMENT SERVICES
HOUSE NUMBERING
LAND DEVELOPMENT SERVICES
TRAFFIC & DRAINAGE PLAN REVIEW
ECONOMIC DEVELOPMENT
ENVIRONMENTAL SERVICES
SOLID WASTE
EXTERNAL RELATIONS
PUBLIC INFORMATION OFFICE
FINANCE - DIRECTOR
FINANCE - ASSESSOR
FINANCE - CONTROLLER
FINANCE - GRANTS
FINANCE - TREASURY
FIRE DEPARTMENT
HOUSING AND COMMUNITY DEVELOPMENT
HUMAN RESOURCES (PERSONNEL)
INFORMATION SERVICES
INTERNAL REVIEW
INTERNATIONAL AFFAIRS
LIBRARY
MANAGEMENT & BUDGET (OFFICE OF) OMB
MAYOR'S OFFICE
METROPOLITAN HEALTH DISTRICT
MUNICIPAL CODE CORPORATION
MUNICIPAL COURT
NEIGHBORHOOD ACTION
PARKS AND RECREATION
MARKET SQUARE
YOUTH INITIATIVES
PLANNING DEPARTMENT - NEIGHBORHOOD PLNG; URBAN DESIGN/HISTORIC PRESERVATION DISABILITY ACCESS OFFICE
POLICE DEPARTMENT
GROUND TRANSPORTATION
PUBLIC UTILITIES
PUBLIC WORKS DIRECTOR
CAPITAL PROJECTS
CENTRAL MAPPING
ENGINEERING
PARKING DIVISION
REAL ESTATE DIVISION
TRAFFIC ENGINEERING
PURCHASING AND GENERAL SERVICES
SAN ANTONIO WATER SYSTEMS (SAWS)
VIA

AGENDA ITEM NUMBER:

6A

DATE:

JUN 29 2005

MOTION/SECOND:

ORDINANCE NUMBER:

2006-06-29-0738

RESOLUTION NUMBER:

ZONING CASE NUMBER:

TRAVEL AUTHORIZATION:

NAME	ROLL	AYE	NAY
ROGER O. FLORES District 1			
SHEILA D. MCNEIL District 2			
ROLAND GUTIERREZ District 3			
RICHARD PEREZ District 4			
PATTI RADLE District 5			
DELICIA HERRERA District 6			
ELENA GUAJARDO District 7			
ART A. HALL District 8			
KEVIN A. WOLFF District 9			
CHRISTOPER "CHIP" HAASS District 10			
PHIL HARDBERGER Mayor			

*One motion/vote for
item 6A-6C.*

AN ORDINANCE 2006-06-29-0738

**DESIGNATING THE LOWE'S REINVESTMENT ZONE
CONSISTING OF A 10.00 ACRE TRACT EAST OF STATE
HIGHWAY 151 IN WESTOVER HILLS AND BOUNDED BY
CHASE BANK TO THE NORTH, FIRST HEALTH TO THE EAST,
HARTFORD INSURANCE TO THE WEST, AND THE PROPOSED
ROGERS RUN ROAD CUL-DE-SAC TO THE SOUTH IN THE
WESTOVER HILLS MASTER PLAN AND MAP.**

* * * * *

WHEREAS, Lowe's Companies, Inc. was founded in 1946 and is a publicly-traded Fortune 500 company with over 180,000 employees nationwide and more than 1,250 superstores in 49 states with plans to expand into Canada in 2007; and

WHEREAS, Lowe's boasts sales revenue of over \$43 billion and a 1-year net growth of 27.3%, and is ranked as the #2 U.S. home improvement chain; and

WHEREAS, in order to centralize data transactions and storage for this increased business volume, company officials have been searching for a potential site to locate a data center; and

WHEREAS, a desirable site has been located that will require the construction of a new 100,000 square foot facility on 10 acres in the Westover Hills area, with a total estimated capital investment of \$200 million over 20 years; and

WHEREAS, the Lowe's Data Center is expected to create 22 high-tech jobs with an average wage of \$51,700, generate at least \$1,100,000 in annual payroll, create full-time contract jobs for local information technology professionals, and greatly strengthen the City's Information Technology industry; and

WHEREAS, the land is eligible to be a Reinvestment Zone, in part because it is in an area that is reasonably likely, as a result of the designation, to contribute to the retention or expansion of primary employment or to attract major investment in the area that would be a benefit to the property and that would contribute to the economic development of the City; and

WHEREAS, in accordance with the requirements set out in the Property Redevelopment and Tax Abatement Act, notice of the requisite public hearing regarding the proposed designation of the Lowe's Reinvestment Zone was previously published; and

WHEREAS, on June 29, 2006, the City held a public hearing in the Council Chambers at 114 W. Commerce on the consideration of an ordinance designating the Lowe's Reinvestment Zone, and considered evidence and testimony of interested persons for or against the designation; and

WHEREAS, the City Council hereby finds that the proposed Lowe's Reinvestment Zone meets the requirements designated under the Act; and

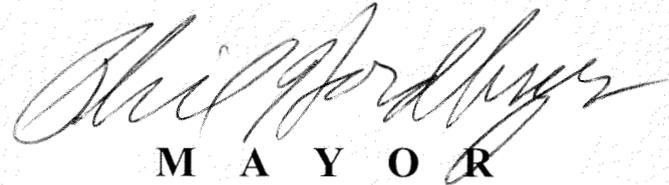
WHEREAS, the City Council also finds that it is in the best interest of the City of San Antonio to designate the subject area a Reinvestment Zone to induce desired and beneficial economic development in the area; **NOW THEREFORE:**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Council hereby designates the Lowe's Reinvestment Zone east of State Highway 151 in Westover Hills, consisting of approximately 10.0 acres, as more particularly described in Attachment I, and hereby finds that the Lowe's Reinvestment Zone meets the requirements designated in the Act of 1987.

SECTION 2. This ordinance shall be effective on the tenth (10th) day after passage.

PASSED AND APPROVED this 29th day of June 2006.



M A Y O R

PHIL HARDBERGER

ATTEST: *Leticia N. Vacca*
City Clerk

APPROVED AS TO FORM: *M. Zepeda*
for City Attorney

Agenda Voting Results

Name: 6 A, 6B, & 6C

Date: 06/29/06

Time: 11:46:07 AM

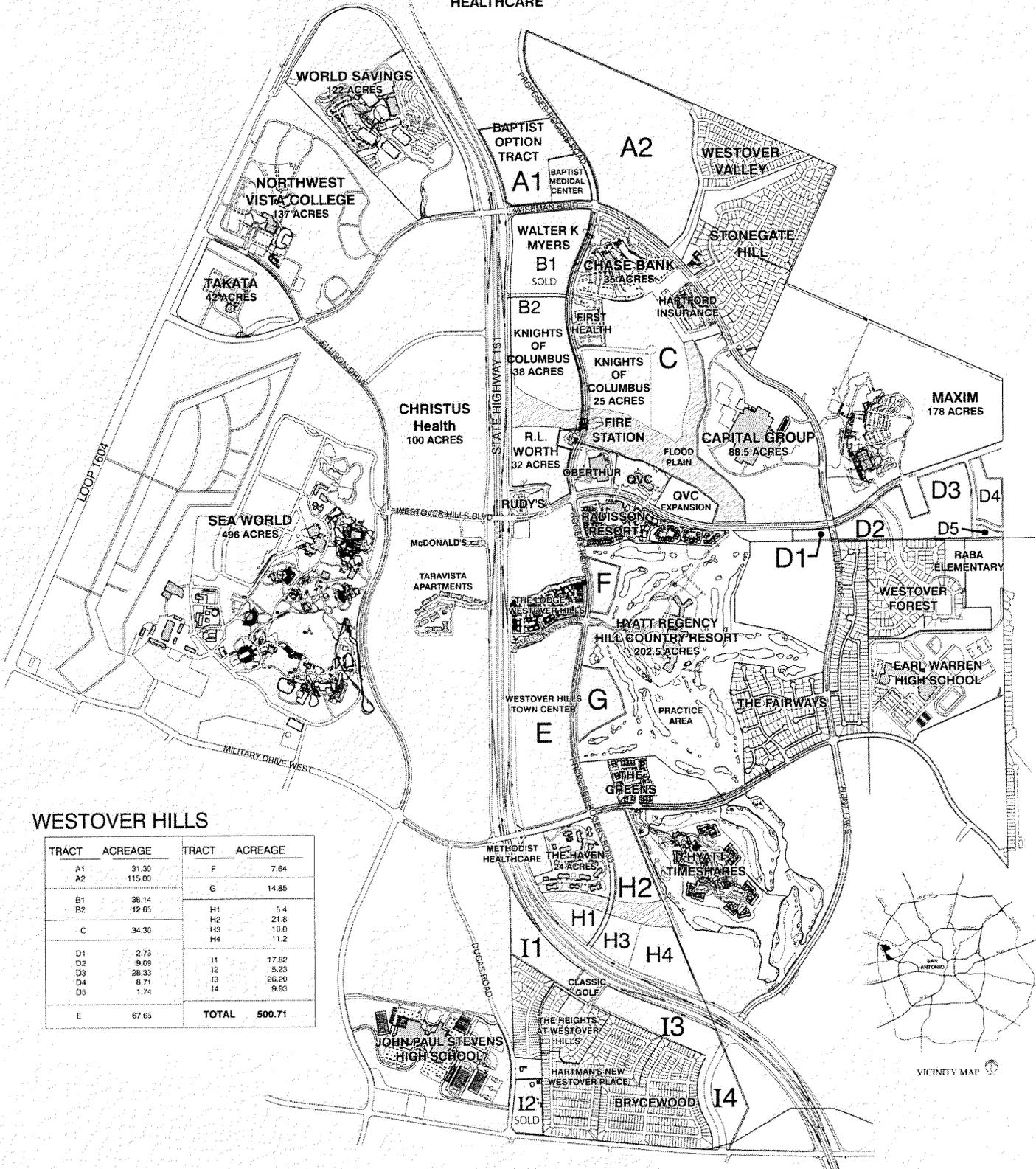
Vote Type: Multiple selection

Description: An Ordinance designating the Lowe's Reinvestment Zone consisting of a 10.00 acre tract east of State Highway 151 and bounded by Chase Bank to the north, First Health to the east, Hartford Insurance to the west, and the proposed Rogers Run Road cul-de-sac to the south in the Westover Hills Master Plan and map.

Voter	Group	Status	Yes	No	Abstain
ROGER O. FLORES	DISTRICT 1		x		
SHEILA D. MCNEIL	DISTRICT 2		x		
ROLAND GUTIERREZ	DISTRICT 3		x		
RICHARD PEREZ	DISTRICT 4		x		
PATTI RADLE	DISTRICT 5		x		
DELICIA HERRERA	DISTRICT 6		x		
ELENA K. GUAJARDO	DISTRICT 7			x	
ART A. HALL	DISTRICT 8		x		
KEVIN A. WOLFF	DISTRICT 9		x		
CHIP HAASS	DISTRICT_10		x		
MAYOR PHIL HARDBERGER	MAYOR		x		

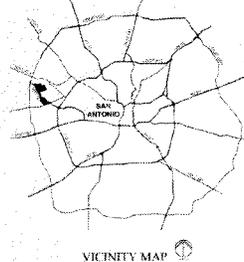
ATTACHMENT 1

METHODIST
HEALTHCARE



WESTOVER HILLS

TRACT	ACREAGE	TRACT	ACREAGE
A1	31.30	F	7.64
A2	115.00	G	14.85
B1	38.14	H1	5.4
B2	12.85	H2	21.8
C	34.30	H3	10.0
		H4	11.2
		I1	17.82
		I2	5.25
D1	2.73	I3	26.20
D2	9.09	I4	9.93
D3	26.33		
D4	8.71		
D5	1.74		
E	67.65	TOTAL	500.71



MASTER PLAN OF
WESTOVER HILLS
SAN ANTONIO, TEXAS



SITE PLAN



DATE: 11/11/03
SCALE: AS SHOWN
DRAWN BY: [Name]
CHECKED BY: [Name]
APPROVED BY: [Name]



FIELD NOTES

FOR

A 10.00 acre, or 435,604 square feet tract of land being out of the remainder of a 403.896 acre tract recorded in Volume 5191, Page 963-1007 of the Official Public Records of Real Property of Bexar County, Texas, in New City Block (N.C.B.) 17642 of the City of San Antonio out of the B.B.B. & C.R.R. Survey No. 389, Abstract 96, County Block 4417 of Bexar County, Texas. Said 10.00 acre tract being more fully described as follows with bearings based on in the Westover Hills Subdivision, Unit 20 recorded in Volume 9556, Pages 185-187 of the Deed and Plat Records of Bexar County, Texas:

COMMENCING At a found $\frac{1}{2}$ " iron rod with yellow cap marked "Pape-Dawson", a south corner of Lot 1, Block 1 of the Chase Manhattan Bank subdivision recorded in Volume 9552, Pages 138-139 of the Deed and Plat Records of Bexar County, Texas, the northwest corner of an 8.942 acre tract recorded in Volume 11717, Pages 647-656 of the Official Public Records of Real Property of Bexar County, Texas, on the east right-of-way of Rogers Road, a variable-width right-of-way recorded in Volume 9556, Pages 185-187 of the Deed and Plat Records of Bexar County, Texas;

THENCE: Departing the east right of way line of said Rogers Road, along and with the south line of said Lot 1, Block 1, the north line of said 8.942 acre tract, the following calls and distances:

Northeasterly, along the arc of a curve to the left, said curve having a radial bearing of N $74^{\circ}41'50''$ W, a radius of 40.00 feet, a central angle of $89^{\circ}44'12''$, a chord bearing and distance of S $60^{\circ}10'16''$ E, 56.44 feet, for an arc length of 62.65 feet to a found $\frac{1}{2}$ " iron rod with yellow cap marked "Pape-Dawson," a point of reverse curvature;

Southeasterly, along the arc of a curve to the right, said curve having a radius of 2100.00 feet, a central angle of $03^{\circ}22'21''$, a chord bearing and distance of N $76^{\circ}38'49''$ E, 123.60 feet, for an arc length of 123.61 feet to a found $\frac{1}{2}$ " iron rod with yellow cap marked "Pape-Dawson," a point of tangency;

N $78^{\circ}20'00''$ E, a distance of 308.50 feet to a found $\frac{1}{2}$ " iron rod with yellow cap marked "Pape-Dawson", a northwest corner of the remainder of said 403.596 acre tract, a point on the south line of said Lot 1, Block 1 and the northeast corner of said 8.942 acre tract and the POINT OF BEGINNING of the herein described tract;

PAPE-DAWSON ENGINEERS, INC.

555 East Ramsey

San Antonio, Texas 78216

Phone: 210.375.9000

Fax: 210.375.9010

info@pape-dawson.com

THENCE: Along and with the south line of said Lot 1, Block 1 and a north line of the remainder of said 403.596 acre tract, the following calls and distances:

N 78°20'00"E, a distance of 168.34 feet to a set ½" iron rod with yellow cap marked "Pape-Dawson";

Along the arc of a curve to the left, said curve having a radius of 800.00 feet, a central angle of 44°11'11", a chord bearing and distance of N 56°14'24" E, 601.78 feet, a distance of 616.96 feet to a set ½" iron rod with yellow cap marked "Pape-Dawson";

THENCE: Departing said Lot 1, Block 1, over and across the remainder of said 403.596 acre tract, the following calls and distances:

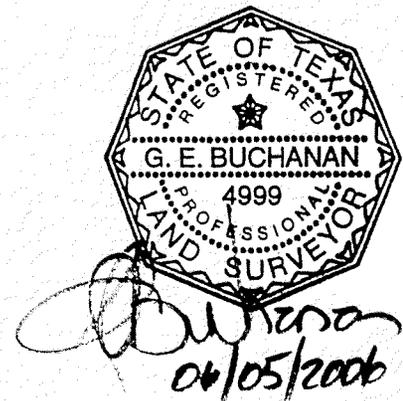
S 62°32'48"E, a distance of 32.00 feet to a set ½" iron rod with yellow cap marked "Pape-Dawson";

S 03°12'54"E, a distance of 894.26 feet to a set ½" iron rod with yellow cap marked "Pape-Dawson" on the north line of the proposed Westover Hills Subdivision Unit 27, plat number 060360;

THENCE: S 71°20'00"W, along and with the north line of said Westover Hills Subdivision Unit 27, an interior line of the remainder of said 403.596 acre tract, a distance of 400.00 feet to a found ½" iron rod with yellow cap marked "Pape-Dawson", a west point of the remainder of said 40.596 acre tract, the southeast corner of said 8.942 acre tract;

THENCE: N 28°40'00"W, along and with a west line of the remainder of said 403.596 acre tract, the east line of said 8.942 acre tract, a distance of 760.38 feet to the POINT OF BEGINNING and containing 10.00 acres in the City of San Antonio, Bexar County, Texas. Said tract being described in accordance with a survey made on the ground and a survey map prepared by Pape-Dawson Engineers, Inc.

PREPARED BY: Pape-Dawson Engineers, Inc.
DATE: June 5, 2006
JOB NO.: 9153-06
DOC. ID: N:\Survey06\6-9200\9153-06\WORD\FN915306.doc



Agenda Item #6

CITY OF SAN ANTONIO
ECONOMIC DEVELOPMENT DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM

TO: Sheryl Sculley, City Manager
FROM: Ramiro A. Cavazos, Director
SUBJECT: Tax Phase-In Agreement with Lowe's Home Centers, Inc.
DATE: June 29, 2006

SUMMARY AND RECOMMENDATIONS

This item provides for: (1) a public hearing and consideration of an ordinance designating the *Lowe's Reinvestment Zone* consisting of 10 acres, out of a 403.896 acre tract known as Section C of the Westover Hills Development Master Plan bordered on the South by the proposed Rogers Run Road; (2) consideration of an ordinance approving and authorizing execution of a Tax Phase-In Agreement with Lowe's Companies, Inc. to exempt 100% of ad valorem taxes for 10 years on personal and real property improvements of approximately \$126 million out of a total investment of \$200 million over 20 years; and (3) approving a one-time, economic development grant of up to \$300,000 for redundant water utility infrastructure and other related project costs.

Staff recommends approval of this ordinance.

BACKGROUND INFORMATION

Lowe's Companies, Inc., founded in 1946, is a publicly traded Fortune 500 company with over 180,000 employees nationwide and more than 1,250 superstores in 49 states. With sales revenue of over \$43 billion and a one-year net growth of 27.3%, Lowe's is ranked as the #2 US home improvement chain in the U.S. The company's stores sell about 40,000 products for home improvement projects, gardening projects, home fashion items, lumber, millwork, plumbing and electrical supplies, and tools, as well as appliances and furniture.

In order to centralize data transactions and storage for their increasing business volume, Lowe's has been searching for a potential site to locate a new data center. Lowe's considered sites in Fort Worth and San Antonio. Lowe's plans to construct a new 100,000 square foot data center facility on 10 acres in the Westover Hills area (District 6). The total capital investment of the project will be \$200 million over 20 years. This facility will also be a higher than average user of electricity with an approximate demand of 2.5 megawatts annually.

Data centers are not labor intensive operations, but do require a significant investment which translates into a significant increase in the tax base benefiting all taxing jurisdictions. The Lowe's data center is expected to create 22 high-tech jobs with an average wage of \$51,700 and generate at least \$1,100,000 in annual payroll. Additionally, the data center operations will result in several full-time contractor support jobs for local information technology professionals. This project will also promote continued growth in the City's Information Technology industry.

Lowe's is requesting a 10-year, 100% tax phase-in on real and personal property. Furthermore, they are requesting an economic development grant not to exceed \$300,000 for redundant water utility infrastructure and other related project costs.

POLICY ANALYSIS

To qualify for a tax abatement on personal property, a company must invest at least \$10 million in personal property improvements or \$1 million in real property and create at least 25 jobs. All new employees must receive a wage of at least \$9.06 per hour. Lowe's will be creating 22 high-tech jobs. All of these jobs will pay well above the wage requirements in the Tax Phase-In Guidelines which require all new employees to receive at least \$9.06 per hour, and after one year, at least 70% of the new employees must receive at least \$11.00 per hour. The average annual wage for the 22 jobs is \$51,700. The project will also result in several Information Technology contractor support jobs. Therefore, the company is seeking approval for an exception to the job creation criteria.

The planned location will also require an exception to the Tax Phase-In Guidelines. The location of the data center is in a 6-year term targeted area, and the company is requesting a 10-year term on the tax abatement. The project supports the City's *Strategic Plan for Enhanced Economic Development* by encouraging the attraction of new Information Technology businesses to the community. More importantly, the location of this national data center will be the first of its kind in San Antonio. It will also be a significant addition to our growing Information Technology industry and strengthen the City's market position as a viable location for future high growth technology companies.

Lowe's offers an attractive benefits package, which includes medical, dental, flexible benefits, life and long-term disability insurance for employees and dependents. In addition to the standard benefits, Lowe's offers a stock purchase plan, option incentives and a 401K plan.

FISCAL IMPACT

The following table details the estimated fiscal impact to the City resulting from the project. The total value of the 10-year abatement is estimated to be \$4,459,361. The City will receive new sales taxes and CPS Energy revenues estimated at \$2,291,818 over the 10-year tax phase-in term. Overall, new revenues to the City over this 20-year period will be approximately \$9,706,738, with the overall net benefits accruing to the City estimated to be \$4,947,377.

Years	New Property Taxes + Sales Taxes + CPS Revenues (Present Value)	Property Taxes Abated + Economic Development Grant (Present Value)	Net Benefits (Present Value)
1-10	\$ 2,291,818	\$ 4,759,361	\$ (2,467,543)
11-20	\$ 7,414,920	0	\$ 7,414,920
Total	\$ 9,706,738	\$ 4,759,361	\$ 4,947,377

The Tax Phase-In Agreement will allow the City to recapture up to 100% of abated taxes from Lowe's during the 10-year term, and on a declining basis for another 6 years in the event that Lowe's relocates its business activities outside the City or ceases conducting business activities or does not meet the wage or investment requirements.

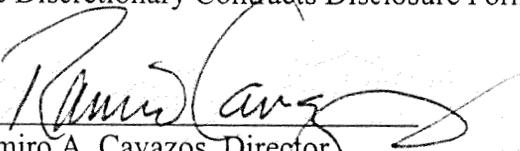
In addition, the City will provide a one-time economic development grant as authorized under Chapter 380 of the Local Government Code of up to \$300,000 for water utility infrastructure and other related project costs. This grant will be covered by approximately \$462,804 of sales taxes generated from the data center construction activities.

COORDINATION

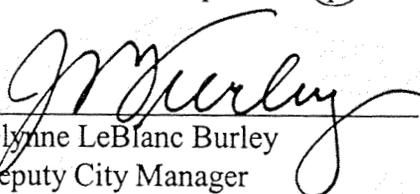
The Economic Development Department (EDD) staff has met with the City Attorney's Office to finalize the agreement. EDD has coordinated with relevant City departments and determined that the project has no appreciable impact on the delivery of City services. These departments include Public Works, Development Services, Planning, Finance, Police and Fire. EDD has also coordinated this project with Bexar County, CPS Energy, SAWS, Bexar Appraisal District and the Economic Development Foundation. This incentive request was also presented to the Economic Development and International Affairs Committee on June 20.

SUPPLEMENTARY COMMENTS

The Discretionary Contracts Disclosure Forms are attached.

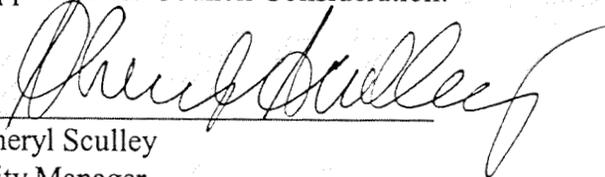


Ramiro A. Cavazos, Director
Economic Development Department



Jelynn LeBlanc Burley
Deputy City Manager

Approved for Council Consideration:



Sheryl Sculley
City Manager

Attachments



DO NOT TYPE IN THIS SPACE		CITY OF SAN ANTONIO Request For Ordinance/Resolution		
Approval			Consent <input type="checkbox"/> Individual <input type="checkbox"/>	
Finance	Budget		Item No. 6 A, B, & C	
Legal <i>my</i>	Coordinator		Ord. No. 4	

Date: June 14, 2006	Department: Economic Development	Contact Person/Phone #: Ramiro A. Cavazos 207-8040
Date Council Consideration Requested: June 29, 2006	Deadline for Action: June 29, 2006	Dept. Head Signature <i>Ramiro Cavazos</i>

SUMMARY OF ORDINANCE

This item provides for: (1) a public hearing and consideration of an ordinance designating the *Lowe's Reinvestment Zone* consisting of 10.00 acres, out of a 403.896 acre tract known as Section C of the Westover Hills Development Master Plan bordered on the South by the proposed Rogers Run Road; (2) consideration of an ordinance approving and authorizing execution of a Tax Phase-In Agreement with Lowe's Companies, Inc. to exempt 100% of ad valorem taxes for 10 years on personal and real property improvements of \$126 million out of a total investment of \$200 million over 20 years; and (3) approving a one-time, Chapter 380 economic development grant of up to \$300,000 for water utility infrastructure and other related project costs.

Staff recommends approval of this ordinance.

Council Memorandum Must be Attached To Original

Other Depts., Boards, Committees Involved (please specify):
City Attorney's Office, Public Works, Development Services, Planning, Finance, Police and Fire. EDD has also coordinated this project with Bexar County, CPS Energy, SAWS, Bexar Appraisal District, and Economic Development Foundation.

Contract signed by other party
Yes No

FISCAL DATA (If Applicable)

SAP GL Account	Amt. Expended	Funds/Staffing Budgeted	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Cost Center/Order No.		Positions Currently Authorized	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Comments:		Impact on future O & M		
		If positions added, specify Class and Job No.		
		Please submit 3 copies with your original		

City Council Item #6

**LOWE'S HOME CENTERS, INC.
DATA CENTER PROJECT**

ECONOMIC DEVELOPMENT DEPARTMENT

June 29, 2006

1

PURPOSE

- This ordinance includes:
 - A public hearing to designate the Lowe's Reinvestment Zone;
 - A Tax Phase-In Agreement with Lowe's Home Centers, Inc. for a Data Center; and
 - A one-time, economic development grant of up to \$300,000 for redundant water utility infrastructure and other related project costs.

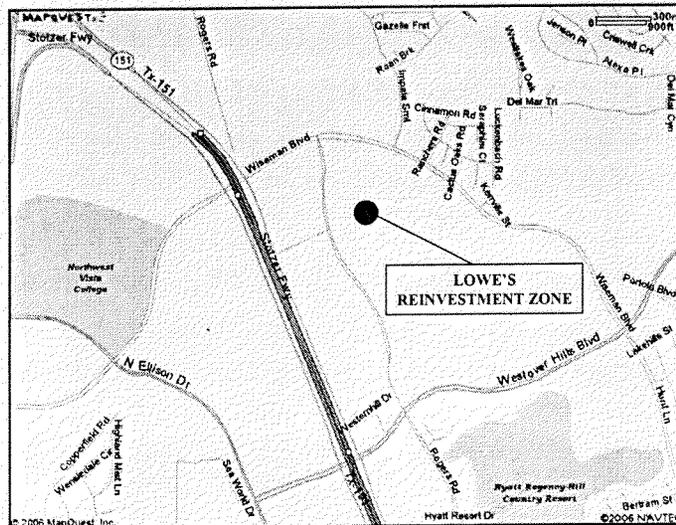
2

REINVESTMENT ZONE PUBLIC HEARING

- Chapter 312 of the Texas Tax Code requires the City to conduct a public hearing to designate a “Reinvestment Zone” before entering into a tax phase-in agreement.
- City Council must find that proposed improvements in the Reinvestment Zone are feasible and will result in job creation or job retention.
- City Council is considering the designation of a 10-acre tract of land in Westover Hills as the “Lowe’s Reinvestment Zone.”

3

PROPOSED “LOWE’S REINVESTMENT ZONE”



4

BACKGROUND

- Founded in 1946, Lowe's Home Centers, Inc. is a publicly traded Fortune 500 company with over 180,000 employees nationwide and more than 1,250 superstores in 49 states.
- Lowe's operates 6 retail stores in San Antonio providing over 800 jobs.
- Lowe's has annual sales revenue of over \$43 billion and a one-year net growth of 27.3%.
- The company's retail stores sell about 40,000 products for home improvement, gardening, home fashion, lumber, millwork, plumbing and electrical supplies, tools, appliances and furniture.

5

DATA CENTER PROJECT

- In order to centralize data transactions and storage to accommodate increased business volume, Lowe's has been considering Fort Worth and San Antonio as potential sites to construct a new data center.
- Lowe's is now proposing to construct a new 70,000 sq. ft. data center on 10 acres in Westover Hills (District 6).
- Lowe's intends to invest about \$200 million in real and personal property over 20 years.
- Lowe's will use approximately 2.5 megawatts of electrical energy annually from CPS Energy.

6

DATA CENTER PROJECT (CONT.)

- Lowe's will create 22 Informational Technology (IT) jobs at its new Data Center.
- The Lowe's Data Center jobs will pay an average wage of \$51,700 and generate at least \$1,100,000 in annual payroll.
- The project will also result in at least 25 new, full-time local operational support jobs for IT professionals at similar wages.

7

CITY SUPPORT REQUESTED BY LOWE'S

- To locate this project in San Antonio, Lowe's requested a tax abatement, as well as a one-time grant to assist with certain development costs.
- Staff is recommending City Council approve:
 - A 10-year, 100% tax phase-in on real and personal property for the first 10 years of the project; and
 - An economic development grant not to exceed \$300,000 for a redundant SAWS water line to the facility and other development costs.

8

POLICY ANALYSIS

- The project supports the City's *Strategic Plan for Enhanced Economic Development* by creating and promoting continued growth in the targeted industry of Information Technology.
- Lowe's offers an attractive benefits package, including medical, dental, flexible benefits, life and long-term disability insurance for employees and dependents. In addition to the standard benefits, Lowe's offers a stock purchase plan, option incentives and a 401K plan.

9

POLICY ANALYSIS (CONT.)

- The project exceeds the wage standards in the Tax Phase-In Guidelines.
- Approval of this Agreement also provides for the following two exceptions to the Tax Phase-In Guidelines:
 - The data center will be located in a 6-year term area and the Agreement provides for a 10-year term; and
 - The Guidelines require a minimum of 500 jobs for a 100% tax abatement on all real and personal property.
- Staff supports the project, because of the significant and positive net fiscal benefit to the City due to the substantial capital investment and projected high energy usage as a CPS Energy customer.

10

**CITY FISCAL IMPACT
Lowe's Data Center**

Year	Property Taxes, Sales Taxes and CPS Energy Revenues from the Lowe's Project (Present Value)	Taxes Abated on Real and Personal Property, Inventory and Supplies (Present Value)	Net Fiscal Benefit (Present Value)
1-10	\$2,291,818	\$4,759,361	\$(2,467,543)
11-20	\$7,414,920	0	\$7,414,920
Total	\$9,706,738	\$4,759,361	\$4,947,377

The City net fiscal benefit is \$4.9 million over 20 years.

11

**STATE AND COMMUNITY
20-YEAR FINANCIAL IMPACT**

<u>Entity</u>	<u>20-Year Net Revenue</u>
City	\$ 4,947,377
Bexar County (10-yr, 80%)	1,858,788
State	1,840,397
VIA	221,124
University Health System	4,420,797
ACCD	1,896,163
Northside ISD	32,176,759

Note: All estimates are at Present Value

12

RECAPTURE PROVISIONS

- The Lowe's Tax Phase-In Agreement will allow the City to recapture up to 100% of abated taxes during the 10-year term, and for 6 years following, if Lowe's decides to cease or relocate their business operations.
- The City may also terminate the Agreement, if Lowe's fails to meet and maintain the job levels and minimum wage standards in the Tax Phase-In Agreement.

13

COORDINATION

- This item was presented to the Economic Development and International Affairs Committee on June 20, 2006, and the Committee recommended approval.
- The Bexar County Commissioners Court approved a tax abatement for Lowe's on June 27, 2006.
- This item has been coordinated with the:
 - City Attorney's Office
 - Planning
 - Public Works
 - Police and Fire
 - Development Services
 - Finance
 - Office of Management and Budget
 - SAWS and CPS Energy

14

RECOMMENDATION

- Staff recommends approval of this item.