RR
06/16/05
Item #30A

AN ORDINANCE 101023

AUTHORIZING THE INTERIM CITY MANAGER TO ENTER INTO FIFTEEN (15) TAX PHASE-IN AGREEMENTS WITH COMPANIES LOCATING TO THE TOYOTA SUPPLIER PARK; SAID AGREEMENTS TO BE FOR A TERM OF 10 YEARS AND ABATING 100% OF AD VALOREM TAXES ON ALL REAL AND PERSONAL PROPERTY IMPROVEMENTS, INVENTORY AND SUPPLIES FOR COMPANIES PAYING NO LESS THAN $11.03 TO EMPLOYEES AND ABATING 80% OF AD VALOREM TAXES ON ALL REAL AND PERSONAL PROPERTY IMPROVEMENTS, INVENTORY AND SUPPLIES FOR COMPANIES PAYING NO LESS THAN $9.06 TO EMPLOYEES.

* * * * *

**WHEREAS,** Toyota Motor Manufacturing North America ("Toyota") selected the City of San Antonio as the site for its newest automotive manufacturing plant, has begun construction on the facility in south Bexar County, intends to invest approximately $800 million in the property, and will create 2,000 jobs for the City and surrounding area; and

**WHEREAS,** in addition to the manufacturing plant, a tier-one Supplier Park consisting of Toyota suppliers located on the Toyota property to support manufacturing and assure quality, while reducing costs associated with logistic services was proposed; and

**WHEREAS,** it is estimated that the addition of a Supplier Park would attract approximately $306,000,000.00 in additional total capital investment in the property and create an additional 2,079 jobs in the City and surrounding area; and

**WHEREAS,** although the Toyota property has not been fully annexed by the City, state law allows municipalities to enter into tax abatement agreements for areas within its extraterritorial jurisdiction, provided that the property is designated as a Reinvestment Zone; and

**WHEREAS,** the Toyota property is within the City's Federal Empowerment Zone, thereby, automatically qualifying it as a Reinvestment Zone; and

**WHEREAS,** the City intends to propose full purpose annexation of the Toyota property effective January of 2006; and

**WHEREAS,** the tier-one Supplier Park project would qualify under the Tax Phase-In Guidelines (the "Guidelines) as a Level 3 "exceptional investment" project, since the project collectively exceeds $50,000,000.00 in total property investment and will create at least 500 permanent, full-time jobs; and

**WHEREAS,** the property is located south of Highway 90, thereby, qualifying it for a ten (10) year abatement under the Guidelines; and

**WHEREAS,** fifteen tier-one suppliers have indicated that they would locate at the Toyota Supplier Park; and

**WHEREAS,** of these fifteen (15) tier-one suppliers, three (3) suppliers intend to pay employees not less than $11.03 and it is recommended that they receive a one-hundred percent (100%), ten (10) year abatement of ad valorem taxes on real and personal property improvements, inventory and supplies; and

**WHEREAS,** the remaining twelve (12) tier-one suppliers intend to pay employees not less than $9.06 and it is recommended that they receive an eighty-percent (80%), ten (10) year abatement of ad valorem taxes on real and personal property improvements, inventory and supplies; and

**WHEREAS,** the City Council finds that the proposed project supports the City's Strategic Plan for Enhanced Economic Development by encouraging the attraction of new business to the targeted southern sector and promotes the growth of a targeted industry; and

**WHEREAS,** the City Council also finds that authorizing and approving the proposed tax phase-in agreements is a reasonable incentive to induce tier-one Toyota suppliers to locate in the area; and

**WHEREAS,** the City Council also finds that it is in the best interest of the City to approve these tax phase-in agreements to induce the 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 approves the terms and conditions of fifteen (15) tax phase-in agreements with fifteen (15) companies locating to the Toyota Supplier Park, which agreements shall grant either: (1) a one-hundred percent (100%), ten- year abatement of ad valorem taxes on real and personal property improvements, inventory and supplies by companies paying one-hundred percent (100%) of its employees not less than $11.03; or (2) an eighty-percent (80%), ten-year abatement of ad valorem taxes on real and personal property improvements, inventory and supplies by companies paying one-hundred percent (100%) of its employees not less than $9.06. The names of each company being granted a tax-phase in by this ordinance are attached hereto as Exhibit A.

**SECTION 2.** The Interim City Manager or a designated representative is authorized, for a period of 60 days, to execute 15 tax phase-in agreements as approved in Section 1. The final agreements shall be filed with this ordinance upon execution. Such agreements

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shall be substantially in the forms of Exhibit B and C attached hereto and made a part of this ordinance.

**SECTION 3.** This ordinance shall be effective on and after the tenth day after passage hereof.

PASSED AND APPROVED this 16th day of JUNE 2005.

M A Y O R

EDWARD D. GARZA

ATTEST:

City Clerk

APPROVED AS TO FORM: _____

for Acting City Attorney

# Agenda Voting Results

**Name:** 30A.

**Date:** 06/16/05

**Time:** 02:50:07 PM

**Vote Type:** Multiple selection

**Description:** An Ordinance authorizing the Interim City Manager to execute separate Tax Phase-In Agreements with fifteen (15) Toyota supplier companies locating at the Toyota on-site "Supplier Park Project" to abate ad valorem taxes for ten (10) years on all real and personal property improvements, inventory and supplies for each company.

| 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 | | |
| ENRIQUE M. BARRERA | DISTRICT 6 | Not present | | | |
| JULIAN CASTRO | DISTRICT 7 | | x | | |
| ART A. HALL | DISTRICT 8 | Not present | | | |
| KEVIN WOLFF | DISTRICT 9 | | x | | |
| CHIP HAASS | DISTRICT_10 | | x | | |
| MAYOR ED GARZA | MAYOR | | x | | |

06/16/05
Item #30B

AN ORDINANCE 101024

AUTHORIZING THE EXPENDITURE OF UP TO $1,000,000.00 FROM THE ECONOMIC DEVELOPMENT INCENTIVE FUND TO SUPPORT WORKFORCE TRAINING FOR FIFTEEN (15) TOYOTA SUPPLIER COMPANIES WHO ARE LOCATING BUSINESS OPERATIONS AT THE TOYOTA SUPPLIER PARK; AUTHORIZING THE INTERIM CITY MANAGER TO EXECUTE SEPARATE WORKFORCE TRAINING GRANT AGREEMENTS WITH FIFTEEN (15) TOYOTA SUPPLIER COMPANIES.

* * * * *

**WHEREAS,** Toyota Motor Manufacturing North America ("Toyota") selected the City of San Antonio as the site for its newest automotive manufacturing plant, has begun construction on the facility in south Bexar County, intends to invest approximately $800 million in the property, and will create 2,000 jobs for the City and surrounding area; and

**WHEREAS,** in addition to the manufacturing plant, a tier-one Supplier Park consisting of Toyota suppliers located on the Toyota property to support manufacturing and assure quality, while reducing costs associated with logistic services was proposed; and

**WHEREAS,** it is estimated that the addition of a Supplier Park would attract approximately $306,000,000.00 in additional capital investment in the property and create an additional 2,079 jobs in the City and surrounding area; and

**WHEREAS,** although the Toyota property has not been fully annexed by the City, state law allows municipalities to enter into tax abatement agreements and provide other economic incentives for areas within its extraterritorial jurisdiction, provided that the property is designated as a Reinvestment Zone; and

**WHEREAS,** the Toyota property is within the City's Federal Empowerment Zone, thereby, automatically qualifying it as a Reinvestment Zone; and

**WHEREAS,** the City intends to propose full purpose annexation of the Toyota property effective January of 2006; and

**WHEREAS,** as an incentive to establish the Supplier Park in San Antonio, the City offered economic incentives to tier-one suppliers who locate on the Toyota Supplier Park property, including training grants to support workforce training; and

**WHEREAS,** fifteen (15) tier-one suppliers have indicated that they would locate on the Toyota Supplier Park property; and

**WHEREAS,** granting funds to Toyota tier-one suppliers to support workforce training promotes economic development in compliance with the City's Economic Development Program established pursuant to the provisions of Chapter 380 of the Texas Local Government Code; and

**WHEREAS,** the City Council finds that the proposed project also supports the City's *Strategic Plan for Enhanced Economic Development* by encouraging the attraction of new business to the targeted southern sector and promotes the growth of a targeted industry; and

**WHEREAS**, the City Council also finds that it is in the best interest of the City to approve these training grant agreements to induce the 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 approves the terms and conditions of fifteen (15) Economic Development Incentive Fund grant agreements with Tier-One Suppliers of Toyota Motor Manufacturing, Texas, Inc. who locate on the Toyota Supplier Park property to provide customized workforce training grants to each of the named companies in an amount collectively totaling up to $1,000,000.00 from the Economic Development Incentive Fund as described in the copy of the Agreement attached hereto and incorporated herein as Attachment I.

**SECTION 2.** The Interim City Manager or a designated representative is authorized, for a period of sixty (60) days to execute fifteen (15) agreements as approved in Section 1. The final agreements shall be filed with this ordinance upon execution.

**SECTION 3.** Funds in the amount not to exceed $1,000,000.00 are authorized to be appropriated and encumbered in Fund 29059000, entitled "Economic Development Initiatives", Cost Center 1604010001, and General Ledger 5201040, entitled "Fees to Professional Contractors" and made payable to the Toyota supplier companies listed in Attachment II upon certification of employment.

**SECTION 4.** The financial allocations in this Ordinance are subject to approval by the Director of Finance, City of San Antonio. The Director of Finance may, subject to concurrence by the City Manager, the Interim City Manager, or the City Manager's designee, correct allocation to specific SAP Fund Numbers, SAP Project Definitions, SAP WBS Elements, SAP Internal Orders, SAP Fund Centers, SAP Cost Centers, SAP Functional Areas, SAP Funds Reservation Document Numbers, and SAP GL Accounts as necessary to carry out the purpose of this Ordinance.

**SECTION 5.** This ordinance shall be effective on and after the tenth (10th) day after passage hereof.

PASSED AND APPROVED this 16th day of June 2005.

M A Y O R
EDWARD D. GARZA

ATTEST: Leticia M. Vacek
City Clerk

APPROVED AS TO FORM: for Acting City Attorney

# Agenda Voting Results

**Name:** Item 30B

**Date:** 06/16/05

**Time:** 02:53:29 PM

**Vote Type:** Multiple selection

**Description:**

| 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 | | |
| ENRIQUE M. BARRERA | DISTRICT 6 | Not present | | | |
| JULIAN CASTRO | DISTRICT 7 | | x | | |
| ART A. HALL | DISTRICT 8 | Not present | | | |
| KEVIN WOLFF | DISTRICT 9 | | x | | |
| CHIP HAASS | DISTRICT_10 | | x | | |
| MAYOR ED GARZA | MAYOR | | x | | |