Office of the City Manager

City of Richland Hills, Texas

Memorandum

To: Honorable Mayor Bill Agan and members of the Richland Hills City Council

From: Curtis E. Hawk, City Manager

Date: December 19, 2013

Subject: Chapter 380 Economic Development Incentive Agreement with Wal-Mart

---

City Council Action Requested:

Approval of a Chapter 380 Economic Development Incentive Agreement with Wal-Mart.

Background Information:

Wal-Mart has been negotiating with ABS TX Lease Owner, LP and Barclay/Texas Holdings III, LP, the owners of the 6.775-acre property platted as the Barclay Addition in Richland Hills to purchase the property with the intent to develop the property with a 41,179 square foot Walmart Neighborhood Market as the anchor.

As noted in the Statement of Operation submitted with Wal-Mart's development application, the Walmart Neighborhood Market concept is primarily a grocery store which will provide approximately 28,000 items for sale including fresh produce, service deli, beer and wine sales, a limited amount of seasonal and general merchandise, Site to Store pick-up, and both an in-store and exterior drive-thru pharmacy. The store will operate 24-hours per day. It is anticipated that the store will employ some 80-100 people, thus creating numerous new employment opportunities within the community.

Wal-Mart has estimated that construction of the Walmart Neighborhood Market will require a minimum capital investment of Eight Million Dollars ($8,000,000.00) not including costs of acquisition of the property, and will annually generate a minimum of One Hundred Thousand Dollars ($100,000) in Sales and Use Tax revenue to the City of Richland Hills. The City Council recognizes that the Wal-Mart Neighborhood Market will

encourage increased economic development in the City, will increase employment and reduce unemployment and underemployment, will provide significant increases in the City's sales tax revenues and ad valorem tax revenues, and will improve the City's ability to provide for the health, safety, and welfare of the citizens of the City of Richland Hills. To facilitate the development of the Walmart Neighborhood Market, the City would like to provide an incentive to Wal-Mart for the acquisition of the property and the construction and operation of the grocery store in the City of Richland Hills.

The City has the authority under Chapter 380 of the Texas Local Government Code to make grants of public funds for the purposes of promoting local economic development and stimulating business and commercial activity within the City of Richland Hills. At City Council's direction, for the last several months city management and the city attorney have been negotiating with representatives of Wal-Mart in the preparation of a Chapter 380 Economic Development Incentive Agreement. ***It is anticipated that the agreement will be ready for the City Council to take action regarding same at the meeting on Thursday, December 19, 2013.***

Board/Citizen Input:

N/A

Financial Impact:

The construction and operation of a Wal-Mart Neighborhood Market will create a significant positive impact on the City's budget and finances.

Staff Contacts:

Curtis E. Hawk, City Manager
817-616-3806
chawk@richlandhills.com

Eric Strong, Assistant City Manager
817-616-3745
estrong@richlandhills.com