

CITY COUNCIL MEETING
November 19th 2015, at 8:30 a.m.

CITY COUNCIL OF THE CITY OF ABILENE, TEXAS
COUNCIL CHAMBERS, CITY HALL

The City Council of the City of Abilene, Texas met in Regular Session on November 19th 2015, at 8:30 a.m. in the Council Chambers, 555 Walnut St. Mayor Archibald was present and presiding with Councilmen Shane Price, Bruce Kreitler, Anthony Williams, Jay Hardaway and Steve Savage. Councilman Kyle McAlister was absent. Also present were City Manager Robert Hanna, Interim City Attorney Stanley Smith, City Secretary Danette Dunlap, and various members of the City staff.

Councilman Hardaway gave the invocation.

Mayor Archibald introduced Jayton Buckner who is a 6th grade student at Wylie Middle School. Jayton led the Pledge of Allegiance to the Flags of the United States of America and the State of Texas.

Mayor Archibald along with City Manager Robert Hanna introduced the new Assistant City Managers James Childers and Mindy Patterson. Also introduced Lesli Andrews Interim Director of Community Services, Mike Rains Director of Finance, Michael Rice Director of Public Works, and Rodney Taylor Director of Water Utilities.

DISPOSITION OF MINUTES

5.0 Mayor Archibald stated Council has been given the minutes from the November 5th Regular Meeting there being no deletions, no additions, and no corrections. Councilman Savage made a motion to approve the minutes as presented. Councilman Hardaway seconded the motion, motion carried.

AYES: Councilmen Price, Kreitler, Williams, Hardaway, Savage and Mayor Archibald
NAYS: None

CONSENT AGENDA

Councilman Savage pulled item 6.1. Councilman Kreitler pulled item 6.2. Councilman Williams made the motion to approve items 6.3 through 6.6 as presented by staff. Councilman Hardaway seconded the motion. Motion carried.

AYES: Councilmen Price, Kreitler, Williams, Hardaway, Savage and Mayor Archibald
NAYS: None

Ordinances:

6.1 **Ordinance:** *(First Reading)* Adopting the Standards of Care; and setting a public hearing for December 3rd 2015. *Item pulled from consent by Councilman Savage.*

6.2 **Ordinance:** *(First Reading)* **Z-2015-27** - On a request from Paul Johnson to rezone property from MF (Multi-Family Residential) & AO (Agricultural Open Space) to GC (General Commercial) zoning, located at 5301 Hwy 277 S. and including approximately 4.06 acres to the east; and setting a public hearing for December 3, 2015 *Item pulled from consent by Councilman Kreitler.*

Resolutions:

6.3 **Oral Resolution:** Purchase Portable Radios. Council approved the purchase of portable radios from Dailey

Wells Communication in the amount of \$72,000.00.

Abilene Police Department Academy Class #53 was budgeted for 20 new portable radios. The radios currently in use by the Department have reached their end of life status with the manufacturer. This purchase is part of a Department-wide replacement plan.

Funding will come entirely from existing FY15-16 budgeted funds.

- 6.4** **Resolution:** Council approved the award of bid to Utility Services Company, Inc. for the Highland and Five Points Business Park Tank Rehabilitation Project in the amount of \$ 1,304,400.00.

The Water Department is requesting that by written resolution the City Council authorize a construction contract with Utility Services Company Inc. of Perry, Georgia (USC) in the amount of \$1,304,400.00 for the Highland and Five Points Business Park Tank Rehabilitation Project (Project). The Project was advertised in the Abilene Reporter News on October 4 and 11, 2015. Bids were opened on October 27, 2015. A total of nine bids were received. The Design Engineer has evaluated the low bid for conformity with the advertisement for bids and checked the references of the apparent low bidder and does recommend awarding the bid to USC.

The Highland Elevated Storage Tank (HEST) is a 1,500,000 gallon water storage tank located near the intersection of South 19th St and Highland Avenue. The HEST was constructed in 1955. The HEST is in generally good condition but in need of minor metal repairs and sandblasting and recoating of both the interior and exterior. Testing of the exterior surface indicates the presence of lead based paint, and therefore lead abatement is included in the bid price for this tank. In 2013 the Texas Commission on Environmental Quality (TCEQ) performed a comprehensive compliance inspection of Abilene's Public Water System and subsequently issued an Alleged Issue of Concern for failure to maintain the Highland EST in strict accordance with AWWA Standards. This project will also address the issues identified by the TCEQ.

The Five Points Business Park Elevated Storage Tank (5PT) is a 200,000 gallon tank located west of Fulwiler Road in the Five Points Business Park area. The 5PT was built in 2003. The 5PT is in generally good condition but is in need of minor metal repairs, sand blasting and recoating of the interior and over-coating of the exterior. A recent inspection revealed that a large section of the interior coating has failed resulting in exposed bare metal that is subject to rapid corrosion.

The Water Department Capital Improvements Program Budget for 2016 included renovation of the Buffalo Gap Elevated Storage Tank and the Grimes Water Treatment Plant Ground Storage Tank. Based on inspections by both Jacob and Martin, Ltd (J&M) and Dunham Engineering, Inc. the Professional Engineers recommend that the City of Abilene should make the HEST and the 5PT the top priority for rehabilitation in 2016. J&M prepared the plans, specifications, and contract documents and provided bidding assistance. J&M will also provide contract administration and general supervision (not Resident Project Representative) of the project. The Engineers estimate for this project is \$1,387,500.

FUNDING/FISCAL IMPACT

The funds for the project will come from the Water Department's "Unrestricted, Designated for capital projects" fund balance. As a separate item the Water Department recommends that the City Council authorize a reimbursement resolution that will allow the above fund to be reimbursed should certificates of obligation be issued in the future for this expenditure.

Resolution: **#68-2015**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS, AWARDED A BID

TO UTILITY SERVICES COMPANY INC. FOR THE HIGHLAND AND FIVE POINTS BUSINESS PARK TANK REHABILITATION PROJECT.

- 6.5** **Resolution:** Council authorized an Amendment to the on demand contract with Jacob and Martin, Ltd. for Engineering Services for Ambler Avenue Water Line Replacements.

There exists a professional services contract with Jacob and Martin, Ltd. for On Demand General Engineering Services for the City of Abilene Water Department. This written resolution authorizes the City Manager to execute an amendment to the on demand contract for Engineering Services for the Ambler Avenue Water Line Replacements (Amendment). The Amendment has a value not to exceed \$130,000.00.

In May 2015, voters overwhelmingly passed Bond Proposition One with 81 percent of the vote. Bond Proposition One is a 45.9 million dollar street improvement package which will help improve 25 aging city streets. A segment of Ambler Avenue beginning at North Treadaway and extending west to Danville Drive is one of the streets targeted for improvement.

The replacement of water utilities is not included in Bond Proposition One. However, City staff is evaluating the condition of water utility piping beneath each street segment of Bond Proposition One. The water utilities under certain street segments will be upgraded in order to reduce the likelihood of future water main breaks that could damage the rehabilitated roadway surfaces.

The Amendment authorizes J&M to provide the professional engineering services necessary for site surveying, preparation of plans and contract documents, and provide bidding assistance, construction oversight, materials testing, and contract administration for the replacement of water utility piping along Ambler Avenue. The Amendment does not provide for Resident Project Representation. The Amendment has a value not to exceed \$130,000.00.

Resolution: **#69-2015**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS, AUTHORIZING AN AMENDMENT TO THE ON DEMAND CONTRACT WITH JACOB AND MARTIN, LTD FOR ENGINEERING SERVICES FOR AMBLER AVENUE WATER LINE REPLACEMENTS

- 6.6** **Resolution:** Council approved the resolution expressing official intent to reimburse costs for Water and Wastewater System Projects.

The City of Abilene Water Department expects to pay, or have paid on its behalf, expenditures in connection with Constructing, acquiring, installing and equipping additions, extensions and improvements to the City's water and wastewater system, including water storage facilities prior to the issuance of tax-exempt obligations or other obligations for which a prior expression of intent to finance or refinance is required by Federal or State law (collectively and individually, the "Obligations") to finance the Projects;

The City finds, considers, and declares that the reimbursement for the payment of such expenditures will be appropriate and consistent with the lawful objectives of the City and, as such, chooses to declare its intention to reimburse itself for such payments at such time as it issues Obligations to finance the Projects.

The Water Department has identified the following three projects in the Water Utilities Department Capital Improvements Program (CIP) that have a combined estimated value of \$4,700,000 impacting the 2016 CIP Budget.

Elmdale Pump Station Relocation / 2nd Pressure Plane Pipeline Improvements: \$2,000,000.

Ambler Avenue Utility Upgrades - Bond Proposition One Street Improvements: \$1,300,000.
Highland and Five Points Business Park Tank Rehabilitation: \$1,400,000.

Resolution #70-2015

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS, EXPRESSING OFFICIAL INTENT TO REIMBURSE COSTS OF WATER AND WASTEWATER SYSTEM PROJECTS

ITEMS PULLED FROM CONSENT

- 6.1** **Ordinance:** *(First Reading)* Adopting the Standards of Care; and setting a public hearing for December 3rd 2015. *Item pulled from consent by Councilman Savage.*

Councilman Savage asked about CPR training of staff. Lesli Andrews Interim Director of Community Services advised that the staff is trained in CPR.

Councilman Savage made the motion to approve the first reading of the Ordinance to adopt the Standards of Care and setting a public hearing for December 3rd, 2015. Councilman Kreitler seconded the motion, motion carried.

AYES: Councilmen Price, Kreitler, Williams, Hardaway, Savage and Mayor Archibald
NAYS: None

AN ORDINANCE OF THE CITY OF ABILENE, TEXAS, ESTABLISHING STANDARDS OF CARE FOR CITY OF ABILENE YOUTH PROGRAMS; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT HERewith; PROVIDING A SAVINGS CLAUSE; AND CALLING A PUBLIC HEARING.

- 6.2** **Ordinance:** *(First Reading)* **Z-2015-27** - On a request from Paul Johnson to rezone property from MF (Multi-Family Residential) & AO (Agricultural Open Space) to GC (General Commercial) zoning, located at 5301 Hwy 277 S. and including approximately 4.06 acres to the east; and setting a public hearing for December 3, 2015 *Item pulled from consent by Councilman Kreitler.*

Councilman Kreitler inquired into the pedestrian bridge off of Clack Street and Elm Creek. This rezone will not impact the pedestrian bridge.

Councilman Savage made the motion to approve the first reading of the Ordinance for Case **#Z-2015-27** On a request from Paul Johnson to rezone property from MF (Multi-Family Residential) & AO (Agricultural Open Space) to GC (General Commercial) zoning, located at 5301 Hwy 277 S. and including approximately 4.06 acres to the east; and setting a public hearing for December 3, 2015. Councilman Hardaway seconded the motion, motion carried.

AYES: Councilmen Price, Kreitler, Williams, Hardaway, Savage and Mayor Archibald
NAYS: None

AN ORDINANCE OF THE CITY OF ABILENE, TEXAS, AMENDING CHAPTER 23, "LAND DEVELOPMENT CODE," OF THE ABILENE MUNICIPAL CODE, BY CHANGING THE ZONING DISTRICT BOUNDARIES AFFECTING CERTAIN PROPERTIES; CALLING A PUBLIC HEARING; PROVIDING A PENALTY AND AN EFFECTIVE DATE.

REGULAR ITEMS

7.1 Tommy O'Brien Executive Director of Water Utilities introduced Scott Hibbs with eHT who briefed the council on water Management Strategies.

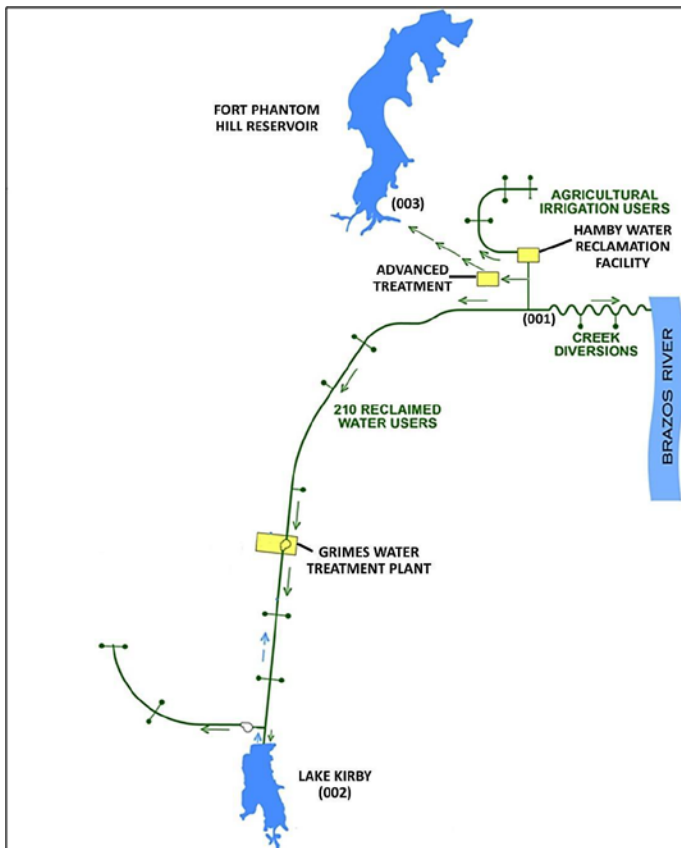
The following items were discussed:

1. Current Water Supplies
 - Reviewed the area reservoir conditions and the 20 year summary of the water reservoirs for Abilene.

2. Short-Term Drought Strategies
 - ❖ Reuse Options
 - Pumping water from Kirby into Cedar Creek
 - ✓ Completed
 - Directing advanced treated wastewater into Fort Phantom Hill Reservoir (7 MGD)
 - ✓ Completed
 - ❖ Improvements to Hargesheimer WTP (6 MGD)
 - ✓ Completed
 - ❖ Improvements to Water Distribution System
 - Under construction (Completion by December, 2015)

 - Possum Kingdom Raw Water Supply

3. Abilene's Reclaimed Water System
 - Hamby Water Reclamation Facility



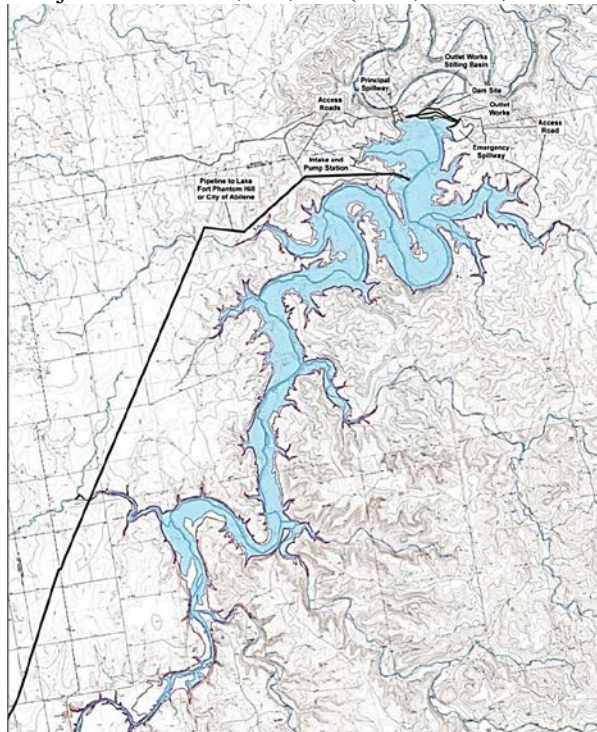
- Outfall 001 – Hamby Water Reclaimed into Freewater Creek Permitted: 18 MGD
- Outfall 002 – Hamby Water Reclaimed into Lake Kirby Permitted: 4 MGD
- Outfall 003 – Hamby Water Reclaimed into Ft Phantom Lake Permitted: 7 MGD

4. Future Water Supplies

➤ *Cedar Ridge Reservoir - Unique Reservoir Designation*

Highly Efficient Conservation Pool

- Surface Area: 6,635 acres (70% located on one property)
- Capacity: 227,127 acre-feet (74 billion gallons – over 3 times Lake Ft. Phantom Hill)
- Average Depth: 34 feet
- Maximum Depth: 130 feet
- Dam Height: 155 feet
- Dam Length: 1 mile
- Project Cost: \$192,870,000 (Dam, Intake, Transmission Pipeline)



➤ *Possum Kingdom Lake*

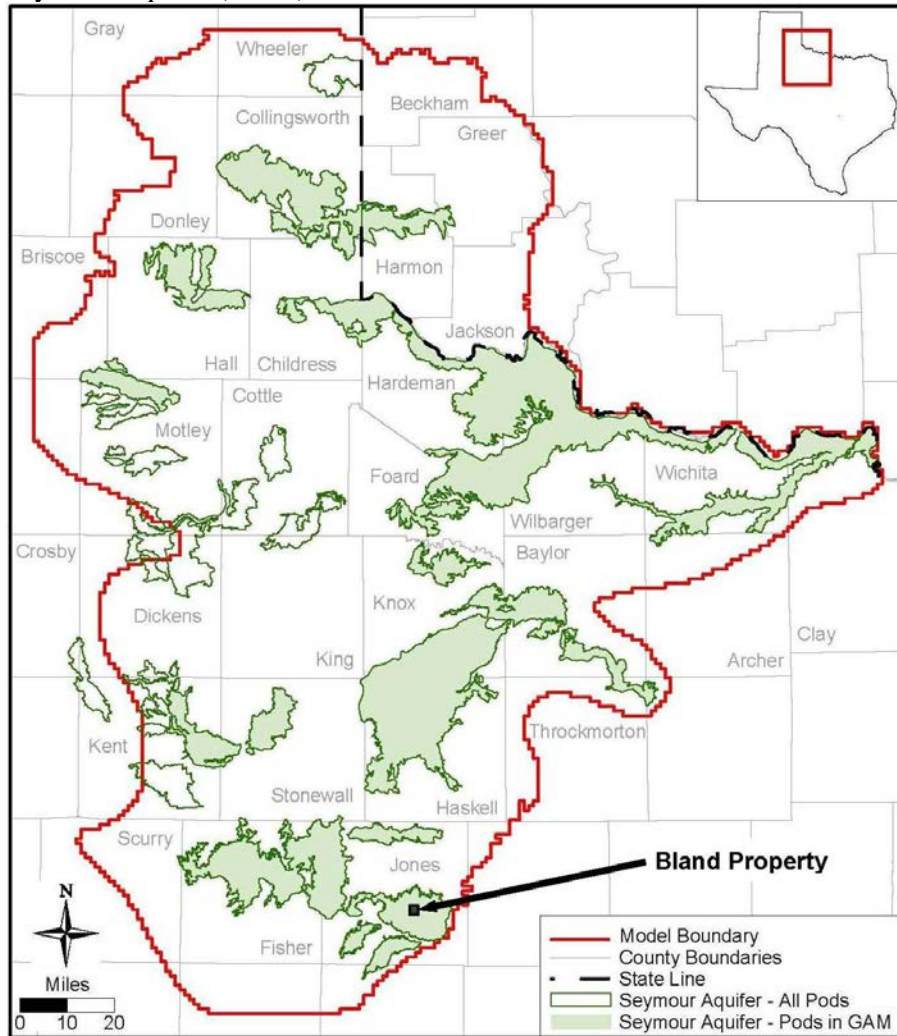
- ❖ 2005 Interlocal Agreement between Abilene, the Brazos River Authority (BRA) and the West Central Texas Municipal Water District (WCTMWD) – Amended in February, 2015
 - ✚ Establishes dates for actions related to Abilene’s proposed Cedar Ridge Reservoir
 - ✚ Option contract for up to 20,000 acre-feet per year of PK water
 - Actual quantity to be established by the BRA based on the final System Operation Permit being pursued by the BRA
 - Decision on option for available quantity by Abilene and/or the WCTMWD within 1-year of written notification from the BRA
 - All or part of the water, once contracted, can be returned to the BRA without penalty or further financial obligation at the sole discretion of the City and/or the WCTMWD

Scott Hibbs with Enprotec Hibbs & Todd briefed the council on the following items:

- West Texas Water Partnership
 - Includes the cities of Abilene, Midland and San Angelo

- Partner to evaluate short-term and long-term water supply needs in West Texas
- Reduce costs of water resource development
- Identify methods of transporting water throughout West Texas
- Ensure future water supplies for our region

➤ Seymour Aquifer (Bland) Well Field



Summary of Recent Engineering Reports

- **Seymour Aquifer Hydrogeologic Investigation Report**
Prepared by HDR Engineering, Inc. for the Texas Water Development Board – January, 2001
 - 1,000 – 2,000 acre-feet/year (0.9 – 1.8 MGD)
 - Water quality exceeds standards for Total Dissolved Solids (TDS) and chloride
- **Fort Phantom Hill Reservoir Water Quality Study**
Prepared by Carter & Burgess, Inc. for the City of Abilene – May, 2005
 - Maximum yield at about 1,000 acre-feet/year (0.9 MGD)
 - Water quality TDS range of 1,340 mg/L to 2,000 mg/L (Regulatory standard is 1,000 mg/L)
- **Preliminary Assessment of a Potential Long-Term Groundwater Supply from Bland Property in Jones County**
Prepared by HDR Engineering, Inc. for the City of Abilene – January, 2011
 - Long-term sustainable pumpage 500 acre-feet/year or less (0.45 MGD or less)

•Water's TDS is too high to meet TCEQ's secondary drinking water standard

Council and Staff discussion included: 1) right of capture; 2) landowners in the area have concern; 3) level of advance treatment; and 4) ground water conservation district not in place.

Mayor Archibald opened up a time for public input and council heard from the following:

- Sam Chase – for the sale of water from the Bland wells
- Monty Sparks – landowner in the area – against the sale of water
- Lewis Davis – landowner in the area – water table is not coming up
- David Bell – whether or not the water would be good for Abilene or the surrounding communities
- Jim Leonard – Leonard Irrigation – spoke about the wells
- Richard Cooley – Jones County resident
- Dale Spurgin – Jones County Judge – spoke about what the county has looked at in regards to a Ground Water Conservation District

The public input time was closed.

Mayor Archibald announced that no votes or actions will be taken on this item.

7.2 Tommy O'Brien Executive Director of Water Utilities, briefed the council on the resolution authorizing the City Manager to Negotiate and Execute Agreements with the West Central Texas Municipal Water District for Temporary Construction and Property Access and for Transportation of Raw Water from Possum Kingdom Lake for the Second Stage Short-Term Drought Strategy.

To address the continuing drought, the City of Abilene (City) is nearing completion of construction on the Possum Kingdom Lake (PK) project, which are improvements associated with the second stage short-term drought strategy. The PK project generally includes: constructing a raw water roughing facility (RWRF) near Breckenridge, Texas, to partially treat PK raw water with the resulting product water generally matching water quality in Hubbard Creek Reservoir; constructing a 36" raw water pipeline to deliver PK raw water to the RWRF; constructing a 36" product water pipeline to deliver partially treated raw water from the RWRF to the existing West Central Texas Municipal Water District (District) pipelines used to deliver raw water from Hubbard Creek reservoir to the City; and constructing improvements to the West Central Brazos Water Distribution System (WCBWDS), which includes the intake pump station located at PK. Upon completion of all work currently authorized for the PK project, up to 10 million gallons per day (MGD) of raw water can be processed from PK. Full capacity to transport and process up to 14 MGD of raw water from PK would require additional improvements and Council authorization.

The WCBWDS (often referred to as the "Kerr McGee pipeline") is a raw water transmission system providing PK raw water to several customers in Eastland, Palo Pinto and Stephens counties. It will be necessary for Abilene to use the WCBWDS to transport raw water from PK to Abilene's 36" raw water pipeline and ultimately the RWRF.

Improvements have not begun on the portion of the PK project associated with the WCBWDS. In general, such improvements include: improvements to the PK intake pump station concrete substructure; installation of a new pump and new electrical equipment at the PK intake pump station; installation of valves and meters; and connection of the WCBWDS to Abilene's 36" raw water pipeline conveying PK raw water to the RWRF.

The West Central Texas Municipal Water District (District) is purchasing the WCBWDS from the Brazos River Authority. Because the District will own the WCBWDS it will be necessary for Abilene to enter into at least two agreements with the District: (1) Temporary Construction and Access Agreement: an agreement which allows temporary construction and property access enabling Abilene to access the WCBWDS to complete the work

associated with the PK project; and (2) Water Transportation Agreement(s): an agreement(s) addressing the District pumping PK raw water to Abilene through the WCBWDS; and the potentially other pipelines or facilities, such as the reverse osmosis concentrate pipeline associated with the RWRP.

Councilman Hardaway made the motion to approve the resolution authorizing the City Manager to Negotiate and Execute Agreements with the West Central Texas Municipal Water District for Temporary Construction and Property Access and for Transportation of Raw Water from Possum Kingdom Lake for the Second Stage Short-Term Drought Strategy. Councilman Price seconded the motion, motion carried.

AYES: Councilmen Price, Kreidler, Williams, Hardaway, Savage and Mayor Archibald
NAYS: None

Resolution: #71-2015

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE AGREEMENTS WITH THE WEST CENTRAL TEXAS MUNICIPAL DISTRICT FOR TEMPORARY CONSTRUCTION AND PROPERTY ACCESS AND FOR TRANSPORTATION OF RAW WATER FROM POSSUM KINGDOM LAKE FOR THE SECOND STAGE SHORT-TERM DROUGHT STRATEGY

7.3 Howdy Wayne Lisenbee, Assistant Director of Water Utilities, briefed the council on the Resolution: Revising the Schedule of Rates and Charges for Water and Sewer Utility Service.

On April 9, 2015 the City of Abilene sold Certificates of Obligation in the amount of \$69,510,000. During the City Council Budget workshops held in July, a proposed water rate adjustment was presented that would raise revenues to cover the debt service. The attached Resolution and Schedule of Rates and Charges reflects the rates for water and sewer service necessary to provide for the FY2016 Operating Budget as well as the additional debt service requirements that were created by the April 2015 Certificates of Obligation.

FUNDING/FISCAL IMPACT

The proposed rates are projected to raise \$5.5 Million in additional water revenues. This increase in revenue will simply cover the increased debt service associated with the April 2015 Certificates of Obligation.

Council and Staff discussion included: 1) the rate structure and tap sizes; and 2) 60 day notice for wholesale customer notifications.

Councilman Price made the motion to approve the Resolution: Revising the Schedule of Rates and Charges for Water and Sewer Utility Service. Councilman Williams seconded the motion, motion carried.

AYES: Councilmen Price, Kreidler, Williams, Hardaway, and Mayor Archibald
NAYS: Councilman Savage

Resolution: #72-2015

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS, REVISING THE SCHEDULE OF RATES AND CHARGES FOR WATER AND SEWER UTILITY SERVICE

EXECUTIVE SESSION

Mayor Archibald recessed the Council into Executive Session at 12:30 pm pursuant to Sections 551.071, 551.074, 551.072 and 551.087 of the Open Meetings Act, to seek the advice of the City Attorney with respect to pending and contemplated litigation, to consider the appointment and evaluation of public officers, to consider the purchase, exchange, lease or value of real property, and to discuss contemplated business prospects and or economic development matters.

The Council reconvened in Open Session at 1:27 pm and reported no votes or action was taken in Executive Session in regards Personnel Section 551.074, Economic Development Section 551.087, and Litigation/Consultant City Attorney Section 551.071.

10.1 Resolution: Voting for an individual to the Taylor County Appraisal District.

Mayor Archibald made the motion to place 600 votes for Bob Benham and 563 votes for Cecil Davis to the Board of Directors of the Taylor County Appraisal District. Councilman Williams made the second, motion carried.

AYES: Councilmen Price, Kreitler, Williams, Hardaway, Savage and Mayor Archibald

NAYS: None

Resolution: **#73-2015**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS,
VOTING FOR THE FOLLOWING INDIVIDUAL TO THE BOARD OF DIRECTORS OF
THE TAYLOR COUNTY APPRAISAL DISTRICT FOR 2016-2017.

10.2 Ken Sharp CEO of the DCOA briefed the council on the Resolution approving the DCOA assistance package to Prairie Dog Pet Products (Project Goldstar).

Prairie Dog Pet Products (PDPP), otherwise known as Project Goldstar, is a manufacturer of quality pet products for the pet industry in the United States and globally. Headquartered in Grand Prairie, Texas, the company was established in 2007 with its main focus of the business being the development of innovative pet treats manufactured in the U.S. from U.S. sourced raw materials to the highest quality standards available, in which to meet the just in time demands of its customers at a competitive price.

On September 8, 2015, the DCOA approved resolution DCOA-2015.18 authorizing a capital investment incentive to Project Goldstar to expand its manufacturing and distribution in the U.S. In doing so, PDPP will create more than 200 direct new manufacturing and distribution jobs. The incentive of up to \$9,000,000 will assist the company in moving its corporate headquarters and establishing a manufacturing operation in the Spec 3 building located in the Five Points Business Park on 22.5 acres. The packaging would identify the product as being made in Abilene, TX. The company would maintain distribution facilities in Texas and Colorado and then look for expansion opportunities after reaching max capacity in Abilene. The assistance approved is described as:

1. Spec 3 shell building value - \$5,000,000
2. Building finish-out - \$4,000,000

The Phase 1 project was estimated at \$16MM; 1) \$4MM for build out of Spec 3, and 2) \$12MM for equipment and inventory. Phase 2 was estimated at \$20MM; 1) \$10MM for expansion of Spec 3, and 2) \$10MM for additional equipment purchases. The original incentive model was designed to allow the company to earn down the \$9,000,000 through two parts:

1) Part A - Company’s cumulative capital investment and cumulative payroll at a rate of 8:1. In other words, the company will earn down \$1 of the incentive for every \$8 it spends in these two categories, for a total investment of \$72,000,000 before it can satisfy this first part of the agreement. Based on actual performance, the company could earn the value of the incentive earlier or later, and any remaining balance unearned by the end of Year 10 will be due by the company. Once the \$9,000,000 is completely earned, fee simple title to the property will be conveyed to the company.

2) Part B – In the absence of a New Markets Tax Credit allocation for the project, a time-earned schedule that requires the company be in operation in Abilene at least eight (8) years, regardless of its performance under Part, before fee simple title to the property will be conveyed to the company. Part B allows earnings of \$1,125,000/year.

SPECIAL CONSIDERATIONS

As staff and PDPP have discussed the project and worked through scenarios for build-out of the Spec 3 facility, it has become apparent the original amount of \$4,000,000 represents an under estimate of the costs. The site selection consultant retained by PDPP developed the estimate of \$4 million without the benefit of a workable layout for the company’s operations. Staff engaged the services of Emergent Construction Technologies at a cost of no more than \$40,000 to develop a preliminary layout of operations and a preliminary cost for build-out. The estimated cost is now \$5.5 million, an increase of \$1.5 million. The Phase 1 investment is now estimated at \$17.5MM and Phase 2 remains at \$20MM.

Staff requests the board approve an additional \$500,000 for finish-out construction bringing the incentive amount to \$4,500,000. The company will cover the remaining estimated \$1,000,000. The total \$9,500,000 (originally \$9,000,000) incentive will be earned as follows:

		Beg Note Balance			\$9,500,000	
Part A: Company Investment Schedule					(ORIGINALLY \$9,000,000)	
	Capital Exp.	Payroll	Total Investment	Cumulative Inv.	Company Equity Earned	Note Payoff Amount in Cash
1-2016	\$10,000,000	\$3,755,000	\$13,755,000	\$13,755,000	\$1,719,375	\$7,780,625
2-2017	\$20,000,000	\$4,388,000	\$24,388,000	\$38,143,000	\$4,767,875	\$4,732,125
3-2018		\$4,981,000	\$4,981,000	\$43,124,000	\$5,390,500	\$4,109,500
4-2019		\$5,858,000	\$5,858,000	\$48,982,000	\$6,122,750	\$3,377,250
5-2020		\$6,608,000	\$6,608,000	\$55,590,000	\$6,948,750	\$2,551,250
6-2021		\$6,608,000	\$6,608,000	\$62,198,000	\$7,774,750	\$1,725,250
7-2022		\$6,608,000	\$6,608,000	\$68,806,000	\$8,600,750	\$899,250
8-2023		\$6,608,000	\$6,608,000	\$75,414,000	\$9,426,750	\$73,250

9-2024		\$6,608,000	\$6,608,000	\$82,022,000	\$10,252,750	-\$ (752,750)
10-2025		\$6,608,000	\$6,608,000	\$88,630,000	\$11,078,750	-

Regardless of the rate at which the project investment is made, unencumbered fee simple title to the facility will not be conveyed to PDPP until the eighth (8th) anniversary date of the Agreement for Financial Assistance. This provision eliminates the necessity for Part B in the original approval.

In order to facilitate a pending New Markets Tax Credit deal that will net the company additional capital toward the purchase of equipment and finish out for the Abilene plant, the deal structure will also include:

- 1) Spec 3 existing land and shell building valued at \$5,000,000 to the company, which will not be included in the New Markets Tax Credit schedule, and to which DCOA will retain title until performance measures contained herein are met by the company.
- 2) Lease of the Spec 3 property (ORIGINALLY a contract for sale) for 30 years at \$0 rent for the first ten years, with company paying utilities, taxes and all maintenance and improvements. A lease rate of \$4 per square foot per year on the initial 100,000 square foot building will apply during years 11 through 20 with company paying utilities, taxes and all maintenance and improvements. In years 11 through 20, any lease amount paid by the company will be applied toward any remaining unearned balance on the \$9,500,000. A lease rate of \$6 per square foot per year on the initial 100,000 square foot building will apply during years 21 through 30 with company paying utilities, taxes and all maintenance and improvements. In years 21 through 30, any lease amount paid by the company will be applied toward any remaining unearned balance on the \$9,500,000.00.
- 3) \$4,500,000 (ORIGINALLY \$4,000,000) cash loan for finish out of existing shell facility with company contracting for design and construction.
- 4) \$9,500,000 (ORIGINALLY \$9,000,000) total incentive balance reduces quarterly/annually at a rate of 8:1 as described above
- 5) In the absence of a NMTC award, this project will terminate.
- 6) Company will provide financials annually or upon request.
- 7) Company will agree to deadlines for a) financing to be in place acceptable to DCOA; b) finish out start date and finish out completion; c) Certificate of Occupancy.
- 8) Minimum annual payroll number to be established and annually certified.
- 9) All architectural and engineering design plans will be subject to DCOA approval.
- 10) Company will be responsible for any overage on finish out exceeding \$4,500,000 (ORIGINALLY \$4,000,000)
- 11) Future Agreement for Financial Assistance, lease and note documents subject to completed due diligence by DCOA or its representatives.

FUNDING/FISCAL IMPACT

Additional DCOA funds of \$500,000 for a total incentive package of up to \$9,500,000

STAFF RECOMMENDATION

Staff recommends approval by written resolution of the additional DCOA assistance for PDPP in the amount of \$500,000 as described herein, making the total assistance package up to \$9,500,000.

BOARD OR COMMISSION RECOMMENDATION

The DCOA board approved its resolution DCOA-2016.04 on November 17, 2015, which authorized the additional \$500,000 assistance for PDPP as described herein.

Councilman Williams made the motion to approve the Resolution approving the extra \$500,000 from the DCOA assistance package to Prairie Dog Pet Products (Project Goldstar). . Councilman Price made the second, motion carried.

AYES: Councilmen Price, Kreitler, Williams, Hardaway, Savage and Mayor Archibald
NAYS: None

Resolution: **#74-2015**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS, APPROVING ADDITIONAL DEVELOPMENT CORPORATION OF ABILENE, INC. (“DCOA”) FUNDING FOR PRAIRIE DOG PET PRODUCTS (“PDPP”) OTHERWISE KNOWN AS PROJECT GOLDSTAR.

There being no further business the meeting was adjourned at 1:35 p.m.

Danette Dunlap, TRMC
City Secretary

Norm Archibald
Mayor