

A stylized graphic in the background consisting of a gray swoosh that starts from the bottom left and curves upwards to the right, ending in a five-pointed gray star.

# SALE AND ECONOMIC DEVELOPMENT AGREEMENT FOR 324 N. GRAY STREET

RS-24-013

January 9, 2023

# Background

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- ❑ In 2021, as part of the Comprehensive Planning process, the City of Killeen discussed the need for a catalyst project to move Downtown Killeen forward.
- ❑ The purpose of a catalyst project is to incentivize a larger investment in the Downtown that would then have a domino effect for larger redevelopment in the surrounding area.
- ❑ This project is a strategic public investment to further catalyze downtown revitalization and private investment.

# Background

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- In 2022-2023 downtown revitalization has seen significant forward movement in small scale and service based redevelopment with a majority of the businesses opening being service oriented and in spaces less than 2,500 sq/ft.
- Service based businesses have the benefit of bringing their existing clients to the area and are not walk-in customer dependent. Also, the small-scale operations allowed for smaller buildings to be redeveloped with smaller budgets.

# Background

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- ❑ In March of 2023 the City of Killeen was approached to purchase the Hacks Building located at 324 N. Gray St.
- ❑ This 7,400 sq/ft building had failed to sell to the private market due to the size and scope of the potential project. However, with the building unique character and location in the heart of downtown, city staff identified that this project would be a great opportunity for a catalyst project
- ❑ In April of 2023, KEDC submitted a commitment to partner on the redevelopment efforts of the property

# Background

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- ❑ In May 2023, the City of Killeen entered negotiations to purchase the property.
- ❑ In June 2023, the City of Killeen purchased 324 N. Gray St. for \$288,000.
- ❑ In October 2023, a request for proposals (RFP) was posted for the sale of the property. There were multiple tours of the property and ultimately five (5) proposals to purchase the property were received.

# Background

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- City staff and KEDC evaluated the proposals for the following criteria:
  - ▣ Business contribution to the arts, culinary, and entertainment industries;
  - ▣ Qualifications of the applicant;
  - ▣ Level of investment of the applicant;
  - ▣ Potential foot-traffic generation;
  - ▣ Ability to catalyze private investment for surrounding properties; and
  - ▣ Business plans and well-paying job creation.

# About Southern Roots Brewery

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- ❑ Founded in Waco in 2018, Southern Roots brewery is looking to open their fourth and largest location as their new headquarters in Downtown Killeen.
- ❑ Southern Roots is a local, family and veteran owned business. The Evans family is passionate about making Killeen a great place to call home, especially for those stationed in the area.

# Southern Roots Brewery

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- ❑ This would be Southern Roots third historic building rehabilitation (others in Waco and Waxahachie).
- ❑ 324 N Gray Street is located in the Historic Overlay District of Downtown Killeen and eligible for Federal, State, and local incentives for historic building renovations.
- ❑ Southern Roots has demonstrated in both cities to be great downtown partners, hosting events and car shows for the downtown.
- ❑ Tourism generating –32% of brewery sales are to tourists or those traveling more than 60 miles to visit the brewery.













# Southern Roots Brewery

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- ❑ In addition to the brewing operation, Southern Roots would also open a full service, family-friendly lunch and dinner restaurant. The restaurant would be open seven (7) days a week with live music every weekend.
- ❑ The menu would include signature pizzas, wings, salad, and craft beer.
- ❑ Southern Roots will also be a destination location that will have the ability to be rented out for private work events, wedding parties, etc.



# About Southern Roots Brewery

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- ❑ This project would add up to 30 local jobs with the average full time employee salary of \$50,000 a year.
- ❑ Southern Roots intends for this to be their main brewing location for the distribution of their HEB sales.
- ❑ Southern Roots is also offering a public-private partnership by allowing the City of Killeen to utilize the building for 72 days a year for meetings, conferences, employee engagement events, and downtown event headquarters. The value of this space rental is \$108,000 a year. This offer is to establish a public-private partnership.

# Southern Roots Brewery Project

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- Southern Roots is anticipating an economic incentive from KEDC in the amount of \$200,000 to upgrade the building for use.



# Southern Roots Brewery 380 Agreement

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## □ Southern Roots

- Investing an estimated \$1.2 Million dollars in real property improvements and personal property investments for the location as well as committing to creating new well-paying jobs in Downtown Killeen

## □ The City of Killeen

- Sell the property via a \$300,000 warranty deed secured by a vendor's lien. This lien would be forgiven upon operating for five (5) years
- \$150,000 economic incentive or grant from the City of Killeen towards renovation costs, to be reimbursed over the first five years of operation (\$30,000 per/year)



# Alternatives

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- ❑ The City Council may:
  - ▣ Disapprove moving forward with the sale of 324 N. Gray Street.
  - ▣ Amend the proposed Economic Development agreement with Southern Roots Brewery for the sale and rehabilitation and reuse of the property at 324 N. Gray Street; or
  - ▣ Approve moving forward with an economic development agreement with Southern Roots Brewery for the sale and rehabilitation of the property at 324 N. Gray Street as presented;

# Recommendation

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- Staff recommends that the City Council approve moving forward with an economic development agreement with Southern Roots Brewery for the sale and rehabilitation of the property at 324 N. Gray Street as presented.



HACK'S  
LEVI'S



NO  
PARKING  
11:00 AM - 1:00 PM  
MON - THU

TWO  
HOUR  
PARKING  
FRI - SAT

