



City of Killeen

Legislation Text

File #: RS-24-013, **Version:** 1

Consider a memorandum/resolution approving a Chapter 380 economic development agreement with Southern Roots Brewing Company, for the reimbursement of renovations costs in an amount not to exceed \$150,000 and authorizing the sale of the city-owned property located at 324 N. Gray Street.

DATE: January 9, 2024

TO: Kent Cagle, City Manager

FROM: Edwin Revell, Executive Director of Development Services

SUBJECT: 380 Economic Development Agreement for the sale of 324 N Gray St

BACKGROUND AND FINDINGS:

The City of Killeen 2040 Comprehensive Plan and Economic Development Policy set a priority for redeveloping downtown by attracting targeted business types, increasing competitive wage jobs, and increasing the tax revenue base.

In May of 2023, the City Council approved the purchase of 324 N. Gray St. as a strategic investment to incentivize a larger investment in Downtown Killeen that would have a catalyst effect for larger redevelopment and private investment in the area.

The City of Killeen completed the Request for Proposal process, for potential uses of the property in October of 2023, and after evaluating the proposals, selected Southern Roots Brewing Company.

Southern Roots Brewing Company intends to invest an estimated \$1,200,000 in both real and personal property to create a headquarters, brewpub, and restaurant at 324 N Gray St. This investment will include 20 jobs with an average salary of \$50,000 per year.

Promoting the investment of such operations within the City will promote economic development, stimulate commercial activity, create employment opportunities, and enhance the property tax base and economic vitality of the City. The City of Killeen has in place an Economic Development Policy allowing for a Chapter 380 Economic Development Program designed to promote local economic development and stimulate business and commercial activity in the City.

The attached 380 agreement with Southern Roots Brewing Company, sells the property via a general warranty deed for \$300,000, which will be secured by a vendor's lien, and provides a grant of \$150,000 to renovate the building, which will be paid over five (5) years in the amount of \$30,000 per year. The vendor's lien would be released upon operation of a restaurant by Southern Roots for five (5) years.

THE ALTERNATIVES CONSIDERED:

1. Disapprove the Chapter 380 Economic Development Incentive Agreement; or
2. Approve the Chapter 380 Economic Development Incentive Agreement.

Which alternative is recommended? Why?

Staff recommends approval of the Chapter 380 Economic Development Incentive Agreement because the establishment of Southern Roots Brewing Company in Downtown Killeen will advance the City's interests by creating jobs and increasing tax revenues.

CONFORMITY TO CITY POLICY:

Yes

FINANCIAL IMPACT:

What is the amount of the expenditure in the current fiscal year? For future years?

No expenditure is anticipated in the current fiscal year. Expenditures in future years will be based on the approved budget for that year and the amount of \$30,000 over the next five years.

Is this a one-time or recurring expenditure?

Recurring

Is this expenditure budgeted?

This expenditure will be included in the Proposed Budget for future years and will be appropriated upon City Council's approval of the budget for those years.

If not, where will the money come from?

N/A

Is there a sufficient amount in the budgeted line-item for this expenditure?

N/A

RECOMMENDATION:

That the City Council approve the economic development agreement with Southern Roots Brewing Company, approve the sale of the property at 324 N. Gray St., and authorize the City Manager or designee to execute the agreement and deed as well as any and all amendments and actions allowed per federal, state, or local law.

DEPARTMENTAL CLEARANCES:

Purchasing

Finance
Legal

ATTACHED SUPPORTING DOCUMENTS:

Agreement
Proposal
Presentation