RR
5/01/14
Item No. 20A

AN ORDINANCE 2014-05-01-0288

DESIGNATING THE ARVIN-SANGO REINVESTMENT ZONE, TO BE LOCATED NEAR THE INTERSECTIONS OF WATSON ROAD, APPLEWHITE ROAD, AND 1 LONE STAR PASS, ON A LEASED 3.038 ACRE SITE IN THE TOYOTA SUPPLIER PARK IN THE CITY OF SAN ANTONIO, BEXAR COUNTY, TEXAS, CITY COUNCIL DISTRICT 3.

* * * * *

WHEREAS, Arvin-Sango, Inc. (hereinafter referred to as "Arvin-Sango"), a manufacturer of automotive exhaust systems, intends to construct a manufacturing facility on a 3.038 acre site to be located within the Toyota Supplier Park near the intersections of Watson Rd., Applewhite Rd., and 1 Lone Star Pass, in City Council District 3, as more particularly described in Exhibit "A" attached hereto and incorporated herein; and

WHEREAS, the land is eligible to be a Reinvestment Zone, in part because it is in an area that is reasonably likely, as a result of the designation, to contribute to the retention or expansion of primary employment or to attract major investment in the area that would be a benefit to the property and that would contribute to the economic development of the City of San Antonio; and

WHEREAS, in accordance with the requirements set out in the Texas Tax Code Section 312, notice of the requisite public hearing regarding the proposed designation of the Arvin-Sango Reinvestment Zone was published on April 22, 2014; and

WHEREAS, on May 1, 2014, the City Council held a public hearing in the Council Chambers located at 114 W. Commerce on the proposed designation of the Arvin-Sango Reinvestment Zone, and considered evidence and testimony of interested persons for and against the designation; and

WHEREAS, the City Council finds that the proposed Arvin-Sango Reinvestment Zone is reasonably likely, as a result of the designation, to contribute to the retention or expansion of primary employment or to attract major investment in the Zone that would be a benefit to the property and that would contribute to the economic development of the City of San Antonio, and that the proposed improvements are feasible and practical; and

WHEREAS, the City Council hereby further finds that the designation of the Arvin-Sango Reinvestment Zone is a reasonable incentive to help induce Arvin-Sango to locate its manufacturing operations in San Antonio; and

WHEREAS, to the best of the parties' knowledge, no property in the area referred to herein as the Arvin-Sango Reinvestment Zone is owned by or leased by a member of the City Council, Zoning Commission, Planning Commission, the City's Economic Development Department, or any other City officer or employee; **NOW THEREFORE:**

RR
5/01/14
Item No. 20A

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The land more particularly described in **Exhibit A**, attached hereto and incorporated herein, is hereby designated as the Arvin-Sango Reinvestment Zone pursuant to the Property Redevelopment and Tax Abatement Act of 1987, as amended.

SECTION 2. This Ordinance shall be effective on and after the tenth (10th) day after passage hereof.

PASSED AND APPROVED this 1st day of May, 2014.

M A Y O R
Julián Castro

for

ATTEST:

Leticia M. Vacek, City Clerk

APPROVED AS TO FORM:

for
Robert F. Greenblum, City Attorney

Agenda Item:	**20A (in consent vote: 20, 20A, 20B)**
Date:	05/01/2014
Time:	10:58:43 AM
Vote Type:	Motion to Approve
Description:	A Public Hearing and an Ordinance establishing the Arvin Sango Reinvestment Zone, located near the intersections of Watson Road, Applewhite Road, and 1 Lone Star Pass, on a leased 3.038 acre site in the Toyota Supplier Park located in Council District 3.
Result:	Passed

Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Julián Castro	Mayor	x					
Diego Bernal	District 1		x				
Ivy R. Taylor	District 2		x				
Rebecca Viagran	District 3		x			x	
Rey Saldaña	District 4		x				
Shirley Gonzales	District 5		x				
Ray Lopez	District 6		x				
Cris Medina	District 7		x				
Ron Nirenberg	District 8		x				
Joe Krier	District 9		x				x
Michael Gallagher	District 10		x				

EXHIBIT A

FIELD NOTES
FOR
ASI BUILDING

A 3.038 acre, or 132,354 square feet more or less, lease tract situated within Lot 1, Block 2 of the TMMTX Subdivision plat as recorded in Volume 9562, Pages 27-39 of the Deed and Plat Records of Bexar County, Texas. Said Lot 1 being out of the Ignacio Perez Survey, Abstract 13, in County Block 4297 of Bexar County, Texas. Said 3.038 acre lease tract being more fully described as follows, with bearings based on the Texas Coordinate System established for the South Central Zone from the North American Datum of 1983 NAD 83 (1996) and said TMMTX Subdivision, and being more particularly described by metes and bounds as follows:

COMMENCING: At a found ½" iron rod with yellow cap marked Pape-Dawson in the east right-of-way line of Applewhite Road, a variable width right-of-way, a 120-foot minimum, at the northernmost point of the northeast cutback at the intersection with Watson Road, a 200-foot right-of-way;

THENCE: N 75°21'54" E, departing from the said northeast cutback, over and across said Lot 1 a distance of 2,361.88 feet, to the POINT OF BEGINNING of the herein described tract of land;

THENCE: N 04°00'00" W, a distance of 255.12 feet to a point;

THENCE: N 86°00'00" E, a distance of 105.04 feet to a point;

THENCE: N 86°00'00" E, a distance of 295.71 feet to a point;

THENCE: N 04°00'00" W, a distance of 39.88 feet to a point;

THENCE: N 86°00'00" E, a distance of 185.00 feet to a point;

THENCE: S 04°00'00" E, a distance of 150.00 feet to a point;

THENCE: S 86°00'00" W, a distance of 80.00 feet to a point of curvature;

THENCE: Along a tangent curve to the left, said curve having a radius of 105.00 feet, a central angle of 90°00'00", a chord bearing and distance of S 41°00'00" W, 148.49 feet, for an arc length of 164.93 feet to a point at a point of tangency:

THENCE: S 04°00'00" E, a distance of 39.99 feet to a point;

SAN ANTONIO / AUSTIN
HOUSTON / FORT WORTH

555 East Ramsey San Antonio, Texas 78216
P 210.375.9000 F 210.375.9010 www.pape-dawson.com

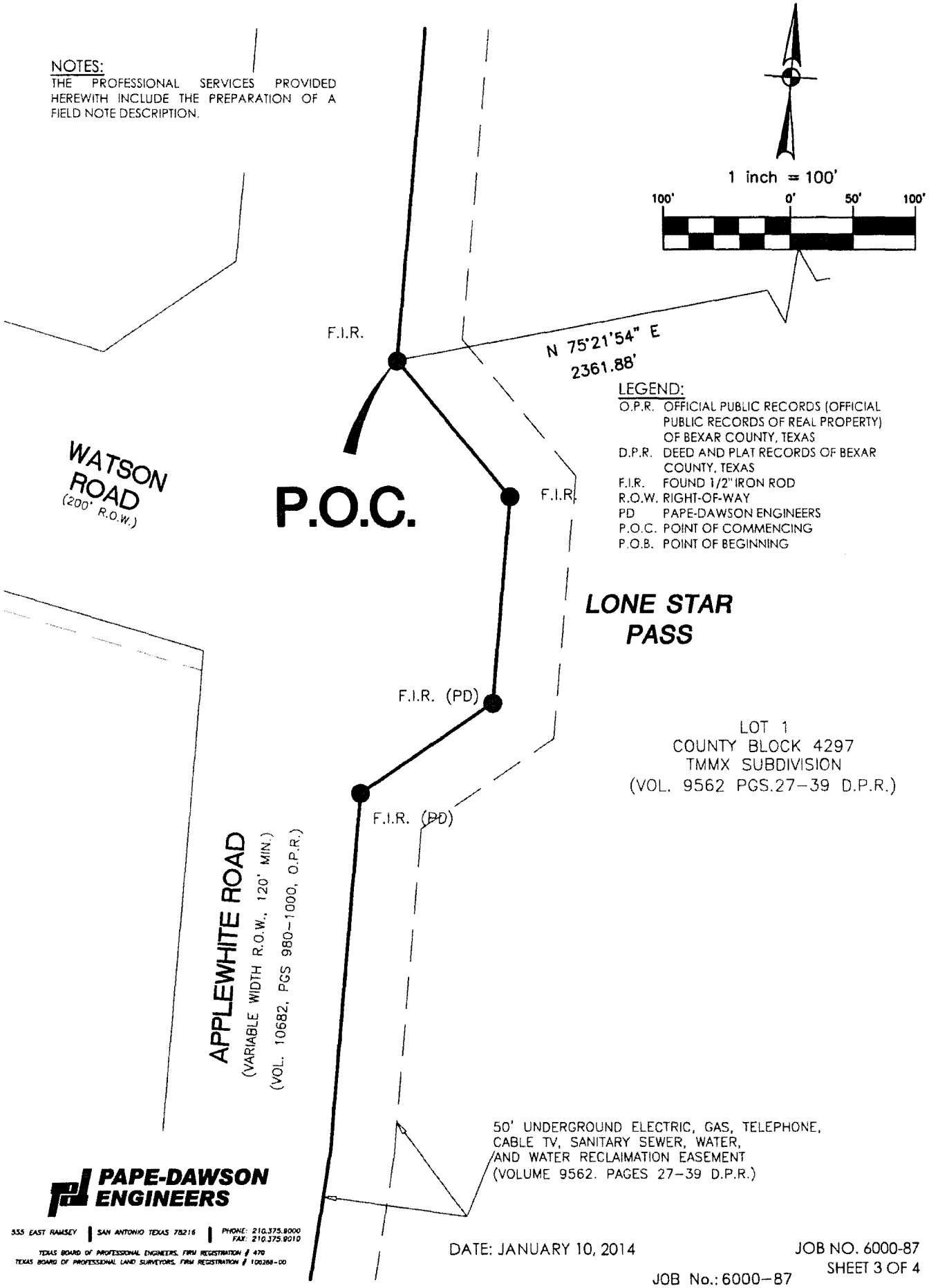
THENCE: S 86°00'00" W, a distance of 400.75 feet to the POINT OF BEGINNING, and containing 3.038 acres in Bexar County, Texas. Said lease tract being described in accordance with a survey made on the ground under job 5656-01 and a description and exhibit drawing prepared under job number 6000-87 by Pape-Dawson Engineers, Inc.

THIS EXHIB T IS PREPARED FROM EXISTING PRIVATE AND PUBLIC RECORDS AND DOCUMENTS AND DOES NOT SHOW OR PURPORT TO SHOW AN ACTUAL BOUNDARY SURVEY BASED UPON FIELD MEASUREMENTS AND OBSERVATIONS. THERE MAY BE EASEMENTS, COVENANTS, RESTRICTIONS, ZONING REQUIREMENTS, OR OTHER MATTERS THAT MAY AFFECT OR BENEFIT THIS SITE THAT ARE NOT SHOWN HEREIN.

PREPARED BY: Pape-Dawson Engineers, Inc.
DATE: January 10, 2014
JOB NO.: 6000-87
DOC. ID. N:\CIVIL\6000-87 Toyota\Word\6000-87 ASI Building.docx
Firm Registration #470
TBPLS Firm Registration #100288-00

STATE OF TEXAS
REGISTERED
JOHN NOEL NICHOLLS
4402
PROFESSIONAL
LAND SURVEYOR

NOTES:
THE PROFESSIONAL SERVICES PROVIDED HEREWITH INCLUDE THE PREPARATION OF A FIELD NOTE DESCRIPTION.



LEGEND:

O.P.R.	OFFICIAL PUBLIC RECORDS (OFFICIAL PUBLIC RECORDS OF REAL PROPERTY) OF BEXAR COUNTY, TEXAS
D.P.R.	DEED AND PLAT RECORDS OF BEXAR COUNTY, TEXAS
F.I.R.	FOUND 1/2" IRON ROD
R.O.W.	RIGHT-OF-WAY
PD	PAPE-DAWSON ENGINEERS
P.O.C.	POINT OF COMMENCING
P.O.B.	POINT OF BEGINNING

PAPE-DAWSON ENGINEERS
555 EAST RAMSEY | SAN ANTONIO TEXAS 78216 | PHONE: 210.375.9000 FAX: 210.375.9010
TEXAS BOARD OF PROFESSIONAL ENGINEERS, FIRM REGISTRATION # 470
TEXAS BOARD OF PROFESSIONAL LAND SURVEYORS, FIRM REGISTRATION # 100288-00

DATE: JANUARY 10, 2014

JOB NO. 6000-87
SHEET 3 OF 4

JOB No.: 6000-87

Date: Jan 10, 2014, 2:44pm User ID: NNICHOLLS
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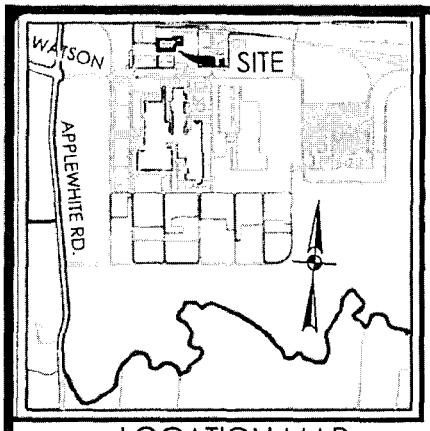

LOCATION MAP

MAPSCO MAP GRID: 715-B3
NOT-TO-SCALE

LEGEND:

DR	DEED RECORDS OF BEXAR COUNTY, TEXAS
OPR	OFFICIAL PUBLIC RECORDS OF BEXAR COUNTY, TEXAS
DPR	DEED AND PLAT RECORDS OF BEXAR COUNTY, TEXAS
FIR	FOUND 1/2" IRON ROD

NOTES:

1. THE PROFESSIONAL SERVICES PROVIDED HEREWITH INCLUDE THE PREPARATION OF A FIELD NOTE DESCRIPTION.
2. THE BEARINGS ARE BASED ON THE NORTH AMERICAN DATUM OF 1983 (CORS 1996), FROM THE TEXAS COORDINATE SYSTEM ESTABLISHED FOR THE SOUTH CENTRAL ZONE.

EASEMENT NOTE:

EASEMENTS SHOWN ON THIS EXHIBIT SHALL ENCOMPASS ALL TOYOTA UTILITIES AND IMPROVEMENTS TO INCLUDE, BUT ARE NOT LIMITED TO, ELECTRIC, GAS, WATER, SANITARY SEWER, TELEPHONE/DATA, ROADWAY SHOULDERS AND DITCHES.

1 inch = 100'

100' 0' 50' 100'

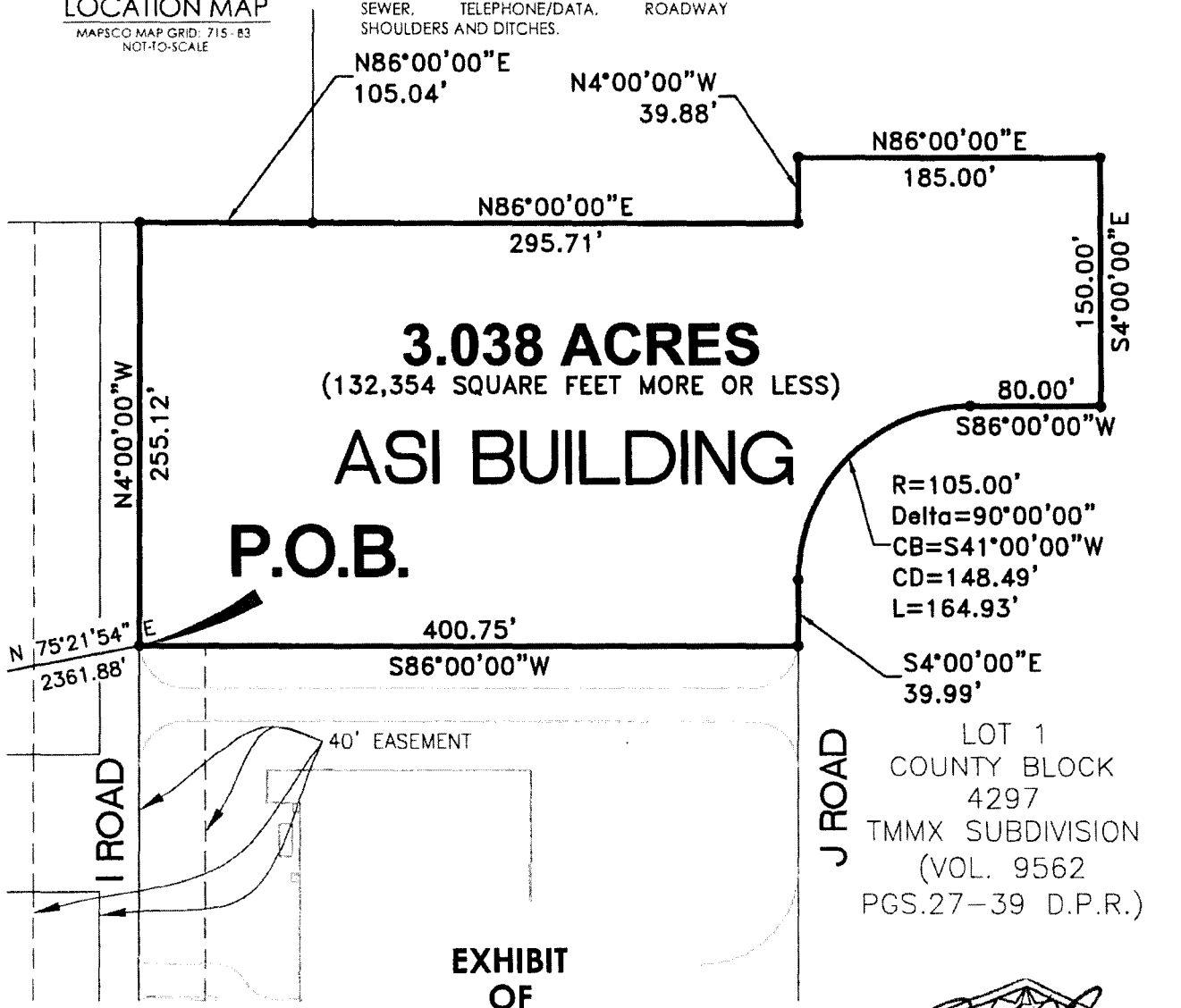

EXHIBIT OF ASI BUILDING

A 3.038 ACRE, OR 132,354 SQUARE FEET MORE OR LESS, LEASE TRACT SITUATED WITHIN LOT 1, BLOCK 2 OF THE TMMTX SUBDIVISION PLAT AS RECORDED IN VOLUME 9562, PAGES 27-39 OF THE DEED AND PLAT RECORDS OF BEXAR COUNTY, TEXAS. SAID LOT 1 BEING OUT OF THE IGNACIO PEREZ SURVEY, ABSTRACT 13, IN COUNTY BLOCK 4297 OF BEXAR COUNTY, TEXAS.

STATE OF TEXAS
JOHN NOEL NICHOLLS
4402
PROFESSIONAL LAND SURVEYOR

PAPE-DAWSON ENGINEERS

555 EAST RAMSEY | SAN ANTONIO TEXAS 78216 | PHONE: 210.373.9000 FAX: 210.373.9010

TEXAS BOARD OF PROFESSIONAL ENGINEERS, FIRM REGISTRATION # 470
TEXAS BOARD OF PROFESSIONAL LAND SURVEYORS, FIRM REGISTRATION # 100288-00

JANUARY 10, 2014, JANUARY 28, 2014

JOB No.: 6000-87

Date: Jan 28, 2014, 4:31pm User ID: DTorrence
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City Council Item #20

Arvin Sango, Inc. (ASI) Toyota Supplier
Reinvestment Zone Public Hearing
Tax Abatement Agreement

Economic Development Department
May 1, 2014

Rene Dominguez, Director, Economic Development Department

Summary

Staff is recommending City Council consider the following items related to the ASI project:

(A) A Public Hearing and Ordinance designating the Arvin Sango Reinvestment Zone located near the intersections of Watson Road, Applewhite Road, and 1 Lone Star Pass, on a leased 3.038 acre site in the Toyota Supplier Park located in City Council District 3; and

(B) An Ordinance approving a 10-year, 100% Tax Abatement Agreement with ASI on its planned investment of approximately $16.6 million in real and personal property improvements, and the creation of at least 45 new full-time jobs.

ASI Project Benefits

- ASI will support the SA2020 manufacturing industry by creating at least 45 new jobs with an average annual salary of $50,000.
- Invest approximately $16.6 million over 10 years.
- Construct a 63,000 sq. ft. building to manufacture front and tail exhaust systems.
- Estimated net fiscal impact to the City of $1,246,248 over 20 years.

Background

- ASI is seeking to establish a manufacturing facility to supply exhaust equipment parts to Toyota Motor Manufacturing, Texas (TMMTX).
- ASI was formed 27 years ago as a joint venture between Arvin Industries (USA) and Sango Company (Japan).
- There are five ASI plants in the United States and one wholly-owned subsidiary in Canada. San Antonio plant will be the sixth U.S. location.
- Employs 895 employees in its ASI facilities.

ASI - Proposed Incentives

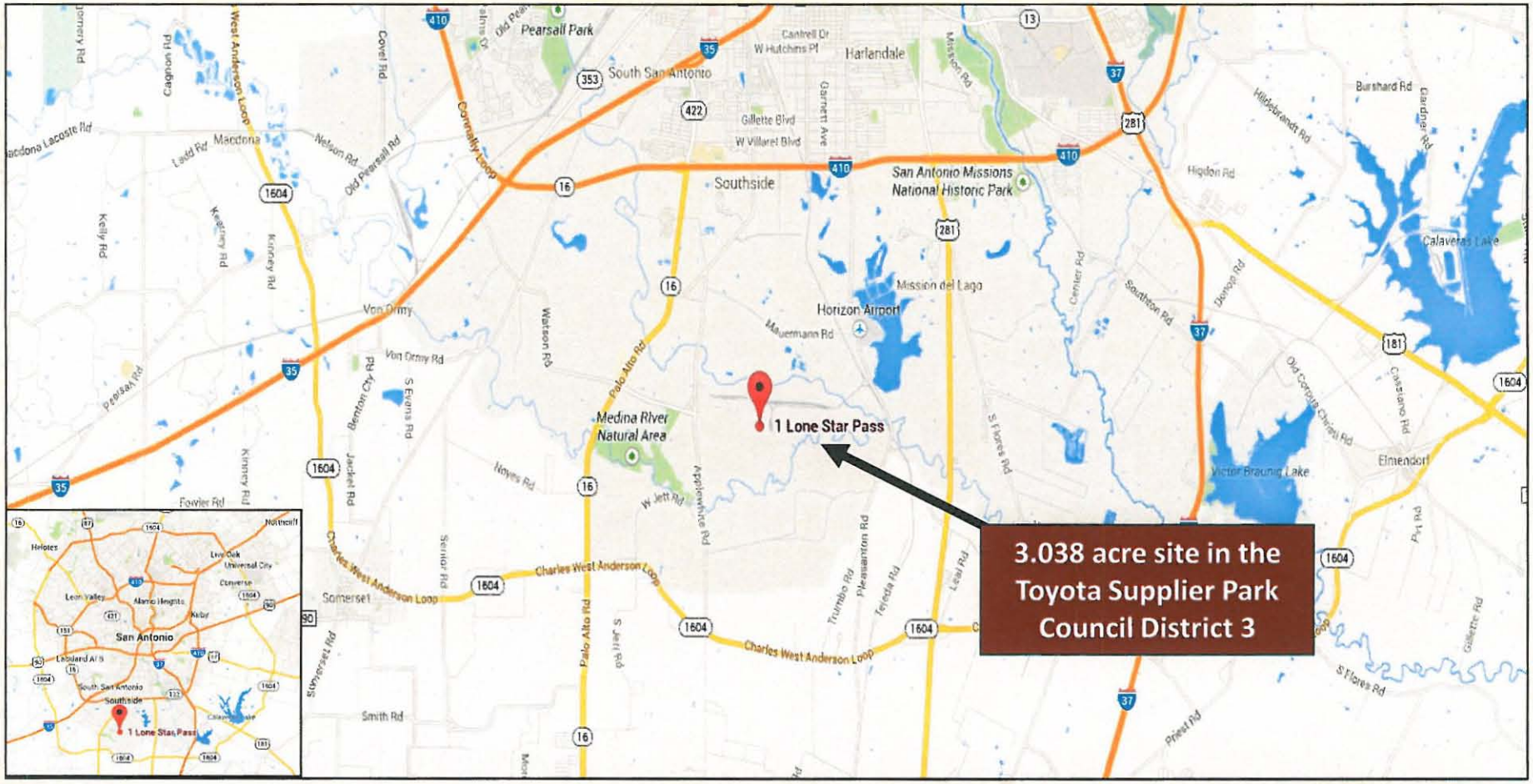
- To attract ASI to San Antonio, staff has proposed the following incentives subject to Council approval:
  - 10-year, 100% tax abatement, valued at approximately $1,005,583.

- Based on the City's offer of tax incentives, the company chose to locate in San Antonio.
- Bexar County staff requested permission from Commissioners Court to begin negotiations with ASI for a 10-year, 100% tax abatement.

ASI Public Hearing – Item A

- The City Council must hold a public hearing to designate a "Reinvestment Zone" as required by state law to enter into a Tax Abatement agreement with ASI.
  - "Arvin Sango Reinvestment Zone" encompasses a leased 3.038 acre site in the Toyota Supplier Park located near the intersections of Watson Road, Applewhite Road, and 1 Lone Star Pass, in City Council District 3.
  - Designation must contribute to the retention or expansion of primary employment or attract major investment.

Arvin Sango Reinvestment Zone



ASI Tax Abatement - Item B

- To receive this tax abatement, ASI must:
  - Create 45 new jobs and maintain the jobs for the duration of the agreement.
  - Meet the "living" wage requirements.
  - Invest approximately $16.6 million.
  - Maintain operations for up to 16 years or be subject to prorated recapture of abated taxes.

ASI - Policy Issues

1. The project requires an exception to the Tax Abatement Guidelines because the Toyota Supplier Park is not located within the Targeted Investment Area (TIA) known as the Inner City Reinvestment Infill Policy (ICRIP).

2. This project will also meet the wage requirements in the Guidelines requiring ASI to pay all employees the "living wage" of at least $11.32 per hour.

   A.) ASI estimates it will pay an annual average salary of $50,000, and will provide all employees and their dependents health care benefits.

3. Additionally, staff recommends an exception to policy to allow up to two years (up from one year) for ASI to pay 70% of its employees the all industry wage of $14.44/hour.

Recommendation

- Staff recommends approval of an Ordinance designating the Arvin Sango Reinvestment Zone, and an Ordinance approving a 10-year, 100% Tax Abatement Agreement on real and personal property with Arvin Sango, Inc.

Backup Slides

20-Year Net Fiscal Impact from the ASI Project

	A	B	C
YEARS	**Revenues to City** (CPS Energy 14%, Property Taxes, Sales Taxes from Jobs)	**Costs to City** (10-Year, 100% Tax Abatement)	**Net Fiscal Benefit** (Present Value) C = (A – B)
1-10	$1,338,603	$1,005,583	$333,020
11-20	$913,228	$0	$913,228
Totals	$2,251,831	$1,005,583	$1,246,248