

**THIS IS A PROPOSED DRAFT AND WILL BE REPLACED BY THE FINAL,
SIGNED ORDINANCE OR RESOLUTION ADOPTED BY CITY COUNCIL**

ORDINANCE

AUTHORIZING AND APPROVING THE TERMS AND CONDITIONS OF A TAX ABATEMENT AGREEMENT WITH TOYOTA MOTOR MANUFACTURING, TEXAS, INC. TO ABATE UP TO SIXTY-FIVE PERCENT (65%) OF AD VALOREM TAXES FOR A PERIOD OF TEN (10) YEARS FOR REAL AND PERSONAL PROPERTY IMPROVEMENTS WITHIN AN EXISTING TEXAS ENTERPRISE ZONE; A CHAPTER 380 ECONOMIC DEVELOPMENT INCENTIVE FUND (EDIF) GRANT AGREEMENT IN AN AMOUNT NOT TO EXCEED \$1,000,000.00; AND CITY AND SAWS FEE WAIVERS IN AN AMOUNT NOT TO EXCEED \$800,000.00.

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WHEREAS, Toyota Motor Manufacturing, Texas, Inc. (“TMMTX”) has operated a manufacturing plant in the City of San Antonio since 2003 where it manufactures motor vehicles for consumer use, such as the Tundra and Sequoia; and

WHEREAS, TMMTX plans to expand its production line and build an approximately 500,000 square foot facility to manufacture, assemble, produce, and distribute a component part that is critical to its motor vehicle production; and

WHEREAS, the expansion is anticipated to result in an investment of over \$530 million dollars and the creation of 411 full-time jobs paying at or above \$20.54 an hour (the “Project”); and

WHEREAS, the City Council finds that offering TMMTX a ten (10) year Tax Abatement Agreement to abate 65% of ad valorem taxes on real and personal property improvements is a reasonable incentive to help induce TMMTX to undertake and complete the Project; and

WHEREAS, the City Council further finds that it is in the best interest of the City to approve a Tax Abatement Agreement with TMMTX to induce the desired and beneficial economic development in the Texas Enterprise Zone; and

WHEREAS, pursuant to Chapter 380 of the Texas Local Government Code, the City of San Antonio (the “City”) is authorized to establish and provide for the administration of one or more programs, including programs for making grants of public money to promote state or local economic development and to stimulate business and commercial activity in the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality; and

WHEREAS, in accordance with City Ordinance No. 100684, the City created an Economic Development Program (the “Program”) for the purpose of making grants available for economic development projects that the City finds will accomplish the purpose and goals of Chapter 380; and

WHEREAS, staff and TMMTX have negotiated a Chapter 380 Economic Development Incentive Fund (EDIF) Grant Agreement establishing terms and conditions whereby in consideration of TMMTX’s completion of the Project, the City will provide TMMTX certain economic incentives to support the Project; and

WHEREAS, under the terms and conditions of the Chapter 380 Agreement, TMMTX will receive an amount not to exceed \$1,000,000.00 in EDIF funds for site development and infrastructure improvements; and

WHEREAS, in addition to the Tax Abatement and EDIF Grant, the City will also issue up to \$800,000 in eligible City and SAWS fee waivers to TMMTX, in accordance with the City’s Chapter 380 Economic Development policy and Development Services Fee Schedule, to offset costs for development of the Project; and

WHEREAS, the City finds that the goals of Chapter 380 will be met by assisting TMMTX in undertaking and completing the Project and has determined that the above economic development incentives are necessary to complete the Project; and

WHEREAS, the City Council further finds that it is in the best interest of the City to approve a Tax Abatement Agreement and the EDIF Grant Agreement with TMMTX to induce the desired and beneficial economic development in the Texas Enterprise Zone; **NOW THEREFORE:**

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

SECTION 1. The terms and conditions of a Tax Abatement Agreement with TMMTX granting a sixty-five percent (65%), ten (10) year abatement of ad valorem real and personal property taxes within an existing Texas Enterprise Zone are hereby approved.

SECTION 2. The City Manager or designee is authorized to execute the Tax Abatement Agreement as approved in Section 1, a copy of which, in substantially final form, is attached as **Exhibit A**.

SECTION 3. The City Council hereby approves the terms and conditions of a Chapter 380 Economic Development Incentive Fund (EDIF) Grant Agreement with TMMTX in an amount not to exceed \$1,000,000.00. The City Manager or his designee is authorized to execute an Economic Development Incentive Fund (EDIF) Grant Agreement with TMMTX in accordance with this Ordinance. A copy of the Agreement is attached to this Ordinance as **Exhibit B**.

SECTION 4. The City Council further approves an award of up to \$800,000 in eligible City and SAWS fee waivers to TMMTX for the completion of the Project, as set by the Economic Development Department’s Chapter 380 Economic Development policy, and dependent upon

availability of funding. Staff is authorized to issue said fee waivers, contingent upon TMMTX's acceptance of the terms and requirements of the City's fee waiver program.

SECTION 5. Funding in the amount of \$1,000,000.00 for this ordinance is available in Fund 29059000, Cost Center 1604010001 and General Ledger 5201040 as part of the Fiscal Year 2024 Adopted Budget approved by City Council.

SECTION 6. Funding in the amount of \$500,000.00 for this ordinance is available in Fund 11001000, Internal Order 390000002471 and General Ledger 6102100 as part of the Fiscal Year 2024 Adopted Budget approved by City Council.

SECTION 7. Additional funding is contingent upon City Council approval of the Fiscal Year 2025 and subsequent budgets that fall within the contract terms of this ordinance.

SECTION 8. Payment is authorized to Toyota Motor Manufacturing, Texas, Inc. and should be encumbered with a purchase order.

SECTION 9. The financial allocations in this Ordinance are subject to approval by the Deputy Chief Financial Officer, City of San Antonio. The Deputy Chief Financial Officer may, subject to concurrence by the City Manager or the City Manager's designee, correct allocations to specific Cost Centers, WBS Elements, Internal Orders, General Ledger Accounts, and Fund Numbers as necessary to carry out the purpose of this Ordinance.

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

PASSED BY THE CITY COUNCIL of the City of San Antonio this the ____ day of June, 2024.

M A Y O R
Ron Nirenberg

ATTEST:

APPROVED AS TO FORM:

Debbie Racca-Sittre, City Clerk

Andrew Segovia, City Attorney