

# **Toyota Expansion Incentive Agreement**



**City Council A Session  
June 20, 2024  
Agenda Item #32**

**Brenda Hicks-Sorensen, Director, Economic Development**

# Background



Toyota Motor Manufacturing, Texas, Inc. at 1 Lone Star Pass

- Toyota Motor Corporation is a Japanese automotive manufacturing company with over 375,000 employees in over a dozen countries.
- In 2003, Toyota selected San Antonio as the location for a 2.2 million square foot manufacturing facility and associated supplier park for Toyota Motor Manufacturing Texas (TMMTX).
- The manufacturing facility currently produces Toyota's line of full-size Tundra trucks and the Sequoia SUV.
- Since its establishment, Toyota has invested over \$3B at the company's South Side location.
- The company also employs over 3,700 people as part of its operations and in 2023, produced over 181,000 vehicles at the San Antonio facility.

# Project Description



- Addition of a new, 500K square feet facility to the company's existing San Antonio manufacturing operation.
- Expansion would bring “in-house” an operation previously sourced to a third party located outside of Texas.
- The new operation will provide a key input into the company's broader operation to manufacture, assemble, produce, and distribute automobiles here in San Antonio, as well as at other operations outside of San Antonio.
- Expansion will give Toyota additional control over an essential manufacturing operation input, and further grow the local workforce.
- Speed to completion and start of operations is key to success of the project. Target for having the operation up and running is the end of 2026.



# Project Site

Located at 1 Lone Star Pass (CD3)

Texas A&M San Antonio Regional Center

Equity Atlas Combined Score = 7



# Project Summary – by 2028



- Capital Investment ~ \$531.7 million
- 411 New Full-Time Jobs
- Average Wage: \$68,245
- Annual 10% Dedicated Wraparound Support Funds
- Target Industry: Mobility
- 100% of Positions at or above \$20.54

# Incentive Recommendation Summary



10-year 65% tax abatement  
(Est. value \$14.7 M)

Public infrastructure funding  
based on 35% of future  
assessed taxes over  
10 years  
(Est. value \$7.9 M)

Chapter 380 EDIF  
reimbursement grant  
for site development, including  
utility infrastructure  
improvements  
(Up to \$1 M)

City and SAWS Fee Waivers  
(Up to \$500,000 and  
\$300,000 respectively)

Nomination as a Double Jumbo  
Texas Enterprise Zone (TEZ)  
Project  
(Est. value of up to \$2,055,000)

Expedited Permitting and  
Single-Point of Contact

# Cost Benefit Analysis



Cost Benefit Ratio/Indicator	Estimated Amount
Total Incentive Value over Length of Agreement	\$16.2 M
City Participation (\$ Incentive / \$ Investment)	3.05%
Private / Public Ratio	32.78:1
Return on Investment (ROI)	73.08%
Net Present Value	\$10.7 M

Excludes TEZ, public infrastructure and SAWS fee waivers

# Fiscal Impact



## Available Funding Source

- **Economic Development Incentive Fund (EDIF)**
- \$1M infrastructure improvement grants for development
- **General Fund**
- \$500K in Industry Fee Waivers
- \$14.7M estimated value of 10-year, 65% tax abatement

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**Total Estimated City Incentive Value: \$16,217,102**



# Recommendation

Staff recommends approval and authorization of the following incentives:

- A 10-year, 65% tax abatement;
- A \$1,000,000 EDIF grant agreement;
- City and SAWS Fee waivers in an amount not to exceed \$800,000; and
- Resolution nominating Toyota Motor Manufacturing, Texas, Inc as a Qualified Business and Double Jumbo Enterprise Project under the Texas Enterprise Zone (TEZ) program.

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