

MEMORANDUM

TO: Donna Barron, City Manager

FROM: Claire Powell, Assistant City Manager

DATE: August 3, 2021

SUBJECT: Approval of an Economic Development Agreement Between the City of Lewisville and ZMIC Entertainment LLC and Authorization for the City Manager to Execute the Agreement.

BACKGROUND

ZMIC Entertainment plans to build and operate a family entertainment venue called iCompeteX, which will occupy over 30,000 square feet of the second floor of Zion Market, located at Music City Mall. This venue will have access from Zion Market and also from the exterior of the Mall (2nd floor entrance of the previous Sears Building). iCompeteX will be a unique sport and “Eatertainment Venue” that involves interactive high-tech entertainment activities such as simulation baseball, and golf, along with a food and beverage lounge/dining experience. The venue would increase the number of daytime and evening visitors to the mall. It provides an immersive and AR sports experience giving guests the ability to socialize with friends and family, compete in tournaments, train, and dine all in once space.

This project was put on hold and reduced in scope due to COVID and escalating construction costs. The once-planned indoor pickleball courts had to be eliminated from the project, and the e-sports facility is planned elsewhere on the second floor of Zion Market outside of the iCompeteX facility.

ANALYSIS:

ZMIC Entertainment will invest a minimum of \$3,000,000 into the property and anticipates generating a minimum of \$10,000,000 in annual taxable sales. As part of their proposed project, ZMIC Entertainment is seeking an economic development incentive for the project. Based on City Council direction from the October 5, 2020 meeting, staff is proposing the following performance-based incentives for the project as described below:

- 1) An annual tax grant for 5 years
 - a. Years 1 - 3 = 100% of the Local Sales Tax Receipts and City Mixed Beverage Tax Receipts
 - b. Years 4 - 5 = 75% of the Local Sales Tax Receipts and City Mixed Beverage Tax Receipts
- 2) A Building Permit Fee Grant equal to 100% of the building permit fees.

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RECOMMENDATION:

It is City staff's recommendation that the City Council approve the agreement and authorize the City Manager to execute the agreement as set forth in the caption above.