

MEMORANDUM

TO: Claire Powell, City Manager

FROM: Marichelle Samples, Director of Economic Development

DATE: October 2, 2023

SUBJECT: **Approval of the First Amendment to an Economic Development Agreement Between the City of Lewisville and John Burns Construction Company of Texas, Inc.; and Authorization for the City Manager, or Her Designee, to Execute the First Amendment.**

BACKGROUND

John Burns Construction Company of Texas, Inc. (“Company”) entered into an Economic Development Agreement with the City of Lewisville on April 7, 2021. The agreement provides for the relocation of its facility from 655 E. Main Street (the “Old Town Location”) to a larger site, suitable for expansion of their business, located on east side of Railroad Street near Business 121 (the “Railroad Street Location”).

In exchange, the following incentives are contemplated under the Economic Development Agreement: (1) an annual grant equal to 75% of the City’s portion of ad valorem property taxes for ten years, (2) a one-time grant equal to the building permit fees paid to the city for the project; and (3) and a one-time grant equal to the capital recovery fees paid to the City for the project, upon substantial completion of the new facility. To date, the Company has not received any grant payments and will not be eligible until substantial completion of the Railroad Street Location and vacation of the Old Town Location.

Due to significant delays in construction, the Company is requesting an extension of the commencement of construction/installation of building personal property improvements deadline from December 31, 2021 to September 30, 2023.

ANALYSIS

The agreement states that the Company must commence construction of the real property improvements and installation of business personal property improvements at the Railroad Street Location on or before December 31, 2021 (“Commencement Date”). Due to material supply chain disruptions and construction material and labor escalations/delays, the Company was unable to meet the Commencement Date. However, the Company is not requesting an extension of the completion date of the Railroad Street Location or the date it must vacate the Old Town Location, which is December 31, 2023 (“Completion Date”).

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Construction of the Company's new facility is nearly 90% complete, and approximately 95% of their operations have moved to the new Railroad Street Location. Construction and relocation will occur prior to the Completion Date.

The relocation, construction of the Company's new facility at the Railroad Street Location, and the future development of the Old Town Location is part of a larger transit-oriented development that allows the City to retain business within Lewisville, further the City's long-range plans, and provide increased economic values and opportunities at both sites.

The Denton County Transportation Authority owns the property and is in the master planning process for the site, but anticipates utilizing the property for future development of their headquarters, a multimodal transit center, additional private office space, and other possible uses.

CITY STAFF'S RECOMMENDATION

That the City Council approve the First Amendment to the Economic Development Agreement and authorize the City Manager, or her designee, to execute the first amendment as set forth in the caption above.