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City Council Special Meeting**Meeting Date:** 08/02/2017**Recommended by:** Larry Rains **Prepared by:** Larry Rains, City Manager**Finance Director Review:** Celina Morris**City Attorney Review:** Brett Wallace**Approved by:** Larry Rains **Date Submitted:** 07/28/2017**Type of Action Requested:** Formal Action/Motion

SUBJECT:

Approve the Notice of Intent to enter into a retail development tax incentive agreement with The Block Sports Company for the Dreamport Villages Project.

RECOMMENDATION:

It is recommended that the Mayor the City Council adopt the Notice of Intent to enter into a retail development tax incentive agreement with The Block Sports Company for the Dreamport Villages Project. Adopting the Notice of Intent does not obligate the Mayor and Council to enter into the agreement, but is a necessary first step in order to consider whether to adopt it.

DISCUSSION:

Over the past several months, staff has been involved in negotiations with The Block Sports Company regarding the proposed development of a world class entertainment, resort, office and retail mix use development known as Dreamport Villages. The development as proposed would include resorts with supporting recreational amenities, indoor entertainment facilities, water parks, restaurants, special retail, amusement parks, a tech park, and residential development within a master planned community. The proposed development is comprised of approximately 1,507 acres and consists of two planned area developments north and south of Interstate 8 and West of Interstate 10.

Significant additional infrastructure, most likely including a new interchange at the Henness and I-8 location, would be required in order to

develop a project of this magnitude in this location. The Block Sports Company claims that, due to the significant infrastructure that needs to be constructed - much of which would have a regional benefit well beyond that needed for the Dreamport Villages project - it would be unable to build this development and amenities in this location at this time absent reimbursement of some of the infrastructure costs from the City and, accordingly, has asked the City to consider entering into a development agreement that would repay a portion of the sales tax the development generates to Block Sports. The proposed sales tax reimbursements would be used to repay the company for public infrastructure Block Sports would be responsible for constructing.

In order to consider a development agreement with terms and conditions that include retail sales tax incentives, state statute first requires that the City adopt a Notice of Intent to enter into the agreement. This notice must be adopted at least 14 days before approving any such agreement. Adoption of the Notice of Intent, which is the only substantive item on the agenda for tonight's meeting, does not obligate the Mayor and Council to enter into the development agreement but adoption of such a Notice of Intent is a mandatory prerequisite to later considering this type of agreement. Adoption of the Notice of Intent can be done by motion with a simple majority needed to pass the Notice of Intent. A form of the proposed Notice of Intent is attached to the RCA, and staff is recommending that the Mayor and Council adopt the Notice of Intent in order to further consider the agreement at a later meeting. A summary of the proposal as well as some of the economic impact of the project will be forwarded to Council once completed and a synopsis will be presented at the meeting on August 2nd.

If Council adopts the Notice of Intent tonight, also pursuant to state statute, the City would be required prior to approving any agreement to make a finding that the tax generation from the proposed project will raise more revenue than the amount of the incentive within the duration of the agreement, and that in the absence of a tax incentive, the development would not locate in the city or town in the same time, place, or manner. The statute also requires that an independent third party is required to

verify the research and analysis of these findings before the municipality enters into the agreement. To fulfill this requirement of the statute, the City has engaged Applied Economics to perform the independent review. Once the report of Applied Economics has been completed a copy will be made available to Council. Obviously, in order for the Mayor and Council to enter into a retail sales tax incentive agreement, the analysis must demonstrate that the terms of the agreement ensure that the City will raise more revenue than the amount of the proposed incentive and that the flow of tax revenues would be sufficient to cover the reimbursement amount within the time period set forth in the development agreement.

The findings by Council are not on tonight's agenda, but - if the Notice of Intent is adopted - staff anticipates asking the Mayor and Council to consider these findings at a special meeting on August 16th, as well as considering the first read of an Ordinance authorizing the City to enter into a retail sales tax incentive development agreement with Block Sports at the same meeting. Both the findings and the Ordinance authorizing the agreement must receive a 2/3 vote of the Mayor and Council (at least 5 votes) in order to be approved.

FISCAL IMPACT:

There is not anticipated fiscal impact for the Notice of Intent as the Notice does not bind Council to enter into an agreement.

ALTERNATIVES:

Deny request.

Attachments

[Notice of Intent](#)
