

Legislation Text

File #: 24-863, **Version:** 1

PRESENTER:

Jared Werner, Assistant City Manager

SUBJECT:

Approval of an Economic Development Incentive Agreement between TIRZ No. 1 and Topgolf USA NBR, LLC

DEPARTMENT: Economic and Community Development

COUNCIL DISTRICTS IMPACTED: 4

BACKGROUND INFORMATION:

The Creekside developer has been in discussions with Top Golf since at least 2019 regarding a possible location in Creekside. While Top Golf expressed some initial interest, there were questions around market and site viability that have since been resolved through negotiations on economic development incentives, as well as a plan to make a site ready for the proposed project. The proposed incentive of up to \$1,500,000 will be delivered as a direct incentive to Top Golf that approximates its new revenue generation into the TIRZ#1 fund. The incentive will be paid from TIRZ#1 property tax revenues, exclusive of the county's portion.

The conditions of the incentive require Top Golf to maintain a taxable value of at least \$16 million and a minimum of \$5 million in taxable sales. If those conditions are met, Top Golf is eligible to receive a \$250,000 payment from the TIRZ 1 fund.

If approved, the TIRZ board intends to enter an incentive agreement with Topgolf USA NBR, LLC, to provide a grant in an amount not to exceed \$1,500,000 from funds held in the Tax Increment Fund, consistent with the terms set forth in the incentive agreement. The incentive payments will be supported entirely by the City of New Braunfels property tax contributions to the TIRZ, given that the sales taxes and county contributions are limited to public improvements. This is one half of the incentive amount, and another agreement is proposed with the developer for a reimbursement of up to \$1,500,000 for eligible public improvements related to the site.

ISSUE:

Approval of an incentive amount and terms for Top Golf.

STRATEGIC PLAN REFERENCE:

Economic Mobility Enhanced Connectivity Community Identity
 Organizational Excellence Community Well-Being N/A

FISCAL IMPACT:

The project is expected to have a net fiscal impact of approximately \$3.1 million - \$5 million over a ten-year period. The proposed incentive of \$3 million to Top Golf and the developer in two separate agreements has an approximate 10 year payback period.

RECOMMENDATION:

The TIRZ Board approved the project finance plan and amendment that included the proposed terms of the economic development incentive.

Staff recommends approval of the agreement.