

ORDINANCE NO. 2249

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ALAMO HEIGHTS, TEXAS AUTHORIZING, ESTABLISHING AND APPROVING AN ECONOMIC DEVELOPMENT POLICY; AND AUTHORIZING THE CITY MANAGER TO PROCESS REQUESTS FOR ECONOMIC DEVELOPMENT ASSISTANCE IN ACCORDANCE THEREWITH; AND ESTABLISHING AN EFFECTIVE DATE

WHEREAS, the City of Alamo Heights Texas ("City") is a Texas Home Rule Municipality operating under the laws of the State of Texas, and is committed to the promotion of high-quality development in all parts of the city and to improving the quality of life for its citizens; and

WHEREAS, pursuant to Local Government Code Chapter 380, the governing body of a municipality may establish and provide for the administration of one or more programs, including programs for making grants of public money and providing personnel and services of the municipality, to promote state or local economic development and to stimulate business and commercial activity in the municipality; and

WHEREAS, the City Council desires to establish an Economic Development Policy, including application forms, required application materials, application submittal calendars and other materials related to submitting economic development applications for programs that will be considered by the City; and

WHEREAS, the purpose of the City of Alamo Heights's Economic Development Policy (the "Policy") is to provide incentives for current and prospective property owners and leaseholders to invest in City of Alamo Heights, encourage economic growth, and create job opportunities in the City; and

WHEREAS, the City Council desires the City Manager to make available the Economic Development Policy to the public upon request or by posting same on the City's website; and

WHEREAS, the City Council finds that the establishment of an Economic Development Policy will serve a public purpose.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ALAMO HEIGHTS, TEXAS:

Section 1. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the Council.

Section 2. The Economic Development Policy of the City of Alamo Heights constitutes an economic development program, as that term is defined in Chapter 380 of the Texas Local Government Code, and is hereby established as set forth in **Exhibit A**.

Section 3. The City Manager or his designee is authorized to establish economic development forms and application documents, as needed to implement this Policy.

Section 4. The Economic Development Policy, as may be amended from time to time, shall be made available to the public upon request and by posting to the City's website.

Section 5. If any provision of this Ordinance shall be held void or unconstitutional, it is hereby provided that all other parts of the same which are not held void or unconstitutional shall remain in full force and effect.

Section 6. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas.

Section 7. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given all as required by the Texas Government Code, Chapter 551, as amended.

Section 8. This Ordinance shall take effect immediately upon its passage, and approval as prescribed by law.

PRESENTED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF ALAMO HEIGHTS, TEXAS THIS 27th DAY OF OCTOBER 2025.



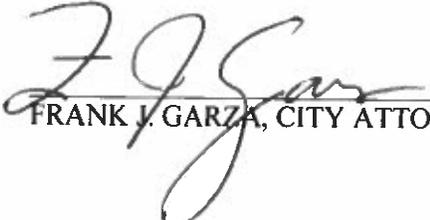
ALBERT HONIGBLUM, MAYOR

ATTEST:



ELSA ROBLES, CITY SECRETARY

APPROVED AS TO FORM:



FRANK J. GARZA, CITY ATTORNEY



EXHIBIT A
City of Alamo Heights
Economic Development Policy

A. Purpose of the Economic Development Policy:

The City of Alamo Heights (the "City") is committed to the promotion of high-quality development along commercial corridors and to improving the quality of life for its citizens.

The City's Economic Development Policy (the "Policy") is established in an effort to (1) enhance the Alamo Heights business district, by fostering a vibrant, attractive, and active commercial corridors that serve as community gathering places and destinations for residents and visitors, and (2) increase the local economy, including property tax base and sales tax collections for the City, without substantially increasing demand on City services or infrastructure.

B. Establishment of an Economic Development Policy.

This Policy shall constitute the City Economic Development Policy which is authorized under the laws of the State of Texas. The existence of this Policy does not create any property right, contract right, or other legal right in any party, including but not limited to an applicant, person, or business entity, for the City Council to consider, approve, or grant any economic development incentive.

C. Definitions: Wherever used in these Policies, Procedures and Agreements, the following terms shall have these meanings ascribed to them:

1. "Agreement" means a contractual agreement between a property and/or business owner and the City for the purpose of providing one or more economic development programs.
2. "Applicant" may be the owner, lessor, or lessee of a proposed Project.
3. "Business Personal Property" means tangible personal property other than inventory and supplies:
 - i. that is subject to ad valorem taxation by the City;
 - ii. that is located on the property subject to an incentive agreement; and
 - iii. that is owned or leased by the party to the incentive agreement.
4. "Certificate of Compliance" refers to a formal certification that declares that an individual or company has met a set of conditions found in economic development incentives agreement.
5. "Chapter 380" refers to Chapter 380 of the Local Government Code which authorizes the City to offer various incentives, including grants and loans, and to participate in tax rebate agreements.
6. "Commercial Corridors" means the portions of Broadway and Austin Highway within the city limits of Alamo Heights.

7. "Improvements" mean permanent enhancements made to land or buildings, beyond simple repairs or restorations, that meaningfully augment a property's value.

8. "Policy" refers to this document which is entitled the "City of Alamo Heights Economic Development Policy."

9. "Project" means a real estate development seeking incentives under this Policy.

10. "Public Benefitting Improvement" means a developer-constructed improvement to public roads, traffic control devices, sidewalks, drainage systems, parks, streetscape amenities, or other public City amenity that (1) serves the general public and is not required by or constructed for the exclusive benefit of one or more private parties; and that (2) City desires to be improved subject to developer reimbursement, in whole or in part, pursuant to an Agreement under this Policy.

11. "Rebate" as used herein means a grant calculated based upon a specified percentage of the increase in ad valorem property taxes or Sales Tax received by the City as a direct result of the Project.

12. "Sales Tax" refers to the City's share (1.0%) of the revenue collected from a tax on sales and use, pursuant to Texas law.

D. The Role of the City Council.

1. All Project Incentives to be Considered as a Package. In the implementation and direction of this Policy, the City Council shall take into consideration incentives provided by the City or other taxing jurisdictions for a single Project to ensure that the overall incentive package offered to prospective beneficiaries achieves the objectives of the Policy and is in the best interests of the City.

2. The Discretion of the City Council. Nothing in this Policy shall imply or suggest that City is under any legal or equitable obligation to provide any incentive whatsoever to any Applicant. All requests or applications for economic development incentives shall be considered on a case-by-case basis. The City Council has final approval or disapproval of any application or agreement, and such decisions shall be made in its sole discretion.

3. Nothing within this Policy shall be construed to prevent the City Council from modifying the terms and conditions of any incentive agreement recommended by City staff.

E. Application Review Process:

1. Applications for economic development incentives will be reviewed by the City Manager, City Staff and City Attorney, which will provide its recommendation for consideration by the City Council.

2. Public Notice Required. All economic incentive agreements shall be considered by the City Council following the statutory notice required by statute and in accordance with procedures prescribed by State and City laws.

3. Information provided by applicants may be subject to be released to the public pursuant to the Texas Public Information Act as codified in Chapter 552 of the Texas Government Code. However, certain information provided to the City in connection with an application under this Policy may be deemed confidential and not subject to public disclosure until an incentive agreement is executed. The City will respond to requests for disclosure as required by law and will assert exceptions to disclosure as it deems relevant. The City will make reasonable attempts to notify applicants of the request so it may assert its own objections to the Texas Attorney General.

F. Objectives of Economic Development Policy:

1. Attraction of Quality of Life Projects, including high-quality developments and businesses (such as restaurants, cafes, and attractive retail establishments) that generate foot traffic, community engagement, and/or contribute to the social and cultural fabric of community.
2. Attraction of businesses that will increase Sales Tax collections for the City.
3. Improve the public realm by leveraging private investments that substantially enhance the function and appearance of the public realm along—and adjacent to—the Commercial Corridors.
4. Attractive building design along the Commercial Corridors, including community expectations for high-quality design, landscaping, signage, and lighting.
5. Limiting the use and duration of incentives to the extent required to address a demonstrated need.

G. Introduction to City Economic Development Incentives:

While other types of incentives and programs may be available, the State of Texas specifically allows municipalities the ability to provide certain economic incentives. The following incentives are available for use by the City under this Policy. The City reserves the right to add additional incentives in the future.

Chapter 380 Economic Development Agreements. Chapter 380 of the Local Government Code authorizes the City to provide grants or loans for eligible businesses to accomplish the goals of this Policy. These agreements may provide for, but are not necessarily limited to, the rebate of new or increased property taxes paid on Improvements to real property and/or Business Personal Property of the Project, the rebate of new or increased Sales Tax received by the City from the Project, the reimbursement or waiver of certain municipal fees collected by the City in connection with the development of the Project, and/or grant(s) to accomplish a Public Benefitting Improvement under this Policy.

The use of incentives under this Policy is intended to achieve the policy goals herein, but only as needed to address reasonable and clearly demonstrated financial gaps in proposed development projects, defined as having insufficient financial returns to investors and/or lenders to warrant such investment or Project development. This Policy is not intended to guarantee financial returns to

developers or specific businesses, or to mitigate business risks, economic situations, or purchase decisions regarding property.

For a Project incentive to be considered, it shall undergo an analysis of the development budgets, projected revenues and expenses, and sources and uses of funds for the development Project, compared to industry standard measures for similar developments. Project Applicants will be expected to provide the City with accurate and adequate information as is necessary for such analysis and evaluation. The City Council may give preference to proposals that enhance public infrastructure along Commercial Corridors.

Each Applicant granted economic incentives under this Policy must enter into an agreement with the City containing all terms required by this Policy and by Texas law to protect the public interest.

H. Program Requirements

To be eligible for consideration to receive incentives under this Policy, a Project must achieve the minimum requirements set forth below:

1. The Project must advance the purposes and objectives of this Policy, as described herein.
2. The applicant must, in accordance with this Policy, satisfactorily demonstrate a significant financial need for the requested incentive.
3. The Project must generate additional Sales Taxes for the City.
4. The maximum possible incentives are tied to the value of new hard-cost Improvements made to the subject property. If hard cost and tenant improvements expenses exceed the current BCAD real property values, the maximum potential incentive could be up to 20% of such expenses. For example, a \$10 million hard-cost investment could permit up to a \$2.0 million maximum incentive, subject to demonstration of necessity for the incentive. It is acknowledged that actual incentives received shall be determined on property valuations and sales during Term of the Agreement.
5. City grants or incentives shall only be paid *after* developer has satisfactorily completed the Project, in accordance with the terms and conditions of the Agreement.

I. 380 Agreement Terms

An Agreement for a Project under this Policy shall at minimum include:

1. A complete description of the real property of the proposed Project;
2. A description of the Improvements associated with the Project, including minimum investments in real property and/or Business Personal Property, including deadlines for commencement and completion of the Project;
3. A detailed plan of improvements to the public areas and infrastructure of the Project (e.g., sidewalks, landscaping, lighting, and/or public amenities);

4. Provisions requiring completion of the Project, in accordance with exterior designs of Project, as approved by the City Council;
5. The term of the agreement, including provisions for early termination following default;
6. If applicable, a provision specifying whether any grant, loan or other incentive—or portion thereof—provided for a Project under the Agreement will be utilized for a Public Benefitting Improvement or for other specified Improvements;
7. A provision providing tangible means for measuring whether the applicant and other responsible parties have met the obligations under the Agreement.
8. A provision providing for City access to and authorizing inspection of the property and applicant's pertinent business records by City officials or designated third-parties of City in order to determine compliance with the Agreement.
9. Provisions for the cancellation of the agreement and/or nonpayment of incentives if the Project or Applicant is determined to not be in compliance with the Agreement;
10. A provision for recapturing certain City funds granted or loaned to an Applicant for Public Benefitting Improvement, if the Applicant does not meet duties and obligations under the terms of the Agreement;
11. A provision that allows assignment of the Agreement with prior written approval of the City Council and at the sole discretion of the City Council provided that all the duties, liabilities, obligations and rights under the Agreement are assigned from the assignor to the assignee; and the assignment document is in a form and contains content acceptable to the City; and
12. Provisions relating to administration, delinquent taxes, indemnification and reporting requirements.
13. Other provisions as the City Council shall deem appropriate.

J. The Effect of this Policy:

The adoption of the Policy does not:

1. Limit the discretion of the City Council to decide whether to enter into a specific economic development agreement; or
2. Limit the discretion of the City Council to delegate to its employees the authority to determine whether the City Council should consider a particular application or request for incentive; or

3. Create any property, contract, or other legal right in any person or entity to have the City Council consider or grant a specific application or request for economic development incentive.
4. Legal Compliance. Unless exemptions, variances, or waivers are granted by the City Council, Projects approved for an economic development incentive must comply with all federal, state, City and municipal laws, ordinances, rules and regulations, and other requirements approved by the City Council.
5. No Reduction in Current Revenues. No economic development incentive will be granted that will have the effect of reducing current revenues.
6. Effective Term of Policy. This Policy and the guidelines and criteria adopted herein shall be effective for two (2) years from the date of adoption unless amended or repealed. City Council shall also have the option to renew the Policy.

K. Contracts with Other Entities:

The City Council may choose to enter into agreements with other entities to assist with implementation of the Economic Development Policy. However, the Policy will be administered by City officers and employees under the direction of the City Council.

L. Certificate of Compliance

Each company or individual awarded an economic incentive by the City Council shall provide to the City an annual Certificate of Compliance that proves the company has fulfilled all the requirements for the respective period of time listed in the respective economic development agreement.

M. Severability

It shall be the policy and intention of the City to consider and negotiate agreements which are legally subject to being adopted under the laws of the State of Texas. Should any section, subsection, paragraph, sentence or phrase in this Policy be held to be invalid, illegal or unconstitutional by a court of competent jurisdiction, the balance of this Policy shall stand, and shall remain enforceable.