

## Item H-2

Consider a resolution approving a Chapter 380 Economic Development Program Agreement, pursuant to Chapter 380 of the Texas Local Government Code, and pursuant to the city's economic development policy, with Houghton Horns LLC, who is expanding their business to 137 Hill Street on 0.5932 acres legally described as Lot 1, Block A, Lucas & Thompson Addition; and authorizing the City Manager to execute said documents on behalf of the City of Keller, Texas.

# Houghton Horns

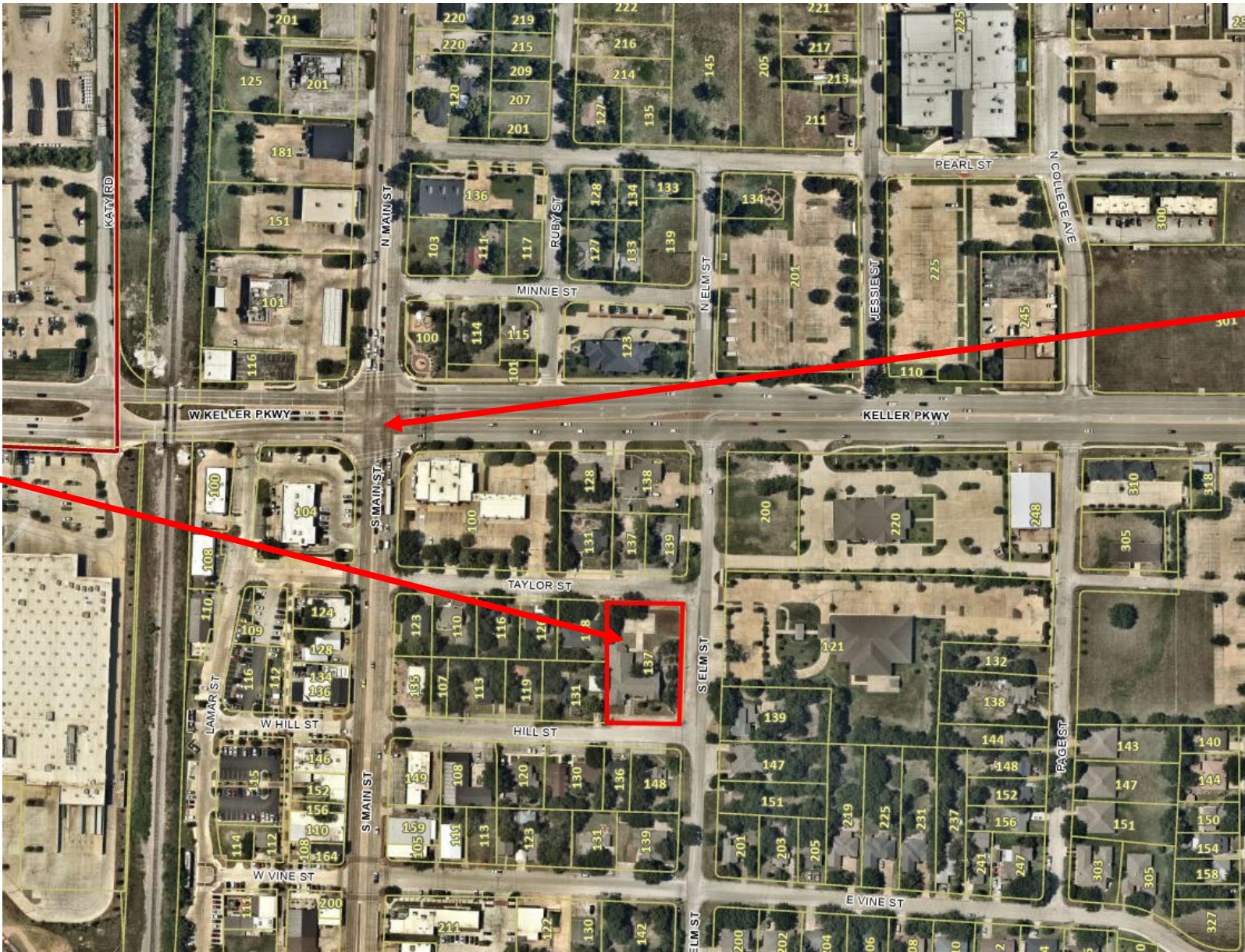


137 E. Hill St.

5,685 sf specialty brass instrument shop and performance hall

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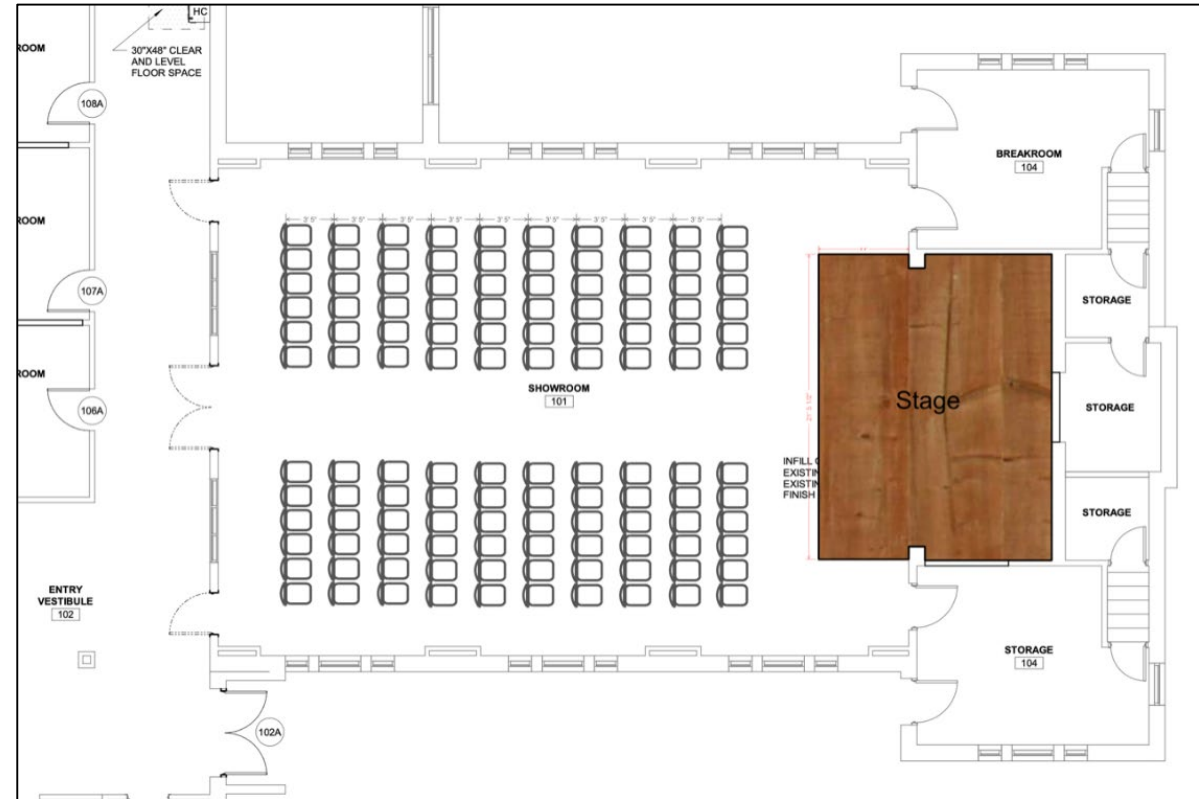
Site



Intersection  
of 1709 & 377

# Houghton Horns

- Expansion of an existing business that has been in the city for seven years.
- Retaining existing location for repair operations and storage.
- Purchased a property in April that has been on the market for seven years and has fallen into disrepair.
- While applicant originally wanted to include a performance hall, they can only afford to renovate for retail operations.





Fire sprinklers

Fire sprinklers

EXIT

Fire-safe doors with crash bars open outward





Stage lighting

Acoustic diffusers

Fire sprinklers

Fire sprinklers

Acoustic diffusers

Cut away walls around stage, fill in holes to baptismal and office

Grand piano

Vinyl flooring on stage

Seating Seating Seating Seating





# ECONOMIC INCENTIVE REQUEST SUMMARY

Year/Phase	Building Permit Fee* - 100%	Cash Grant**	Total Request
Construction Phase	\$ 993.75	\$ 195,644.80	\$ 196,638.55
Year 1	\$ -	\$ -	\$ -
Year 2	\$ -	\$ -	\$ -
Year 3	\$ -	\$ -	\$ -
Year 4	\$ -	\$ -	\$ -
Year 5	\$ -	\$ -	\$ -
Year 6	\$ -	\$ -	\$ -
Year 7	\$ -	\$ -	\$ -
Year 8	\$ -	\$ -	\$ -
Year 9	\$ -	\$ -	\$ -
Year 10	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 993.75</b>	<b>\$ 195,644.80</b>	<b>\$ 196,638.55</b>

\* based on a building construction value of \$151,700

\*\*request includes full cost of construction and equipment

# ROI Based on Request

Revenues Generated										
Incentive Request	Ad Valorem Tax*	TIRZ #2	Business Personal Property Tax**	City Sales Tax	Building Permits Fee***	Gross Annual Benefit	Base Revenue	Incentive	Total Net Benefit	ROI
Construction Phase	\$ 1,482.00	\$ -	\$ -	\$ -	\$ 993.75	\$ 2,475.75	\$ 1,482.00	\$ 196,638.55	\$ (129,006.25)	-166%
Year 1	\$ 4,290.00	\$ 2,808.00	\$ 1,382.16	\$ 38,761.14		\$ 47,241.30	\$ 1,519.05		\$ 45,722.25	-142%
Year 2	\$ 4,378.73	\$ 2,896.73	\$ 1,416.71	\$ 38,761.14		\$ 47,453.30	\$ 1,557.03		\$ 45,896.28	-119%
Year 3	\$ 4,469.67	\$ 2,987.67	\$ 1,452.13	\$ 38,761.14		\$ 47,670.61	\$ 1,595.95		\$ 46,074.66	-96%
Year 4	\$ 4,562.88	\$ 3,080.88	\$ 1,488.44	\$ 38,761.14		\$ 47,893.34	\$ 1,635.85		\$ 46,257.49	-72%
Year 5	\$ 4,658.43	\$ 3,176.43	\$ 1,525.65	\$ 38,761.14		\$ 48,121.65	\$ 1,676.75		\$ 46,444.90	-48%
Year 6	\$ 4,756.37	\$ 3,274.37	\$ 1,563.79	\$ 38,761.14		\$ 48,355.66	\$ 1,718.67		\$ 46,637.00	-25%
Year 7	\$ 4,856.75	\$ 3,374.75	\$ 1,602.88	\$ 38,761.14		\$ 48,595.53	\$ 1,761.63		\$ 46,833.89	-1%
Year 8	\$ 4,959.65	\$ 3,477.65	\$ 1,642.95	\$ 38,761.14		\$ 48,841.39	\$ 1,805.67		\$ 47,035.71	23%
Year 9	\$ 5,065.11	\$ 3,583.11	\$ 1,684.03	\$ 38,761.14		\$ 49,093.39	\$ 1,850.81		\$ 47,242.58	47%
Year 10	\$ 5,173.21	\$ 3,691.21	\$ 1,726.13	\$ 38,761.14		\$ 49,351.70	\$ 1,897.09		\$ 47,454.61	71%
<b>Total</b>	<b>\$ 48,652.80</b>	<b>\$ 32,350.80</b>	<b>\$ 15,484.87</b>	<b>\$ 387,611.40</b>		<b>\$ 485,093.62</b>	<b>\$ 18,500.50</b>	<b>\$ 196,638.55</b>	<b>\$ 336,593.12</b>	

\*based on projected property value of \$1,800,000 with annual inflation of 2.5%  
 \*\*based on business personal property value of \$443,000 with annual inflation of 2.5%  
 \*\*\* based on a building construction value of \$151,700

# ECONOMIC INCENTIVE RECOMMENDATION

Year/Phase	Building Permit Fee - 0%	Cash Grant*	Total
Construction Phase		\$ 130,000.00	\$ 130,000.00
Year 1			\$ -
Year 2			\$ -
Year 3			\$ -
Year 4			\$ -
Year 5			\$ -
Year 6			\$ -
Year 7			\$ -
Year 8			\$ -
Year 9			\$ -
Year 10			\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 130,000.00</b>	<b>\$ 130,000.00</b>

\*recommended cash grant only includes cost of fire suppression system installation (including full encapsulation insulation)

# ROI Based on Recommendation

Revenues Generated											
Incentive Request	Ad Valorem Tax*	TIRZ #2	Business Personal Property Tax**	City Sales Tax	Building Permits Fee***	Gross Annual Benefit	Base Revenue	Incentive	Total Net Benefit	ROI	
Construction Phase	\$ 1,482.00	\$ -	\$ -	\$ -	\$ 993.75	\$ 2,475.75	\$ 1,482.00	\$ 130,000.00	\$ (129,006.25)	-199%	
Year 1	\$ 4,290.00	\$ 2,808.00	\$ 1,382.16	\$ 38,761.14		\$ 47,241.30	\$ 1,519.05		\$ 45,722.25	-164%	
Year 2	\$ 4,378.73	\$ 2,896.73	\$ 1,416.71	\$ 38,761.14		\$ 47,453.30	\$ 1,557.03		\$ 45,896.28	-129%	
Year 3	\$ 4,469.67	\$ 2,987.67	\$ 1,452.13	\$ 38,761.14		\$ 47,670.61	\$ 1,595.95		\$ 46,074.66	-93%	
Year 4	\$ 4,562.88	\$ 3,080.88	\$ 1,488.44	\$ 38,761.14		\$ 47,893.34	\$ 1,635.85		\$ 46,257.49	-58%	
Year 5	\$ 4,658.43	\$ 3,176.43	\$ 1,525.65	\$ 38,761.14		\$ 48,121.65	\$ 1,676.75		\$ 46,444.90	-22%	
Year 6	\$ 4,756.37	\$ 3,274.37	\$ 1,563.79	\$ 38,761.14		\$ 48,355.66	\$ 1,718.67		\$ 46,637.00	14%	
Year 7	\$ 4,856.75	\$ 3,374.75	\$ 1,602.88	\$ 38,761.14		\$ 48,595.53	\$ 1,761.63		\$ 46,833.89	50%	
Year 8	\$ 4,959.65	\$ 3,477.65	\$ 1,642.95	\$ 38,761.14		\$ 48,841.39	\$ 1,805.67		\$ 47,035.71	86%	
Year 9	\$ 5,065.11	\$ 3,583.11	\$ 1,684.03	\$ 38,761.14		\$ 49,093.39	\$ 1,850.81		\$ 47,242.58	122%	
Year 10	\$ 5,173.21	\$ 3,691.21	\$ 1,726.13	\$ 38,761.14		\$ 49,351.70	\$ 1,897.09		\$ 47,454.61	159%	
<b>Total</b>	<b>\$ 48,652.80</b>	<b>\$ 32,350.80</b>	<b>\$ 15,484.87</b>	<b>\$ 387,611.40</b>		<b>\$ 485,093.62</b>	<b>\$ 18,500.50</b>	<b>\$ 130,000.00</b>	<b>\$ 336,593.12</b>		

\*based on projected property value of \$1,800,000 with annual inflation of 2.5%  
 \*\*based on business personal property value of \$443,000 with annual inflation of 2.5%  
 \*\*\* based on a building construction value of \$151,700

# Incentive Policy Compliance

- ✓ Meets Incentive Policy Goals (Section 1)
- ✓ Meets General Eligibility (Section 3)
- ✓ Meets High Priority Geographic Areas (Section 4.1.1)
  - TIRZ #2
- ✓ Meets High Priority Businesses (Section 4.2.1)
  - High quality full-service restaurants
  - *Experiential retail that is family-friendly and will attract visitors to Keller to enjoy a unique experience*
  - Small employers with high-paying jobs that match or resident's demographics
  - *Businesses that have a limited impact on the natural environment*
  - *High sales tax generators*
- ✓ Meets Minimum Performance Requirements (Section 6)
  - Minimum New Taxable Sales for Retail (\$250,000)

# Summary

- Total incentive request is \$196,639.
- Staff recommends an approval of \$130,000 to achieve 100% ROI in Year 6.
- The cash grant would be issued following installation of the fire suppression equipment and upon issuance of a certificate of occupancy for the performance hall operations.



**Questions?  
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817-743-4009**

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