

AGENDA ITEM # 16



Executive Summary

10-21-16

Agenda Subject: Old Town Business Grant to “Ponyfoot Public House,” a brewpub to be located at 216 N. Gabriel Street, Leander, Texas.

Background: In January the Council created the Old Town business grant program and reserved \$250,000 to fund it. The fund exists to help support business locating or expanding within the Old Town sub-area of the TOD. The grants can be made for up to \$100,000, used for infrastructure and/or to assist in financing through banks financing those businesses. Analysis of a company’s business plan and investment is used to define the value of the new business to the city over its first five years of operation, and that total is used to define the limit of the grant up to \$100,000.

Origination: This opportunity arises from the “Ponyfoot Public House” owners becoming aware of the grant program and working with their bankers (Prosperity Bank) to apply. The company originally requested a grant of \$100,000.

Financial Consideration: \$75,000 (Old Town Incentive Fund - GL 06-01-6010)

Recommendation: Staff recommends approval of a grant of \$75,000 as justified by the analysis of the business plan and investment in the property expected to result in additional sales and property tax to the City of Leander over five years.

Attachments: Included with this Summary.

Prepared by: Mark S. Willis, Economic Development Director

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SYNOPSIS OF COMPANY VALUE TO THE CITY

- Incremental property tax gains over five years: \$15,000
- Direct Sales Tax \$45,000
- Secondary Benefits \$15,000
- TOTAL \$75,000

Property tax incremental gains include expected through property value realized from direct investment in rehabilitation of, additions to and improvements to the property, as well as an expected increase in appraisal values as historically observed in Williamson County.

Sales tax revenue is based on business plan projections and some conservative adjustments made by City staff reflecting historic sales growth in comparable businesses.

Secondary or indirect benefits are based on multiplier effects defined by U.S. Chamber of Commerce case studies and economic research.

All revenues are discounted over the five year period at a 4% rate.