



## CITY OF SOUTHLAKE POLICY STATEMENT FOR PUBLIC INVESTMENT RELATED TO ECONOMIC DEVELOPMENT

### General Purpose and Objectives of Incentives

The City of Southlake is committed to an ongoing improvement in the quality of life for its citizens through the attraction and retention of high quality development that drives a dynamic and sustainable economic environment. Southlake will, on a case-by-case basis, consider providing inducement packages as a stimulus for economic development activity including business attraction, relocation and retention.

### Public Funds Investment Guiding Principles

In carrying out its economic development objectives, the City of Southlake will adhere to the following guiding investment principles to best determine the strategic investment of its resources in eligible projects:

- Project supports comprehensive plan implementation
- Project will retain, expand, or attract targeted industries
- Project will contribute to a top-tier workforce by retaining or expanding daytime population and preferred job types
- Project includes preferred quality of life benefits such as open space preservation and project enhancements
- Public investment is performance-based and considers reasonable return on investment via direct financial return and other indirect benefits
- Investments will be made into projects sponsored by a financially-viable company in good legal standing with the City and State
- Project will make a unique or unequaled contribution to development or redevelopment efforts in the City of Southlake, due to its magnitude, significance to the community or aesthetic quality

### Criteria

Recommendations for investment will be based on evaluation of criteria including the following:

<b>Fiscal Impact</b>	<ul style="list-style-type: none"> <li>■ What is the estimated total value of capital investment for buildings, other real property improvements and furniture, fixtures and equipment?</li> <li>■ What is the value of the Real and Business Personal Property that will be added to the tax rolls?</li> <li>■ How much direct sales tax will be generated?</li> <li>■ Will infrastructure construction be required?</li> <li>■ Will the project generate overnight stays in the community? If so, how many annually?</li> <li>■ What is the estimated return on public investment?</li> </ul>
<b>Employment Impact</b>	<ul style="list-style-type: none"> <li>■ How many jobs will be brought to Southlake?</li> <li>■ How many jobs will be retained?</li> <li>■ What types of jobs will be created?</li> <li>■ What will the total annual payroll be?</li> <li>■ What is the average annual salary of jobs created and/or retained?</li> </ul>
<b>Community Impact</b>	<ul style="list-style-type: none"> <li>■ How compatible is the project with the City's comprehensive plan goals?</li> <li>■ How does the project support goals related to preferred quality of life benefits such as preservation of open space and project enhancements?</li> </ul>
<b>Project Eligibility</b>	<ul style="list-style-type: none"> <li>■ Does the project meet the following minimum preferred thresholds?                             <ul style="list-style-type: none"> <li>• Capital investment: \$5,000,000</li> <li>• Jobs created or retained: 100</li> <li>• Average annual total compensation of jobs created or retained: \$50,000</li> <li>• Average education level: 4-year degree</li> <li>• Target industry alignment</li> </ul> </li> <li>■ If the project does not meet the preferred thresholds, will it make a unique or unequaled contribution to the development or redevelopment efforts in the City? How?</li> </ul>

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## Target Industries

The Southlake 2035 Economic Development Master Plan specifies these target industries:

<p><b>Niche Retail</b></p>	<ul style="list-style-type: none"> <li>■ Full-service and limited-service restaurants (unique, independent restaurants, farm-to-table, chef-driven, etc.)</li> <li>■ Specialty grocery (organic/local, specialty foods, dine-in or take-away house made prepared foods, artisanal cafe, wine and cheese from around the globe)</li> <li>■ House &amp; home retail (furnishings and appliances, home design showrooms, smart home technology)</li> <li>■ Health, beauty and wellness (salons, spas, fitness training/gyms, yoga studios)</li> <li>■ Culinary Hub (farm-to-table, farmers market, specialty food retailers, commercial grade kitchens, culinary business incubator)</li> </ul>
<p><b>Office</b></p>	<ul style="list-style-type: none"> <li>■ Corporate headquarters and regional offices (large scale, build-to-suit campus office)</li> <li>■ Multi-tenant garden-style (professional services: accountants, engineers/planners/architects, information technology, lawyers, advertising and media, management consulting, actuary)</li> </ul>
<p><b>Medical and Healthcare</b></p>	<ul style="list-style-type: none"> <li>■ Health, beauty and wellness (specialized facilities for cosmetic procedures, healthy living, etc.)</li> <li>■ Specialized pediatric and senior clinic / outpatient facilities</li> <li>■ Specialized medical facilities for surgical procedures (implanted medical devices, bariatric, etc.)</li> <li>■ Medical/wellness hub along SH 114</li> <li>■ Research &amp; Development Center</li> </ul>
<p><b>Finance, Insurance and Wealth Management</b></p>	<ul style="list-style-type: none"> <li>■ Corporate headquarters and regional offices</li> <li>■ Professional services</li> </ul>
<p><b>Information Technology and Media</b></p>	<ul style="list-style-type: none"> <li>■ Corporate headquarters and regional offices</li> <li>■ Professional services</li> <li>■ Telecommunications</li> </ul>
<p><b>Biotechnology and Pharmaceuticals</b></p>	<ul style="list-style-type: none"> <li>■ Corporate headquarters and regional offices</li> <li>■ Research and development</li> </ul>

Applicants are encouraged to visit [www.Southlake2035.com](http://www.Southlake2035.com) to review the master plan for industry specifics and further detail.

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## Eligible Activities

Investment funds may be used for one or more of the following eligible activities to assist a targeted industry in locating in the City or to facilitate a redevelopment project:

- Capital investments related to real property construction and acquisition
- Improvements to an existing building
- On-site and/or off-site infrastructure
- Site enhancements that the City may choose to support in order to encourage upgraded aesthetics or amenities. Examples include parks and open space, public art, decorative fountains, underground utilities and enhanced landscaping
- Other purposes which bring value to the community as determined by the Southlake City Council

## Exclusionary Factors

Even though a project might meet all of the minimum project qualifications, it will not be considered for public investment if any of the following factors apply:

- If the project would, for any reason, result in a net reduction of the ad valorem tax valuation of all facilities in the City owned by the company, or its parent, subsidiary or affiliated companies, assistance will not be provided.
- Investment will not be provided to companies not in good legal standing with the state or that have not met their obligations as businesses in the City of Southlake.
- No prior commitment to investment shall be binding if the company originally receiving the assistance assigns it to another company, unless the City has consented to such assignment in writing, as specified in an approved investment agreement.
- The financial condition of the company receiving the assistance must not be such that the ability of the company to meet its obligations is uncertain.

## Available Investment Tools

The following economic development investment tools are available for use by the City of Southlake for those economic development projects that meet the eligibility criteria. Not all tools are available for each project and projects may be offered more than one tool. The type and number of investment tools to be used is the sole discretion of the Southlake City Council. Investment from the City of Southlake does not preclude other state and county incentives.

<b>Tax abatement</b>	This is a tool whereby all or a portion of the increase in the value of real and/or business personal property can be exempted from taxation. Legal authority for tax abatements comes from Chapter 312 of the Texas Property Tax Code; therefore, cities must meet the provisions of the Code when using abatements.
<b>Chapter 380 economic development grants</b>	This incentive option is authorized under Chapter 380 of the Texas Local Government Code. It is an agreement between the taxpayer and taxing entity to offer a variety of fee-based or tax-based incentives, grants (which may or may not be repaid), or rebates. This is a flexible option, but there are certain state law requirements that must be met in all cases.
<b>Infrastructure participation</b>	The City of Southlake has a track record of facilitating development through enhancement of water, sewer and roadway infrastructure relevant to sites selected for significant projects as needed.
<b>Tax Increment Reinvestment Zone</b>	Tax Increment Financing is a tool to finance public improvements within a defined area. The improvements should enhance the environment and attract new investment. The statutes governing tax increment financing are in Chapter 311 of the Texas Tax Code.
<b>Public Improvement Districts (PID)</b>	A PID is a defined geographical area established to provide specific types of improvements or maintenance within the area which are financed by assessments against the property owners within the area. Chapter 372 of the Texas Local Government Code authorizes the creation of PIDs by cities.
<b>Fee waivers or reimbursement</b>	The City of Southlake will consider a waiver or reimbursement of development fees on eligible projects.



## Other Southlake Financial Policies Governing Public Funds Investment Considerations

Southlake has the following additional policies and guidelines that further define specific types of public investment.

- Tax Abatement Policy
- Economic Development Investment Fund Expenditure Guidelines
- Southlake TIRZ #1 Expenditure Guidelines
- Hotel Occupancy Tax Fund Expenditure Guidelines

Economic development office staff can provide copies of these documents and review applicability prior to submission of a request.

## Return on Investment Considerations

Each eligible project must provide a return on investment (ROI) for the public funds investment provided. The City of Southlake calculates ROI for both direct and indirect benefits. The specific ROI will be determined through analysis of:

- The project's total capital investment and resulting taxable value generating an annual increase of property tax revenue
- The number and types of jobs to be created or retained
- The project's estimated ability to generate direct sales tax revenue as well as indirect sales tax revenue
- The project's estimated ability to generate overnight stays that result in direct hotel occupancy fund revenue as well as indirect revenue associated with visitors contributing to the Southlake economy

## How to Apply

Fill out and submit a Request for Investment Application. Application forms, deadlines and meeting information can be obtained by contacting the economic development office at 817-748-8039 or by email at [econdev@ci.southlake.tx.us](mailto:econdev@ci.southlake.tx.us). A full review of the application with the economic development staff is recommended prior to submission.

## Process

Requests for public investment are facilitated by the economic development and finance staff through a process described in the "Procedure for Investment Consideration" which is provided as an attachment to the Request for Investment Application document. All proposed incentives are subject to review and comment by the Community Enhancement and Development Corporation Board and final City Council approval.

*All public investment will be considered on a project-by-project basis by applying the guidelines in this policy statement. The City is not obligated to make any investments. In considering whether or not to provide investment in a project and if so how much, the City will take into account assistance made by private sources to support the project locating in the City. The guidelines in this policy statement are only applicable to projects for which a completed Request for Investment Application has been submitted to the City's Economic Development Department. These guidelines are subject to change, and any changes will be applied to all projects for which a final Economic Development Investment Agreement has not yet been approved by the City Council.*