

Costco Wholesale Corporation Agreements

December 10, 2019



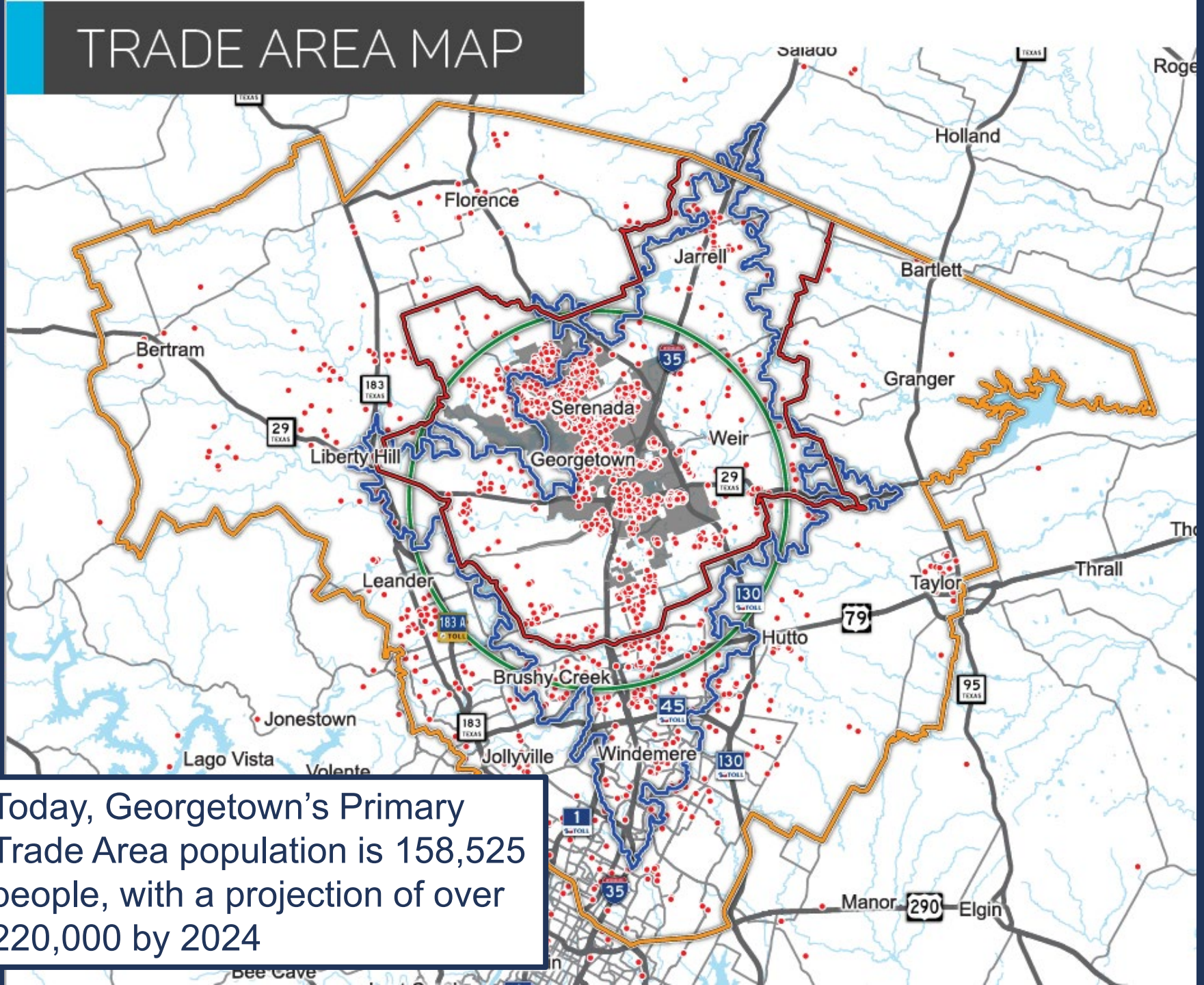
Agenda Items

- AI.** Consideration and possible action to approve an **economic development sales tax incentive** agreement with Costco Wholesale Corporation
- AJ. Forwarded from Georgetown Transportation Enhancement Corporation (GTEC):** Consideration and possible action to approve an economic development incentive agreement with Costco Wholesale Corporation
- AK. Forwarded from Georgetown Economic Development Corporation (GEDCO):** Consideration and possible action to approve an economic development incentive agreement with Costco Wholesale Corporation
- AL. Forwarded from Georgetown Economic Development Corporation (GEDCO):** Consideration and possible action to approve an economic development agreement with Atmos Energy

Project Background

- Retail Assessment completed in 2016
- Calculated a primary trade area of 134,031 people
- Identified future retail nodes, including the property under contract
- Identified tenants with no presence in the trade area – including Costco

TRADE AREA MAP



Today, Georgetown's Primary Trade Area population is 158,525 people, with a projection of over 220,000 by 2024

Retail Leakage

The 2017 assessment identified over 1,000,000 SF in retail “leakage” or unmet demand in our trade area

Top Five Categories	Unmet Demand “Leakage”
Department Stores	320,638
Other General Merchandise	316,004
Limited-Service Eating Places	83,748
Full-Service Restaurants	70,937
Specialty Food Stores	56,478
TOTAL	847,805

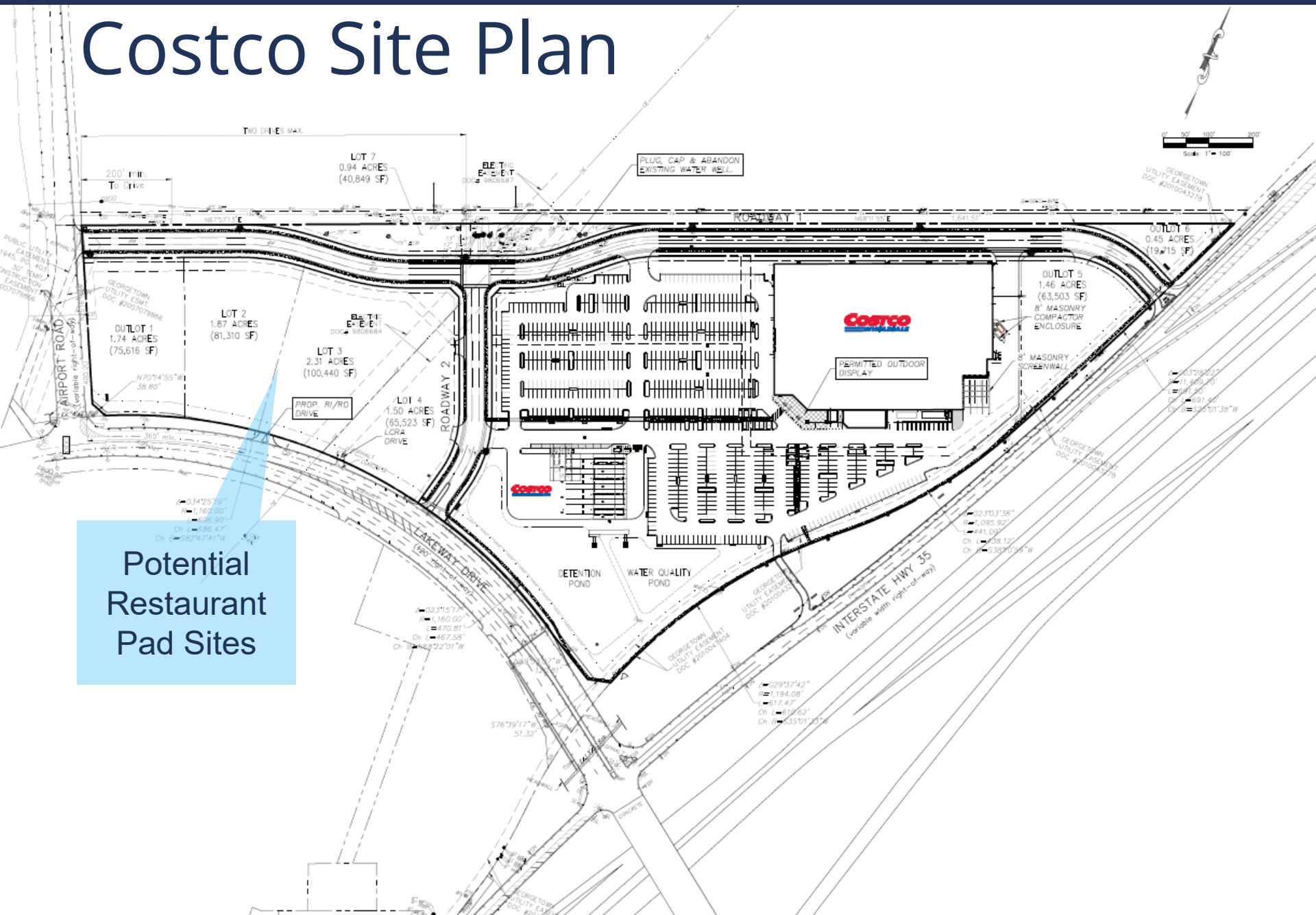
About Costco

- Costco Wholesale Corporation is an American multinational corporation which operates a chain of membership-only warehouse clubs
- As of 2015, was the second largest retailer in the world
- As of 2016, world's largest retailer of choice and prime beef, organic foods, rotisserie chicken, and wine
- Ranked #15 on the Fortune 500 rankings

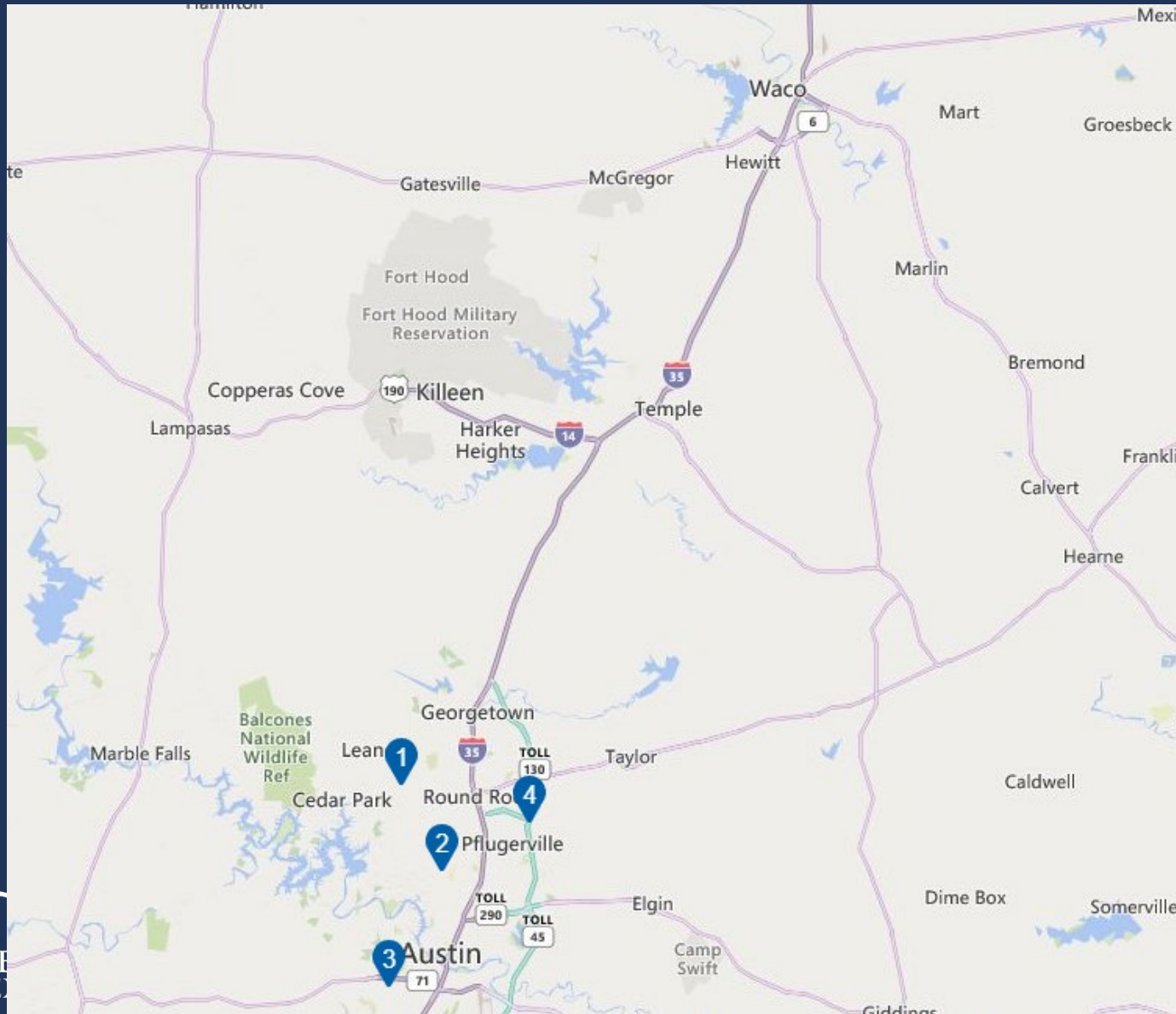
Project Overview

- Site under contract at NW corner of Lakeway Drive & Interstate 35
- Planned Unit Development
- Construction of a 150,000 SF Costco retail store within five years
- Development includes two public roads and creation of multiple out-lots
- \$20,000,000 capital investment

Potential Restaurant Pad Sites



Current Costco Locations



Costco Incentive Package Proposal

Incentive	Amount
Sales Tax Reimbursement	\$2,000,000
GTEC Infrastructure Reimbursement	\$2,000,000
GEDCO Natural Gas Extension	\$400,000
TOTAL INCENTIVE AMOUNT	\$4,400,000

Costco Incentive Package Proposal

- Incentive package has a **2.9 year payback** period to the City of Georgetown
- Costco will be one of the largest sales tax producers for the City of Georgetown
- 10-year net benefit to Georgetown is approximately **\$11,047,307**

Item ??: Sales Tax Incentive

- Half-cent sales tax rebate (50% of the revenue to the general fund)
- Maximum of \$2,000,000 *or* 10 years, whichever occurs first
- Requirements:
 - Minimum capital investment of \$20,000,000 including facility and public improvements
 - Construction of improvements in accordance with the building standards and materials outlined in the PUD document
 - Completion of construction within five years

Item ??: GTEC Incentive

- \$2,000,000 infrastructure reimbursement grant to offset actual costs for design and construction of public roads
- Requirements:
 - Minimum capital investment of \$20,000,000 including facility and public improvements
 - Construction of improvements in accordance with city design and engineering standards
 - Completion of construction within five years
 - Five year claw back period

Item ??: GEDCO Incentive

- GEDCO will enter into a service line agreement with Atmos Energy to extend natural gas service to the Costco site
- If Costco triggers the expansion of the line, but does not complete construction, they will repay the expended amount of \$400,000
- Requirements:
 - Minimum capital investment of \$20,000,000 including facility and public improvements
 - Completion of construction within five years

Item ??: GEDCO Atmos Agreement

- GEDCO seeks to enter into a service line agreement with Atmos Energy to extend natural gas service to the Costco area
- Due to the development interest in this area, the extension can be triggered with any GEDCO approved project
- Five-year expiration
- GEDCO will pay \$400,000 and Atmos will pay for the remainder of the project (estimated at \$1,300,000 total)

Costco Incentive Package Proposal

Incentive	Amount
Sales Tax Reimbursement	\$2,000,000
GTEC Infrastructure Reimbursement	\$2,000,000
GEDCO Natural Gas Extension	\$400,000
TOTAL INCENTIVE AMOUNT	\$4,400,000

Agenda Items

- AI.** Consideration and possible action to approve an **economic development sales tax incentive** agreement with Costco Wholesale Corporation
- AJ. Forwarded from Georgetown Transportation Enhancement Corporation (GTEC):** Consideration and possible action to approve an economic development incentive agreement with Costco Wholesale Corporation
- AK. Forwarded from Georgetown Economic Development Corporation (GEDCO):** Consideration and possible action to approve an economic development incentive agreement with Costco Wholesale Corporation
- AL. Forwarded from Georgetown Economic Development Corporation (GEDCO):** Consideration and possible action to approve an economic development agreement with Atmos Energy

Costco Wholesale Corporation Agreements

December 10, 2019

