

LOUIS R. RIGBY
Mayor
BRANDON LUNSFORD
Councilmember At Large A
STEVE GILLETT
Councilmember At Large B
DANNY EARP
Councilmember District 1



CHUCK ENGELKEN
Councilmember District 2
BILL BENTLEY
Mayor Pro-Tem
Councilmember District 3
THOMAS GARZA
Councilmember District 4
JAY MARTIN
Councilmember District 5
NANCY OJEDA
Councilmember District 6

CITY COUNCIL MEETING AGENDA

Notice is hereby given of a Regular Meeting of the La Porte City Council to be held June 24, 2019, beginning at 6:00 pm in the City Hall Council Chambers, 604 W. Fairmont Parkway, La Porte, Texas, for the purpose of considering the following agenda items. All agenda items are subject to action.

1. **CALL TO ORDER**
2. **INVOCATION** – The invocation will be given by Rev. Dee Spears, Fairmont Park Church.
PLEDGES – Will be led by Councilmember Thomas Garza.
U.S. Flag
Texas Flag: Honor the Texas Flag. I pledge allegiance to thee, Texas, one state, under God, one, and indivisible.
3. **PRESENTATIONS, PROCLAMATIONS, AND RECOGNITIONS**
 - (a) Presentation of Certificate of Election to newly elected Councilperson Jay Martin. [Mayor Louis R. Rigby]
4. **PUBLIC COMMENTS** (Limited to five minutes per person.)
5. **CONSENT AGENDA** *(Approval of Consent Agenda items authorizes each to be implemented in accordance with staff recommendations provided. An item may be removed from the consent agenda and added to the Statutory Agenda for full discussion upon request by a member of the Council present at this meeting.)*
 - (a) Approve the minutes of the meeting held on June 10, 2019. [Mayor Louis R. Rigby]
6. **AUTHORIZATIONS**
 - (a) Presentation, discussion, and possible action to approve expenditure by the La Porte Development Corporation in an amount not to exceed \$700,000.00 in connection with Project G, an incentive project granted to INEOS Styrolution America, LLC for development of a styrene monomer manufacturing facility at 1230 Independence Parkway. [Ryan Cramer, Economic Development Coordinator]
7. **STATUTORY AGENDA**
 - (a) Presentation, discussion and possible action regarding first reading of Ordinance 2019-3746, for the purpose of granting franchise to CenterPoint Energy Resources Corp., to locate and operate facilities for transmission of natural gas in public rights-of-way, for term of 10 years. [Corby Alexander, City Manager]
 - (b) Presentation, discussion, and possible action regarding Ordinance 2019-3747, amending Chapter 82, "Buildings and Building Regulations" - Appendix A "Fees" of the Code of Ordinances of the City of La Porte, for the purpose of changing fees for city residential building permits and residential mechanical permits. [Corby Alexander, City Manager]
8. **REPORTS**
 - (a) Receive report on the La Porte Development Corporation Board meeting. [Councilmember Nancy Ojeda]

9. ADMINISTRATIVE REPORTS

- Zoning Board of Adjustment Meeting, Thursday, June 27,2019
- City Council Meeting, Monday, July 8, 2019
- Planning and Zoning Commission Meeting, Thursday, July 18, 2019
- City Council Meeting, Monday, July 22, 2019
- Zoning Board of Adjustment Meeting, Thursday, July 25, 2019

10. COUNCIL COMMENTS *Hear announcements concerning matters appearing on the agenda; items of community interest; and/or inquiries of staff regarding specific factual information or existing policy from the Mayor, Councilmembers, and City staff, for which no formal action will be discussed or taken.*

11. ADJOURNMENT

If, during the course of the meeting and discussion of any items covered by this notice, City Council determines that a Closed or Executive Session of the Council is required, then such closed meeting will be held as authorized by Texas Government Code, Chapter 551, Section 551.071 - consultation with counsel on legal matters; Section 551.072 - deliberation regarding purchase, exchange, lease or value of real property; Section 551.073 - deliberation regarding a prospective gift; Section 551.074 - personnel matters regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; Section 551.076 - implementation of security personnel or devices; Section 551.087 - deliberation regarding economic development negotiation; Section 551.089 - deliberation regarding security devices or security audits, and/or other matters as authorized under the Texas Government Code. If a Closed or Executive Session is held in accordance with the Texas Government Code as set out above, the City Council will reconvene in Open Session in order to take action, if necessary, on the items addressed during Executive Session.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services are requested to contact the City Secretary's office (281-470-5019), two working days prior to the meeting for appropriate arrangements.

CERTIFICATE

I, Lee Woodward, City Secretary, do hereby certify that a copy of the June 24, 2019, City Council agenda was posted on the City Hall bulletin board, a place convenient and readily accessible to the general public at all times, and to the City's website, www.LaPorteTX.gov, in compliance with Chapter 551, Texas Government Code.

DATE OF POSTING _____

TIME OF POSTING _____

TAKEN DOWN _____

Lee Woodward, City Secretary



**Council Agenda Item
June 24, 2019**

1. **CALL TO ORDER**
2. **INVOCATION** – The invocation will be given by Rev. Dee Spears, Fairmont Park Church.
PLEDGES – Will be led by Councilmember Thomas Garza.
U.S. Flag
Texas Flag: Honor the Texas Flag. I pledge allegiance to thee, Texas, one state, under God, one, and indivisible.
3. **PRESENTATIONS, PROCLAMATIONS, AND RECOGNITIONS**
(a) Presentation of Certificate of Election to newly elected Councilperson Jay Martin. [Mayor Louis R. Rigby]
4. **PUBLIC COMMENTS** (Limited to five minutes per person.)

Presentation to be made at the meeting



**Council Agenda Item
June 24, 2019**

5. **CONSENT AGENDA** *(Approval of Consent Agenda items authorizes each to be implemented in accordance with staff recommendations provided. An item may be removed from the consent agenda and added to the Statutory Agenda for full discussion upon request by a member of the Council present at this meeting.)*
- (a) Approve the minutes of the meeting held on June 10, 2019. [Mayor Louis R. Rigby]

LOUIS RIGBY
Mayor
BRANDON LUNSFORD
Councilperson At Large A
STEVE GILLETT
Councilperson At Large B
DANNY EARP
Councilperson District 1
CHUCK ENGELKEN
Councilperson District 2



BILL BENTLEY
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Councilperson District 4
JAY MARTIN
Councilperson District 5
NANCY OJEDA
Councilperson District 6
Mayor Pro-Tem

MINUTES OF THE REGULAR MEETING OF THE CITY COUNCIL OF THE CITY OF LA PORTE JUNE 10, 2019

The City Council of the City of La Porte met in a regular meeting on Monday, June 10, 2019, at the City Hall Council Chambers, 604 West Fairmont Parkway, La Porte, Texas, at 6:00 p.m., with the following in attendance:

Councilpersons present: Louis Rigby, Brandon Lunsford, Steve Gillett, Danny Earp, Bill Bentley, Thomas Garza, Nancy Ojeda

Councilpersons absent: Chuck Engelken, Jay Martin

Council-appointed officers present: Corby Alexander, City Manager; Lee Woodward, City Secretary; Clark Askins, Assistant City Attorney

1. **CALL TO ORDER** – Mayor Rigby called the meeting to order at 6:00 p.m.

2. **INVOCATION** – The invocation was given by Rev. Alan Neel, Life Community Church.

PLEDGES – The pledges of allegiance to the U.S. and Texas flags were led by Mayor Louis R. Rigby.

3. PRESENTATIONS, PROCLAMATIONS, AND RECOGNITIONS

- (a) Presentation of Oath of Office and Certificate of Election to newly elected Councilperson Jay Martin. [Mayor Rigby] (*Councilperson was not in attendance, this item was pulled.*)
- (b) Proclamation in recognition of June as Fair Housing Month in the City of La Porte. [Mayor Rigby]
- (c) Proclamation in recognition of Ryan Schoppe Day. [Mayor Rigby]

4. **PUBLIC COMMENTS** (Limited to five minutes per person.) Chuck Rosa spoke about the fifth and fourteen amendment due process clauses in reference to item 6e. David Janda congratulated Ryan Schoppe and offered approval of item 6f as a member of the LPISD Board of Trustees. Kerri Taylor, Executive Director, UnBound Houston, commented in support of items such as 6g to aid the fight against human trafficking.

5. **CONSENT AGENDA** (*Approval of Consent Agenda items authorizes each to be implemented in accordance with staff recommendations provided. An item may be removed from the Consent Agenda and added to the Statutory Agenda for full discussion upon request by a member of the Council present at this meeting*)

- (a) Approve the minutes of the special meeting held on May 10, 2019, and the regular meeting held on May 13, 2019. [Lee Woodward, City Secretary]
- (b) Award Bid #19010 to Greenscapes Six, LLC for the Annual Concrete Sidewalk Replacement Project and authorize the City Manager to execute a construction contract, based on unit prices bid, in the amount of annual budget amounts approved by City Council for sidewalk replacement and infill. [Don Pennell, Public Works Director, Lorenzo Wingate, P.E., City Engineer]
- (c) Adopt Resolution 2019-09 indicating the City's agreement to adopt the policies outlined within the proposed resolution, in connection with the City's participation in federally funded Community Development Block Grant (CDBG) Projects. [Lorenzo Wingate, P.E., City Engineer]
- (d) Approve the nomination of Pat McCabe to an open position on the La Porte Zoning Board of Adjustment. [Mayor Rigby and Councilperson Bentley]
- (e) Approve the nomination of Mark Goodwin to an open position on the La Porte Tax Increment Reinvestment Zone Number One (TIRZ) Board of Directors/La Porte Redevelopment Authority Board of Directors. [Mayor Rigby]

Councilperson Gillett moved to approve consent agenda items; the motion was adopted, 7-0.

6. STATUTORY AGENDA

- (a) **Presentation, discussion, and possible action to include the South 7th Street Improvements in the 2019-2020 Capital Improvement Budget and authorize the City Manager to execute a contract with Cobb Fendley for the survey phase of work at \$45,770 and the preliminary engineering report phase at \$93,570. [Don Pennell, Public Works Director]**

Councilperson Garza moved to include the South 7th Street Improvements in the 2019-2020 Capital Improvement Budget and authorize the City Manager to execute a contract with Cobb Fendley for the survey phase of work at \$45,770 and the preliminary engineering report phase at \$93,570; the motion was adopted, 6-1, Councilperson Earp voting against.

- (b) **Presentation, discussion and possible action to adopt Ordinance 2019-3745 electing a Mayor Pro Tem. [Mayor Rigby]**

Councilperson Garza nominated Councilperson Bentley. Councilperson Garza moved to adopt Ordinance 2019-3745 electing Councilmember Bentley as Mayor Pro Tem; the motion was adopted, 7-0.

- (c) **Presentation, discussion and possible action to appoint a Councilperson to serve on each of the La Porte Animal Shelter Advisory Committee, the La Porte Drainage and Flooding Committee, and the Fiscal Affairs Committee. [Mayor Rigby]**

Councilperson Ojeda moved to appoint Councilperson Lunsford to serve in an open position on the La Porte Animal Shelter Advisory Committee; the motion was adopted, 7-0.

Councilperson Earp moved to appoint Councilperson Gillett to serve as the alternate to the La Porte Drainage and Flooding Committee; the motion was adopted 7-0.

Councilperson Garza moved to appoint Councilperson Ojeda to serve in an open position on the Fiscal Affairs Committee; the motion was adopted, 7-0.

Councilperson Earp moved to appoint Councilperson Garza to serve as Alternate to the Fiscal Affairs Committee; the motion was adopted, 7-0.

- (d) **Presentation, discussion, and possible action regarding the nomination of Councilmember Gillett to an open position on the La Porte Fire Control, Prevention, and Emergency Medical Services District Board of Directors. [Councilpersons Martin, Gillett, and Bentley]**

Councilperson Earp moved to appoint Councilperson Gillett to the open position on the La Porte Fire Control, Prevention, and Emergency Medical Services District Board of Directors; the motion was adopted, 7-0.

- (e) **Presentation, discussion, and possible action on proposed changes to city regulations pertaining to construction of new warehouses and distribution centers in the City of La Porte. [Councilpersons Garza, Lunsford, and Bentley]**

Councilperson Earp moved to leave the relevant ordinance [*Ordinance 2019-3736 amending Chapter 106, "Zoning" of the City of La Porte Code of Ordinances in connection with a review and update to Chapter 106, "Zoning.", April 8, 2019, City Council meeting*] as it is; the motion was adopted, 6-1, Councilperson Garza voting against.

- (f) **Presentation, discussion, and possible regarding a joint workshop between the La Porte City Council and the LPISD Board of Trustees. [Councilpersons Garza, Lunsford, and Bentley]**

Councilperson Garza moved to instruct City staff to coordinate a meeting of the Council with the Board of Trustees with agenda items to be determined at a future date; the motion failed, 2-5, Councilpersons Garza and Lunsford voting in support.

- (g) **Presentation, discussion, and possible action regarding proposed amendments to city massage business regulations. [Councilpersons Garza, Lunsford, and Bentley]**

Councilperson Earp moved to request staff consider what suggested items were not included in the proposed document (especially signage about trafficking, preventing darkened windows, and banning ATMs) and return an updated draft for consideration; the motion was adopted, 7-0.

- (h) **Presentation, discussion, and possible action regarding compensation rates for election judges and clerks for elections conducted by the City of La Porte. [Lee Woodward, City Secretary]**

Councilperson Bentley moved to fix the hourly rate of election workers at \$15.00; the motion was adopted, 6-1, Councilperson Ojeda voting against.

7. REPORTS

- (a) **Receive a report on the Drainage and Flooding Committee Meeting. [Councilperson Martin]**

The Drainage and Flooding Committee meeting was cancelled.

8. ADMINISTRATIVE REPORTS

- Planning and Zoning Commission Meeting, Thursday, June 20, 2019
- City Council Meeting, Monday, June 24, 2019
- Zoning Board of Adjustment Meeting, Thursday, June 27, 2019

City Manager Corby Alexander said there was no report.

- 9. COUNCIL COMMENTS regarding matters appearing on the agenda; recognition of community members, city employees, and upcoming events; inquiry of staff regarding specific factual information or existing policies.**

Councilpersons congratulated Ryan Schoppe; encouraged acceptance of social media engagement; congratulated appointees made during tonight's meeting and the Class of 2019; asked for a status report for fitness center evaluation/study; a status report on the 6th Street/Madison to Main Streets project; further consideration of the regulation of political signs on public property; thanked Parks and Roz Epting for clearing up poison ivy at Five Points; noted pleasure with the operation of the City and the myriad ways in which the public can share concerns; urged Councilpersons to understand the many ways in which the public can engage; said Parks did a great job at the Seabreeze Park event; passed along very positive comments about La Porte from the Sylvan Beach Triathlon organizers; gave kudos to Kristin Gauthier for her hurricane workshop; acknowledged the success of the Chamber's *State of the Restaurant Industry* lunch; praised those who served on the USS Texas and were recognized by the French Consul General for their service on D-Day; thanked Councilperson Ojeda for her service as Mayor Pro Tem; asked the City Manager to report back on legislation that was signed this session; and took exception to comments implying the Council was out of touch with the citizenry.

- 10. EXECUTIVE SESSION – City Council will meet in Executive Session pursuant to Texas Government Code, Section 551.072 – consultation with counsel on legal matters - concerning value of real property in industrial districts and negotiations with industry representatives for terms of new Industrial District Agreements.**

(Councilperson Earp has a conflict of interest affidavit on file for the IDA item, did not participate in the deliberation for it, and left the meeting. The Council adjourned into executive session at 8:13 p.m.

- 11. RECONVENE into regular session and consider action, if any, on item(s) discussed in executive session.**

The Council reconvened into open session at 8:40 p.m.

ADJOURN – Without objection, Mayor Rigby adjourned the meeting at 8:41 p.m.

Lee Woodward, City Secretary

d) completion of project within 4 years of the first payment.

There are also clawback provisions in Article IV of the development agreement if the project is not completed in four years or required metrics are not met.

CATEGORY	TOTAL NEW INVESTMENT
Cost of Land :	\$ -
Cost of Building/Structures (Real Property):	\$ 5,000,000
Cost of Machinery & Equipment (please describe):	\$ 326,000,000
Cost of Engineering:	\$ 83,000,000
Cost of Construction:	\$ 397,000,000
Other (catalyst, misc. chemicals, start-up costs):	\$ 29,000,000
TOTAL	\$ 840,000,000

Above is a snapshot from the incentives application provided by the applicant, you will see their total projected cost is \$840 million, while our development agreement only asks them to spend \$750 million. The reason for this is based on our incentive matrix. The metric most valued by our incentive matrix is tax money coming back to the City over 10 years, total investment is not actually considered in the incentive matrix. To get a conservative number for this, staff only used the cost of building/structures and the cost of machinery/equipment to come to a \$331 million projected valuation. The yearly value to the City is reflected in this packet on the payback schedule exhibit. To make sure future valuation, the most important number to the City was cemented into the development agreement, the applicant wanted some flexibility in their required capital investment, which is how the number in the development agreement came to be \$750 million.

Staff received no comments from the public during the 60-day window.

ACTION REQUIRED BY COUNCIL

Move to approve the Development Agreement for Project G, an incentive for a styrene monomer facility not to exceed \$700,000.

Approved for the City Council meeting agenda

Corby D. Alexander, City Manager

Date

EDC Debt Capacity with Projected Payment

	Estimated 2019	Estimated 2020	Estimated 2021	Estimated 2022	Estimated 2023	Estimated 2024	Estimated 2025	Estimated 2026	Estimated 2027	Estimated 2028	Estimated 2029	Estimated 2030
Revenues												
Sales tax	2,900,000	2,750,000	2,818,750	2,889,219	2,961,449	3,035,485	3,111,373	3,189,157	3,268,886	3,350,608	3,434,373	3,520,232
Interest	50,000	50,000	51,250	52,531	53,845	55,191	56,570	57,985	59,434	60,920	62,443	64,004
Total Revenues	2,950,000	2,800,000	2,870,000	2,941,750	3,015,294	3,090,676	3,167,943	3,247,142	3,328,320	3,411,528	3,496,816	3,584,237
Expenditures												
Operations	273,358	409,332	419,565	430,054	440,806	451,826	463,122	474,700	486,567	498,731	511,200	523,980
Incentives	100,000	250,000	0	0	250,000	200,000	0	0	0	0	0	0
Total Expenditures	373,358	659,332	419,565	430,054	690,806	651,826	463,122	474,700	486,567	498,731	511,200	523,980
Revenues over expenditures	2,576,642	2,140,668	2,450,435	2,511,696	2,324,488	2,438,850	2,704,821	2,772,442	2,841,753	2,912,797	2,985,617	3,060,257
Other Financing Uses												
Debt service	(1,033,362)	(1,004,822)	(773,470)	(778,753)	(785,255)	(788,000)	(776,739)	(130,111)	(131,481)	(130,255)	(131,241)	0
Capital outlay	(1,835,700)	(850,000)	(600,000)	0	0	0	0	0	0	0	0	0
Total other financing uses	(2,869,062)	(1,854,822)	(1,373,470)	(778,753)	(785,255)	(788,000)	(776,739)	(130,111)	(131,481)	(130,255)	(131,241)	0
Net change in fund balance	(292,420)	285,846	1,076,965	1,732,943	1,539,233	1,650,850	1,928,082	2,642,331	2,710,272	2,782,542	2,854,376	3,060,257
Fund balance beginning	4,138,140	3,845,720	4,131,566	5,208,531	6,941,473	8,480,706	10,131,556	12,059,639	14,701,970	17,412,242	20,194,784	23,049,159
Fund balance ending	3,845,720	4,131,566	5,208,531	6,941,473	8,480,706	10,131,556	12,059,639	14,701,970	17,412,242	20,194,784	23,049,159	26,109,416

Assumptions:

Revenue growth	2.50%
Expenditure growth	3.00%
Incentive payments 2019	\$100,000 to Pipeline (final pymt)
Incentive payments 2020	Payment #1 to INEOS - \$250,000
Incentive payments 2023	Payment #2 to INEOS - \$250,000
Incentive payments 2024	Payment # 3 to INEOS - \$200,000
Debt service includes payments for library, Bay Area trunk sewer, ballfields & Canada Road.	
Capital outlay 2019	\$480,700 for decorative street lights on Broadway; \$355,000 street improvements; and \$1 million for RFC
Capital outlay 2020	\$600,000 Phase 1 payment for golf course improvements and \$250,000 for accessible playground
Capital outlay 2021	\$600,000 Phase 2 payment for golf course improvements

ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT BETWEEN THE LA PORTE DEVELOPMENT CORPORATION, AND INEOS STYROLUTION AMERICA LLC, A DELAWARE LIMITED LIABILITY COMPANY, FOR USE OF TYPE B DEVELOPMENT CORPORATION SALES TAX FUNDS

THIS AGREEMENT made by and entered into this ____ day of _____, 2019 between the La Porte Development Corporation, a Type B non-profit corporation operating under authority of Texas Local Government Code Chapters 501 and 505, hereinafter “LPDC”, and INEOS STYROLUTION AMERICA LLC, a Delaware limited liability company, hereinafter “Recipient”.

WITNESSETH:

WHEREAS, the voters of the City of La Porte authorized the levying of additional sales tax within the City for promotion of economic development and the LPDC is authorized to use such tax revenues for certain qualifying projects and other economic development related purposes; and

WHEREAS, Recipient is a business that manufactures industrial goods and which employs positions classified as primary jobs, as the term “primary jobs” is defined in Chapter 501 of the Texas Local Government Code; and

WHEREAS, Recipient wishes to expand its current business operation at its affiliate’s industrial complex at 1230 Independence Parkway in the Battleground Industrial District, located adjacent to the northern corporate limits of the City of La Porte, Texas (hereinafter, “Battleground Manufacturing Complex”), by constructing and operating a styrene monomer manufacturing facility at a minimum capital investment cost of \$750,000,000.00 and which after five (5) years is anticipated to employ up to 85 additional personnel (hereinafter, “Styrene Monomer Project”); and

WHEREAS, LPDC and Recipient anticipate that the construction of the facilities for the Styrene Monomer Project will be substantially complete by December 31, 2024; and

WHEREAS, Texas Local Government Code section 501.159 authorizes a Type B corporation to undertake a project in another jurisdiction in the state if the governing body of the other jurisdiction requests the corporation to exercise its powers within its jurisdiction; and whereas Harris County, Texas has requested and authorized the LPDC to undertake the projects described in this Agreement at the Battleground Manufacturing Complex; and

WHEREAS, Recipient has requested that LPDC provide financial incentives to promote the expansion of the Battleground Manufacturing Complex for the Styrene Monomer Project, as a qualifying project of the LPDC for the development of new or expended business enterprises that create and retain primary jobs, as authorized by Texas Local Government Code Chapters 501 and 505, and it is the desire of LPDC to assist in the funding of same, finding that such expenditures will contribute to 1) the development of new or expended business enterprises that create and retain primary jobs, and 2) will be suitable for the development, retention, or expansion of manufacturing and industrial facilities and in furtherance of the promotion of economic growth and development in the City; and

WHEREAS, Texas law and the by-laws of the LPDC require that certain expenditures and projects by the LPDC be approved by the governing body of the City; and whereas the LPDC Board has duly approved such projects and the expenditures for same have been authorized by the La Porte City Council; and

WHEREAS, publication of notice for public hearing required under Texas Local Government Code Section 505.160 for expenditure of Type B funds on a proposed project was made and there was no petition filed with the City registering a protest to the proposed grant.

NOW THEREFORE, in consideration of the covenants and conditions stated herein, and in consideration of the mutual benefits that will accrue to each of the parties hereof, as well as to the citizens of the City of La Porte, Texas, the parties have agreed and do hereby agree as follows:

ARTICLE I

A. In consideration of Recipient locating its proposed styrene monomer manufacturing facility at the Battleground Manufacturing Complex, as specifically described in that certain public hearing authorizing the proposed project and expenditure of LPDC funds for the creation and retention of primary jobs and the development, retention, or expansion of manufacturing and industrial facilities, held before the LPDC on [REDACTED], 2019 (hereinafter, "Public Hearing"), LPDC agrees to provide Recipient an incentive package consisting of cash payments in the cumulative amount of \$700,000.00, according to the schedule outlined in this Article I and the retention of said payment being conditioned upon Recipient's satisfaction of certain minimum construction related capital investment costs and additional permanent direct jobs as provided in this Article I.

The cash incentives herein described shall be distributed as follows:

- 1) a cash incentive payment in the amount of \$250,000.00 for the Styrene Monomer Project will be distributed to Recipient after execution of this Agreement and no later than thirty (30) days after receipt and acceptance by LPDC of a) letter from Recipient evidencing Recipient's initiation of construction of the Styrene Monomer Project at the Battleground Manufacturing Complex, which for purposes of this Agreement shall mean the first physical action of Recipient's EPC contractor at the construction site following the receipt by Recipient of all permits and other governmental approvals required to proceed with construction (other than land clearing activities) and b) proof of execution by Recipient of an Industrial District Agreement between Recipient and the City of La Porte, Texas applicable to the property utilized for the Styrene Monomer Project.

In the case that written proof of initiation of construction and execution of an Industrial District Agreement is presented to LPDC in accordance with paragraph (1) immediately above, the LPDC shall convene a meeting of the LPDC Board of Directors for a date no later than thirty (30) days after receipt of proof of said items from Recipient. Upon verification of the requirement, as reflected by formal vote of the LPDC Board of Directors that Recipient has satisfied the requirements of this

paragraph, LPDC will then remit the \$250,000.00 to Recipient within a period not to exceed thirty (30) days.

- 2) a cash incentive payment in an amount equal to \$250,000.00 will be distributed to Recipient by LPDC, upon receipt by LPDC of documentation evidencing the substantial completion of the Styrene Monomer Project, but in no event will such documentation be accepted or the \$250,000.00 incentive payment remitted, if such documentation is not submitted on or before December 31, 2024. For purposes of this agreement "substantial completion" shall be defined as that point in which construction of the Styrene Monomer Project is eighty (80) percent complete, as certified in writing by the project's engineer.

In the case that written proof of substantial completion is presented to LPDC by the December 31, 2024 deadline, the LPDC shall convene a meeting of the LPDC Board of Directors for a date no later than forty-five (45) days after receipt of proof of said item, from Recipient. Upon verification of the requirement, as reflected by formal vote of the LPDC Board of Directors that Recipient has satisfied the requirements of this paragraph, LPDC will then remit the \$250,000.00 to Recipient within a period not to exceed thirty (30) days.

- 3) a cash incentive payment in the amount of \$200,000.00 for the Styrene Monomer Project will be distributed to Recipient one (1) year after payment of the \$250,000.00 incentive payment under subparagraph (2) immediately above, upon submittal to the LPDC of documentation evidencing attainment of the following performance thresholds:

- a) Total taxable value of the Styrene Monomer Project site is assessed at a minimum value of \$330,000,000.00 by the Harris County Appraisal District.
- b) Total capital investment for construction of the Styrene Monomer Project of a minimum cost of \$750,000,000.00.
- c) Proof of employment of at least eighty-five (85) full-time employees at the Styrene Monomer Project site with an average total annual compensation per additional full-time employee of \$100,000.00, which shall be established by submission to LPDC of the following:
 - i. Copies of Recipient's 941 Report to the Internal Revenue Service and C3 Report to the Texas Workforce Commission for each employee (but with social security numbers of each employee redacted), and
 - ii. A signed and notarized statement executed by any authorized officer or director of Recipient affirming that eighty-five (85) full time employees are

employed by Recipient for positions permanently located at the Styrene Monomer Project site.

In the case that written proof of all aforementioned items are presented to LPDC no later than one year after payment of the second of the two (2) \$250,000.00 incentive payments, the LPDC shall convene a meeting of the LPDC Board of Directors for a date no later than forty-five (45) days after receipt of proof of said items outlined in this Paragraph 3, from Recipient. Upon verification of the completion of all the aforementioned items, as reflected by formal vote of the LPDC Board of Directors that Recipient has satisfied the requirements of this paragraph, LPDC will then remit the \$200,000.00 to Recipient within a period not to exceed thirty (30) days.

B. As a condition for the receipt and retention of each of the referenced cash incentive payments as provided in this Article I, and as required by Texas Local Government Code section 501.158, Recipient shall provide to LPDC verification that it has satisfied the performance thresholds outlined in Paragraph 3(a-c) above.

C. Recipient will expend the cash incentive payments only towards the construction and completion of the Styrene Monomer Project and other related purposes authorized by Texas Local Government Code Chapters 501 and 505.

ARTICLE II

Disbursement and/or retention of the cash incentive payments identified in Article I of this Agreement shall be subject to the satisfaction of the conditions precedent or conditions subsequent contained within Article I of this Agreement as applicable for each project. LPDC's obligation to Recipient shall not exceed \$700,000.00 for the Styrene Monomer Project.

ARTICLE III

Recipient understands that the funds paid to Recipient by the LPDC are derived from tax revenues collected under Texas Local Government Code 505.252, and that LPDC has estimated the tax revenues to be collected during the term of this Agreement. Recipient further understands, acknowledges, and agrees that if the tax revenue actually collected is less than 80% of the estimated tax revenues to be collected in any 2 of 3 successive fiscal years during the term of this Agreement and prior to the year Recipient is otherwise entitled to receive a cash incentive payment pursuant to this Agreement, LPDC will be entitled to terminate all further payments to Recipient during or after the fiscal year for which there is a revenue shortfall; provided, Recipient's obligations with respect to the project so affected shall likewise be terminated.

ARTICLE IV

LPDC may determine Recipient to be in default if Recipient fails to 1) achieve substantial completion of the Styrene Monomer Project by December 31, 2024, 2) meet any of the capital investment or job creation thresholds outlined in the schedule contained in Article I of this Agreement for the Styrene Monomer Project, or 3) fails to maintain a minimum \$330,000,000 million HCAD valuation for the Styrene Monomer Project site and eighty-five (85) additional full-time employees for two (2) years following payment of the third and final incentive payment in the amount of \$200,000.00. Should LPDC determine the Recipient to be in default of this Agreement, LPDC shall notify the Recipient in writing, and if such default is not cured within sixty (60) days from the date of such notice ("Cure Period"), then LPDC shall have the right to reclaim and recapture all or a portion of the cash incentive payments previously disbursed to Recipient with respect to the Styrene Monomer Project; provided, however, that in the case of a default that for causes beyond Recipient's reasonable control cannot with due diligence be cured within such sixty-day period, the Cure Period shall be deemed extended if Recipient (i) shall immediately, upon the receipt of such notice, advise the LPDC of Recipient's intention to institute all steps necessary to cure such default and (ii) shall institute and thereafter prosecute to completion with reasonable dispatch all steps necessary to cure same. LPDC shall have the right to reclaim and recapture all or a portion of the cash incentive payments previously disbursed to Recipient with respect to the Project, whether or not such disbursements have been spent by Recipient at the time of the reclamation by the LPDC. For purposes of this Agreement, LPDC's right of recapture shall apply to the full amount of the initial \$250,000.00 incentive payment if Recipient fails to achieve substantial completion of the Project by December 31, 2024. Additionally, LPDC's right of recapture shall apply to the percentage of the capital investment and/or job creation targets not met by Recipient for the Project. In each such case, the applicable percentage of the previously paid cash payment or payments for the Styrene Monomer Project shall be remitted to the LPDC within sixty (60) days of receipt of written demand for same following the Cure Period. The applicable percentage of the capital investment and/or job creation target not met by Recipient shall be mutually agreed by the Parties; provided however, should the Parties fail to agree on such the Dispute Resolution clause in Article XV shall apply.

In the event of a material breach by Recipient hereunder, including, but not limited to, use of the funds provided herein for purposes other than those stated in Article I of this Agreement, LPDC may cease all future payments hereunder and terminate this Agreement; and, furthermore, LPDC shall have the right to reclaim and recapture, and Recipient shall refund, any funds that are not spent in accordance with the terms of this Agreement, and any unspent and unobligated LPDC funds previously paid to Recipient but not yet paid or pledged by Recipient to third parties. In each such case, Recipient shall remit payments to the LPDC within sixty (60) of receipt of written demand for same.

ARTICLE V

The term of this Agreement is for a period beginning on the date of approval by LPDC and ending two (2) years from the date of the final payment by the LPDC of the proposed cash incentive to Recipient made pursuant to Article 1 of this Agreement.

ARTICLE VI

During the term of this Agreement, Recipient shall provide to the LPDC by December 31st of each calendar year following each payment made pursuant to Article 1 of this Agreement, a report and

documentation in reasonable detail (hereinafter "Expenditure Report") showing expenditures made by Recipient pursuant to this Agreement and a demonstration that the funds were used only for the purposes authorized by this Agreement. Recipient shall maintain books of account with correct entries of all expenditures that are made according to the terms of this Agreement and of any funds from other sources. Any and all books of account of Recipient shall be open to the inspection of LPDC or any its officers or duly authorized agents on reasonable prior notice during normal working hours; provided, however, that LPDC shall not conduct more than two such inspections in any calendar year. Any such inspection shall be conducted in a manner that will not unreasonable disrupt Recipient's operations. Upon such inspection and with appropriate measures to protect Recipient's confidential business information, LPDC, or its officers or agents shall be afforded the opportunity to make photographic copies of any and all documentation of books of account, including but not limited to statements of account relating to the disposition of funds provided by LPDC under this Agreement and any funds from other sources. Recipient shall maintain such books of account in Texas for a period of three (3) years following receipt of the last cash incentive disbursement by the LPDC, pursuant to Article I of this Agreement. Notwithstanding Article I, above, the LPDC shall be under no obligation to make any fund disbursements if Recipient fails to provide an Expenditure Report.

ARTICLE VII

Recipient also acknowledges that LPDC may seek a lien against the property owned or leased by Recipient made the subject of this Agreement and located at 1230 Independence Parkway, in the Battleground Industrial District, to secure repayment, if necessary, and may enforce this Agreement by any and all other remedies available in law and equity.

ARTICLE VIII

This Agreement does not create any joint venture, partnership, or agency relationship between the LPDC and Recipient. Recipient shall have exclusive control of, and the exclusive right to control the details of, the work to be performed by Recipient hereunder and all personnel performing same, and shall be solely responsible for the acts and omissions of its officers, members, agents, servants, employees, subcontractors, program participants, volunteers, licensees, and invitees. In no event shall any person participating in or performing any of Recipient's duties or responsibilities hereunder be considered an officer, agent, servant, or employee of the LPDC.

ARTICLE IX

Recipient agrees to assume and does hereby assume all responsibility and liability for damages sustained by persons or property, whether real or asserted, by or from the carrying on of work by Recipient or in the performance of services performed and to be performed by Recipient hereunder. Recipient covenants and agrees to, and does hereby indemnify, defend, and hold harmless LPDC and all their respective officers, agents, and employees from all suits, actions, claims, and expenses of any character, including attorney's fees, brought for or incurred on account of any injuries or damages, whether real or asserted, sustained by any person or property by or in consequence of any intentional or negligent act, omission, or conduct of Recipient, its agents, servants or employees and in the course of performance by LPDC and Recipient under this Agreement.

ARTICLE X

This Agreement may be amended by the mutual agreement of the parties hereto in a writing that specifically refers to this Agreement and indicates it is an amendment hereof.

ARTICLE XI

Recipient shall adhere to all local, state, and federal laws and regulations that may affect its actions made pursuant to this Agreement, and shall maintain in effect during the term of this Agreement any and all federal, state, and local licenses and permits which may be required of recipients generally.

ARTICLE XII

Recipient may not assign this Agreement without the written consent of LPDC, which consent will not be unreasonably delayed, conditioned, or denied; provided, however, the foregoing notwithstanding, Recipient may assign this Agreement, in whole or on a Project-by-Project basis, to an entity acquiring all or substantially all of its interest in the Styrene Monomer Project

ARTICLE XIII

The waiver by either party hereto of any breach of any term, condition, or covenant herein contained shall not be deemed a waiver of any subsequent breach of the same, or any other term, condition, or covenant.

ARTICLE XIV

The obligations of the parties to this Agreement are performable in Harris County, Texas and if legal action is necessary to enforce same, venue shall lie in Harris County, Texas.

ARTICLE XV

The parties' representatives will meet as needed to implement the terms of this Agreement and shall make a good faith attempt to informally resolve any disputes.

Except to prevent irreparable harm for which there is no adequate remedy at law, neither party hereto shall file suit to enforce this Agreement without first submitting the dispute to confidential, non-binding mediation before a mediator mutually agreed upon by the parties.

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

ARTICLE XVI

This Agreement may be executed in triplicate, each of which shall be deemed an original and constitute one and the same instrument. A signature of a party transmitted to the other party by facsimile, PDF or other electronic means shall constitute the original signature of such party for all purposes.

ARTICLE XVII

Neither LPDC nor Recipient shall be required to perform any term, condition, or covenant in this Agreement so long as such performance is delayed or prevented by force majeure. As used in this Article XVII, force majeure means any cause not reasonably within the control of a party hereto, and which by the exercise of due diligence LPDC or Recipient is unable, wholly or in part, to prevent or overcome, such party is unable, wholly or in part, to prevent or overcome, including, but not limited to, physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes resulting in evacuation, floods, washouts, explosions, machinery malfunctions or breakdowns, inability to obtain fuel, power, or materials necessary for production, deficient transportation, electric power outages, strikes, lockouts, or other industrial disturbances, acts of a public enemy, sabotage, wars, blockades, insurrections, riots, acts of terror, and compliance with any law, order, rule, or regulation of any governmental agency. In the case of an event of force majeure, all time limitations contained herein shall be extended on a day-for-day basis for a period equal to the length a party's obligations hereunder are suspended due to such event of force majeure.

ARTICLE XVIII

In executing this Agreement, the Recipient whose signature appears below affirms its intent and commitment to comply in full with Section 2264.052 of the Government Code and certifies that it does not and will not knowingly employ an undocumented worker during the term of this Agreement. The Recipient further certifies its understanding and agreement that if it is convicted of a violation of 8 U.S.C. Section 1324a(f), providing for civil and/or criminal penalties for engaging in a pattern or practice of knowingly hiring or continuing to employ unauthorized aliens, it shall repay the amount of the funds received hereunder with interest, at the rate and according to the terms of the agreement signed under Section 2264.053 of the Government Code, not later than the 120th day after the date the LPDC notifies the business of the violation.

ARTICLE XIX

In no event will either party be liable to the other party for any indirect, special, punitive, exemplary, incidental or consequential damages and this limitation will apply regardless of whether or not the other party has been advised of the possibility of such damages. Recipient's total liability under this Agreement, including for its indemnification, defense, and hold harmless obligations, shall not exceed the amount of funds actually received by Recipient from the LPDC under the Agreement.

ARTICLE XX

The Agreement embodies the complete agreement of the parties hereto, superseding all oral or written previous and contemporary agreements between the parties, which relate to matters in this Agreement.

SIGNED AND AGREED to by LPDC and Recipient on the dates indicated below.

LA PORTE DEVELOPMENT CORPORATION

Richard Warren, President

Date

ATTEST

Secretary of the Corporation

INEOS STYROLUTION AMERICA LLC, a Delaware limited liability company

By:

Date

By:

Date

Project G Payback Period

Projected PILOT found by adding applicant provided cost of building/structures and machinery/equipment, dividing by 100, multiplying by .71 to get the ad valorem tax rate, then multiplying by .20 to represent the significant improvement discount built into our IDA's. Note, we are currently negotiating a new IDA that will likely see this number increase, but staff thought it was vital to give the most conservative estimations possible.

$$(331,000,000/100 * .71) * .20 = 470,020$$

Projected Payback Period Based on Provided Construction Timeline*

Year	Amount Paid by City	Projected PILOT	Total Projected PILOT
2020	\$250,000	\$0	\$0
2021	\$0	\$0	\$0
2022	\$0	\$0	\$0
2023	\$250,000	\$0	\$0
2024	\$200,000	\$470,020	\$470,020
2025	\$0	\$470,020	\$940,040
2026	\$0	\$470,020	\$1,410,060
2027	\$0	\$470,020	\$1,880,080
2028	\$0	\$470,020	\$2,350,100
2029	\$0	\$470,020	\$2,820,120
2030	\$0	\$1,480,563	\$4,300,683

*Timeline assumes zero growth in valuation and no change in City tax rate.



City of La Porte

ECONOMIC DEVELOPMENT INCENTIVES

APPLICATION

This application must be filed at least 60 days prior to the date the City Council considers the request. Requests for incentives must be approved by the City Council prior to the beginning of construction or installation of equipment. This application will become part of the agreement between the applicant and the City of La Porte. Any knowingly false representations will be grounds for voiding the agreement. This original application must be submitted to the Economic Development Coordinator, City of La Porte 604 W. Fairmont Parkway, La Porte, Texas 77571.

I. APPLICANT INFORMATION

1. Date of Application: 1/22/19

2. Company Name: Project G

3. Current Number of Employees: _____

4. Address: Not available at this time

5. Annual Sales: 5.3b Euros

6. Type of Ownership: _____ Corporation _____ Partnership
X Proprietorship

7. Names(s) of principal owner(s), partner(s) or director of the company:
Not available at this time

8. Corporate Headquarters' address: Germany

9. Corporate Telephone: _____

10. Other locations and/or places of business owned and operated by the applicant. For each location, please provide the city, state, street address and name(s) under which business is conducted:
Global company with locations throughout Europe, Asia and the US

11. Date Organization Formed: 2004
12. Please attach most recent annual report or financial statement.

II. PROJECT INFORMATION

1. Type of Facility: Manufacturing
 Distribution Center
 Corporate Office or Service Center
 Research and Development Facility
 Regional Entertainment Facility
 Other (please specify)

2. Project Description: New Construction Expansion
 Modernization
3. Location address of proposed project: Within Battleground industrial district

4. County Harris
5. School District Deer Park ISD
6. Product(s) or Service: styrene derivative
7. Attach map and legal description of project location showing proposed improvements.
8. Please describe the proposed use and the specific nature and extent of the project:
Production of styrene and derivatives

9. Please list all improvements and equipment for the project:

Improvement Items	Cost
<u>See attached</u>	

10. Please state all sources for financing the improvements:

Financing from internal and parent company revenue

11. Please state the time frame or projected date of start and completion:

See attached

12. Improvements will be completed by January 1, 2024 (specify year).

13. Please state the productive life of the proposed improvements:

30 years

14. Please give a general description of business personal property (property other than buildings, fixed machinery, inventory and supplies) that will be purchased as a result of the project:

See attached

III. ECONOMIC INFORMATION

1. Number of persons currently employed by applicant:

Full Time _____ Part Time _____

Total Annual Payroll: \$ _____

2. Number of new jobs (full time equivalent) to be created/retained by the proposed improvements: **See attached**

Number	Estimate Annual Payroll	Year
At Opening _____	\$ _____	_____
At 3 years _____	\$ _____	_____
At 5 years _____	\$ _____	_____

3. Number of new jobs to be filled by persons residing in the City of La Porte or Harris County:

Full Time **unknown** Part Time **unknown**

4. Number of Peak Construction Jobs: **see attached**

5. In the case of modernization, please estimate the economic life of the existing facility: ____ years. Added economic life after modernization: ____ years.

6. In the case of modernization, please state the assessed value of the facility for the tax year immediately preceding this application:

Real Property \$ _____ Business Personal Property \$ _____

7. Amount of taxable sales currently being generated annually in the City of La Porte (if applicable): \$ _____.

8. Amount of projected taxable sales that the proposed improvements will generate: \$ _____.

9. In the case of application based on job retention, please describe potential job loss that would occur without economic development incentives:

Company Representative to be contacted:

Eric Geisler
Name

President, Economic Incentive Services, LLC

Title
P.O. Box 272525, Houston, Texas 77277

Address

713-665-7200

Telephone

Authorized Company Official:

Authorized Signature

Date

Printed Name

Title

Telephone

Information Request for: Project G

1 Please confirm the NAICS/SIC code for the company and/or this specific project/operation **325110**

4 Please provide a general description of the project (i.e. what type of operation will this be, what product(s) will be consumed/produced/stored/sold, markets/customers served, etc.)
The new petrochemical plant will use best-in-class technology and benefit from access to low cost feedstock and energy from shale gas as well as an excellent infrastructure. Styrene monomer, the precursor to a variety of plastics and other products, is the main product to be sold. The main feedstocks for the new plant are primarily oil and natural gas-based benzene and ethylene.

6 Please provide project timeline:

Estimated Construction Start (MM/YY)	Construction Complete (MM/YY)	Begin Operations (MM/YY)
Q3 2020	Q1 2023	Q3 2023

7 Please provide the construction budget related to the project (if lease, please note and include annual lease cost):

CATEGORY	TOTAL NEW INVESTMENT	PORTION OF INVESTMENT SUBJECT TO S/U TAX	DESCRIPTION OF PROPERTY
Cost of Land :	\$ -		This required land for the proposed locations are owned by INEOS companies. The intention is to lease the land for use
Cost of Building/Structures (Real Property):	\$ 5,000,000		
Cost of Machinery & Equipment (please describe):	\$ 326,000,000		includes process equipment, piping, feedstock, intermediate, finished product storage and other logistics infrastructure
Cost of Engineering:	\$ 83,000,000		
Cost of Construction:	\$ 397,000,000		includes cost to construct and install all processing equipment and structures
Other (catalyst, misc. chemicals, start-up costs):	\$ 29,000,000		
TOTAL:	\$ 840,000,000		

* please change/add budget categories as needed/applicable and be as detailed as possible

8 Utility Needs: Please provide the estimated annual utility usage requirements and estimated capital cost to install/provide service to the site (company portion only).

	COST TO INSTALL	ANNUAL USAGE	
Water:	\$ 200,000	1200 MM gals/yr	(gallons) MM = million
Sewer:	\$ 100,000		(volume)
Electric:	\$ 300,000	74 MM kw-hr/yr	(kwh/kw)
Natural Gas:	\$ 100,000	128 MMSCF/yr	
Telecommunications:	TBD	TBD	

9 Please provide estimated annual spending on the following utilities (i.e. annual bill)

	Water	Electricity	Telecom	Natural Gas
2023	\$ 410,730	\$ 1,995,476		\$ 11,063,479
2024	\$ 821,477	\$ 3,965,751		\$ 28,126,951
2025	\$ 821,477	\$ 3,965,751		\$ 28,126,951
2026	\$ 821,477	\$ 3,965,751		\$ 28,126,951

Note: plant is expected to be fully commissioned by start of Q3 2023. First full year production will be in 2024

10 Estimated number of construction workers per year

	2020	2021	2022
11 Average wages of construction workers	\$110,000/yr	\$110,000/yr	\$110,000/yr

12 Total anticipated full-time employees at the proposed site before and after project completion:

	Direct Employees ONLY	Contract Employees. (e.g. full-time but not direct employees)
2021	0 current/existing headcount	0 current/existing headcount
2022	21 net new jobs to be added in this year	0 net new contract jobs to be added in this year
2023	53 net new jobs to be added in this year	0 net new contract jobs to be added in this year
2024	0 net new jobs to be added in this year	0 net new contract jobs to be added in this year
2025	0 net new jobs to be added in this year	0 net new contract jobs to be added in this year

13 What is the average annual salary of the new direct employees (without benefits)? Provide a breakdown by job category.

	PER EMPLOYEE	AVG ANNUAL SALARY	AVG. HOURLY RATE	TOTAL ANNUAL PAYROLL
Management/Supervisory:	7	\$ 144,000.00		\$ 1,008,000.00
Engineer/Operations	11	\$ 124,200.00		\$ 1,366,200.00
Operators/Logistics	36	\$ 124,200.00		\$ 4,471,200.00
Maintenance	16	\$ 124,200.00		\$ 1,987,200.00
Safety/Environmental/QC	3	\$ 86,000.00		\$ 258,000.00
IT/Security	3	\$ 84,000.00		\$ 252,000.00
Acctg/Admin/Purchasing	3	\$ 84,000.00		\$ 252,000.00
Totals for plant:	74	\$ 111,550.00		\$ 8,904,600.00

14 Please check which benefits will be offered to employees:

	YES	NO	% paid by EMPLOYER	% paid by EMPLOYEE
Medical:	X		80%	20%
Dental:	X		80%	20%
Vision:	X			100%
401 (k):	X			100%
401 (k) Match:	X		9%	
Life insurance:	X		100%	100%
Flexible spending:	X			100%
Short-term / Long-term disability:	X		100%	

15 Please provide a brief description of the technical training requirements, if any, for new direct employees at the site:

Employee/Position (1):	Operators, Logistics, Maintenance and QC
Description of Training:	Technical training for each job role, both classroom and field for approximately 6-12 months pre-commissioning and start-up. Total cost of training (beginning mid-2022) is approx. \$4,800,000.
Cost per Employee:	Cost is equivalent approx. to \$100,000 per employee - based on estimated duration of employment during pre-commissioning and start-up
Employee/Position(2):	
Description of Training:	
Cost per Employee:	

16 What is the estimated annual spending on direct employee training, if any:

2022	\$ -	Note: plant is expected to be fully commissioned by start of Q3 2023. First full year production will be in 2024
2023	\$ 250,000.00	This is for ongoing training following completion of pre-commissioning and start-up
2024	\$ 500,000.00	
2025	\$ 500,000.00	

17 Amount (number, weight, or dollar) of raw material imported annually for production

Amount	Description of Material
805,050	Inertsic, Benzene and Ethylene raw material to be sourced domestically and from overseas.

18 Estimated average value of inventory on hand (at full operations):

Amount	Description of Inventory
\$ 35,000,000.00	approximate value of inventory on-hand requirements for finished product SM, intermediate product, and raw material benzene

19 What percentage of your inventory will leave the state within 175 days?

\$ 33,950,000.00	97%	All material destined to be produced will be sold into the export market. The inventory which remains will be for back orders and inventory cycle inventory - inventory which will always remain in state of operations.
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20 Estimated annual sales:

In-state	Out-of-state	Description/Type of Sales
\$ 1,031.00	\$ -	Million US dollars in revenue. All product is targeted to be sold on an ex-work basis to our customers, so revenue and commercial transfer of sale will take place at the plant

Completed form should be forwarded to:
Eric Geisler
713-665-7200
geisler@edincincentives.com



REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: <u>June 24, 2019</u>
Requested By: <u>Corby Alexander, City Manager</u>
Department: <u>CMO</u>
<input type="radio"/> Report <input type="radio"/> Resolution <input type="radio"/> Ordinance

Appropriation	
Source of Funds:	_____
Account Number:	_____
Amount Budgeted:	_____
Amount Requested:	_____
Budgeted Item:	<input type="radio"/> Yes <input checked="" type="radio"/> No

Exhibits: Proposed Ordinance 2019-3746

SUMMARY & RECOMMENDATION

CenterPoint Energy is coming forward to renew their gas franchise ordinance. This will be the first reading, and the second reading and final approval expected for the August 12 meeting (30 days minimum between readings, per the City Charter, Sec. 7.01).

This franchise ordinance allows CenterPoint Energy to use City right-of-way to deliver natural gas to its customers. In exchange for having this right granted, CenterPoint Energy pays the City 4.5% of its gross receipts for gas sold in La Porte and 7¢ per Mcf for natural gas transported by CenterPoint for its Transport Customers quarterly.

City Charter 7.01. - Enfranchisement.

a. Power of council. City council shall have power by ordinance to grant, amend, renew and extend all franchises of all public utilities of every character operating within the city. All ordinances granting, amending, renewing or extending franchises for public utilities shall not be finally passed until thirty (30) days after the first reading; and no such ordinance shall take effect until sixty (60) days after its final passage; and pending such time, the notice and caption of such ordinance, noting the place where the full text may be examined by the public, shall be published once each week for four (4) consecutive weeks in the official newspaper of the city, and the expense of such publication [is] to be borne by the proponent of the franchise. No public utility franchise shall be transferable except with the approval of council expressed by ordinance.

ACTION REQUIRED BY COUNCIL

No motion needed unless the intent is to direct staff or for some other reason. Second reading is anticipated for the August 12 meeting.

Approved for the City Council meeting agenda

Corby D. Alexander, City Manager

Date

ORDINANCE 2019-3746

AN ORDINANCE GRANTING TO CENTERPOINT ENERGY RESOURCES CORP., D/B/A CENTERPOINT ENERGY TEXAS GAS OPERATIONS, THE RIGHT, PRIVILEGE AND FRANCHISE TO CONSTRUCT, INSTALL, EXTEND, REMOVE, REPLACE, ABANDON, OPERATE AND MAINTAIN ITS FACILITIES WITHIN THE PUBLIC RIGHTS-OF-WAY OF THE CITY OF LA PORTE, TEXAS FOR THE TRANSPORTATION, DELIVERY, SALE AND DISTRIBUTION OF NATURAL GAS; CONTAINING OTHER PROVISIONS RELATING TO THE FOREGOING SUBJECT; PROVIDING FOR SEVERABILITY; FINDING COMPLIANCE WITH THE OPEN MEETINGS LAW; CONTAINING A REPEALING CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA PORTE, TEXAS:

Section 1. GRANT OF AUTHORITY. Subject to the terms, conditions and provisions of this ordinance, the right, privilege and franchise is hereby granted to CenterPoint Energy Resources Corp., D/B/A CenterPoint Energy Texas Gas Operations, hereinafter called “Company”, to construct, install, extend, remove, replace, abandon, operate and maintain its facilities within the Public Rights-of-Way of the City of La Porte, Texas for the transportation, delivery, sale and distribution of natural gas within the corporate limits of the City of La Porte, Texas as the same are now and as the same may from time to time be extended.

Section 2. DEFINITIONS.

- A. “City” shall mean the City of La Porte, Texas.
- B. “City Group” shall have the meaning set forth in Section 13 of this Franchise Ordinance.
- C. “Company” shall mean CenterPoint Energy Resources Corp., D/B/A CenterPoint Energy Texas Gas Operations, a Delaware Corporation, and shall not mean any of its affiliates and subsidiaries who shall have no right, privilege or franchise granted hereunder.
- D. “Facilities” shall mean pipes, pipelines, natural gas mains, laterals, feeders, regulators, meters, fixtures, connections and attachments and other instrumentalities and appurtenances, used in or incident to providing transportation, distribution, supply and sales of natural gas for heating, lighting, power and any other purposes for which natural gas may now or hereafter be used.
- E. “Public Rights-of-Way” shall mean the areas in, under, upon, over, across, and along any and all of the present and future Streets (as defined herein) or streams now or hereafter owned or controlled by City.
- F. “Street” shall mean the surface and the space above and below any public street, road, highway, alley, bridge, sidewalk, or other public place or way.
- G. “Transport Customer” shall have the meaning set forth in Section 8 of this Franchise Ordinance.

Section 3. TERM OF FRANCHISE. This Franchise shall become effective on the Effective Date described in Section 21 of this Franchise Ordinance and shall be in full force and effect for a term of ten (10)

years.

Section 4. CONSTRUCTION AND MAINTENANCE OF NATURAL GAS DISTRIBUTION SYSTEM. All Facilities installed by Company shall be of sound material and good quality, and shall be laid so that they will not interfere with the artificial drainage of the City or its underground fixtures, or with navigation in or the natural drainage of any stream. All Facilities shall be installed in accordance with applicable Federal and State regulations and in the absence of such regulations in accordance with accepted industry practice. Within the Public Rights-of-Way, the location and route of the Facilities by the Company shall be subject to the reasonable and proper regulation, direction and control of the City or the City official to whom such duties have been delegated. Such regulation shall include, but not be limited to, the right to require in writing to the extent provided in Section 14 of this Franchise Ordinance, the relocation of Company's Facilities at Company's cost within the Public Rights-of-Way of the City whenever such relocation shall be reasonably necessary to accommodate the widening, change of grade, or relocation by City of Streets or Public Rights-of-Way, or construction or relocation by City of City utility lines or drainage facilities. Company shall keep current and up-to-date maps showing the physical location of Company's facilities and make such maps available for inspection by the City at no cost during normal working hours.

Section 5. STREETS TO BE RESTORED TO GOOD CONDITION. Company and its contractors shall give City reasonable notice, via electronic mail, of the dates, location, and nature of all work to be performed on its Facilities within the Public Rights-of-Way. Following completion of work in the Public Rights-of-Way, Company shall repair the affected Public Rights-of-Way as soon as possible, but in all cases Company shall comply with all City ordinances (including but not limited to Chapter 62, Article IV "Management of Public Rights-of-Way of the City of La Porte Code of Ordinances) governing time periods and standards relating to excavating in the Public Rights-of-Way. No street, alley, highway or public place shall be encumbered for a longer period than shall be necessary to execute the work.

Section 6. PERMITS. Company and its contractors shall obtain a permit prior to its commencement of any planned engineering work, including replacements, extensions and public relocations, within the Public Rights-of-Way, except as otherwise provided below. No permit shall be required for Routine Maintenance in the Public Rights-of-Way, but the Company must provide email notification to the City at least one day prior to the Company's commencement of such work. Company shall be exempt from any existing or future professional engineering stamp or certification requirement of the City. No permit shall be required to promptly initiate emergency repairs and repairs pursuant to the rules and regulations of the Railroad Commission of Texas. All work shall be preceded by an 811 call and be subject to the Texas One-Call Statute (Texas Utilities Code, Chapter 251, and any successor statutes). Company shall give the City telephone notice of the initiation of emergency repairs involving breaks in the paved surface of the Public Rights-of-Way, including sidewalks and curbs, as soon as practicable under the circumstances and shall submit a permit promptly following completion of the work. Company and contractors performing work for the Company shall not be required to obtain any permits for relocations of Facilities requested by the City, provided that the relocated facilities are placed in the location designated by the City and relocation is otherwise in accordance with the City's request to relocate. This Franchise shall constitute a permit to park vehicles in the Streets and other Public Rights-of-Way when necessary for the installation, replacement, abandonment, operation or maintenance of Company's Facilities. Company and contractors performing work for Company shall not be required to pay any fee in addition to the franchise fee in order to obtain a permit to perform work on Company's Facilities, or park within the Streets and other Public Rights-of-Way. City shall not be required to pay any fee in order to obtain a letter of consent from the Company regarding the City's abandonment of Public Rights-of-Way. However, any third party associated with the City's

abandonment shall pay all costs related to the abandonment process.

Section 7. QUALITY OF SERVICE. The service furnished hereunder to the City and its inhabitants shall be in accordance with the quality of service rules of the Railroad Commission of Texas (Texas Administrative Code, Title 16, Part 1, Chapter 7), state and federal regulations. Company shall furnish the grade of service to its customers as provided by its rate schedules and shall maintain its system in reasonable operating condition during the continuance of this Franchise. An exception to this requirement is automatically in effect, but only for so long as is necessary, when caused by a shortage in materials, supplies and equipment beyond the control of the Company as a result of fires, strikes, riots, storms, floods and other casualties, governmental regulations, limitations and restrictions as to the use and availability of materials, supplies and equipment and as to the use of the services, and unforeseeable and unusual demands for service. In any of such events the Company shall do all things reasonably within its power to restore normal service as quickly as practicable.

Section 8. PAYMENT TO THE CITY. In consideration of the rights and privileges herein granted, the administration of the Franchise by the City, the temporary interference with the use of Public Rights-of-Way and cost and obligations undertaken by the City in relation thereto and in lieu of any license, charge, fee, street or alley rental or other character of charge for use and occupancy of the Streets, alleys, and public places of the City, and in lieu of any inspection fee, the Company agrees to pay to the City franchise fees in the amount and manner described herein as follows:

Company agrees to pay to the City quarterly during the continuance of this Franchise a sum of money equal to four and one-half percent (4.50%) of the Company's gross receipts for the preceding calendar quarter received by the Company from the sale of gas within the corporate limits of the City plus seven cents (7¢) per Mcf for natural gas transported by Company for its Transport Customers during such quarter, without offset or exclusion of any amounts received by Company for receipts associated with Miscellaneous Service Charges, as defined and set forth in the Company's tariff. "Transport Customer" means any person or entity for whom Company transports gas through the distribution system of Company within the corporate limits of City for consumption within the corporate limits of City. The franchise fees hereunder shall be calculated for the calendar quarters ending March 31, June 30, September 30, and December 31 and shall be payable on or before the fifteenth day of May, August, November, and February following the quarter for which payment is made, beginning with the first such date following the Effective Date of this Franchise and each August 15th, November 15th, February 15th, and May 15th thereafter; provided, however, the first such payment shall be prorated as necessary to reflect only those gross receipts received and transportation volumes delivered by Company after the Effective Date of this Franchise. If the ten (10) year term of this Franchise provided for in Section 3 above ends on any day other than the last day of a calendar quarter, then the last payment shall be prorated as necessary. In no event shall the Company be required to remit to the City franchise fee amounts that for any reason whatsoever are not fully recoverable from its customers. Upon receipt of the above amount of money, the City Secretary shall deliver to the Company a receipt for such amount. If any payment due date required herein falls on a weekend or bank holiday, payment shall be made on or before the close of business of the first working day after the payment due date.

Section 9. ANNEXATIONS BY CITY. This Franchise shall extend to and include any and all territory that is annexed by the City during the term of this Franchise. Within sixty (60) days from the receipt of notice from the City of any such annexation, the Company shall assure that any and all customers within such annexed territory are included and shown on its accounting system as being within the corporate limits of the City of La Porte, Texas. After such sixty (60) day period the payment provisions specified in Section 7 of this Franchise

Ordinance shall apply to gross receipts and transport fees received by the Company from customers located within such annexed territory. Company shall true-up its map of City boundaries to the City's map on an annual basis.

Section 10. NON-EXCLUSIVE FRANCHISE. Nothing contained in this Franchise shall ever be construed as conferring upon the Company any exclusive rights or privileges of any nature whatsoever.

Section 11. COMPLIANCE AND REMEDIES.

(a) In the event the Company by act or omission violates any material term, condition or provision of this Franchise, the City shall notify the Company in writing of such violation. Should the Company fail or refuse to correct any such violation within thirty (30) days from the date of City's notice, the City shall, upon written notification to the Company, have the right to terminate this agreement. Any such termination and cancellation shall be by ordinance adopted by City Council; provided, however, before any such ordinance is adopted, the Company must be given at least sixty (60) days' advance written notice. Such notice shall set forth the causes and reasons for the proposed termination and cancellation, shall advise the Company that it will be provided an opportunity to be heard by City Council regarding such proposed action before any such action is taken and shall set forth the time, date and place of the hearing.

(b) Other than its failure, refusal or inability to pay its debts and obligations, including, specifically, the payments to the City required by this Franchise, the Company shall not be declared in default or be subject to any sanction under any provision of this Franchise in those cases in which performance of such provision is prevented by reasons beyond its control.

(c) The rights and remedies of City and Company set forth herein shall be in addition to, and not in limitation of, any other rights and remedies provided at law or in equity and City's exercise of any particular remedy shall not constitute a waiver of its rights to exercise any other remedy.

Section 12. RESERVE OF POWERS. Except as otherwise provided in this Franchise, the City by the granting of this Franchise does not surrender or to any extent lose, waive, impair or lessen the lawful powers, claims and rights, now or hereafter vested in the City under the Constitution and statutes of the State of Texas and under the Charter and Ordinances of the City of La Porte or other applicable law, to regulate public utilities within the City and to regulate the use of the Streets by the Company; and the Company by its acceptance of this Franchise agrees that, except as otherwise provided in this Franchise, all lawful powers and rights, whether regulatory or otherwise, as are or as may be from time to time vested in or reserved to the City, shall be in full force and effect and subject to the exercise thereof by the City at any time and from time to time.

Section 13. INDEMNITY. THE COMPANY, ITS SUCCESSORS AND ASSIGNS, SHALL PROTECT AND HOLD THE CITY AND ITS OFFICERS, AGENTS, AND EMPLOYEES (COLLECTIVELY REFERRED TO IN THIS SECTION AS "CITY GROUP") HARMLESS AGAINST ANY AND ALL CLAIMS OR DEMANDS FOR DAMAGES TO ANY PERSON OR PROPERTY BY REASON OF THE CONSTRUCTION AND MAINTENANCE OF THE COMPANY'S NATURAL GAS DISTRIBUTION SYSTEM, OR IN ANY WAY GROWING OUT OF THE RIGHTS GRANTED BY THIS FRANCHISE, EITHER DIRECTLY OR INDIRECTLY, OR BY REASON OF ANY ACT, NEGLIGENCE OR NONFEASANCE OF THE COMPANY OR THE CONTRACTORS, AGENTS OR EMPLOYEES OF THE COMPANY OR ITS SUCCESSORS AND ASSIGNS, AND SHALL REFUND TO CITY GROUP ALL SUMS WHICH CITY GROUP MAY BE ADJUDGED TO PAY ON ANY SUCH CLAIM, OR WHICH

MAY ARISE OR GROW OUT OF THE EXERCISE OF THE RIGHTS AND PRIVILEGES HEREBY GRANTED OR BY THE ABUSE THEREOF, AND THE COMPANY OR ITS SUCCESSORS AND ASSIGNS SHALL INDEMNIFY AND HOLD CITY GROUP HARMLESS FROM AND ON ACCOUNT OF ALL DAMAGES, COSTS, EXPENSES, ACTIONS, AND CAUSES OF ACTION THAT MAY ACCRUE TO OR BE BROUGHT BY, A PERSON, PERSONS, COMPANY OR COMPANIES AT ANY TIME HEREAFTER BY REASON OF THE EXERCISE OF THE RIGHTS AND PRIVILEGES HEREBY GRANTED, OR OF THE ABUSE THEREOF.

Section 14. RELOCATION OF FACILITIES. The Company shall, upon written request of the City, relocate its Facilities within Public Rights-of-Way at Company's own expense, exclusive of Facilities installed for service directly to City, whenever such shall be reasonably necessary on account of the widening, change of grade, or relocation by City of Public Rights-of-Way, or construction or relocation by City of City utility lines or drainage facilities. City shall bear the costs of all relocations of Facilities installed for service directly to City and of any relocation of other Facilities requested by City for reasons other than the widening, change of grade, or relocation by City of Public Rights-of-Way, or construction or relocation by the City of City utility lines or drainage facilities.

Section 15. GOVERNMENTAL FUNCTION. All of the regulations and activities required by this Franchise are hereby declared to be governmental functions and for the health, safety and welfare of the general public.

Section 16. RECORDS AND REPORTS.

(a) Books of Account. The Company shall keep complete and accurate books of accounts and records of its business and operations under and in connection with this Franchise. All such books of accounts and records shall be kept at the company's principal office in Houston, Texas.

(b) Access by City. The City may conduct an audit or other inquiry or may pursue a cause of action in relation to the payment of the franchise fee only if such audit, inquiry, or pursuit of a cause of action concerns a payment made less than three (3) years before the commencement of such audit, inquiry, or pursuit of a cause of action. Each party shall bear its own costs of any such audit or inquiry. Upon receipt of a written request from the City, all books and records related to Company's operations under this Franchise shall be made available for inspection and copying no later than thirty (30) days from receipt of such request.

(c) Interest on Underpayments and Overpayments. (1) Amounts due to City for late payments shall include interest, compounded daily equal to the return on equity plus three percent (3%) granted to the Company in its most recent proceeding fixing rates applicable to customers within the corporate limits of the City. (2) If the City identifies, as a result of a franchise fee compliance review, amounts owed by the Company from prior periods or prior underpayments, then the Company shall pay simple interest on such amounts equal to the return on equity granted to the Company in its most recent proceeding fixing rates applicable to customers within the corporate limits of the City. Said interest shall be payable on such sums from the date the initial payment was due until it is paid and shall not be billed to customers. (3) Amounts due Company for past overpayments shall include simple interest equal to the return on equity granted to the Company in its most recent proceeding fixing rates applicable to customers within the corporate limits of the City; provided, however, if there is a change in the approved return on equity during the time period subject to the City's audit or inquiry, then for each time period during which there was an overpayment, the approved return on equity in effect during such time period shall be used in

calculating interest under this subparagraph (c). Interest payable on such sums shall be credited to customers.

Section 17. EASEMENT. In consideration for the compensation set forth in Section 8 of this Franchise Ordinance, City agrees that if City sells, conveys, or surrenders possession of any portion of the Public Right-of-Way that is being used by Company pursuant to this Franchise, City, to the maximum extent of its right to do so, shall first grant Company an easement for such use and the sale, conveyance, or surrender of possession of the Public Right-of-Way shall be subject to the right and continued use of Company.

Section 18. ACCEPTANCE. The Company shall, within thirty (30) days following the final passage and approval of this Franchise, file with the City Secretary of the City of La Porte either 1) a written statement signed in its name and behalf in the following form or 2) this document duly executed below by the Vice President of Regional Operations:

“To the Honorable Mayor: and City Council of the City of La Porte, Texas:

CenterPoint Energy Resources Corp., D/B/A CenterPoint Energy Texas Gas Operations, its successors and assigns, hereby accepts the attached Franchise Ordinance and agrees to be bound by all of its terms and provisions.”

CENTERPOINT ENERGY RESOURCES CORP.,
DBA CENTERPOINT ENERGY TEXAS GAS
OPERATIONS

By:

Talmadge R. Centers Jr., Division Vice President,
Regional Operations

Dated this _____ day of _____ 2019.

Section 19. SEVERABILITY. If any provision, section, subsection, sentence, clause or phrase of this Franchise is for any reason held to be unconstitutional, void, or invalid or for any reason unenforceable, the validity of the remaining portions of this Franchise shall not be affected thereby, it being the intent the City of La Porte, Texas in adopting this Franchise that no portion hereof or provision hereof shall become inoperative or fail by reason of any unconstitutionality or invalidity of any other portion, provision or regulation and, to this end, all provisions of this ordinance are declared to be severable.

Section 20. NOTICES. Every notice, order, petition, documents or other direction or communication to be served upon the City or the Company shall be deemed sufficiently given if sent by registered or certified mail, return receipt requested. Every such communication to the Company shall be sent to:

CenterPoint Energy Resources Corp.
Vice President Regulatory Relations
Post Office Box 4567
Houston, TX 77210-4567

With a copy to:

General Counsel, Gas Division
Post Office Box 2628
Houston, TX 77252-2628

Every such communication to the City or the City Council shall be sent to the:
Mayor, City of La Porte, Texas
604 West Fairmont Parkway
La Porte, Texas 77571

With a copy to:

City Secretary's Office
604 West Fairmont Parkway
La Porte, Texas 77571

Section 21. PUBLICATION, PASSAGE AND EFFECTIVE DATE. This Franchise, having been published in the official newspaper of the City of La Porte, Texas once each week for four consecutive weeks after its final passage, shall take effect sixty days after final passage ("Effective Date"). The Company shall pay the cost of those publications.

Section 22 COMPLIANCE WITH TEXAS OPEN MEETINGS LAW. The City Council officially finds, determines, recites, and declares that a sufficient written notice of the date, hour, place, and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered, and formally acted upon. The City Council further ratifies, approves, and confirms such written notice and the contents and posting thereof.

Section 23. REPEAL. All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of the conflict only.

Section 24. COMPLIANCE WITH CHARTER AND ORDINANCES. This Franchise, the rights granted hereby and the operations and activities performed by Company pursuant hereto shall be subject to applicable provisions of the Charter of the City of La Porte, Texas. Except to the extent otherwise expressly provided herein, the Franchise and rights granted hereby and the operations and activities performed by Company pursuant hereto, shall be subject to all valid ordinances and regulations of the City insofar as such ordinances and regulations (a) do not shorten the term hereof or terminate, abrogate, or materially and adversely affect the Franchise and right granted to Company hereby, (b) do not conflict with or are not inconsistent with the terms and provisions contained in this ordinance, (c) do not modify, preempt, or cause Company to violate the terms of a tariff approved by the Railroad Commission of Texas, Railroad Commission Rules, or the Gas Utility Regulatory Act, or (d) do not unreasonably regulate the Company's operations and activities in the City Right of Way.

Section 25. APPROVAL. Read in full on its first reading at a regular meeting of the City Council of La Porte, Texas, on the _____ day of _____ 2019, and read in full and passed and adopted on its second reading at a regular meeting of the City Council of La Porte, Texas, on the _____ day of _____, 2019, and approved by the Mayor.

CITY OF LA PORTE

Louis R. Rigby, Mayor

ATTEST:

Lee Woodward, City Secretary

APPROVED AS TO FORM:

Clark Askins, Assistant City Attorney

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

I, the duly appointed, qualified and acting City Secretary of City of La Porte, Texas, do hereby certify that the above and foregoing ordinance was read on first and second readings at regular meetings of the City Council of said City of La Porte, Texas, held on the _____ day of _____, 2019 and on the _____ day of _____, 2019; that written notice of the date, place and subject of said meetings were posted on a bulletin board located at a place convenient to the public in the City Hall, as well as on the City of La Porte, Texas' website, for at least 72 hours preceding the day of said meetings; that the Mayor _____, and _____ Council members:

- | | |
|----------|----------|
| 1. _____ | 5. _____ |
| 2. _____ | 6. _____ |
| 3. _____ | 7. _____ |
| 4. _____ | 8. _____ |

were present at the meeting for the first reading of the above and foregoing ordinance and acted as the Council throughout; that the Mayor _____, and _____ Council members:

- | | |
|----------|----------|
| 1. _____ | 5. _____ |
| 2. _____ | 6. _____ |
| 3. _____ | 7. _____ |
| 4. _____ | 8. _____ |

were present at the meeting for the second reading of the above and foregoing ordinance and acted as the Council throughout; that the same has been signed and approved by the Mayor and is duly attested by the City Secretary; and that the same has been duly filed with the City Secretary and recorded by the City Secretary in full in the

books for the purpose of recording the ordinances of the City of La Porte, Texas.

EXECUTED under my hand and the official seal of the City of La Porte, Texas at said City, this

_____ day of _____, 2019.

Lee Woodward, City Secretary
City of La Porte, Texas

[SEAL]



REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested: <u>June 24, 2019</u>
Requested By: <u>Corby Alexander, City Manager</u>
Department: <u>CMO</u>
<input type="radio"/> Report <input type="radio"/> Resolution <input checked="" type="radio"/> Ordinance

Appropriation	
Source of Funds:	_____
Account Number:	_____
Amount Budgeted:	_____
Amount Requested:	_____
Budgeted Item:	<input type="radio"/> Yes <input checked="" type="radio"/> No

Exhibits: Proposed Ordinance 2019-3747,
Exhibit A – Proposed Fee Schedule, Clean Version,
Exhibit A – Proposed Fee Schedule, Marked Version

SUMMARY & RECOMMENDATION

The Governor of Texas recently signed a bill into law banning the use of valuation in calculating residential building permit fees. La Porte, like many Texas cities, had a fee structure in place that based the cost of residential building permits on the value of the proposed improvement. Since this system is no longer lawful, the City needs to consider an alternate method to calculate the cost of residential building permits.

City staff is proposing that a move to a system that would calculate permit costs on the total square footage of the permitted improvement. It is believed that the proposed rates would generate the approximately the same amount of revenue from residential building permits as in previous years.

Building permit fees would be \$87.50 flat fee for improvements 250 square feet and smaller. Improvements greater than 250 square feet would be \$87.50 plus \$0.36 per additional square foot. Additionally, the re-inspection fee would be a flat \$35. The plan review fee would be 50% of the permit fee for projects over 650 square feet.

ACTION REQUIRED BY COUNCIL

Move to adopt Ordinance 2019-3747 revising the fee structure for residential building permits.

Approved for the City Council meeting agenda

Corby D. Alexander, City Manager

Date

ORDINANCE 2019-3747

AN ORDINANCE AMENDING CHAPTER 82 “BUILDINGS AND BUILDING REGULATIONS” - APPENDIX A “FEES” OF THE CODE OF ORDINANCES OF THE CITY OF LA PORTE, BY CHANGING FEES FOR RESIDENTIAL BUILDING PERMITS AND RESIDENTIAL MECHANICAL PERMITS; CONTAINING A REPEALING CLAUSE; CONTAINING A SEVERABILITY CLAUSE; FINDING COMPLIANCE WITH THE OPEN MEETINGS LAW; PROVIDING AN EFFECTIVE DATE HEREOF.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA PORTE:

Section 1. Chapter 82 “Buildings and Building Regulations”- Appendix A “Fees”, Article II “Building Code”, of the City of La Porte Code of Ordinances of the Code of Ordinances of the City of La Porte, providing fees for building permits, is hereby amended in its entirety, and shall hereinafter read as shown on Exhibit "A", inclusive, attached hereto and incorporated by reference herein and made a part hereof for all purposes.

Section 2. The City Council officially finds, determines, recites, and declares that a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient to the public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code; and that this meeting has been open to the public as required by law at all times during which this ordinance and the subject matter thereof has been discussed, considered and formally acted upon. The City Council further ratifies, approves and confirms such written notice and the contents posting thereof.

Section 3. Each and every provision, paragraph, sentence and clause of this Ordinance has been separately considered and passed by the City Council of the City of La Porte, Texas, and each said provision would have been separately passed without any other provision, and if any provision hereof shall be ineffective, invalid or unconstitutional, for any cause, it shall not impair or affect the remaining portion, or any part thereof, but the valid portion shall be in force just as if it had been passed alone.

Section 4. All other ordinances or parts of ordinances in conflict herewith are hereby repealed, but to the extent of such conflict only.

Section 5. This Ordinance shall be effective from and after its passage and approval, and it is so ordered. The amended fees provided for in this ordinance shall be effective June 25, 2019.

PASSED AND APPROVED, this 24th day of JUNE, 2019.

CITY OF LA PORTE, TEXAS

Louis R. Rigby, Mayor

ATTEST:

APPROVED AS TO FORM:

Lee Woodward, City Secretary

Clark T. Askins, Assistant City Attorney

"EXHIBIT A"

Chapter 82. Buildings and Building Regulations

Penalties. Where work is started without the required permit, the fee herein specified shall be doubled. The payment of such double fee shall not relieve any persons from fully complying with the requirements in the execution of the work nor from any other applicable penalties.

Article II. Building Code

(a)	Residential Building and Mechanical Permit Fee Schedule
Plan Review Fee	Building projects over 650 sq. ft.- 50% of Permit Fee
Building Permit Fee	Building projects 250 square feet or less - \$87.50 Building projects greater than 250 square feet - \$87.50 plus \$0.36 per square foot or fraction thereof in excess of 250 square feet
Mechanical Permit Fee (Heating, ventilating, ductwork, air conditioning and refrigeration systems.)	\$0.36 per square foot or fraction thereof
Reinspection fee	\$35.00

(b)	Commercial (Non-Residential) Building Permit Fee Schedule
Total Valuation of Project	Fee
\$1,000.00 and less	\$20.00

\$1,001.00 to \$50,000.00	\$20.00 for the first \$1,000.00 plus \$7.50 for each additional thousand or fraction thereof, to and including \$50,000.00
\$50,001.00 to \$100,000.00	\$387.50 for the first \$50,000.00 plus \$6.00 for each additional thousand or fraction thereof, to and including \$100,000.00
\$100,001.00 to \$500,000.00	\$687.50 for the first \$100,000.00 plus \$4.50 for each additional thousand or fraction thereof, to and including \$500,000.00
\$500,001.00 and up	\$2,487.50 for the first \$500,000.00 plus \$3.50 for each additional thousand or fraction thereof
Reinspection fee	\$35.00

MOVING FEE			
	For the moving of any building or structure	\$150.00	
	House/building pre-relocation inspection fee	100.00	
	Plan review fee: Commercial (non-residential) projects—50% of permit fee		82-36
<i>Article III. Plumbing Code</i>			
(a)	Fixtures/drains/traps, each	3.75	
(b)	Sewer (New, repair or replacement), each	7.50	
(c)	Septic tank/seepage pit or drain field, each	15.00	
(d)	Water heater, each	3.75	
(e)	Gap piping system (One to four outlets, flat fee)	7.50	
(f)	Gap piping system (Over four outlets, per outlet basis)	1.50	
(g)	Water piping and/or water treating equipment (Installation, alteration or repair), each	7.50	
(h)	Drain or vent (Repair or alteration), each	7.50	
(i)	Backflow protection device/vacuum breaker (One to five, each one)	3.75	
	(Over five, each one)	2.25	
(j)	Reinspection fees	35.00	
(k)	Permit issue fee	15.00	
(l)	Minimum permit fee	20.00	
<i>Article IV. Electrical Code</i>			
Division 4. Inspections			
(a)	Inspection fees:		82-311

	(1)	Outlets (first five)	3.00	
		(including fixtures, lights and switches)		
	(2)	Outlets (all other), each	0.60	
	(3)	Clothes washer/dryer	2.00	
	(4)	Range receptacle	3.00	
	(5)	Cook top or oven	1.50	
	(6)	Garbage disposal	1.50	
	(7)	Dishwasher	1.50	
	(8)	Water heater	3.75	
	(9)	A/C, window unit receptacle	3.00	
	(14)	Temporary saw pole (T-pole)	15.00	
	(15)	Meter loop and service (includes temporary cut-in)	15.00	
	(16)	Issue fee (permit)	7.50	
	(17)	Reinspection fee	35.00	
	(18)	Minimum charge on permits	20.00	
	(19)	Reconnection fee	15.00	
	(24)	Motors:		
		a.	Up to one-half hp	1.50
		b.	One-half hp and up to ten hp	2.50
		c.	Ten hp and up to 50 hp	3.50
		d.	50 hp and over, per hp	4.50
Division 5. Standards				
(a)		Fine for violation of this article:	2000.00	82-336
<i>Article V. Fuel Gas Code Permits</i>				
(Gas permits shall be applied for and issued under the plumbing permit.)				
(a)		Gap piping system (One to four outlets, flat fee)	7.50	
(b)		Gap piping system (Over four outlets, per outlet basis)	1.50	
(c)		Reinspection fees	35.00	
(d)		Permit issue fee	15.00	
(e)		Minimum permit fee	20.00	
<i>Article VII. Mechanical Permits for Commercial (Non-Residential) projects</i>				
(Heating, ventilating, ductwork, air conditioning and refrigeration systems.)				
(a)		First \$1,000.00 valuation, or fraction thereof	15.00	
		Each additional \$1,000.00 valuation or fraction thereof	3.00	
(b)		Reinspection fees	35.00	
(c)		Permit issue fee	15.00	
(d)		Minimum permit fee	30.00	
<i>Article IX. Demolition of Buildings and Other Structures</i>				
Division 2. Permit				
(a)		Fee for permit, nonrefundable	75.00	82-537

	Plus: Property owner, refundable cash bond	250.00	
	Contractor, refundable cash bond	500.00	
<i>Article X. Earth Removal</i>			
Division 2. Permit			
(a)	Fee for permit	2,500.00	82-595
<i>Article XI. Swimming Pools</i>			
(a)	Fee for public pools' operating license (annual and renewal)	25.00	82-634(d)
(b)	Fee for proration of fees (after May 1), per elapsed month	1.00	

"EXHIBIT A"

Chapter 82. Buildings and Building Regulations

Penalties. Where work is started without the required permit, the fee herein specified shall be doubled. The payment of such double fee shall not relieve any persons from fully complying with the requirements in the execution of the work nor from any other applicable penalties.

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Plan Review Fee	Building projects over 650 sq. ft.- 50% of Permit Fee
Building Permit Fee	Building projects 250 square feet or less - \$87.50
	Building projects greater than 250 square feet - \$87.50 plus \$0.36 per square foot or fraction thereof in excess of 250 square feet
Mechanical Permit Fee (Heating, ventilating, ductwork, air conditioning and refrigeration systems.)	\$0.36 per square foot or fraction thereof
Reinspection fee	\$35.00

(b)	Commercial (Non-Residential) Building Permit Fee Schedule
Total Valuation of Project	Fee
\$1,000.00 and less	\$20.00

\$1,001.00 to \$50,000.00	\$20.00 for the first \$1,000.00 plus \$7.50 for each additional thousand or fraction thereof, to and including \$50,000.00
\$50,001.00 to \$100,000.00	\$387.50 for the first \$50,000.00 plus \$6.00 for each additional thousand or fraction thereof, to and including \$100,000.00
\$100,001.00 to \$500,000.00	\$687.50 for the first \$100,000.00 plus \$4.50 for each additional thousand or fraction thereof, to and including \$500,000.00
\$500,001.00 and up	\$2,487.50 for the first \$500,000.00 plus \$3.50 for each additional thousand or fraction thereof
Reinspection fee	\$35.00

MOVING FEE		
	For the moving of any building or structure	\$150.00
	House/building pre-relocation inspection fee	100.00
	Plan review fee: Commercial (non-residential) projects—50% of permit fee	82-36
	Residential projects over \$30,000 valuation—50% of permit fee	82-36
<i>Article III. Plumbing Code</i>		
(a)	Fixtures/drains/traps, each	3.75
(b)	Sewer (New, repair or replacement), each	7.50
(c)	Septic tank/seepage pit or drain field, each	15.00
(d)	Water heater, each	3.75
(e)	Gap piping system (One to four outlets, flat fee)	7.50
(f)	Gap piping system (Over four outlets, per outlet basis)	1.50
(g)	Water piping and/or water treating equipment (Installation, alteration or repair), each	7.50
(h)	Drain or vent (Repair or alteration), each	7.50
(i)	Backflow protection device/vacuum breaker	
	(One to five, each one)	3.75
	(Over five, each one)	2.25
(j)	Reinspection fees	35.00
(k)	Permit issue fee	15.00
(l)	Minimum permit fee	20.00
<i>Article IV. Electrical Code</i>		
Division 4. Inspections		

(a)	Inspection fees:			82-311
	(1)	Outlets (first five) (including fixtures, lights and switches)	3.00	
	(2)	Outlets (all other), each	0.60	
	(3)	Clothes washer/dryer	2.00	
	(4)	Range receptacle	3.00	
	(5)	Cook top or oven	1.50	
	(6)	Garbage disposal	1.50	
	(7)	Dishwasher	1.50	
	(8)	Water heater	3.75	
	(9)	A/C, window unit receptacle	3.00	
	(14)	Temporary saw pole (T-pole)	15.00	
	(15)	Meter loop and service (includes temporary cut-in)	15.00	
	(16)	Issue fee (permit)	7.50	
	(17)	Reinspection fee	35.00	
	(18)	Minimum charge on permits	20.00	
	(19)	Reconnection fee	15.00	
	(24)	Motors:		
		a. Up to one-half hp	1.50	
		b. One-half hp and up to ten hp	2.50	
		c. Ten hp and up to 50 hp	3.50	
		d. 50 hp and over, per hp	4.50	
Division 5. Standards				
(a)	Fine for violation of this article:		2000.00	82-336
<i>Article V. Fuel Gas Code Permits</i>				
(Gas permits shall be applied for and issued under the plumbing permit.)				
(a)	Gap piping system (One to four outlets, flat fee)		7.50	
(b)	Gap piping system (Over four outlets, per outlet basis)		1.50	
(c)	Reinspection fees		35.00	
(d)	Permit issue fee		15.00	
(e)	Minimum permit fee		20.00	
<i>Article VII. Mechanical Permits for Commercial (Non-Residential) projects</i>				
(Heating, ventilating, ductwork, air conditioning and refrigeration systems.)				
(a)	First \$1,000.00 valuation, or fraction thereof		15.00	
	Each additional \$1,000.00 valuation or fraction thereof		3.00	
(b)	Reinspection fees		35.00	
(c)	Permit issue fee		15.00	
(d)	Minimum permit fee		30.00	
<i>Article IX. Demolition of Buildings and Other Structures</i>				

Division 2. Permit			
(a)	Fee for permit, nonrefundable	75.00	82-537
	Plus: Property owner, refundable cash bond	250.00	
	Contractor, refundable cash bond	500.00	
<i>Article X. Earth Removal</i>			
Division 2. Permit			
(a)	Fee for permit	2,500.00	82-595
<i>Article XI. Swimming Pools</i>			
(a)	Fee for public pools' operating license (annual and renewal)	25.00	82-634(d)
(b)	Fee for proration of fees (after May 1), per elapsed month	1.00	



**Council Agenda Item
June 24, 2019**

8 (a) Receive report of the La Porte Development Corporation Board Meeting – Councilmember Nancy Ojeda



Council Agenda Item June 24, 2019

9. ADMINISTRATIVE REPORTS

- Zoning Board of Adjustment Meeting, Thursday, June 27, 2019
- City Council Meeting, Monday, July 8, 2019
- Planning and Zoning Commission Meeting, Thursday, July 18, 2019
- City Council Meeting, Monday, July 22, 2019
- Zoning Board of Adjustment Meeting, Thursday, July 25, 2019

10. **COUNCIL COMMENTS** *Hear announcements concerning matters appearing on the agenda; items of community interest; and/or inquiries of staff regarding specific factual information or existing policy from the Mayor, Councilmembers, and City staff, for which no formal action will be discussed or taken.*

11. ADJOURNMENT
