



Item 12

## **Costco Wholesale Corporation**

Chapter 380 Economic Development  
Program & Performance Agreement

August 13, 2024



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**MIDLANDTEXAS.GOV**



# REQUESTED ACTION

Motion authorizing the execution of a **Chapter 380 Economic Development Program & Performance Agreement** among the City of Midland, the Midland Development Corporation, and Costco Wholesale Corporation for **Costco's construction and operation of a minimum 174,000 square foot Costco wholesale and retail general merchandise facility** on nearly 19 acres of undeveloped land in West Midland, generally located adjacent to the northern boundary of SH-191 and west of SH-158, subject to the terms and conditions of the Agreement.

# STRATEGIC GOAL CONNECTIONS

## Goal 1: Strong Economy with More Quality Jobs

- 1.1 Increase the Midland **Sales Tax Base**
- 1.2 Enhance **Visitor Revenue** Opportunities
- 1.3 Continue Downtown + **West Midland Redevelopment**
- 1.4 Nurture **Development Districts**
- 1.6 **Diversify** Midland's Economy
- 1.7 Expand Opportunities + Programming for **General and Small Business**
- 1.9 Establish Our Community as a **Premier Destination for Retail + Entertainment**



# STRATEGIC GOAL CONNECTIONS

## Goal 3: Quality of Life and Place

- 3.2 Foster **Relationships** with Foundations and Outside Businesses
- 3.3 Create an Attractive and Inclusive **Living Environment**

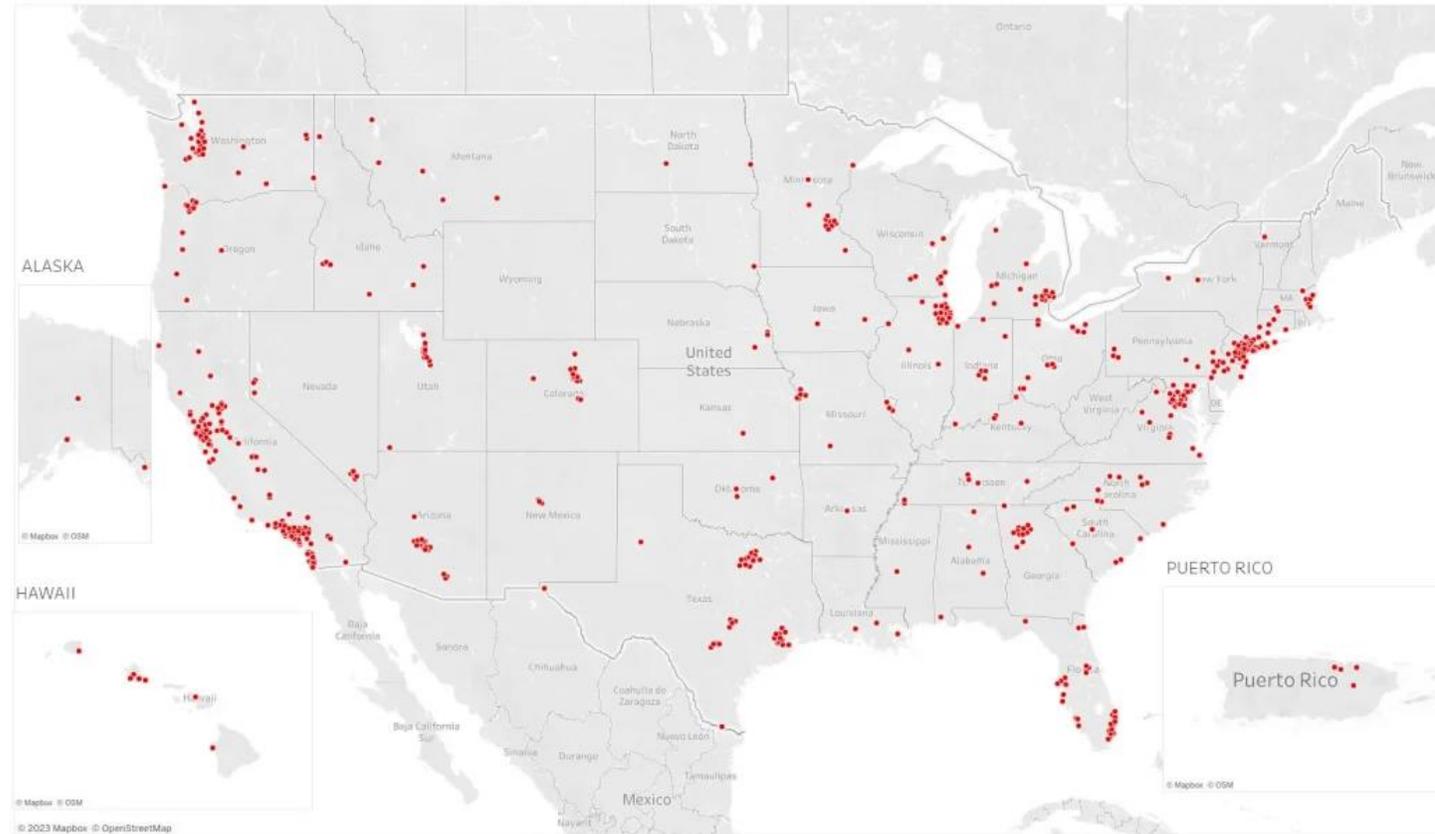
## Goal 6. Strengthen and Sustain Our Infrastructure

- 6.2 Enhance Infrastructure for **Economic Growth**
- 6.6 Strategize for and Monitor **City Growth**



# PRESENTATION OUTLINE

- Project Overview
- Project Benefits
- Costco Obligations
- City & MDC Obligations
- Requested Action



# PROJECT OVERVIEW



**WEST MIDLAND**



**174,000 SQUARE-FOOT FACILITY**



**\$50M CAPITAL INVESTMENT**



**100 FULL-TIME EQUIVALENT JOBS**

# PROJECT OVERVIEW



- Construction to begin on or before **June 1, 2025**
- Construction to be completed on or before **August 31, 2026**

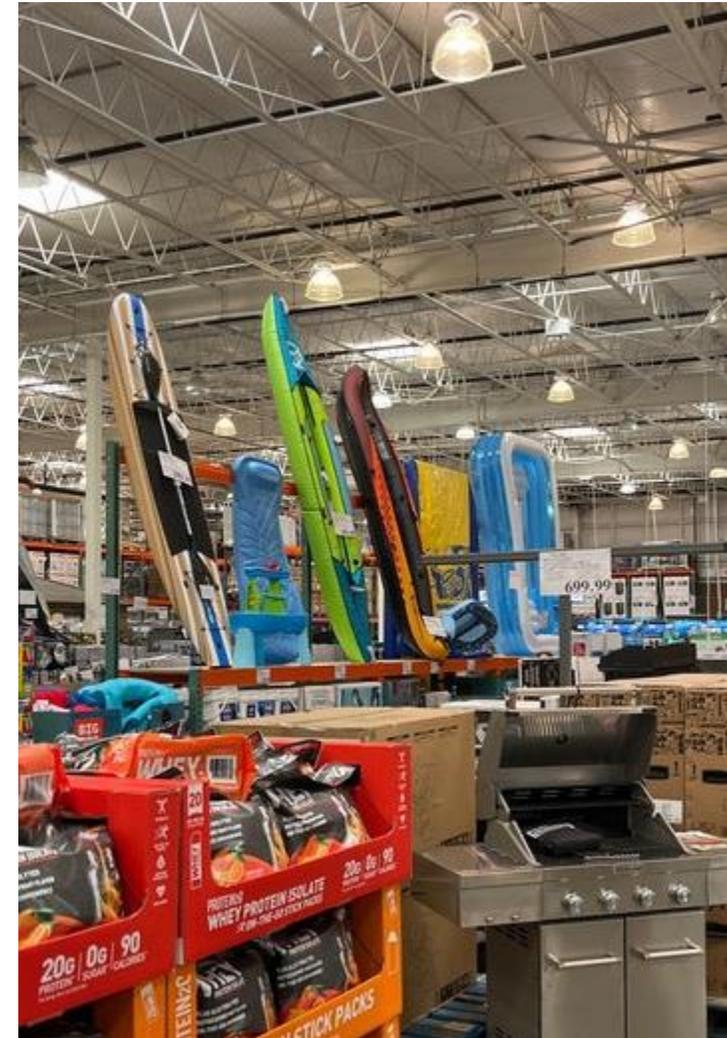
# PROJECT BENEFITS

- **Midland's Top Request**

Costco is a **top-requested amenity** in Midland. City leadership and the MDC have responded by working together to bring a project that will improve Midland's quality of life.

- **Keeping Your Dollars in Midland**

Midlanders are leaving town to shop, spending their hard-earned money in surrounding communities instead of their hometown. **Keeping our dollars here enables continued growth** and future projects like this one.



# PROJECT BENEFITS

- **Development of a New Commercial Corridor**

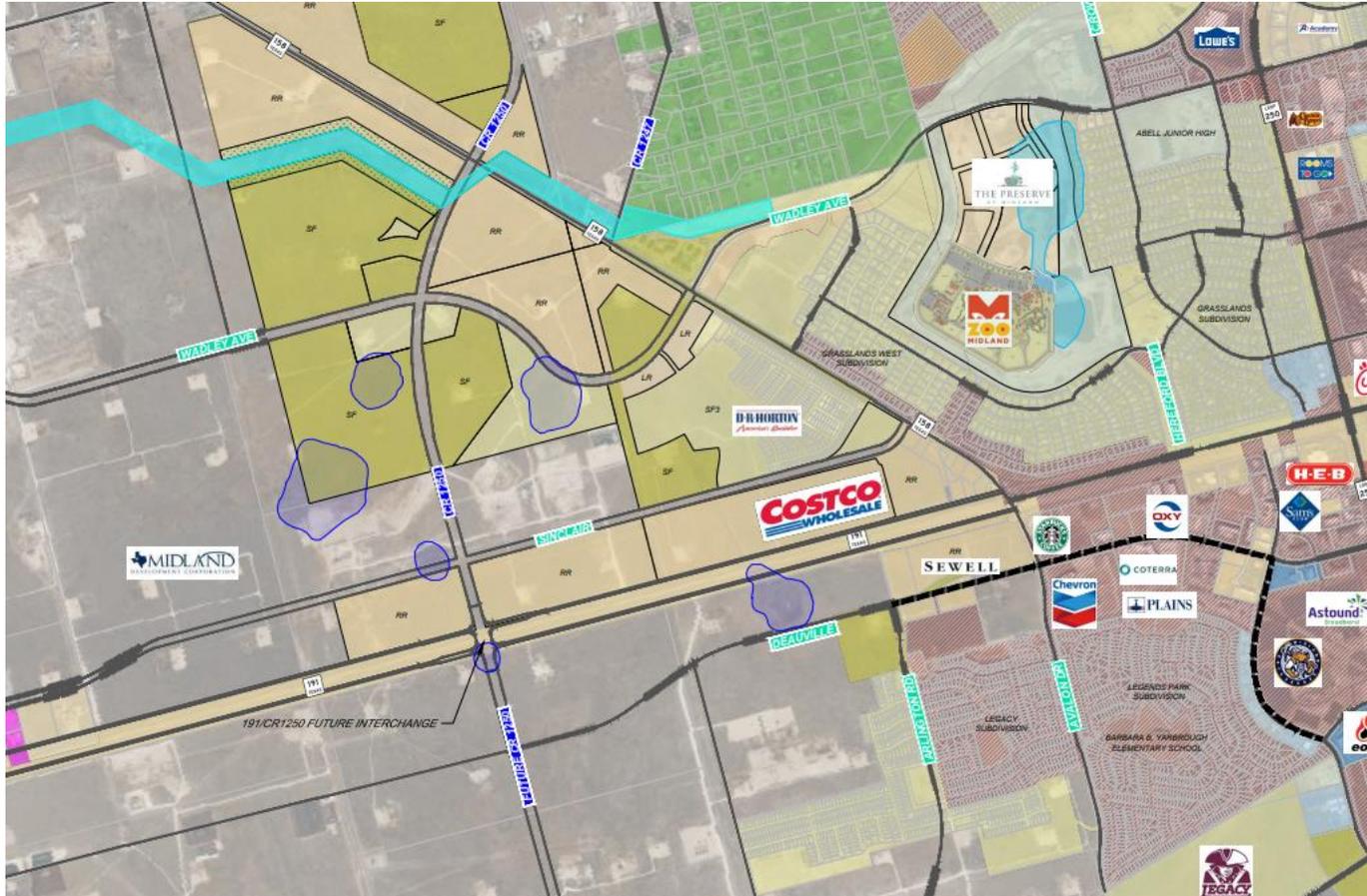
The SH 191 corridor is **prime for high-quality retail development**. **The land where Costco will be developed is currently empty, generating no taxes and no economic activity.** Incentives for this project catalyze future development.

- **Capturing Visitor Spending**

Costco is a **destination retail opportunity**. With the nearest Costco two hours away, Midland is poised to capture a market of more than 330k in the Midland-Odessa area.



# PROJECT BENEFITS



## West Midland: A Key Development District

- Sports Complex Corridor + Youth Sports
- Midland Zoo + the Preserve
- SH 191 Corridor Development
- Deauville Employment Center
- Existing + New Residential Development
- New Legacy High School
- New Street Infrastructure

# COSTCO OBLIGATIONS

- **Costco Facility:** Develop and operate a **minimum 174,000 square foot facility** (minimum 160k square feet sales floor)
- **Minimum Investment:** \$50M in development + construction of facility
- **Construction Timeline:** Construction to begin on or before June 1, 2025; and construction to be completed on or before August 31, 2026
- **Job Creation:** Create and maintain a minimum of 100 FTEs throughout the term of the agreement following construction completion (30 years)

# COSTCO OBLIGATIONS



Concept Rendering of Midland Costco Store

# MDC OBLIGATIONS

- **Infrastructure + Site Improvement Reimbursement**

The MDC will reimburse for infrastructure and site improvements related to the development in an amount **not to exceed \$6,502,544**.

- **Reimbursement Schedule**

MDC will reimburse in three equal payments capped at \$2,167,544.67 each upon: 1) completion of construction, 2) certification of 100 new FTEs created and maintained for one year, and 3) certification of 100 FTEs maintained for two years.



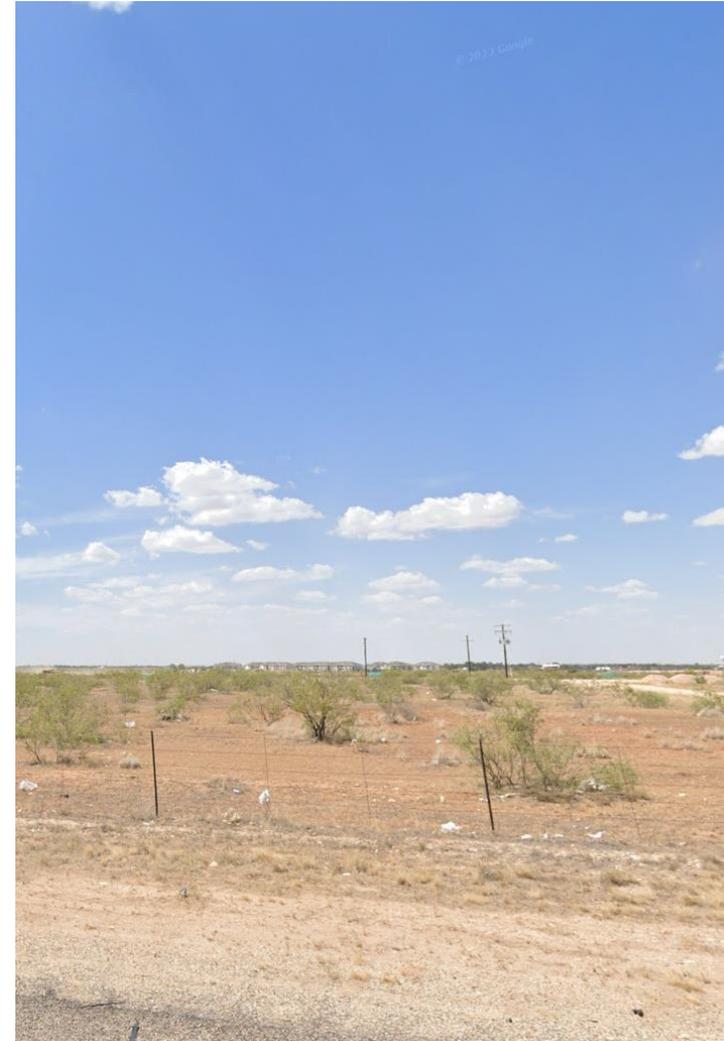
# CITY OBLIGATIONS

- **Property Tax Rebate**

City will rebate half of its portion of real and personal property tax revenue generated by the project for 20 years **after** receipt of certificate of occupancy + annual certification of 100 FTEs created and maintained.

- **Sales & Use Tax Rebate**

The city will rebate half of the total local sales + use tax generated by the project for 30 years **after** receipt of certificate of occupancy + annual certification of 100 FTEs created and maintained.



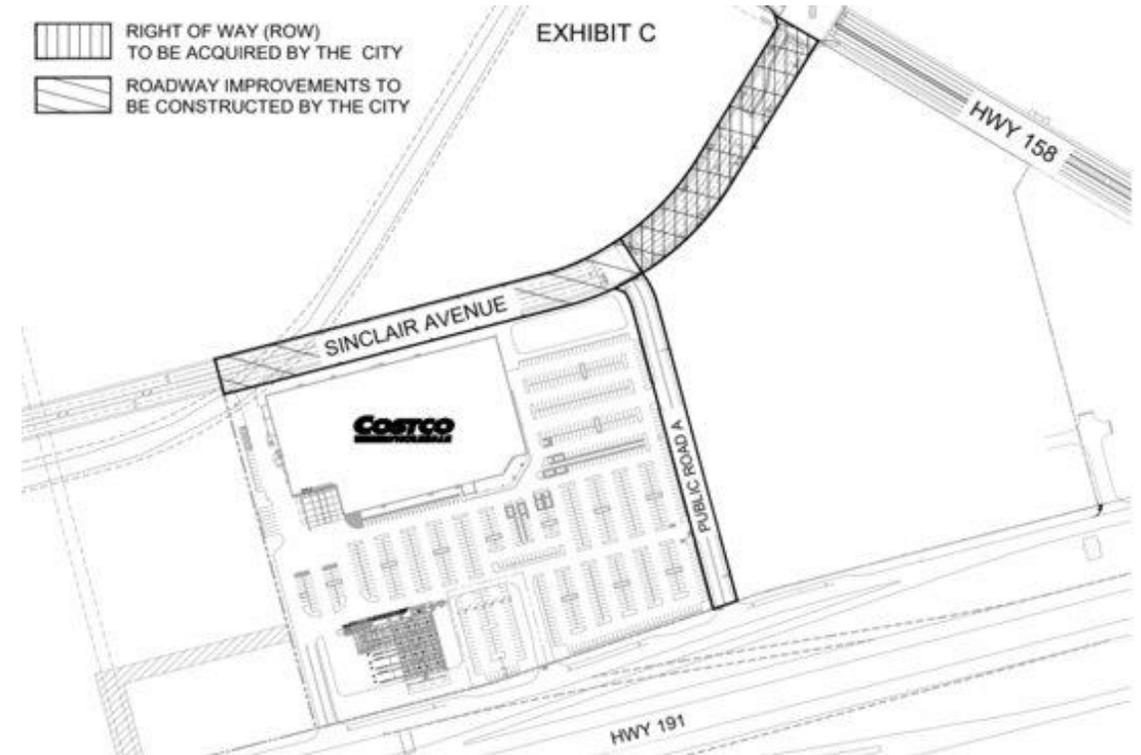
# CITY OBLIGATIONS

- **Development Fee Credit & Waiver**

The city will provide a one-time waiver of development fees and impact fee credit toward the construction of a needed collector to the east of the property.

- **Public Infrastructure Access**

The city will provide access to the site via the Sinclair extension which will additionally facilitate the development of the western SH-191 commercial corridor.



# PROJECT BENEFITS

- One of **Midland's Top Retail Requests**
- **Keeping Your Dollars in Midland**
- Development of a New Commercial Corridor
- Capturing **Visitor Spending**



# REQUESTED ACTION

Motion authorizing the execution of a **Chapter 380 Economic Development Program & Performance Agreement** among the City of Midland, the Midland Development Corporation, and Costco Wholesale Corporation for **Costco's construction and operation of a minimum 174,000 square foot Costco wholesale and retail general merchandise facility** on 18.66 acres of undeveloped land in West Midland, generally located adjacent to the northern boundary of SH-191 and west of SH-151, subject to the terms and conditions of the Agreement.

# MISSION

Deliver exceptional services and promote a high quality of life and place for **ALL** our citizens.