

MEMORANDUM

DATE: November 6, 2020

TO: Dr. Mark Browne, City Manager,
City of Schertz

FROM: Adrian G. Perez, Director, Schertz
Economic Development Corporation
(SEDC)

SUBJECT: SEDC Payment to Ace Mart of
\$30,704.82 in accordance with
adopted Performance Agreement.

BACKGROUND

On August 29, 2017, the City Council approved a Performance Agreement (the “Agreement”) among the City of Schertz, Texas, the City of Schertz Economic Development Corporation (SEDC), and Ace Mart Restaurant Supply Company (“Ace Mart”). On August 24, 2017, at the SEDC Board of Directors approved the agreement with Ace Mart.

The Agreement provided a \$225,000 payment upon the Certificate of Occupancy and an annual reimbursement of property tax collected by the City of Schertz. The annual reimbursement consists of a 60% rebate for Calendar Years 2019 through 2021 and a 55% rebate for Calendar Years 2022 through 2024.

Ace Mart submitted annual certification for calendar year 2019 on February 15, 2020. In the performance validation process the SEDC and Ace Mart identified discrepancies in the reporting of revenue generated from Taxable Sales. Upon further investigation the error was found to be in the reporting to the State of Texas Comptroller Office. The SEDC and Ace Mart worked to amend reporting to reflect actual activity at the Schertz location. The revenue from this taxable sales activity was then validated through the Director of Finance. The following details Ace Mart’s performance for calendar year 2019:

- Create and maintain a total of 40 full-time employees with a minimum annual payroll of \$1,178,750 at the Schertz location.
 - Ace Mart has exceeded performance for calendar year 2019 and certified a total of 50 employees and a total annual payroll of \$1,725,829.00.
- Create and maintain a minimum Tangible Personal Property of \$5,671,160.00 as identified on the 2019 Comal County tax roll.
 - Ace Mart has exceeded performance for calendar year 2019 and certified a Tangible Personal Property of \$9,944,560 as identified on the 2019 Comal County tax roll.

- Commencing in the 2019 calendar year and continuing throughout the term of the Agreement, the Company must create and maintain a minimum of \$8,000,000.00 in Taxable Sales sourced from the local Schertz facility.
 - Ace Mart has exceeded performance for calendar year 2019 and certified a \$8,175,512 as identified Taxable Sales sourced from the local Schertz facility for calendar year 2019.

FISCAL IMPACT

Per the Agreement, with the satisfaction of all performance requirements Ace Mart is entitled to a 60% reimbursement for all Tangible Personal Property Taxes collected by the City of Schertz. Ace Mart 2019 total Tangible Personal Property value was \$9,944,560. Total personal property taxes collected by the City of Schertz is \$51,174.70. According to the Agreement, Ace Mart will receive a reimbursement of 60% of taxes paid or \$30,704.82. The methodology for the reimbursement is as follows:

- (60% of 2019 personal property taxes paid to the City of Schertz) = Ace Mart reimbursement.
- $(.60 \times \$51,174.70) = \$30,704.82$

In summary, Ace Mart received the 2019 reimbursement of \$30,704.82 which was budgeted in the SEDC FY 2020 Budget.

STAFF RECOMMENDATION

This is an informational item, staff has evaluated the Agreement and found that Ace Mart compliant for the 2019 tax year and all required documentation is on file with the SEDC and Finance Department of the City of Schertz.

ATTACHMENT(S)