



**ECONOMIC
DEVELOPMENT
CORPORATION**

MEMORANDUM

To: Mayor Donna Dodgen
Seguin City Council

CC: Steve Parker, City Manager
Andy Quittner, City Attorney

From: Josh Schneuker, Director of Economic Development / SEDC Executive Director

Date: August 29, 2022

Subject: Lawson Street Reconstruction Project – City of Seguin and Tyson Agreement

Background Information – Tyson Expansion and Lawson Street Improvement Project

The Texas Rural Business Fund (TxRBF) provides funding to rural communities to incentivize job creation and industry development in rural Texas. Eligible projects are in counties with a population less than 200,000 and support companies in the agricultural and food manufacturing business, biotechnology and life sciences, energy, information technology, manufacturing, supply chain and logistics industries that will create skilled jobs and have the potential to spur further economic development. With limited funding available, TxRBF is a competitive program and is designed to support a project that will positively impact the area, address economic development priorities and will create meaningful job creation.

The City of Seguin has been awarded \$1 Million grant through the Texas Department of Agriculture's Texas Rural Business Fund Program. The grant award will help support the expansion of Tyson Foods existing Seguin Facility through the reconstruction of Lawson Street. The scope of Tyson's expansion includes a new 40,000 square foot production facility, as well as the purchase and installation of new, state-of-the-art machinery and equipment. Tyson's expansion project will represent a total capital investment of approximately \$58 Million and will help create at least 40 new jobs. A component of Tyson's expansion project will include the relocation of its truck access point from Kingsbury Street to Lawson Street. To accommodate the relocation of the truck access point, Lawson Street will need to be improved from Kingsbury Street (U.S. Hwy 90) to C.H. Matthies Drive.

Construction of the Project is anticipated to cost \$1.4 Million. The \$1 million grant from the TDA awarded to the City of Seguin that will cover construction costs for the Lawson Street Reconstruction Project; and financial participation by the SEDC to cover construction costs for the Lawson Street Reconstruction Project might exceed what will be covered by the \$1 million TxRBF grant.

TxRBF Grant Obligations

The Texas Department of Agriculture requires the City of Seguin and Tyson to meet certain Performance Obligations. The Performance Obligations will be formalized through an Agreement between the City of Seguin and Tyson, which is attached to this memo as Exhibit A.

Tyson's Performance Obligations include, but are not limited to:

1. **Job Creation and Retention.** Tyson will commit to retaining at least 546 full-time jobs through the term of this Agreement. Tyson shall create an additional 40 full time jobs no earlier than the completion of the Expansion Project, and no later than June 30, 2024.
2. **Initial Employment and Payroll Report.** Tyson shall provide a copy of the payroll for current employees at the Facility as of the effective date of the Agreement.
3. **Quarterly Reporting.** Tyson shall submit to the City the following reports no later than the twentieth (20th) day of January, April, July, and October:
 - i. Quarterly Employee Certification Report
 - ii. First page of the Texas Workforce Commission Employer's Quarterly Report
 - iii. The Quarterly Construction and Financial Report detailing the status of the Tyson Expansion Project
4. **Final Employment and Payroll Report.** At the conclusion of this Agreement Tyson shall submit to the City a final payroll which must report all employees working for Tyson at the Facility prior to the execution of the Agreement and all newly hired employees working for Tyson at the Facility reported for job creation requirements.

The City's Performance Obligations include, but are not limited to:

1. Documentation that indicates that the City has secured an approved funding commitment of \$1 Million for the Lawson Street Project plus the required \$100,000 match.

Project Construction Funding Structure

A \$1 million grant from the TDA awarded to the City of Seguin that will cover construction costs for the Lawson Street Reconstruction Project; and financial participation by the SEDC to cover construction costs for the Lawson Street Reconstruction Project might exceed what will be covered by the \$1 million TDA grant.

Staff Recommendation

The Lawson Street Reconstruction Project is made possible because of the public-private partnership between the City of Seguin, the SEDC, the Texas Department of Agriculture (TDA), and Tyson. The TxRBF Grant will cover more than 70% of the Project's construction costs, with the SEDC and City covering the remaining portion. The relocation of Tyson's truck access is needed to accommodate additional truck traffic associated with the expansion. The new access point will also improve pedestrian safety, as trucks currently access the facility through the same entrance that employees and visitors use. Staff

recommends approval of the Agreement between the City of Seguin and Tyson for the TxRBF Grant Program, as required by the Texas Department of Agriculture.