

Deal would bring cities \$9 million

By SHANNON DAUGHTRY | Posted: Friday, November 25, 2011 2:00 am

Two of three cities that are part of the Industrial District Contract with Dow Chemical and BASF have approved the contract and the third could finalize it during a special meeting at 7:30 p.m. Tuesday.

The purpose of the Industrial District Contract is to establish a payment in lieu of taxes from industry in exchange for the cities not annexing the plant sites and subjecting the companies to the full property tax rates. The agreements save the companies money on their tax payments, while the cities save money by not having to provide services such as sewer and fire protection to the sites.

Lake Jackson council members Monday suspended their normal rule requiring an item have readings at two separate meetings before adoption and unanimously approved the contract.

The total contract is for \$9 million annually, City Manager Bill Yenne said. Lake Jackson will get \$4.1 million, Clute gets \$1.4 million and Freeport receives \$3.5 million. The amounts are determined by percentages of the amount paid set for each city in the contract.

The contract is for 15 years.

“We added the ability to remove peripheral property from the zone, should the need arise,” Yenne said.

The contract also clarified wording and boundaries, Lake Jackson City Attorney Sherri Rusell said.

“I think this is the best we can do to protect the cities,” said Wallace Shaw, the city attorney for Clute and Freeport.

Like Lake Jackson, Freeport approved the same contract with the same changes Monday night, though two of its council members, Nicole Mireles and Sandra Babree, abstained from voting because they have family members working for Dow Chemical.

Because of the Thanksgiving holiday falling on its regular meeting day, Clute has scheduled a special meeting Tuesday night to finalize the contract, City Manager Gary Beverly said.

The deadline for the contract to be approved is Tuesday, Freeport City Manager Jeff Pynes said.

“Lake Jackson’s on board, industry’s on board, we’re on board, we’re just waiting for Clute,” Pynes said. “We’ve worked very hard with industry and other city managers and attorneys in order to get this right.”

The three cities, BASF and Dow all agreed in February to extend the current agreement for six

months to allow more time to work on the new deal. Negotiations began last fall, Pynes said.

“It’s necessary for us to draft a new contract because the current one is expired,” Pynes said. “And it’s something we’ve been working on for months.”

Extending the contract also allowed the new deal to start at the beginning of the cities’ fiscal year, Pynes said.

The current contract was approved in 2001. By its end, the industries will have paid the cities about \$65 million.

The first Industrial District Agreement Contract was created in 1973, ran for seven years and netted the cities \$5.6 million over its life. Subsequent contracts were signed in 1980, 1987, 1994 and 2001.

“This is a good agreement that’s in the cities’ best interest,” Pynes said.

Shannon Daughtry is a reporter for The Facts. Contact her at 979-237-0152.