

Mayor and Council Communication

DATE: 05/21/24

M&C FILE NUMBER: M&C 24-0448

LOG NAME: 17RECAROTEZ

SUBJECT

(CD 10) Adopt Resolution Nominating RECARO Aircraft Seating Americas, LLC's Facility at 2275 Eagle Parkway, as a Single Enterprise Project Pursuant to the Texas Enterprise Zone Act, Chapter 2303 of the Texas Government Code

RECOMMENDATION:

It is recommended that the City Council adopt the attached resolution nominating RECARO Aircraft Seating Americas, LLC's facility at 2275 Eagle Parkway as a single enterprise project pursuant to the Texas Enterprise Zone Act, Chapter 2303 of the Texas Government Code.

DISCUSSION:

The City Council of the City of Fort Worth (City) has previously passed Ordinance No. 15733 electing to participate in the Texas Enterprise Zone Program. On May 12, 2015, the City Council adopted Ordinance No. 21743-05-2015, amending Ordinance No. 15733 by adding additional potential local incentives that could be made available to qualified businesses under the Texas Enterprise Zone Program. The Office of the Governor Economic Development and Tourism through the Economic Development Bank will consider RECARO Aircraft Seating Americas, LLC (Company) as an enterprise project pursuant to a nomination and an application made by the City.

The Texas Enterprise Zone Program is an economic development tool for local communities to partner with the State of Texas to promote job creation and capital investment in economically distressed areas of the state. An enterprise project is defined as a business that is nominated by a municipality or county and then approved for state benefits. Designated projects are eligible to apply for state sales and use tax refunds on qualified expenditures. The level and amount of refund is related to the capital investment and jobs created at the qualified business site.

The Company qualifies for a Single Enterprise Project Designation with planned capital investments of approximately \$10.0 million in manufacturing equipment and other production and facility improvements. More specifically this will include \$2 million in leasehold improvements, \$2.5 million in machinery, equipment, and production tools as well as \$5.5 million in production line enhancements, forklifts, and other equipment. As a result of these investments, it will enhance RECARO's operational efficiency and manufacturing capacity for the years to come.

As part of the project, the Company will retain 429 current employees, and create 10 new jobs at its Fort Worth facility, with an average annual salary at \$80,000.00.

If designated as an enterprise project by the State of Texas, the Company commits to hiring thirty five percent (35%) economically disadvantaged persons or enterprise zone residents for its certified jobs at its Fort Worth facility during its enterprise project designation.

The enterprise project designation allows for a state sales and use tax refund on qualified expenditures of \$2,500.00 per job, for up to 500 jobs, with a maximum benefit of \$1.25 million over a five-year period. Under the Texas Enterprise Zone Act, at least thirty-five percent of the business' new or retained employees will be residents of an enterprise zone, economically disadvantaged individuals or veterans. In addition, the jobs will be provided through the end of the designation period or at least three years after the date on which a state benefit is received, whichever is later.

The project is located in Council District 10.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this recommendation will have no material effect on City funds.

Submitted for City Manager's Office by: William Johnson 5806

Originating Business Unit Head: Robert Sturns 2663

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