

Mayor and Council Communication

DATE: 12/01/20

M&C FILE NUMBER: M&C 20-0871

LOG NAME: 17ED_NTWINDOW_AMEND1

SUBJECT

(CD 9) Authorize Execution of Amendment No. 1 to City Secretary Contract No. 51838, an Economic Development Program Agreement with NT Window, Inc. for the Renovation and Use of an Existing Building at 2900 West Seminary Drive, to Increase the Business Personal Property Commitment and Revise the Deadlines Associated Therewith

RECOMMENDATION:

It is recommended that the City Council approve Amendment No. 1 to City Secretary Contract No. 51838, an Economic Development Program Agreement with NT Window, Inc. for the renovation and use of an existing building at 2900 West Seminary Drive, to increase the business and personal property commitment from \$3,800,000 to \$4,100,000 and revise the deadlines associated therewith as set forth in the discussion.

DISCUSSION:

The City and NT Window, Inc. (Company) are currently parties to an Economic Development Program Agreement (Agreement) for the renovation and use of an existing building at 2900 West Seminary Drive as a window manufacturing facility (Project Site) (City Secretary Contract No. 51838; M&C C-28565). Staff seeks to amend the Agreement to increase the business and personal property (BPP) commitment from \$3,800,000 to \$4,100,000 and revise the deadline into the following phases:

- Phase 1: \$2,400,000.00 by January 1, 2020;
- Phase 2: \$500,000.00 additional by January 1, 2021 (for a total of \$2,900,000.00); and
- Phase 3: \$1,200,000.00 additional by January 1, 2022 (total of \$4,100,000.00).

Company, a 28-year old window manufacturer with \$11 million in taxable sales, had outgrown its current facility located in unincorporated Tarrant County and has proposed to renovate an existing building located at 2900 West Seminary Drive, a vacant manufacturing facility constructed in 1958 that has been vacant for six years. The financial gap for the project was created by the requirement for the building to meet current energy code, fire lane, and storm water standards and the need to update the dock height. The site provided the ability to expand this growing manufacturing business.

Per the Agreement, the Company committed to invest at least \$5,600,000.00 in total construction costs (exclusive of land acquisition costs) by December 31, 2019. Of this, at least \$4,080,000.00 had to be hard construction costs. The Company committed to put into place \$3,800,000.00 in new Business and Personal Property (BPP) improvements on the site by January 1, 2020. The Company had agreed to spend or cause to be expended at least 15 percent of \$4,080,000.00 of all hard construction costs for the development with Fort Worth certified Minority/Women Owned Business Enterprise companies.

Within the total construction costs, the Company met or exceeded the commitments with the exception of the BPP commitment. Tarrant Appraisal District's (TAD) assessment for the Company's BPP tax accounts was a reported value of \$2,473,308.00.

The Company reports that this lower value was due to delays in construction and availability of materials, which caused their finish date to be pushed back from October 2019 to December 2019. This delay affected their timeline for the purchase and installation of floor lines.

The grants were critical for their decision to move their expansion project to Fort Worth and renovate the Project Site. While they came in short of their BPP commitment by \$1,326,692.00, they exceeded their total construction cost by \$1,553,983.00 and their M/WBE requirement by \$1,406,849.00 or 133 percent.

Staff recommends approving Amendment No. 1 to the Economic Development Program Agreement with the Company to increase the Company's business and personal property commitment from \$3,800,000.00 to \$4,100,000.00 and revise the commitment deadline into phases.

This project is located in COUNCIL DISTRICT 9.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon final approval of the amendment to the economic development program agreement will have no material effect on City funds for the current fiscal year. This reduction in revenue will be incorporated into the long term financial forecast upon the amendment being officially granted.

Submitted for City Manager's Office by: Jay Chapa 5804

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Additional Information Contact:

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