

Mayor and Council Communication

DATE: 05/12/26

M&C FILE NUMBER: M&C 26-0380

LOG NAME: 17CELESTICA_TA

SUBJECT

(CD 10) Conduct Public Hearing and Adopt an Ordinance Designating Tax Abatement Reinvestment Zone No. 117; and Authorize the Execution of a Ten-Year Tax Abatement Agreement with Celestica LLC, or an Affiliate, for the Development of Two Electronics Manufacturing Facilities on Properties within Tax Abatement Reinvestment Zone No. 117 at 15301 N Beach Street and 15500 N Beach Street, Fort Worth, Texas, Denton County

(PUBLIC HEARING - a. Staff Available for Questions: Cherie Gordon; b. Public Presentations; c. Council Action: Close Public Hearing and Act on M&C)

RECOMMENDATION:

It is recommended that the City Council:

1. Conduct a public hearing concerning the designation of Tax Abatement Reinvestment Zone No. 117, City of Fort Worth, Texas, Denton County, for property located at 15301 and 15500 N Beach Street, consisting of approximately 45 and 57 acres of land respectively, for the development of two electronics manufacturing facilities by Celestica LLC, or an affiliate;
2. Find that the intended electronics manufacturing facilities developments and related improvements, as set forth in more detail below, are feasible and practical and would be a benefit to the land to be included in Tax Abatement Reinvestment Zone No. 117 and to the City after the expiration of any tax abatement agreements;
3. Adopt the attached ordinance designating Tax Abatement Reinvestment Zone No. 117, City of Fort Worth, Texas, pursuant to and in accordance with Chapter 312 of the Texas Tax Code;
4. Find that the proposed Tax Abatement Agreement terms meet the criteria and guidelines set forth in the City of Fort Worth's General Tax Abatement Policy (Resolution No. 6222-12-2025); and
5. Authorize the execution of a ten-year Tax Abatement Agreement with Celestica LLC, or an affiliate, for the development of two electronics manufacturing facilities on properties at 15301 and 15500 N Beach Street, Fort Worth, Texas, Denton County, in Tax Abatement Reinvestment Zone No. 117.

DISCUSSION:

The purpose of this Mayor and Council Communication is to (1) designate a new Tax Abatement Reinvestment Zone (TARZ No. 117); and (2) authorize a ten-year Tax Abatement Agreement with Celestica LLC, or an affiliate (collectively, the Company) for the development of two electronics manufacturing facilities within TARZ No. 117.

Company is an electronics manufacturing company based out of Toronto, ON, Canada. Company is proposing to develop two new facilities to manufacture advanced electronic equipment, consisting of a building of approximately 371,327 square feet on approximately 45 acres at 15301 N Beach Street (Site 1), and a building of approximately 316,288 square feet on approximately 57 acres at 15500 N Beach Street, Fort Worth, Texas (Site 2) (collectively, the Project Sites).

The City proposes to enter into a tax abatement agreement with the Company to facilitate development of the Project Site. The tax abatement will be tied to the amount of investment made by the Company and satisfaction of other project and spending requirements as follows:

Investment and Company Commitments:

1. Company must expend a minimum of \$400,000,000.00 in total construction costs for real property improvements at the Project Sites, including:
 - a. \$176,000,000 in total construction costs for real property improvements at Site 1 on or before December 31, 2027;
 - b. \$224,000,000 in total construction costs for real property improvements at Site 2 on or before December 31, 2028;
2. Company must install a minimum of \$476,000,000 in taxable Business Personal Property (BPP) that is new to the City at the Project Sites, including:
 - a. \$224,000,000.00 in new taxable BPP at Site 1 on or before January 1, 2028;
 - b. \$252,000,000.00 in new taxable BPP at Site 2 on or before January 1, 2029;
3. Company will forfeit the tax abatement if the total investment for real property improvements and BPP is not timely delivered pursuant to the terms of the tax abatement agreement, with the following exceptions:
 - a. In the event that Company fails to complete the real property improvements for either or both of Site 1 and Site 2 before the respective completion deadlines but exceeds the BPP commitment (as discussed above) for the Project Site in an amount greater than or equal to the difference between the required real property improvements and actual real property improvements made, the Agreement will not be in

default and no penalty will be applied to any tax abatements associated with the Project except as otherwise provided for under the Agreement;

b. In the event that Company fails to complete the installed taxable BPP for either or both of Site 1 and Site 2 before the respective completion deadlines but exceeds the real property commitment (as discussed above) for the Project Site in an amount greater than or equal to the difference between the required real property improvements and actual real property improvements made, the Agreement will not be in default and no penalty will be applied to any tax abatements associated with the Project except as otherwise provided for under the Agreement;

c. If Company expends up to ten percent (10%) less than the combined value of the required real property improvements and the required taxable BPP for either or both of Site 1 and Site 2, the abatement rate (as discussed below) will be reduced by a proportional amount.

d. Company may, without penalty, expend an amount up to ten percent (10%) less than the required amount on real property improvements and installed taxable BPP for one Site so long as Company expends an amount that is at a minimum equal to that difference over the required real property improvements and installed taxable BPP for the other Site;

4. Company must provide a minimum of 490 additional full-time jobs at the Project Site on or before December 31, 2028, and an additional 1,225 full-time jobs at the Project Site on or before December 31, 2029 and maintain that level for the term of the tax abatement agreement, with an average salary of at least \$75,000.00 (Employment Commitments). The annual tax abatement will be forfeited for any year in which the Employment Commitments are not met; and

5. Company voluntarily commits to expend by the project completion deadline at least 30% of all real property improvement costs, both hard and soft costs, with Small Businesses (Small Business Commitment). "Small Business" means a business entity located in Tarrant, Wise, Johnson, Parker, or Denton County that holds certification as a small business from an organization approved by the City Manager (City Ordinance No. 27832-08-2025). If Company does not meet the Small Business Commitment, subject to availability and terms of the tax abatement agreement, the tax abatement shall be reduced by 10%.

City Commitments:

1. The City will enter into a tax abatement agreement with the Company for a term of ten years;
2. The amount of incremental City ad valorem taxes on real property and BPP at the Project Site to be abated in a given year will be equal to up to eighty percent (80%).

The tax abatement is subject to Company meeting the performance requirements stated above and as specifically detailed within the Tax Abatement Agreement.

The project will result in an estimated \$52,179,002.00 in new incremental property tax to the City associated with the project being reduced by \$41,743,201.00, resulting in the collection of \$10,435,800.00 in net new incremental property tax revenue over the ten-year period following project completion.

Reinvestment Zone:

TARZ No. 117 will consist of approximately 45 acres located at 15301 N Beach Street Fort Worth, Texas, and approximately 57 acres located at 15500 N Beach Street and is more particularly described in Exhibit A to the attached Ordinance.

Designating this area as a tax abatement reinvestment zone pursuant to Chapter 312 of the Texas Tax Code allows the City the option to enter into a tax abatement agreement with the Company to help facilitate development on the Project Site.

Pursuant to Chapter 312 of the Texas Tax Code, a public hearing must be conducted regarding the creation or expansion of a tax abatement reinvestment zone. Notice of this hearing was delivered to the presiding officer of the governing body of each affected taxing unit and published in a newspaper of general circulation at least seven days prior to this hearing.

Pursuant to Chapter 312 of the Texas Tax Code, the area within the proposed TARZ No. 117 meets the statutory criteria for designation as a tax abatement reinvestment zone because the area is likely, as a result of the designation, to contribute to the retention or expansion of primary employment or to attract major investment in TARZ No. 117 that would be a benefit to the property and that would contribute to the economic development of the City. Further, the proposed improvements and investments at the Project Site are feasible and practical and would be a benefit to the land to be included in TARZ No. 117 and to the City after the expiration of any tax abatement agreement.

The term of TARZ No. 117 will be five years from the date of adoption of the attached Ordinance and may be renewed for periods not to exceed five years each unless otherwise allowed by law.

The project is located in COUNCIL DISTRICT 10.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this Tax Abatement Agreement will have no material effect on the Fiscal Year 2026 Budget. While no current year impact is anticipated from this action, any effect on revenues will be incorporated in long-term financial forecast upon the Tax Abatement being officially granted.

Submitted for City Manager's Office by: Dana Burghdoff 8018

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