

Mayor and Council Communication

DATE: 08/18/20

M&C FILE NUMBER: M&C 20-0563

LOG NAME: 17TTI, INC. EZ 2020

SUBJECT

(CD 4) Adopt Resolution Nominating the TTI, Inc., Distribution Center Located at 3737 Meacham Boulevard as a Concurrent 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 the TTI, Inc., Distribution Center located at 3737 Meacham Boulevard as a Concurrent Enterprise Project, pursuant to 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.

On February 21, 2017 the City Council adopted Resolution No. 4747-02-2017 nominating TTI, Inc. as an enterprise project pursuant to the Act with an effective date of 03/01/2017 and termination of 03/01/2022. The Office of the Governor Economic Development and Tourism through the Economic Development Bank will consider TTI, Inc. (TTI) as a concurrent 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.

TTI is planning new capital investments over the next five years in Fort Worth. The planned capital investment consists of approximately \$7 million for upgrades and installation information technology equipment made between April 2020 and September 2025. Specifically, the costs will be related to upgrades to the company's data center, new hardware and laptop equipment for employees, system and hardware upgrades, and upgraded storage for the company. The company is committing to retaining at least 300 positions. TTI could be eligible for a maximum refund of \$2,500 per job, distributed over the 5 year designation period. The maximum potential refund TTI could receive is \$1,250,000 over the 5 year designation period.

Under the Texas Enterprise Zone Act at least twenty-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 attached Resolution establishes the City Council's finding that the TTI meets the criteria for designation as an Enterprise Project, under Chapter 2303, Subchapter F of the Act on the following grounds:

1. TTI is a "qualified business," under Section 2303.402 of the Act, since it will be engaged in the active conduct of a trade or business at a qualified business site within the governing body's jurisdiction located within an enterprise zone and at least 25 percent of the business' new or retained employees will be residents of an enterprise zone, economically disadvantaged individuals or veterans;
2. There has been, and will continue to be, a high level of cooperation between public, private and neighborhood entities within the area; and
3. The designation of the TTI as an Enterprise Project will contribute significantly to the achievement of the plans of the City for development and revitalization of the area.

If awarded an Enterprise Project designation, TTI will be eligible to apply for state sales and use tax refunds on qualified expenditures. TTI will retain a minimum of 300 jobs and invest approximately \$7,000,000. As part of the anticipated investment, TTI could be eligible for a maximum refund of \$2,500.00 per job, distributed over the five year designation period. The maximum potential refund TTI could receive is \$1,250,000.00 over the five year designation period. These state benefits have no fiscal impact on the City's general fund.

This project is located in COUNCIL DISTRICT 4.

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 these recommendations will have no material effect on City funds.

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