

Mayor and Council Communication

DATE: 11/05/19

M&C FILE NUMBER: M&C 19-0288

LOG NAME: 17TEZBENEKEITH

SUBJECT

Authorize Execution of an Interlocal Agreement with Tarrant County, Texas, Approving Nomination by Tarrant County of Ben E. Keith Company, as an Enterprise Project, Pursuant to the Texas Enterprise Zone Act, Chapter 2303 of the Texas Government Code (COUNCIL DISTRICT 8)

RECOMMENDATION:

It is recommended that the City Council authorize the execution of an Interlocal Agreement with Tarrant County, Texas, approving Tarrant County's nomination of Ben E. Keith Company as an Enterprise Project, pursuant to the Texas Enterprise Zone Act, Chapter 2303 of the Texas Government Code.

DISCUSSION:

The City Council previously adopted Ordinance No. 15733 (M&C G-14137), under which the City has elected to participate in the Texas Enterprise Zone Program. The City Council subsequently amended Ordinance No. 15733 on May 12, 2015 to update the list of potential local incentives that may be provided to a project on a case-by-case basis (Ordinance No. 21743-05-2015, M&C G-18473).

Chapter 791 of the Texas Government Code authorizes the formulation of Interlocal Cooperation Agreements between and among municipalities and counties for the performance of governmental functions. Chapter 2303 of the Texas Government Code, the Texas Enterprise Zone Act, permits the governing body of a county to nominate for designation as an Enterprise Project a project or activity of a qualified business that is located within the jurisdiction of a municipality located in the county. The nominating county must enter into an Interlocal Agreement with the municipality that has jurisdiction of the territory in which the nominated project or activity will be located.

Both the City of Fort Worth and Tarrant County agree to approve the nomination for Ben E. Keith Company (Company) as an Enterprise Project. Said nomination will be considered a part of Tarrant County's allocated Enterprise Project designations and will have no impact on the City's permitted nine designations per biennium, as permitted under Section 2303.406(d) of the Texas Government Code.

Company's expansion, located at 7650 Will Rogers Boulevard in Carter Industrial Park, qualifies for a single Enterprise Project Designation with a projected capital investment of \$11,000,000.00 toward the installation of new equipment and business personal property to be located at the facility. On February 12, 2019, City Council authorized nomination of the property by the City as an Enterprise Project under the Texas Enterprise Zone Act (M&C C-29042). However, that nomination was specific to improvements to real property and not to the investment in equipment proposed as part of the present nomination under consideration by the County.

If awarded an Enterprise Project designation, Company will be eligible to apply for state sales and use tax refunds on qualified expenditures. A single 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 \$1,250,000.00 over a five year period. Under the Texas Enterprise Zone Act, at least 25 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. These state benefits have no fiscal impact on the City's General Fund.

The project is located in COUNCIL DISTRICT 8.

A Form 1295 is not required because: This contract will be with a governmental entity, state agency or public institution of higher education: Tarrant County

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that this action will have no fiscal impact.

Submitted for City Manager's Office by: Robert Sturns 2663

Originating Business Unit Head: Robert Sturns 2663

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