

Mayor and Council Communication

DATE: 12/17/19

M&C FILE NUMBER: M&C 19-0416

LOG NAME: 17AMENDRAIDEREXPRESS2019

SUBJECT

Authorize Execution of Amendment to Tax Abatement Agreement with Raider Express, Inc. to Extend the Completion Deadline for an Office, Training and Maintenance Facility to be Located at Property in the Vicinity of the Intersection of Highway 287 and Willow Springs Road (COUNCIL DISTRICT 7)

RECOMMENDATION:

It is recommended that the City Council authorize the City Manager to execute an amendment to the Tax Abatement Agreement with Raider Express, Inc. to extend the deadline for completion of an approximately 61,000 square foot campus at property in the vicinity of the intersection of Highway 287 and Willow Springs Road from December 31, 2019 to December 31, 2020.

DISCUSSION:

On February 13, 2018 (M&C C-28580) the City Council authorized the execution of a Tax Abatement Agreement (City Secretary Contract No. 50800) with Raider Express (Company) for the construction of a 61,000 square foot campus to be located in the vicinity of the intersection of Highway 287 and Willow Springs Road (Project Site).

The City will grant a 50 percent tax abatement on the incremental increase in value of real and personal property improvements for a period of five years. The Company must meet specific construction spending, annual employment and annual supply and service spending commitments in order to achieve the maximum amount of potential incentive for each abatement year.

Per the Agreement, the Company must invest at least \$13 million in real property improvements by December 31, 2019. The Company must also locate new taxable business personal property on the Project Site having a minimum taxable appraised value specified below by the appraisal dates specified below:

- A total taxable appraised value of at least \$56.1 million (2017 base value + \$40.1 million) by 1/1/2021
- A total taxable appraised value of at least \$96.0 million (2017 base value + \$80 million) by 1/1/2023
- A total taxable appraised value of at least \$136.1 million (2017 base value + \$120.1 million) by 1/1/2025

The Company has agreed to spend or cause to be expended the greater of 25 percent or \$3,050,000.00 of all hard construction costs for the Development with Fort Worth contractors. The Company will spend or cause to be expended the greater of 15 percent or \$1,830,000.00 of all hard construction costs for the Development with contractors that are Fort Worth Certified Minority/Women Owned Business Enterprise companies (with the understanding that dollars spent with Fort Worth Certified M/WBE companies will also count as dollars spent with Fort Worth companies). Fort Worth Certified M/WBE Company means a minority – or woman owned business that (i) has received certification as either a minority business enterprise (MBE), a woman business enterprise (WBE) or a disadvantaged business enterprise (DBE) by the North Central Texas Regional Certification Agency (NCTRCA); and (ii) has a principal business office located within the corporate limits of the City.

The Company must provide the following minimum number of full-time jobs on the Project Site in each of the following years (as measured by Company's employment data as of December 31 of each such year):

- at least 442 full-time jobs in 2020 and 2021
- at least 532 full-time jobs in 2022 and 2023
- at least 622 full-time jobs in 2024

The Company committed to fill a minimum of 30 percent of all full-time jobs (regardless of the total number of full-time jobs provided on the Project Site) with Fort Worth residents and 15 percent of all full-time (regardless of the total number of full-time jobs provided on the Project Site) with Fort Worth Central City Residents (with the understanding that employment of Fort Worth Central City Residents will also count as employment of Fort Worth City Residents).

The Company has agreed to spend the greater of 35 percent or \$1,225,000.00 in annual discretionary service and supply expenses with Fort Worth companies, and the greater of 15 percent or \$525,000.00 in annual discretionary service and supply expenses with companies that are Fort Worth Certified Minority/Women Owned Business Enterprise companies.

Due to prolonged discussions with TXDOT regarding site access, the need to purchase additional land to accommodate access concerns, and discussions regarding the location of the water line extension, the Company has requested a revised completion deadline of December 31, 2020. All other deadlines will be adjusted by one year.

This project is located in COUNCIL DISTRICT 7.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon final approval of the amendment to the Tax Abatement Agreement, a loss of an estimated \$2,145,463.00 in revenue may occur over the 5 year tax abatement period. This reduction in revenue will be incorporated into the long-term financial forecast of the City.

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

Originating Business Unit Head: Robert Sturns 2663

Additional Information Contact: Brenda Hicks-Sorensen 2606