

Mayor and Council Communication

DATE: 05/23/23

M&C FILE NUMBER: M&C 23-0411

LOG NAME: 17DILLARDS_TEZ

SUBJECT

(CD 2 / Future CD 2) Adopt Resolution Nominating Higbee Louisiana, LLC's, a Subsidiary of Dillard's Inc., Facility at 4501 North Beach Street as an 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 Higbee Louisiana, LLC's, a subsidiary of Dillard's Inc., facility at 4501 North Beach Street as an enterprise project pursuant to the Texas Enterprise Zone Act, 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. The Office of the Governor Economic Development and Tourism through the Economic Development Bank will consider Higbee Louisiana, LLC's, a subsidiary of Dillard's Inc., (Higbee) facility as an 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.

Higbee qualifies for a single Enterprise Project Designation with a planned capital investment of approximately \$29.2 million in facility improvements and modernizations over the next five years at its Fort Worth location. The planned investment includes the purchase and install of a new automated storage and retrieval system to increase the facility's ability to process and distribute product with improved precision, accuracy, and speed. The project will increase the distribution facility's capability by maximizing its storage density, enhancing product security, and provide real-time inventory controls. The system will not only modernize facility operations but will provide a better and safer working environment for Dillard's employees by increasing ergonomics and reducing lifting, bending, and twisting activities.

If designated as an enterprise project by the State of Texas, Higbee commits to hiring twenty-five percent (25%) economically disadvantaged persons or enterprise zone residents for its certified jobs at its Fort Worth facility during its enterprise project designation. Higbee expects to retain all full-time jobs for benefit under the Enterprise Zone Program.

The single project designation allows for a state sales and use tax refund on qualified expenditures of \$2,500 per job, for up to 500 jobs, with a maximum benefit of \$1.25 million over a five-year 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.

This project is located in Council District 2.

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 this recommendation will have no material effect on City funds.

Submitted for City Manager's Office by: William Johnson 5806

Originating Business Unit Head: Robert Sturns 2663

Additional Information Contact: Cherie Gordon 6053

