

Mayor and Council Communication

DATE: 02/18/20

M&C FILE NUMBER: M&C 20-0082

LOG NAME: 17MILLERCOORS_TEZ

SUBJECT

Adopt Resolution Nominating MillerCoors LLC Facility at 7001 South Freeway 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 adopt the attached Resolution nominating the MillerCoors LLC Facility at 7001 South Freeway 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 MillerCoors LLC (MillerCoors) 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.

MillerCoors qualifies for a single Enterprise Project Designation with a planned capital investment in excess of \$28 million in various facility and equipment upgrades between October 18, 2019 and March 3, 2025 at its Fort Worth facility. These planned investments in machinery and equipment to upgrade the facility and increase efficiency include, but may not be limited to, the following: upgraded grain handling systems, boiler replacement to develop a sustainable steam generation solution, upgraded facility mass communication systems, new palletizer and wrapper and associated conveyor and controls, upgraded sparge water heated brew lines, installation of bypass capability for additional wort capacity, and tank relief replacements and collection upgrades targeting CO2 savings efforts. Additional capital investments totaling approximately \$15 million for a brewhouse process control system modernization/automation project and various facilities electrical infrastructure upgrade projects are anticipated but are not yet confirmed.

As a result of these planned improvements the Fort Worth facility will instill increased safety, energy and water efficiency, product quality, and packaging flexibility in the plant. These facility improvements and upgrades will allow MillerCoors to continue to provide a high-quality product to its local customers and beyond.

If designated as an enterprise project by the State of Texas, MillerCoors commits to hiring twenty-five percent (25%) economically disadvantaged persons or enterprise zone residents for its new certified jobs at its Fort Worth facility during its enterprise project designation. MillerCoors 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 8.

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 the above recommendation will have no material effect on City funds.

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

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Additional Information Contact:

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