

# Mayor and Council Communication

**DATE:** 09/12/23

**M&C FILE NUMBER:** M&C 23-0711

**LOG NAME:** 17DRINKPAKTA

## **SUBJECT**

(CD 8 and CD 10 ) Authorize Execution of One or More Agreements with DrinkPAK, LLC, or Affiliate, PR III/Crow Building C, LP, or Affiliate, and Carter Park East Land, LLC, or Affiliate, for a Ten-Year Tax Abatement for Manufacturing Facilities to be Located on Properties at 25001 Eagle Parkway in Denton County and 7500-7601 Oak Grove Road in Tarrant County in Tax Abatement Reinvestment Zone Nos. 107 and 108, Respectively

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## **RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize the execution of one or more agreements with DrinkPAK, LLC, or affiliate, PR III/Crow Building C, LP, or affiliate, and Carter Park East Land, LLC, or affiliate, for a ten-year tax abatement for manufacturing facilities to be located on properties at 25001 Eagle Parkway in Denton County and 7500-7601 Oak Grove Road in Tarrant County in Tax Abatement Reinvestment Zone Nos. 107 and 108, respectively (as set forth in more detail in the discussion section); and
2. Find that the terms of, and the property subject to, the Tax Abatement Agreement meet the criteria and guidelines set forth in the City of Fort Worth's General Tax Abatement Policy (Resolution No. 5709-02-2023).

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## **DISCUSSION:**

DrinkPAK LLC, (DrinkPAK) is a United States-based contract manufacturer of premier alcoholic and non-alcoholic beverages. Currently, DrinkPAK is based out of Santa Clarita, California with approximately 400 employees. As the most technologically advanced canned beverage facility in North America, DrinkPAK's 24/7 operation is capable of producing 2.1 billion cans annually. Following a multi-state site selection process, DrinkPAK has decided to expand its operations to add two manufacturing facilities and a total of 1,000 employees in the DFW region (Project). The facilities will include production of energy drinks, hard seltzer, canned cocktails, and alternative dairy beverages, including canned cold brew and oat milk.

The Project will be constructed in two phases on two separate properties in the City of Fort Worth.

- Phase 1 will be constructed on property owned by PR III/Crow Building C, LP (Trammel Crow) located at 25001 Eagle Parkway and will consist of approximately 1.25 million square feet of building space for DrinkPAK's manufacturing operations (Phase 1 Project Site).
- Phase 2 will be constructed on property owned by Carter Park East Land, LLC (Carter Park) located at 7500-7601 Oak Grove and will consist of approximately 1 million square feet of building space for the for DrinkPAK's manufacturing operations (Phase 2 Project Site).

In order to facilitate the establishment of DrinkPAK's facilities, the City proposes to enter into one or more agreements with DrinkPAK, Trammel Crow, and Carter Park to abate certain real and business personal property taxes. The tax abatement will be tied to the amount of investment and satisfaction of other project and spending requirements, as follows:

## **Investment:**

1. Phase 1:
  - DrinkPAK must expend or cause to be expended at least: (i) \$37,000,000.00 in construction costs on the real property improvements and (ii) \$183,000,000.00 in new tangible taxable business personal property by January 1, 2027 on the Phase 1 Project Site.
  - DrinkPAK must provide a minimum of 550 full-time jobs on the Phase 1 Project Site by December 31, 2026, with average annual salaries of at least \$70,000.00.
2. Phase 2
  - DrinkPAK must expend or cause to be expended at least: (i) \$32,000,000.00 in construction costs on the real property improvements and (ii) \$200,000,000.00 in new tangible business personal property by January 1, 2028 on the Phase 2 Project Site.
  - DrinkPAK must provide a minimum of 450 full-time jobs on the Phase 2 Project Site by December 31, 2027, with average annual salaries of at least \$70,000.00.
3. DrinkPAK will be required to spend at least 15 percent of hard and soft construction costs with contractors that are Business Equity Firms at both the Phase 1 and Phase 2 Project Sites. Failure to meet this requirement will result in an overall reduction of the tax abatement by 10 percent.
4. The collective commitment for both Phase 1 and Phase 2 Project Sites qualifies this Project as a Mega Project under Section 6 of the City's General Tax Abatement Policy (Resolution 5709-02-2023).

## **City Commitments:**

1. The City will enter into one or more agreements with DrinkPAK, Trammel Crow, and Carter Park East for a tax abatement term of ten years.
2. The amount of City real property and business personal property (BPP) taxes to be abated in a given year is set forth in the chart below; and

3. If, for any reason, only one phase moves forward, or one facility is constructed, the amount of City real property and BPP taxes to be abated in a given year will be up to fifty percent (50%) as set forth in the chart below. However, if both Projects are fully and completely delivered in a timely manner, then the amount of real property and BPP taxes to be abated in a given year will be up to 70%.

**TABLE - Maximum Potential Abatement with Corresponding Components:**

<b>Property Owner or Company Commitment</b>	<b>Phase I Abatement (standalone)</b>	<b>Phase II Abatement (standalone)</b>	<b>Phase I &amp; Phase II Abatement (if both projects delivered)</b>
<b>Base Commitment:</b> Real and Business Personal Property Investment = \$220M Phase I, \$232M Phase II	30%	30%	50%
BEF Commitments (15% of Total Construction Costs)	10%	10%	10%
Annual Employment Commitment (1,000 FTEs)	10%	10%	10%
<b>TOTAL</b>	<b>50%</b>	<b>50%</b>	<b>70%</b>

The project is located in COUNCIL DISTRICT 10 (Phase I) / COUNCIL DISTRICT 8 (Phase II)

**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon final approval of the Tax Abatement Agreement, this agreement will have no material effect on the Fiscal Year 2023 Budget and an estimated \$25,249,275.00 in new incremental property tax revenue will be reduced by \$17,674,493.00, resulting in the collection of \$7,574,783.00 in net new incremental property tax revenue of over the next ten-year period. This impact to revenue will be incorporated into the long-term financial forecast upon the Tax Abatement being officially granted.

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

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