

# Mayor and Council Communication

**DATE:** 05/23/23

**M&C FILE NUMBER:** M&C 23-0407

**LOG NAME:** 17ALCONRESEARCH\_TEZ

## **SUBJECT**

(CD 8 / Future CD 8) Adopt Resolution Nominating Alcon Research, LLC,'s Facility Located at 6201 South Freeway as an Enterprise Project Pursuant to the Texas Enterprise Zone Act, Chapter 2303 of the Texas Government Code

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## **RECOMMENDATION:**

It is recommended that the City Council adopt the attached resolution nominating Alcon Research, LLC,'s facility located at 6201 South Freeway as an Enterprise Project Pursuant to the Texas Enterprise Zone Act, Chapter 2303 of the Texas Government Code.

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## **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 Alcon Research, LLC (Alcon Research) 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.

Alcon Research qualifies for a single Enterprise Project Designation with a planned capital investment of approximately \$153 million. The investments will be made in all functional areas of its manufacturing operations including packaging, filling, compounding, support operations, utilities, as well as considerable investment to continue its ongoing expansion of manufacturing capability and capacity of surgical devices. These facility improvements and upgrades will allow Alcon Research to continue to provide a high-quality product to its local customers and beyond.

Alcon Research anticipates investing \$153 million at its Fort Worth facility from January 24, 2023 to June 1, 2028. The company is investing in all functional areas of its manufacturing operations including packaging, filling, compounding, support operations, utilities, as well as its "Visco" packaging process to continue its ongoing expansion of manufacturing capability and capability of surgical devices.

Over the five year period, \$30 million has been allocated to replace rollup doors, upgrade Lab Information Technology equipment, and the creation and implementation of a variety of safety projects. \$26 million will be used on utility related projects to upgrade and modernize its humidification piping along with several sterilizer stations and the replacement of water for injection stills and the purchase of new compressors. An additional \$30 million will be used in its packaging operations to replace multiple line cartoners and upgrade its PkE Molds. Alcon Research LLC will be upgrading multiple filler lines over the next five years which is expected to cost \$25 million. The \$75 million Visco packaging project will continue throughout the five-year designation as it expands its packaging capability

If designated as an enterprise project by the State of Texas, Alcon Research commits to hiring thirty-five percent (35%) economically disadvantaged persons or enterprise zone residents or veterans for its new certified jobs at its Fort Worth facility during its enterprise project designation. Alcon Research expects to retain all 1,047 full-time jobs for benefit under the Enterprise Zone Program. The existing jobs have an average wage of \$71,163.00. No new jobs are anticipated at this time.

The 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 \$1.25 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.

The project is located in Council District 8/Future Council District 8.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

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## **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

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Expedited