

City of Fort Worth, Texas

Mayor and Council Communication

DATE: 02/27/24 M&C FILE NUMBER: M&C 24-0152

LOG NAME: 17GULFSTREAM2024_TEZ

SUBJECT

(CD 4) Adopt Resolution Replacing Resolution No. 5783-08-2023 that Nominated Gulfstream Aerospace Services Corporation's Facility at 2500 Golden Triangle Boulevard, Building 4, as an Enterprise Project Pursuant to the Texas Enterprise Zone Act, Chapter 2303 of the Texas Government Code to Nominate it as a Half Enterprise Project

RECOMMENDATION:

It is recommended that the City Council adopt the attached resolution replacing resolution No. 5783-08-2023 that nominated Gulfstream Aerospace Services Corporation's facility at 2500 Golden Triangle Boulevard, Building 4, as an enterprise project pursuant to the Texas Enterprise Zone Act, Chapter 2303 of the Texas Government Code to instead nominate it as a half enterprise project.

DISCUSSION:

The City Council of the City of Fort Worth (City) 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 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.

The Office of the Governor Economic Development and Tourism through the Economic Development Bank will consider Gulfstream Aerospace Services Corporation as an enterprise project pursuant to a nomination and an application made by the City. Resolution No. 5783-08-2023 referenced Gulfstream Aerospace Services Corporation (Gulfstream) as a single Enterprise Project Designation. The Gulfstream project instead qualifies for a Half Enterprise Project Designation with planned capital investments of approximately \$21.9 million to build out an existing 108,548 square foot industrial building (constructed in 2021) from January 1, 2023 through June 1, 2026. These planned capital investments include \$12.8 million of real property construction costs and \$7.4M in equipment and personal property. Gulfstream's principal business is aircraft manufacturing and service - they manufacture, sell, and service business aircraft for customers. Once complete, this building will house multiple shops for the repair & overhaul of aircraft parts, including structural, wheels & brakes, batteries, avionics, and composites. This facility is the first of its type for Gulfstream, as it will house all of these operations under one roof, along with all of the associated shared support operations (machine shop, x-ray, media blast, paint, shipping/receiving, etc.) As part of the project, Gulfstream will retain 5 current employees while adding 100 new employees as an integral part of Fort Worth's thriving aerospace sector, with an average annual salary at \$75,448.00.

If designated as a Half Enterprise Project by the State of Texas, Gulfstream commits to hiring thirty five percent (35%) economically disadvantaged persons or enterprise zone residents for its certified jobs at its Fort Worth facility during its enterprise project designation.

The Half Enterprise Project designation allows for a state sales and use tax refund on qualified expenditures of \$2,500.00 per job, for up to 250 jobs, with a maximum benefit of \$625,000 over a five-year period. Under the Texas Enterprise Zone Act, at least thirty-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 4.

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

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Expedited