

City of Fort Worth, Texas

# Mayor and Council Communication

DATE: 11/30/21 M&C FILE NUMBER: M&C 21-0880

LOG NAME: 17RSINORTHAMERICATA

SUBJECT

(CD 8) Authorize Execution of a Five-Year Tax Abatement Agreement with RSI North America, Inc. and PR Carter Distribution Center Building F, LP, or Affiliates, for the Development of a 391,000 Square Foot Corporate Office and Manufacturing Facility Having a Cost of at Least \$55 Million on Property Located at 1501 Joel East Road in Tax Abatement Reinvestment Zone No. 102, City of Fort Worth, Texas

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the execution of a five-year Tax Abatement Agreement with RSI North America, Inc. and PR Carter Distribution Center Building F, LP, or Affiliates, for the development of a 391,000 square foot corporate office and manufacturing facility having a cost of at least \$55 million on property located at 1501 Joel East Road in Tax Abatement Reinvestment Zone No. 102, City of Fort Worth, Texas; 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's General Tax Abatement Policy (Resolution No. 5337-01-2021).

DISCUSSION:

RSI North America (RSI) is a company that manufactures modular truck bed canopies. Founded in 2007, the company is based in Durban, South Africa. RSI is rapidly expanding its presence and market share in the United States (U.S). In addition to advanced manufacturing, functions within the City of Fort Worth (City) facility will include housing the North American headquarters operations as well as product design and prototyping.

Following a multi-state site selection process, an existing facility located at 1501 Joel East Road (Project Site) in Fort Worth was identified for the 391,000 square foot manufacturing location. The property is owned by PR Carter Distribution Center Building F, LP and will be leased to RSI.

In order to facilitate the establishment of RSI's U.S. headquarters, the City proposes to provide five annual tax abatements to RSI with an estimated total value of \$737,508.00. The tax abatement will be tied to the amount of investment made by RSI and satisfaction of other project and spending requirements, as follows:

Investment:

1. RSI must expend a minimum of \$2,500,000.00 in total construction costs at the Project Site on or before December 31, 2026;
2. RSI must locate taxable business personal property (BPP) that is new to the City at the Project Site having a minimum taxable appraised value of \$52,500,000.00 by January 1, 2027; and
3. RSI will be required to spend 15 percent of hard and soft construction costs with contractors that are Business Equity Firms. Failure to meet this requirement will result in a reduction of the grant by 10 percent.

RSI North America must provide a minimum of 250 full-time jobs on the Project Site as of December 31, 2026 and maintain a minimum total of 250 full-time jobs on the Project Site for the term of the agreement.

Average annual salary for all full-time jobs must be a minimum of \$65,800.00. "Salary" includes direct pay and planned bonuses, but not benefits, expense reimbursements, or discretionary bonuses.

City Commitments:

1. The City will enter into a Tax Abatement Agreement with RSI for a term of five years;
2. The amount of real property and BPP taxes to be abated in a given year will be equal to up to forty percent (40%) of the incremental value of the property as determined by the Tarrant Appraisal District multiplied by the applicable tax rate for the year. At no time will the cumulative amount of the abatement exceed the lesser of (i) \$737,508.00 or (ii) one hundred fifty percent (150%) of the amount of the minimum capital investment expenditure for the Real Property Improvements and BPP. The percentage abatement will be calculated per the table below; and
3. The first year in which RSI will be eligible to receive a tax abatement is the 2027 tax year, based on RSI's compliance with minimum construction costs for the development and compliance with all other commitments during 2026.

TABLE I Maximum Potential Abatement with Corresponding Components:

Property Owner or Company Commitment	Potential Abatement
Base Commitment: Real and Business Personal Property Investment = \$55M	20 percent

BEF Commitments (15% of Total Construction Costs)	10 percent
Annual Commitments:	
Average Annual Salary for 250 Full-Time Jobs > \$65,800.00	5 percent
Overall Employment >= 250 (as applicable)	5 percent
<b>Total</b>	40 percent

This project is located in COUNCIL DISTRICT 8.

---

**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that approval of this agreement will have no material effect on the Fiscal Year 2022 Budget. While no current year impact is anticipated from this action, any effect on expenditures and revenues will be budgeted in future Fiscal Years and will be included in the long-term financial forecast.

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

**Originating Business Unit Head:**                Robert Sturns    2663

**Additional Information Contact:**                Kelly Baggett    2617