

To the Mayor and Members of the City Council**April 5, 2016****Page 1 of 1****SUBJECT: PROPOSED TAX ABATEMENT AGREEMENT WITH ANDREWS DISTRIBUTION COMPANY**

Andrews Distributing Co. is one of the nation's largest beer distributors with facilities in Fort Worth, Dallas, Allen, and Corpus Christi. The company is seeking to expand business operations and plans to construct a 400,000 square foot distribution center to be used for inbound and outbound shipments of beer, storage and fulfillment, along with a new office and sign shop, to be located at 500 Northeast Loop 820. In order to facilitate the expansion opportunity in Fort Worth, the company has requested a five year tax abatement on up to 50% of the incremental value of real and business personal property taxes generated at the site.

The Company intends to invest at least \$37,000,000 in real property improvements and business personal property and will maintain a minimum of 460 full-time equivalent jobs at the site as of December 31, 2017. A minimum of 225 of those jobs must be held by Fort Worth residents and 127 of those must be held by Fort Worth Central City residents. Under the terms of the agreement, the Company must spend a minimum of \$14,000,000 of its hard construction costs with Fort Worth contractors and a minimum of \$8,750,000 of its hard construction costs with contractors that are Fort Worth certified Minority/Women-Owned Business Enterprises (M/WBE). In addition, the Company must spend at least \$100,800 in annual discretionary service and supply expenditures with Fort Worth contractors and a minimum of \$84,000 of annual discretionary service and supply with contractors that are Fort Worth certified M/WBEs.

In return, the City will authorize a 50% tax abatement on the incremental increase in value of real and personal property improvements for a five year period. The Company must meet specific construction spending, annual employment and annual supply and service spending commitments in order to achieve the maximum amount of potential incentive for each abatement year.

Staff's recommendation is to enter into the proposed tax abatement agreement with Andrews Distribution Company. An M&C to establish the reinvestment zone and conduct a public hearing regarding the agreement will be placed on the April 12th agenda for City Council consideration with a subsequent M&C to approve the Tax Abatement Agreement on the April 19th agenda.

If you have any questions please contact Robert Sturns, Director of Economic Development at (817) 212-2663.

David Cooke
City Manager