

To the Mayor and Members of the City Council**November 8, 2016**

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**SUBJECT: INTERLOCAL AGREEMENTS WITH TARRANT COUNTY TO SUPPORT THE COUNTY'S TEXAS ENTERPRISE ZONE NOMINATIONS FOR ANDREWS DISTRIBUTING COMPANY OF NORTH TEXAS, LLC AND EFW, INC.**

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. 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.

Chapter 2303 of the Texas Government Code, the Texas Enterprise Zone Act, permits the governing body of a county to nominate for designation as an Enterprise Project a project or activity of a qualified business that is located within the jurisdiction of a municipality located in the county. The nominating county must enter into an interlocal agreement with the municipality that has jurisdiction of the territory in which the nominated project or activity will be located.

Both the City of Fort Worth and Tarrant County agree to approve the nomination for Andrews Distributing Company of North Texas, LLC (Andrews) and EFW Inc. (EFW) as Enterprise Projects. Said nominations will be considered a part of Tarrant County's allocated Enterprise Project designations and will have no impact on the City's permitted nine designations per biennium, as permitted under Section 2303.406(d) of the Texas Government Code.

Andrews qualifies for a single Enterprise Project Designation with a projected capital investment of \$35,000,000.00 in the construction of a new distribution center. Andrews will retain 490 jobs, and 10 new jobs will be created. EFW qualifies for a single Enterprise Project Designation with a projected capital investment of \$32,500,000.00 in software, test equipment, building renovations, machinery, and marketing demonstration equipment projects at its Tarrant County facilities. EFW will retain 544 jobs.

A single project designation allows for a state sales and use tax refund on qualified expenditures of \$2,500 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.

Staff will place an M&C for City Council consideration on the November 15, 2016 agenda recommending City Council authorize execution of the interlocal agreements with Tarrant County, through which Tarrant County will nominate Andrews Distributing Company of North Texas, LLC and EFW Inc. as Enterprise Projects.



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If you have any questions concerning this information, please contact Robert Sturns, Economic Development Director at 817-212-2663 or robert.sturns@fortworthtexas.gov.

**David Cooke
City Manager**