

**To the Mayor and Members of the City Council****August 16, 2011**

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**SUBJECT: Aviall Expanding Operations on DFW Airport Property**

Aviall (a Boeing company) currently located in Irving on DFW Airport property at International Commerce Park is expanding its aviation warehousing/logistics operations. Aviall will be expanding into the soon to be vacated 630,000 square foot space currently occupied by Amazon.com at 2700 Regent Blvd. The lease term for the new facility will be for nine years.

Aviall will be investing \$60 million in business personal property at the new site. The company will be adding 100 new jobs within the first three years of operation with an average annual salary of approximately \$47,000. In addition, Aviall will have inventory on the City of Irving tax rolls totaling \$580 million by year nine that is subject to Freeport Exemption.

The City of Irving would collect additional tax revenue estimated at \$6.9 million as a result of the economic development project and its associated economic impacts. In order to bring the project to completion, the City of Irving is considering a 40 percent Chapter 380 economic development agreement on the incremental business personal property for the duration of the lease. Since the City of Irving does not offer Freeport Exemption, the City has also agreed to rebate through a Chapter 380 agreement 100% of the taxes collected on Freeport-qualifying inventory.

Since the project is located on DFW Airport property, the owner cities will also benefit from this expansion and must approve the economic development agreement in order for it to meet the requirements of the cities' revenue sharing agreement. The net revenue from the expansion to the owner cities after the City of Irving provides the incentive payments would total \$329,497 with net revenues to the City of Fort Worth of \$119,817 over the initial lease term. Accordingly, taxes collected on the company's property, the company's taxable sales and franchise fees collected on some of the company's utilities will be shared between Irving, Dallas, and Fort Worth. Taxes and franchise fees will be collected at the City of Irving's rates and then split among the three cities in the following manner:

- City of Irving retains one-third of applicable revenues
- City of Dallas receives 7/11 of the remaining two-thirds of applicable revenues
- City of Fort Worth receives 4/11 of the remaining two-thirds of applicable revenues

Staff recommends approving the project and allowing the expansion to move forward. An M&C approving the project will be brought to City Council on August 23, 2011.

  
**Tom Higgins**  
Interim City Manager