City of Fort Worth, Texas

Mayor and Council Communication

DATE: 08/13/24 **M&C FILE NUMBER:** M&C 24-0688

LOG NAME: 17GEAEROSPACE_TA

SUBJECT

(CD 5) Authorize Execution of a Seven-Year Tax Abatement Agreement with GE Aerospace, GE On Wing Support Inc., or Affiliate, for an Expansion of their Facility and Operations at 15225 FAA Blvd. and at 15101 FAA Blvd. in Tax Abatement Reinvestment Zone No. 110, City of Fort Worth, Texas

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RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the execution of a seven-year tax abatement agreement with GE Aerospace, GE On Wing Support Inc., or Affiliate for an expansion of their facility and operations at 15225 FAA Blvd and at 15101 FAA Blvd. in Tax Abatement Reinvestment Zone No. 110, 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 of Fort Worth's General Tax Abatement Policy (Resolution No. 5709-02-2023).

DISCUSSION:

GE On Wing Support Inc. (GE OWS), a subsidiary of GE Aerospace, is a full-service provider of engine maintenance and repair, with eight (8) facilities across the globe, including a current facility in Fort Worth at 15225 FAA Boulevard. GE OWS is proposing to expand its current facilities in Fort Worth on an adjacent site at 15101 FAA Boulevard (Project Site).

In order to facilitate investment in GE OWS's engine repair and maintenance facilties, the City proposes to enter into a tax abatement agreement with GE OWS. The tax abatement will be tied to the amount of investment made by GE OWS and satisfaction of other project and spending requirements, as follows:

Investment:

1. GE OWS must expend a minimum of $37,500,000.00 in total construction costs at the Project Site on or before December 31, 2026;
2. GE OWS must install $12,500,000.00 in taxable business personal property (BPP) that is new to the City at the Project Site having a minimum taxable appraised value of $12,500,000.00 by January 1, 2027; and GE OWS is committing to spend at least 15 percent of hard and soft construction costs with contractors that are Business Equity Firms. Failure to meet this commitment will result in a reduction of the grant by 10 percent.

GE OWS must provide a minimum of 100 additional full-time jobs at the Project Site on or before December 31, 2025, reaching a total of 165 full-time jobs at the Project Site, and maintain that level for the duration of the agreement, with an average salary of at least $70,000.00. The annual abatement will be forfeited for any year in which a $70,000.00 average salary minimum is not met.

City Commitments:

1. The City will enter into a Tax Abatement Agreement with GE OWS for a term of seven years.
2. The amount of incremental City real property and BPP taxes to be abated in a given year will be equal to up to sixty percent (60%).

The abatement is subject to company performance requirements as outlined above and as will be more specifically detailed within the Tax Abatement Agreement.

The project is located in COUNCIL DISTRICT 5.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon final approval of the Tax Abatement Agreement, this agreement will have no material effect on the Fiscal Year 2024 Budget and an estimated $2,029,460.00 in new incremental property tax revenue will be reduced by $1,217,676.00, resulting in the collection of $811,784.00 in net new incremental property tax revenue of over the next seven-year period. This impact to revenue will be incorporated into the long-term financial forecast upon the Tax Abatement being officially granted.

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