

Legislation Text

File #: 2622, **Version:** 1

CC MEETING: May 3, 2016

DATE: April 26, 2016

TO: Leonard Martin, City Manager

FROM: Thomas Latchem, Director of Economic Development

Consider A **Resolution Authorizing The City Manager To Enter Into A Tax Incentive Agreement With Venture Mechanical, Inc.**

BACKGROUND:

Venture Mechanical, Inc. is a family-owned mechanical contractor established in DFW in 1975. The company has grown to become one of the premier mechanical contractors in North Texas, providing a wide range of commercial and industrial HVAC services to area companies in the hospital, distribution, manufacturing, education, office, and institutional sectors. Currently, their headquarters is located in Irving and employs over 70 people with an annual payroll of over \$10 million.

In order to accommodate their steady growth, Venture Mechanical has identified a number of DFW locations on which to construct a new facility, one of which is a 4-acre parcel in Valwood Industrial Park at 1644 West Crosby Road in Carrollton. The company has requested a tax incentive to help offset a portion of the \$95,000 cost of constructing a median cut and curb cut to allow traffic access and egress from both directions on West Crosby in front of the new 40,000 square foot, \$4 million building they are planning, should the tax incentive be granted.

FINANCIAL IMPLICATIONS:

Venture Mechanical has requested a grant equal to 100% of taxes paid on the taxable value of their \$4 million investment in new real property for years 1-3, and 50% of taxes paid on new real property for years 4-5. This incentive will provide the company with a grant of approximately \$24,500 annually in years 1 through 3 and a grant of \$12,250 for years 4 and 5, for a 5-year total savings of approximately \$98,000, which will offset the cost of the median and curb cuts Venture Mechanical will need to make to solve the access/egress issue.

The leverage for the City of Carrollton on its investment will be roughly 40:1. The overall payback period is approximately 7 years and will be generating real property taxes of \$24,500 after the term of the agreement, for a 10-year total of nearly \$150,000, not counting taxes the company will pay on its business personal property (BPP) and any business-to-business sales taxes paid.

IMPACT ON COMMUNITY SUSTAINABILITY:

In accordance with the City of Carrollton's goal of enhancing and preserving the tax base through the attraction of quality employers, this project meets all criteria. Additionally, this incentive will take a previously undeveloped 4.0 acre parcel in Valwood and convert it into an improved site.

STAFF RECOMMENDATION/ACTION DESIRED:

Staff recommends that City Council approve a resolution authorizing the City Manager to enter into an incentive agreement with Venture Mechanical, Inc., providing a grant equal to 100% of taxes paid on the taxable value of new real property for years 1-3, and 50% of taxes paid on new real property for years 4-5.