



## **CITY COUNCIL COMMUNICATION**

November 22, 2011

**SUBJECT:** Resolution Authorizing a Tax Abatement Agreement

**SUBMITTED BY:** Mike Collins, Director of Planning and Economic Development

**REFERENCE NO:** Resolution No. 11-1374

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### **ACTION REQUESTED:**

Motion to approve Resolution No. 11-1374, authorizing a tax abatement agreement with M.A.D. Triangle, LLC, operating as ServiceMaster Advanced Restorations, L.P.

### **SUMMARY OF SUBJECT:**

A request has been made by M.A.D. Triangle, LLC, operating as ServiceMaster Advanced Restorations, L.P., (ServiceMaster) for a proposed project at Debra Drive and S.H. 10. Specifically, application has been made for a 35% tax abatement for a ten (10) year period of time. A copy of the Tax Abatement Agreement is included as Exhibit "A" to the Resolution.

ServiceMaster is currently leasing space in the Texas Star Business Park and desires to operate its business in a building that is owned. The new building would provide a greater amount of space than currently occupied and would enable the continued growth of the business.

After evaluating several potential locations throughout northeast Tarrant County, the business owners made a decision to purchase 5.3 acres of vacant land on S.H. 10 and Debra Lane in Euless. Having made application for the tax abatement prior to commencement of construction, development has already begun on a new 20,000 square foot facility to house business offices, a training center and warehouse storage on a 3 acre parcel in the rear portion of the tract. The remaining acreage fronting S.H. 10 will be available for future development.

ServiceMaster would be classified as a Regional Service Provider. "Regional Service Facility" means buildings and structures, including fixed machinery and equipment, used, or to be used, to provide a service, from which a majority of revenues generated by activity at the facility are derived from outside Tarrant County. The company provides natural disaster recovery services throughout the southern United States.

In order to be eligible for a tax abatement for a new facility, the applicant must invest not less than \$1,000,000 and create not less than 10 full time employees. ServiceMaster exceeds the minimum job creation with 25 full time employees and the minimum capital investment criteria by his proposed investment of approximately \$1,400,000.

The Tax Abatement Policy provides for the abatement of up to thirty-five percent (35%) of the future ad valorem property taxes for building improvements placed on a currently vacant project site. The term for such an abatement is at the City Council's discretion.

ServiceMaster's level of investment makes his project eligible for a 35% abatement, which if granted would equal approximately \$2,303 per year.

Not including collections on the business personal property, the total amount of taxes collected by the other taxing entities over the ten year period from the \$1.4 million investment would be \$268,520. The HEB school district does not participate in tax abatements. The level of investment in this project does not meet the minimum \$5 million investment level for Tarrant County or the Tarrant County College District to participate.

Staff recommends that the City Council consider granting a 35% tax abatement for this project for a period of ten (10) years. The amount of taxes abated by the city during this ten (10) year period would equal approximately \$23,030, with the city collecting approximately \$42,770.

**SUPPORTING DOCUMENTS:**

- Resolution No. 11-1374

**APPROVED BY:**

\_\_\_\_\_ **LG** \_\_\_\_\_

City Manager's Office

\_\_\_\_\_ **KS** \_\_\_\_\_

City Secretary's Office