

# Memorandum



CITY OF DALLAS

DATE May 30, 2025

TO Honorable Members of the City Council Economic Development Committee: Tennell Atkins (Chair), Omar Narvaez (Vice Chair), Carolyn King Arnold, Chad West, Adam Bazaldua, Paul Ridley, and Kathy Stewart

SUBJECT **Upcoming Agenda Item: Amendment and Restatement of Chapter 380 Economic Development Incentive, Real Property Tax Abatement, and Business Personal Property Tax Abatement Agreement with Kroger Co. & Ocado Solutions, USA related to the regional e-commerce grocery fulfillment center project located at 4221 Telephone Road**

On May 28, 2025, staff will seek City Council authorization for amendment and restatement of the Chapter 380 Economic Development Incentive, Real Property Tax Abatement, and Business Personal Property Tax Abatement Agreement ("Agreement") between the City of Dallas, The Kroger Co. ("Kroger"), and Ocado Solutions, USA ("Ocado"), previously authorized by City Council on August 28, 2019, by Resolution No. 19-1316, related to the regional e-commerce grocery fulfillment center project ("Project") located at 4221 Telephone Road in the International Inland Port of Dallas.

In consideration of the Project, City Council authorized the tri-party Agreement with Kroger and Ocado, including:

1. Up to 50% business personal property tax abatement on added applicable business personal property tax for a period of five years for Kroger and Ocado (depending on local hiring percentage)
2. Up to 90% real property tax abatement on added applicable real property tax for a period of ten years for Kroger (depending on local hiring percentage)
3. Chapter 380 economic development grant of \$2,000,000 to offset the cost of public infrastructure improvements required at the site.

Under the tri-party Agreement, Kroger and Ocado were obligated to develop a 300,000 square foot grocery fulfillment center by December 31, 2022. The grocery fulfillment center celebrated its grand opening on July 28, 2022. Each party had its own job creation and wage requirements in the Agreement. Kroger has met and exceeded the minimum job creation requirement of 350 permanent full-time jobs and average wage requirement (\$41,750). Ocado has met the average wage requirement (\$66,000) but has not met the minimum job creation requirement of 60 permanent full-time jobs.

As a result, on March 3, 2025, Kroger (with the consent of Ocado) submitted a request to the Office of Economic Development (OED) seeking to amend the Agreement in order to

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PAGE **2 of 2**

decouple the obligations and incentives of Kroger from Ocado, such that each party's commitments and benefits are independently defined and enforceable.

Following staff review, OED recommends terminating the existing Agreement and entering into a new amended and restated agreement with *only* Kroger, given that Ocado has not met its job requirements and has not provided additional consideration. As a result, Ocado would no longer be a party to any incentive agreement with the City.

Under the amended and restated agreement with Kroger, the following substantive change is proposed:

- Extend the deadline for Kroger to execute the P-TECH agreements to serve as an employer partner with Dallas ISD and Richardson ISD to June 15, 2025.

In consideration of the amended and restated agreement, Kroger will commit to creating and retaining an *additional* 120 permanent full-time jobs (beyond the minimum requirement of 350 permanent full-time jobs in the Agreement) for the remainder of the Agreement term. All other substantive provisions of the original Agreement will remain unchanged.

An amended and restated agreement will allow for independent accountability for Kroger's economic development performance and ensure that public incentives remain tied to outcomes that advance the City's economic development and job creation goals.

Should you have any questions, please contact Heather Lepeska, Assistant Director, Office of Economic Development, at [heather.lepeska@dallas.gov](mailto:heather.lepeska@dallas.gov) or (214) 670-1222.

Service First, Now!



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Assistant City Manager

c: Kimberly Bizzor Tolbert, City Manager  
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Billerae Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Dominique Artis, Chief of Public Safety  
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager  
Alina Ciocan, Assistant City Manager  
Dev Rastogi, Assistant City Manager  
Donzell Gipson, Assistant City Manager  
Jack Ireland, Chief Financial Officer  
Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I)  
Directors and Assistant Directors

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PAGE **2 of 2**