



Legislation Text

File #: 23-1998, **Version:** 1

STRATEGIC PRIORITY: Economic Development
AGENDA DATE: August 23, 2023
COUNCIL DISTRICT(S): 14
DEPARTMENT: Office of Economic Development
EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize City nomination of Frontier Communications Parent, Inc. ("Frontier") for designation as an Enterprise Zone Project under the Texas Enterprise Zone Act, as amended (the Act) by the Office of the Governor, Economic Development and Tourism division, through the Texas Economic Development Bank - Financing: No cost consideration to the City

BACKGROUND

Currently headquartered in Norwalk, Connecticut, Frontier, offers broadband internet, digital television service, and computer technical support to residential and business customers in 25 states in the United States.

The City of Dallas has been approached by Frontier to nominate by resolution its application to the Texas Economic Development Bank, part of the Governor's Office of Economic Development and Tourism division for designation as an Enterprise Zone project . Frontier currently has 638 Dallas-based employees, many of whom work remotely, plus additional employees in Allen. While it is currently headquartered in Norwalk, Connecticut, Frontier is considering relocating its headquarters to either Dallas or Tampa, Florida.

The Enterprise Zone designation pursuant to the Act, codified in Texas Government Code, Chapter 2303, Subchapter F, will allow Frontier to apply for a rebate of state sales and use tax refunds on qualified expenditures of up to \$2,500 per job created or retained within a qualified business. In order to be considered a qualified business, Frontier has committed that at least twenty-five percent (25%) of the business' new employees will be residents of an enterprise zone, economically disadvantaged individuals, or veterans. Additionally, the enterprise zone program requires that each nominated project retain a minimum of 500 jobs; Frontier has committed to retain and/or consolidate over 600 jobs at the project site. These jobs were previously remote workers in Dallas that were based out of the 1919 McKinney Avenue office (project location), but will be returning to the physical office on either a full-time or hybrid basis. Frontier would retain these jobs in Dallas, as well as make Dallas its new headquarters, or relocate jobs and the headquarters function to Tampa. In addition, if Dallas is

chosen as the new headquarters, additional staff will be hired or relocated within a five-year period. This project has no cost consideration to the City of Dallas.

The project is an expansion and renovation of the existing corporate office location at 1919 McKinney Avenue, Dallas Texas in Census Tract 1901, Block Group 3. This project is necessary to upgrade the facility to accommodate a return to office work environment as well as headquarters functions. By investing in this project location, the company is retaining 638 jobs that could be relocated. A total estimated capital expenditure of approximately \$7 million is anticipated being spent for tenant improvements and furniture, fixtures, and equipment in 2023. Building construction will consist of renovations at the facility located at 1919 McKinney including upgrades to floorplans, workspaces, including electrical, technology, and other mechanical components. Machinery and equipment include the new furniture and equipment that will be purchased to accommodate the new layout and employees.

Frontier has requested, and Office of Economic Development staff recommends, City Council authorization to nominate Frontier's office expansion and retention project as a Texas Enterprise Zone (TEZ) project. This nomination would allow Frontier to receive a refund of the state portion of sales and use taxes paid as part of the capital investment. TEZ funds are paid solely by the State of Texas - the incentive does not involve any City of Dallas funding. The next application date is September 1, 2023. As the City will have nine potential enterprise zone/project designations for the new biennium which begins on September 1, 2023, eight would remain if the City Council authorizes nomination of this project

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

[The City Council was briefed by memorandum regarding this matter on August 11, 2023.
<https://dallascityhall.com/government/citymanager/Documents/FY%2022-23%20Memos/Friday%20Memo%20-%20Project%20Frontier.pdf>](https://dallascityhall.com/government/citymanager/Documents/FY%2022-23%20Memos/Friday%20Memo%20-%20Project%20Frontier.pdf)

FISCAL INFORMATION

No cost consideration to the City.