

Memorandum



CITY OF DALLAS

DATE August 11, 2023

TO Honorable Mayor and Members of the City Council

SUBJECT **August 23, 2023 Upcoming Agenda Item – 23-1998 – Authorize City nomination of Frontier Communications Parent, Inc. to receive designation as an Enterprise Zone Project**

On Wednesday, August 23, 2023, the City Council will consider the approval of an item authorizing a nomination of Frontier Communications Parent, Inc. (“Frontier”) to receive designation as an Enterprise Zone project under the Texas Enterprise Zone Act, as amended (Texas Government Code, Chapter 2303) to the Office of the Governor, Economic Development and Tourism division, through the Texas Economic Development Bank.

Summary

The City of Dallas has been approached by Frontier Communications Parent, Inc. (“Frontier”) to nominate by resolution its application for an Enterprise Zone project designation to the Texas Economic Development Bank, part of the Governor’s Office of Economic Development and Tourism division. Frontier currently has 638 Dallas-based employees, many who have been working from home, plus additional employees in Allen, and are currently headquartered in Norwalk, Connecticut. Frontier is now considering relocating its headquarters to either Dallas or Tampa, Florida.

The designation 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. 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. The program requires that each nominated project retain a minimum of 500 jobs and Frontier has committed over 600 jobs will be retained/consolidated at the project site. These jobs were previously remote workers in Dallas that were based out of the 1919 McKinney Avenue office, but will be returning to the physical office on either a full-time or hybrid basis. Frontier will either 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.

Background

Established in 1935, Frontier Communications, formerly known as Citizens Utilities Company, is a telecommunication company offering internet, phone, television services,

and more to residential and small/medium enterprise business customers across 25 states in the United States.

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. Jobs from Allen may also report to 1919 McKinney Avenue as a result of this project.

A total estimated capital expenditure of approximately \$7 million is anticipated to be spent on the renovation of the existing facility, including upgrades to floorplans, workspaces, electrical, technology, and other mechanical components. Other proposed project activities include new furniture and equipment to accommodate the additional employees and its new office layout, as well as architecture, security, and legal services.

Project	Capital Expenditure
Building Expansion/Renovation Costs	\$5,177,684.00
Machinery and Equipment	\$1,836,137.00
Other Professional Services	\$ 395,538.00
Total	\$7,409,358.00

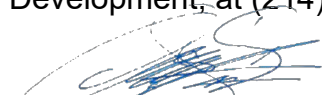
Fiscal Information

The Texas Enterprise Zone (TEZ) funds are paid solely by the State of Texas – the incentive does not involve any City of Dallas funding.

Staff Recommendation

Frontier has requested, and the Office of Economic Development staff recommends, City Council consideration of the City of Dallas nomination of the company’s headquarters expansion and retention project as a 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. The next application date is September 1, 2023. As the City will have nine (9) enterprise zone/project designations for the new biennium which begins on September 1, 2023, eight (8) would remain after nomination of this project.

More information about the Texas Enterprise Zone program can be found [here](#). Should you have any questions, please contact Robin Bentley, Director, Office of Economic Development, at (214) 671-9942 or Robin.Bentley@dallas.gov.



Majed A. Al-Ghafry, P.E.
 Assistant City Manager

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c: T.C. Broadnax, City Manager
Tammy Palomino, Interim City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors