



## MEMORANDUM

**To:** Mayor and City Council

**From:** Mindi Hurley, Director of Community Development

**Date:** June 8, 2021

**Reference:** Consider approval of a Resolution approving a Tax Abatement Agreement by and among the City of Coppell and 1-800 CONTACTS, INC., and authorizing the Mayor to sign.

**2040:** Create Business and Innovation Nodes

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### Executive Summary:

1-800 CONTACTS, INC is a contact lens retailer. They are leasing space at 180 N. Freeport Parkway for their 3<sup>rd</sup> fulfillment center. This Resolution is for a Tax Abatement Agreement with the terms of a 75% abatement on tangible personal property for a period of 5 years.

### Introduction:

1-800 Contacts is a contact lens retailer based in Draper, Utah. Founded in 1995, 1-800 Contacts fulfilled orders from one facility located in Salt Lake City, Utah for approximately 20 years. As their customer base started to grow and other retailers created competition for delivery time turn-around, the company knew they needed to open a 2<sup>nd</sup> fulfillment center. The 2<sup>nd</sup> fulfillment center was opened in Charlotte, North Carolina in 2017. 1-800 Contacts is now ready to open their 3<sup>rd</sup> fulfillment center to fill the Midwest gap they currently have.

1-800 Contacts looked throughout the entire Midwest but landed on Texas for numerous reasons. The company reached out to other businesses that operate under the same business model they do and realized Texas was an optimal location because of the talent pool for employees, the ease of transportation, the projected growth of Texas, their current customer base and future opportunities for growth. The search for a location started with 15 sites but was narrowed down to 4 sites – all in close proximity to Dallas. Those sites were in the following locations: Irving, Southlake, Coppell and DFW Airport.

After much consideration, the company selected 180 N. Freeport Parkway in Coppell. The company will lease approximately 31,400 square feet for an initial lease term of 7-years. They will start with approximately 20 employees, \$1.2 million in FF&E and \$6.2 million in inventory, with approximately

40% of that inventory subject to Triple Freeport Tax Exemption. The company will also generate numerous hotel night throughout the year.

1-800 Contacts is looking to expand into optical manufacturing in the near future. With the new machinery and new inventory, the company is projecting their new FF&E value and inventory value will triple. The number of full-time employees is expected to double. This expansion of service is expected to take place in the 4<sup>th</sup> quarter of 2022.

City Council held the required Public Hearing regarding the designation of Reinvestment Zone No. 112 on May 25, 2021.

**Analysis:**

The resolution and tax abatement that coincide with Reinvestment Zone No. 112 will provide a 5-year, 75% abatement on the tangible personal property for 1-800 Contacts, Inc.

**Legal Review:**

The documents were prepared by Pete Smith.

**Fiscal Impact:**

75% abatement of tangible personal property taxes for 5 years.

**Recommendation:**

Staff recommends approval.