

## Legislation Text

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**File #:** 22-1041, **Version:** 2

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**PRESENTER:**

Jeff Jewell, Economic and Community Development Director

**SUBJECT:**

Presentation and discussion of a proposed expenditure to Detex Corporation for the creation and retention of up to 140 jobs

**DEPARTMENT:** Economic and Community Development

**COUNCIL DISTRICTS IMPACTED:** 4

**BACKGROUND INFORMATION:**

Detex Corporation (Detex) is a New Braunfels-based manufacturer that produces a range of exit and access hardware, control devices and systems. The company works across a wide range of industries and sells its solutions globally. Detex operates approximately 57,000 square feet in two facilities in New Braunfels and maintains an affiliated operation in Bastrop, Texas. The company is looking to consolidate its operations in the two cities into a single facility that will also accommodate the company's anticipated growth. The company currently has about 95 employees locally and approximately 120 in its total workforce. Consolidation of all three facilities necessitates the construction of an approximate 103,000 square foot facility and the company is considering sites in New Braunfels and Bastrop. As is the case in Bastrop, the company currently owns property adjacent to the New Braunfels location that would accommodate its proposed facility.

Detex's proposed expansion requires a capital investment of approximately \$16M and would increase the local workforce to approximately 140 employees. These positions would be added in all areas of the company including production, assembly, machining, shipping/receiving, customer service, engineering, marketing, sales, accounting, IT and logistics. More than half of its current employees live in New Braunfels, with another fifth located in Seguin. The company tends to pay above the county average in many of its occupational sets and continues to explore ways to further attract and retain top manufacturing and assembly talent. It provides typical fringe benefit packages to its full-time employees that include quarterly profit sharing and retirement plan contribution matches.

**ISSUE:**

Consideration of package designed to provide an incentive for the company to retain, consolidate and expand its local operations in New Braunfels.

**FISCAL IMPACT:**

The expansion and retention of Detex would generate approximately \$1.52M in net fiscal benefits to the City

over a 10 year period. The expansion- *without consideration of the existing operation and employment-* generates a net fiscal benefit of approximately \$660,000 over the same 10-year period.

<b>Incentive Payback Period (Retention and Expansion)</b>	<b>Total Incentive Package</b>	<b>10 year Net Fiscal Benefits</b>	<b>Total Benefits</b>
<b>5 years</b>	\$774,000	\$1,517,190	\$4,348,548
<b>10 years</b>	\$1,517,190		

**RECOMMENDATION:**

Staff recommends direction for placement on a future EDC agenda.