

November 13, 2024

Enginetech North America

ECONOMIC DEVELOPMENT INCENTIVE APPLICATION

Economic Development Partnership Board

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OBJECTIVE

Receive a report, hold a discussion, and make a recommendation to City Council regarding an economic development incentive application.

COMPANY BACKGROUND

- International company based in India with 500+ employees.
- Advanced injection molding manufacturer
 - Engineer and design automotive modules for global companies
- IATF 16949 certified systems manufacturer that provides highly engineered automotive/equipment parts with patents.
- Rapid growth in part to their new PACCAR partnership and expansion to the US.

COMPANY OVERVIEW

- Denton will be their North American headquarters.
- They manufacture injection molded engine parts – the only one in Texas.
- This expansion will create 133 new jobs over 5-years.
- They are part of the Peterbilt supply chain:
 - PACCAR is their largest North American customer.
 - Awarded “Zero PPM” Quality award for the last three years by PACCAR.
 - Added three new product contracts last 30 days.

Our Customers



DAIMLER



ISUZU



KOHLER

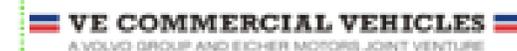
Kubota



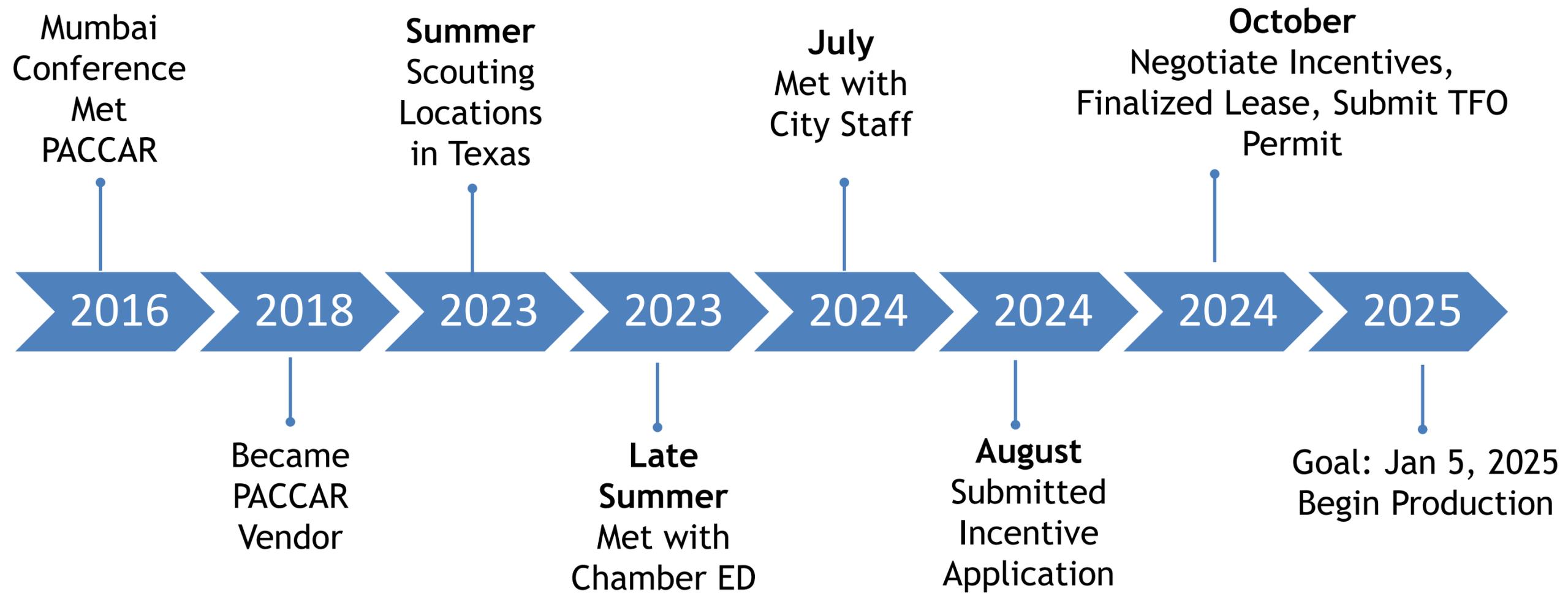
PACCAR



TATA MOTORS



TIMELINE



LOCATION: 2025 N. Masch Branch Rd.



EDP24-081, 11/13/2024

INCENTIVE APPLICATION

TOTAL CAPITAL
INVESTMENT

\$5.9

Million

IMPROVEMENTS

\$200

Thousand

BUS. PERSONAL
PROPERTY

\$5.7

Million

NEW JOBS

133

INCENTIVE & PROJECT REVENUE GENERATION

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
Proposed Incentive											
50% Abate/Rebate on BPP for 5 years	\$ 15,909	\$ 15,909	\$ 15,909	\$ 15,909	\$ 15,909	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 79,545
Headquarters Grant	\$ 50,000										\$ 50,000
Jobs equal to or > than \$90,000	\$ 30,000	\$ 35,000	\$ 45,000	\$ 15,000	\$ 10,000						\$ 135,000
Jobs equal to \$90,000-\$75,000	\$ 5,000	\$ 12,500	-	\$ 12,500	-						\$ 30,000
Jobs equal to \$75,000-\$65,000	\$ 7,000	\$ 10,000	\$ 7,000	\$ 3,000	\$ -						\$ 27,000
Jobs equal to \$65,000-\$50,000	\$ 500	\$ 1,000	\$ 500	\$ -	\$ -						\$ 2,000
Denton Residents	\$ 2,500	\$ 3,750	\$ 6,500	\$ 750	\$ 2,500						\$ 16,000
Job Based Grant Subtotal	\$ 45,000	\$ 62,250	\$ 59,000	\$ 31,250	\$ 12,500						\$ 210,000
Cumulative Incentive/Total	\$ 110,909	\$ 189,068	\$ 263,977	\$ 311,136	\$ 339,545	-	-	-	-	-	\$ 339,545
City Revenue BPP	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
50% BPP for 5 years, 100% for 5 years	\$ 15,909	\$ 15,909	\$ 15,909	\$ 15,909	\$ 15,909	\$ 31,819	\$ 31,819	\$ 31,819	\$ 31,819	\$ 31,819	\$ 238,640
Cumulative City Revenue/Total	\$ 15,909	\$ 31,819	\$ 47,728	\$ 63,637	\$ 79,546	\$ 111,365	\$ 143,184	\$ 175,003	\$ 206,822	\$ 238,640	

Note: Land and building are not included, as they already exist on the tax rolls.

Project	Current VALUATION	Estimated Increase VALUATION	Current City REVENUE	Estimated Increase to City REVENUE	Estimated Total City REVENUE
Land	\$716,780	\$0	\$4,019	\$0	\$4,019
Improvements	\$2,437,828	\$200,000	\$13,668	\$1,121	\$14,790
BPP	\$0	\$5,675,000	\$0	\$31,819	\$31,819
Total Valuation	\$3,154,608	\$5,875,000	\$17,687	\$32,940	\$50,628

JOBS DETAIL / PAYROLL

Salary	Grant per New Eligible Job		Eligible Jobs	Grant amount
	Jobs equal to or > than \$100,000	\$ 5,000		
Jobs equal to \$90,000-\$99,999	\$ 2,500	12	\$ 30,000	
Jobs equal to \$75,000-\$89,999	\$ 1,000	27	\$ 27,000	
Jobs equal to \$65,000-\$74,999	\$ 500	4	\$ 2,000	
Total		70	\$ 194,000	
Denton Residents	\$ 500	32	\$ 16,000	
TOTAL Incentivised Jobs		102		

New Jobs Created Job Type/Description	Year 1	Year 2	Year 3	Year 4	Year 5	Total Nbr.	Base Hourly Wage	Annual Base Salary	Annual Payroll	Total Nbr.	Annual Base Salary	30% benefits	Salary + Benefits	Annual Payroll + Benefits
Plant Lead / Head	1					1	\$67.31	\$140,000	\$140,000	1	\$140,000	\$42,000	\$462,001	\$462,001
Engineering Manager		1	1			2	\$64.90	\$135,000	\$270,000	2	\$135,000	\$40,500	\$580,502	\$1,161,004
Quality Head	1					1	\$50.48	\$105,000	\$105,000	1	\$105,000	\$31,500	\$346,501	\$346,501
Accounting Manager	1		3	1		5	\$50.48	\$105,000	\$525,000	5	\$105,000	\$31,500	\$766,505	\$3,832,525
HR Manager	1					1	\$50.48	\$105,000	\$105,000	1	\$105,000	\$31,500	\$346,501	\$346,501
Planning / Production Control Manager	1	1	1			3	\$48.08	\$100,000	\$300,000	3	\$100,000	\$30,000	\$530,003	\$1,590,009
Sales Manager		1	2		1	4	\$48.08	\$100,000	\$400,000	4	\$100,000	\$30,000	\$630,004	\$2,520,016
Design Engineer		1	2	2	1	6	\$43.27	\$90,000	\$540,000	6	\$90,000	\$27,000	\$747,006	\$4,482,036
Production Manager : Injection Molding	1	2				3	\$40.87	\$85,000	\$255,000	3	\$85,000	\$25,500	\$450,503	\$1,351,509
Tooling Manager		1				1	\$39.66	\$82,500	\$82,500	1	\$82,500	\$24,750	\$272,251	\$272,251
Lean Six Sigma Engineer	1	2				3	\$36.06	\$75,000	\$225,000	3	\$75,000	\$22,500	\$397,503	\$1,192,509
Quality Engineer : In Process	1	3		5		9	\$34.86	\$72,500	\$652,500	9	\$72,500	\$21,750	\$819,259	\$7,373,331
Production Engineer : Injection Molding	3					3	\$32.93	\$68,500	\$205,500	3	\$68,500	\$20,550	\$363,053	\$1,089,159
Maintenance		2	1			3	\$31.25	\$65,000	\$195,000	3	\$65,000	\$19,500	\$344,503	\$1,033,509
Quality Inspector : Pre Despatch	2	4	1			7	\$28.85	\$60,000	\$420,000	7	\$60,000	\$18,000	\$558,007	\$3,906,049
Logistics Manager	1	2	2			5	\$28.85	\$60,000	\$300,000	5	\$60,000	\$18,000	\$438,005	\$2,190,025
Quality Inspector : Incoming Material		1	2	3		6	\$28.85	\$60,000	\$360,000	6	\$60,000	\$18,000	\$498,006	\$2,988,036
Forklift Driver	1	1	1			3	\$28.85	\$60,000	\$180,000	3	\$60,000	\$18,000	\$318,003	\$954,009
Material Handler	1	2	1			4	\$26.44	\$55,000	\$220,000	4	\$55,000	\$16,500	\$346,504	\$1,386,016
Stores Manager	1	1	2	3		7	\$21.63	\$45,000	\$315,000	7	\$45,000	\$13,500	\$418,507	\$2,929,549
Machine Operators	8	14	24		10	56	\$21.63	\$45,000	\$2,520,000	56	\$45,000	\$13,500	\$2,623,556	\$146,919,136
TOTALS	25	39	43	14	12	133			\$8,315,500					\$188,325,681

ECONOMIC IMPACT REPORT

City of Denton

BENEFITS

\$4,197,458

COSTS

(\$3,757,770)

INCENTIVES

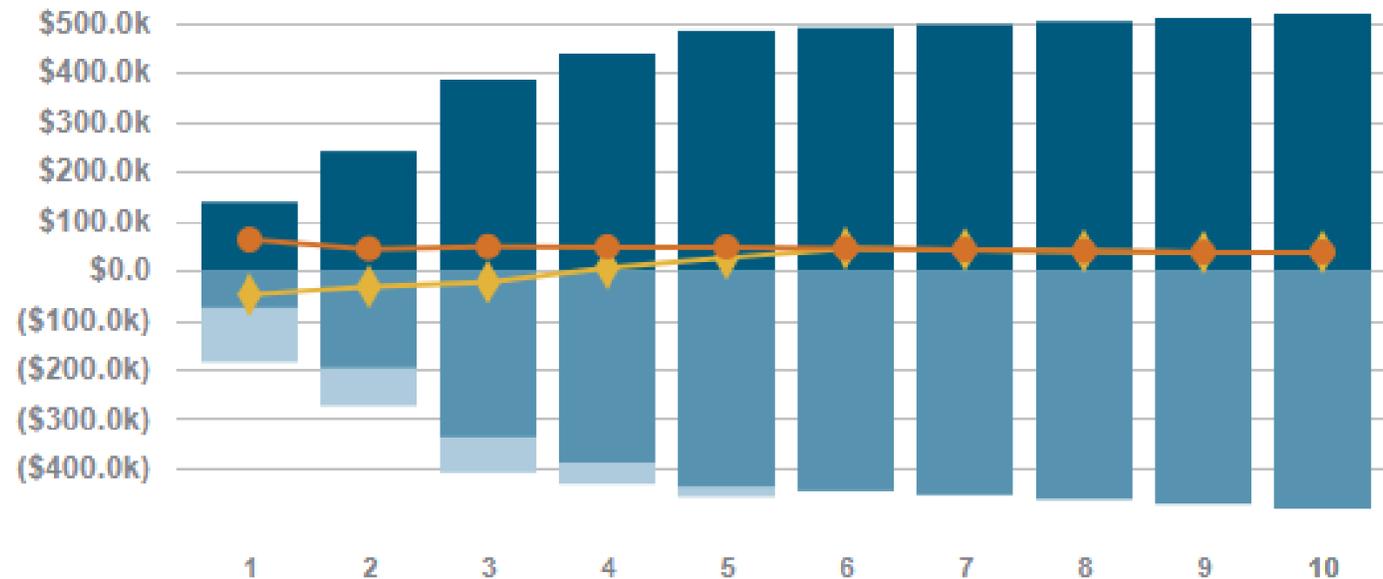
(\$324,205)

NET BENEFITS

\$439,689

NET BENEFITS LESS INCENTIVES

\$115,484



NET BENEFITS LESS INCENTIVES OVER 10 YEARS

CITY	\$115,484
COUNTY	\$76,975
SCHOOL DISTRICT	\$184,265
TRANSIT DISTRICT	\$55,988

JOBS



222.3 Total
133.0 Direct
89.3 Spin-off

CAPITAL INVEST.



\$5.9M
Buildings + FF&E

SALARIES



\$60,604 Avg
\$62,523 Direct
\$57,746 Spin-off

RESIDENTIAL DEV.



3.0 Homes
19.8 Relocations

13.6%

Rate of Return

6.9 Yrs

Payback Period

Projected Revenue and Financial Impact

01

Revenue Growth Forecast

Enginetech anticipates a 30% increase in revenue over the next three years, driven by local manufacturing efficiencies and increased demand for our key products.

02

Cost Savings Analysis

Local production is expected to mitigate Sea-freight Costs and Supply Risks. It directly benefits our customer as we come under the USMCA Umbrella.

03

Long-Term Commitment

Enginetech is committed to sustainable financial growth, with plans to help the community and infrastructure improvements, fostering a robust economic environment.

POLICY & PLAN ALIGNMENT

City of Denton Strategic Plan

- Key Focus Area #2: Foster Economic Opportunity and Affordability

Economic Development Strategic Plan

- **Goal 2: Foster Growth**
 - Supply Chain Logistics
 - Advance Manufacturing
 - Research & Development
 - Energy Efficiency and Conservation
 - Green Building Standards
- **Goal 3: Strengthen Community Inclusion**
 - Workforce Collaborative
 - Grow Your Own Talent Initiative

Benefits

North
American
Headquarters

Top 20
Employer

Global
Supply Chain

1 of 7
Injection
Molding in TX

Sustainable Practices

Potential
Future
Expansion

Knowledge
Based Jobs

Grow talent Pipeline
Educational Partner/Workforce Solutions

Options and Directions

- Chapter 380 Grant:
 - Performance-based ad valorem tax rebate at 50% for 5 years
 - Jobs-based grant (70 jobs based on “eligible jobs” in policy matrix and up to 32 additional jobs per Denton resident).
 - Agreement to include a valuation threshold and cap on funding amount of \$339,545.
- No incentive

Next Steps

If directed to move forward with an incentive, the next steps include:

- City Council individual consideration

QUESTIONS?