



Travis County Commissioners Court Agenda Request

Meeting Date: 09/25/2012, 9:00 AM, Voting Session

Prepared By/Phone Number: Planning and Budget Office

Elected/Appointed Official/Dept. Head: Leslie Browder, County Executive,
Planning and Budget *LB*

Commissioners Court Sponsor: Judge Samuel T. Biscoe

AGENDA LANGUAGE:

Receive public comments regarding a request from HID Global Corporation for financial incentives and an economic development agreement.

BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS:

HID Global Corporation has requested financial incentives under an economic development agreement to establish a manufacturing and distribution center in Travis County, to create jobs, and to make investments in Travis County that will increase the value of the County's tax base. The State of Texas announced its commitment to invest \$1.9 million through the Texas Enterprise Fund in HID Global Corporation, contingent upon finalization of local incentives. The Austin City Council is considering an economic development agreement with the company over two City Council meetings (September 12th and 27th).

A presentation to the Commissioners Court is attached that summarizes key information about HID Global Corporation, the major elements of the proposed project, and the key terms of the proposed agreement. Staff will be prepared to present this information to introduce the public hearing scheduled on September 25, 2012, at the Ned Granger Building located at 314 West 11th.

STAFF RECOMMENDATIONS:

The Planning and Budget Office seeks public comment and direction from the Commissioners Court regarding preferred policy provisions in the draft economic development incentives policy.

ISSUES AND OPPORTUNITIES:

N/A

FISCAL IMPACT AND SOURCE OF FUNDING:

N/A

REQUIRED AUTHORIZATIONS:

Planning and Budget Office
County Judge's Office

Jessica Rio
Cheryl Aker

**ECONOMIC DEVELOPMENT
PROPOSAL
HID GLOBAL CORPORATION**

Commissioners
Court
Public Hearing

September 25, 2012

ECONOMIC DEVELOPMENT PROPOSAL

- Proposal Highlights, Process and Timeline
- Overview of HID Global
- Evaluation Factors
- WebLOCI Fiscal Impact Analysis
- Benefits of HID Global Proposal
- Key Terms for Court Consideration

PROPOSAL HIGHLIGHTS/ PROCESS AND TIMELINE

■ PROPOSAL HIGHLIGHTS

- Economic development agreement between Travis County and HID Global
- To establish a manufacturing and distribution center, create jobs and invest in Travis County

■ PROCESS AND TIMELINE

- September 25, 2012 – Staff briefing on the proposal to the Commissioners Court, followed by public hearing
- October 2, 2012 – Consideration of key agreement terms by Commissioners Court
- October 9, 2012 – Consideration of agreement in final draft form

OVERVIEW OF HID GLOBAL

- Privately held company since 1991
- Headquarters in Irvine, CA
- A leader in delivery of secure identity solutions for customers around the globe
 - Committed to delivery of advanced and dependable secure identity solutions
- Employs over 2,100 worldwide
 - 11 U.S. locations and 56 global locations

EVALUATION FACTORS

- **HID Global proposal includes key elements important to Travis County for consideration of financial incentive**
 - Construction of a new 200,000 square foot manufacturing and distribution center that will bring new value to tax base
 - Creation of 276 new jobs, including entry-level jobs
 - Comprehensive employee benefits package
 - Affordable health insurance
 - Domestic partner benefits
 - Tuition reimbursement/other benefits
- **County's draft economic development policy served as a guide for evaluation of proposal**
 - Updated draft policy to Court for consideration in October

WEBLOCI FISCAL IMPACT ANALYSIS

- **WebLOCI is a tool used by chambers of commerce and local governments to help estimate the fiscal impact of an economic development project.**
 - Developed in 1999 by Georgia Institute of Technology
 - City of Austin currently assists Travis County with WebLOCI analysis
 - If both parties are considering economic incentives with same company
 - Currently in discussions with CAPCOG to obtain assistance with analysis going forward to more accurately reflect County-wide demographics
- **Financial Benefits and Costs of HID Global Proposal**
 - Analysis represents only direct benefits and costs associated with project and jobs created.
 - Total direct benefits over 10-year period = \$3.2 million
 - Total costs over 10-year period = \$2.1 million *
 - Total net benefit over 10-year period = \$1.1 million

* Costs include performance-based economic development grant estimated up to \$745,000

BENEFITS OF HID GLOBAL PROPOSAL

- Advanced manufacturing companies like HID Global enhance the diversity of the Austin/Travis County economy.
- 276 new jobs in the Austin/Travis County area
- \$30 million investment in real property improvements
- \$6 million investment in business personal property
- WebLOCI analysis shows net financial benefit to County
- Comprehensive employee benefits package
 - Employee development program, career paths
- Recruitment policies emphasize diversity in hiring
 - Goal to reflect community demographics
- Location in “transit-friendly” activity center
 - Near Cap Metro park & ride site
 - Future bus rapid transit stop planned in 2014

PERFORMANCE-BASED OBLIGATIONS

- Performance-based economic development grant of up to 50% of new incremental real and personal property taxes generated from proposed project
- Travis County not obligated to make grant payment in any year in which the County has determined that HID Global has not met obligations or conditions specified in the grant agreement
- Base rebate of 40% if job creation and capital investment requirements met
- Possible additional rebates
 - 5% if 50% of new jobs filled with Travis County residents
 - Up to 5% if LEED certification of facility achieved
 - At least silver level required

PERFORMANCE-BASED OBLIGATIONS

- Establish a manufacturing and distribution center in Travis County
- Invest \$30 million in real property improvements
- Invest \$6 million in business personal property
- Create and maintain 276 new full-time jobs in Austin/Travis County metro area with an average annual wage of \$51,398
- Work with local minority chambers of commerce to expand pool of diverse job candidates
 - Company's goal in affirmative action plan to reflect diversity of community
- Local and minority business participation in design and construction of manufacturing and distribution center
 - Achieve contracting goals established under City's M/WBE program

NEXT STEPS

- **Today**
 - **Receive public comment on proposed terms of economic development agreement between HID Global Corporation and Travis County**
- **October 2, 2012**
 - **Consideration of key agreement terms by Commissioners Court**
- **October 9, 2012**
 - **Consideration of agreement in final draft form by Commissioners Court**



**ECONOMIC DEVELOPMENT
PROPOSAL**

**HID GLOBAL CORPORATION
PUBLIC COMMENT**