



Travis County Commissioners Court Agenda Request

Meeting Date: 10/2/2012, 9:00 AM, Voting Session

Prepared By/Phone Number: Planning and Budget Office

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

Commissioners Court Sponsor: Judge Samuel T. Biscoe

AGENDA LANGUAGE:

Consider and take appropriate action 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 was made on September 25th (to introduce a public hearing) that summarized key information about HID Global Corporation, the major elements of the proposed project, and the key terms of the proposed agreement. The key terms are attached as back-up to this agenda item.

STAFF RECOMMENDATIONS:

The Planning and Budget Office recommends approval of the proposed, attached key terms. If the Court takes action to approve the attached terms, staff plans to return to the Court with a final draft agreement for consideration on October 9, 2012, that reflects these terms.

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

PROPOSED KEY TERMS – ECONOMIC DEVELOPMENT AGREEMENT – HID GLOBAL CORPORATION
SUBJECT TO FINAL NEGOTIATION OF TERMS AND APPROVAL BY COMMISSIONERS COURT

Agreement Term: Ten years

Minimum

Investment: Facility completed no later than June 30, 2014
\$30 million in new construction value
Documented in rendition to the Travis Central Appraisal District (TCAD) and classified as new construction by TCAD for valuation purposes

Installation of business personal property no later than December 30, 2017
\$6 million in business personal property value
Documented in rendition to TCAD and classified as new construction by TCAD for valuation purposes

No payment in any given year in which specified requirements not met

Job Creation: Create/maintain 276 new full-time jobs by December 31, 2015
147 by December 31, 2014
129 by December 31, 2015 (total 276)
Maintain new jobs throughout remainder of term
Required average annual salary: \$44,336 – \$53,163 over 10-year period
90-day “cure” period after December 31st of applicable year if requirements not met

Meet recruitment requirements outlined in section 1.03 of City agreement and other recruitment requirements as agreed to:
Work with specified non-profit organizations to expand pool of diverse candidates (includes posting jobs with those identified organizations throughout the term of the agreement).
Make commercially reasonable efforts to recruit and hire Austin area residents.
Adhere to company’s equal employment policies and practices.

In addition to meeting City’s recruitment requirements:
Make good faith efforts to recruit and fill at least 50% of new jobs with Travis County residents.
In addition to non-profit organizations specified in the City’s agreement, work with other local non-profit organizations identified by County to post jobs throughout the term of the agreement, including Workforce Solutions, American YouthWorks, Goodwill Industries, and Capital Idea.
Provide documentation of recruitment efforts upon request or as specified in the agreement by Travis County.
Conduct at least 2 job fairs or similar outreach events in Travis County annually during the first two years of the payment term, or until all hiring requirements have been satisfied.
Meeting recruitment requirements specified above in City and County agreements meets the definition of good faith efforts to recruit and hire Travis County residents.

No payment in any given year in which specified requirements not met

PROPOSED KEY TERMS – ECONOMIC DEVELOPMENT AGREEMENT – HID GLOBAL CORPORATION

Agreement

Administration: Authorizes County Executive of Planning and Budget to negotiate changes in construction deadlines and to adjust the annual employment schedule if delays result from permitting issues beyond company's control, not to extend beyond December 31, 2016.

Payment Term: Commences in calendar year after facility is completed and new value added to Travis County tax roll

Base Rebate: 40% annually over ten-year term
Receiving the base rebate requires achievement of minimum investment levels, new job creation, and making good faith efforts to recruit and fill 50% or more of new jobs with residents of Travis County.

Additional

Rebate: 5% if the company provides written certification to the County that 50% of more of the cumulative total of new jobs during any year throughout the term of the agreement are held by residents of Travis County. Provide documentation upon request by Travis County.

Reporting of residency data will be required for each year of the term in a format mutually agreed to by the parties.

Up to 5% if LEED certification achieved, with percentage dependent on level of LEED (Silver = 3%, Gold = 4%, Platinum = 5%)

Local & Minority

Participation: Meet requirements for local and minority business participation as outlined in section 1.04 of the City's agreement related to suppliers of materials and services, as well as design and construction projects for the company's manufacturing and distribution center.

Health Benefits: Offer group coverage/contribution to health benefits at a dollar amount that provides opportunity for employees to purchase affordable coverage for themselves and employee family members.

Employees and employee family members defined to include same sex/domestic partners

SUBJECT TO FINAL NEGOTIATION OF TERMS AND APPROVAL BY COMMISSIONERS COURT