

Item 2



Travis County Commissioners Court Agenda Request

Meeting Date: 02/26/2013, 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 National Instruments for financial incentives and an economic development agreement.

BACKGROUND/SUMMARY OF REQUEST AND ATTACHMENTS:

Financial Instruments has requested financial incentives under an economic development agreement to establish a research and development 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 \$4.4 million through the Texas Enterprise Fund in National Instruments, contingent upon finalization of local incentives. The Austin City Council is considering an economic development agreement with the company over two City Council meetings (February 28th and March 7th).

A presentation to the Commissioners Court is attached that summarizes key information about National Instruments, 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 February 26, 2013, at the Commissioners Courtroom located at 700 Lavaca. After receiving public comment, the Commissioners Court will consider the draft economic agreement for approval on at their voting session on March 5, 2013. National Instruments is not requesting any exceptions or waivers to the County's current economic development policy.

STAFF RECOMMENDATIONS:

The Planning and Budget Office seeks public comment and direction from the Commissioners Court regarding the proposed key terms in an economic development agreement with National Instruments. The Planning and Budget Office recommends approval of the agreement, which will be brought forward to the Commissioners Court for consideration on March 5, 2013. The agreement is in compliance with the County's economic development 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
David Salazar

**ECONOMIC DEVELOPMENT
PROPOSAL
NATIONAL INSTRUMENTS**

Commissioners
Court
Public Comment

February 26, 2013

ECONOMIC DEVELOPMENT PROPOSAL

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

PROPOSAL HIGHLIGHTS/ PROCESS AND TIMELINE

- **PROPOSAL HIGHLIGHTS**
 - Economic development agreement between Travis County and National Instruments
 - To locate research & development unit in Travis County
- **PROCESS AND TIMELINE**
 - February 26, 2013 - Staff briefing on the proposal to the Commissioners Court, followed by public comment
 - March 5, 2013 - Consideration of final agreement by Commissioners Court

OVERVIEW OF NATIONAL INSTRUMENTS

- Publicly owned global company headquartered in Austin since 1976
 - 6,800 worldwide employees
 - 2,440 local employees
- Company designs tools, hardware and software for engineers and scientists to accelerate productivity and innovation.

EVALUATION FACTORS

National Instruments proposal includes key project elements important to Travis County.

- Construction of a new 300,000 square foot office and R&D facility, increasing the tax base of Travis County, City of Austin & Austin Independent School District
- Creation of 1,000 new jobs
 - Comprehensive employee benefits package
 - Affordable health insurance & onsite medical clinic
 - Same sex partner benefits
 - Tuition reimbursement, paid leave and 401k benefits
- Construction of LEED Certified Building in Desired Development Area
- Competitively sited project

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
 - When both parties are considering economic incentives with same company
- **Financial Benefits and Costs of National Instruments Proposal**
 - Analysis represents only direct benefits and costs associated with project and jobs created.
 - Total direct benefits over 10-year period = \$9.0 million
 - Total costs over 10-year period = \$5.1 million*
 - Total net benefit over 10-year period = \$3.9 million

* Costs include performance-based economic development grant estimated up to \$1.3M.

BENEFITS OF NATIONAL INSTRUMENTS PROPOSAL

- **1,000 new jobs in the Austin/Travis County area**
 - \$63,000 average salary
 - \$40,000 average salary for lowest 10% of new jobs
 - Opportunities for entry level workers and professionals
- **\$46.9 million investment in new research & development facility**
- **\$33.4 million investment in business personal property**
- **Will work with HUB Contractors & Sub-Contractors**
- **Will require \$11 wage floor for construction workers**
- **Invests in Science, Technology, Engineering and Mathematics (STEM) education**
- **Forges partnerships with local non-profits**
 - Including Austin Children's Museum & Boys & Girls Club

PERFORMANCE-BASED OBLIGATIONS

- Performance-based economic development grant of up to 43% 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 National Instruments 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 rebate
 - Up to 3% if LEED certification of facility achieved
 - Company planning to seek silver level

PERFORMANCE-BASED OBLIGATIONS

- **Establish a Research & Development center in Travis County**
 - Invest \$47 million in real property improvements
 - Invest \$33 million in business personal property
- **Create and maintain 1,000 new full-time jobs in Austin/Travis County metro area with average annual wage of \$63,000**
 - Meet or exceed County's minimum (living) wage
- **Work with local minority chambers of commerce to expand pool of diverse job candidates**
- **Local and minority business participation in design and construction of new facility**
 - Construction workers paid County's minimum (living) wage

NEXT STEPS

- **Today**
 - **Receive public comment on proposed terms of economic development agreement between National Instruments and Travis County**
- **March 5, 2013**
 - **Consideration of final agreement by Commissioners Court**

**ECONOMIC DEVELOPMENT
PROPOSAL
NATIONAL INSTRUMENTS
PUBLIC COMMENT**