



Late Backup

Economic Development Proposal

LegalZoom

February 11, 2010

+ Economic Development Proposal

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- The purpose of today's briefing is to present the following:
 - A background of the economic development proposal and timelines for future City Council meetings
 - An overview of LegalZoom
 - A review of the economic development matrix criteria and score
 - A summary of the WebLOCI fiscal impact analysis
 - A compilation of the overall benefits from this economic development proposal
 - A review of the proposed economic development agreement



+ Background

What is being considered and when?

- A proposed economic development agreement between the City of Austin and LegalZoom to locate its regional headquarters, create jobs, and make investments in Austin.
- The economic development proposal is being presented over two City Council meetings:
 - February 11, 2010 – EGRSO will provide a briefing on the economic development proposal to the City Council and the public.
 - February 18, 2010 – At a specially called City Council meeting, the economic development proposal will be placed on the agenda as a public hearing item and action item.



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+ LegalZoom

Company overview

- Privately-held company founded in 2000
- Recognized as the #1 online legal document and service provider in the country.
- Provides legal document services, which include articles of incorporation, wills, living trusts, trademarks, patents, name changes, copyrights, and other legal documents.
- Served over 900,000 customers and has a 95% referral rate.
- Experienced rapid growth in the last four years, increasing from 70 full-time equivalent positions (FTE's) to 400 FTE's.

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What criteria and analysis were used?

- **Economic Development Matrix as approved by City Council**
 - The matrix is a scoring tool that assesses firms using the following five categories of criteria:
 - Overall economic and fiscal impact
 - Linkages to the local economy
 - Infrastructure impact
 - Character of jobs and labor force practices
 - Quality of life and cultural vitality
- **WebLOCI fiscal impact analysis as approved by City Council**
 - WebLOCI is a tool that over 300 chambers of commerce and local governments use to determine the fiscal impact of an economic development project.
 - Developed in 1999 by the Georgia Institute of Technology



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+ Economic Development Matrix

What is the score for this project?

- LegalZoom scored 75 out of 100
- The score is reflective of the following:
 - LegalZoom will establish a regional headquarters in Austin.
 - LegalZoom will create 600 new jobs in Austin within five years
 - LegalZoom offers health insurance benefits and job training for its employees

+ WebLOCI Fiscal Impact Analysis

The financial benefits and costs of this project



- The fiscal impact analysis represents only direct benefits and costs as a result of the project and jobs created.
- Total direct benefits over a 10-year period = \$8.11 million
- Total direct costs over a 10-year period = \$7.55 million *
- Total net benefit (\$8.11 million - \$7.55 million) = \$560,000 (rounded)

* This cost figure is net cost which includes a performance-based economic development grant of \$200,000.



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+ Overall Benefits

What does this economic development proposal offer?

- **The City of Austin targets the recruitment of regional headquarters and back-office locations, which is proposed by LegalZoom.**
- **600 jobs created in Austin.**
- **\$1.75 million company investment in leasehold improvements, machinery and equipment.**
- **Positive financial benefit to the City according to WebLOCI.**
- **Employees are offered health insurance benefits, job training, career paths, and other benefits.**
- **Company will locate in the Desired Development Zone and adhere to the City's water quality regulations.**



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+ Economic Development Agreement

What are the contractual obligations?

LegalZoom – Performance Obligations

- Locate regional headquarters to Austin.
- Invest \$1.75 million in leasehold improvements, machinery and equipment.
- Create and maintain 600 jobs.
- Work with local minority chambers of commerce to expand pool of diverse candidates in employment recruitment efforts.
- Abide by a supplier diversity policy.
- Comply with the standards and principles of the City's ordinance for minority-owned and women-owned business enterprises ("M/WBE Program Ordinance") in the design and construction of its regional headquarters facilities. This includes soliciting participation in the design and construction of leasehold improvements.
- Comply with all City Code regulations, including applicable water quality regulations.



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+ Economic Development Agreement

What are the contractual obligations?

City of Austin – Performance Obligations

- Years 1-10: Provide performance-based economic development grants of \$20,000 annually, for a total of \$200,000.
- The City is not obligated to make a grant payment for any year in which the City has determined that LegalZoom has failed to fulfill an obligation or condition applicable to LegalZoom.

+ Next Steps



- Today - The public has the opportunity to comment following this briefing.
- February 15th - Online public comments will be transmitted to City Council.
- February 18th - A public hearing will be conducted followed by a City Council vote.



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