



Economic Development Proposal

HID Global Corporation

September 2012



Economic Development Proposal

- The purpose of today's briefing is to present the following:
 - A background of the economic development proposal and timeline for future City Council meetings
 - An overview of HID Global
 - 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 HID Global to establish a manufacturing and distribution center, create jobs, and make investments in Austin.
- The economic development proposal is being presented over two City Council meetings:
 - September 12, 2012 – At a special-called City Council meeting, EGRSO will provide a briefing on the economic development proposal to the City Council and the public.
 - September 27, 2012 – At a regularly scheduled City Council meeting, the economic development proposal will be placed on the City Council meeting agenda as a public hearing item and action item.

+ HID Global Corporation

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Company overview

- Privately held company established in 1991.
- Company is headquartered in Irvine, CA.
- The company is a leader in solutions for the delivery of secure identity solutions for customers around the globe and is committed to the delivery of advanced and dependable secure identity solutions.
- The company employs over 2,100 worldwide with 11 U.S. locations and 56 global locations.

+ Economic Development Proposal

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 Georgia Institute of Technology

+ Economic Development Matrix

What is the score for this project?

- HID Global scored 65 out of 100
- The score is reflective of the following:
 - HID Global will establish an Austin presence by constructing a new 200,000 square foot manufacturing and distribution center.
 - This investment will result in the creation of 276 new jobs in Austin over the next 2 years.
 - HID Global offers a comprehensive benefits package including health insurance, domestic partner benefits, and tuition reimbursement 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 = \$7.7 million
- Total costs over a 10-year period = \$5.5 million *
- Total net benefit ($\$7.7 - \5.5) = \$2.2 million (rounded)

* This cost figure is net cost which includes a performance-based economic development grant estimated at \$920,576

+ Overall Benefits

What does this economic development proposal offer?

- The City of Austin targets the recruitment of advanced manufacturing companies such as HID Global
- 276 new full-time jobs created in Austin
- \$30 million company investment in real property improvements
- \$6 million company investment in business personal property
- Positive financial benefit to the City according to WebLOCI
- Employees are offered health insurance benefits, tuition reimbursement, career paths, prescription drug plan and other benefits
- Company will locate in the Desired Development Zone and adhere to the City's water quality regulations

+ Economic Development Agreement

What are the contractual obligations?

HID Global Corporation – Performance Obligations

- Establish a manufacturing and distribution center in Austin.
- Invest \$30 million in real property improvements and \$6 million in business personal property.
- Create and maintain 276 new full-time jobs in Austin with an average annual wage of \$51,398.
- 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 manufacturing and distribution center. Comply with all City Code regulations, including applicable water quality regulations

+ Economic Development Agreement

What are the contractual obligations?

City of Austin – Performance Obligations

- Provide a 10 year performance-based economic development grant equal to 60% of the new incremental real and personal property taxes generated from this project.
- The grant is calculated at 60% of the actual real and personal property taxes paid by HID Global during the term of this agreement.
- The estimated value of this grant is \$920,576 over the duration of this agreement.
- The City is not obligated to make a grant payment for any year in which the City has determined that HID Global has failed to fulfill an obligation or condition applicable to the company.

+ Next Steps



- Today – Set the public hearing for the September 27th City Council meeting so that the public can comment on the proposed Economic Development agreement between HID Global and the City of Austin.
- September 24th – Online public comments will be transmitted to City Council.
- September 27th – A public hearing will be conducted followed by a City Council vote.