

St. David's Healthcare Partnership, L.P., LLP

Project Summary

Company Overview

St. David's Healthcare Partnership, L.P., LLP ("St. David's Healthcare") is based in Austin, Texas and is a unique partnership between Round Rock Hospital, Inc. and the local non-profit, St. David's Foundation. With eight leading hospital in Central Texas, St. David's Healthcare provides services in Austin Georgetown, Round Rock, and San Marcos. Company proceeds fund the foundation which in turn invests those dollars back into the community. Since the inception of St. David's Healthcare in 1996, more than \$518 million have been given back to the communities it serves to improve the availability of high-quality healthcare. St David's Healthcare is the third-largest private employer in the greater Austin area, employing more than 10,200 individuals in 2018. Due to the St. David's Healthcare's persistent commitment to providing exceptional care, the organization was a 2014 recipient of the Malcolm Baldrige National Quality Award, the nation's highest presidential award for performance excellence and its hospitals have been named among the Top 50 Hospitals in the nation by Healthgrades in 2018.

Part of the St David's Healthcare, St. David's Medical Center is a full-service medical center in Austin, Texas offering a variety of health services to local residents. Home to the internationally renowned Texas Cardiac Arrhythmia Institute and St. David's Neuroscience & Spine Institute, St. David's Medical Center includes a 350-bed acute care hospital and a 64-bed rehabilitation hospital providing comprehensive inpatient and outpatient care with an annual revenue of approximately \$502MM in 2018. The hospital also provides a complete range of women's services, including an acclaimed maternity unit, maternal fetal medicine, high-risk maternal and neonatal transport team, the region's largest level IV neonatal intensive care unit, comprehensive bariatric surgery center, and a 24-hour emergency department.

Project Description

Over the next five (5) years, capacity improvement projects include expansion of the Electrophysiology ("EP") and Neurosurgery programs. The investment will result in increased capacity from four to six EP labs, with a dedicated 15-bed pre-op and recovery area. Similarly, an additional 24 medical and surgery beds will support the growth initiatives in Neurosurgery. St. David's employs approximately 2,134 employees, anticipates investing approximately \$20MM at its primary hospital, commits to retain 1,162 existing employees, which meets the definition of a "retained job" in accordance with Texas Government Code 2303.401.

The Texas Enterprise Zone Program

The Texas Enterprise Zone Program (TEZP) is a state sale and use tax refund program designed to encourage private investment and job creation in economically distressed areas of the state. The TEZP is one of the best tools we have in our economic development toolbox. It helps us with reducing poverty by providing job opportunities to disadvantaged workers, which in turn enhances their quality of life such that they may move up and out of distressed communities by way of state incentives offered to large employers. By city approved ordinance, we serve as the nominating entity.

St. David's Healthcare Partnership, L.P., LLP

Project Summary

Enterprise Zone Definition

Any block group within the State of Texas that has a poverty rate of 20% or more, as determined by the U. S. Census Bureau during each decennial census is a state enterprise zone.

Requirements for Hiring Disadvantaged Workers

Projects may be physically located in or outside of the Enterprise Zone. If located within a zone, the company commits that at least 25% of their new employees will meet economically disadvantaged, enterprise zone residence or veteran requirements. If located outside of the zone, the company commits that at least 35% of their new employees will meet economically disadvantaged, enterprise zone residence or veteran requirements. Since the site location is within a zone, the company would be required to commit that at least **25%** of their new employees will meet economically disadvantaged, enterprise zone residence or veteran requirements. St. David's Healthcare Partnership plans to hire an additional 50 (full-time) employees. See Employee Wages notes 1 and 2 below.

Project Characteristics

- Expand Existing Facility (by 59,000 s. f.)
- Purchase New/Additional M& E
- Upgrade/Repair Facility
- Renovate Existing Facility

Capital Investment (Total: Approx. \$20 Million)

- Building Expansion/Renovation Cost – \$13.750M
- Machinery & Equipment – \$5.5M
- Information Systems and Telecom – \$1.5M

Timeline

- June 28, 2019 thru June 4, 2024

Enterprise Zone Designation Period

- 5 Years

Employee Wages

- Total Number of Full-Time Jobs at the site. 1,162
- Total Number of Full-Time Jobs to be Retained for Program Benefit 450
- Total Number of Full-Time Jobs to be Created for Program Benefit 50

Job Category	Number of Jobs (employed by company)	Number of Jobs (vendor or contract)	Average Annual Wages	Percent to be Locally Hired
Executive	N/A	0	0	0
Manager	135	0	\$103,000	TBD
Supervisor	90	0	\$72,000	TBD
Staff	937	0	\$59,000	TBD
Entry Level	N/A	0	0	0
Total	1,162	0	\$65,000	TBD

Note:

1. If St. David's Healthcare Partnership retains all employees at its Medical Center site for 1820 hours per year per job, there is no requirement to hire from either the disadvantaged group or enterprise zone residents. However, if any employees are terminated or leave, at

St. David's Healthcare Partnership, L.P., LLP

Project Summary

least **25%** of their “new employees” will have to meet economically disadvantaged, enterprise zone residence or veteran requirements.

2. The wages seen in the diagram above are base wages only.
3. Employees benefits received are as follows: Health Insurance, Dental Insurance, Retirement Plan, 401(k), Paid Leave, Counseling, Life Insurance, Prescription Drug Plan, Vision, Flexible Spending Accounts, Disability and an Employee Assistance Program.

Maximum Estimated State Sales & Use Tax Refund/ Computation

- \$1,250,000
- The State of Texas computes its Maximum Potential Refund based upon a company’s Capital Investment, Number of Jobs Created and/or Retained up to 500, and the Maximum Refund per Job Allocation (\$2,500 per job for a Single Enterprise Project Designation).

Sales and Use Tax (State and Local)

The Texas state sales and use tax rate is 6.25%, but the local taxing jurisdictions (cities, counties and special purpose districts, and transit authorities) may also impose sales and use tax up to 2% for a total maximum combined rate of 8.25%. For purposes of this program, it is the 6.25% portion of the tax that is used to provide a refund to corporations that apply for the Enterprise Zone program. The 2.0 % local tax is not affected, therefore no fiscal impact on the city.

Tax Structure

- Overall Tax = 8.25%
- State Portion = 6.25%
- Local Portion = 2.0 %*

Prior Council Action

- No prior council action

Enterprise Zone Site Location

- 919 E. 32nd Street, Austin, Texas 78705

Austin City Council District

- District 9 – Councilmember Kathie Tovo

The Public Good (if approved)

1. The City of Austin would join our corporate partners in battling poverty, and in this case this action would assist the disadvantaged in a zone suffering from **43.67%** poverty according to the state’s data of the last decennial census.
2. The City of Austin would send a signal that we appreciate all corporate partners who take advantage of this program to help our citizens who meet economically disadvantaged, enterprise zone residence or veteran requirements.
3. The City of Austin would support a program that requires no fiscal impact to the city.
4. The City of Austin would support capital investment within the Desired Development Zone rather than the Drinking Water Protection Zone.
5. The City of Austin would support keeping this corporate benefit in Austin rather than allowing it to be refunded in another city in the State of Texas.

St. David's Healthcare Partnership, L.P., LLP

Project Summary

The City of Austin would maximize our local effort to return state sales and use tax to our city, rather than allow those dollars to be sent to other cities in support of their corporations and/or local economies.

Enterprise Zone Project Site Map Follows

