

Dell Inc.

Project Summary

Company Overview

Dell Inc (“Dell”), a Delaware corporation headquartered in Round Rock, Texas, was founded by Michael Dell in 1984, then doing business as PC’s Limited. Since then Dell has grown into one of the world’s largest publicly-traded technology companies. The company services customers of all sizes across 180 countries, which ranges from 98 percent of the Fortune 500 to individual consumers, with award-winning desktops, laptops, 2-in-1s and then clients, powerful workstations and rugged devices made for specialized environments, monitors, endpoint security solutions and services. Dell offers the industry’s most comprehensive and innovative portfolio from the edge to the core to the cloud. Through its subsidiaries (“Dell Marketing L.P., Dell Products L.P., Dell USA L.P”), Dell employs 1,753 employees at its Austin facility located at 701 E. Parmer Lane in Austin, Texas. The Austin campus is made of multiple buildings that will be a part of this application.

Project Description

Over the next five (5) years, Dell and its subsidiaries anticipate investing approximately \$10 million at its Parmer facility in Austin. The investment will allow Dell to remodel and improve the current building’s infrastructure by \$8MM as well as support the headcount growth of new employees. The investment also included \$2MM in investments related to new conference areas, replacement of End of Life UPS batteries, a smart building technology, HVAC replacement, and building out a loading dock to enhance Dell’s day to day operations. The renovations and new equipment will allow Dell to continue to employ highly talented individuals and continue offering its wide ranging and award -winning products and services.

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 an 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 a zone, the company commits that at least 35% of their new employees will meet economically disadvantaged, enterprise zone residence or veteran requirements. Because the Qualified Business Site location is **outside a zone**, the company would be required to commit that at least **35%** of their new employees will meet economically disadvantaged, enterprise zone residence or veteran requirements. See Employee Wages notes 1 and 2 below.

Project Characteristics

- Building Expansion/Renovation Cost
- Purchase New/Additional M & E
- Total

Capital Investment (Total Costs)

- \$8.0M
- \$2.0M
- **\$10.M**

Timeline

- April 25, 2019 thru September 2, 2024

Enterprise Zone Designation Period

- 5 Years

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Employee Wages

- Total Number of Full-Time Jobs at the site. 1,753
- Total Number of Full-Time Jobs to be Retained for Program Benefit 490
- Total Number of Full-Time Jobs to be Created for Program Benefit 40

Job Category	Number of Jobs (employed by company)	Number of Jobs (vendor or contract)	Average Annual Wages	Percent to be Locally Hired
Executive	3	0	\$627,053.00	100%
Manager	360	0	\$176,967.00	100%
Supervisor	211	0	\$165,583.00	100%
Staff	681	0	\$126,850.00	100%
Entry Level	498	0	\$81,683.00	100%
Total	1,753	0	\$1,178,137.00	100%

Note:

1. If Dell Inc retains all employees at its Qualified Business Site for 1,820 annual 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 least **35%** 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, Tuition Reimbursements and Disability.

Maximum Estimated State Sales & Use Tax Refund/ Computation

- \$1,250,000 (Spread evenly at \$250,000/year)
- 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 companies that apply for the Enterprise Zone program. The 2.0 % local tax is not affected, therefore no fiscal impact to the city.

Tax Structure

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

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Prior Council Action

- No prior council action

Enterprise Zone Qualified Business Site Location

- 701 E. Parmer Lane, Austin, Texas 78753

The Public Good (if approved)

1. The City of Austin would join our corporate partners in battling poverty, and in this case, it would assist the disadvantaged in a zone suffering from **9.30%** 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.

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.

Other Austin Investments

- 319 E Parmer Lane, Austin, Texas 78753
- 2 E Parmer Lane, Austin, Texas 78753

Note: See Enterprise Zone Project Site and Transit Maps Following

Enterprise Zone Project Site Map

Poverty Data of Census Block Group

Applicant:	Dell Inc.
Address:	701 E Parmer Ln, Austin, TX 78753
Poverty Level:	9.30%
Project Location:	Block Group 2, Census Tract 18.39, Travis County, Texas

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