

Legislation Details (With Text)

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Title:	Discuss and consider approval of a Chapter 380 Agreement with TaskUs Inc. a for-profit corporation.		
Sponsors:			
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Attachments:	1. Proposed Terms Sheet Draft CC 3-12, 2. 15.30 for 225 One Pager		

Date	Ver.	Action By	Action	Result
3/12/2018	1	City Council		

Presenter/Contact
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SUBJECT:

Discuss and consider approval of a Chapter 380 Agreement with TaskUs Inc. a for-profit corporation.

BACKGROUND / RATIONALE:

TaskUs is a business solutions company targeting innovative start-up companies. They offer customer support and back office operations for some of the leading tech brands. The company is considering a technical operations and customer experience center in New Braunfels. The company will spend \$5.4 million for leasehold improvements and \$5.0 million for computer and telecommunications equipment. The company expects to create 450 new jobs in New Braunfels with an average wage of \$31,000 calculated with benefits, with 225 of these new jobs paying \$15.30/hour and 225 paying \$14.90/hour. After a public hearing February 9, 2018, the NBIDC approved a \$183,000 financial incentive by a vote of 5-0.

Proposed Incentives- State of Texas and Comal County

Comal County approved a Chapter 381 to provide property tax credits for an 8 year period at an average of fifty four percent (54%) on March1, 2018.

Proposed Local Incentives- Chapter 380 Agreement & NBIDC Grant

For the NBIDC and City Council to consider this project, New Braunfels had to compete against multiple sites and municipalities in Texas and other states. The proposed incentive package, coupled with community and site attributes, ultimately influenced TaskUs to select New Braunfels as the finalist site. To finalize negotiations, staff is proposing an incentive package that includes a Chapter 380 Agreement and a grant from the NBIDC. The Chapter 380 would provide an annual grant that is calculated according to percentage of total city property taxes paid on land, improvements and machinery and equipment once certain investment and job creation thresholds are fulfilled and maintained. It is proposed that the Company would be eligible to receive the grant according to a

fixed schedule and percentages once thresholds are met. The following table illustrates the period and grant percentage the company would be eligible to receive:

Investment Levels

First Year Taxable	Total Taxable Assessed Value (2018 dollars)	Rebate Year	Rebate Percentage	Taxes Owed	Rebate Amount
2018	\$6,321,000	2019	70%	\$ 30,859.12	\$ 21,601.39
2019	\$6,738,000	2020	70%	\$ 32,894.92	\$ 23,026.44
2020	\$7,004,160	2021	70%	\$ 34,194.31	\$ 23,936.02
2021	\$8,037,523	2022	55%	\$ 39,239.19	\$ 21,581.55
2022	\$8,461,134	2023	55%	\$ 41,307.26	\$ 22,718.99
2023	\$8,734,036	2024	55%	\$ 42,639.56	\$ 23,451.76
2024	\$9,774,277	2025	30%	\$ 47,718.02	\$ 14,315.41
2025	\$10,204,903	2026	30%	\$ 49,820.34	\$ 14,946.10
2026	\$10,484,961	2027	0%	\$ 51,187.58	-
2027	\$11,532,500	2028	0%	\$ 56,301.67	-
Total:				\$ 426,161.96	\$ 165,577.65

Required Employment

The Company will add 450 new employees over the lifetime of the agreement. There will be a handful of employees relocating from other facilities but the overwhelming majority will be hired from our local area. In exchange for the \$183,000 Grant. Company has agreed to an average wage of \$15.30 for 225 of the employees.

Clawbacks

This agreement will be secured by a Letter of Credit in the amount of the grant. Should company fail to maintain the employment numbers we would seek reimbursement. The per job grant will be reimbursable to the city should employment fall below the outlined numbers. The rate for the higher wage jobs will be \$666 and the lower wage jobs reimbursement rate will be \$146.

Addresses a Need/Issue In a City Plan or Council Priority:

NBIDC Funding Guidelines Sections IV and V:

Grants from NBIDC have typically been in a range of \$2,000 to \$7,000 per new job created. NBIDC has provided greater incentives in circumstances when companies move or increase headquarter operations in or to New Braunfels, offer highly paid positions for skilled employees, or introduce a new skill-set opportunity with high pay/benefits to our labor market. As a general rule, the amount of

incentive dollars should not exceed 50% of the total project cost. An economic impact analysis and financial analysis is required of any request for funding, and the NBIDC Board of Directors maintains the discretion to adjust the level of incentive accordingly

Projects that meet the NAICS codes and provide “primary” jobs, should also meet the minimum job creation and investment thresholds established by NBIDC. They are the creation of at least 5 new fulltime jobs at or above the average county wage and new infrastructure investment of at least \$125,000. NBIDC members may waive one or both of these thresholds when designing a performance-based incentive that is expected to be paid out at some future date when the thresholds are met. NBIDC may also waive these thresholds in the case of job retention projects, or when the assistance of NBIDC would help fund a new equipment purchase for a company that would increase their productivity and their competitiveness in the marketplace.

Fiscal Impact:

See Attached EIA One Page Summary

Board/Commission Recommendation:

NBIDC Approved the Grant 5-0.

Staff Recommendation:

Staff believes the Agreement is consistent with the NBIDC Funding Guidelines and recommends approval.

Attachment:

One Page EIA

Proposed Term Sheet