

Legislation Details (With Text)

File #:	19-714	Name:	
Type:	Resolution	Status:	Individual Item Ready
File created:	9/12/2019	In control:	City Council
On agenda:	9/23/2019	Final action:	
Title:	Discuss and consider approval of a resolution recommended by the New Braunfels Economic Development Corporation to approve a project expenditure for direct incentives not to exceed \$800,000 for PNC Bank, N.A. for a project found to promote or develop new or expanded business enterprises that create or retain primary jobs.		

Sponsors:**Indexes:****Code sections:****Attachments:** 1. Resolution Council 9.pdf

Date	Ver.	Action By	Action	Result
9/23/2019	1	City Council		

Presenter/Contact

Jordan Matney, Assistant City Manager
(830) 221-4022 - jmatney@nbtexas.org

SUBJECT:

Discuss and consider approval of a resolution recommended by the New Braunfels Economic Development Corporation to approve a project expenditure for direct incentives not to exceed \$800,000 for PNC Bank, N.A. for a project found to promote or develop new or expanded business enterprises that create or retain primary jobs.

BACKGROUND / RATIONALE:

PNC Financial Services Group, Inc. is a bank holding company and financial services corporation based in Pittsburgh, Pennsylvania. PNC Bank, N.A. is establishing a Customer Care Center in the City of New Braunfels. This center will help support PNC Bank's retail banking operations and will establish a new regional operation to support business expansion plans in the western United States. PNC anticipates hiring up to 560 new employees over the next two years. The proposed site is within the Sundance Business Park, which PNC will lease and make improvements to the ~58,000 SF it intends to lease.

The New Braunfels EDC has agreed to an incentive grant not to exceed \$800,000 in exchange for the promise of the creation of no fewer than 500 new primary jobs, a total payroll of \$15,750,000 and a minimum taxable value of \$11,200,000. The conditions of the incentive are outlined below:

- PNC Bank, N.A. will employ no fewer than 300 full time employees by June 30, 2021 with a minimum annual payroll of \$9,450,000 (wages exclusive of benefits).
- PNC Bank, N.A. will employ no fewer than 500 full time employees by June 30, 2022 with a minimum annual payroll of \$15,750,000 (wages exclusive of benefits).
- PNC Bank, N.A. will maintain a minimum taxable value of \$11,200,00.00 beginning in 2021.

If the Company fulfills all the primary terms of the agreement as detailed above, the EDC will provide an annual payment to the Company according to the schedule in the following section.

ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:

<input checked="" type="checkbox"/> Yes	City Plan/Council Priority:	Strategic Priorities: 12 - Work with existing entities to ensure balanced economic development
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FISCAL IMPACT:

If the Company fulfills all performance related requirements of the incentive agreement, the anticipated pay out schedule is as follows:

FY 2020/21 - \$125,000

FY 2021/22 - \$175,000

FY 2022/23 - \$200,000

FY 2023/24 - \$100,000

FY 2024/25 - \$75,000

FY 2025/26 - \$75,000

FY 2026/27 - \$50,000

TOTAL OVER THE TERM: \$800,000

This schedule provides an approximate 8-year payback to the community or an annual rate of return of ~12.7%.

COMMITTEE RECOMMENDATION:

The NBEDC Board of Directors held a public hearing on this item on Monday, September 16th and recommended approval of this resolution.

STAFF RECOMMENDATION:

Staff recommends approval of the resolution.