

Legislation Text

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SUBJECT:

Approval of a resolution adopting the Chapter 380 Agreement between the City of New Braunfels and TaskUs, Inc.

BACKGROUND / RATIONALE:

TaskUs, Inc. is a business solutions company targeting innovative start-up companies. They offer customer support and back office operations for technology companies. The City Council approved the Chapter 380 agreement, in concept, on March 12, 2018, as well as a New Braunfels Economic Development Corporation (NBEDC) expenditure of up to \$183,000. The company has operated a technical operations and customer experience center in New Braunfels since those approvals and after signing a lease at the Heritage Business Center in April 2018. Staff has worked with the business' representatives to draft a Chapter 380 agreement per the specific deal terms outlined during the initial project approval.

The attached agreement details the specific performance requirements of both parties, which are identical to those presented at City Council in March 2018. Similar to previous Chapter 380 agreements, the City Council will typically approve the final language of the agreement if one was not available during the initial consideration and approval. Additionally, the City's Chapter 380 policy, Section II, 1, (a)-(d) states that the project will meet certain minimum requirements to be fulfilled from an increase in taxable value, sales tax contribution, or specific employment opportunities for City residents. Alternatively, subparagraph (e) provides that the City Council may determine by resolution that the project will provide a benefit to the City consistent with the General Statement of Purpose and Policy. The General Statement provides "Insofar as the enhancement and expansion of the local economy generally serve these objectives, the City of New Braunfels will, on a case-by-case basis, give consideration of economic incentives to applicants in accordance with these Policies and Procedures as authorized by Chapter 380 of the Texas Local Government Code, as amended from time to time." In reviewing the key deal terms as presented and as included in the final agreement between the parties, the project will not meet the policy's minimum requirements in subparagraphs (a)-(d), so the City Council must adopt this resolution under (e) that includes language that the City Council determines that project will bring benefit to the City consistent with the policy's general statement of purpose. The resolution adopting the agreement includes this determination by City Council.

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

The Chapter 380 policy requires that projects should result in taxable property increases, sales tax production, employment opportunities at a certain wage rates, or that the project will bring contributions to the City consistent with the general purpose of the Chapter 380 policy. The project

brings a significant amount of employment opportunities utilizing a formally vacant office space.

FISCAL IMPACT:

The first property tax rebate under the Chapter 380 agreement is a prorated amount for the duration of its occupation of the ad valorem property during 2018. This amount, which is estimated at approximately \$15,000 in 2019, will be delivered after Taskus verifies it fulfilled the employment conditions after January 1, 2019. The company anticipates spending up to \$10,400,000 in leasehold improvements and business personal property expenditures in 2018. The estimated present value of the property tax rebate over an 8-year period is ~\$162,000.

COMMITTEE RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

Staff believes the Chapter 380 Agreement is consistent with the overall intent of the 380 policy and recommends approval of the Resolution and Agreement.

Attachments:

Resolution

Chapter 380 Agreement

Original term sheet

Ch. 380 Economic Development Policy