

Memorandum



DATE May 1, 2020

TO The Honorable Members of the Economic Development Committee:
Tennell Atkins, (Chair), David Blewett, (Vice-Chair), Jennifer Staubach Gates,
Adam McGough, Omar Narvaez, Jaime Resendez, Chad West

SUBJECT **Uber Technologies, Inc. Extension**

On May 13, 2020 City Council will be asked to consider authorizing an amendment to the Chapter 380 Economic Development Grant Agreement and Business Personal Property Tax Abatement ("Incentive Agreement") with Uber Technologies, Inc., previously approved by Resolution No. 19-1166 on August 14, 2019 to extend deadlines for certain city-imposed contractual requirements due to the economic impact of COVID-19.

Summary

On August 14, 2019, by Resolution No. 19-1166, Dallas City Council authorized a business personal property tax abatement and Chapter 380 grant agreement with Uber Technologies, Inc. or an affiliate thereof ("Uber") in connection with the proposed expansion of certain corporate operations into a new two phase office development located at 2550 Pacific Avenue in accordance with the City's Public/Private Partnership Program (the "Incentive Agreement"). The City and Uber subsequently executed the Incentive Agreement on October 9, 2019.

Since the execution of the Incentive Agreement, Uber has signed a lease for 168,000 square feet at the existing Epic office tower, and will continue to occupy that space while the second Epic office tower is constructed. Once the second 500,000 square foot Epic office tower is constructed, Uber will lease 450,000 square feet of that building and move all of its operations into the new second tower.

Under the Incentive Agreement, Uber agreed to invest a minimum of \$60,000,000.00 in leasehold improvements associated with the two buildings, along with \$50,000,000.00 in business personal property. Uber will hire a minimum of 2,500 employees at the Epic with an average annual salary of \$100,000.00. None of these commitments have changed.

While construction of the second office building continues, the current COVID-19 crisis has caused Uber to temporarily delay plans for construction of tenant improvements in the first building and hiring of new employees in Dallas.

In the long-term, Uber does not expect any changes to its strategy or expectations regarding growth in Dallas, but Uber has requested City Council authorization of an amendment to the incentive agreement to extend certain city-imposed contractual deadlines that will be impacted by the delay, including:

- Commencement of the BPP Tax Abatement Period from on or before January 1, 2024 to on or before January 1, 2026;
- Completion of Leasehold Improvements from on or before December 31, 2023 to on or before December 31, 2025;
- Completion of BPP Investment from on or before December 31, 2023 to on or before December 31, 2025;
- Creation or location of FTEs from on or before December 31, 2023 to on or before December 31, 2025, and maintenance period for FTEs from December 31, 2033 to December 31, 2035;
- Attainment of Threshold Resident Hire Requirement from no later than December 31, 2023 to no later than December 31, 2025;
- Attainment of Minimum Average Annual Salary Requirement from no later than December 31, 2023 to no later than December 31, 2025; and maintenance period for Minimum Average Annual Salary Requirement from December 31, 2033 to December 31, 2035; and maintenance period for Salary Threshold Requirement from December 31, 2031 to December 31, 2033;
- Job Recruitment Requirement from December 31, 2022 to December 31, 2024;
- P-Tech Requirement from December 31, 2020 to December 31, 2022;
- BPP Investment from on or before December 31, 2023 to on or before December 31, 2025;
- Termination date from December 31, 2024 to December 31, 2035 to provide consistency with monitoring requirements.

Financing

No Cost Consideration to the City for this request.

Uber Contract Amendment – Extension of Deadlines

May 1, 2020

Page 3

Coordination

No coordination consideration required for this request.

Recommendation

Staff recommends approval of an item authorizing amendment of the current incentive agreement with Uber Technologies to extend certain contractual deadlines impacted by COVID-19.

Should you have any questions, please contact me at (214) 670-3309.



Dr. Eric Anthony Johnson
Chief of Economic Development & Neighborhood Services

c: Honorable Mayo and City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark S. Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager

Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
M. Elizabeth Reich, Chief Financial Officer
Laila Alequresh, Chief Innovation Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors