

# Memorandum



CITY OF DALLAS

DATE November 1, 2021

TO Honorable Mayor and Members of the City Council

SUBJECT Authorize 1) a Chapter 380 economic development grant agreement, in an amount not to exceed \$250,000.00, associated with workforce development and job creation, and 2) nomination as a Texas Enterprise Zone; both with CBRE, Inc.

On November 10, 2021, City Council will consider the approval of an item authorizing a Chapter 380 economic development grant agreement, in an amount not to exceed \$250,000, and nomination to receive designation as an Enterprise Zone Project under the Texas Enterprise Zone Act, with CBRE, Inc. or an affiliate thereof ("CBRE"), in connection with jobs created and retained and workforce development programs associated with a new office development.

## **Background**

In October 2020, CBRE announced its plans to relocate its corporate headquarters from Los Angeles to Dallas. CBRE, a Fortune 500 company, is one of the world's most preeminent real estate services firms. Staff recommends partnering with CBRE to build a pipeline of real estate workers in collaboration with southern Dallas universities, and to potentially develop a real estate innovation center in Dallas in partnership with a Texas university. Our incentive agreement will also have job, wage, and real estate investment requirements as described below.

## **Incentive Agreement**

Office of Economic Development staff recommend the following incentive package for Council approval:

- (i) An economic development grant of up to \$250,000, contingent upon CBRE's satisfaction of the real estate, job creation and retention, wage, workforce development and other requirements outlined herein.
- (ii) The City of Dallas nominating this project for designation as a Texas Enterprise Zone Project, a state-sales and use tax refund program. The Texas Enterprise Zone Program (TEZ) is a state-based, sales and use tax refund program designed to encourage private investment and job creation in economically distressed areas of the state. Texas communities must nominate companies in their jurisdiction to receive an enterprise zone designation and thus be eligible to receive state sales and use tax refunds on qualified expenditures by submitting an application on the company's behalf.

DATE November 1, 2021

SUBJECT **Economic Development Grant and Enterprise Zone Nomination, CBRE, Inc.**

Companies approved for enterprise zone designations are eligible to apply for refunds of the state sales and use tax they have paid during the designation period on qualified expenditures, up to their maximum allowable refund. The State of Texas Comptroller's Office administers all refunds. TEZ designations are effective beginning 90 days prior to the deadline for the applicable application round and extend for a period of not less than 1 year and not more than 5 years from the date on which the designation is made.

The city is allowed 9 nominations each biennium. The current biennium began in September 2021. This nomination will be the second proposed within the current biennium.

Payment of the economic development grant is conditioned upon evidence of CBRE's completion of each of the following obligations:

**REAL ESTATE:** CBRE currently has three offices in Dallas: 2100 McKinney Avenue, 2100 Ross Avenue, and 8080 Park Lane. These three locations will be replaced by a to-be-constructed office tower to be built in the Uptown neighborhood of Dallas. CBRE or an affiliate of CBRE shall construct or cause to be constructed a minimum 600,000 square foot office tower in the Uptown neighborhood of Dallas by December 31, 2024. CBRE will be the anchor office tenant of the to-be-constructed building and will lease a minimum of 200,000 square feet in the building on or before December 31, 2025 to serve as the global headquarters of CBRE. From October 4, 2021, through the end of 2033, the global headquarters of CBRE will located in Dallas. Until the new building is constructed, the headquarters shall be at the current location, 2100 McKinney Avenue. Once the building in the Uptown neighborhood of Dallas is complete, the global headquarters will move to that location.

**JOBS:** CBRE currently employs 700 full-time staff in Dallas. For this project, CBRE will retain the current 700 full-time employees in Dallas through the end of 2033. Additionally, CBRE has committed to create a minimum of 250 new jobs at the Dallas headquarters by December 31, 2028, earning an average salary of \$88,000 annually. All jobs will be retained through the end of 2033.

A minimum of 40% of the 250 new CBRE jobs created at the Dallas headquarters shall be verifiable residents of the City of Dallas. This local hiring requirement will be monitored annually beginning the year that CBRE creates the new jobs through the end of 2033.

All CBRE employees in Dallas will be paid a minimum salary equal to or greater than \$15.00/hour throughout the end of 2033. This wage figure does not include overtime, bonuses, or benefits. This requirement does not apply to contract workers or temporary workers such as interns.

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## **WORKFORCE DEVELOPMENT PROGRAMS:**

- a) Paul Quinn College: CBRE will partner with Paul Quinn College as part of the Paul Quinn College Work Program or a similar internship program developed by CBRE and Paul Quinn College. The program would require approval of the Director of OED (the "Director") and would continue through the end of 2033.
- b) University of North Texas ("UNT") Dallas: CBRE will partner with UNT Dallas to create to create an internship program that would provide UNT Dallas students with the opportunity to gain experience in the commercial real estate field. The program must be Director-approved and continue through December 31, 2033.
- c) Innovation Lab: In partnership with a Texas-based university, CBRE will make a good-faith effort to establish a real estate innovation lab to be based in Dallas. CBRE and its clients will directly benefit from the lab with access to cutting-edge innovations in the commercial real estate industry. The partner academic institution will enjoy an expansion of academic offerings and associated research opportunities. CBRE will provide a report documenting its good-faith effort to facilitate a successful partnership with a minimum of three Texas-based universities to the Office of Economic Development no later than December 31, 2025.
- d) Reporting: CBRE shall provide written annual reports to the Office of Economic Development regarding the status/outcomes of CBRE's compliance with the City's incentive agreement terms as requested by the Director in the applicable year of reporting. Of note, the annual reports shall include a summary regarding the status/outcomes of the workforce programs, including number of participants, salaries or other benefits paid to participants, and race/gender/ethnicity of participants. The annual reports shall be due every April 15th to the Office of Economic Development starting in 2023 and concluding in 2034. As an example of an annual report's applicable deadline, the 2022 annual report will be due by April 15th, 2023.

## **Incentives from Other Jurisdictions**

In addition to the proposed city incentives, the State of Texas has offered CBRE an Enterprise Fund award of \$3,450,000.

DATE November 1, 2021

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Should you have any questions, please contact Robin Bentley, Director, Office of Economic Development at 214-671-9942.



Dr. Eric Anthony Johnson

Chief of Economic Development & Neighborhood Services

c: T.C. Broadnax, City Manager  
Chris Caso, City Attorney  
Mark 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  
M. Elizabeth Reich, Chief Financial Officer  
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion  
Directors and Assistant Directors