



Legislation Text

File #: 20-737, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: May 13, 2020
COUNCIL DISTRICT(S): 14
DEPARTMENT: Office of Economic Development
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize an amendment to Resolution No. 19-1166, previously approved on August 14, 2019 for the Chapter 380 Economic Development Grant Agreement and Business Personal Property Tax Abatement ("Incentive Agreement") with Uber Technologies, Inc. to **(1)** extend deadlines for certain city-imposed contractual requirements due to the economic impact of COVID-19; and **(2)** modify the termination date of the Incentive Agreement to be consistent with monitoring requirements - Financing: No cost consideration to the City

BACKGROUND

On August 14, 2019, 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") by Resolution No. 19-1166. 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.

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 second 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.

The respective amendments to the Incentive Agreement are as follows:

- a. Extend the commencement of the five-year BPP Tax Abatement Period in **Section 1D** of the Incentive Agreement from on or before **January 1, 2024** to on or before **January 1, 2026**;
- b. Extend the completion deadline for the Leasehold Improvements in **Section 1E** of the Incentive Agreement from on or before **December 31, 2023** to on or before **December 31, 2025**;
- c. Extend the completion deadline for the Business Personal Property (BPP) Investment in **Section 1F** of the Incentive Agreement from on or before **December 31, 2023** to on or before **December 31, 2025**;
- d. Extend the deadline to create or relocate the minimum permanent full-time employees (FTEs) in **Section 2C** of the Incentive Agreement from on or before **December 31, 2023** to on or before **December 31, 2025**, and modify the maintenance period for the number of permanent FTEs from **December 31, 2033** to **December 31, 2035**;
- e. Extend the deadline for the attainment date of the Threshold Resident Hire Requirement (defined as a minimum of 15% of the 2,500 FTEs which must be Dallas residents in order to receive any payment of the job grant under the Incentive Agreement) in **Section 2D** of the Incentive Agreement from no later than **December 31, 2023** to no later than **December 31, 2025**;
- f. Extend the deadline for the attainment date of the Minimum Average Annual Salary Requirement in **Section 2E** of the Incentive Agreement from no later than **December 31, 2023** to no later than **December 31, 2025**; modify the maintenance period for the Minimum Average Annual Salary Requirement from **December 31, 2033** to **December 31, 2035**; and modify the maintenance period of the Salary Threshold Requirement (defined as the minimum annual salary that FTEs created or relocated pursuant to the Job Creation Requirement be paid, not inclusive of overtime, bonuses, or benefits) from **December 31, 2031** to **December 31, 2033**;
- g. Extend the deadline for the achievement date of the Job Recruitment Requirement in **Section 2F** of the Incentive Agreement from **December 31, 2022** to **December 31, 2024**;
- h. Extend the deadline for the achievement date of the P-Tech Requirement in **Section 2G** of the Incentive Agreement from **December 31, 2020** to **December 31, 2022**;
- i. Extend the deadline for completion date of BPP Investment in **Section 4** of the Incentive Agreement from on or before **December 31, 2023** to on or before **December 31, 2025**; and

- j. Modify the termination date in **Section 12** of the Incentive Agreement from **December 31, 2024** to **December 31, 2035** to provide consistency with monitoring requirements.

All other provisions of the Incentive Agreement will remain the same.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

Information about this item will be provided at the Special Called meeting of the Ad Hoc Committee on COVID - 19 Economic Recovery & Assistance on May 5, 2020.

FISCAL INFORMATION

No cost consideration to the City.

MAP

Attached