



Apple Inc. March 2012

Summary

Background

- An economic development proposal is being submitted to City Council that includes a proposed economic development agreement between the City of Austin and Apple Inc.

Apple Inc. – Company Overview

- Publicly held company, 34 years in business, headquartered in Cupertino, CA.
- Apple Inc. is a leading designer, manufacturer and marketer of mobile communication and media devices, personal computers, and portable digital music players, and sells a variety of related software, services, peripherals, networking solutions, and third-party digital content and applications.
- Apple Inc. currently employs 3,100 employees in Austin, TX, which is one of its two US locations.

Economic Development Proposal

- EGRSO used the City Council approved Economic Development Matrix and WebLOCI Fiscal Impact Analysis to assess the economic development proposal.
- Economic Development Matrix total actual score = 100.
- The Economic Development Matrix score reflects the following:
 - Apple Inc. is proposing to build 200,000 – 1,000,000 square feet of new office space within the Desired Development Zone.
 - Apple Inc. will create between 650 - 3,635 new full-time jobs as a result of establishing its Americas Operations Center in Austin. These jobs will be created at the new location over the next 14 years with an average annual wage of \$63,950. This will provide a broad range of job opportunities for Austin residents with an estimated 93% of the jobs hired locally.
- WebLOCI Fiscal Impact Analysis
 - Phase I & II Combined
 - Total Direct Benefits over a 14-year period = \$89.8 million
 - Total Direct Costs over a 14-year period = \$75.2 million which includes a proposed estimated economic development grant of approximately \$8.6 million (based on 100% of new incremental real and personal property City taxes generated by the project after certificate of occupancy is received)
 - Total Net Benefit (\$89.8 million - \$75.2 million) = \$14.6 million

Overall Benefits

- Positive financial benefit to the City according to WebLOCI

- Between 650 and 3,635 jobs created in Austin
- Between \$56.5 million and \$282.5 million investment in real and personal property
- Employees are offered health insurance benefits, job training, career paths, and other benefits

Proposed Economic Development Agreement – Apple Inc.

- Locate its Americas Operations Center in Austin
- Phase I
 - \$56.5 million investment in real and personal property by 12/31/15
 - Create and maintain 650 new full-time jobs with an average annual wage of \$63,950
- Phase II
 - Additional \$226 million investment in real and personal property by 12/31/21
 - Create and maintain an additional 2,985 new full-time jobs with an average annual wage of \$63,950
- Locate within the Desired Development Zone
- Work with local organizations to expand pool of diverse candidates in recruitment efforts
- Abide by a supplier diversity policy
- Comply with the standards and principles of the City's M/WBE Program Ordinance in the design and construction of leasehold improvements
- Comply with all City Code regulation, including applicable water quality regulations

Contractual Obligations if approved by Council

- Phase I and II: Provide performance-based economic grant equal to 100% of the new incremental real and personal property City taxes generated by the project for the tax years 2015 – 2024.
- The proposed economic development agreement is performance-based, meaning the City is not obligated to make a grant payment for any year in which the City has determined that Apple Inc. has failed to fulfill an obligation or condition of the contract applicable to Apple Inc.