



e.g.r.s.o.

economic growth
& redevelopment
services office

National Instruments

February 2013

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 National Instruments.

National Instruments – Company Overview

- Public, 36 years in business, headquartered in Austin, Texas.
- National Instruments has 14 U.S. locations and 45 global locations with approximately 6,850 total employees.
- National Instruments designs, manufactures, and sells measurement and automation products for general, commercial, industrial, and scientific applications worldwide. National Instruments sells or licenses application software and modular hardware that create measurement, automation, and embedded systems.
- In 2012, National Instruments was #45 in the “Top 100 Best Companies to Work For” ranking compiled by CNN Money and Fortune Magazine.

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 = 90.
- The Economic Development Matrix score reflects the following:
 - National Instruments will increase its Austin presence through new construction of a 300,000 sq. ft. research and development facility on 8.5 acres adjacent to the Company’s current site.
 - National Instruments commits to paying the higher of prevailing wages or \$11 per hour to all construction workers and new full-time employees.
 - National Instruments commits to continuing its participation with non-profit and educational institutions to provide science and engineering education programming for local youth.
 - National Instruments will retain 2,440 full-time jobs and create 1,000 new full-time jobs as a result of this project. The new jobs will be created at the new location over the next 10 years with an average annual wage of \$72,223.
 - Positive financial benefit to the City according to WebLOCI.

- WebLOCI Fiscal Impact Analysis
 - Total Direct Benefits over a 10-year period = \$25.6 million.
 - Total Direct Costs over a 10-year period = \$18 million which includes a proposed estimated economic development grant of approximately \$1,667,575 million. (Based on an incentive equal to 50% of the actual incremental real and personal property taxes generated by the project over 10 years.)
 - Total Net Benefit (\$25.6 million - \$18 million) = \$7.6 million.

Overall Benefits

- Positive financial benefit to the City according to WebLOCI.
- 1,000 jobs created in Austin.
- \$80 million investment in real and personal property.
- Employees are offered health insurance benefits, same-sex partner benefits, job training, career paths, and other benefits.
- National Instruments is a leader in science and engineering education programs that touch 3,500 Central Texas youth.

Proposed Economic Development Agreement – National Instruments

- Establish a new research and development facility in Austin.
 - \$80 million investment in real and personal property by 12/31/15.
 - Create and maintain 1,000 new full-time jobs and retain 2,440 existing jobs, with an average annual wage of \$72,223.
- Located 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 improvements related to this project.
- Comply with all City Code regulation, including applicable water quality regulations.

Contractual Obligations if approved by Council

- Provide performance-based economic grant equal to 50% of the actual incremental real and personal property taxes generated by the project for the tax years 2013 – 2022.
- 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 National Instruments has failed to fulfill an obligation or condition of the contract applicable to National Instruments.