

# Memorandum



DATE February 27, 2015

TO Members of the Economic Development Committee: Tennell Atkins (Chair),  
Rick Callahan (Vice Chair) Scott Griggs, Adam Medrano, Jerry R. Allen, Lee Kleinman

SUBJECT **Kimberly-Clark Incentive Proposal**

On March 25, 2015, the City Council will be asked to consider authorization of a ten-year tax abatement of 90 percent of the taxes on added value to the real property with Prologis, L.P. and a \$350,000 Chapter 380 economic development grant with Kimberly-Clark Global Sales, LLC related to the development of a new distribution and warehouse facility located within Mountain Creek Business Park in Dallas, Texas.

For the past several months, city staff has been in discussions with Prologis, L.P. ("Prologis") and Kimberly-Clark Global Sales, LLC ("Kimberly-Clark"), regarding the development of a new approximately 870,000 square foot build-to-suit distribution and warehouse facility on approximately 55.4225 acres within Reinvestment Zone No. 81 on the east side of Mountain Creek Parkway within Mountain Creek Business Park. Prologis, the property owner, will develop and lease the facility to Kimberly-Clark, subject to favorable City Council consideration of the requested development incentives.

Kimberly-Clark is a leading international consumer product company with 142 years in business. The company employs approximately 42,500 employees working at manufacturing facilities in 37 countries and sells its product brands in 175 countries. The company had in excess of \$21 billion in sales during 2013 and claims that nearly one-quarter of the world's population purchases its products every day. Leading brands include Kleenex, Scott, Huggies, Pull-Ups, Kotex, Poise and Depend. Kimberly-Clark holds the No. 1 or No. 2 brand share in more than 80 countries.

Prologis has committed that approximately \$22 million in real property improvements, including hard and soft costs will be spent to develop the site and construct the facility to accommodate Kimberly-Clark's operational needs. Further, Kimberly-Clark will use a third-party logistics provider to operate the facility and anticipates the employment of at least 99 FTE employees at the facility with an associated payroll of an estimated \$3.5 million annually. Additionally, Kimberly-Clark expects that there may be between 20 to 100 additional temporary workers at the facility each week. Kimberly-Clark has agreed that a minimum of 99 FTEs will be maintained at the site during the incentive period. Anticipated taxable inventory value at the facility is estimated at \$13 million annually.

Prologis and Kimberly-Clark request City Council consideration of the proposed 10-year 90 percent real property tax abatement and \$350,000 economic development grant. The proposed tax abatement agreement with Prologis will require substantial completion of the planned \$22 million facility by December 31, 2016. Estimated revenue forgone for the ten-year real property abatement is estimated at \$1,578,060. The \$350,000 economic development grant will be payable upon verification of at least 99 FTEs on or before December 31, 2017. Kimberly-Clark will be required to maintain its lease and ensure 99 FTE positions are located on the property annually in order for the property to be eligible for tax abatement each year. A failure to maintain the described jobs will result in the loss of tax abatement for that year. A failure to maintain the jobs for two consecutive years will result in termination of the tax abatement. Additionally, a failure to maintain the required 99 FTE positions on site for a period of five (5) years after disbursement of the economic development grant will result in repayment of half of the economic development grant (\$175,000).

Net fiscal impact from the project after incentives is estimated at \$1,000,988 over 10 years. This proposed project conforms to minimum eligibility criteria for the City's Public/Private Partnership Program Guidelines and Criteria as it has a private investment exceeding \$1 million and creates more than 25 jobs. Staff recommends the proposed incentives be approved.

Should you have any questions, please contact me at (214) 670-3296.



Ryan S. Evans  
First Assistant City Manager

- C:   The Honorable Mayor and Members of the City Council   Mark McDaniel, Assistant City Manager  
          A.C. Gonzalez, City Manager                                    Joey Zapata, Assistant City Manager  
          Warren M.S. Ernst, City Attorney                            Jeanne Chipperfield, Chief Financial Officer  
          Craig D. Kinton, City Auditor                                Sana Syed, Public Information Officer  
          Rosa A. Rios, City Secretary                                 Karl Zavitkovsky, Director, Office of Economic Development  
          Daniel F. Solis, Administrative Judge                        J. Hammond Perot, Assistant Director, Office of Economic Development  
          Eric D. Campbell, Assistant City Manager                    Elsa Cantu, Assistant to the City Manager – Mayor & Council  
          Jill A. Jordan, P.E., Assistant City Manager

## Proposed Project Information Worksheet Economic Development Committee

### A. Project Summary/Assumptions

City Council District	3	
Project/Company Name	Kimberly-Clark Global Sales, LLC	
Project Location	Mountain Creek Business Park	
Project Type	Distribution Warehouse	
Facilities (Square Feet)		
Construction Schedule	Begin	May 2015
	Complete	June 2016
Private Improvement Investment	Real Property	\$22,000,000
	Business Property	\$13,000,000
Jobs	Created	99+
	Retained	NA
Average Wage Rate	Salary	\$35,354
	Hourly	N/A
City Incentive Summary	Tax Abatement	\$1,578,060
	Infrastructure	N/A
	Other - Grant	\$350,000

### B. Economic Impact Estimates (Dallas City Economy Only, \$ Million)

	10-year		20-Year	
	Jobs	Economic Output	Jobs	Economic Output
Direct Impact	99	84,368,683	99	157,973,214
Indirect and Induced Impact*	36	67,494,947	36	126,378,571
<b>Total Impact</b>	<b>127</b>	<b>151,863,630</b>	<b>135</b>	<b>284,351,785</b>

### C. City of Dallas General Fund Fiscal Impact (\$ Million)

(From direct, indirect and induced economic impacts)

	10-year	20-year
Total City GF Revenue Generated	4,544,980	9,687,914
Total City GF Service Costs	1,615,931	2,823,089
Net Impact Before Incentives	2,929,048	6,864,825
City Incentives	1,929,060	1,929,060
<b>Net City Fiscal Impact</b>	<b>999,988</b>	<b>4,935,765</b>

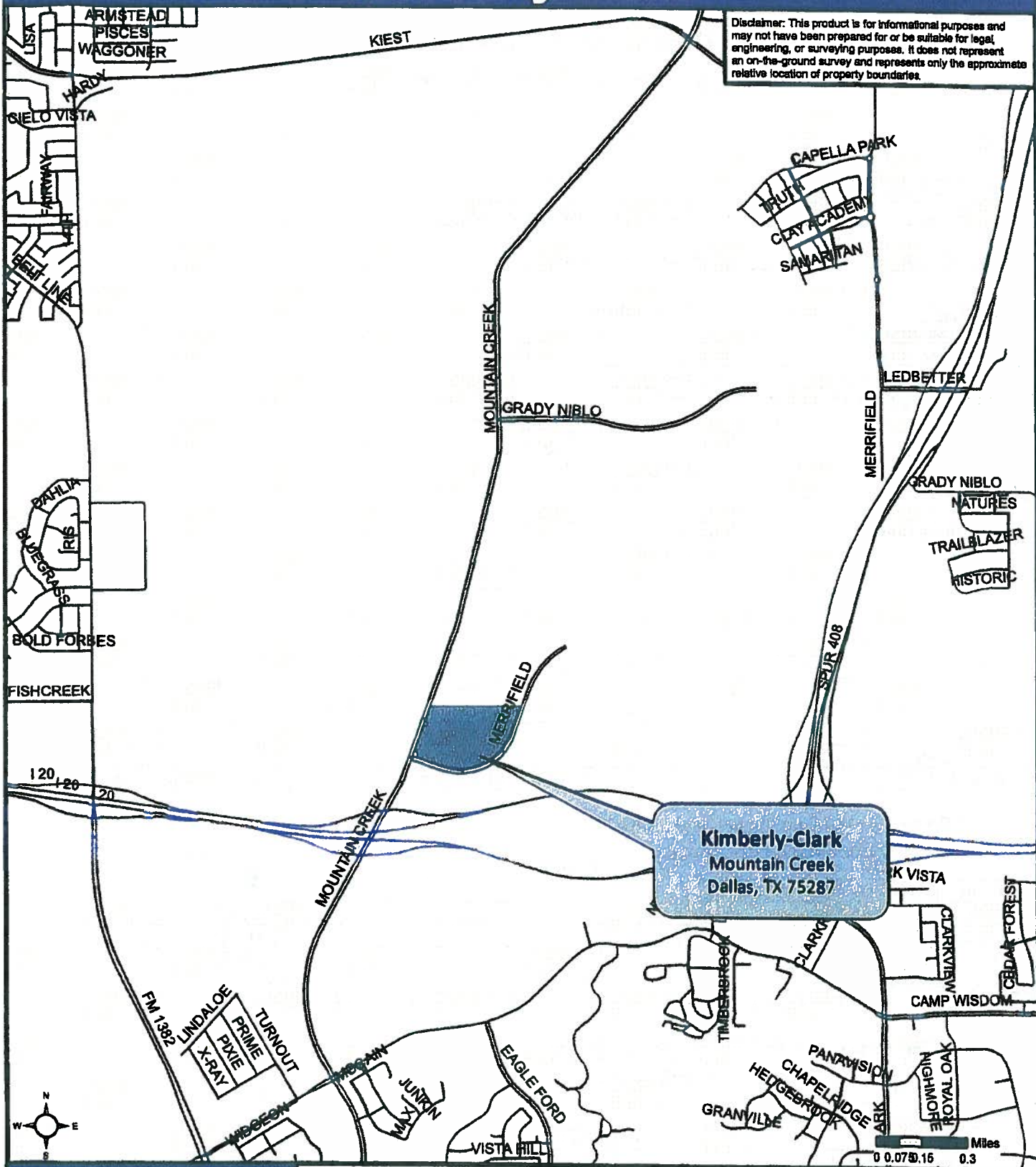
\* Indirect impacts represent supplier effects, induced impacts represent spin-off household effects.

### D. Other Taxing Jurisdiction 10-yr Estimated Tax Revenue

	Property Taxes	Sales Taxes
DISD	\$ 4,487,298	N/A
Dallas County	\$ 885,850	N/A
DCCCD	\$ 436,450	N/A
Parkland Hospital	\$ 966,000	N/A
DART	\$ -	N/A

# Kimberly-Clark

Disclaimer: This product is for informational purposes and may not have been prepared for or be suitable for legal engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property boundaries.



## Legend

Site Development

# EXHIBIT "B"

DALLAS ECONOMIC DEVELOPMENT  
 Research & Information Division  
 214.670.1685  
 dallas-ecodev.org

Data Source

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# Memorandum



DATE February 27, 2015

TO Members of the Economic Development Committee: Tennell Atkins (Chair), Rick Callahan (Vice Chair)  
Scott Griggs, Adam Medrano, Jerry R. Allen, Lee Kleinman

SUBJECT **Pioneer Frozen Foods, Inc. – Incentive Proposal**

On March 25, 2015, the City Council will be asked to consider authorization of a business personal property tax abatement with Pioneer Frozen Foods, Inc., associated with its proposed food production facility at 4616 Langdon Road, Dallas.

For the past several months, City staff has been in discussions with Pioneer Frozen Foods, Inc. regarding a potential food production facility to be located at 4616 Langdon Road, the former Dallas Morning News facility. The proposed facility includes approximately 50 acres and approximately 132,000 square feet of finished space. The company plans to expand its manufacturing operations for its Pioneer Brand line of products. Pioneer Frozen Foods plans to invest approximately \$10,000,000 in business personal property and related equipment, invest a minimum of \$100,000 in real property improvements to the site and hire a minimum of 25 new FTE's by December 31, 2016. The company has long term plans for additional growth at the facility.

Founded by Carl Hilmar Guenther, C.H. Guenther & Son, Inc. and the Pioneer®Brand proudly hold the distinction of being the oldest continuously operated, family-owned milling company in the United States. For more than 160 years, and from generation to generation, C.H. Guenther & Son has consistently produced products with superior taste and the most wholesome ingredients. Pioneer Brands include products such as biscuit and baking mixes, gravy mixes, pancake and waffle mixes as well as flour and cornmeal.

In order to develop this project, Pioneer Frozen Foods, Inc. requests council consideration of a 75 percent business personal property tax abatement for 8-years on the added value of equipment and other business personal property at the facility. The incentive will help offset costs associated with building modifications, relocation and other related costs.

In consideration of the tax abatements proposed, Pioneer Frozen Foods, Inc. will: 1.) Invest a minimum of \$100,000 in real property improvements and other related costs such as design, engineering, architects, etc., 2.) Invest a minimum of \$10,000,000 in business personal property, 3.) Obtain substantial completion by December 31, 2016 and 4.) Employ a minimum of 25 FTE's onsite by December 31, 2016.

The forgone revenue associated with the abatement is \$478,740. The ten-year net estimated fiscal impact of this project is \$197,681. Staff recommends the proposed incentives.

Should you have any questions, please contact me at (214) 670-3296.

Ryan S. Evans  
First Assistant City Manager

C: The Honorable Mayor and Members of the City Council  
A.C. Gonzalez, City Manager  
Warren M.S. Ernst, City Attorney  
Craig D. Kinton, City Auditor  
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Sana Syed, Public Information Officer  
Karl Zavitkovsky, Director, Office of Economic Development  
J. Hammond Perot, Assistant Director, Office of Economic Development  
Elsa Cantu, Assistant to the City Manager – Mayor & Council

## Proposed Project Information Worksheet Economic Development Committee

### A. Project Summary/Assumptions

<b>City Council District</b>	8	
<b>Project/Company Name</b>	Pioneer Frozen Foods, Inc.	
<b>Project Location</b>	4616 Langdon Road	
<b>Project Type</b>	Manufacturing	
<b>Facilities (Square Feet)</b>		
<b>Construction Schedule</b>	Begin	1-Mar-15
	Complete	31-Dec-16
<b>Private Improvement Investment</b>	Real Property	\$3,450,000
	Business Property	\$10,000,000
<b>Jobs</b>	Created	50
	Retained	NA
<b>Average Wage Rate</b>	Salary	\$44,235
	Hourly	N/A
<b>City Incentive Summary</b>	Tax Abatement	NA
	Infrastructure	N/A
	Other - Grant	\$350,000

### B. Economic Impact Estimates (Dallas City Economy Only, \$ Million)

	10-Year		20-Year	
	Jobs	Economic Output	Jobs	Economic Output
Direct Impact	51	37,234,941	51	89,370,515
Indirect and Induced Impact*	92	22,360,964	92	53,642,309
<b>Total Impact</b>	<b>143</b>	<b>59,595,905</b>	<b>143</b>	<b>143,012,825</b>

### C. City of Dallas General Fund Fiscal Impact (\$ Million)

(From direct, indirect and induced economic impacts)

	10-Year	20-Year
Total City GF Revenue Generated	1,990,652	4,680,338
Total City GF Service Costs	1,314,231	2,779,881
Net Impact Before Incentives	676,421	1,900,457
City Incentives	478,740	478,740
<b>Net City Fiscal Impact</b>	<b>197,681</b>	<b>1,421,717</b>

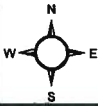
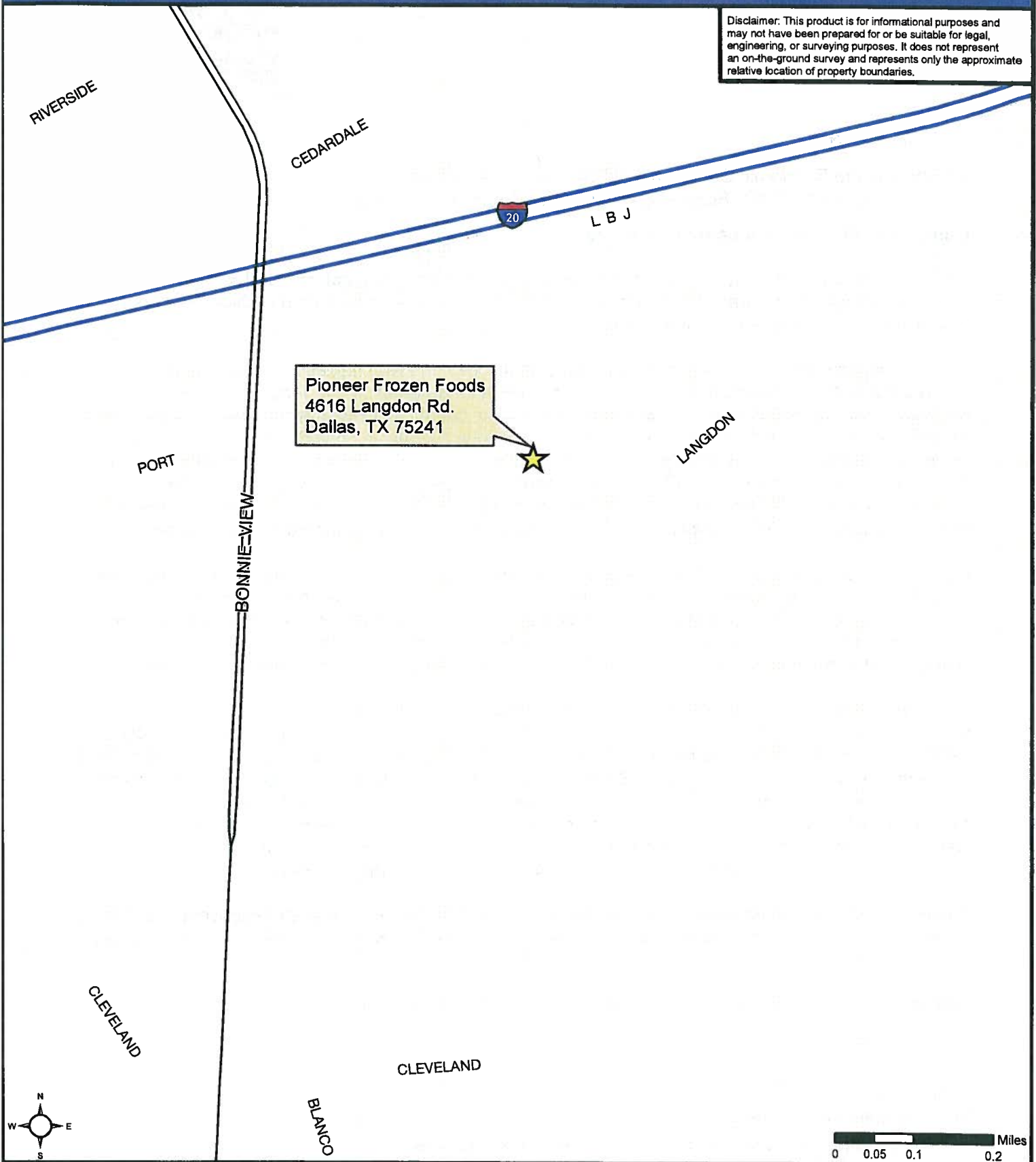
\* Indirect impacts represent supplier effects, induced impacts represent spin-off household effects.

### D. Other Taxing Jurisdiction 10-yr Estimated Tax Revenue

	Property Taxes	Sales Taxes
DISD	\$ 172,440	N/A
Dallas County	\$ 34,042	N/A
DCCCD	\$ 16,772	N/A
Parkland Hospital	\$ 37,122	N/A
DART	\$ -	N/A

# Pioneer Frozen Foods

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**DALLAS ECONOMIC DEVELOPMENT**  
Research & Information Division  
214.670.1685  
dallas-ecodev.org

**Legend**  
— Freeway  
— Arterial  
— Local Road

Source: City of Dallas, 2015

Created: 2/17/2015 - 15-02-17 Clms, O'Brien, TCG

# Memorandum



DATE February 27, 2015

TO Members of the Economic Development Committee: Tennell Atkins (Chair),  
Rick Callahan (Vice Chair) Scott Griggs, Adam Medrano, Jerry R. Allen, Lee Kleinman

SUBJECT **Comparex USA, Inc. – Incentive proposal**

On March 25, 2015, the City Council will be asked to consider authorization of a \$350,000 Chapter 380 economic development grant with Comparex USA, Inc., associated with its proposed new operation to be located at 600 North Pearl Street, Dallas.

For the past several months, City staff has been in discussions with representatives of Comparex USA, Inc. regarding the establishment of a sales and operations center in the Plaza of the Americas. The company has agreed to open a sales and operations center in Downtown Dallas to support a very aggressive high growth business model. Other locations that were considered for the operation were Iselin, NJ, Cupertino, CA and Seattle, WA. Comparex is signing a three year lease at the Plaza of Americas on the 19<sup>th</sup> floor with very favorable expansion options. Construction is to begin in February 2015. Estimated total employees based in Dallas by end of 2016 is 200 with an average compensation (salary and bonus) of \$85,000 per year. Tenant improvements are estimated to total over \$500,000.

Comparex is a global cloud solutions and software licensing firm with over 1,800 team members across 30 countries. The company works with clients to reduce the risk, cost, and complexity of cloud and software licensing. The company is strategically aligned with Microsoft and has received recognition as one of their top partners around the world. Recently Microsoft and Comparex began a partnership to support customers together in the US. Dallas, Texas is the corporate headquarters for Comparex USA.

Comparex USA, Inc. will be eligible for the first installment of the grant (\$175,000) upon executing a lease of at least three years at 600 North Pearl Street, making a minimum investment of \$400,000 in tenant improvements and verification of at least 90 FTE's being located at its new Plaza of the Americas office at 600 North Pearl Street by December 31, 2016. The second grant installment (\$175,000) will be payable once the company has reached 180 FTE's. Comparex USA, Inc. will be required to reimburse the City any grant payments made should it not maintain at least 180 FTE's in the Central Business District for a period of five years from move in. The Central Business District, for this purpose is defined as bordered by I-35E, I-30, I-45 and Woodall Rodgers Freeway.

The proposed project surpasses minimum Public/Private Partnership Program guidelines and results in an estimated 5-year net fiscal impact of \$494,624. The estimated 10-year net fiscal impact is \$2,239,152.

Should you have any questions, please contact me at (214) 670-3296.

Ryan S. Evans  
First Assistant City Manager

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J. Hammond Perot, Assistant Director, Office of Economic Development  
Elsa Cantu, Assistant to the City Manager – Mayor & Council



## Proposed Project Information Worksheet Economic Development Committee

### A. Project Summary/Assumptions

City Council District	14	
Project/Company Name	Comparex USA, Inc.	
Project Location	600 North Pearl Street	
Project Type	Office	
Facilities (Square Feet)		
Construction Schedule	Begin	15-Feb-15
	Complete	30-Apr-15
Private Improvement Investment	Real Property	\$400,000
	Business Property	\$3,500,000
Jobs	Created	180
	Retained	NA
Average Wage Rate	Salary	\$65,000
	Hourly	N/A
City Incentive Summary	Tax Abatement	NA
	Infrastructure	N/A
	Other - Grant	\$350,000

### B. Economic Impact Estimates (Dallas City Economy Only, \$ Million)

	5-Year		20-Year	
	Jobs	Economic Output	Jobs	Economic Output
Direct Impact	180	71,374,583	180	179,390,332
Indirect and Induced Impact*	324	57,099,667	324	143,512,266
<b>Total Impact</b>	<b>504</b>	<b>128,474,250</b>	<b>504</b>	<b>322,902,597</b>

### C. City of Dallas General Fund Fiscal Impact (\$ Million)

(From direct, indirect and induced economic impacts)

	5-Year	10-Year
Total City GF Revenue Generated	2,636,669	6,872,251
Total City GF Service Costs	1,792,045	4,283,099
Net Impact Before Incentives	844,624	2,589,152
City Incentives	350,000	350,000
<b>Net City Fiscal Impact</b>	<b>494,624</b>	<b>2,239,152</b>

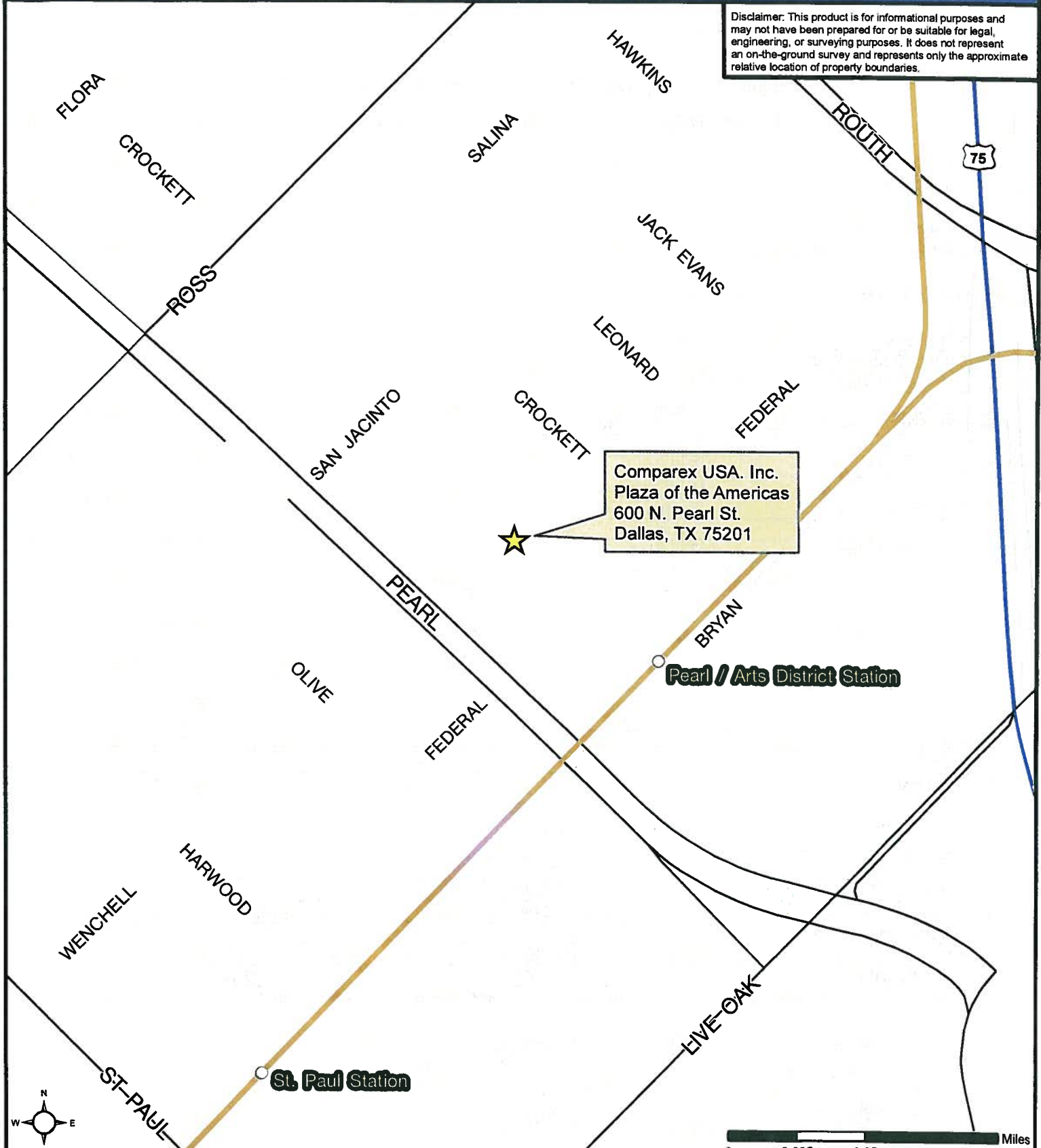
\* Indirect impacts represent supplier effects, induced impacts represent spin-off household effects.

### D. Other Taxing Jurisdiction 10-yr Estimated Tax Revenue

	Property Taxes	Sales Taxes
DISD	\$ 50,001	N/A
Dallas County	\$ 9,871	N/A
DCCCD	\$ 4,863	N/A
Parkland Hospital	\$ 10,764	N/A
DART	\$ -	N/A

# Comparex USA, Inc.

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Comparex USA, Inc.  
Plaza of the Americas  
600 N. Pearl St.  
Dallas, TX 75201

**Pearl / Arts District Station**

**St. Paul Station**

DALLAS  
ECONOMIC  
DEVELOPMENT  
Research & Information Division  
214.670.1685  
dallas-ecodev.org

### Legend

- Rail Station
- DART Light Rail

- Freeway
- Arterial
- Local Road

Source: City of Dallas, 2015

Created 2-10-2015 - 15:02:10 Chris O'Brien ICG