

Memorandum



DATE August 1, 2008

TO Members of the Economic Development Committee: Ron Natinsky (Chair), Tennell Atkins (Vice Chair), Jerry R. Allen, Dwaine Caraway, Sheffie Kadane, Linda Koop, Mitchell Rasansky and Steve Salazar

SUBJECT **AT&T Relocation**

On Monday, August 4, 2008, the Economic Development Committee will be briefed on the relocation of AT&T to the city of Dallas.

A copy of the briefing is attached. Staff will be available at the meeting to answer questions.

Should you have any questions, please contact me at (214) 670-3314.



A.C. Gonzalez
Assistant City Manager

C: Mary K. Suhm, City Manager
Ryan S. Evans, First Assistant City Manager
Deborah Watkins, City Secretary
Tom Perkins, City Attorney
Craig Kinton, City Auditor
Judge Jay Robinson, Judiciary
Ramon Miguez, P.E., Assistant City Manager
Jill Jordan, P.E., Assistant City Manager
David O. Brown, Interim Assistant City Manager
David Cook, Chief Financial Officer
Jeanne Chipperfield, Interim Budget Director, Office of Financial Services
Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Helena Stevens Thompson, Assistant to the City Manager



City of Dallas

AT&T Relocation to Dallas

Economic Development Committee

August 4, 2008



Purpose

- Brief the Committee on AT&T's announcement to relocate its worldwide headquarters to the City of Dallas
- Receive a recommendation from the Committee on proposed economic incentives for AT&T

Background

- On June 27, 2008, AT&T announced publically that it would relocate its world headquarters to downtown Dallas.
- Prior to the announcement, the City proposed a package of incentives should AT&T decide to relocate to Dallas.

Background

- *Fortune Magazine* ranks AT&T tenth on its 2008 list of America's largest corporations.
- AT&T, subsequent to the City's offer of economic incentives, made its decision to relocate to Dallas in order to gain better access to its customers and worldwide operations.

Project Description

- AT&T will relocate approximately 700 headquarters jobs to Dallas
- The company will occupy office space it currently owns in its complex at 208 South Akard (and adjacent facilities)
- AT&T is relocating its corporate fleet to Love Field and is in negotiations for hangar space

Proposed Incentives

- To secure the relocation of AT&T to Dallas, proposed incentives include:
 - \$5 million economic development grant to be paid in three approximately equal annual installments by December of 2008, 2009 and 2010.
 - A ten-year economic development grant equal to 90 percent of the taxes paid to the City on aircraft located at Love Field and new business personal property
 - 10-year grant related to aircraft totaling an estimated \$6.315M (assumes \$90M valuation appreciating to \$95.5M over ten years and FY08 tax rate)
 - 10-year grant related to business personal property located at HQ totaling an estimated \$198,732 (assumes \$15M annual valuation and FY08 tax rate)
- Total Estimated Incentive Benefit to AT&T: \$11.5M over 10 years

Community Support

- At the Mayor's request, the corporate community is supporting this effort by providing introduction of ATT staff to various community resources
 - Educational institutions
 - Churches
 - Real estate contacts
 - Etc.

AT&T Commitments

- With the move, AT&T anticipates relocating 700 HQ positions and has committed to a 550 minimum
 - 275 of these positions will report to offices in Dallas by December 31, 2008
- AT&T commits to remain in the City for a minimum of 5-years or the city's economic incentives will be reimbursed on a pro rata basis

Additional Project Benefits

- Estimated \$2.2 Billion economic impact to the city of Dallas over 10-years
- \$2.1 million value in Public Relations and branding on the announcement
- Increased vibrancy in Downtown core

Recommendation

- Approve proposed economic incentives to AT&T on August 13, 2008 City Council Agenda



City of Dallas

