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Title: Receive a report and hold a discussion regarding the response to the Amazon HQ2 Request for Proposals (RFP).

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Agenda Information Sheet

DEPARTMENT: Economic Development

CM/DCM/ACM: Bryan Langley

Date: October 11, 2017

SUBJECT

Receive a report and hold a discussion regarding the response to the Amazon HQ2 Request for Proposals (RFP).

BACKGROUND

Amazon estimates its second headquarters location (HQ2) will bring a \$5 billion investment and 50,000 high-paying jobs to the city that lands the project. The Request for Proposals (RFP) released by Amazon on Sept. 7 details what the company is seeking in a future location.

When responding to any RFP, the first step is to determine whether the project is in line with Denton’s target industries and other preferences for pursuing a company. In this case, the answer is a resounding yes - not because of the size of the project, but because it meets the following criteria stated in the Council-adopted 2016 City of Denton Policy for Tax Abatement and Incentives:

- Is in the target industry of information technology
- Meets stated goals of development and diversification of the economy and expansion of primary employment
- Meets the following factors: creation of high-skilled, high-paying jobs; will involve a significant relationship with Denton’s universities;

- Is a national headquarters facility
- Renewable energy will be generated, stored, or utilized for the project on an ongoing basis

After determining that the project meets Denton's requirements, we make sure we meet the project's basic requirements. Amazon's site requirements are:

- Within 30 miles of a population center
- Within 45 minutes' drive of an international airport
- Not more than 1-2 miles from a major highway
- Direct access to transit (rail, train, bus, subway)
- Greenfield site of more than 100 acres *or* an existing building of 500,000 square feet *or* options for infill redevelopment *or* a combination of these

Since Denton meets all those core requirements, we then move on to how Denton matches up with Amazon's key preferences and decision drivers. Below, the bold headings and accompanying descriptions of Amazon's preferences and decision drivers are taken directly from the RFP. The bulleted lists under each heading are how Denton fulfills those preferences.

Robust workforce: Metropolitan area with more than 1 million people; a highly educated labor pool; strong university system is required.

- The Dallas-Fort Worth-Arlington Metropolitan Statistical Area (MSA), of which Denton is a part, has a population of about 7.2 million people.
 - MSA has a workforce of 3.4 million
 - Denton County has a workforce of 400,000
 - City of Denton has a workforce of 68,000
- 35.8% of Denton's residents have a bachelor's degree or higher, versus the state average of 28.4%
- Denton is home to UNT, TWU, and a future NCTC campus Downtown

Logistics: In addition to the logistics items under the basic site requirements, Amazon wants connectivity options like sidewalks, bike lanes, light rail, or other creative transit options.

- DCTA serves Denton via rail (A-train) and bus (Connect). The 8-mile Denton Branch Rail Trail runs from the Downtown Denton Transit Center to Swisher Road in Lake Dallas; the full A-train Rail Trail is 18.1 miles. DCTA also provides commuter vanpools and demand-response service.
- The Bike/Walk Denton program is working to make active transportation more accessible and safer. The foundation is the Active Transportation Plan, which is the pedestrian and bicycle linkage component of the Denton Mobility Plan.

Large sites: Communities that think big and creatively when considering locations and real estate options; sites do not have to be contiguous, but should be in proximity/have connectivity; optimal fiber connectivity and cell phone coverage

- Denton is proposing three sites:
 - 100+ greenfield acres on the north side

- 100+ greenfield acres on the south side
- A “bonus” infill redevelopment site in the Downtown core

Time to operations: “Shovel ready” sites with the requisite zoning, access and utility infrastructure; permitting process and estimated timetable to initiate Phase 1

- All Denton sites meet this criteria.

Capital and operating costs: A business-friendly environment and tax structure

- Denton welcomes new businesses and the expansion of our existing businesses. Our tax structure is comparable to other DFW cities, and the City, County, and DISD are the only taxing entities within the City of Denton (i.e., no special tax districts for community colleges, hospitals, water, etc.)

Economic incentives: Incentive programs available at the state and local level

- Texas will offer robust state-level incentives, and Denton is able to offer incentives at the municipal, county, and possibly school district level.

Cultural community fit: Urban or suburban locations that can attract and retain strong technical talent; diverse population; stable and consistent business climate; elected officials eager and willing to work with the company

- **Denton is a community of opportunities** - we’re welcoming, innovative, creative, and authentic. We are characterized by our strategic location, two thriving state universities, our friendly, small-town feel paired with big-city dynamism, and our vision for business investment and smart growth. Denton offers a favorable business climate, exceptional livability, and a diversity of choices in employment, lifestyle, and neighborhoods.
- The City Council, County Commissioners Court, and other elected officials appear to be eager and willing to work with the company.

Quality of place/quality of life: Sustainability efforts; recreational opportunities; educational opportunities; overall high quality of life; what’s unique about the community

- Denton has strong sustainability and green efforts as a city, ample outdoor recreational opportunities, a thriving music and arts scene, two universities, and an overall high-quality, low-cost of living lifestyle. Denton is innovative, inclusive, creative, engaged, and gritty.

Given all that, Denton is competitive, and we will submit for the project. The process is this: Amazon has asked that only one proposal be submitted per MSA, so the Dallas Regional Chamber is compiling the DFW-Arlington MSA’s response. Denton’s materials were turned in to the Dallas Regional Chamber on Sept. 29; the Dallas Regional Chamber will submit the proposal to Amazon on or before Oct. 19.

The City’s Department of Economic Development is leading Denton’s official response through the Dallas Regional Chamber, but we also want to appeal to Amazon’s corporate culture by showcasing Denton’s creativity and community spirit. So, we are teaming up with GSATi and the Denton Convention and Visitors Bureau to implement an online campaign to introduce Amazon to Denton through Dentonites’ eyes. GSATi is creating a website that will be launched by the third week in October, and we launched a social media campaign on 9/21 inviting people to post photos of Denton on Instagram using #HQ2Dentontx and #amazon.

STRATEGIC PLAN RELATIONSHIP

The City of Denton’s Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council

agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: **Economic Development**

Related Goal: **3.4 Encourage development, redevelopment, recruitment, and retention**

Respectfully submitted:
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Director of Economic Development