

# Project Tera

Economic Development Department  
August 10, 2021

# Background

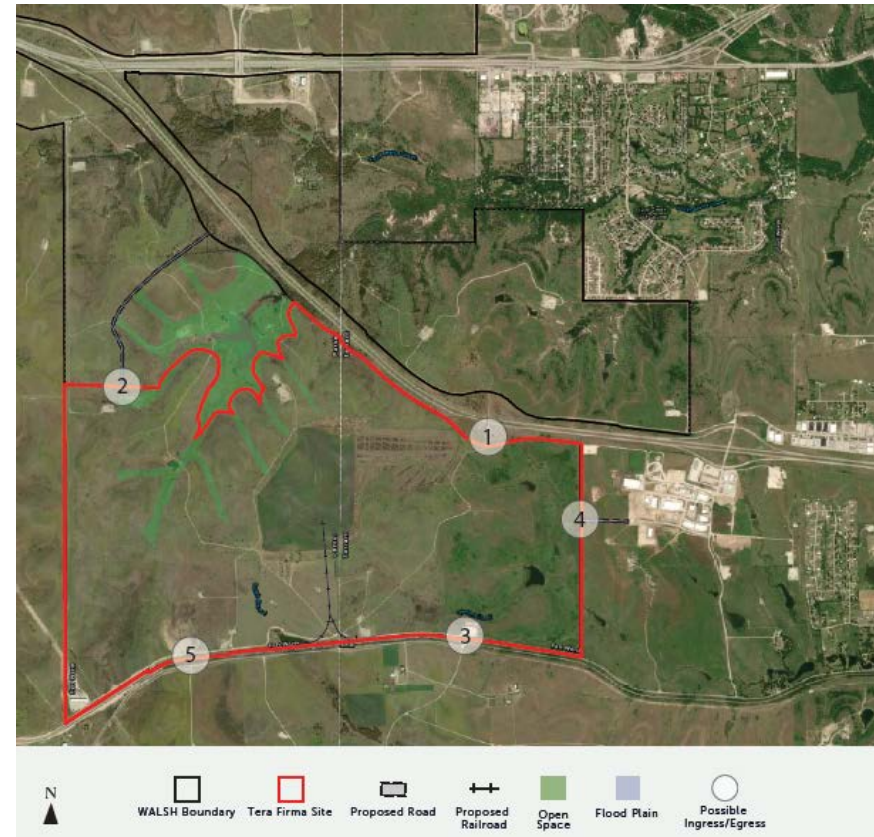
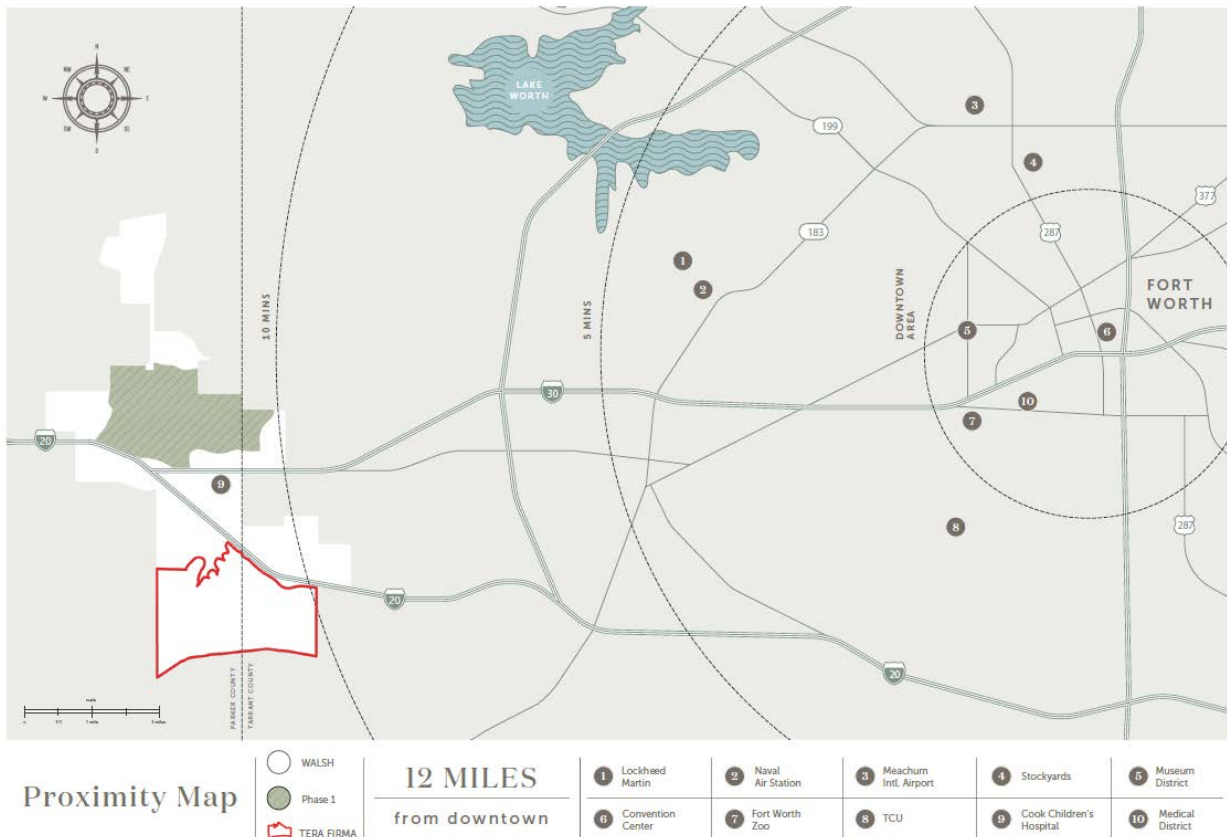
- Rivian is an American all-electric vehicle manufacturer
- Founded 2009, production intent prototype unveiled in Nov. 2018, initial customer deliveries scheduled for Sept. 2021
  - R1T and R1S high-performance electric truck and SUV
  - Design, Engineering, and Software Development Centers in California
  - Supplier Engineering and G&A functions in Plymouth, MI
  - Production in Normal, IL (former Mitsubishi plant)
- Supported by investments from a combination of strategic (e.g., Amazon, Ford, Cox Automotive) and institutional investors (Fidelity, T. Rowe Price, Black Rock, Coatue, etc.)
- Contract from Amazon to order 100,000 electric vehicle delivery vans
- Over 7,000 current employees and growing



# Proposed Project Overview

- Competitive national site selection process for **2,000 acre site** for:
  1. Vehicle manufacturing
  2. Vehicle component manufacturing
  3. Development center
- **Up to 12 million square feet** of new vertical construction
- Estimated production of over **200,000 vehicles per year**
- **\$5 Billion capital investment, min 7,500 jobs**
  - 5x capex and 2.5x jobs of Toyota HQ
  - Would represent one of largest projects in state history

# Proposed Project Site – Walsh Ranch



# Competitive Factors

- Key drivers:
  - Ability to **stand up production fast**
  - **Infrastructure** and **supply chain**
  - Access to **labor** / Ability to recruit **talent**
  - **Sustainability**
  - Strategic and cultural **compatibility**
- Company is taking **full view of project economics**
  - Ability to scale, time to production, long-term operating costs, and competitive impact
- Known competitors offering aggressive **state and local incentives**
- Incentives important to final decision process

# Company Commitments

- Min. **\$5 billion private investment** for real property improvements and BPP
  - Min. \$2 billion in real property Improvements (min. \$1.6 billion hard construction costs)
  - **Min. 15%** Hard and Soft Construction costs to **Certified MBEs**
- Completion of approx. **12 million square feet** of new vertical construction for:
  - i) Vehicle Manufacturing, ii) Vehicle Component Manufacturing, iii) Development Center
- Initial Investment **Completion by 12/31/2024**
- Min. 1,875 new jobs by 12/31/2025
- Min. 3,750 new jobs by 12/31/2026
- Min. **7,500 new jobs** by **12/31/2027**
- Min. average annual **salaries of \$56,000**

# Proposed City Incentives

- Pursuant to Section 6 of the Tax Abatement Policy and Section 8 of the Economic Development Program Policy, provide the following incentives:
  - **Establish reinvestment zone** to facilitate county tax abatement
  - **15-year Economic Development Program Agreement grants** equal to **85% of** incremental City operating and maintenance (**M&O**) ad-valorem taxes on real and business personal property
  - The combined value of the City abatement and grants **capped at \$440,000,000** gross
- Nominate as an Enterprise Project through **Texas Enterprise Zone** Program
- **Temporary Class-A Office Space**
- **Open Space Conservation** and Development Offset

# Summary of Proposed Incentive Terms

Company Commitment	Potential EDPA*
Real & Personal Property Investment (Base Commitment)	40%
15% MBE Contractors	10%
Average Annual Salary for all Full-Time Jobs \$56,000	15%
Overall Employment $\geq$ 1,875 by December 31, 2025	20%
Overall Employment $\geq$ 5,000 by December 31, 2026	
Overall Employment $\geq$ 7,500 by December 31, 2027	
<b>TOTAL</b>	<b>85%</b>

*\*M&O only*



# Development Summary

- Private Investment

- Min. **\$5 Billion** toward Real and BPP
- **15% MBE** utilization for Hard and Soft costs

- Employment

- Min. 1,875 new jobs by 12/31/2025
- Min. 3,750 new jobs by 12/31/2026
- Min. **7,500** new jobs by 12/31/2027
- Avg. wages: **\$56,000** annually

- 15-year City incentive proposal

- 15-year, 85% Ch. 380 on M&O only

- Private/Public Ratio

	<u>Gross</u>	<u>NPV</u>
• Max Benefit	\$440 M	\$277 M
• Est. Benefit	<b>\$344 M</b>	<b>\$218 M</b>
• City Participation	6.9%	4.4%
• Est. City Private-Public Ratio	<b>14.5:1</b>	<b>22.9:1</b>
• Upfront Local Incentives	\$0	\$0

- CFW Tax Revenue (15 yr.)

	<u>Gross</u>	<u>NPV</u>
• <b>Net Tax to City</b>	<b>\$162.7 M</b>	<b>\$103.0 M</b>
• <b>Net Annual Tax to City</b> - Yr. 1: <b>\$9.4 M</b> , Yr. 5: <b>\$10.2 M</b>		
• Does not include impacts to Sales Tax, HOT, Water / Waste Water utility purchases, etc.		
• Does not include secondary impacts to economy		
• Payback: 8.1 years		
• Potential Open Space Preserved: 300 acres		

# Recommendation/Next Steps

- Enter into a **15-year economic development program agreement** with Rivian equal to up to 85% of incremental M&O real and business personal property taxes and to provide **temporary Class-A office space**
- Nominate Project for as **Texas Enterprise Zone Project**

Tuesday, August 17<sup>th</sup>

**M&C Approval for City 380 Agreement, Public Hearing and Approval of M&C for Reinvestment Zone**

# Thank you

