

CITY COUNCIL COMMUNICATION



MEETING DATE: December 17, 2024

ITEM NUMBER: 9.A

FIRST READING: January 14, 2025

{{customfields.ResoOrdNumber}}

TYPE OF ITEM: Consent

PRESENTED BY:

Joni Marsh, City Manager's Office, Joni.Marsh@longmontcolorado.gov

SUBJECT/AGENDA TITLE:

A Bill For An Ordinance Approving An Economic Incentive Agreement With Stored Energy Systems, A Limited Liability Company

Founded 1971, Stored Energy Systems (SENS) provides critical power to mission critical operations supporting the energy/green energy, utilities, communications, healthcare, manufacturing, and IT industries. Their products and applications include DC power systems, filtered chargers, engine start battery chargers and specialty products to provide uninterruptible power. Current Longmont facility of 50,000 sq. ft. is located at 1840 Industrial Circle. The company requires approximately 85,000 sq. ft. within the City of Longmont to accommodate growth. The estimated direct fiscal impacts of the project, based on investment estimates, include:

- Up to \$12 M in anticipated capital investment
- Up to \$1.7 M in anticipated equipment investment

Currently, the average annual salary at SENS is \$101,100. This is 157% the average wage of Longmont. Projected employment growth for:

- Direct employment is 139 at the end of 2024, 176 at the end of 2025, and 206 at the end of 2026.
- Total Employment Impact (including indirect and induced) is 247 at the end of 2024, 327 at the end of 2025, and 419 at the end of 2026.

The estimated economic impacts beyond the direct job creation estimates for the project include:

- Creation of approximately 142 additional local indirect/induced jobs above and beyond the 126 created directly by the project, and \$12.8 M in total compensation from direct jobs through 2026 in Boulder County
- \$32M increase in value added to the GDP from all jobs through 2026 in Boulder County
- \$4.3M in approximate 10-year tax benefit potential including the city of Longmont, Boulder County, and more

Given the importance of primary jobs to the local economy, the size and scope of this project in terms of potential fiscal and economic impacts to Longmont and the local region, the following is being requested:

- Rebate of eligible City of Longmont development fees and business personal property tax (100% for 5 years) in the approximate amount of \$145,441.
- Depending on site location and service selection, NextLight dedicated internet access service in the approximate amount of \$160,379 and NextLight affinity program in the approximate amount of \$9,584.
- Primary employer entrepreneur and retention grant in the approximate amount of \$14,392.
- Designation of this project as a priority project, establishing priority review for development review with regard to staffing assignments and process timing.

The agreement provides for the following claw back of the economic incentives should SENS fail to employ at least 126 net new employees with an average annual salary of at least \$101,000 and retain the 83 existing employees at the three-year mark, on December 31, 2027, and through the five-year incentive period:

- The rebates to be paid to the company may be proportionately reduced.
- If the City has previously paid the rebate, then any excess paid because of a reduction in the rebate shall be first deducted from any future rebates.
- If future incentive payments are insufficient to repay any amounts owed to the City, SENS will be obligated to refund the difference.

An economic incentive agreement of this scope and amount requires City Council review and approval by ordinance. An ordinance and agreement between the City of Longmont and SENS are attached.

COUNCIL OPTIONS:

1. Adopt the ordinance to authorize the proposed Economic Incentive Agreement as presented.
2. Do not adopt the ordinance and decline the proposed Economic Incentive Agreement.
3. Adopt the ordinance with modifications.

RECOMMENDED OPTIONS:

1. Adopt the ordinance to authorize the proposed Economic Incentive Agreement as presented.

FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION:

The following is being requested:

- Rebate of eligible City of Longmont development fees and business personal property tax (100% for 5 years) in the approximate amount of \$145,441.

- Depending on site location and service selection, NextLight dedicated internet access service in the approximate amount of \$160,379 and NextLight affinity program in the approximate amount of \$9,584.
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BACKGROUND AND ISSUE ANALYSIS:

The City of Longmont annually contracts Longmont Economic Development Partnership (Longmont EDP) to provide economic development services, including providing support to the creation and retention of quality jobs by pursuing growth in each of the Advance Longmont 2.0 targeted primary industry clusters by strategically employing the use of local and state economic development incentives to support economic development investment that produces positive economic and fiscal impacts for the City of Longmont.

ATTACHMENTS:

Ordinance
Economic Incentive Agreement