

AGENDA



Thursday, October 18, 2007

**Economic Growth & Redevelopment Services
RECOMMENDATION FOR COUNCIL ACTION****Item No. 2**

Subject: Approve an ordinance authorizing negotiation and execution of an Economic Development Agreement and creating an economic development program for HELIOVOLT CORPORATION, including but not limited to the following components: annual economic development grants to HelioVolt Corporation equal to 60% of the incremental property tax generated by Heliovolt's investment for a period of 10 years; HelioVolt Corporation will lease a 120,000 square foot building and make a minimum of \$8 million in leasehold improvements; make \$72 million in machinery and equipment purchases over a five-year period; and the creation of at least 168 jobs.

Amount and Source of Funding: Estimated amount of economic development grants over a 10 year period: \$607,017.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Sue Edwards, Director/974-7820; Brian T. Hamilton, Economic Development Manager/974-6381; David Lloyd, City Attorney/ 974-2918

The Economic Growth and Redevelopment Services Office recommends approval of the proposed ordinance, which authorizes negotiation and execution of an economic development agreement with HelioVolt Corporation. Under the proposal, HelioVolt Corporation will invest a minimum of \$80 million in leasehold improvements in a 120,000 square foot facility and in new machinery and equipment, and hire a minimum of 168 new full time employees. The City will provide annual economic development grants to HelioVolt Corporation equal to 60% of the incremental property tax generated by HelioVolt's investment. The site is in the Desired Development Zone.

The total estimated amount of annual economic development grants during the agreement over a 10-year period is estimated at \$607,017.

After thorough review of the project by the City of Austin economic development committee, the project received the necessary score to be eligible for the incentive offer. The committee reviewed the benefits the City of Austin would receive from the project under consideration which includes 40% of the new property tax generated by the project – a 10 year total of \$404,678, sales taxes from new employee spending - \$536,010, and general fund transfers resulting from new electric sales - \$1,120,068. The total net present value to the City over the 10 year term of the agreement is \$2,060,756.