

AGENDA



Thursday, November 1, 2007

**Economic Growth & Redevelopment Services
RECOMMENDATION FOR COUNCIL ACTION****Item No. 4**

Subject: Approve a resolution nominating a proposed SPANSION INC. production facility reequipment and expansion located at 5204 East Ben White Boulevard, Austin, Texas, for designation by the Governor's Office of Economic Development and Tourism as a "Triple Jumbo" Enterprise Project in accordance with Texas Government Code Chapter 2303 ("Texas Enterprise Zone Act").

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

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

This resolution would nominate a proposed Spansion Inc. production facility reequipment and expansion for State designation as a "Triple Jumbo" Enterprise Project under the Texas Enterprise Zone Act. If so designated, an enterprise project is eligible for a refund of State sales and use taxes based on employment criteria and the amount invested. The proposed Spansion production expansion is in an Enterprise Zone. Staff and the Greater Austin Chamber of Commerce are coordinating with Spansion on this project.

The City of Austin is allowed by State Law six Enterprise Zone designation projects every two years. Spansion's projected investment of \$330 million qualifies as a Triple Jumbo Enterprise Project and is counted by the State as three Enterprise Zone designations. City Council approved Otis Spunkmeyer as an Enterprise Zone project on August 9, 2007, which will leave the City of Austin with two remaining Enterprise Zone designation projects until September 30, 2009 if this ordinance is approved.

Enterprise projects located in an Enterprise Zone are required to fill at least 25% of new jobs with individuals who are economically disadvantaged, or reside in State identified "Qualifying Census Block Groups". The State also requires that the nominating local government identify economic development incentives that may be offered to the project. The City will provide expedited permitting and construction inspection for the project. The project specifications indicate that Spansion, which produces flash memory, will reequip from a 110 nanometer technology to a 65 nanometer technology and expand manufacturing operations at its current location of 5204 East Ben White. Approximately \$70 million will be invested in 2007, an additional \$140 million in 2008, and an additional \$120 million from 2009 until 2016 for a total capital investment of \$330 million. Work on this new product line is scheduled to begin in Summer 2007. Spansion currently provides 1,271 jobs to the community.