

Mayor and Council Communication

DATE: 03/23/21

M&C FILE NUMBER: M&C 21-0201

LOG NAME: 17LINEARLABSAMEND

SUBJECT

(CD 4) Amend Mayor and Council Communication 20-0421, an Economic Development Program Agreement with Linear Labs, Inc. or an Affiliate, to Revise the Timing and Amount of Required Real Property and Business Personal Property Improvements

RECOMMENDATION:

It is recommended that the City Council amend Mayor and Council Communication 20-0421, an Economic Development Program Agreement with Linear Labs, Inc. or an affiliate, to revise the timing and amount of required real property and business personal property improvements, as set forth in the discussion.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to revise the deadlines and required amounts that apply to construction costs for upgrades and modifications to the building and the property at which project operations will occur and to add new associated requirements as part of the Economic Development Program Agreement (Agreement) with Linear Labs, Inc. or an affiliate (Company).

On June 16, 2020, the City Council approved M&C 20-0421 authorizing the execution of the Agreement, which included the requirement that the Company expend at least \$250,000.00 by the end of its first operational year and \$3,750,000.00 by the end of its third operational year in construction costs for upgrades and modifications to the building and the property at which project operations will occur. Although the primary purpose of the Agreement was to support the relocation of the firm and the growth of its investment and business activities in research and development, the anticipated cost of improvements to the building that had been expected to house those activities was also incorporated into the terms of the Agreement.

Since the date of the approval of the M&C, the Company has chosen to locate at a different location within the City, a building located at 2600 NE Loop 820. The new location does not require the same level of improvements during the initial years of the term of the Agreement necessary to house the Company's activities in those years. However, the Company does plan for the installation of taxable capital equipment at the property which is proposed for inclusion as part of the base requirement for the Agreement.

Therefore, staff recommends that the City Council approve the following changes to the Company requirements:

<i>Original Requirement</i>	<u>Year 1</u>	<u>Year 3</u>
Minimum Real Property Improvements (in aggregate)	250,000.00	4,000,000.00
Minimum Total Capital Investment (in aggregate)	250,000.00	4,000,000.00

<i>Amended Requirement</i>	<u>Year 1</u>	<u>Year 5</u>
Minimum Real Property Improvements (in aggregate)	250,000.00	2,750,000.00
Minimum Capital Equipment Installations (Business Personal Property) (in aggregate)	0.00	1,250,000.00
Minimum Total Capital Investment (in aggregate) ¹	250,000.00	4,000,000.00

¹Year 5 Minimum Total Capital Investment may be reallocated between Real and Capital Equipment provided that the combined value is satisfied.

The project is located in COUNCIL DISTRICT 4.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this agreement will have no material effect on the Fiscal Year 2021 Budget. While no current year impact is anticipated from this action, any effect on expenditures and revenues will be budgeted in future Fiscal Years and will be included in the long-term financial forecast.

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