



County of El Dorado

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Legislation Text

File #: 13-1579, Version: 2

Chief Administrative Office recommending the Board authorize the Chief Administrative Officer to sign Economic Incentive Agreement 609-O1411 with Q1 NanoSystems Corporation (doing business as Bloo Solar). This agreement replaces and supersedes Agreement 357-O1411 executed on 2/12/14 and clarifies the calculation of the Economic Development Assistance to be paid under the Agreement.

FUNDING: General Fund.

BUDGET SUMMARY:	
Total Estimated Cost Year 1.....	\$2,500.00 for 2012 (approx.)
Total Estimated Cost Year 1.....	\$3,300.00 for 2013 (approx.)
Budget - Current FY.....	\$5,800.00
New Funding.....	
Savings.....	
Other.....	
Total Funding Available.....	\$5,800.00
Change To Net County Cost.....	\$0

Fiscal Impact/Change to Net County Cost

Estimated payments for 2012 and 2013 are \$2,500 and \$3,300 respectively. Actual payments are equal to the County’s General Fund portion of property taxes paid by Bloo Solar after March 27, 2012 on the enrolled assessed value of secured and unsecured classes of property, including business personal property, fixtures and leasehold improvements located in El Dorado County. It is anticipated that the annual cost of this agreement will be offset by expansion of the property tax base of the County, a direct infusion of funds into the County’s economy related to Bloo Solar’s business operations, and the creation of high value job opportunities for County residents.

Reason for Recommendation

On March 27, 2012, the Board of Supervisors approved, in concept, the sharing of a portion of the property tax increment revenue that would be realized by the County General Fund if Q1 NanoSystems established a business in El Dorado County and authorized staff to negotiate a property tax increment revenue sharing agreement with Bloo Solar which would be brought to the Board for review and approval (Legistar File 12-0367).

On December 17, 2013, the Board of Supervisors authorized the Chief Administrative Officer to sign Economic Incentive Agreement 357-O1411 with Bloo Solar contingent upon Board adoption of an

Economic Development Incentive Policy and final review and approval of the Agreement by County Counsel. On February 11, 2014 the Board adopted Policy J-7 for Economic Development Incentives and the Agreement 357-O1411 with Bloo Solar was subsequently executed.

At this time, staff recommends that the Chief Administrative Officer be authorized to sign a new Agreement 609-O1411 which shall replace and supersede the previously executed Agreement 357-O1411. The new Agreement 609-O1411 provides clarification in Article 1.A. that the Economic Development Assistance (EDA) payment to Bloo Solar shall be equal to the County's General Fund portion of property taxes paid by Bloo Solar after March 27, 2012 on the enrolled assessed value of secured and unsecured classes of personal property including business personal property, fixtures and leasehold improvements located in El Dorado County. The Personal Property EDA payment shall be calculated based on the enrolled assessed value for the first year the property is assessed. The term of the Personal Property EDA will run concurrently with the term of the lease.

Should BLOO SOLAR purchase or construct facilities that result in increased secured assessed value due to the establishment of a new base year value for real property, the increase will be eligible for a "Real Property Acquisition EDA". This Real Property Acquisition EDA will be calculated each year, not to exceed the enrolled assessed value, based on the initial supplemental assessment increased by the Revenue and Taxation Code §51 trend. The term of the Real Property Acquisition EDA will run concurrently with the term of the Lease.

Per the terms of the Agreement, the EDA payment from the County shall only be available to Bloo Solar under this Agreement if Bloo Solar maintains its headquarters operations and expansion for prototype production within El Dorado County and is in compliance with all of the material terms and conditions of this Agreement.

Action(s) to be taken following Board approval

1. The Chief Administrative Officer will execute Agreement 609-O1411 with Q1 NanoSystems Corporation (doing business as Bloo Solar).
2. The Auditor-Controller shall calculate and make payment to Bloo Solar in accordance with the Agreement.

Contact

Terri Daly, Chief Administrative Officer
Kim Kerr, Assistant Chief Administrative Officer

Concurrences

The new agreement has been reviewed by County Counsel, the County Assessor and the County Auditor-Controller.