

A summary of the Developer's benefit from the requested tax abatement is:

\$571,000	Sales & Use Tax Exemption
\$1,495,000	Personal Property Tax Exemption (NPV)
<u>\$2,481,000</u>	Real Property Tax Exemption (NPV)
\$4,547,000	Total Value of Incentives to Company

The total benefit of the requested incentive package as a proportion of the total project budget is:

1.4%	Sales & Use Tax Exemption
3.6%	Personal Property Tax Exemption
<u>6.1%</u>	Real Property Tax Exemption
11.1%	Total

Key Issues:

Evaluation of Zerega's request for:

- sales tax exemption on construction materials for 160,000 square foot expansion
- real property tax abatement in the amount of 75% for 10 years and
- personal property tax abatement in the amount of 75% for 10 years.

Proposed City Council Motion:

No motion requested as this is only a conceptual presentation. The Developer is seeking the City Council's feedback pursuant to the City's Economic Development Incentive Policy.

Impact/Analysis:

The sales tax exemption request would have an impact on the City based on the loss of sales and use tax revenues in the projected amount of about \$155,000. The projected loss of property tax revenues to the City is about \$547,000 from real property taxes and about \$329,000 from personal property taxes. The projected revenues to the City over the abatement period is about \$261,000 for real property taxes and about \$130,000 from personal property taxes.

The expansion is projected to create 55 new jobs with an average annual salary ranging from about \$48,000 to about \$82,000.

Timeline:

Developer has indicated that construction of the new structure would commence this year, would be completed in 2024, and the first year of full valuation by the County would be 2025. The personal property is projected to be purchased in three tranches, in 2022, 2023 and 2025.

Other Information/Unique Characteristics:

The primary purpose of the request is business retention in the City.

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