



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: City Utilities - Water and Light

To: City Council

From: City Manager & Staff

Council Meeting Date: March 1, 2021

Re: Amending Chapter 27 of the City Code to add an Economic Development Job Creation Rider for electric customers with an industrial service rate.

Executive Summary

Staff has prepared for Council consideration an ordinance to amend Chapter 27 of the City Code of Ordinances. The ordinance would add an Economic Development Job Creation Rider for new and existing electric customers with an industrial service rate. The rider is designed to provide a financial incentive for new industrial customers or existing industrial customers who expand their business, and add new jobs within the electric service area of the City of Columbia Utilities Department. The aim of this program is to help the City of Columbia promote economic growth and job creation. The program would allow new customers which meet the requirements of the program to receive a rebate on demand charges up to a maximum of \$200,000 per year for five years. Existing customers that meet the program requirements could receive a rebate on demand charges up to a maximum of \$50,000 per year for five years.

Discussion

The proposed amendment for an Economic Development Job Creation Rider is as follows:

Sec. 27-117. – Same—Industrial service rate.

(m) Economic Development Job Creation Rider. An Economic Development Job Creation Rider shall be made available to new customers who are receiving electric service under the Industrial Service Rate, have demand charges in excess of the minimum demand charge, and create a minimum of two hundred (200) new permanent full-time equivalent jobs. The rider shall also be made available to existing customers with expansion and a minimum of 500 kW of new incremental load and a minimum of twenty-five (25) new jobs created. The terms and conditions of the Economic Development Job Creation Rider shall be established by written rules and regulations of Columbia Utilities and shall require approval of a service agreement which may be approved at the discretion of the city council to qualifying customers.

To promote economic growth and job creation, this rider provides a financial incentive for new industrial customers or existing industrial customers who expand their business, and add new jobs within the electric service area of the City of Columbia Utilities Department. . The revision to the ordinance requires the written rules and regulations be established by the Utilities Department. A draft of the proposed rules for this program is attached and will be implemented if Council approves these revisions to the City Code.



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Under the proposed rules, a new industrial customer must commit to creating a minimum of two hundred (200) new permanent full-time equivalent jobs. The employee additions by the customer may occur incrementally over the first three years of operation with the customer employing at least sixty-six (66) new permanent full-time positions in year one of the Service Agreement and at least one hundred thirty-three (133) new permanent full-time positions in year two of the Service Agreement. The jobs created are required to have annual starting salaries, or aggregate annual wages, as applicable, averaging in excess of the Boone County average wage as established by data published by the Missouri Department of Economic Development, with favorable benefits. A customer meeting the requirements of the program will be eligible for a rebate for demand charges in excess of the minimum demand charge. The rebate shall be limited to a maximum of two hundred thousand dollars (\$200,000) per year for a maximum of five (5) years for new customers.

Similarly, an existing industrial customer is eligible if they expand and increase their demand by a minimum of 500 kW. The customer must also employ an additional workforce of a minimum of twenty-five (25) new permanent full-time equivalent employees per 500 kW of load increase. Employee additions must occur following the City's approval for service under this rider, be maintained for the period of time the rider is in effect, and be certified to the City by the customer in writing. The new job creation will be calculated based on annual average number of full time equivalent employees employed by the customer during the twenty-four (24) month prior to application. The wage requirements are the same as for new customers. The rebate shall be limited to a maximum of fifty thousand dollars (\$50,000) per year for a maximum of five (5) years for existing customers.

Fiscal Impact

Short-Term Impact: This program could result in a rebate of up to \$200,000 per year for each eligible new customer and \$50,000 per year for each eligible existing customer.

Long-Term Impact: This program could result in a rebate of up to \$200,000 per year for each eligible new customer and \$50,000 per year for each eligible existing customer.

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Economy, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable

Comprehensive Plan Impacts:

Primary Impact: Economic Development, Secondary Impact: Not applicable, Tertiary Impact: Not Applicable

Legislative History

Date	Action
None	None



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Suggested Council Action

Approval of the ordinance.