

Regular Council Meeting RECEIVED

November 2, 2023

2023 OCT 31 A 11:15

FRESNO CITY COUNCIL

CITY OF FRESNO
CITY CLERK'S OFFICE



Supplement Packet

ITEM(S)

1-N (ID 23-1589)

***RESOLUTION - Establishing the City of Fresno CHIPS Incentive Program (Subject to Mayor's Veto)

Contents of Supplement: Updated Resolution

Supplemental Information:

Any agenda related public documents received and distributed to a majority of the City Council after the Agenda Packet is printed are included in Supplemental Packets. Supplemental Packets are produced as needed. The Supplemental Packet is available for public inspection in the City Clerk's Office, 2600 Fresno Street, during normal business hours (main location pursuant to the Brown Act, G.C. 54957.5(2)). In addition, Supplemental Packets are available for public review at the City Council meeting in the City Council Chambers, 2600 Fresno Street. Supplemental Packets are also available on-line on the City Clerk's website.

Americans with Disabilities Act (ADA):

The meeting room is accessible to the physically disabled, and the services of a translator can be made available. Requests for additional accommodations for the disabled, sign language interpreters, assistive listening devices, or translators should be made one week prior to the meeting. Please call City Clerk's Office at 621-7650. Please keep the doorways, aisles and wheelchair seating areas open and accessible. If you need assistance with seating because of a disability, please see Security.

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF
FRESNO, CALIFORNIA, ESTABLISHING THE CITY OF
FRESNO CHIPS INCENTIVE PROGRAM

WHEREAS, the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Incentives Program, created by the CHIPS and Science Act of 2022, provides direct funding, loans, and loan guarantees for eligible semiconductor manufacturing projects; and

WHEREAS, in February 2023, the National Institute of Standards and Technology (NIST), a branch of the U.S. Department of Commerce, issued a funding notice for the CHIPS Incentives Program geared towards the development of commercial fabrication facilities (CFF-01 NOFO); and

WHEREAS, CFF-01 NOFO is seeking applications for CHIPS Incentives that will support investments in the construction, expansion, and modernization of commercial facilities engaged in semiconductor fabrication, wafer manufacturing, and manufacturing of equipment and materials used in the semiconductor manufacturing process, provided the capital investment is greater than or equal to \$300 million; and

WHEREAS, a second funding notice was issued in September 2023 to support smaller projects in the semiconductor supply chain, including materials and manufacturing equipment facilities, with capital investments of less than \$300 million, but greater than \$20 million (SMME-01 NOFO); and

WHEREAS, individual award amounts for projects applying under CFF-01 NOFO may not exceed 35% of project capital expenditures, with most direct funding awards

Date Adopted:

Date Approved:

Effective Date:

City Attorney Approval:



Resolution No. _____

ranging from 5% to 15% of the total capital investment; and

WHEREAS, individual award amounts for projects applying under SMME-01 NOFO may not exceed 30% of project capital expenditures with most direct funding awards equaling 10% of the total capital investment; and

WHEREAS, applicants must be offered a state or local government incentive to be eligible for CHIPS Incentives; and

WHEREAS, the extent and nature of support from state and local governments, and their potential for creating spillover benefits that improve the region's economic resilience, will serve as one of three evaluation criteria for a project's financial strength; and

WHEREAS, the City of Fresno (City) is interested in working with businesses in the semiconductor supply chain to create investment in the City's local infrastructure and to create workforce development within the City; and

WHEREAS, the City desires to create a local government incentive program; and

WHEREAS, the City of Fresno CHIPS Incentive Program, as more particularly defined hereinbelow, would be administered by the City of Fresno, in partnership with Fresno Economic Development Corporation (EDC), with the understanding that both agencies have a joint intent to foster growth in the semiconductor manufacturing industry, and establish facilities for front-end commercial fabrication, back-end production, and/or the manufacturing of wafers, materials, and equipment within the City.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Fresno as follows:

1. The above recitals are true and correct and incorporated herein.

2. The Council adopts the City of Fresno CHIPS Incentive Program (Program) subject to substantial compliance with the terms and conditions of the Program as set forth in Exhibit "A" attached hereto and incorporated herein.

3. Eligible applicants, those that meet the requirements of Exhibit "A", shall be entitled to negotiate a property/sales tax incentive agreement, based upon its creation of additional taxes and benefits, with the City Manager, under the Program, subject to approval as to form by the City Attorney, and subject to final approval by the City Council. The City Manager or designee shall have the administrative authority to issue preliminary award letters to Eligible Applicants. Upon confirmation that an Eligible Applicant has secured full funding under the federal CHIPS Incentive Program, the City Manager or designee shall present the property/sales tax incentive agreement to Council for consideration and approval.

4. The City Manager, or designee, shall work with the City Attorney to draft guidelines for the Program and an incentive agreement compliant with federal CHIPS Incentive Program requirements and associated guidance.

5. The City Manager, or designee, shall designate a funding mechanism for the Program.

6. The City Manager, or designee, shall administer and implement the Program as set forth herein, and execute necessary documents and instruments, subject to any required approval as to form by the City Attorney.

7. This resolution is subject to all applicable City rules and regulations.

8. This resolution shall be effective upon final approval.

9. This resolution and all obligations hereunder shall expire upon the cessation

of the CHIPS Incentives Program, created by the CHIPS and Science Act of 2022.

* * * * *

STATE OF CALIFORNIA)
COUNTY OF FRESNO) ss.
CITY OF FRESNO)

I, TODD STERMER, City Clerk of the City of Fresno, certify that the foregoing resolution was adopted by the Council of the City of Fresno, at a regular meeting held on the _____ day of _____ 2023.

AYES :
NOES :
ABSENT :
ABSTAIN :

Mayor Approval: _____, 2023
Mayor Approval/No Return: _____, 2023
Mayor Veto: _____, 2023
Council Override Vote: _____, 2023

TODD STERMER, CMC
City Clerk

By: _____
Deputy Date

APPROVED AS TO FORM:
ANDREW JANZ
City Attorney

By: _____
Tracy N. Parvanian Date
Supervising Deputy City Attorney

Attachment: Exhibit A – Program Requirements

EXHIBIT "A"

Program Requirements

- Applicant shall fall within the semiconductor and related equipment and materials manufacturing sector(s) (NAICS: 333242 or 334413).
- Applicant must be eligible for the federal CHIPS Incentive Program and intend to apply for project funding.
- City's final funding award or benefit to Applicant shall be contingent upon the Applicant's award of full funding under the federal CHIPS Incentive Program and requirements herein.
- Applicant shall demonstrate the creation of at least 60 new jobs and make at least a \$300 million investment in the City of Fresno over a 10-year term if applying under CFF-01, or a \$20 million investment if applying under SMME-01.
- Applicant shall adopt sustainability measures to mitigate the project's greenhouse gas emissions.
- Applicant shall comply with all applicable wage laws for project construction.
- Applicant shall commit to worker and community investments, as required for federal CHIPS Incentives.
- Applicant shall commit to appropriate investments to recruit, train, hire, retain, and upskill a diverse workforce at its facility, following the Good Jobs Principles outlined by the Department of Commerce and Labor.
- Applicants shall engage in sectoral partnerships with a variety of strategic partners, and secure commitments from educational and training entities, including those part of the region's Good Jobs Challenge program funded by the U.S. Department of Commerce.
- Applicant's project shall result in at least \$15 of labor income, measured as total wages paid, for every \$1 of local investment.
- Applicant shall report internal data regarding employee job descriptions, compensation and demographics, including zip codes, and healthcare allowances, among others, to inform of ongoing impact of the program.