



PUBLIC HEARING AGENDA ITEM

DATE OF PUBLIC HEARING: October 19, 2021
SUBJECT: Incentive Agreement Kroger OZ3 LLC and Ocado Solutions USA, Inc.
FROM: Jenni Grafton, Director
AGENCY/DEPARTMENT: Community and Economic Development
HEARD AT STUDY SESSION ON: 9/15/2020
AUTHORIZATION TO MOVE FORWARD: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
RECOMMENDED ACTION: That the Board of County Commissioners approves the Resolution and authorizes the Chair to execute the Incentive Agreement

BACKGROUND:

Kroger OZ3 LLC and Ocado Solutions USA, Inc., are currently developing a facility located in Adams County within the City of Aurora. This facility will be a new 300,000 square foot facility to serve as an E-commerce grocery fulfillment center. Adams County and the City of Aurora recognized the need to attract the facility to the county, as the company had been strongly considering other locations in Colorado and other states. An Incentive Agreement was drafted for the location of the facility within the City of Aurora and Adams County. The project has an estimated capital improvement cost of over \$150 million.

Kroger and Ocado plan to employ and retain a minimum of 318 employees at the facility at its opening and plan to add 72 employees at the facility by the end of 2026, when the agreement terminates. Kroger and Ocado commit to the following minimum number of employees at year-end on an annual basis over a five-year term: 318 for 2022; 334 for 2023; 352 for 2024; 371 for 2025; 390 for 2026. Incentive payments in the form of tax rebates are conditioned upon the compliance of Kroger and Ocado in meeting these thresholds.

Kroger and Ocado have also committed to partnering with the Adams County Workforce and Business Center to ensure that Adams County residents have access to these new jobs. The

average salary for the planned 350 Kroger employees is \$52K, and the 40 Ocado employees will average \$66K per employee. These wages are approximately at and slightly above the average wage for Adams County of just over \$55,159.

Staff recommends approval of this Incentive Agreement because development of this facility will benefit the public through the retention and creation of jobs in Adams County and will increase the tax base through personal property taxes in the County.

AGENCIES, DEPARTMENTS OR OTHER OFFICES INVOLVED:

County Manager's Office
County Attorney's Office
Budget and Finance Department

ATTACHED DOCUMENTS:

- Resolution Approving an Incentive Agreement Between Adams County and Kroger OZ3 LLC and Ocado Solutions USA, Inc.
- Incentive Agreement between Kroger OZ3 LLC and Ocado Solutions USA, Inc., and Adams County, Colorado

FISCAL IMPACT:

Please check if there is no fiscal impact ☒. If there is fiscal impact, please fully complete the section below.

Fund:**Cost Center:**

	Object Account	Subledger	Amount
Current Budgeted Revenue:			
Additional Revenue not included in Current Budget:			
Total Revenues:			

	Object Account	Subledger	Amount
Current Budgeted Operating Expenditure:			
Add'l Operating Expenditure not included in Current Budget:			
Current Budgeted Capital Expenditure:			
Add'l Capital Expenditure not included in Current Budget:			
Total Expenditures:			

New FTEs requested: ☐ YES ☐ NO

Future Amendment Needed: ☐ YES ☐ NO

Additional Note:

Payouts for agreement will not begin until FY 2023