

AGENDA ITEM SUMMARY

City Council



STAFF

SeonAh Kendall, Economic Development Director
Caleb Weitz, Chief Financial Office

SUBJECT

Resolution 2026-116 Approving an Agreement Between Avago Technologies Wireless Manufacturing, LLC and the City to Provide Business Investment Assistance.

EXECUTIVE SUMMARY

The purpose of this item is to consider a Business Expansion Economic Incentive Agreement between the City and Avago Technologies Wireless Manufacturing, LLC (dba "Avago"). The Avago project will consist of the remodeling and modernizing of Building 2, expansion of Building 4, and capital investment of approximately \$950 million in machinery, automation, research and development, abatement equipment and construction materials.

STAFF RECOMMENDATION

Staff recommends adoption of the Resolution.

BACKGROUND / DISCUSSION

Avago delivers semiconductors and infrastructure software for global organizations' complex, mission-critical needs. Avago has been operating wafer fabrication processes in Colorado since the early 1980s. The original Fort Collins wafer fab (B2 West) was completed in 1981, then part of Hewlett Packard. Through spin-offs, mergers, and acquisitions, HP became Agilent, Avago and is now doing business as Broadcom.

Headquartered in San Jose, CA, Avago is a designer and wafer fabricator of semiconductor technology. Avago has three Colorado sites, Broomfield, Colorado Springs, and Fort Collins. Fort Collins has 1,350 employees, excluding remote workers. Avago's Wireless Service Division ("WSD") facility currently fabricates wireless radio frequency ("RF") semiconductors for nearly all leading-edge 5G and soon 6G devices for commercial application.

Avago plans to invest approximately \$1.5 billion in modernization of Building 2 ("Bldg 2"), expansion of Building 4 ("Bldg 4B"), and capital expenditures in manufacturing, automation, and research and development ("R&D") between 2026 and 2036 (together, the "Project"). This Project will replace aging and end of life manufacturing space, while sustaining, supporting, and upskilling the direct employment of roughly 1,000 high-quality manufacturing jobs, while adding approximately 100 new jobs to the WSD team.

BUSINESS ASSISTANCE PACKAGE INCENTIVE POLICY

At its meeting on June 2, 2026, Council updated the City's business assistance policy, by adoption of Resolution 2026-076 (the "Business Assistance Policy"), which provides guidance and a framework in which business assistance proposals may be evaluated to align incentives with adopted economic development goals that encourage high-impact projects to generate quality employment opportunities, expand the tax base, stimulate private investment, and reinforce Fort Collins' position as a leading regional economy.

This Resolution would approve an agreement that was drafted to meet the economic development goals of the Policy, including performance-driven incentives that support economic growth, reinvestment, redevelopment, and revitalization.

PROPOSED AGREEMENT BETWEEN AVAGO AND THE CITY

The proposed Business Expansion Economic Incentive Agreement Between Avago Technologies Wireless Manufacturing, LLC and the City (the "Agreement"), attached as an exhibit to the Resolution, if approved by Council, authorizes a partial rebate of City sales or use tax paid for certain investments made by Avago on the Project.

The Agreement would authorize the following business incentives:

- a 25% rebate on eligible portions related sales and use tax, applicable to Bldg 2 retrofit, Bldg 4B new core and shell construction, and Bldg 4B clean room buildout;
- a 100% rebate of the base tax rate paid for purchases of equipment specific to air quality abatement; and
- a 25% rebate on the base rate portions of purchases of manufacturing and automation equipment, as well as eligible research and development expenses.

Table 1 (below) summarizes the estimated sales and use tax revenues from the planned investments by Avago, as well as the maximum eligible rebates authorized in the Agreement. The rebates summarized in Table 1 reflect the rebate percentages above and are calculated on the undedicated and unrestricted portions of the City's sales and use tax. Construction and manufacturing, automation, and research and development equipment are subject to the City's 4.35% sales and use tax; however, only the base rate portion of the sales or use tax are rebate-eligible, 2.85% for construction related purchases and 3.00% for equipment related purchases.

Table 1
Summary of Investments

Broadcom

New Revenue to City		Total
Construction Use/Sales Tax	\$	12,049,500
Permit Fees		2,213,879
Mfg, Automation, R&D, Abatement Tools Use/Sales Tax		37,997,250
Total Estimated City 1X Revenue	\$	52,260,629
Incentives		Total
City: Construction Use/Sales Tax Rebates	\$	1,974,000
City: Manufacturing or Research & Dev Eqpt Use/Sales Tax Rebates		6,417,000
City: Abatement Tools Use Tax Rebates		540,000
Less Total City Incentive	\$	8,931,000
Net New Estimated City 1X Revenue	\$	43,329,629

Source: City of Fort Collins - Economic Health

ENVIRONMENTAL FOOTPRINT

Avago has included several initiatives to reduce the environmental footprint of the Fort Collins campus, all while adding production and high-quality jobs. Avago has reduced Scope 1 emissions by 89% between 2015 and 2025 and are committed to continuing to purchase point-of-use global warming gas abatement equipment that is specially designed to destroy potential climate-impacting and toxic process gases directly at the manufacturing tool exhaust interface before they enter general atmospheric or facility lines.

CITY FINANCIAL IMPACTS

Net new sales and use tax to the City for this project of approximately \$43 million over a 10-year period.

Staff will return to Council Finance Committee to discuss a proposed \$250,000 appropriation to support the operational needs associated with this work, including the economic impact analysis, compliance requirements, and other related implementation costs associated with the project.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

None.

PUBLIC OUTREACH

None.

ATTACHMENTS / LINKS

1. Economic Impact Analysis Project Go II
2. Presentation
3. Resolution 2026-116