

CITY OF LOVELAND
CITY MANAGER'S OFFICE

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2303 • FAX (970) 962-2900 • TDD (970) 962-2620

Date: October 17, 2016

To: Mayor Cecil Gutierrez

From: Rod Wensing, Assistant City Manager / Acting Economic Development Director

Reference: BizWest Scion Aviation Expansion Article – September 14, 2016

The Issue:

Last month, Scion Industries, LLC owner Jim Sampson contacted BizWest to express his frustrations around the requirement for his company to install a right-turn and acceleration lane on Larimer County Road 30 and how he feels the City of Loveland has been anything but cooperative when it comes to business expansion on his 35 acre site over the years. Mr. Sampson desires that others pay for the cost of a turn-lane serving Scion.

The Background:

Scion industries was annexed into the City of Loveland in December, 2005. Under the Larimer County Urban Area Street Standards (LCUASS) the turn lane in question would be a normal requirement of new development. However, to assist Scion with their start-up costs, the City agreed to delay this requirement with Scion until a future date when additional buildings are constructed on the property. It should be noted that the Larimer County Humane Society will be constructing their turn lane in accordance with LCUASS Standards yet this fall, weather permitting or next spring at the latest. In another attempt to provide flexibility to Scion, the City Council, with City staff's support, amended this Annexation Agreement in January, 2016 to provide additional flexibility by using a defined traffic generation number rather than a building permit as a trigger for turn lane construction. The engineer's estimate to design and construct a turn lane on this stretch of LCR 30 is approximately \$150,000 – \$200,000.

The Response:

I personally met with Mr. Sampson on September 22nd to discuss his current plans as past meetings from time to time with City staff have not produced any advancement of any formal plans for expansion and the associated business investment commitment by Scion Industries, LLC. Additional conversations will be forthcoming on this business expansion topic. In the meantime, City staff are working on previously planned projects to improve storm water drainage in this area as well as getting Scion connected to the City of Loveland's electrical system which will result in immediate operational savings and improved reliability to Scion.

Scion's Most Pressing / Future Need:

Light assembly space, which they have found in the region. One to two years out their desire is to have a 5-10 thousand square foot hanger and adjacent taxiway within the secure area of the Airport via a Through-the-Fence Agreement with the Airport Commission.

I stand ready to answer any follow-up questions you may have.

Attachments:

1. BizWest News Article
2. Site Location Map – Scion Industries
3. Original Annexation Agreement – December 29, 2005
4. Amended Annexation Agreement – January 22, 2016
5. LCR 30 Required Turn Lane Improvements Map – Larimer County Humane Society

Loveland-based Scion Aviation eyeing other cities for expansion – BizWest Media



LOVELAND — Upset by what he calls a lack of cooperation by Loveland city officials, the owner of Scion Aviation is exploring sites in several Front Range cities where he can build a new manufacturing facility as business begins to heat up for the 22-year-old company.

At issue is an annexation agreement signed by the city and Scion founder Jim Sampson in 2005. As a condition of annexing Scion's 35-acre site on the north side of the Northern Colorado Regional Airport into the city, that agreement requires Scion to install a left-turn lane into its property off of County Road 30 if future expansion increases the amount of traffic entering and exiting the site.

Sampson said this week that the requirement is cost-prohibitive for a company the size of his. In the meantime, he said he's identified sites in Fort Collins, Windsor, Johnstown

Article cleared 9/19/16

and Cheyenne, Wyo., that would be suitable for the facility, which he says could initially employ 50 to 100 people.

Scion currently operates out of a 23,000-square-foot building at 3693 County Road 30, and has 20 employees.

“We’ve chosen not to build here until the city decides to pay for the lane themselves or waive any road expansion fees,” Sampson said in an interview.

Assistant city manager Rod Wensing, who is also the acting director of economic development for the city, said Loveland would be sorry to miss out on such an expansion. But he contends that the city has been flexible regarding the annexation agreement, including amending it last year to accommodate a 12,000-square-foot warehouse that Sampson was proposing at the time. Wensing added that the city would be more than willing to discuss incentives related to the cost of installing the turn lane if Scion were to make a formal proposal on the expansion to the city’s economic-development department. But he said the only discussions with Sampson over the years have been informal.

“We would be happy to help out any way that we can,” Wensing said.

There are actually three companies that operate under the Scion umbrella at the County Road 30 site. Founded in 1994, Scion Aviation is a contract manufacturer of parts and airframes for other aviation companies. Scion UAS, formed in 2011 by Sampson and a group of partners, takes Aviation’s airframes and builds them into unmanned helicopter systems for military and civilian users. Scion Helicopters, meanwhile, spun off last year, is working on a more traditional civilian helicopter for pilot training and utility work.

Sampson said multiple contracts won by Scion in recent months have created an urgent need for the new manufacturing space. In July, Scion won a contract to develop a prototype of Denver-based XTI Aircraft Co.’s TriFan 600 aircraft that is touted to have the speed, range and comfort of a business jet but also the ability to take off and land vertically like a helicopter. Sampson said Scion is also working on a program to begin manufacturing helicopters for Swiss firm Marengo as early as 2018 or 2019. Those deals

are in addition to increased demand for Scion's own unmanned helicopter drones that are largely targeted toward military customers now but could break into several commercial markets as the Federal Aviation Administration incorporates unmanned vehicles into U.S. air space, Sampson said.

Sampson said he expects Scion to eclipse \$10 million in annual revenue by the end of next year as revenue from the new contracts comes to fruition. He said he expects that the company will more than double to around 50 employees by the end of next year, adding mostly engineering and other technical positions.

The new manufacturing facility Sampson is hoping to build could be as large as 50,000 square feet. He said it's likely that the company will need to expand into temporary space while the new facility is built. Scion owns its land adjacent to Northern Colorado Regional Airport, and Sampson said such proximity to an airport is advantageous. But he's exploring his options.

While the turn lane is a sticking point with the city, he said he's interested to see what other incentives might be available elsewhere as well.

"Loveland has been anything but cooperative over the 17 years we've been in this location," Sampson said. "Basically, we're going to put it up for bid, see who wants us the most, let (cities) fight for us."

Scion's original annexation agreement with Loveland in 2005 dictated that before the company could acquire another building permit, it would have to install the turn lane. But the city and Sampson last year amended the agreement so that the turn lane requirement would instead be triggered not by a building permit but by the amount of traffic entering and leaving Scion's site — specifically once traffic exceeds 20 trips per peak hour or 200 total trips per day.

Sampson met with city planners for a concept review meeting last year at which he proposed a 12,000-square-foot warehouse on the site. Wensing said that as long as traffic didn't surpass the threshold in the amended annexation agreement, such a facility would merely require Scion to pull building permits. But Scion never moved

forward with the warehouse, instead shifting its focus to the idea of the larger manufacturing facility.

Sampson said he fears Scion will hit the traffic threshold by the end of this year regardless of what is built.

Wensing, meanwhile, said no discussions were ever had about incentives tied to the warehouse because that in itself wouldn't likely be eligible for incentives like the larger manufacturing facility that is a significant job-creator would be.

Wensing said the city has several economic-development "tools" it could use to ease the cost of the turn lane for Scion based on the number of proposed jobs to be created. Those include cost sharing, where the city would pay for some or all of the improvements, reimbursement over time, and fee waivers, among others.

But Wensing said Scion has filed no formal economic-development application with the city related to the manufacturing facility. And, unlike the warehouse, the larger manufacturing building would be required to go through a more formal development-review process that would include conducting a traffic impact study.

"From the city's standpoint, we like manufacturing jobs in the city," Wensing said. "So we would look forward to looking at his proposal and then coming up with the appropriate incentive package that would address these types of things. ... We need more information to better understand what his project is and what he wants to do."

The Northern Colorado Regional Airport, jointly owned by the cities of Loveland and Fort Collins, set up an airport commission last year tasked with development and growth around the airport, as well as oversight of airport operations as a whole.

Airport director Jason Licon said the commission obviously tries to encourage aviation uses both on airport property and adjacent to it. But he said the commission is so young that it doesn't have much precedent set yet for how it might get involved with companies like Scion that want to locate or expand on airport ground or, in this case, adjacent to it.

“We would be happy to help out any way that we can,” Licon said.

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Legend

- Larimer Humane Society Project
- Loveland City Limits
- Parcels
- Unincorporated County Land

E CR30

E 71st St

N Boyd Lake Ave

Northern Colorado
Regional Airport

Byrd Dr





SCOTT DOYLE, CLERK
LARIMER COUNTY CO

RCPTN# **2006-0003896**

01/17/2006
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PAGES - 7 FEE \$36.00 DOC \$0.00

ANNEXATION AGREEMENT

THIS ANNEXATION AGREEMENT (the "Agreement") is entered into this 29th day of Dec, 2005, by and between Scion Industries, LLC (the "Developer"); and the CITY OF LOVELAND, COLORADO (the "City").

RECITALS

WHEREAS, the Developer owns 35.55 acres, more or less, of real property located in Larimer County, Colorado, more particularly described in Exhibit A attached hereto, but not including any existing public streets and highways which are included in said description, which description, by this reference, is incorporated herein and designated as "the Property"; and

WHEREAS, the Developer is requesting that the City annex and zone said Property to allow for the coordinated development of the Property to the benefit of the parties, including the City; and

WHEREAS, the City is unable to annex the Property under the terms and conditions of this Agreement without the consent of the Developer.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties agree as follows:

AGREEMENT

1. Consent to annexation. Developer has petitioned for the annexation of the Property described in the attached Exhibit A. The Developer hereby consents to the annexation of the Property subject to the terms and conditions of the Petition for Annexation and this Agreement. In the event the City enters into this Agreement prior to approval by the City Council of the annexation, the parties agree that the binding effect of this Agreement and the effectiveness of the annexation and zoning of the Property in accordance with the Developers' application is expressly conditioned upon such approval by the City Council and the execution and delivery of this Agreement by all parties thereto.
2. Future platting of utility easements. All preliminary plat(s) and final plat(s) for land within the Property shall include a minimum fourteen (14) foot front lot utility easement and a minimum five (5) foot rear lot utility easement to allow the installation of electric, cable and telephone utilities.
3. Acquisition of water service. The Developer shall acquire water service for the Property from the Fort Collins/Loveland Water District ("District"). The preliminary and final Public Improvement Construction Plans ("PICPs") shall be reviewed and approved by the District as to water facilities.

CITY OF LOVELAND
CITY CLERK'S OFFICE
500 E. 3RD ST. STE. 230
LOVELAND, CO 80537



ATTACHMENT A

4. Compliance with the Larimer County Urban Area Street Standards. All future development within the Property shall comply with the Larimer County Urban Area Street standards adopted October 2002 and the Transportation Plan adopted October 2001 and any updates to either in effect at the time of site specific development application. Any and all variances from these standards and plans require specific written approval by the City Engineer.
5. Acquisition of off-site right-of-ways. The Developer agrees to acquire, at no cost to the City, any off-site right-of-way necessary for mitigation improvements. Prior to the approval of any preliminary or final subdivision plat application within the Property, the Developer shall submit documentation satisfactory to the City Attorney and the City Engineer, establishing the Developer's unrestricted ability to acquire sufficient public right-of-way for the construction and maintenance of any required street improvements to both adjacent and off-site streets.
6. Type D curbside bufferyard requirement. A Type D curbside bufferyard, as defined in the City of Loveland Site Development Performance Standards and Guidelines as amended, shall be planted along the entire County Road 30 frontage, except for paved areas for streets and walks. This bufferyard shall be a minimum of twenty (20) feet in width. This bufferyard shall be installed by the Developer before issuance of the second building permit within the Property that is submitted subsequent to approval of this agreement, unless adequate financial security is filed with the City. This bufferyard shall include significant berming to add interest and rural character to the bufferyard.
7. Minimum setback from the County Road 30 Right-of-way. All principle structures shall be setback from the northern edge of the County Road 30 a minimum of twenty-five (25) feet.
8. Minimum open space requirement. A minimum common open space of ten percent (10%) of the gross area shall be incorporated into this development at time of subdivision.
9. Cessation of agricultural uses. Upon issuance of the first building permit within the Property, all agricultural uses on the land shall cease.
10. Incorporation. The terms and conditions of this Agreement shall be deemed to be incorporated into the Developers' Petition for annexation of the Property.
11. Integration and Amendment. This Agreement represents the entire Agreement between the parties with respect to the Property and supersedes all prior written or oral agreements or understandings with regard to the obligations of the parties with regard to the Property. If conflicts between the Annexation Conditions listed in the Staff Report for City Council on November 15, 2005, and the terms and conditions of this Annexation Agreement occur, this Annexation Agreement shall prevail. This

Agreement may only be amended by written agreement signed by the Developers and the City. Only the City Council, as a representative of the City, shall have authority to amend this Agreement.

12. **Remedies.** In the event that a party breaches its obligations under this Agreement, the injured party shall be entitled only to equitable relief, including specific performance, and such other equitable remedies as may be available under applicable law. In the event of litigation relating to or arising out of this Agreement, the prevailing party, whether plaintiff or defendant, shall be entitled to recover costs and reasonable attorneys' fees.
13. **Effective Date.** This Agreement shall become effective on the date that it is executed and delivered and has been approved by the City Council. If the City does not annex the Property, this Agreement shall become null and void and of no force or effect whatsoever. If the City does not annex the Property, no party will be liable to any other for any costs that the other party has incurred in the negotiation of this Agreement or in any other matter related to the potential annexation of the Property.
14. **Binding Effect and Recordation.** The promises made in this Agreement by the Developers shall be deemed to have been made by any corporation or other business affiliated with Developers that acquires ownership or possession of all or any portion of the Property. The parties agree to execute a memorandum of this Agreement that the City shall record with the Clerk and Recorder for Larimer County, Colorado. It is the intent of the parties that their respective rights and obligations set forth in this Agreement shall constitute equitable servitudes that run with the Property and shall benefit and burden any successors to the parties. The Final Annexation Map for the Property shall be recorded by the Developers within thirty (60) days of final adoption of the ordinance annexing the Property, such Map shall contain a note that the Property is subject to this Agreement and shall recite the book and page or reception number where the memorandum of this Agreement is recorded. The note shall recite that all lien holders, if any, agree to the terms and conditions of this Agreement and subordinate their interests to this Agreement. The Developers agree to all promises made by the Developers, which shall constitute equitable servitudes that run with the land.
15. **Notices.** Whenever notice is required or permitted hereunder from one party to the other, the same shall be in writing and shall be given effect by hand delivery, or by mailing same by certified, return receipt requested mail, to the party for whom it is intended. Notices to any of the parties shall be addressed as follows:

To City:

City Clerk
City of Loveland
500 E. Third Street
Loveland, CO 80537

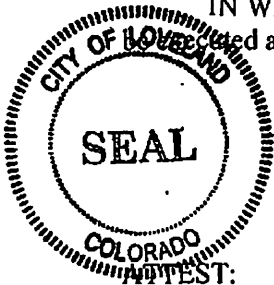
To Developer:

Jim Sampson
Scion Industries, LLC
3693 East County Road 30
Fort Collins, CO 80528

A party may at any time designate a different person or address for the purposes of receiving notice by so informing the other party in writing. Notice by certified, return receipt requested mail shall be deemed effective as of the date it is deposited in the United States mail.

16. Waiver. No waiver by the City or Developers of any term or condition of this Agreement shall be deemed to be or construed as a waiver of any other term or condition, nor shall a waiver of any breach be deemed to constitute a waiver of any subsequent breach of the same provision of this Agreement.
17. Applicable Law/Severability. This Agreement shall be construed in accordance with the laws of the State of Colorado. The parties to this Agreement recognize that there are legal restraints imposed upon the City by the constitution, statutes and laws of the State of Colorado, and that, subject to such restraints, the parties intend to carry out the terms and conditions of this Agreement. Whenever possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement or any application thereof to a particular situation shall be held invalid by a court of competent jurisdiction, such provision or application thereof shall be ineffective only to the extent of such invalidity without invalidating the remainder of such provision or any other provision of this Agreement. Provided, however, if any obligation of this Agreement is declared invalid, the party deprived of the benefit thereof, shall be entitled to an equitable adjustment in its corresponding obligations and/or benefits and, in that event, the parties agree to negotiate in good faith to accomplish such equitable adjustment.
18. Paragraph Headings. Paragraph headings in this Agreement are for convenience only and are not to be construed as a part of this Agreement or in any way limiting or amplifying the provisions hereof.

IN WITNESS WHEREOF, the parties have caused this Annexation Agreement to be executed as of the date first written above.



THE CITY OF LOVELAND, COLORADO

By: 

City Manager


City Clerk

APPROVED AS TO FORM:

[Signature]
Assistant City Attorney

STATE OF COLORADO)
) ss
County of Larimer)

The foregoing Annexation Agreement was executed before me this 29th day of December, 2005, by Mike Plant as City Manager, and by Donna P. Vicenti, as City Clerk, of the CITY OF LOVELAND, COLORADO, a municipal corporation.

WITNESS my hand an official seal.



My commission expires 10-1-07.

[Signature: Jannine M. Weary]
Notary Public

DEVELOPER:

By: [Signature]
(Jim Sampson)

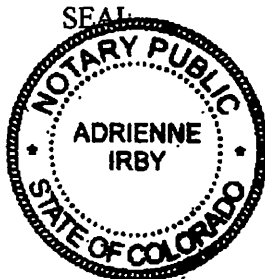
Title: Manager

STATE OF COLORADO)
)ss
County of Larimer)

Subscribed and sworn to before me this 21st day of December, 2005 by Jim Sampson, as manager of Scion Industries, LLC (Owner/Developer).

WITNESS my hand and official seal.

My commission expires January 31, 2009



Adrienne Uby

Notary Public

96
7

EXHIBIT A

Beginning at the North Quarter Corner of said Section 28; thence along the West line of the Leach MRD No. 97-EX1127CRO, according to the plat on file in the office of the Clerk and Recorder of said County, South 02°39'29" East 2092.22 feet to a point on the South line of Lot 2 said Leach MRD; thence along the South line of said Lot 2 the following nine courses and distances; said point also being a point on a curve concave to the Northeast having a central angle of 14°09'17" and a radius of 120.00 feet, a radial line passing through said point bears South 35°09'17" West; thence Southeasterly along the arc of said curve 29.65 feet to the end of said curve; thence tangent from said curve South 69°00'00" East 90.00 feet to the beginning of a tangent curve concave to the Southwest having a central angle of 35°30'07" and a radius of 125.00 feet; thence Southeasterly along the arc of said curve 77.45 feet to end of said curve; thence tangent from said curve South 33°30'00" East 46.00 feet to the beginning of a tangent curve concave to the Northeast having a central angle of 60°00'00" and a radius of 110.00 feet; thence Southeasterly along the arc of said curve 115.19 feet to the end of said curve; thence tangent from said curve North 86°30'00" East 77.50 feet; thence North 76°30'00" East 171.50 feet to the beginning of a tangent curve concave to the Southwest having a central angle of 39°38'01" and a radius of 142.00 feet; thence Southeasterly along the arc of said curve 98.23 feet to the beginning of a reverse curve concave to the Northeast having a central angle of 34°10'53" and a radius of 130.00 feet; thence Northeasterly along the arc of said curve 77.55 feet to the end of said curve, a radial line passing through said end of curve bears South 08°02'56" East said point also being a point on the East line of said Lot 2; thence along the Easterly and Northerly lines of said Lot 2 the following two courses and distances North 00°09'50" East 1642.02 feet; thence North 88°25'45" West 263.81 feet to a point on the East line of Lot 2 said Leach MRD; thence along said East line and the Northerly prolongation of said East line North 00°09'50" East 650.10 feet to a point on the North right-of-way line of County Road 30; thence along said North right-of-way line South 89°58'36" West 550.84 feet; thence South 02°38'24" East 50.05 feet to the POINT OF BEGINNING.

The above described parcel contains 35.55 acres, more or less, and is subject to all existing easements and/or rights of way of record.

AMENDMENT TO ANNEXATION AGREEMENT

This Amendment to Annexation Agreement ("Amendment") is entered into this 22nd day of February, 2016, by and between the City of Loveland, Colorado, a municipal corporation ("City") and Scion Industries, LLC, a Colorado limited liability company ("Developer"), individually referred to herein as a "Party" and jointly as the "Parties".

Whereas, the Parties entered into that certain Annexation Agreement dated December 29, 2005 and recorded with the Larimer County Clerk and Recorder at Reception No. 2006-0003896 on January 17, 2006 ("Annexation Agreement") regarding annexation of certain property known as Scion First Addition to the City of Loveland (the "Property"); and; and

Whereas, the Parties desire to amend the Annexation Agreement as set forth herein to reflect current expectations regarding slower City growth and traffic volume in the area where the Property is located than originally projected in 2006.

Now, therefore, in consideration of the mutual covenants and agreements contained herein, the Parties agree as follows:

1. A new Section 4.1 is hereby added to the Annexation Agreement to read in full as follows:

4.1 Notwithstanding the provisions of Section 4., above, a left turn lane on County Road 30 shall be constructed to Larimer County Urban Area Street Standards (LCUASS) with any new development, as defined in Section 16.08.010 of the Loveland Municipal Code, when the traffic generated by the existing use combined with traffic generated by the new proposed development reaches two hundred (200) Average Daily Trips ("ADT") or twenty (20) peak hours trips, whichever occurs sooner. The estimated total traffic trip generation must be submitted to the City for review by a professional Traffic Engineer licensed in the State of Colorado and calculated based on the Institute of Transportation Engineers Trip Generation Manual (ITE) where applicable. Once the total traffic generated exceeds the above mentioned criteria, a Traffic Impact Study is required in Compliance with Chapter 4 of LCUASS.

2. A new Section 4.2 is hereby added to the Annexation Agreement to read in full as follows:

4.2 Access to the Property shall remain a full movement, unrestricted access, until the City determines through a City-approved TIS, that access should be restricted; provided, however, that access spacing standards with adjacent development will not be a basis for access restrictions.

3. Section 6 of the Annexation Agreement is hereby amended to read in full as follows:

Return
to:
✓ CITY OF LOVELAND
CITY CLERK'S OFFICE
500 E 3RD STREET STE 230
LOVELAND CO 80537

6. **Type D curbside bufferyard requirement.** A Type D curbside bufferyard, as defined in the City of Loveland Site Development Performance Standards and Guidelines as amended, shall be planted along the entire E. 71st Street frontage, except for paved areas for streets and walks. This bufferyard shall be a minimum of twenty five (25) feet in width. This bufferyard shall have a rural character design that may incorporate clustering of appropriate plant material. This curbside bufferyard would be required in conjunction with any development requiring a Site Development Plan application.
4. A new Section 6.1 is hereby added to the Annexation Agreement to read in full as follows:
- 6.1 Developer shall install a permanent irrigation system for bufferyards on the Property.
5. Section 14 of the Annexation Agreement is hereby amended to read in full as follows:
14. **Notices.** Whenever notice is required or permitted hereunder from one party to the other, the same shall be in writing and shall be given effect by hand delivery, or by mailing same by certified, return receipt requested mail, to the party for whom it is intended. Notices to any of the parties shall be addressed as follows:
- To City: City Clerk
City of Loveland
500 East Third Street
Loveland, Colorado 80537
- To Developer: Jim Sampson
Scion Industries, LLC
3693 East 71st Street
Loveland, Colorado 80538
- A party may at any time designate a different person or address for the purposes of receiving notices by so informing the other party in writing. Notice by certified, return receipt requested mail shall be deemed effective as of the date it is deposited into the United States mail.
6. All other terms and conditions of the Annexation Agreement shall remain in full force and effect according to the provisions thereof.
7. This Amendment shall be recorded with the Larimer County Clerk and Recorder.

Signed by the Parties on the date written above.

City of Loveland, Colorado

By: William D. Colwell

Title: City Manager



ATTEST:
[Signature]
Deputy City Clerk

APPROVED AS TO FORM:
[Signature]
Assistant City Attorney

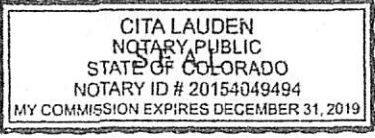
SCION INDUSTRIES, LLC

By: [Signature]
Jim Sampson

Title: manager

STATE OF Colorado)
COUNTY OF Larimer) ss.

The foregoing instrument was acknowledged before me this 22 day of January,
2016 by Jim Sampson
(Insert name of individual signing on behalf of Scion Industries, LLC)










[Signature]
Notary's official signature

12/31/19
Commission expiration date

For Discussion Purposes Only

The East 71st Street Layout Plan was traced from an image of the engineering drawings, georeferenced into place. This information is not considered accurate and is for illustration purposes only.

Legend	
	Loveland City Limits
	Parcels
	Street Layout Plan
	Proposed Edge of Pavement
	White
	White with Gaps
	Double Yellow

