

Kay Chemical

a division of

Ecolab

Greensboro City Council

December 8, 2015

New Manufacturing Technology

- ▲ Kay Chemical has an opportunity to grow manufacturing
 - New process and technology
- ▲ New process will add:
 - \$ 22.5 Million in machinery & equipment
 - \$ 4.5 Million in real property (rail installation)
 - **\$ 27.0 Million TOTAL**
- ▲ 35 New Manufacturing Jobs
- ▲ \$38,840 Average Annual Salary
- ▲ Recent growth by Ecolab - new office under construction
- ▲ State supporting project with job recruitment/training & rail infrastructure



Competitive Project



Greensboro, NC

Rail extension needed (Main line shown in grey)



Ecolab, Texas Facility

Existing rail spur (in grey)

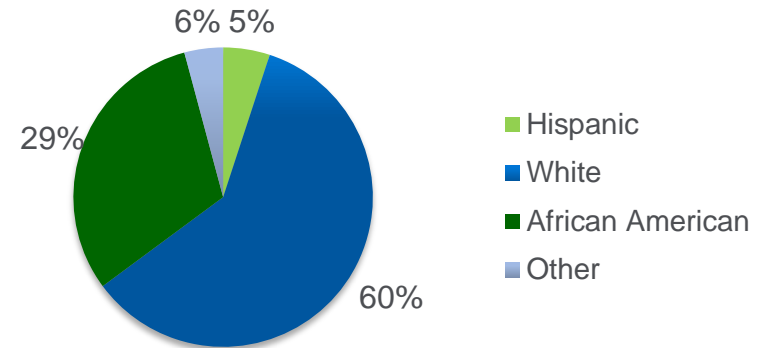
Jobs & Diversity

- ▲ 35 New Manufacturing Jobs
- ▲ \$38,840 Average Annual Salary
- ▲ Excellent benefits including:
 - Medical, dental, vision insurance
 - 401k plan
 - Stock purchase program

Diversity at Kay Chemical:

- African American: 29% total
- Ecolab spent over \$83 M on products in 2013 from minority, women, veteran owned, and disadvantaged business suppliers

Employee Diversity at Kay Chemical



Timeline & Key Points

- ▲ Timeline is aggressive: Immediate need to compete for new process and technology
 - Decision December 2015
- ▲ Rail service is key to being competitive
 - Obtaining raw material by rail is only competitive option
- ▲ Leveraging past skills training via GTCC has put company in position to compete for project
 - Creating 35 new manufacturing jobs
- ▲ Partnering with Workforce Development Board, Guilford County, State/GTCC, and NCRR

Outstanding Global Customer Relationships

1,000,000+ CUSTOMERS

Community Giving - \$285k in 2014

Total philanthropic investment since 1996: \$2.9 million



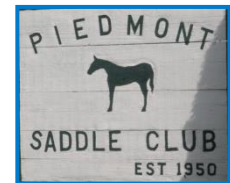
United Way
of Greater Greensboro



Guilford County Heart Walk



*Learn and Live*SM



- ▶ Leading donor for Steven Tanger Center for Performing Arts
- ▶ Ecolab matching grants given to over 350 Greensboro organizations



Ecolab Community Giving Campaign

"I Care. I Give. It Matters."

Kay Chemical – Division of Ecolab Economic Development Incentive Request



**Tuesday, December 8, 2015
Kathi Dubel - Manager
Economic Development & Business Support**

Incentive Request and Criteria

- **Requesting incentives to assist with \$27 Million in capital costs and hiring of at least 35 new employees**
- **Meets the minimum criteria in 2 of the 3 requirements of the Economic Incentive Guidelines and is in a targeted cluster – Innovative Manufacturing**
- **Investment based incentive of \$193,768 paid out over 3 years (\$64,589/yr)**
- **Performance-based agreement with claw-back provision**
- **M/WBE compliance**



Incentive Criteria Details

	Kay Chemical/ Ecolab Figures	City of Greensboro Incentive Guidelines	
New Jobs:	35 Jobs	20 Jobs	✓
Average Salary:	\$38,840	\$43,581	89%
Investment:	\$27 Million	\$3 Million	✓



Expected Return on Investment

- **Estimated incremental increase in ad valorem tax revenue of**
 - \$209,142 over a 3 year period
 - \$367,545 over a 5 year period
 - \$586,390 over a 10 year period
- **Grant will be recaptured through property and incremental sales/use taxes in less than 5 years**



Recommendation

Consider A Performance-Based Incentive

- **\$193,768 incentive grant paid out over three consecutive years after the full investment has been made and ad valorem taxes paid**

AND

- **New jobs have been created based on the hiring schedule provided**
- **Execution of Performance-Based ED Incentive Grant Agreement**

