



City of Greensboro

Melvin Municipal Building
300 W. Washington Street
Greensboro, NC 27401

Agenda Memo Report

File Number: ID 18-0205

Agenda Date: 5/15/2018

Status: Passed

In Control: City Council

File Type: Resolution

Agenda Number: 39.

Resolution to Revoke Resolutions #39-11, #58-12, #331-12, #61-14, #373-15, and #9-16 to Rescind Approval for Economic Development Incentive Grants to Ziehl-Abegg Inc., Piedmont Pharmaceuticals LLC, North State Flexibles, LLC, MWI Veterinary Supply Company, Natty Greene's Brewing Co., LLC, and Tyco Electronics Corporation
Department: Executive
Council District: All

Public Hearing:
Advertising Date/By:

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PURPOSE:

Revoke the resolutions and rescind approval for incentive grants for Ziehl-Abegg Inc., Piedmont Pharmaceuticals LLC, North State Flexibles, LLC, MWI Veterinary Supply Company, Natty Greene's Brewing Co., LLC, and Tyco Electronics Corporation. The companies have elected not to accept the economic development incentive or the time frame for compliance with the incentive has expired.

Ziehl-Abegg Inc. - Resolution #39-11 adopted February 15, 2011, for Ziehl Abegg Inc., in an amount not to exceed \$52,000.00. Existing industry expansion at 719 N Regional Road. The company was awarded a \$52,000 jobs-based economic development incentive grant of \$1,000 per job for up to 52 new jobs with a salary of \$40,077/year that resulted in payment of \$3,000 for 3 qualifying jobs. The company invested approximately \$2.5 million in building improvements and new machinery & equipment and hired new employees, but salaries did not qualify per the performance requirements and job creation date by December 31, 2015. An incentive grant balance of \$49,000.00 remains.

Piedmont Pharmaceuticals LLC - Resolution #58-12 adopted March 6, 2012, for Piedmont Pharmaceuticals LLC, in an amount not to exceed \$22,000.00. Existing industry jobs expansion at 204 Muirs Chapel Road. The company was awarded a \$22,000 economic development incentive grant of \$1,000.00 per job requiring an investment of \$146,500.00 in new laboratory equipment, and the creation of 22 new jobs with salary of \$104,143.00 annually, and the retention of 15 existing employees in the City of Greensboro. The company did not meet the performance requirements by required date of December 31, 2016 and did not request incentive payment.

North State Flexibles, LLC - Resolution #331-12 adopted December 18, 2012, for North State Flexibles, LLC, in an amount not to exceed \$37,500.00. Existing industry expansion of manufacturing operations at 2619 Phoenix Drive. The company was awarded a \$30,750 economic development incentive grant requiring an investment of \$4.3 million in new machinery & equipment, retention of 124 jobs and 41 new jobs paying \$44,575.00 annually. Expansion project did occur. Company did not request incentive payments and the incentive offer has expired.

MWI Veterinary Supply Company - Resolution #61-14 adopted March 4, 2014, for MWI Veterinary Supply Company, in an amount not to exceed \$42,049.00. New industry expansion project for MWI of warehouse/distribution capacity in the Southeast. Greensboro was selected as the location for expansion. The company leases space located at 6105 Corporate Park Drive. The City of Greensboro awarded a performance-based economic development incentive grant in the amount of up to \$42,049, requiring an investment of \$3.14 million in equipment and building up-fit and the creation of 47 new jobs paying an average wage of \$28,007/year, with investment and hiring date having occurred by December 31, 2016. The company did not request incentives, and the incentive offer has expired.

Natty Greene's Brewing Co., LLC - Resolution #373-15 adopted December 8, 2015, for Natty Greene's Brewing Co., LLC, in an amount not to exceed \$387,500.00. Existing industry expansion of manufacturing and distribution operations. The company was awarded an economic development incentive grant of up to \$387,500.00, requiring an investment of \$14.25 million in new machinery and equipment and real property improvements at Revolution Mill located at 1601 Yanceyville Street. The company was also required to create 27 new jobs, at an annual average wage of \$40,000.00. The company did not execute the incentive contract and recently made the City of Greensboro aware that they would not move forward with their incentive, as there have been changes in the size and scope of the project that would prevent them from qualifying.

Tyco Electronics Corporation - Resolution #9-16 adopted January 19, 2016, for Tyco Electronics Corporation, in an amount not to exceed \$430,302.00. Existing industry expansion at 719 Pegg Road to localize manufacturing operations, to grow their strategic workforce apprenticeship program, and create a digital factory which would connect equipment to the internet/cloud. The company was awarded a \$430,302.00 performance-based incentive requiring an investment of at least \$40 million and creating 193 new jobs with an average wage of at least \$49,352.00 per year by 12/31/2020. The company later declined the incentive and did not execute the incentive contract. The company has moved forward with some of their expansion projects, creating new jobs and investment in Greensboro.

BUDGET IMPACT:

Formal revocation of the Resolutions and rescission of the incentives will allow City funds to be utilized for other economic development activities or public purposes.

RECOMMENDATION / ACTION REQUESTED:

Revoke the Resolutions approving economic development incentive grants and rescind the economic development incentive grants for the companies named above. Authorize the City Manager or his designee to unencumber and to utilize the funds for other public purposes effective upon adoption.

