



Legislation Details (With Text)

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Title: Public Hearing for a Resolution Authorizing an Economic Development Incentive to United Parcel Service, Inc. in an Approximate Amount of \$314,771.00

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Attachments: 1. SoS_United Parcel Service.pdf, 2. 20-0433 RES Project Classify.pdf

Date	Ver.	Action By	Action	Result
6/16/2020	1	City Council	adopt	Pass

Public Hearing for a Resolution Authorizing an Economic Development Incentive to United Parcel Service, Inc. in an Approximate Amount of \$314,771.00

Council Priority: Create an Environment to Promote Economic Development Opportunities and Job Creation

Department: Planning

Council District: 1

Public Hearing: Yes

Advertising Date/By: June 4, 2020, City Clerk

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PURPOSE:

The City of Greensboro has been requested to consider an economic development incentive grant in an approximate amount of approximately \$314,771.00 for United Parcel Service, Inc. (UPS). The grant is for the purposes of purchasing new machinery and equipment, and creating new jobs.

BACKGROUND:

Founded August 28, 1907, UPS is a package delivery company, which provides global package delivery and supply chain management services. UPS offers logistics services to the global market, which include transportation, distribution, forwarding, ground, ocean and air freight, brokerage and financing. The company has an existing presence in Greensboro at 3100 Flagstone Drive, in Council District 1. The company is considering select facilities for special upgrades including modernized conveyor equipment. These upgrades can occur at other facilities which have been designed to take pressure off of their main hubs, including: Myrtle Beach, SC; Nashville, TN; or Memphis, TN. The Greensboro hub is the fifth largest hub in the UPS network. According to UPS, it is common

practice for the company to reroute sortation to facilities where it is more cost-effective.

The new investment will consist of approximately \$54,206,000.00 in real property and personal property (machinery and equipment) and creation of up to 141 new jobs with an average wage of \$65,147 per year and additional benefits. The project is expected to generate public benefit to the City of Greensboro by positively impacting the property and sales tax revenues in addition to increasing business prospects for the City and surrounding area. If the incentive is approved, this project would be subject to the City's Minority/Women Business Enterprise Program Plan as it applies to Economic Development Project M/WBE Subcontracting Goals.

The incentive grant will be calculated based on 25% of the incremental increase in real and personal property taxes generated by the new investment, and may be adjusted by the City Manager on an annual basis subject to the appropriate budget ordinance amendment if the City's portion of the property taxes assessed to and collected from the property exceed the projected amounts. The Company anticipates creating 141 new jobs over a five year period expiring on December 31, 2024.

BUDGET IMPACT:

Five installments of approximately \$62,954.20 for a total of approximately \$314,771.00 to be paid to the company in five consecutive installments beginning as early as FY21-22 when project benchmarks with respect to job creation and investment are confirmed by the City. The incentive will expire if the new jobs are not created and the investment is not made by December 31, 2024.

RECOMMENDATION / ACTION REQUESTED:

It is recommended that the City Council approve the request for an economic development incentive grant and authorize the City Manager to execute a performance agreement between the City of Greensboro and United Parcel Service, Inc.