



Legislation Details (With Text)

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Attachments: 1. Pactiv LLC.pdf, 2. 20-0647 RES Pactiv.pdf

Date	Ver.	Action By	Action	Result
9/15/2020	1	City Council	adopt	Pass

Public Hearing for a Resolution Amending Resolution #208-19 Authorizing an Economic Development Incentive to Pactiv LLC

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

Department: Planning
Council District: 5

Public Hearing: September 15, 2020
Advertising Date/By: September 3, 2020

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PURPOSE:

The City Council approved an economic development incentive grant in an amount not to exceed \$167,739 for Pactiv LLC. Due to the COVID-19 pandemic, the Company has asked for an extension of time. Additionally, due to its customer requesting a change in product design, the Project's investment projection may be reduced.

BACKGROUND:

Pactiv LLC is an innovative and market leading manufacturer of disposable food packaging, serving a multitude of markets. The company has over 50 plants in the United States, Canada, and Mexico and employs a total of 12,000 people. As of July 2019, the company employed 131 people at an existing location in Greensboro. At the time of the City Council approval on July 16, 2019 Pactiv LLC was evaluating an investment in new machinery and equipment for the expansion of manufacturing operations at an existing facility located at 520 Radar Road in Greensboro. At the time of the City Council approval, the company was also considering another existing facility in Arkansas. Both facilities had been determined as operationally and logistically well-positioned to serve their existing and future customer base. The new investment will consist of between \$8,000,000 and \$13,000,000 in personal property machinery and equipment and creation of up to 25

new jobs, with an average wage of \$48,200 per year and additional benefits. The project is expected to generate public benefit to the City of Greensboro by positively impacting ad valorem and sales tax revenues in addition to increasing business prospects for the City and surrounding area. In accordance with the City's 2019 M/WBE Program Plan, this project is not subject to the Plan as there is no new construction associated with the company's proposed expansion. The company plans to acquire specialized equipment and machinery which is not available from local vendors.

The Company is requesting certain changes to the economic development investment grant for the following reasons: The customer changed its product design - after the Council approved the project - which reduced the investment from \$13 million to \$8 million. In addition to the change in production scoping, the COVID-19 pandemic has caused a potential delay in the in-service date for the new machinery and equipment.

BUDGET IMPACT:

The economic development incentive may range from \$108,184 to \$167,739 depending on the final total amount of investment. The incentive will be paid to the company in three consecutive installments after the new jobs are created and the investment is confirmed. The new jobs must be created and investment made no later than December 31, 2021.

RECOMMENDATION / ACTION REQUESTED:

It is recommended that the City Council approve the request for an amended economic development grant and authorize the City Manager and City Clerk to execute a performance agreement between the City of Greensboro and Pactiv LLC.