



Legislation Text

File #: ID 18-0071, **Version:** 1

Resolution Authorizing an Economic Development Incentive Grant to Publix Super Markets, Inc. and Extension of Water and Sewer Infrastructure Improvements.

Department: Executive
Council District: All

Public Hearing: March 20, 2018
Advertising Date/By: News & Record, March 9, 2018

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PURPOSE:

The purpose of the hearing will be to receive information and public comment on a request from Publix Super Markets, Inc. (Publix) for an economic incentive grant to build a new regional distribution center. This potential incentive would be calculated as eighty percent (80%) on of anticipated new personal and real property taxes assessed to the property and collected by the City for a period of ten (10) years for the two (2) phases of the overall project. The incentive grant is projected to be between \$14,661,230.00 and \$17,722,728.00. The company will construct a new regional distribution center that will include over 1.8 million square feet in refrigerated and dry goods space, and create 1,000 new jobs with an average annual salary of \$42,000.00. The grant is for the purposes of making real property improvements, purchasing new equipment, and creating jobs. The company is also requesting extension of water and sewer lines to this new industrial development. Cost of the new water and sewer infrastructure is estimated to be \$3,000,000.00.

BACKGROUND:

Publix was founded in 1930 in Winter Haven, Florida. It is a private corporation and is the largest employee-owned grocery chain in the United States. The company employs roughly 193,000 associates at over 1,173 retail locations, cooking schools, corporate offices, 9 distribution centers and 11 manufacturing facilities. Publix operates in a highly competitive market and therefore must strengthen its position in current markets and expand into new markets to remain a market leader. In order to diversify its geographical footprint, Publix is looking to build a refrigerated distribution center and multiple support facilities through this project in a location that will support future growth.

Publix is currently evaluating new investment in real property development, and new machinery and equipment on an approximately 300 acre site outside the Greensboro City limits in the vicinity of Birch Creek Road (Parcels 0117416, 0117423, and 0117426) and Burlington Road (Parcels 0119080, 0119113, 0119081, 0117421, and 0117441), to build a new regional distribution center that will include approximately 1.8 million square feet in refrigerated and dry goods warehouse space and potential manufacturing facility and administrative offices. Project construction will be in two phases with an estimated investment of approximately \$400,000,000.00. The company is requesting that the City provide water service from the existing water lines in Burlington Road and sewer service to the property from the existing outfall west of Knox

Road.

Construction is expect to begin in late 2018 and with completion of both phases in 2024. The company plans to petition for annexation and original zoning into the City of Greensboro as Phase I of the new facility is completed. Phase I will be constructed while the property is under the jurisdiction of Guilford County, the company will submit its site development and building plans to the City's Development Services team for review.

The new facility would result in the creation of 1,000 new jobs with an average yearly salary of \$42,000.00 with benefits, as well as additional contract labor and construction jobs. The company expects to create 500 new jobs in 2023, 222 in 2024, and 278 new jobs in 2025. This project is expected to generate public benefit to the City of Greensboro by positively impacting the City's ad valorem, sales, and use tax revenues in addition to increasing business prospects for the City and surrounding area. If the property is not annexed into the City limits of Greensboro, the City will not be obligated to pay any economic development incentive grant, and the company will have to pay out of City rates for water and sewer service.

In addition to the Greensboro/Guilford County site, the company is also considering options in South Carolina.

BUDGET IMPACT:

A total of an estimated \$14,661,230.00 to \$17,722,728.00 to be paid to the company over a ten (10) year period after the capital investment is completed and the new jobs have been created for Phase I and after the capital investment is completed and the new jobs have been created for Phase II. The incentive grant is expected to be paid beginning in FY23/24, FY24/25, FY25/26, FY26/27, FY27/28, FY28/29, FY29/30, FY30/31, FY31/32 and FY32/33. The incentive will be calculated as 80% of the incremental increase in property taxes assessed to the property and collected by the City.

An estimated amount of \$3,000,000.00 will be funded by the City's Water and Sewer Extension Reserve Fund to design and construct the public water and sewer infrastructure improvements. A budget adjustment will be processed to allocate the funds appropriately within the Fund. Part of the infrastructure costs may be paid by the North Carolina Utility Fund Grant Program if the project qualifies.

RECOMMENDATION / ACTION REQUESTED:

In accordance with the City's economic development guidelines and N.C.G.S. § 158-7.1, it is recommended that City Council approve the request for an economic development grant and authorize city staff to execute a performance agreement between the City of Greensboro and the company for the grant to be paid over a 10 year period after the property is annexed into the City limits of Greensboro. Phase I incentives will be eligible for payment after investment of at least \$300,000,000.00 and 500 new jobs paying at least \$42,000.00/year have been created. Phase II incentives will be eligible for payment after the expansion is completed and an additional 500 new jobs paying at least \$42,000.00/year have been created. The agreement will have a claw-back provision that requires the new and retained jobs be maintained. The new jobs shall be retained until receipt of the final incentive payment (the Job Retention Period). It is recommended that City Council approve the request to reimburse the Company for extension of water and sewer lines to the property or in the alternative for the City to design and construct the new water and sewer infrastructure improvements.