



## Legislation Text

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**File #:** ID 19-0173, **Version:** 1

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### Resolution Authorizing an Economic Development Incentive to Centric Brands, Inc. in an Amount Not Exceeding \$426,000

Department: Executive

Council District: 2

Public Hearing: March 15, 2019

Advertising Date/By: March 1, 2019

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#### **PURPOSE:**

The City of Greensboro has been requested to consider an economic development incentive grant in an amount not to exceed \$426,000, or \$2,000 per new job, for Centric Brands, Inc. The grant is for the purposes of real property improvements, purchasing new equipment, and creating jobs.

#### **BACKGROUND:**

Centric Brands, Inc. is evaluating an investment in real property and new equipment for a design and operations center to support the assets it acquired in October 2018 in the acquisition of a significant portion of Global Brands Group Holding Limited's North American licensing business. The acquired business is anchored in category expertise spanning kids' wear and women's and men's accessories and apparel. The proposed location in downtown Greensboro is 620 S. Elm Street which is currently owned by ZCDF LLC. The company is also considering other locations in Los Angeles, New York City and Asia for its new office operations. The new investment will consist of approximately \$1,000,000 in real property improvements and \$1,000,000 in equipment and creating up to 213 new jobs. The new jobs that are being created will have an average salary of \$54,014 and additional benefits. The project is expected to generate public benefit to the City of Greensboro by positively impacting the sale tax revenues in addition to increasing business prospects for the City and surrounding area.

The City, Centric Brands, Inc., and ZCDF LLC (Andy Zimmerman) are also applying for a Building Reuse Grant from the North Carolina Department of Commerce to support the renovation and up-fit of the building at 620 S. Elm Street in downtown Greensboro. The maximum amount of the potential grant from the State is \$500,000. The grant requires a five percent (5%) local match from the City. Upon completion of this project, the company and the property owner will have expended an estimated \$2,000,000 to renovate and up-fit the building, including the acquisition of new equipment. If approved, up to \$25,000 of the City's economic development incentive will constitute the required local match. No additional appropriations or expenditures are required to qualify for the Building Reuse Grant.

**BUDGET IMPACT:**

A total of up to \$426,000 or \$2,000 per new job, to be paid to the company in three consecutive installments of up to \$142,000 a year after 213 jobs are created. The company expects to create 213 new jobs in 2019. The incentive will expire if the new jobs are not created by June 30, 2022. No payment will be made until after July 1, 2019 and the adoption of the City's FY2019/20 annual budget.

**RECOMMENDATION / ACTION REQUESTED:**

In accordance with the City's economic development guidelines and N.C.G.S § 158-7.1, it is recommended that the City Council hold a public hearing and approve the request for an economic development grant and authorize the City Manager and City Clerk to execute a performance agreement between the City of Greensboro and Centric Brands, Inc. in an amount not to exceed \$426,000, or \$2,000 per job, to be paid in three consecutive installments of up to \$142,000 each over three (3) years. The agreement will have a claw-back provision that requires the new jobs be retained. The new jobs shall be retained until receipt of the final incentive payment (the Job Retention Period). The company must have created 213 new jobs paying at least \$54,014 and invested at least \$2,000,000 in capital investment prior to making its request for the first of three consecutive incentive grant installments. The project will be subject to the City's Minority/Women's Business Enterprise Plan. It is also recommended that the City Council authorize the Building Reuse Grant application and commit up to \$25,000 of the economic development incentive as the required 5% local match.