



Legislation Text

File #: ID 19-0564, **Version:** 1

Resolution Authorizing a Reimbursement Grant in an Amount Not to Exceed \$1,549,647.00 to Samet Corporation for Public Sewer Infrastructure Improvements for a Site Located at 2335 Campground Road

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

Department: Executive
Council District: 1

Public Hearing: August 20, 2019
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PURPOSE:

The City of Greensboro has been requested to increase a previously approved economic development reimbursable grant for the Samet Corporation for the reimbursement of public sewer infrastructure improvements to facilitate the industrial development of sites located at 2335 Campground Road. The grant is for the purpose of creating jobs and bringing new industrial development opportunities to east Greensboro.

BACKGROUND:

Samet Corporation has been working toward industrial development of property located at 2335 Campground Road, an ideally located, highly visible, 38 acre industrial development site, located inside of the urban loop, at the southern intersection of Business 85, Interstate 85, Interstate 73 and less than a mile from US 220. The company has prepared this site for construction of a 120,000 square foot speculative building to attract a distribution/manufacturing company, with an anticipated cost of approximately \$8 million, with completion by year-end 2019. The site will support another 100,000 square foot building. The company will invest approximately \$13 million in developing the site and construction of two buildings.

Samet Corporation will make the public sewer improvements and be reimbursed by the City in accordance with §2-91, Infrastructure Reimbursement Agreements, of the City's Code of Ordinances which includes compliance with the City's M/WBE Program for design and construction of water and sewer infrastructure. Reimbursement by the City is contingent on improvements being completed and meeting City standards. The preliminary project design and budget have been provided to the City of Greensboro. The project includes the extension of sewer lines to support commercial/industrial development southeast of the City of Greensboro. Approximately 1,300 linear feet of 8-inch on-site public gravity sewer will be installed and will tie to an existing 8-inch stub under Interstate 85. In addition, a 4,000 linear feet 12-inch public gravity sewer outfall will be extended from the existing 8-inch stub to the existing 12-inch sewer outfall just north of Bishop Road. Annexation in the City limits of Greensboro, and rezoning to support industrial development are also required.

On April 24, 2018, the City Council adopted Resolution #78-18 that approved a reimbursement in the amount not to exceed \$624,120.00. The developer is requesting an increase to an amount not to exceed \$925,527.00 due to cost increases and changes to final design and scope provided in the engineered plans. Samet Corporation provided a cost estimate of \$1,549,647.00 for the public infrastructure improvements based on final design, increasing the original \$624,120.00 cost estimate. Cost increases are related to expenses of stream buffer mitigation permitting required by state requirements. In addition, geotechnical investigations showed the presence of landfill material adjacent to the proposed outfall. Finally, additional cost related design adjustments and deeper depths are needed as part of the design.

Because the requested amount has increased, the developer will be required to create a total of 31 new full-time equivalent jobs rather than 13 that were previously required. The developer is also seeking an extension of time to create the new full-time equivalent jobs from December 31, 2020, to December 31, 2021.

BUDGET IMPACT:

A total of up to \$1,549,647.00 to be paid in FY19/20 after the public sewer infrastructure improvements have been made. The reimbursement will be funded by: 1) \$624,120.00 from the November 2006 voter approved Economic Development Bond, account 454-6001-19.5410; and 2) \$22,953.00 from the Water Resources accounts 503-7022-06.5410; and \$902,574.00 from the Water Resources account 507-7015-01.5410. A budget adjustment is required to move funds into these accounts.

RECOMMENDATION / ACTION REQUESTED:

In accordance with N.C.G.S. § 158-7.1 and § 160A-499, it is recommended that City Council rescind Resolution #78-18 and approve the request for reimbursement of capital investment required to design and construct public sewer infrastructure necessary for industrial development and authorize city staff to execute a performance agreement between the City of Greensboro and the company in an amount not to exceed \$1,549,647.00 to be paid in FY19/20 after the capital investment for the sewer infrastructure has been completed. The agreement will have a claw-back provision that requires that the reimbursement be repaid to the City if the capital investment in the new building has not been made and if at least 31 full-time equivalent positions have not been created by December 31, 2021.