



PUBLIC HEARING AGENDA ITEM

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| DATE OF PUBLIC HEARING: May 23, 2017 |
| SUBJECT: Incentive Agreement with McLane Foodservice |
| FROM: Norman Wright, Director of Community & Economic Development Kristin Sullivan, Deputy Director of Community & Economic Development |
| AGENCY/DEPARTMENT: Community & Economic Development Adams County Economic Development |
| HEARD AT STUDY SESSION ON: May 3, 2016 |
| AUTHORIZATION TO MOVE FORWARD: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| RECOMMENDED ACTION: That the Board of County Commissioners Approve an Incentive Agreement with McLane Foodservice |

BACKGROUND:

McLane Foodservice is a Texas-based company with distribution facilities throughout the Country specializing in supply chain services and solutions to chain restaurants. McLane is a unit of Berkshire Hathaway, Inc., and they employ more than 20,000 nationally. The company has purchased 20 acres of land in Commerce City and will build a 230,000 square foot distribution facility at this location to grow and expand their operations.

In April 2016, Adams County Economic Development negotiated an incentive offer to McLane Foodservice. They had been considering locations within three cities. Their site selection process concluded with the 20-acre site in Commerce City as their preferred location. The site is located in the Nexus at DIA development (formerly named DIA Tech Center) within Commerce City, which is located at Tower Road and 81st Ave.

The company plans to employ two-hundred thirty five employees at the facility at the commencement of the incentive agreement and to add five employees for each of the first three years of the agreement, employing at least two hundred fifty employees for each of the last three years of the agreement. The average salary for these jobs is \$57,000, which is 15% above the average county wage. The facility is located in a state Enterprise Zone, which allows the county to rebate both real property taxes and personal property taxes.

Staff recommends approval of this incentive agreement because the facility will substantially benefit the public, through the retention of employees, the generation of new jobs in the county, and the increase in tax base in the County. The City of Commerce City has approved a matching incentive.

The agreement contemplates six annual incentive payments to McLane Foodservice. These incentive payments are rebates of actual taxes paid. The amount of each incentive payment shall be the lesser of (1) \$39,799 for assessment year 2018; \$38,784 for assessment year 2019; \$37,768 for assessment year 2020; \$29,402 for assessment year 2021; \$28,589 for assessment year 2022; \$27,777 for assessment year 2023; or (2) fifty percent (50%) of the amount of the taxes levied by the County upon the taxable real and personal property directly attributable to the Facility. In no event shall the total amount of the incentive payments exceed \$202,119. McLane Foodservice shall submit proof of payment of the taxes to the Adams County December 31 of the year taxes are due. Failure to do so shall result in a waiver of the incentive payment due on the tax payment, and the County shall be released from its obligation to pay the incentive payment for that tax year.

AGENCIES, DEPARTMENTS OR OTHER OFFICES INVOLVED:

Adams County Economic Development
County Attorney's Office

ATTACHED DOCUMENTS:

Resolution
Incentive Agreement

FISCAL IMPACT:

Please check if there is no fiscal impact ☒. If there is fiscal impact, please fully complete the section below.

Fund: 01**Cost Center: 7051**

| | Object Account | Subledger | Amount |
|--|-------------------|-----------|--------|
| Current Budgeted Revenue: | | | |
| Additional Revenue not included in Current Budget: | | | |
| Total Revenues: | | | |

| | Object Account | Subledger | Amount |
|---|-------------------|-----------|--------|
| Current Budgeted Operating Expenditure: | | | |
| Add'l Operating Expenditure not included in Current Budget: | | | |
| Current Budgeted Capital Expenditure: | | | |
| Add'l Capital Expenditure not included in Current Budget: | | | |
| Total Expenditures: | | | |

New FTEs requested: ☐ YES ☒ NO

Future Amendment Needed: ☐ YES ☒ NO

Additional Note:

The incentive agreement becomes effective and binding upon the execution by all parties. The first year this agreement would be payable is 2019 for tax year 2018; therefore the estimated incentive payment will be included in the annual budget for that year and for each year thereafter. No budget amendment for 2017 is needed.