



Board Meeting Agenda Abstract

Tuesday, November 16, 2021

Location: 134 N. Main Street, Fuquay-Varina, NC 27526

Agenda Item

Economic Development Incentive Agreement, Purchase of Real Property Agreement, and Project Ordinance Amendment (POA-22-07) - CCL Label Inc. - Town of Fuquay-Varina Business Park - (Mitchell/Seymour/McNeill)

Item Explanation

The purpose of this agenda item is to consider the approval of project ordinance amendment (POA-22-07), approval of the sale of real property price and terms and conditions located at 1599 Dash Drive (PIN 0666669612), and an Economic Development Incentive Agreement in an amount up to \$750,000 for the CCL Label Inc. new manufacturing facility project.

Staff Comments

In 2018, the Town purchased approximately 33 acres of industrial-zoned property from TE Connectivity, intending to create a business park site capable of recruiting new capital investment to expand the Town's tax base and create employment opportunities for the residents Fuquay-Varina. In 2019, the Town's business park site was designated a North Carolina "Shovel Ready" site and was re-certified in 2021. This past summer, Town staff held a site visit with CCL Industries Inc. to discuss development opportunities on the Town-owned business park property.

CCL Industries LLC, headquartered in Toronto, Canada, and Framingham, Massachusetts, is the world's largest manufacturer of specialty film materials for a wide range of decorative, instructional, functional, and security applications for government institutions and large global customers in the consumer packaging, healthcare & chemicals, consumer electronic device, and automotive markets. CCL Industries LLC is divided into four subsidiaries: CCL Container, Avery, Checkpoint, and CCL Label.

CCL Label, Inc. has proposed purchasing and constructing a new division and manufacturing operations unit on the Town-owned business park site. The Company has proposed to purchase all 32.28 acres of Town-owned business park property and construct a new 110,000 square foot manufacturing facility that will manufacture pressure-sensitive labels and digitally and printed literature products for the pharmaceutical and healthcare markets. The proposed new construction project will result in \$29,000,000 in new capital investments. In addition to the new facility construction and the purchase of new machinery/equipment, the Company intends to create 150 new full-time employees over five years with a projected average annual wage of \$70,000.00, which is above Wake County's average annual wage \$63,966. The total project costs are estimated at \$33,810,000.00 and include the \$29,000,000 in new capital investments.

Management and staff's recommendation, with concurrence by the Town Board, of \$750,000.00 in economic development incentive assistance is equal to 2.5% of the \$29,000,000 capital investment proposed by the Company. The recommended funding assistance is consistent with the Town's economic development incentive policy, where the Town may participate in the construction of new, expansion, or relocation of manufacturing facilities that demonstrates significant capital investment and job creation for the Fuquay-Varina community. In addition, the Company is proposing to purchase all of the Town-owned business park property with the proposal to construct their 110,000 square foot manufacturing operation and have already indicated future plans to expand their manufacturing footprint on the site.

The proposed project is consistent with the Town of Fuquay-Varina Strategic Plan 2021-2025 by supporting the following Core Values and Initiatives:

- Fiscal Strength, Objective #1 - Initiative #3, to maintain and improve the Town's bond rating by fostering non-residential tax base growth.*
- Economic Vitality, Objective #2 - Initiative #3. Provide supportive land use planning and development regulations that preserve industrial and employment center land identified in the adopted land use plan for non-residential development.*
- Economic Vitality, Objective #3 - Initiatives #1 & #2. Promote Fuquay-Varina as a destination for investment to support diverse growth and sustainability. Identify and recruit specific retail, commercial, and medical services that are important to the community and recruit manufacturing users to the Fuquay-Varina Business Park.*

CCL Label Inc. proposed new manufacturing facility project is consistent with the Town's Economic Development Strategy 2015-2025 that meets the Town's objective in recruiting new manufacturing facilities that generate new significant capital investment

and create new significant employment opportunities. In addition, the Town's participation in this recruitment project has helped secure the Company's commitment to invest these project funds in their proposed Fuquay-Varina facility vs. investing in a facility outside of the community.

Management and staff recommend the proposed economic development incentive funding request and sale of the Town's business park property to CCL Label Inc. Management believes the proposed new manufacturing facility and creation of 150 new full-time jobs will continue to demonstrate the Town's commitment to fostering public-private partnerships with its local industry leaders that provide a significant tax base and employment opportunities for the citizens of Fuquay-Varina.

Fiscal Note

Yes

The proposed \$29,000,000 in new capital investment consisting of new building construction and machinery/equipment will create an additional tax base and annual ad valorem revenue in the amount of \$114,550.00. This investment results in a 6.5-year payback based on the Town's proposed financial incentive up to \$750,000.00. This payback period is justified by the investment in a stable and growing international corporation, one of the world's largest manufacturers of specialty film and security applications.

The economic development incentive will require a \$750,000.00 appropriation from the Town's Economic Development Business Park Capital Project Fund where funds have been identified following the sale of real property. Economic funding assistance will be paid to the Company after all new construction improvements and machinery/equipment purchase investment thresholds have been met and confirmed by the Wake County Tax Office.

The Company has agreed to purchase the property located at the Town's Business Park, 1599 Dash Drive (PIN 0666669612), for \$2,260,000.00 or \$70,012.00 per acre. This purchase price is based on the value determined by an appraisal conducted by the Town. The Town originally purchased this property in March 2018 for \$1,628,000.00 or \$50,433.00 per acre. Proceeds from the sale of the property will be restricted for future business park capital project related expenses and economic development business park related incentive agreements, to include the CCL Label Inc. economic development incentive of \$750,000. The land purchase agreement is to be finalized by the Town Attorney and will include terms for the Town to repurchase the property in the event the Company does not commence construction on the project site within 12

months of closing, to include a reasonable inspection period, and standard terms applicable to commercial real estate purchase/sale contracts.

Recommendation:

PUBLIC HEARING

MOTION TO:

1) Authorize the Town Manager to execute and administer an Economic Development Incentive Agreement in an amount up to \$750,000.00 for the proposed CCL Label Inc. Manufacturing Facility Project as presented and recommended; and

2) Approve the sale price of \$2,260,000.00 and related conditions for the sale of real property owned by the Town located at 1599 Dash Drive (PIN 0666669612) to be finalized by the Town Manager and Town Attorney; and

3) Approve Project Ordinance Amendment (POA-22-07).

Notice of this project's public hearing for the recommended economic development appropriations and sale of property has been advertised pursuant to North Carolina's Economic Development General Statutes 158-7.1.

ATTACHMENTS

[Local Incentive Agreement - CCL Label Inc - 11.16.2021.docx](#)

[Purchase and Sale Agreement - CCL Label Inc 11.16.2021.pdf](#)

[POA-22-07 CCL Label Inc Proceeds Appropriation](#)

[Staff Map - 1599 Dash Drive.pdf](#)

[CCL Label - Proposed Building Design.pdf](#)

[CCL Label - Proposed Site Plan - Town Business Park Site.pdf](#)