

City Council – Action Request Form

Date: April 12, 2021

To: Mayor, Mayor Pro Tempore, and Members of City Council

From: Ben Rowe, Assistant City Manager
Ken Millett, Director of Business Inclusion & Advancement

Council Action Requested:
Resolution Approving Financial Assistance to Project Health Pursuant to N.C.G.S. 158-7.1

Strategic Focus Area: Economic Vitality and Diversity
Strategic Objective: Retain and Recruit Employers
Strategic Plan Action Item: No
Key Work Item: No



Summary of Information:

An economic development project code named Project Health is a leading contract manufacturer of vitamins and nutritional supplements with headquarters/manufacturing facility in New York and a manufacturing facility in Davidson County, North Carolina. The company would consolidate all of these facilities into an existing facility at Whitaker Park. Project Health is considering Whitaker Park along with locations in New York, South Carolina, and Virginia. The company is seeking financial assistance to reduce its capital outlay associated with the proposed consolidation and expansion in Winston-Salem.

The attached resolution authorizes the City to provide up to \$264,592 in economic development assistance to Project Health. The company proposes to invest approximately \$3 million in capital improvements to the existing building, as well as \$18.7 million in new machinery and equipment. The project would also create 160 new jobs in year one, with plans to reach over 260 jobs with an average wage of \$46,377.

Committee Action:

Committee	Finance 4/12/2021	Action	Approval
For	Unanimous	Against	

Remarks:

A representative sample of job types at the manufacturing facility include:

- Blending, Coating, Encapsulation, Tableting, Liquid Cap team members
- Mechanics-Packaging, Production, Tableting team members
- Maintenance and Sanitation team members
- Quality Assurance and Quality Control Lab team members
- Pharmacy tech team members
- Warehouse, Packaging, Receiving and Shipping team members

The City's assistance is based upon an amount equal to approximately 50% of the net, new taxes generated by the project over its first five years. It is projected that the annual property tax revenues from the project would be approximately \$9,561 for each of its first five years. Annual tax revenues received from the company's investments in machinery and equipment would range from approximately \$32,200 to approximately \$53,740 over the term of the agreement.

If approved, the first annual incentive payment would be made on or about July 1 following the first full year's property tax payment by the company for the expanded facility, machinery and equipment. Subsequent payments would be made annually thereafter on or about July 1.

The project is consistent with the City's public policy justification to stimulate the local economy through the creation of new jobs and investment. In addition to the City's assistance, financial assistance is being considered by Forsyth County and the State of North Carolina.

If approved by the Finance Committee, a public hearing would be scheduled for the City Council meeting on May 3.