

City Council – Action Request Form

Date: September 9, 2019

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

From: Evan Raleigh, Assistant City Manager

Council Action Requested:

Resolution Approving Economic Development Assistance to Renfro Corporation 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:

The attached resolution authorizes the City to provide up to \$297,355 in economic development assistance to Renfro Corporation to be distributed over a five-year period. The City’s financial assistance will be used to partially offset the company’s capital outlay associated with the upfit of space at the company’s prospective new headquarters location in Winston-Salem. It is anticipated that the company or its landlord will invest approximately \$2.5 million in capital to upfit the building and the company plans to invest approximately \$1 million in new personal property.

The City’s financial assistance is based upon an amount equal to approximately 65% of the net, new personal property and sales tax revenue generated by the project over its first ten years of operation. It is projected that the property and sales tax revenue generated by the project over its first ten years of operation will be approximately \$457,469. Pursuant to the City’s economic development program guidelines, the company may also be eligible to receive an additional \$1,500 bonus incentive payment (up to a maximum of an additional 10% of the total incentive payment) for each qualified low-to-moderate-income individual hired and retained for at least six months that lives within the Neighborhood Revitalization Strategy Area (NRSA) or other

Committee Action:

Committee	Finance 9/9/2019	Action	Approval
For	Unanimous	Against	

Remarks:

low-to-moderate-income persons living outside of the NRSA with similar barriers to employment such as a criminal record in an effort to aid the company in achieving the 10% Community Development Employment Allowance.

Renfro Corporation is a global leader in the design, manufacture, marketing, merchandising and selling of legwear products in North America and selected international markets. The company provides and continuously innovates a full line of branded and private-label sock products and licenses an extensive list of leading brands including Fruit of the Loom, Dr. Scholl's, Ralph Lauren/Lauren Polo, New Balance, Copper Sole, Wrangler and Carhartt. Since its founding as Renfro Hosiery Mills in 1921, Renfro has grown from a small domestic manufacturer with 25 employees to a category front-runner with 5,500 employees worldwide. Renfro is headquartered in Mount Airy, NC and boasts a workforce of approximately 311 employees. The company is seeking to better position itself for future growth opportunities and is considering relocating its corporate headquarters to Winston-Salem among several other cities including New York and Los Angeles where the company has existing offices. The company plans to relocate approximately 175 positions from its current headquarters location and anticipates creating up to 50 new jobs in its new location over a 5-year period. The average salaries for the new and relocated positions will range from \$50,000 for entry-level positions to \$240,000 for executive-level positions.

If approved, the company would be eligible to receive an upfront payment of approximately \$231,276 (\$1,321.57/job) based upon the immediate relocation of 175 positions. All subsequent incentive payments would be made based upon the company making its annual tax payment and creating and retaining the number of qualifying jobs as specified in the agreement.

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 for the project is also being considered by Forsyth County.