

City Council – Action Request Form

Date: August 15, 2023

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

From: Ben Rowe, Assistant City Manager
Ken Millett, Economic Development Director

Council Action Requested:

Approve Economic Development Assistance for Project Fiesta 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 Fiesta, is local food distributor with over 300 employees that has operated in Winston-Salem for over 20 years. The company recently completed an expansion of its existing facility and needs to relocate its headquarters and operations to accommodate projected growth. The company is considering several sites, including Winston-Salem and other communities in North Carolina and Georgia.

Project Fiesta is seeking financial assistance to reduce its capital outlay associated with the expansion, which would create 199 new jobs over the first five years at an average wage of approximately \$72,000. Taxable capital investment is expected to total \$50 million over the first five years of the project (\$31 million in real property and \$19 million in personal business property).

A representative sample of job types includes staff in areas such as warehousing, drivers, sales, handling, sales, maintenance, finance, and administration.

Committee Action:

Committee

Action

For

Against

Remarks:

The attached resolution authorizes the City to provide up to \$694,281 in performance based economic development assistance to Project Fiesta. The City's assistance is based upon an amount equal to approximately 50% of the net, new property taxes expected to be generated by the project over its first five years.

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 new facility, machinery, equipment and business personal property. Subsequent payments would be made annually thereafter on or about July 1.

North Carolina General Statute 158-7.1 authorizes cities to make appropriations for economic development purposes. 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 held at the City Council meeting on September 5.