

City Council – Action Request Form

Date: January 3, 2018

To: The City Manager

From: Derwick L. Paige, Assistant City Manager

Council Action Requested:

Approve Economic Development Assistance to Bunzl Distribution USA, Inc.

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 \$182,950 economic development assistance to Bunzl Distribution USA, Inc. (Bunzl). The City financial assistance will be used to reduce the company's capital outlay associated with the proposed project in Winston Salem. The company will invest approximately \$13.4 million including the construction of a new distribution facility, machinery and equipment. They also will relocate 66 jobs ranging from \$32,000/yr. up to \$200,000/yr. plus benefits including health care. The company also is aware of and committed to the City's desire to hire local employees and a diverse workforce when future hiring opportunities are available. Currently, 36% of their workforce is minority.

The City's assistance is based upon an amount equal to approximately 50% of the net, new property generated by the project over its first five years. It is projected that the annual property tax revenues from the project will be approximately \$73,182. The recommended economic development assistance is \$36,591/year for five years.

Committee Action:

Committee Finance 1/8/2018 **Action** Approval

For Unanimous **Against**

Remarks:

The company currently is located in two separate facilities in the Triad totaling 161,000 square feet. Neither location is located in Winston-Salem. They are evaluating options for consolidation. One option is to relocate this operation to their existing facilities in Richmond, VA and Greenville, SC. Another option is the consolidation and expansion of the current Triad facilities into a building located in the Union Cross area; thus, the basis for the request for assistance.

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 and equipment. Subsequent payments would be made annually thereafter on or about July 1.

Bunzl Distribution USA, Inc. supplies a range of products including outsourced food packaging, disposable supplies, and cleaning and safety products to food processors, supermarkets, non-food retailers, convenience stores and other users. Based in St. Louis, Missouri, Bunzl Distribution is the largest division of Bunzl plc, an international distribution and outsourcing group headquartered in London.

Bunzl Distribution owns and operates more than 100 warehouses that serve all 50 states and Puerto Rico, as well as Canada, the Caribbean and parts of Mexico. With more than 5,000 employees and 400,000-plus supply items, Bunzl is regarded as a leading supplier in North America. Worldwide sales are in excess of \$10 billion.

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.