

Legislation Text

File #: 15-11300, Version: 1

Public Hearing for Cognizant Technology Solutions LLC US Corp. Business Investment Grant

Action:

- A. Conduct a public hearing regarding approval of a Business Investment Grant to Cognizant Technology Solutions LLC US Corp., and**
- B. Approve the city's share of a Business Investment Grant to Cognizant Technology Solutions LLC US Corp. for a total estimated amount of \$51,161 over five years.**

Staff Resource(s):

Tracy Dodson, Economic Development
Lori Lencheski, Economic Development

Explanation

- On December 6, 2018, Cognizant Technology Solutions LLC US Corp. announced its selection of Charlotte for a capital investment of \$5,000,000 to expand its headquarters in Council District 3.
- This action is requesting approval of a Business Investment Grant estimated to be up to \$51,161 over five years. Mecklenburg County's share is estimated to be \$87,179, bringing the combined city and county grant estimated total to \$138,340.
 - On August 8, 2018, the Mecklenburg County Board of Commissioners, in Closed Session, indicated its intent to approve a Business Investment Grant to Cognizant Technology Solutions LLC US Corp.
 - On August 27, 2018, City Council, in Closed Session, indicated its intent to approve a Business Investment Grant to Cognizant Technology Solutions LLC US Corp.
 - In addition to the grant for the expansion, the State of North Carolina also approved a Job Development Investment Grant in the amount of \$1,700,000 and \$390,000 in community college training funds.
- In addition to the \$5,000,000 capital investment, Cognizant Technology Solutions LLC US Corp. has committed to:
 - 300 jobs to be hired locally over five-years (\$68,270 average wage), and
 - 488 current employees in Charlotte to be retained for the term of the grant.
- Additional benefits also include:
 - Workforce development partnerships and relationship with company can be utilized to connect talent to available positions.
 - The project's alignment with:
 - City Values and Winning Cities Characteristics,
 - Letter to the Community (Good Paying Jobs),
 - Equitable Economic Development, and Economic Opportunity,

- Diversity of jobs on proposed project,
- Job retention through corporate expansion, and
- Growth industry with significant job and contracting opportunities.

Background

- Fortune 500, multinational corporation headquartered in Teaneck, New Jersey.
- The Charlotte operation currently employs 963 people.
- Cognizant provides IT services, including digital technology, consulting, and operations services.
- With the expansion, Cognizant will focus on markets primarily in financial services, healthcare, manufacturing, retail, and logistics.
- Due to growth and diversification of services, the company is proposing an expanded regional delivery center at the current location, 8520 Cliff Cameron Drive in Charlotte.

Business Investment Grant

- Request meets the City Council approved criteria for a five-year, 50 percent local business expansion grant.
- The general terms and conditions of this grant include:
 - The company will be asked to coordinate job fairs and recruitment events for both temporary and permanent jobs with the city and county. Community organizations and residents will receive ample notice of these employment activities in addition to training opportunities with city job training and placement partnerships.
 - Actual grant payments are based on the value of the investment as appraised by the Mecklenburg County Tax Office.
 - Property taxes due from Cognizant Technology Solutions LLC US Corp. must be paid before a grant payment is made.
 - If Cognizant Technology Solutions LLC US Corp. removes the investment from Charlotte during the grant term, it shall pay back 100 percent of the investment grant paid to date.
 - If Cognizant Technology Solutions LLC US Corp. moves the investment from Charlotte within five years of the end of the Business Investment Program (BIP) grant term, a portion of the grant must be repaid as follows:
 - Within one year of the end of the BIP Term - 90 percent of grant payments
 - Within two years of the end of the BIP Term - 75 percent of grant payments
 - Within three years of the end of the BIP Term - 60 percent of grant payments
 - Within four years of the end of the BIP Term - 45 percent of grant payments
 - Within five years of the end of the BIP Term - 30 percent of grant payments

Fiscal Note

Funding: Business Investment Grant