

Legislation Text

File #: 15-11301, Version: 1

Public Hearing for Lowe's Companies Inc. Business Investment Grant

Action:

- A. Conduct a public hearing regarding approval of a Business Investment Grant to Lowe's Companies Inc.,**
- B. Approve contracts between the City of Charlotte, the North Carolina Department of Commerce (the State) and Lowe's Companies Inc. for a \$2,000,000 One North Carolina Grant from the State to Lowe's Companies Inc.,**
- C. Approve the city's share of a Business Investment Grant to Lowe's Companies Inc. for a total estimated amount of \$6,031,880 over 10 years, and**
- D. Adopt a budget ordinance appropriating \$2,000,000 for a One North Carolina Grant to Lowe's Companies Inc.**

Staff Resource(s):

Tracy Dodson, Economic Development
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Explanation

- On June 27, 2019, Lowe's Companies Inc. announced its selection of Charlotte for a capital investment of \$153,885,325 to relocate its global headquarters to Charlotte with site location in Council District 3.
- This action is requesting approval of a Business Investment Grant estimated to be up to \$6,031,880 over 10 years. Mecklenburg County's share is estimated at \$10,160,514. Total city and county combined grant is estimated to be \$16,192,394 over ten years.
 - On June 4, 2019, the Mecklenburg County Board of Commissioners, in Closed Session, indicated its intent to approve a Business Investment Grant to Lowe's Companies Inc.
 - On May 28, 2019, the City Council, in Closed Session, indicated its intent to approve a Business Investment Grant to Lowe's Companies Inc.
 - In addition to the grant for the expansion, the State of North Carolina also approved a Job Development Investment Grant in the amount of \$38,900,000 and \$1,960,000 in community college training funds.
- In addition to the \$153,885,325 capital investment, Lowe's Companies Inc. has committed to 1,912 jobs to be hired locally over five years (\$110,000 average wage).
- One North Carolina Grant
 - On June 27, 2019, the State announced that it had awarded a One North Carolina Grant to Lowe's Companies Inc. in an amount not to exceed \$2,000,000 as part of a financial incentive package.
 - The amount of the One North Carolina Grant is contingent upon the ability of the city and the county to provide a local match.
 - By state statute, the city is required to administer a performance contract with Lowe's Companies Inc. to ensure compliance with the state's job creation and capital investment standards.

- On May 28, 2019, City Council indicated its intent to approve the Business Investment Grant to Lowe's Companies Inc. in a closed session in order to meet the city's portion of the local match requirement.
- 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

- Lowes plans to create a 'Tech Hub' to use technological innovation to revolutionize operations and the retail experience for their customers.
- Lowe's Companies Inc., established in 1946, is homegrown to North Carolina with headquarters in Mooresville, North Carolina.
- Lowe's Companies Inc. is the 8th largest retailer in the US and employs 28,000 people in North Carolina.
- Lowe's Companies Inc. will invest a total of \$228,000,000 in permanent space, temporary space, hangar and aircraft; city and county incentives are based on \$153,885,325 in capital investment.

Business Investment 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 Lowe's Companies Inc. must be paid before a grant payment is made.
 - If Lowe's Companies Inc. removes the investment from Charlotte during the grant term, it shall pay back 100 percent of the investment grant paid to date.
 - If Lowe's Companies Inc. moves the investment from Charlotte within ten 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
 - Within six years of the end of the BIP Term - 20 percent of grant payments
 - Within seven to ten years of the end of the BIP Term - 10 percent of grant payments

Fiscal Note

Funding: Business Investment Grant

Attachment(s)

Budget Ordinance

