



REQUEST FOR CITY COUNCIL ACTION

MEETING DATE:

7/18/2018

DEPARTMENT:

City Administration

DIVISION:

Economic Development

- ☐ Motion
- ☒ Resolution
- ☐ Ordinance - Introduction
- ☐ Ordinance - Adoption
- ☐ Public Hearing

TITLE:

Economic Development and Deferral Agreement: Botanical Food Company, Inc.

SUMMARY RECOMMENDATION:

Authorize the City Administrator to execute an Economic Development and Deferral Agreement with Botanical Food Company, Inc. (Gourmet Garden) on behalf of the City of Yuma. The Agreement is in support of a new Yuma production facility. Parent company McCormick & Company, Inc., acquired the Australia-based Botanical Food Company in 2016.

REPORT:

This proposed resolution requests City Council approval of an Economic Development and Deferral Agreement (Agreement) with Botanical Food Company, Inc. (Gourmet Garden) for the construction of a 100,000 square foot production facility (expandable to 200,000 sq. ft.) in the Yuma Commerce Center. The Gourmet Garden brand represents a variety of lightly dried spices and chilled packaged herbs in tubes. This project represents Gourmet Garden's first production facility in the United States.

The Agreement contemplates a capital investment of \$38.5 million for land, building, and equipment, creating 89 fulltime jobs with an annual average wage/salary of \$43,270 (26 percent above the county average wage) within 18 months after the commencement of operations. This would result in an annual payroll of \$3,851,000 at full operation (2020).

The Greater Yuma Economic Development Corporation (GYEDC) prepared an Economic Impact Report using the Implan software model. The report identifies economic benefits (direct and in-direct) to the City of Yuma and the Yuma area from 2018 through 2020. For the three year period, the report estimates over \$1.14 million in new direct local tax revenues including more than \$358,000 in property and sales tax revenue to the City. The County and School District are estimated to receive more than \$782,000 from direct tax revenues during the three years. Total economic impact over the three years, including secondary impacts to local businesses, is estimated at over \$95.6 million. The report captures the first three years of operations, but the positive economic impacts associated with new job creation, tax revenue, and economic multiplier impacts to the Yuma community will continue for as long as Gourmet Garden operates the facility.

The City's support for the proposed project includes a \$55,000 City of Yuma Economic Development Fund incentive tied to job creation. The incentive will be paid within 18 months after issuance of a

certificate of occupancy, upon City verification that target employment (89 new jobs) has been sustained for a continuous 12 months by Gourmet Garden. The Agreement also provides for reimbursement of City transaction privilege tax (1.7%) on new construction in an amount up to \$85,000. The proposed Agreement reflects a permit and plan review credit of up to \$40,000 and a \$40,000 City of Yuma Development Fee credit (which must be reimbursed by the City from funds other than development fees). The three year total value of direct revenues to the City is \$358,000 while the value of the proposed incentives is a maximum of \$220,000.

Under the Agreement, City of Yuma Development Fees and water and sanitary sewer capacity charges may be deferred and paid in three equal installments. The first installment would be due at issuance of the certificate of occupancy with two additional installments payable on each one-year anniversary thereafter.

The proposed Agreement must be approved by a simple majority vote of the City Council without the use of a consent calendar.

FISCAL REQUIREMENTS	CITY FUNDS:	\$55,000.00	BUDGETED:	\$55,000.00
	STATE FUNDS:	\$0.00	AVAILABLE TO TRANSFER:	\$0.00
	FEDERAL FUNDS:	\$0.00	IN CONTINGENCY:	\$0.00
	OTHER SOURCES:	\$0.00 \$0.00 \$0.00	FUNDING FOR THIS ITEM IS FOUND IN THE FOLLOWING ACCOUNT / FUND / CIP:	
	TOTAL:	\$55,000.00		
	FISCAL IMPACT STATEMENT: As noted in the Economic Impact Report, the project shows significant economic and community benefits to the City, County, and School District. Direct revenues to the City in the facility's first three years of operation should exceed \$358,000.			
ADDITIONAL INFORMATION	SUPPORTING INFORMATION NOT ATTACHED TO THE CITY COUNCIL ACTION FORM THAT IS ON FILE IN THE OFFICE OF THE CITY CLERK: 1. Economic Impact Report 2. 3. 4. 5.			
	IF CITY COUNCIL ACTION INCLUDES A CONTRACT, LEASE OR AGREEMENT, WHO WILL BE RESPONSIBLE FOR ROUTING THE DOCUMENT FOR SIGNATURE AFTER CITY COUNCIL APPROVAL? <input type="radio"/> Department <input checked="" type="radio"/> City Clerk's Office <input type="checkbox"/> Document to be recorded			
SIGNATURES	CITY ADMINISTRATOR:		DATE:	
	Gregory K. Wilkinson		7/10/2018	
	REVIEWED BY CITY ATTORNEY:		DATE:	
	Richard W. Files		7/9/2018	
	RECOMMENDED BY (DEPT/DIV HEAD):		DATE:	
SIGNATURES	WRITTEN/SUBMITTED BY:		DATE:	
	Jeff Burt		7/3/2018	