

Item Title: Public Hearing and Consideration of Business Development Grant Agreement for Advance Auto Parts, Inc.

Specific Action Requested:

That the Board of Commissioners holds a public hearing and approves a Business Development Grant Agreement with Advance Auto Parts, Inc., subject to the terms and conditions acceptable to the County Attorney.

Item Summary:

Purpose: Pursuant to State law, counties are authorized to expend funds for purposes of locating industrial and commercial facilities in the County. The Board of Commissioners must hold a public hearing before entering into the agreement.

Background: Advance Auto Parts, Inc. is a leading automotive aftermarket parts provider that serves both professional installer and do-it-yourself customers. As of October 6, 2018, Advance operated 4,981 stores and 139 Worldpac branches in the United States and Canada. The Company also serves 1,229 independently owned Carquest branded stores across these locations in addition to Mexico and other countries. On November 28, 2018, Advance Auto Parts, Inc. announced it will designate Wake County as its headquarters, creating 435 jobs with an average salary of \$106,752 annually by the end of 2022 and an estimated \$5.5 million in new investment.

Partners in this project include:

- NC Department of Commerce JDIG program
- Wake County Economic Development
- City of Raleigh
- North Carolina Community College System
- Capital Area Workforce Development Board

Board Goal: This action supports Objective ES1: Support Wake County Economic Development's efforts to bring targeted jobs and businesses to Wake County.

Fiscal Impact: The County agrees to an economic development grant of 50% of new tax growth over 5 years totaling an estimated \$89,980.

Additional Information:

On September 17, 2018, the Wake County Board of Commissioners met in closed session and authorized the County Manager to negotiate a business development grant agreement for the project relocation.

Advance Auto Parts, Inc., qualifies for a grant consistent with the state match provision

of the Wake County Business Development Grant Policy. Special consideration has been provided since this will be the designated headquarters of a Fortune 500 company allowing for an economic development grant of 50% of new tax growth over five years. In order to receive grant payment from the County, Advance Auto Parts, Inc. must meet performance criteria as outlined in the County's agreement. These performance criteria include:

1. New investment (> \$5 million)
2. New job creation (at least 25 new jobs with average wages of 100% of Wake County's average wage)
3. Payment of property taxes

Based on the draft contract, Advance Auto Parts, Inc. would receive their first grant payment upon submittal of appropriate documentation to the Wake County Revenue Collector. The first payments would likely be for tax year 2019 when the new investment exceeded \$5.5 million and all other terms of the agreement were met. The following chart is for illustration purposes only. The actual business development grant annual amount will be based on new annual assessed valuations as determined by the Wake County Revenue Director. The draft contract with Advance Auto Parts, Inc. is developed similar to prior Business Development Grant Agreements that provide a grant for projects requiring a state match.

<u>Tax Year</u>	TOTAL NEW ASSESSED VALUE <i>(Estimate)</i>	WAKE COUNTY TAX <i>0.006544 (May change)</i>	INCENTIVE PERCENTAGE	GRANT AMOUNT <i>(Estimate)</i>
1	\$ 5,500,000	\$ 35,992	50%	\$ 17,996
2	\$ 5,500,000	\$ 35,992	50%	\$ 17,996
3	\$ 5,500,000	\$ 35,992	50%	\$ 17,996
4	\$ 5,500,000	\$ 35,992	50%	\$ 17,996
5	\$ 5,500,000	\$ 35,992	50%	\$ 17,996
Total		\$ 422,090		\$ 89,980

Advance Auto Parts, Inc. was awarded a \$9.3 million grant from the State of North Carolina and an incentive from the municipality they locate in.

Attachments:

1. Presentation
2. Wake County/Advance Auto Parts, Inc. Business Development Grant Agreement
3. Wake County Business Development Grant Policy (Amended October 1, 2018)