

REQUEST FOR COUNCIL ACTION

SUBJECT:

Consideration and approval of a resolution authorizing the mayor to sign an incentive agreement with SNUGZ for locating a manufacturing and fulfillment center at approximately 9258 S. Prosperity Road.

SUMMARY:

The agreement sets forth requirements for servicing the incentive for the life of the reimbursement.

FISCAL IMPACT:

A portion of the property tax revenue received by the city will be returned to SNUGZ if they maintain 275 jobs. The incentive will begin in 2015.

STAFF RECOMMENDATION:

Approve a resolution authorizing the Mayor to sign the incentive agreement for locating a manufacturing and fulfillment center at approximately 9258 S. Prosperity Road.

MOTION RECOMMENDED:

"I move to approve resolution # 14-27 authorizing the Mayor to sign the incentive agreement with SNUGZ for locating a manufacturing and fulfillment center at approximately 9258 S. Prosperity Road."

Roll Call vote required

Prepared by:



Tom Burdett
Development Director

Reviewed by:



Jeff Robinson
City Attorney

Recommended by:



Richard L. Davis
City Manager

BACKGROUND DISCUSSION:

The City, through its Mayor, offered an incentive to SNUGZ to locate their new facility that manufactures promotional products in West Jordan. It is part of the city's economic development program to recruit viable and successful businesses that can contribute to the economic vitality of the region. SNUGZ has completed construction of the facility and received a certificate of occupancy.

This agreement will authorize the city to reimburse SNUGZ with an incentive, not to exceed \$106,000 over a five-year period, if 275 jobs are maintained. The annual payment will not exceed \$21,200. The attached agreement is acceptable to SNUGZ and the city.

THE CITY OF WEST JORDAN, UTAH
A Municipal Corporation

RESOLUTION NO. 14-27

A RESOLUTION AUTHORIZING THE MAYOR TO SIGN AN INCENTIVE AGREEMENT WITH SNUGZ USA INC. FOR LOCATING A MANUFACTURING AND FULFILLMENT CENTER AT APPROXIMATELY 9258 S. PROSPERITY ROAD.

WHEREAS, the City, through its Mayor, offered an incentive to SnugZ USA, Inc. on November 6, 2012, to locate their new facility that manufactures promotional products in West Jordan; and

WHEREAS, it is part of the city's economic development program to recruit viable and successful businesses that can contribute to the economic vitality of the region; and

WHEREAS, SnugZ USA, Inc. has completed construction of the facility and received a certificate of occupancy; and

WHEREAS, an agreement is needed to set forth requirements for servicing the incentive for the life of the reimbursement; and

WHEREAS, the attached agreement is acceptable to SnugZ USA, Inc. and the city.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WEST JORDAN, UTAH:

Section 1. The Mayor is authorized to sign an Incentive Agreement with SnugZ USA, Inc. for locating a manufacturing and fulfillment center at approximately 9258 S. Prosperity Road.

Section 2. This Resolution shall take effect immediately.

Adopted by the City Council of the City of West Jordan, Utah, this _____ day of _____ 2014.

KIM V. ROLFE
Mayor

ATTEST:

Melanie Briggs, City Clerk/Recorder

VOTING BY THE CITY COUNCIL:	"AYE"	"NAY"
Jeff Haaga	_____	_____
Judy Hansen	_____	_____
Chris McConnehey	_____	_____
Chad Nichols	_____	_____
Ben Southworth	_____	_____
Justin D. Stoker	_____	_____
Mayor Kim V. Rolfe	_____	_____

ECONOMIC DEVELOPMENT INCENTIVE AGREEMENT

An agreement between THE CITY OF WEST JORDAN, UTAH, a municipal corporation and political subdivision of the State of Utah [hereinafter referred to as "WEST JORDAN"], located at 8000 South Redwood Road, WEST JORDAN, Utah, and SNUGZ USA INCORPORATED, [hereinafter referred to as "SNUGZ"], located at 1901 South 5070 West, Salt Lake City, Utah 84104 as follows:

RECITALS

1. WHEREAS, WEST JORDAN desires strong, viable and successful businesses who can contribute over time to the health, welfare, and economic vitality of WEST JORDAN to locate within its corporate boundaries; and

2. WHEREAS, WEST JORDAN desires to provide certain economic incentives to those businesses meeting the above criteria who desire to locate within its corporate boundaries; and

3. WHEREAS, SNUGZ is a national and international promotional products company and desires to locate a manufacturing and fulfillment center located at approximately 9258 S. Prosperity Road within the corporate boundaries of WEST JORDAN; and

4. WHEREAS, WEST JORDAN recognizes the "unique character" and "economic benefit" of SNUGZ and its contribution toward diversifying WEST JORDAN'S economy, and finds that the location and construction of the SNUGZ facility at 9258 S. Prosperity Road in WEST JORDAN, will directly and significantly improve the economic climate of our community, will foster economic growth, will support the industrial and employment base and opportunities in WEST JORDAN, will create job potential for our citizens, and will further the goals and objectives of the WEST JORDAN Comprehensive General Plan.

NOW, THEREFORE, based upon the mutual covenants and promises contained herein, and for adequate mutual consideration which is hereby acknowledged, WEST JORDAN and SNUGZ hereby agree as follows:

TERM OF AGREEMENT

1. This agreement shall be effective upon its execution by the Mayor of WEST JORDAN, and will terminate when the full amount of the economic incentives are paid to SNUGZ by WEST JORDAN or if SNUGZ fails to meet its agreed to conditions and deliverables.

CONSTRUCTION AND OPERATION OF FACILITY

2. SNUGZ agrees to build the following development to be located at 9258 S. Prosperity Road in WEST JORDAN (hereinafter the "SNUGZ FACILITY"), and in conjunction with this development, and as a basis for the incentive request, SNUGZ further agrees to:

- A. Purchase at least 4.77 acres of property at the above address, to be owned by SNUGZ,
- B. Construct a manufacturing, warehouse and fulfillment facility of at least 117,828 square feet,
- C. Employ at least 275 Full Time Employees, and
- D. Complete and open the SNUGZ FACILITY by January 1, 2015.

3. SNUGZ also agrees to pay all impact fees due to WEST JORDAN in connection with the development and construction of the SNUGZ FACILITY.

ECONOMIC INCENTIVE

4. As an incentive for the construction and continued operation of the SNUGZ FACILITY, with its expected employment opportunities for the residents of WEST JORDAN and the expected increase in WEST JORDAN's property tax base, WEST JORDAN agrees to provide SNUGZ with a cash, post-performance reimbursement, of up to \$106,000, to be made available to SNUGZ beginning no earlier than the following property tax year after the completion and opening of the SNUGZ FACILITY, when the target employment is met and over the succeeding three years thereafter, assuming the conditions of this incentive continue to be met.

5. As a condition for qualifying for the development incentive described in the preceding paragraph, SNUGZ agrees, during each of the three years following completion and opening of the SNUGZ FACILITY that the SNUGZ FACILITY will employ no fewer than 275 full time equivalent employees. Failure by SNUGZ to open and maintain the SNUGZ FACILITY as fully operational will be deemed a breach of this Agreement and WEST JORDAN will no longer be obligated to provide SNUGZ the development incentive described in the preceding paragraph.

6. As an example of the expected working of the development incentive and its conditions precedent and subsequent, it is assumed that the SNUGZ FACILITY is completed and opened with 275 FTE on January 1, 2015. SNUGZ will submit

documentation of employment, via an Annual Jobs Report, by March 31, 2016. On or within 60 business days of that date WEST JORDAN will deliver the City's portion of property tax revenue from the construction of the facility up to \$21,200 to SNUGZ. If the property tax revenue is less than \$21,200, the city is only obligated to reimburse what it receives for that tax year and any subsequent tax year. If during the succeeding 12 months SNUGZ continues to employ an average of 275 FTE at the SNUGZ FACILITY, another payment of \$21,200 will be made on or within 60 business days of March 14, 2017. This process would be followed for the next three 12-month periods, until a total of \$106,000 has been paid to SNUGZ.

MISCELLANEOUS PROVISIONS

7. This agreement is may not be assigned to another party by SNUGZ without the express written approval of WEST JORDAN. This Economic Incentive Agreement is applicable to, and inures only to the benefit of SNUGZ for the development of the SNUGZ FACILITY.

8. This agreement shall be construed under the laws of the State of Utah.

CITY OF WEST JORDAN, UTAH

SNUGZ USA INCORPORATED

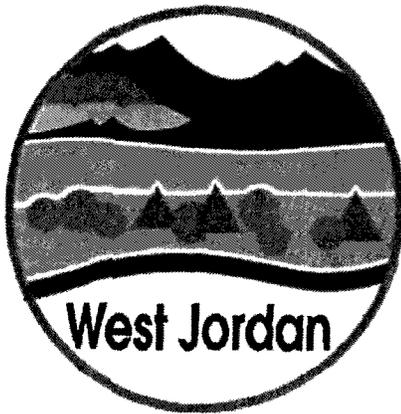
Kim V. Rolfe
Mayor

ROSANNE R. WEBSTER
Chief Operating Officer

ATTEST:

MELANIE BRIGGS
City Recorder

Date of City Signature



City of West Jordan
8000 South Redwood Road
West Jordan, Utah 84088
Building & Safety (801) 569-5050
Planning & Zoning (801) 569-5060
Engineering (801) 569-5070
Fax (801) 569-5099

November 6, 2012

Rosanne Riddle C.O.O.
SnugZ USA

RE: Project Swag

Dear Ms. Riddle:

It is my pleasure to present to you an incentive proposal for locating and expanding your company in West Jordan. It is my understanding that your company is considering several locations in Utah for this facility, and we are very interested in collaborating with you to select and build on a location in the City of West Jordan. We believe it to be an important element for economic development and growth in basic employment.

This incentive will provide you with up to \$106,000 in cash value return over a 4-year period of time if the facility is located in West Jordan and keeps a minimum number of jobs. The incentive is based on reimbursement from the city's portion of future property tax revenues. It may be used to off-set public infrastructure improvements and site improvements for developing a site in the 21st Century Industrial Park. The funds come from tax increment generated by the capital investment in real and personal property which then is returned post performance to the company. It will be reimbursed based on a schedule and terms set forth in a Development Agreement. This incentive is contingent upon the establishment of 340 jobs in two years from project completion. It is estimated to take between four to six weeks to execute an agreement for this incentive. This agreement can be programmed for completion concurrent with permitting to meet a minimum time frame.

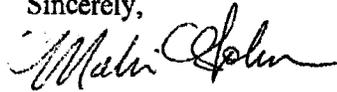
More significantly, the City will provide expedited permitting. "We will go as fast as you go with permitting." How will we do it? We will work strategically with your team on setting dates for review time frames and comments and put into action a mutually agreed upon critical path schedule for all permits. We will establish a contact list of people who will engage in the review for all disciplines with the City as well as one central point of contact for monitoring and problem solving. We will adhere to this schedule. If your

Ms. Rosanne Riddle
Project Swag
November 6, 2012
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consultants perform to the times established in the schedule, you will be able to start work as soon as possible.

We hope this offer will be desirable to you. It is exciting to see interest and activity in locating this facility in West Jordan. Our economic development team will do everything we can to assist you in this effort. We look forward to a long-lasting partnership for growth and prosperity for many years to come.

Sincerely,

A handwritten signature in cursive script, appearing to read "Melissa K. Johnson".

Melissa K. Johnson, Mayor
City of West Jordan

Richard L. Davis, City Manager