

**CITY OF GOODYEAR
CITY COUNCIL ACTION FORM**

<p>SUBJECT: Adopt Resolution No. 17-1790 Approving, Authorizing and Directing the City Manager to Execute a Job Creation Agreement for Huhtamaki North America, Inc.</p>	<p>STAFF PRESENTER: Michelle Lawrie, Economic Development Director</p> <p>CASE NUMBER: N/A</p> <p>OTHER PRESENTER: N/A</p>
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PROPOSED ACTION:

ADOPT RESOLUTION NO. 17-1790 APPROVING, AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE A JOB CREATION AGREEMENT FOR HUHTAMAKI NORTH AMERICA, INC., AUTHORIZING CITY STAFF TO TAKE ACTIONS CONSISTENT WITH TERMS OF RESOLUTION AND AGREEMENT; AND PROVIDING FOR AN EFFECTIVE DATE.

BACKGROUND AND PREVIOUS ACTIONS:

Huhtamaki North America, Inc. is an international food packaging manufacturing company with its United States corporate headquarters located in De Soto, Kansas. Huhtamaki identified the need for a new manufacturing and distribution facility to serve the west coast market and has selected Goodyear for its location.

Huhtamaki embarked on a multi-state search for this new facility. Goodyear staff worked with the Arizona Commerce Authority and GPEC to capture this opportunity for Goodyear, beginning with the first visit by Huhtamaki in April of 2016. Huhtamaki purchased an existing 752,825 square foot manufacturing building located at 4320 South Cotton Lane and plan to employ 250 - 300 workers in Goodyear.

There were no previous items that went to Council related to this agreement.

STAFF ANALYSIS:

In late November of 2016, Huhtamaki purchased the 752,825 square foot former Rubbermaid building and adjacent property totaling approximately 90 acres. The majority of this building has been vacant since Rubbermaid closed its operations in 2005.

Benefits to the community of Huhtamaki's location in Goodyear include:

- Creating 250-300 new manufacturing jobs paying an average annual salary of at least \$42,000.
- Capital investment of over \$100 million in the purchase, tenant improvements and equipping of the facility
- Occupying and renovating a largely vacant building

RECOMMENDATION:

Given the creation of 250-300 high paying manufacturing jobs and a capital investment of over \$100 million it is recommended that the proposed agreement be approved.

FISCAL ANALYSIS:

In its offer letter dated in August 2016 (contingent upon approval by Council and third-party economic analysis) regarding the location, the city of Goodyear offered to waive up to \$565,000 in plan review and permit fees, including the expedited portion of plan review fees. The third-party economic analysis was conducted by ESI Corporation, showing that the following economic benefits would be received from this location and hiring of up to 300 employees (with an average annual wage of at least \$42,000) and \$82 million in capital equipment and tenant improvements:

- Direct tax benefit to the City of Goodyear from the construction sales tax, real and personal property tax, and utilities tax generated by Huhtamaki during the first six (6) years of operation will be approximately \$914,357.
- Direct, indirect and induced economic impact of the new jobs created by Huhtamaki's operations in Goodyear will total approximately \$71,890,055 in payroll and more than \$678,000,000 in total economic output over the next six (6) years.

ATTACHMENTS:

Resolution No. 17-1790
Job Creation Agreement