

AGENDA ITEM #: \_\_\_\_\_

DATE: January 23, 2017

COAC #: 17-5985

**CITY OF GOODYEAR  
CITY COUNCIL ACTION FORM**

**SUBJECT: Adopt Resolution No. 17-1784  
Approving Authorizing and Directing the  
City Manager to Execute a Job Creation  
Agreement for KPS Global, Inc. (KPS)**

**STAFF PRESENTER:** Michelle Lawrie,  
Economic Development Director

**CASE NUMBER:** N/A

**OTHER PRESENTER:** N/A

**RECOMMENDATION:**

ADOPT RESOLUTION NO. 17-1784 APPROVING, AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE A JOB CREATION AGREEMENT FOR KPS GLOBAL, INC. (KPS), AUTHORIZING CITY STAFF TO TAKE ACTIONS CONSISTENT WITH TERMS OF RESOLUTION AND AGREEMENT; AND PROVIDING FOR AN EFFECTIVE DATE.

**PURPOSE:**

KPS Global, Inc. (KPS) is a leading manufacturer of walk-in refrigeration units designed to display foods at grocery stores. KPS was formed in December 2015 by the merger of Kysor Panel Systems and the walk-in division of Hill-Phoenix (no relation to the city of Phoenix, Arizona). The company is headquartered in Fort Worth, Texas. At this time, Kysor Panels employed 75 at the Goodyear facility and was looking to add 85 more employees and expand into a larger existing facility.

**BACKGROUND AND PREVIOUS ACTIONS:**

Kysor Panel Systems operated in Goodyear for several years at 3831 South Bullard Avenue, south of MC-85 and Phoenix-Goodyear Airport. Upon the merger of Kysor Panel Systems and Hill-Phoenix, the new entity, KPS Global Inc., embarked on a multi-state search for an expansion opportunity. Goodyear staff worked with the Arizona Commerce Authority and GPEC to capture the expansion opportunity for Goodyear, beginning in July of 2016.

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

**STAFF ANALYSIS:**

In late August of 2016, KPS Global made the decision to expand in Goodyear. However, because the company would need to close two plants in the process, the expansion announcement was delayed until January 2017.

The company has now relocated to Goodyear Crossings Industrial Park in the former Suntech building at 3801 South Cotton Lane and has completed tenant improvements.

Further, benefits of capturing this expansion also include:

- Keeping an existing Goodyear company in the city, whereas consolidation efforts due to the acquisition could have resulted in losing the company's existing 75 employees
- Filling an existing vacated facility

### **FISCAL ANALYSIS:**

In its offer letter dated July (contingent upon approval by Council and third-party economic analysis) regarding the expansion, the city of Goodyear offered to waive up to \$100,000 in expedited plan review and permit fees. The third-party economic analysis was conducted by ESI Corporation, showing that the following economic benefits would be received from this expansion of 85 employees (with an average annual wage of \$31,000) and \$2.3 million in capital investment:

- Direct tax benefit to the City of Goodyear from the construction sales tax, personal property tax, real property tax, and occupancy tax generated by KPS during the first ten (10) years of operation will be approximately \$180,239
- Direct, indirect and induced economic impact of the new jobs created by KPS operations in Goodyear will total approximately \$37,315,922 in payroll and more than \$557,776,092 in total economic output over the next ten (10) years

### **ATTACHMENTS:**

Resolution No. 17-1784  
Job Creation Agreement