

AGENDA ITEM #: _____

DATE: April 8, 2019

CAR #: 2019-6626



CITY COUNCIL ACTION REPORT

SUBJECT: Job Creation Agreement for Fairlife, LLC

STAFF PRESENTER(S): Harry Paxton, Economic Development Project Manager

OTHER PRESENTER(S): None.

Summary: Fairlife, LLC plans to employ 140 people in a new 300,000 square foot advanced manufacturing milk processing plant. The proposed Job Creation Agreement provides the waiver/reimbursement of plan review and permit fees up to \$900,000.

Recommendation: ADOPT RESOLUTION NO. 2019-1955 APPROVING, AUTHORIZING AND DIRECTING THE CITY MANAGER TO EXECUTE A JOB CREATION AGREEMENT FOR FAIRLIFE, LLC; AUTHORIZING CITY STAFF TO TAKE ACTIONS CONSISTENT WITH TERMS OF RESOLUTION AND AGREEMENT; AND PROVIDING FOR AN EFFECTIVE DATE.

Fiscal Impact: The city agrees to waive/reimburse plan review and permit fees, and the expedited portion of fees (only if expedited review is available) up to a maximum of \$900,000. A third-party economic analysis was conducted by Applied Economics, showing that the economic benefits of Phase I. Applied Economic estimated the direct revenue and economic impacts for Phase I to be:

- Direct tax benefit to the city of Goodyear from sales taxes, real and personal property tax, net permit & impact fees generated by Fairlife, LLC for Phase I of \$3.4 million over the 5 year period of the agreement.
- Economic Impacts of Fairlife, LLC operations in Goodyear will total approximately \$817.8 million in total economic impact for Phase I up to the 5 year period of the agreement.

Background and Previous Actions

Fairlife, LLC is an international manufacturer and bottler of milk beverages, with its United States corporate headquarters located in Chicago, Illinois. Fairlife has identified the need for a new regional advanced manufacturing and bottling facility to serve Arizona and portions of the western United States.

Fairlife has purchased 54 acres at the northwest corner of N. Cotton Lane and Thomas Road in Goodyear, AZ. Fairlife plans to begin construction on a 300,000 square foot facility in the 2nd quarter of 2019 and begin operating in the facility in early 2020. Fairlife plans, within three (3) years of the Effective Date of this Agreement, to have invested, or will cause to have invested a minimum of \$200,000,000 in purchasing the property upon which the Goodyear facility will be located, constructing a new building, including tenant improvements, and equipping the property for the Goodyear Facility.

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

Staff Analysis

Fairlife has identified the city as its preferred location for its new regional advanced manufacturing facility that will accommodate its immediate and long-term expansion plans and otherwise meet its business needs, and will construct a new 300,000 square foot building generally located at the northwest corner of N. Cotton Lane and W. Thomas Road in Goodyear, Arizona.

Benefits to the community of Fairlife's advanced manufacturing facility in Goodyear over the course of five (5) years include:

- Creating at least 140 full-time jobs in Goodyear
- Paying employees an annual salary/wage of at least \$40,000 per year
- Capital investment of at least \$200,000,000

Attachments

Resolution No. 2019-1955
Job Creation Agreement