



January 29, 2019

Memo to: Board of Commissioners

From: Timothy Love, Economic Development Director via George Wood, Interim County Manager

Re: Recommendation on Burial Beer Co. Economic Development Agreement

As you are aware, on January 6, 2016, Burial Beer Co. ("Burial") announced its plans to open a new facility in Buncombe County near Biltmore Village (Shady Oak and London Road). Burial is a manufacturer and distributor of craft beverages. In 2013, the company was founded in Buncombe County and has since expanded operations to Raleigh, North Carolina while distributing to North Carolina, Georgia and New York.

Prior to the 2016 expansion announcement, Burial Beer requested, and the County agreed to (subject to formal approval by the Board of Commissioners) provide economic development incentives to induce the Company to make capital investments and create jobs in Buncombe County.

Our staff have analyzed the economic impact of the expansion project, drafted an Economic Development Agreement (EDA) between Burial and Buncombe County, and are requesting your formal approval for the incentive grant at the February 5th Board of Commissioners meeting. Please see the below for additional information.

Project Overview

Burial plans to renovate the existing Civilian Conservation Corps property (constructed in the early 1900s) near Biltmore Village. The project will create 17 new jobs and bring a total investment of \$1.8 million to Buncombe County over five years. The average wage for these jobs will be \$34,000.00 annually and the company will provide for at least half of employee health insurance costs. Based on the information provided, only 5 out of the 17 proposed jobs qualify for the jobs incentive in the Buncombe County Economic Development Incentive Policy, however each job exceeds the 2019 "living wage" published by Just Economics (see Appendix A – Wage Schedule).

Economic Development Agreement

Based on the above information, Buncombe County is eligible to offer an incentive grant not to exceed \$10,045.00. This incentive grant is contingent upon your review and vote in a public hearing. Further, this grant is contingent on the approval of the EDA between Burial and Buncombe County. The EDA specifies the terms of the agreement including investment and job schedules, the incentive disbursement schedule, and the required documentation to accompany disbursement requests. The EDA also defines procedures should Burial not meet job and investment targets.

Prior to any incentive grant disbursements, Buncombe County staff will review investment and job documentation provided by Burial. The purpose of this review is to maximize the use of public funds by validating expenses associated with the \$1.8 million investment and verifying the creation of jobs in Buncombe County. Additionally, please note that Burial has an EDA in place with the City of Asheville. The City of Asheville EDA was approved at the December 11th 2008 Council meeting and totals approximately \$19,210.



Return on Investment

Our staff have analyzed this project and estimate a positive return on investment. Over the next 10 years, the County will expend a total of \$10,045 in economic development grants and bring in approximately \$64,000 in ad valorem property tax revenues. The 10 year net County impact of this investment is approximately \$54,000 (see Appendix B – 10 Year ROI). Additionally, the County's Economic Development Coalition (EDC) projects total indirect and induced labor income of approximately \$1.2M in annual labor income (see Appendix C – Estimated Job Effects). Please note that all of these projections are estimates and will be impacted by changes to the tax rate, timing of capital investments, and final depreciated valuation of equipment.

Recommendation

Our recommendation is to approve the economic development incentives and agreement prepared by staff. We are excited that Burial has chosen to continue growing operations in Buncombe County. The Burial project represents an ideal opportunity to continue support for local businesses, renovate existing historical facilities, and further stimulate job growth. If you have any questions, or if I can be of any further assistance, please do not hesitate to contact me.



Buncombe County Government

Appendix A: Wage Schedule

Please see the below table for Burial's wage schedule. For 2019, Just Economics has published the living wage as \$13.65 per hour, or \$28,392 per year, for a full-time living-wage employee without health insurance.

| Description | Wage | Count | BC Incentive Eligible | Living Wage |
|-----------------------|----------|-------|-----------------------|-------------|
| Head Brewer | \$45,000 | 2 | Yes | Yes |
| Head of Sales | \$40,000 | 3 | Yes | Yes |
| Sales Associates | \$35,000 | 4 | No | Yes |
| Production Assistants | \$29,120 | 8 | No | Yes |

Appendix B: Burial – 10 Year Return on Investment

Please see the below table for an overview of costs and revenues associated with Burial. Please note that all of these projections are estimates and will be impacted by changes to the tax rate, timing of capital investments, and final depreciated valuation of equipment.

Payments/Revenues (Estimated)

| Fiscal Year | OUTFLOW | INFLOW | COUNTY IMPACT |
|--------------|--------------------|--------------------|--------------------|
| | Incentives | Tax Revenue | Cost / Gain |
| 2019 | \$10,045.00 | \$9,522.00 | (\$523.00) |
| 2020 | \$0.00 | \$8,760.24 | \$8,760.24 |
| 2021 | \$0.00 | \$8,078.46 | \$8,078.46 |
| 2022 | \$0.00 | \$7,551.90 | \$7,551.90 |
| 2023 | \$0.00 | \$6,998.67 | \$6,998.67 |
| TOTAL | \$10,045.00 | \$40,911.27 | \$30,866.27 |

Next 5 Years (Estimated)

| Fiscal Year | OUTFLOW | INFLOW | COUNTY IMPACT |
|--------------|---------------|--------------------|--------------------|
| | Incentives | Tax Revenue | Cost / Gain |
| 2024 | - | \$6,156.93 | \$6,156.93 |
| 2025 | - | \$5,553.23 | \$5,553.23 |
| 2026 | - | \$4,967.63 | \$4,967.63 |
| 2027 | - | \$3,945.92 | \$3,945.92 |
| 2028 | - | \$3,012.76 | \$3,012.76 |
| TOTAL | \$0.00 | \$23,636.46 | \$23,636.46 |

Cumulative Impact (10 Year)

| | | | |
|--------------|--------------------|--------------------|--------------------|
| TOTAL | \$10,045.00 | \$64,547.73 | \$54,502.73 |
|--------------|--------------------|--------------------|--------------------|



Appendix C: Economic Impact

Below is the EDC's estimated effects of the EDA on local suppliers and household spending. In addition, the EDC estimates \$655K in additional local tax revenue (e.g., sales tax, household property tax). Please note that all of these projections are estimates and will be impacted by changes to the tax rate, timing of capital investments, and final depreciated valuation of equipment.

| Impact Type | Description | Employment | Labor Income (\$) |
|------------------------|--|-------------------|--------------------------|
| Direct Effect | Burial jobs | 17 | \$582,964 |
| Indirect Effect | Income for Burial's local suppliers (i.e., business-to-business transactions) | 9 | \$444,042 |
| Induced Effect | Labor income or paychecks being spent in the region (i.e., household spending) | 7 | \$249,697 |
| Total | | 33 | \$1,276,703 |