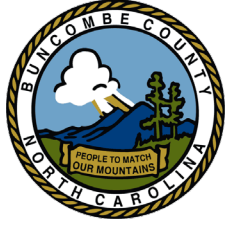


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# Economic Development Incentive Program

**Public Hearing  
Haakon Industries  
2/5/2019**



# Background and Request

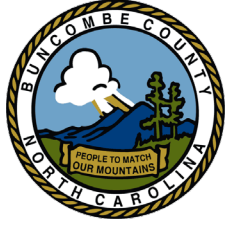
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## **Background:**

- As announced on September 21<sup>st</sup>, Haakon Industries has chosen Buncombe County for the company's southeast location.
- Haakon plans to build a 140,000 sqft building in Enka Commerce Park.
- Haakon is a manufacturer of air handling equipment for large organizations (e.g., hospitals, labs).

## **Request:**

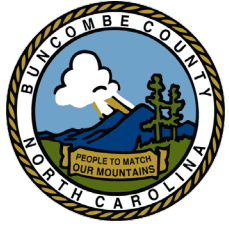
- Board of Commissioners approval for:
  - Economic Development Incentives for Haakon Industries; and
  - Economic Development Agreement between Haakon Industries and Buncombe County.



# Project Overview

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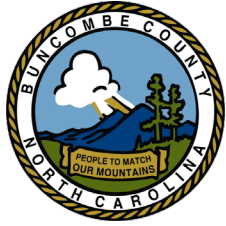
- As part of Haakon's new manufacturing facility project, Haakon will:
  - Create **100 new jobs**;
  - Invest **\$17.9 million** in real and business personal property; and
  - Provide an **average wage of \$19.20 hour** including at least half of employee health insurance costs.



# Investment and Job Overview

Proposed investment and job schedule.

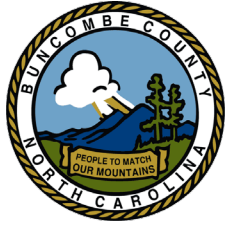
| Fiscal Year  | Capital Investment     |                        | Jobs          |                   |
|--------------|------------------------|------------------------|---------------|-------------------|
|              | <i>Annual</i>          | <i>Cumulative</i>      | <i>Annual</i> | <i>Cumulative</i> |
| <b>2019</b>  | \$700,000              | <b>\$700,000</b>       | 0             | <b>0</b>          |
| <b>2020</b>  | \$16,700,000           | <b>\$17,400,000</b>    | 14            | <b>14</b>         |
| <b>2021</b>  | \$0.00                 | <b>\$17,400,000</b>    | 16            | <b>30</b>         |
| <b>2022</b>  | \$500,000.00           | <b>\$17,900,000</b>    | 20            | <b>50</b>         |
| <b>2023</b>  | \$0.00                 | <b>\$17,900,000</b>    | 25            | <b>75</b>         |
| <b>2024</b>  | \$0.00                 | <b>\$17,900,000</b>    | 25            | <b>100</b>        |
| <b>TOTAL</b> | <b>\$17,900,000.00</b> | <b>\$17,900,000.00</b> | <b>100</b>    | <b>100</b>        |



# Economic Development Incentive Overview

- **Joint economic development effort** between the Department of Commerce, Department of Transportation, A-B Tech, Economic Development Coalition (EDC), and Buncombe County.
- Per Buncombe County's Economic Development Incentive Policy, and pending Commissioner approval, Buncombe County commits to a **total incentive of \$192,298**.
- The incentive disbursement schedule is provided below.

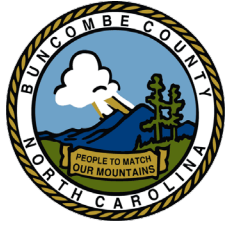
| Fiscal Year  | Incentive (Investment) | Incentive (Jobs)   |
|--------------|------------------------|--------------------|
| 2019         | \$0.00                 | \$0.00             |
| 2020         | \$0.00                 | \$0.00             |
| 2021         | \$0.00                 | \$0.00             |
| 2022         | \$0.00                 | \$0.00             |
| 2023         | \$0.00                 | \$0.00             |
| 2024         | \$96,149.00            | \$96,149.00        |
| <b>TOTAL</b> | <b>\$96,149.00</b>     | <b>\$96,149.00</b> |



# Economic Development Impact

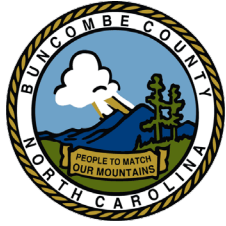
- Creation of **100 jobs and \$17.9M in investment.**
- Generation of approximately \$750K in ad valorem tax revenue over 10 years (**net positive revenue impact of approximately \$555K**).
- **Labor impact of ~\$7M** (see EDC Economic Impact Analysis below).

| Impact Type     | Description  | Employment | Labor Income       |
|-----------------|--|------------|--------------------|
| Direct Effect   | Haakon jobs  | 100        | \$3,944,717        |
| Indirect Effect | Income for Haakon's local suppliers (i.e., business-to-business transactions)  | 33         | \$1,684,802        |
| Induced Effect  | Labor income or paychecks being spent in the region (i.e., household spending) | 35         | \$1,366,524        |
| <b>Total</b>    |  | <b>168</b> | <b>\$6,996,042</b> |



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# Appendix

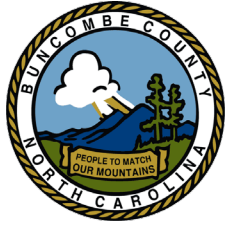


# Job Incentive and Average Wage

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- Based on Haakon’s job creation plans, only **21 out of the 100 proposed jobs qualify for the jobs incentive** in the Buncombe County Economic Development Incentive Policy
- **All 100 jobs exceed the 2019 “living wage”** published by Just Economics of \$13.65 per hour, or \$28,392 per year, for a full-time living-wage employee without health insurance.
- Additionally, **all 100 jobs will receive at least 100% subsidy of employee benefits** (50% for dependents).





# Wage Schedule

| Position                     | Count      | Average Wage | Incentive Eligible | Living Wage |
|------------------------------|------------|--------------|--------------------|-------------|
| Plant Manager                | 1          | \$40.00      | Yes                | Yes         |
| HR Specialist                | 1          | \$30.00      | Yes                | Yes         |
| Production Engineer          | 5          | \$30.00      | Yes                | Yes         |
| Quality Control Manager      | 1          | \$30.00      | Yes                | Yes         |
| Purchasing                   | 2          | \$28.00      | Yes                | Yes         |
| Production Supervisor        | 7          | \$26.78      | Yes                | Yes         |
| Maintenance                  | 2          | \$24.00      | Yes                | Yes         |
| Electrician                  | 2          | \$21.63      | Yes                | Yes         |
| CNC Machine Operator         | 2          | \$20.60      | No                 | Yes         |
| Welder                       | 9          | \$18.54      | No                 | Yes         |
| Sheet Metal Machine Operator | 5          | \$18.54      | No                 | Yes         |
| Admin Assistant              | 1          | \$18.00      | No                 | Yes         |
| Electrical Helper            | 5          | \$17.51      | No                 | Yes         |
| Reciever/Material Handler    | 2          | \$16.48      | No                 | Yes         |
| Assembler                    | 55         | \$16.30      | No                 | Yes         |
| <b>TOTAL</b>                 | <b>100</b> |              |                    |             |