Economic Development Incentive Program

Public Hearing
System Logistics Corporation, LLC
April 6, 2021
Background and Request

Background:

• Announced January 2020, System Logistics Corporation, LLC (SLC) has chosen Buncombe County for its expansion.

• SLC is a leading global supplier of material handling solutions for the warehouses, distribution centers, and manufacturing operations.

• Arden plant employs 124 and develops solutions for automated storage and picking with a special focus on the Food & Beverage industry.

Request:

• Board of Commissioners approval for:
  • Economic Development Incentives for SLC; and
  • Economic Development Agreement between SLC and Buncombe County.
Site Location
Scope of Project

SLC will:

• Invest in the existing Arden Plant;
• Retain 124 jobs and add 47 jobs;
• Invest $3.0 million in real and business personal property; and
• Provide an average wage of $66.9K annually ($32.17 hourly).

Aligns to Buncombe 2025 Strategic Plan Goals for increasing average wages and total employment in professional/IT industries.
System Logistics Corporation (SLC)
SYSTEM LOGISTICS provides INTRALOGISTICS and MATERIAL HANDLING SOLUTIONS, for optimization of warehouse supply chains, distribution and production centres.

The Heart of Intralogistics
COMPANY PROFILE

HEADQUARTERS:
Fiorano Modenese (IT)

REVENUES 2020:
$256 Million

EMPLOYEES:
OVER 600

BRANCHES:
8 worldwide

SINCE 2016:
A member of the Krones Group
Revenues: over $3.8 BLN
Employees: over 16,000
Headquarters:
Arden, NC

Facility:
150,000 square feet

Revenues:
2019: $64 million USD
2020: $76 million USD

Employees:
2020: 122

The American Cluster
System Logistics
A wide-range of in-house technologies

In-feed from production
AS/RS
Automated Picking
Receiving
Sequencing
Shipping

COUNTERBALANCED VEHICLES FOR ROLLS, COILS AND REELS
COUNTERBALANCED FORK VEHICLES
QUAD VEHICLES WITH ON-BOARD CONVEYORS
FLAT VEHICLES

STAINLESS STEEL VEHICLES
Vertique is North America’s leading provider of automated case picking within the Food and Beverage industry. With a customer base that includes many of the world’s best known consumer packaged goods brands, Vertique offers the most proven, accurate solution on the market today.

31 active systems and growing in North America. Engineered, manufactured, and supported in Arden, North Carolina.
Economic Development Agreement
Economic Development Incentive

• Incentive Structure:
  • Total Incentives: $100K
    • Incentive payout after performance commitments are met
    • No incentive for 124 retained jobs
  • Term: 5 years (3 year creation + 2 year retention)
  • Payout Structure: pay-for-performance (pro rata) based on actual job and investment schedule.
## Investment, Job and Incentive Schedule

<table>
<thead>
<tr>
<th>Year</th>
<th>Confirmation Date</th>
<th>New Jobs (Annual)</th>
<th>Jobs (Cumulative)</th>
<th>Investment (Annual)</th>
<th>Investment (Cumulative)</th>
<th>Proposed Job Incentive</th>
<th>Proposed Investment Incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>April 1, 2022</td>
<td>17</td>
<td>141</td>
<td>$200,000</td>
<td>$200,000</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2022</td>
<td>April 1, 2023</td>
<td>15</td>
<td>156</td>
<td>$1,100,000</td>
<td>$1,300,000</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2023</td>
<td>April 1, 2024</td>
<td>15</td>
<td>171</td>
<td>$1,700,000</td>
<td>$3,000,000</td>
<td>$50,000</td>
<td>$50,000</td>
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</table>
Economic Development Impact

• Creation of 47 jobs and $3M in investment.
• Incentives cash-flow by year 3 and breakeven within 3 years depending on economic conditions.
• Labor impact of ~$5.9M (see EDC Economic Impact Analysis below).

<table>
<thead>
<tr>
<th>Impact</th>
<th>Employment</th>
<th>Labor Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>47</td>
<td>$3,144,999.80</td>
</tr>
<tr>
<td>Indirect</td>
<td>46</td>
<td>$1,845,364.75</td>
</tr>
<tr>
<td>Induced</td>
<td>22</td>
<td>$935,815.86</td>
</tr>
<tr>
<td>Total</td>
<td>115</td>
<td>$5,926,180.41</td>
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</tbody>
</table>
Request for Board Action

• Board of Commissioners approval for:
  • Economic Development Incentives for SLC; and
  • Economic Development Agreement between SLC and Buncombe County.
Appendix
Job Impact

• Based on SLC’s job creation plans, **47 out of the 47 proposed jobs qualify for the jobs incentive** in the Buncombe County Economic Development Incentive Policy (greater than $20.90 per hour, or $43,472 per year).

• All **47 jobs exceed the 2020 “living wage” published by Just Economics** (greater than $15.50 per hour, or $32,240 per year) for a full-time living-wage employee without health insurance.
<table>
<thead>
<tr>
<th>Position Description</th>
<th>Jobs</th>
<th>Annual Wage</th>
<th>Hourly Wage</th>
<th>Living Wage ($14.00)</th>
<th>Incentive Eligible? ($20.90)</th>
<th>Exceed Median HHI ($50,668)</th>
<th>Exceeds Per Capita Income ($31,439)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
<td>3</td>
<td>$45,000.00</td>
<td>$21.63</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
<td>Y</td>
</tr>
<tr>
<td>Service/Site Tech.</td>
<td>14</td>
<td>$50,000.00</td>
<td>$24.04</td>
<td>Y</td>
<td>Y</td>
<td>N</td>
<td>Y</td>
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<tr>
<td>Engineering: EE/ME</td>
<td>12</td>
<td>$65,000.00</td>
<td>$31.25</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
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<tr>
<td>Software/PLC</td>
<td>12</td>
<td>$80,000.00</td>
<td>$38.46</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
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<tr>
<td>Project Managers</td>
<td>3</td>
<td>$90,000.00</td>
<td>$43.27</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
</tr>
<tr>
<td>Sales Mgr., Tech Sales</td>
<td>3</td>
<td>$100,000.00</td>
<td>$48.08</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
<td>Y</td>
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