



Chatham County, NC

Legislation Text

File #: 22-4360, **Version:** 2

Vote on a request to approve the Authorizing Resolution By Chatham County for the North Carolina Department of Commerce Building Reuse Program "Arauco Building Reuse Project"

Action Requested: Vote on a request to approve the Authorizing Resolution By Chatham County for the North Carolina Department of Commerce Building Reuse Program "Arauco Building Reuse Project"

Introduction & Background: The NC Department of Commerce's Building Reuse (BR) Grant provides matching funds for three different types of projects and awards are based on net new job creation. The expansion of an existing industry is one project-type that falls within the BR program.

Arauco North America is planning to add a third molding line at its Moncure facility. The third line was approved in January of 2022 with an investment expectancy of \$5.16 million. The proposed BR project for line 3 includes: floor repairs and painting, new lighting, removing existing piping and obstructions for the new line, repairs to existing sheet metal walls and repainting of walls, new electrical and mechanical installation of the equipment to produce the molding product. The approximate cost for this portion of the larger expansion project is \$134,000 with the expected creation of 26 new jobs in the first year following completion.

Commerce's BR program requires that a local government apply for the grant, where, in this case and if awarded, the county would enter into an agreement with Commerce. Likewise, the county would also enter into an agreement with Arauco. Chatham County will be accountable to the State for the performance of job creation along with other requirements of the grant, and Arauco, through its agreement with the county, will be accountable to the county for the same. If Arauco does not perform, it will be the county's responsibility to repay Commerce any portion of the grant that has already been expended. As part of the agreement with the county, Arauco will provide a security instrument that will protect the financial liability of the county in the event job performance is not met.

A local match is required of the grant. The local match can come from any source. The local match for this grant is proposed to be funded by the EDC, which comes in the form of expenses associated with the cost of contracting the administration of the grant with David Hartigan, of Hartigan Management, a grant writing and grant administration vendor.

Discussion & Analysis: The subject grant, if awarded, will support the expansion of an existing Chatham County industry, and is expected to create 26 new jobs. There is no direct cost to the county, as the EDC has committed to supplying the required local match. Further, the administrative burden of the grant will not fall to the county, as Hartigan Management will be performing the reporting and other administrative requirements.

How does this relate to the Comprehensive Plan: Diversifying the county's tax base and generating more in-county jobs to reduce dependence on residential property taxes, create economic

opportunities and reduce out-commuting is a stated goal of Plan Chatham. Increasing non-residential share of the tax base, increasing in-county jobs, and strengthening support for existing businesses are a number of identified methods to accomplish this stated goal. This project possesses elements of each of these methods.

Budgetary Impact: The proposed grant, if awarded, will have no direct cost impact but will have a budgetary impact. Since the county will be the applicant, the county will also be receiving funds from Commerce and disbursing them to the industry on a reimbursement basis. Accordingly, if awarded, a budget amendment will be presented to the Board of Commissioners on or about the same time grant contracts are presented to the Board for approval.

Recommendation: Approve the Authorizing Resolution By Chatham County for the North Carolina Department of Commerce Building Reuse Program "Arauco Building Reuse Project"