



**County of Prince Edward  
Board of Supervisors  
Agenda Summary**

**Meeting Date:** September 11, 2012  
**Item No.:** 11  
**Department:** Economic Development Office  
**Staff Contact:** Sharon Lee Carney, Director  
**Issue:** Tri-Boro Rack and Storage Products Development Incentives

**Summary:** Over the past 18 months, the Economic Development Office has been working with Fred DeMaio, President of Tri-Boro Shelving to help with the development of a new plant called Tri-Boro Rack and Storage Products. Tri-Boro Rack will manufacture a similar product to what is currently being made at Tri-Boro Shelving but at a much more industrial level. During this time there have been a number of potential development incentives offered to Mr. DeMaio but until now he has not felt comfortable in making a commitment meeting all the requirements for development incentives. Now that the plant is nearer to beginning operations, Mr. DeMaio has a much better evaluation for the potential of how the plant will operate in this current tedious economic climate and thus is willing to make a commitment for Local and State Incentives.

The Tri-Boro Rack facility will be 62,500 square feet, constructed at an approximate cost of \$1.5 million (land, improvements, architectural/engineering and site work). In addition there is approximately \$3 million in equipment being installed at the plant to fabricate the heavy gage metal shelving and storage products. Within 3 years it is estimated that there will be 25 new jobs with a minimum average wage of \$11.76 per hour, plus health and retirement 401-K benefits.

Attached is a Local Incentive Proposal that has been tentatively offered to Mr. DeMaio, subject to the Board of Supervisors and IDA approval. Most of the local incentives being offered are reimbursements that are revenue neutral and performance based. The award of any Tobacco Revitalization Opportunity Funds (TROF) and Governor's Opportunity Funds (GOF) will hold Prince Edward County liable in the event of a failure by Tri-Boro Rack to meet certain performance agreement provisions. To protect the County from any potential "claw-back" implications, Mr. DeMaio has agreed to provide a Letter of Credit or a Performance Bond suitable to the County, with Prince Edward County as the beneficiary in an amount equal to the amount of the grant awards. The Letter of Credit or Performance Bond will not be released until the County is released from any obligation for the TROF and/or GOF funds.

The acceptance of this proposal will continue the Board of Supervisors trend for creating a strong pro-business environment for Prince Edward County by not just attracting new business but helping existing industries to grow and prosper in these tough economic times.

**Attachments:** Local Incentives Summary

**Recommendation:**

- Approve the proposed Local Incentives for Tri-Boro Rack and Storage.
- Authorize the County Administrator and/or Board of Supervisors Chairman to sign any and all documents associated with executing an agreement for the proposed incentives.

Motion \_\_\_\_\_  
Second \_\_\_\_\_

Campbell \_\_\_\_\_  
Gantt \_\_\_\_\_  
Simpson \_\_\_\_\_

Cooper-Jones \_\_\_\_\_  
Jones \_\_\_\_\_  
Wilck \_\_\_\_\_

Fore \_\_\_\_\_  
McKay \_\_\_\_\_

**TRI-BORO RACK AND STORAGE PRODUCTS**  
**LOCAL INCENTIVE SUMMARY**  
**County of Prince Edward, Virginia**  
September 11, 2012

Project Assumptions Tri-Boro Rack:

- 25 full-time equivalent (FTE's) permanent jobs to be created within 36 months
- Estimate Real Estate Investment = \$1.5 million (62,500 sf. Bldg.)
- Estimate Machinery & Tools Investment = \$3 million new equipment
- Assume an average annual wage of \$11.76 per hour = an average annual payroll of \$611,520
- County nominal Real Estate Tax Rate=\$0.42/\$100 (FY 2013)
- County nominal Machinery & Tools Tax = \$4.20 (FY 2013)

County of Prince Edward Incentives		
Incentive	Value to Tri-Boro Rack	Value to County
<b>1. Local Real Estate Reinvestment Grant:</b> County IDA will provide a 5 year reinvestment grant equal to 50% of real estate taxes paid to the County. Estimated real estate investment of \$1.5 m: Tax on \$1.5m/100 X \$.42/2 = \$6,300 yr.	Year 1= \$3,150 Year 2= \$3,150 Year 3= \$3,150 Year 4= \$3,150 Year 5= \$3,150  \$15,750	Year 1= \$3,150 Year 2= \$3,150 Year 3= \$3,150 Year 4= \$3,150 Year 5= \$3,150  \$15,750
<b>2. Local Machinery &amp; Tools Reinvestment Grant:</b> County IDA will provide a 5 year reinvestment grant equal to 50% of the machinery & tools taxes paid to the County. Estimated M&T investment Tax on \$3m/100 X 10% X \$4.20 = \$12,600/2 X 5yrs = \$6,300 yr.	Year 1 = \$6,300 Year 2 = \$6,300 Year 3 = \$6,300 Year 4 = \$6,300 Year 5 = \$6,300  \$31,500	Year 1 = \$6,300 Year 2 = \$6,300 Year 3 = \$6,300 Year 4 = \$6,300 Year 5 = \$6,300  \$31,500
<b>3 Waiver of Building Permit Fee:</b> County of Prince Edward will waive the cost of the building permit fee to construct a 62,500 sf building as part of the local EZ program incentive. Value of fee waiver is \$.08sf X 62,500 sf. plus 2 tax%:	\$4,070	
<b>4. Grant Assistance:</b> County of Prince Edward will assist Tri-Boro Rack in obtaining all potential financial assistance and grant funding available.	(i.e. TROF & GOF) Tri-Boro Rack will fully secure the County against non-fulfillment of any grant performance agreements awarded.	
<b>5. Water/sewer Tap Fees:</b> County will reimburse Tri-Boro Rack up to \$10,000 in Town water/sewer tap fees.	\$10,000	
<b>6. Soil &amp; Erosion Permit Fee:</b> Mr. DeMaio has requested the Co. to reimburse the amount of the soil/erosion permit fee.	\$600	
<b>Total of All County Incentives</b>	<b>\$61,920</b>	<b>\$47,250</b>

STATE INCENTIVES		
1. Enterprise Zone	Real Property Improvement Grant	\$100,000
\$500 per new FTE created in excess of 4 FTE's for 5 years. 25 FTEs - 4=21 FTEs x \$500 @ X 5 years	Job Creation Grant	\$52,500
2. Tobacco Revitalization Opportunity Funds (TROF) as per Performance Agreement	Value quoted by Tob. Comm. Staff	\$120,000
3. Governor's Opportunity Funds		\$TBD
4. Workforce Training Funds		\$TBD
<b>Total of All State Incentives</b>		<b>\$TBD</b>

*\*These values are estimates and for discussion purposes only.*

**Investment Agreement Acceptance**

**COMPANY NAME: TRI-BORO RACK AND STORAGE PRODUCTS**

\_\_\_\_\_  
Title: Fred DeMaio Date

\_\_\_\_\_  
Title: Toni DeMaio Date

**COUNTY OF PRINCE EDWARD, VIRGINIA**

\_\_\_\_\_  
Title: William G. Fore, Jr., Chairman, Board of Supervisors Date

**PRINCE EDWARD INDUSTRIAL DEVELOPMENT AUTHORITY**

\_\_\_\_\_  
Title: Robert M. Showalter, Chairman Date