





To: John McDonough, City Manager

From: Andrea Hall, Economic Development Director

Date: May 14, 2014 for Submission onto the June 3, 2014 City Council Meeting Agenda

Subject: Drax Biomass Incentive Request

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***Background:***

On October 4, 2011, the City Council adopted the Economic Development Incentive Policy. Pursuant to the policy, Drax Biomass submitted an application to receive a waiver of building and impact permit fees and a two year waiver of business occupational taxes for a potential relocation to Concourse.

***Discussion:***

The capital investment being made by Drax Biomass in tenant improvements for the build out of 10,000 square feet is estimated at approximately \$1.1 million, *not including furniture, fixtures and equipment*. If this location is chosen, Drax Biomass will be required to submit the contractor estimate of build out prior to the City Manager executing an incentive agreement. The project is expected to be complete by October 2014.

The company is relocating its corporate headquarters from Boston to Atlanta and is considering a number of locations in the Atlanta area. One of the locations under consideration is in Sandy Springs (Concourse). Should the company choose the Sandy Springs location, they will commit to a minimum of a seven year lease and hire a minimum of 25 employees in 2014, with an additional 10 - 15 employees in 2015 and 2016, for a total of 35 employees in the City. These employees would have an average salary above the \$66,092 the average wage level for Sandy Springs.

The Drax Biomass \$1 million capital investment and number of jobs meets the qualifications for Tier II incentives, which call for a capital investment between \$1 million - \$5 million, between 26 - 99 jobs at or above the average wage level and a minimum seven year lease commitment. Tier II incentives provide for expedited permitting, a waiver of permit and impact fees and a two year waiver of business occupational taxes as noted below:

Building permit fee waiver:	\$ 1,565
Projected business occupational tax waiver 2015:	\$1,000
Projected business occupational tax waiver 2016:	<u>\$1,000</u>
Total projected value of all incentives:	\$3,565

Pursuant to the Incentives Policy, a public hearing is required prior to action by the City Council on the Drax Biomass application.

***Recommendation:***

Staff recommends approval of the Drax Biomass incentives application and authorization for the City Manager to execute an agreement with Drax Biomass.

***Attachments:***

Application for Incentives



**CITY OF SANDY SPRINGS, GEORGIA  
ECONOMIC DEVELOPMENT INCENTIVE POLICY**

**APPLICATION COVER**

<b>Firm Name:</b>	Drax Biomass International Inc. ("Drax Biomass")	<b>Date of Submission:</b>	5/12/2014
<b>Number of Jobs:</b>	Currently we are estimating a total of 30-40 jobs created/moved to new Corporate headquarters in Sandy Springs. We are estimating 25-30 hires in 2014 and another 10-15 hires in 2015/ 2016. We project our average salary to be in excess of \$67,000 per year and are comfortable making a long-term (7-10 year) commitment.		
<b>Amount of Capital Investment:</b>	Including leasehold improvements, we are currently estimating our total capital investment to be greater than \$1 million, though this estimate is subject to finalization of office design. <i>\$1.1-\$1.3M</i>		
<b>Level of Incentive Requested:</b>	Tier II		
<b>Description of Project:</b> <i>(Attach additional pages as needed to fully explain your request.)</i>	Please see attached for a full description of the project.		
<b>Submitted by:</b>	<i>[Signature]</i> Brian Moran	<b>Title:</b>	Director of Commercial Finance
	<i>[Signature]</i> Ben Garnett		VP of Biomass Procurement
<i>For internal use only</i>			
<b>Reviewed by:</b>	<i>[Signature]</i> Andrea C Hall		<i>5/14/2014</i>

Drax Biomass is a development and operating company focused on manufacturing wood pellets for renewable, low-carbon power generation from sustainable biomass. We employ proven, innovative practices and state-of-the-art technologies to manufacture a product that can be readily used to generate renewable energy by developing, building, and operating safe and efficient wood pellet production facilities. Led by an experienced and entrepreneurial team, we help support the forestry industry and its communities through economic development and manufacturing processes that use fiber from actively and sustainably managed forests. Drax Biomass is a wholly owned United States subsidiary of Drax Group plc, a major electricity generator in the United Kingdom with a commitment to producing renewable power.

Drax Biomass is building manufacturing facilities that are environmentally sound, safe, and professionally managed to meet the increasing market demand for wood pellets. Our projects are strategically located near both sustainably managed forests and deep-water ports, ensuring optimal transportation routing for fiber and pellets in the United States. In each of our locations, we are committed to operating with the highest degree of integrity as a clean, responsible, and respectful neighbor.

Our current projects are clustered in the Gulf region. We are currently constructing the Amite BioEnergy (Gloster, MS) and Morehouse BioEnergy (Bastrop, LA) manufacturing facilities, as well as the Baton Rouge Transit (West Baton Rouge, LA) storage and export facility. The manufacturing facilities plan to process biomass in the form of logs and forest residuals sourced from surrounding sustainably managed forests.

Currently our corporate headquarters is located in Burlington, MA, a suburb of Boston, where we continue to analyze additional development opportunities. Given the near term commencement our Gulf operations and the focus on further development in the US Southeast, we have decided that our company headquarters would be best positioned closer to our operating facilities. After carefully considering various locations, it became apparent that Atlanta scored very highly across a range of selection criteria and we have identified specific locations in the northern Atlanta area, one of which is located in Sandy Springs. We are currently expecting 30-40 permanent jobs to be located at our corporate headquarters with an additional 100+ permanent jobs located at our operating facilities. The roles in our corporate headquarters will include the majority of Drax Biomass' senior management team along with personnel in all of our major business functions (e.g. Corporate, Commercial, Finance, Engineering, Legal, etc.) and we project that the Sandy Springs-based roles will pay an average salary in excess of \$67,000 per year. Given the projected size of our workforce and expected scope of operations, we focused our office search on 10,000+ sq. ft. spaces in prominent buildings and are targeting long-term (10 year) leases.

Drax Biomass is focused on cultivating strong working relationships with community citizens and civic organizations, sharing our company and employee values, and supporting worthy programs and causes in the communities in which we work. We hope that our company can secure the economic development incentives necessary for a successful corporate headquarter relocation and would cherish the opportunity to build a long-term partnership with the City of Sandy Springs, GA.

## Hall, Andrea

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**From:** Hall, Andrea  
**Sent:** Wednesday, May 14, 2014 2:55 PM  
**To:** Hall, Andrea  
**Subject:** Drax BioMass

For purposes of an incentive application, I have reviewed salary information for this company and find the average annual salary to be greater than \$67,000.

**Andrea Hall**  
Economic Development Director  
City of Sandy Springs  
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