
CITY COUNCIL AGENDA ITEM

TO: Mayor & City Council

DATE: August 29, 2013

FROM: John McDonough, City Manager

AGENDA ITEM: Consideration of Axiall Corporation Incentive Request

MEETING DATE: For Submission onto the September 3, 2013, City Council Regular Meeting Agenda

BACKGROUND INFORMATION: (Attach additional pages if necessary)

See attached:

Memorandum
Application for Incentives

APPROVAL BY CITY MANAGER:  APPROVED

PLACED ON AGENDA FOR: 9/3/2013

CITY ATTORNEY APPROVAL REQUIRED: () YES () NO

CITY ATTORNEY APPROVAL: 

REMARKS:



To: John McDonough, City Manager

From: Andrea Hall, Economic Development Director

Date: August 21, 2013 for Submission onto the September 3, 2013 City Council Meeting Agenda

Subject: Axiall Corporation Incentive Request

Background:

On October 4, 2011, the City Council adopted the Economic Development Incentive Policy. Pursuant to the policy, Axiall Corporation submitted an application to receive a waiver of building and impact permit fees and a two year waiver of business occupational taxes for their proposed location at 1000 Abernathy Road.

Discussion:

The capital investment being made by Axiall Corporation in tenant improvements for the build out of 45,000 square feet totaled approximately \$2.6 million, not including furniture, fixtures and equipment. The project is expected to be complete by December 2013.

The company will commit to a 12-year lease at this location, relocating its headquarters and 150 employees to Sandy Springs, with an average salary at or above \$66,092 the average wage level for Sandy Springs.

The Axiall Corporation capital investment and number of jobs meets the qualifications for Tier II incentives, which calls for capital investment between \$1.1 million - \$5 million and between 26 - 99 jobs at or above the average wage level. Tier II incentives provide for a waiver of permit and impact fees and a two year waiver of business occupational taxes as noted below:

Building permit fee waiver:	\$6,070.00
Projected business occupational tax waiver 2014:	\$75,000.00
Value of 2014 incentives:	\$81,070.00
Projected business occupational tax waiver 2015:	\$75,000.00
Total projected value of all incentives:	\$156,070.00

Over the twelve year lease, and assuming Council approval of this incentive application, Axiall Corporation could generate approximately \$744,000 in occupational taxes for the City.

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

Recommendation:

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

Attachments:

Application for Incentives



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

APPLICATION COVER

Firm Name:	AXIALL CORPORATION	Date of Submission:	MAY 21, 2013
Number of Jobs:	20-40		
Amount of Capital Investment:	APPROXIMATELY \$2,000,000		
Level of Incentive Requested:	TIER TWO; EXPEDITED PERMITTING; WAIVER OF FEES		
Description of Project: <i>(Attach additional pages as needed to fully explain your request.)</i>	<p>After considering many locations for our new HQ building, Axiall decided on a Sandy Springs location. Axiall is a new company which was created January 28, 2013 by the merger of Georgia Gulf and PPG Chemicals.</p> <p>We learned of these incentives in a meeting with Mayor Galambos and Andrea Hall. We signed a lease in early March and have begun hiring. We request that our incentive be based on hiring since the date we signed the lease.</p> <p>We will increase our size from approximately 100 employees to approximately 150. Employees will include executive management, management, professional and information technology employees. We are leasing approximately 45,000 sf of space and plan to spend \$2,000,000 plus in building out the space. The lease is for twelve years.</p>		
Submitted by:	JAMES L. WORRELL	Title:	SP, CORPORATE ADMINISTRATION AND COMMUNICATIONS
<i>For internal use only</i>			
Reviewed by:	<i>Andrea Hall 8/8/2013</i>		



Proposed Budget Estimate

BUDGET SUMMARY	Current Budget		2.13.13 Budget	
	Cost	Cost/RSF	Cost	Cost/RSF
Subtotal Soft Costs	\$352,094	\$7.60	\$274,003	\$5.91
Subtotal Hard Costs	\$2,544,066	\$54.90	\$2,162,550	\$46.67
Subtotal FF&E and Move Costs	\$1,339,825	\$28.91	\$809,250	\$17.46
Subtotal LEED Premium	\$0	\$0.00	\$0	\$0.00
Subtotal Project Costs	\$4,235,985	\$91.41	\$3,245,803	\$70.04
Contingency - Soft Costs	\$17,605	\$0.38	\$13,700	\$0.35
Contingency - Hard Costs	\$140,642	\$3.04	\$121,583	\$2.62
Contingency - FF&E and Move Costs	\$133,983	\$2.89	\$80,925	\$2.08
Contingency - LEED Premium	\$0	\$0.00	\$0	\$0.00
Total Contingency	\$292,229	\$6.31	\$216,208	\$5.05
Total Project Budget	\$4,528,215	\$97.72	\$3,462,011	\$75.10

BUDGET DETAIL	Cost	Cost/RSF	Cost	Cost/RSF	Comments
SOFT COSTS					
Architect Basic Design Fees	\$114,644	\$2.47	\$103,350	\$2.65	Fee adjusted to meet final project size/scope
Architect Reimbursables	\$11,464	\$0.25	\$12,690	\$0.31	Fee adjusted to meet final project size/scope
Portfolio Standards & Guidelines Creation	\$0	\$0.00	\$0	\$0.00	
Building Test Fits	\$0	\$0.00	\$4,680	\$0.12	Budget adjusted in final Design Fees
Additional Test Fits	\$5,561	\$0.12	\$4,680	\$0.12	Adjusted to meet final project size/scope
Mechanical, Electrical, Plumbing, and Fire Protection Design	\$27,425	\$0.60	\$23,400	\$0.60	Budget adjusted in final Design Fees
Mechanical, Electrical, Plumbing, and Fire Protection Reimbursables	\$500	\$0.00	\$0	\$0.00	Budget adjusted in final Design Fee proposal per new size/scope
Misc. Structural Design	\$0	\$0.00	\$0	\$0.00	
Furniture Design Services	\$0	\$0.00	\$0	\$0.00	
Furniture Procurement & Management	\$11,585	\$0.25	\$9,760	\$0.25	Budget adjusted to meet final project size/scope
Detailed Furniture Inventory	\$0	\$0.00	\$0	\$0.00	
Workplace Strategy Design Services	\$22,500	\$0.49	\$0	\$0.00	Added Design Service per AxiAll
Workplace Strategy PM Services	\$12,500	\$0.27	\$12,500	\$0.32	No change
Project Management	\$60,000	\$1.29	\$60,000	\$1.54	No change
Project Management (Added Project Scope)	\$33,616	\$0.73	\$0	\$0.00	Add Service per final project size/scope
Project Management Reimbursables	\$1,390	\$0.03	\$1,850	\$0.05	Budget adjusted to meet final project size/scope
Building Permits	\$12,438	\$0.27	\$11,633	\$0.30	Adjusted based on updated calculations of projected permit
Permit Expeditor	\$1,390	\$0.03	\$1,170	\$0.03	Budget adjusted to meet final project size/scope
Landlord Construction Management Fee	\$29,581	\$0.64	\$0	\$0.00	Added - Landlord requirement per the executed lease
Special Inspections/3rd Party Inspections	\$1,500	\$0.03	\$1,500	\$0.04	No change
Voice Data Design	\$0	\$0.00	\$0	\$0.00	
Security Design	\$0	\$0.00	\$0	\$0.00	
AV Design	\$6,000	\$0.13	\$0	\$0.00	Added in award to Baker Audio to design assist AV
Lighting Consultant	\$0	\$0.00	\$0	\$0.00	
Acoustical Consultant	\$0	\$0.00	\$0	\$0.00	
Graphics/Branding Design	\$0	\$0.00	\$0	\$0.00	
Interior Identification Signage Design	\$0	\$0.00	\$0	\$0.00	
Move Management	\$0	\$0.00	\$25,350	\$0.65	Deleted - Understood will be overseen by AxiAll PM
Move Management Reimbursables	\$0	\$0.00	\$1,850	\$0.05	Deleted - Understood will be overseen by AxiAll PM
Technology Move Consultant	\$0	\$0.00	\$0	\$0.00	
Artwork Consultant	\$0	\$0.00	\$0	\$0.00	
Subtotal Soft Costs	\$352,094	\$7.60	\$274,003	\$5.91	
Contingency - Soft Costs	\$17,605	\$0.38	\$13,700	\$0.35	
Total Soft Costs	\$369,699	\$7.98	\$287,703	\$7.98	Budget Increase Variance of \$60/sf
HARD COSTS					
Construction Costs (Direct Costs/GC's Fee)	\$2,409,680	\$52.00	\$2,028,000	\$52.00	No change
Preconstruction Costs	\$0	\$0.00	\$0	\$0.00	
Security Installation	\$46,340	\$1.00	\$58,500	\$1.50	Budget target decrease
Voice & Data Cabling Installation	\$0	\$0.00	\$0	\$0.00	
Interior Identification Signage (not required for CO)	\$25,487	\$0.55	\$23,400	\$0.60	Budget target decrease
Interior Graphics/Branding	\$0	\$0.00	\$0	\$0.00	
Existing Space Decommissioning Costs	\$0	\$0.00	\$0	\$0.00	
Locksmith	\$4,634	\$0.10	\$3,900	\$0.10	Budget adjusted to meet final size/scope
Sound Masking	\$57,825	\$1.25	\$48,750	\$1.25	Budget adjusted to meet final size/scope
Paging	\$0	\$0.00	\$0	\$0.00	
Subtotal Hard Cost	\$2,544,066	\$54.90	\$2,162,550	\$55.45	
Construction Contingency - Design & Construction (5%)	\$127,203	\$2.75	\$108,128	\$2.77	
Contingency - Other Hard Costs (10%)	\$13,439	\$0.29	\$13,455	\$0.35	
Total Hard Cost	\$2,684,708	\$57.94	\$2,284,133	\$58.57	Budget Decrease Variance of (\$63/sf)
FURNITURE, FIXTURES & EQUIPMENT, MOVE COSTS, AND TECHNOLOGY COSTS					
Furniture (case goods, systems, file cabinets, soft seating, etc.)	\$1,158,600	\$25.00	\$595,000	\$15.00	Budget Increased of \$10/sf to assume no reuse of existing furniture
Audio/Visual Equipment and Installation	\$0	\$0.00	\$0	\$0.00	
Mover	\$47,739	\$1.03	\$107,250	\$2.75	Budget target decrease
Artwork	\$52,500	\$1.13	\$0	\$0.00	Added Budget Item
Plans	\$0	\$0.00	\$0	\$0.00	
Network, Computer, and Phone Equipment (i.e. servers, PBX, PC's, copiers, fax, phones etc.)	\$81,025	\$1.75	\$117,000	\$3.00	Budget target decrease
Subtotal FF&E and Move Costs	\$1,339,825	\$28.91	\$809,250	\$20.75	
Contingency - FF&E and Move Costs (10%)	\$133,983	\$2.89	\$80,925	\$2.08	
TOTAL FF&E AND MOVE COSTS	\$1,473,808	\$31.80	\$890,175	\$22.83	
TOTAL PROJECT COSTS	\$4,528,215	\$97.71	\$3,462,010	\$88.77	Budget Increase Variance of \$8.93/sf
FUNDING SOURCES					
Tenant Improvement Allowance	(\$2,317,000)	(\$50.00)	(\$1,950,000)	(\$50.00)	No Change
Test-Fit Allowance	\$0	\$0.00	\$0	\$0.00	
Moving Allowance	\$0	\$0.00	\$0	\$0.00	
TOTAL FUNDING SOURCES	(\$2,317,000)	(\$50.00)	(\$1,950,000)	(\$50.00)	
ESTIMATED TOTAL OUT OF POCKET CAPITAL COSTS	\$2,211,215	\$47.71	\$1,512,010	\$38.77	Overall Budget Increase Variance of \$8.94/sf (Mainly driven by all new furniture budget)

Hall, Andrea

From: Hall, Andrea
Sent: Thursday, August 08, 2013 12:53 PM
To: Hall, Andrea
Subject: Axiall Corporation Salary Information

Today I reviewed salary information for Axiall Corporation's Atlanta employees. The average salary of the 114 current employees is \$147,421.41

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