

Douglas County

**Catalyst Fund
Application
for
Starbucks Coffee Company**



Governor's Office of Economic Development

Las Vegas 702-486-2700

Reno 775-687-9900

Toll Free 800-336-1600



BOARD OF COMMISSIONERS

1594 Esmeralda Avenue, Minden, Nevada 89423

Lawrence A. Werner
COUNTY MANAGER
775-782-9821

COMMISSIONERS:
Barry Penzel, CHAIRMAN
Steven Thaler, VICE-CHAIRMAN
Nancy McDermid
Larry Walsh
Dave Nelson

June 28, 2017

Steve Hill
Executive Director
Governor's Office of Economic Development
555 E Washington Ave #5400
Las Vegas, NV 89101

Re: Catalyst Fund Application for Starbucks Coffee Company

Dear Mr. Hill:

I am pleased to advise you that Douglas County supports the Catalyst Fund application from Starbucks Coffee Company. The application seeks funding for an expansion of the company's distribution operations in Minden, Nevada. In August of 2012, the Douglas County Board of Commissioners authorized the County Manager to review and approve Catalyst Fund applications that meet the Governor's Office of Economic Development's (GOED) established criteria. The County has reviewed the expected benefits of the project, which include the creation of 100 new jobs at an average hourly wage of \$21.16, and has determined the application is consistent with the criteria. Accordingly, I am approving the catalyst fund application submitted by Starbucks Coffee Company.

Sincerely,

Lawrence Werner
County Manager

cc: Andrew Haskins, Northern Nevada Development Authority
Lisa Granahan, Economic Vitality Manager

Mailing Address: P.O. Box 218, Minden, NV 89423

INTRODUCTION

LOCAL GOVERNMENT SUBMITTING – Douglas County

Authorized Representative

Name: Larry Werner

Title: County Manager

Organization: Douglas County

Street Address: 1594 Esmeralda Ave., Minden, NV 89423

Mailing Address: P.O. Box 218, Minden, NV 89423

Phone Number: 775-782-9821

Mobile Number: _____

Email Address: lwerner@douglasnv.us

To the best of my knowledge and belief, the information contained in this Catalyst Fund Application is true and correct, as evidenced by my signature below.

Signature  Date 7-12-17
(Local Government Representative)
Acting County Manager

Signature  Date 7-6-17
(RDA Representative)

PROJECT CHARACTERISTICS (check all that apply)

- | | |
|---|---|
| <input type="checkbox"/> Construct New Facility | <input type="checkbox"/> New Business / Start-up |
| <input checked="" type="checkbox"/> Expand/Renovate Existing Facility | <input type="checkbox"/> Relocation from Out-of-State |
| <input checked="" type="checkbox"/> Purchase Machinery & Equipment | <input type="checkbox"/> Relocation within Nevada |

INDUSTRY CLUSTER

If applicable, identify the industry cluster within which this project falls.

- | | | |
|---|--|--|
| <input type="checkbox"/> Aerospace and Defense | <input type="checkbox"/> Health & Medical Services | <input type="checkbox"/> Mining & Materials |
| <input type="checkbox"/> Agriculture | <input checked="" type="checkbox"/> Logistics & Operations | <input type="checkbox"/> Renewable Energy |
| <input type="checkbox"/> Business IT Ecosystems | <input type="checkbox"/> Manufacturing | <input type="checkbox"/> Tourism, Gaming & Entertainment |
| <input type="checkbox"/> Other | | |

A statement of project relevance to supply chains, sectors and clusters targeted by the State Plan for Economic Development -

Starbucks' Carson Valley Roasting and Distribution Center will be expanding the distribution side of their operations. This expansion fits with the State of Nevada's Plan for Economic Development to create jobs in Logistics and Operations.

GRANT/LOAN SUMMARY

Amount requested - \$250,000.00

AWARD PER FTE: \$2,500 per Incremental Primary Job x 100 jobs

DISBURSEMENT TERMS:

YEAR 1 – For new primary jobs which pay average wage (\$20.00):
No payment if less than 15 primary jobs are created
\$2,500 per job created up to 34; and

YEAR 2 – For new primary jobs which pay average wage (\$20.00):
No payment if less than 30 cumulative primary jobs are created
\$2,500 per job created up to 33 new jobs

YEAR 3 – For new primary jobs which pay average wage (\$20.00):
No payment if less than 60 cumulative primary jobs are created
\$2,500 per job created up to 33 new jobs

Catalyst Fund Application from Governmental Entity

Maximum Payment per Year:

Year 1: \$85,000;

Year 2: \$82,500

Year 3: \$82,500

NEW TAX REVENUE ESTIMATES (10-Year Cumulative)

Local Taxes

Property	\$5,401,439	\$2,329,533	\$ 7,730,972
Sales	\$1,607,775	\$459,285	\$2,067,060
Lodging	\$0	\$36,162	\$36,162

State Taxes

Property	\$ 263,107	\$248,788	\$511,895
Sales	\$719,460	\$394,892	\$1,114,352
Modified Business	\$482,544	\$241,682	\$724,226
Lodging	\$0	\$1,043	\$1,043

Total	\$8,474,325	\$3,711,385	\$12,185,710
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COST-BENEFIT ASSESSMENT

Econ Impact/\$1 Abated	New Tax/\$1 Abated
\$484	\$30.18

** Does not include impacts related to the Catalyst Fund grant.

The proposed plans, projects, or programs to which the grant or loan will apply: -

The Carson Valley Roasting Center and Distribution Center opened in Minden, NV in 2003 and services all of California, Nevada, and Utah, as well as parts of Arizona and Asia Pacific. The 700,000 square foot expansion will add 99 jobs on-site, including managerial, supervisory, and coordination and distribution partnership roles. Only the distribution portion of the building will be enlarged; the roasting side of the operation will remain unchanged. The expanded portion will break ground in June 2017 and is expected to be up and running in Q3 2018.

The expected benefits of the grant or loan expressed as Jobs, Investments and wage levels: -

The company plans to invest \$48,500,000.00 on the construction of their expansion with an investment of another \$4,448,000.00 on equipment. The project is expected to create 99 new fulltime positions with an average wage of \$21.13 per hour.

A statement on the significance of this grant or loan to the company's described plans: -

The incentives offered by Nevada will assist the company to facilitate further growth. The addition of Starbucks jobs in Douglas County will provide employment diversity in a region where one-third of the workforce holds lower-paying tourism and leisure positions. This expansion focuses on growing the industrial sector as well as the number of working families in their region. Source: Starbucks Coffee Company

A statement of the estimated return-on-investment to the State in job creation, wage levels and capital investment for the term of the proposed grant/loan

The return on investment for the State of Nevada is significant with a planned investment of \$48,500,000.00 on the construction of their expanded facility and an additional investment of another \$4,448,000.00 on equipment. The project is expected to create 99 new fulltime positions with an average wage of \$21.13 per hour. It is estimated that the expansion will create \$8,474,325.00 in new direct State and Local tax revenues over a 10 year period.

A statement of the fiscal character of the company –

Starbucks Coffee Company is a global leader in retail coffee sales as well as smoothies, teas, baked goods, and other assorted items. The Company employs approximately 250,000 people worldwide and has operations in hundreds of countries worldwide. The Starbucks name and corporate offering are leading global brand. The Company is ranked #146 in the 2016 list of Fortune 500 companies, and has received a numerous amount of accolades.

_____ Proposed Catalyst Fund grant (Exhibit "A").

_____ Local government support letter (Exhibit "B").

_____ Local government application from the business (Exhibit "C").

Starbucks Coffee Company

Catalyst Fund Application to Douglas County



Governor's Office of Economic Development

Las Vegas 702-486-2700
Reno 775-687-9900
Toll Free 800-336-1600

Applicant Information

BUSINESS SUBMITTING: **Starbucks Coffee Company**

Authorized Representative

Name: Todd McCullough Title: Regional Distribution Director

Organization: Starbucks Coffee Company

Street Address: 2525 Starbucks Way, Minden NV, 89423

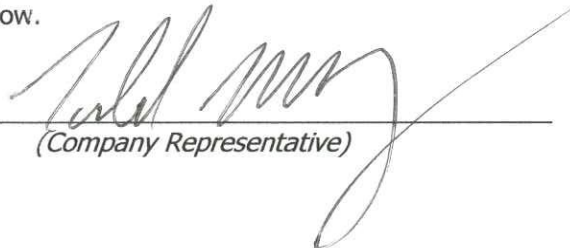
Mailing Address: 2525 Starbucks Way, Minden NV, 89423

Phone Number: 775-267-6142 Mobile: _____

Email Address:
tmccullo@starbucks.com

To the best of my knowledge and belief, the information contained in this Catalyst Fund Application is true and correct, as evidenced by my signature below.

Signature


(Company Representative)

Date

7/5/17

BUSINESS SUMMARY

Describe the proposed new business or expansion in a brief summary including the applicant's business structure –

The Carson Valley Roasting Center and Distribution Center opened in Minden, NV in 2003 and services all of California, Nevada, and Utah, as well as parts of Arizona and Asia Pacific. The 700,000 square foot expansion will add 113 jobs on-site, including managerial, supervisory, and coordination and distribution partnership roles. Only the distribution portion of the building will be enlarged; the roasting side of the operation will remain unchanged. The expanded portion will break ground in June 2017 and is expected to be up and running in Q3 2018.

The addition of Starbucks jobs in Douglas County will provide employment diversity in a region where one third of the workforce holds lower-paying tourism and leisure positions. Douglas County officials are excited about this expansion, as they try to grow the industrial sector as well as the number of working families in their region. Starbucks was named Business of the Year for Douglas County in 2016, and continues to be a vital contributory member of the community, volunteering thousands of hours of community service and making sizable donations to local nonprofits

Attach a copy of a company presentation

Is this request for a Grant or a Loan - Grant

Amount requested - \$250,000.00

Total real property investment – \$48,500,000.00

Total personal property investment – 4,448,000.00

Projected start date – June 2017

Completion date – June 2018

Attach a schedule of jobs created with skills identified

Number of primary jobs that will be new to Nevada - 99

Average wage of new jobs - \$21.16

Number of existing jobs in Nevada (expansions) – 361

Average wage of existing jobs – \$21.13

Cost of employee healthcare benefits (annual premiums paid by employer) - \$4,170.00 Per Employee

Percentage paid by employer – 70%

Catalyst Fund Application from Business Applicant

Healthcare Summary (check all that apply):

- Medical Dental Vision Disability Life Insurance Dependent Coverage
- Attach a schedule of employee benefits used in recruiting

Other Employee Benefits – See Attached

PROJECT CHARACTERISTICS (Check all that apply)

- Construct New Facility New Business / Start-up
 Expand/Renovate Existing Facility Relocation from Out-of-State
 Purchase Machinery & Equipment Relocation within Nevada

INDUSTRY CLUSTER

- Aerospace and Defense Health & Medical Services Mining & Materials
 Agriculture Logistics & Operations Renewable Energy
 Business IT Ecosystems Manufacturing Tourism, Gaming & Entertainment
 Other

BUSINESS CHARACTERISTICS

Please describe all the incentives that the business or project has applied for such as abatements, deferrals, training etc. including dollar amounts –

Starbucks has applied for the following State Tax Abatements:

Sales and Use Tax Abatement: \$226,848
Modified Business Tax Abatement: 104,002.00
Personal Property Tax Abatement: \$72,982.00

Please list all other sources of funding received or applied for by the business or project including local, state and federal loans, grants and matching programs – N/A

Please describe the long-term potential sustainability and viability of your business -

Starbucks Coffee Company is a global leader in retail coffee sales as well as smoothies, teas, baked goods, and other assorted items. The Company employs approximately 250,000 people worldwide and has operations in hundreds of countries worldwide. The Starbucks name and corporate offering are leading global brand. The Company is ranked #146 in the 2016 list of Fortune 500 companies, and has received a numerous amount of accolades.

Catalyst Fund Application from Business Applicant

Please describe any significant negative environmental impacts of your business – N/A

- Schedule of jobs to be created during Catalyst Fund grant period (Exhibit "A")**
- Schedule of proposed employee health insurance benefits (Exhibit "B")**
- 3-year financial statements for the business, audited preferred (Exhibit "C")**