

Executive Summary – Epes Logistics Services, Inc. Incentive Request

Epes Logistics Services, Inc., a subsidiary of Epes Carriers, was founded in Greensboro in 1990 and is looking to build a new corporate headquarters facility. They are currently in a leased facility and have outgrown the space. The Epes name is one well known in the transportation industry. Epes Carriers is the holding company of Epes Logistics, Epes Transport Systems, Texas Star Express and Epes Express. Epes Transport was formed in 1931 in Blackstone, VA. The company was acquired by its current owner, Al Bodford, in 1987 when the carrier had a total of 100 tractor trailers. The corporate headquarters was relocated to Greensboro in 1988 and has been here ever since. The only Epes subsidiary that is not currently based in Greensboro is Texas Star Express which is located in the metropolitan Dallas, TX. area (Rockwall, TX).

Prior to embarking on its next stage of growth, Epes Logistics is evaluating where it makes the most sense to locate its new headquarters facility that it plans to build and own. The company already owns land in Greensboro, Kernersville, and Rockwall, TX. that are available as suitable building locations for the new facility. If Greensboro is selected for the new facility, 95 new positions will be added to the existing employee base of 84 over the next five years, resulting in a total of 179 locally based employees¹. The positions will have an average salary of \$49,227 as well as a benefits package worth an additional \$16,409 (25%) a year. In addition, \$3.75 to \$4.75 Million will be invested in constructing a new headquarters building, \$100 to \$200k in new express trucks/trailers, \$100k in new computers and a phone system, and \$250k in furniture and warehouse racking. While the new facility is not going to be housing Epes Transport, it is noteworthy that space will be freed up in Epes Transport's current facility as the subsidiary companies relocate to the new Epes Logistics HQ building. This available space will enable further job creation at Epes Transport that is not being referenced in this incentive request. Also, by winning the Epes Logistics expansion for Greensboro, we are strengthening the long-term commitment of Epes Transport to the area. Expenditures over the next five years for the Epes companies include items such as \$60.2 Million for new tractors and trailers, \$18.3 Million in local fuel purchases, and \$33.6 Million² in local maintenance, parts, and labor.

Economic development incentives are considered to be a key factor in the final selection of where the new facility will be constructed. In line with the council approved economic development guidelines, we are proposing that Epes Logistics be offered an incentive not to exceed \$102,116 (80% of the projected five year maximum incremental tax revenues of \$127,645) as an inducement to create the positions in Greensboro. The incentive will be paid out in five installments over five consecutive years. Each installment will not exceed 80% of the incremental tax revenue realized for the previous year, with the 2004 assessment serving as the base year.

¹ Please note employee numbers are only for Epes Logistics. Epes Transport and its other subsidiaries are not included in this number.

² City will realize \$125,062 in sales taxes over a five year period based on 68% of the \$33.6 Million figure consisting of parts with the remainder being labor.

The financial impact on Guilford County of infusing this additional spending into the economy is noteworthy. Based on an impact analysis using IMPLAN³ of the additional jobs and capital investment, Guilford County is projected to realize a total five-year impact of between \$52.3 Million and \$65.7 Million on the local economy. This equates to between 61 and 76 jobs in 2005 and between 125 to 171 jobs by 2010. Please refer to the detailed analysis for further information on how these numbers were derived.

Greensboro will also benefit from incremental ad valorem and sales tax revenue associated with this project. Incremental sales tax revenues are projected to be between \$4.1 and \$4.8 thousand during the construction phase and between \$24.8 and \$30.7 thousand over the first five years of this expansion. The Guilford County tax assessor projects that the City of Greensboro will benefit from an incremental \$102,107 to \$127,645 in ad valorem tax revenue over five years. **Based on these two incremental streams of revenue, it is anticipated that the City of Greensboro will recapture the \$102,116 incentive payment in less than 4 years.**

³ The IMPLAN model uses an industry based methodology to derive its input-output coefficients and multipliers. Primary sources for data are County Business Patterns data and Bureau of Economic Analysis data.