BorgWarner, ITECH deals could mean 85 new jobs

FILOT agreements up for public hearing tonight

BY STEVEN BRADLEY
THE JOURNAL

WALHALLA — Two economic development projects that could mean investments of more than $19 million and 85 new jobs in Oconee from companies already located in the county are up for public hearing at tonight's council meeting.

Ordinance 2015-11 is an amended and restated fee-in-lieu-of-tax agreement with BorgWarner that gives the company a 6-percent assessment and fixed millage for a term of 30 years in return for the promise of $13 million in capital investment and 51 new full-time jobs. That ordinance is up for third and final reading.

The average hourly wage associated with those 51 jobs is $19.28, Oconee Economic Alliance executive director Richard Blackwell told The Journal on Monday.

Ordinance 2015-13 is up for second reading and would authorize a FILOT deal with ITECH South, referred to on the agenda as Project Mold, which would invest an additional $5 million in the county and create 34 new full-time jobs.

While the deal only specifically requires a $5 million investment, Blackwell said the expected total is a $6.03M expansion. The new jobs would have an average hourly wage of $13.52, he said.

For BorgWarner, Blackwell said the ordinance, in its simplest terms, amounted to "redoing" the agreement between the county and the company in order to take multiple FILOT documents and put them together in one centralized document.

"It is essentially making one document that clearly states, over the last two years, what incentive project is doing what so that their lawyers can keep track of it, the company official can keep track of it, and also the Department of Revenue can keep track of it and that we're all on the same page," he said.

Within the fee agreement, there are two different millage rates. The first is 204.3 — which

SEE JOBS, PAGE A5

JOBS: Ordinances up for readings

FROM PAGE A1

represents the locked millage from BorgWarner's 2012 agreement — for the initial project, and then a millage of the current rate of 215.0 for the second and third phases of the project.



Blackwell

Blackwell said the expansion will be at BorgWarner's current site in Seneca, but an announcement will be forthcoming in due time for the company to "take some additional space within the county."

"We're happy to see them continuing to reposition their facility off of Wells Highway for future growth," he said. "The BorgWarner facility in Seneca is the company's largest manufacturing facility in the world, so with that they've got to continue to reposition it to make sure that value manufacturing is within the main facility.

"They are looking to get some of that non-value — meaning storage — as close to the company as possible, so in a couple of weeks we should be able to talk more about what this additional investment has done."

A cost/benefit analysis included in the backup material for tonight's meeting works on the premise BorgWarner would create 76 total jobs — 51 direct and 25 indirect.

The net costs to the county in terms of ad valorem taxes are estimated at $43,719 in the first year of the deal and $642,118 over 20 years, according to the analysis.

In return, the net benefits to the economy are estimated at $8.74 million in the first year and $12.49 million across 20 years.

As for ITECH South, the FILOT deal would require a minimum taxable investment of at least $5 million.

In addition to locked millage and a reduced assessment, the county would provide Infrastructure Tax Credits of 15 percent of the company's FILOT liability for 10 years once the agreed-upon investment in new, taxable property has been met.

ITECH South is a plastics injection molder that is located on S.C. Highway 11 near the Oconee County Commerce Park.

"We're excited to see them expand, create more jobs (and) put more investment into their facility here in South Carolina, rather than North Carolina," Blackwell said. "Same thing with BorgWarner. BorgWarner could've chosen to expand in Mexico. ITECH South could've chosen to expand at their other facility in Arden, N.C. But through our work over the last year, we have helped them to make the decision to get that investment here in Oconee County."

sbradley@upstatetoday.com | (864) 973-6685

