

TOWN COUNCIL

STAFF REPORT Executive Department



MEETING DATE:	January 14, 2025
PROJECT:	Consideration of An Ordinance Authorizing an Economic Development Incentive Agreement between the Town of Bluffton and CS Industries LLC. – Second and Final Reading
PROJECT MANAGER:	David Nelems, DRCI CEO

REQUEST: Request for Town Council to approve second and final reading of an ordinance approving the execution and delivery of an economic development agreement with CS Industries LLC.

UPDATES SINCE FIRST READING: The company estimates to generate \$3 million in annual revenue at the new Bluffton headquarters and grow to \$8-10 million annually by 2030.

BACKGROUND:

The laws or Constitution of the State of South Carolina, 1895, as amended, empowers towns to enact ordinances related to the expenditure of public funds for public purposes and necessary for the Town to levy certain taxes and fees.

Town residential development has grown exponentially over the past decade. Commercial development has lagged the residential growth. Certain areas of the Town of Bluffton, notably west of Buckwalter parkway, are experiencing a void of commercial development in certain critical service industries. There also remains a lack of affordable housing to accommodate the demand for a diverse local workforce.

In September of 2023 the Bluffton Town Council adopted an Ordinance establishing an economic development incentives plan:

- (i) To promote the redevelopment of existing buildings and infill development within the Incentive Areas;
- (ii) To support the establishment of the categories of new businesses that the Council determines will significantly increase the overall commercial activity within the Town, provide the Town's residents with sufficient options within the Town rather than having to travel elsewhere; encourage tourists and those who reside in surrounding communities to make use of businesses within the Town; and increase property values within the Town as a whole; and

- (iii) To develop the Incentive Areas into commercial spaces that match the Town's sense of place and contributes to the Council's overall priorities established within our Comprehensive and Strategic Plans; and
- (iv) To support the development of affordable housing to encourage relocation of professionals working in one of the professions supported by the incentivized developments.

The intended use of the development must be for one or more of the following business purposes:

healthcare, dental, home health, pharmaceutical retail, and similar ancillary uses;

- (i) childcare services;
- (ii) affordable housing developments (separately or part of a larger project);
- (iii) mixed use commercial and similar flex-use space;
- (iv) corporate headquarters; and
- (v) other uses, as may be determined by the Council, that are consistent with the Goals, and the Plans.

DISCUSSION:

Staff received a grant request from Martin Zeller, with CS Industries LLC. (CS). CS intends to build an 11,000 square foot building on Pinellas Drive. If awarded a grant, CS will make this their U.S. Region Headquarters. CS is a manufacturer of compressed air and gas instrumentation with world headquarters located in Germany.

The total investment is estimated to be \$3,600,000. It is expected to employ up to 13 new jobs. They hire and train local workforce and their average salary is approximately \$80,000. The estimated project completion is by December 2025.

The development will generate an estimated \$7,200 in property taxes annually and an estimated \$5,600 in business license revenue related to the construction and \$2,000 in business license revenue annually. Development fees are expected to generate \$31,000.

The ordinance allows for grant awards equal to; up to 50% of all permitting fees, up to 100% of BJWSA capacity fees and up to 50% of business license fees for up to five years. The Council has additional discretion to grant additional grant amount if deemed necessary to advance the goals of the ordinance.

Staff have developed the following guide for determining eligible grant amounts based on the

significance of qualifying developments.

New Jobs	or	Minimum Capital Investments	Eligible Grant Percentages		
			Permit Fees	BJWSA Capacity Fees	Business License Fees
5		\$500,000	10%	20%	50% (1 Year)
10		\$750,000	15%	30%	50% (2 Year)
15		\$1,000,000	20%	50%	50% (3 Year)
20		\$1,500,000	35%	75%	50% (4 Year)
25+		\$2,000,000+	50%	100%	50% (5 Year)

Based on the size of the CS proposed developments, the higher paying new jobs, and the establishment of their U.S. headquarters in the Town of Bluffton, staff recommends the following grant percentages. It is recommended that CS receive an economic development incentive grant equal to 50% of all town permitting and development fees, 100% of their BJWSA capacity fees and 50% of business license fees for five years as it relates to the portion of the project dedicated for incentive eligible uses and 50% of Town of Bluffton property taxes for five years.

The estimated fees related to the Raider Drive development and estimated grant mounts are as follows:

Fee	Total	Year 1	Year 2	Year 3	Year 4	Year 5
Building Permit Fees	\$ 22,400	\$ 11,200				
Development Agreement Fees	9,000	4,500				
Stormwater Fees	3,000	1,500				
BJWSA Capacity Fee	12,000	12,000				
Business License Fee	5,600	2,800	2,000	2,000	2,000	2,000
Property Tax (Bluffton Only)	12,000	6,000	6,000	6,000	6,000	6,000
	\$ 64,000	\$ 38,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000

Estimated Total 5 year Benefit **\$ 70,000**

*These are estimates and actuals are subject to change.

The estimated benefit and net revenue to the Town over 5 years for the Raider Drive development are as follows:

Bluffton Taxes / Fees Estimate (5 Year Total)	Amount
Initial Building & Development Fees	\$ 34,400
Property Taxes	60,000
Business License Fees	21,600
Total Taxes & Fees	\$ 116,000
Five Year Grant Total	\$ 70,000
Net Revenue (Initial 5 Years)	\$ 46,000

NEXT STEPS: The Town Council may approve the ordinance as submitted, approve with

amendments, or deny approval of the ordinance.

ATTACHMENTS:

1. Ordinance
2. Grant Request Letter
3. Project Profile Worksheet
4. Site Plan
5. Building Rendering
6. Motion

**AN ORDINANCE OF THE TOWN OF BLUFFTON, SOUTH CAROLINA,
APPROVING THE EXECUTION AND DELIVERY OF A DEVELOPMENT
AGREEMENT WITH CS INDUSTRIES, LLC**

WHEREAS, South Carolina law authorizes municipalities to take actions not inconsistent with the Constitution and general laws of the State, regarding any subject the municipality finds necessary and proper for the general welfare and convenience of the municipality, including to execute and deliver contracts, to assist in redeveloping blighted areas, and to expend public funds for economic development; and

WHEREAS, the Council has further determined that the Town should offer certain incentives to encourage private investment and recruit both small businesses and new employers to the Incentive Areas; and

WHEREAS, while the Incentives may benefit the Incentive Recipients (as defined herein), the primary beneficiary of the Incentives will be the Town and its citizens who shall realize the following benefits (the "Benefits"):

- (i) Increased property values within the Incentive Areas and the Town as a whole;
- (ii) Increased revenue from property taxes, business license fees, and permit fees;
- (iii) Increased tourism and commercial activity within the Town as a whole; and
- (iv) Meeting needs of the community residents by encouraging growth within targeted sectors to provide adequate services to Town residents; and
- (v) Assist in providing access to a variety of affordable housing options; and,

WHEREAS, the Incentives, as provided for in an Incentive Agreement (as defined herein), shall be structured in such a way that the value of the Benefits to the Town will exceed the value to the Incentive Recipients; and

WHEREAS, the financial benefit of the Incentives to the Incentive Recipients will only be realized at such time as certain Benchmarks (as defined herein) are met or continue to be met. Should all the Benchmarks be accomplished, the Town believes that there is a high probability that the Benefits will be realized by the Town and that the value of the Benefits will exceed the value public funds expended on the Incentives; and

WHEREAS, CS Industries, LLC ("Developer") owns, or intends to purchase, real property (the "Property") in the Town of Bluffton, South Carolina (the "City") and to develop the Property; and

WHEREAS, on the Property, Developer intends (a) to invest three million six hundred thousand dollars (\$3,600,000) to purchase, design, and construct on the property eleven thousand (11,000) square feet of economic development eligible office space (collectively, the "Development") in the area of Pinellas Drive, and (b) create thirteen (13) jobs, earning an average of eighty thousand dollars annually (80,000).

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF BLUFFTON, SOUTH CAROLINA, AS FOLLOWS:

1. The City hereby authorizes the Town Manager to make minor corrections, execute, and deliver such documents as may be necessary or useful to affect the implementation of the Economic Development Agreement attached to this ordinance.

2. The Project Agreement, with whatever changes are (a) not materially adverse to the Town and (b) approved by the Town Manager (after advice of Town's counsel), is approved and is incorporated by reference in this Ordinance as if set forth fully in the Ordinance's body. The Town Manager's execution of the final Project Agreement shall be conclusive evidence of the Town's approval thereof.

3. The Town Manager is, acting alone, authorized to take whatever actions and execute and deliver whatever documents (including the Project Agreement) as either of them deems appropriate to affect this Ordinance's intent.

THIS ORDINANCE SHALL BE EFFECTIVE IMMEDIATELY UPON SECOND READING.

TOWN OF BLUFFTON, SOUTH CAROLINA

Larry Toomer
Mayor

(SEAL)

Attest:

Marcia Hunter
Town Clerk

First Reading: _____

Second Reading: _____

EXHIBIT A

GRANT AGREEMENT

(SEE ATTACHED)



CS INSTRUMENTS USA Inc.
110 Traders Cross
Bluffton, SC 29909, USA

Phone: +1 843 599 6700
Email: info-us@cs-instruments.com
www.cs-instruments.com/us

CS INSTRUMENTS USA INC. | 110 Traders Cross, Bluffton, SC 29909, USA

To whom it may concern

6 November 2024

Re: Grant application for CS INSTRUMENTS USA – Americas Headquarter

Dear Sirs,

CS INSTRUMENTS is a manufacturer and innovator of compressed air and – gas instrumentation headquartered in Germany. Their sophisticated, world leading solutions help medium to large manufacturers around the globe produce their products efficiently and sustainably. The serviced sectors are automotive, food & beverage, medical device & pharmaceuticals, oil & gas, government, and many more.

Reference customers in the USA:



CS INSTRUMENTS has had their sales office in Bluffton, South Carolina since 2021. The rapidly growing success of its small organization of currently only three employees requires a significant investment in the Americas' territory in building the regional headquarters with expanded responsibilities. The additional responsibilities shall include but are not limited to:

- Regional Headquarter with support functions to all future CS Americas organizations
- Sales
- Marketing
- Local warehousing to shorten lead times and help bridge supply gaps
- On Site - Installation Service
- Calibration Service
- Light assembly
- Customer experience - and Training Center

CS INSTRUMENTS USA Inc.
110 Traders Cross, Bluffton, SC 29909, USA



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110 Traders Cross
Bluffton, SC 29909, USA

Phone: +1 843 599 6700
Email: info-us@cs-instruments.com
www.cs-instruments.com/us

CS INSTRUMENTS is assessing different locations in Atlanta (GA), Charlotte (NC), and Bluffton (SC). The preferred identified location in Bluffton is at Pinellas Drive. Negotiations with the builder/seller are under way – site clearance has already begun. Move-in date is foreseen to be July of 2025.

The Bluffton project is a 1 ac lot with a total 11,000 sqft facility with two modern, energy efficient buildings offering a welcoming and productive work environment.

In the startup phase it is planned to occupy a total of about 5,000 sqft, leasing out the remainder to interested tenants, providing the applicant the flexibility of taking over more space when needed.

Midterm CS INSTRUMENTS is planning to hire a local qualified work force (up to 13) considering veterans, college/high school graduates and local professionals.

The planned total investment is budgeted for up to \$3,600,000.

CS INSTRUMENTS USA would like to apply for a grant for our project. We do appreciate your time and consideration in helping us choose a suitable location for our Americas HQ in the United States of America.

Kind Regards,

A blue ink signature of Wolfgang Blessing, consisting of a large, stylized 'W' and 'B' followed by a horizontal line.

Wolfgang Blessing
CEO CS INSTRUMENTS GmbH & Co. KG
Founder/ Owner/ Investor

A black ink signature of Martin Zeller, featuring a large, stylized 'M' and 'Z' followed by a horizontal line.

Martin Zeller
General Manager, Vice President
Founder CS INSTRUMENTS USA

Project Profile Worksheet	
Project Information	
Company Name:	CS INSTRUMENTS USA Inc.
Project Name:	Americas HQ (North/Central/South)
Type of Project:	Expansion in SC
Type of Entity:	C Corp
Type of Business:	Combination thereof, please provide explanation below.
NAICS or SIC Code:	334515
Address:	110 Traders Cross, Bluffton, SC 29909
Completed By:	Martin Zeller
Phone Number:	239-3263030
Email Address:	m.zeller@cs-instruments.com
Date:	6/19/2024



Project Description - Please include the product/service and a brief description of the project including timing.

This will be the location of our newly established Americas-Headquarters, with sales/marketing, distribution,light assembly and full service location for the geographical territory of USA, Canada, Mexico & Latin America. We aim at a quick build/move in date. Move-in date targeted for 7/1/2025. Multiple locations are in consideration.

Project Alternatives - Are other sites or project configurations under consideration? Please list other potential locations.

Bluffton SC (Pinellas Drive)
Bluffton SC (Lawton Station Blvd)
Atlanta, GA
Charlotte, NC

Estimated Capital Investment	Year 1	Year 2	Year 3	Year 4	Year 5	
	2024	2025	2026	2027	2028	Total
Land Costs	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ 400,000.00
Building - New Construction	\$ -	\$ 2,800,000			\$ -	\$ 2,800,000.00
Building - Purchase of Existing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building - Renovations						
~Internal Renovations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
~External Renovations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Building - Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Machinery & Equipment - New	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 400,000.00
Machinery & Equipment - Used	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pollution Control Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capital Investment	\$ 400,000.00	\$ 2,900,000.00	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ 3,600,000.00

Estimated New Jobs at New Facility											
Jobs are full time employees of the Company	By the end of the First Year of Operation		By the end of the Second Year of Operation		By the end of the Third Year of Operation		By the end of the Fourth Year of Operation		By the end of the Fifth Year of Operation		
	2025		2026		2027		2028		2029		
Employment Category	New Full Time Jobs Created	Avg Hourly Wage	New Full Time Jobs Created	Avg Hourly Wage	New Full Time Jobs Created	Avg Hourly Wage	New Full Time Jobs Created	Avg Hourly Wage	New Full Time Jobs Created	Avg Hourly Wage	
Managerial		\$ -		\$ -		\$ -	1	\$ 60.00		\$ -	
Professional		\$ -		\$ -		\$ -		\$ -		\$ -	
Technical		\$ -		\$ -	1	\$ 40.00		\$ -		\$ -	
Sales	1	\$ 48.00	1	\$ 48.00	1	\$ 48.00	1	\$ 50.00		\$ -	
Clerical	1	\$ 23.00	1	\$ 25.00		\$ -	1	\$ 25.00		\$ -	
Craftsman (skilled)		\$ -		\$ -		\$ -		\$ -		\$ -	
Operators (semi-skilled)		\$ -		\$ -	1	\$ 25.00		\$ -		\$ -	
Laborers (unskilled)		\$ -	1	\$ 16.00	1	\$ 17.00	1	\$ 18.00		\$ -	
Service		\$ -		\$ -		\$ -		\$ -		\$ -	
		\$ -		\$ -		\$ -		\$ -		\$ -	Total New Jobs to SC
		\$ -		\$ -		\$ -		\$ -		\$ -	
		\$ -		\$ -		\$ -		\$ -		\$ -	
		\$ -		\$ -		\$ -		\$ -		\$ -	
New Job Creation to Date and Avg. Weekly Wage	2	\$ 35.50	3	\$ 29.67	4	\$ 32.50	4	\$ 38.25	0	\$ -	13

Estimated Jobs Relocated to New Facility		
Jobs are full time employees of the Company		
Employment Category	Full Time Jobs	Avg Annual Wage
		\$ -
		\$ -

Estimated Utility Requirements (or increase if expansion):	
Water	no manufacturing, only common office use
Sewer	no manufacturing, only common office use
Electric	close to zero, plan to adding solar panels to building
Gas	NA
Use of Port?	No

Benefits - Please provide a brief description of the benefit package offered to employees in the area below. Please include percentage paid by employer.
401K with company match (100% on the first 1% of pay and then 50% on the next 2nd % to 6% for a 3.5% Max.), We want to add health insurance shortly and possibly dental and vision in 2025 or 2026.

Briefly describe the financing structure for this project.
HQ funding from holding in Switzerland

THIS AGREEMENT dated the ____ day of _____ 2025, is between the Town of Bluffton, S.C., a municipal corporation with offices at 20 Bridge Street, SC 29910 ("Town"), and CS Industries, LLC, ("Developer") a South Carolina limited liability corporation located at _____.

1. In consideration of the mutual representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:
2. The Developer will designate up to 11,000 square feet of commercial space dedicated for uses eligible in the Ordinance. The Developer will establish an operation in the Town on or before December 30, 2025 that complies with the definition of eligible uses as referenced in the Ordinance. If the Developer cannot find suitable business occupants within the eligible uses, they must inform the Town in writing of their intent to expand the search, and all potential business occupants must fall within the uses identified in the

Ordinance, Section 6-145(a)(5) or the grant award may be amended in accordance with the Ordinance, Section 6-146(c)(3).

3. The Town will pay the Developer a grant based on the increase in fees and business licenses. The grant will be provided over a five-year period on the 1st of the month in which the business opens and on such date each subsequent year, contingent upon a certificate of occupancy being issued to an occupant who fits the definition of eligible use in the Ordinance. The grants will be percentage based on the increase in values over the bases established for each of the below categories for the following percentages.

	Year 1	Year 2	Year 3	Year 4	Year 5
Permit Fees	50%	-	-	-	-
BJWSA	100%				
Business License	50%	50%	50%	50%	50%
Bluffton Property Taxes	50%	50%	50%	50%	50%

The Business License amount will be set based on the amount paid at the time of issuing their building permit and subsequently on their paid renewal application amount that covers an entire twelve-month operation period. The permit fees will be based on the fees paid for work done prior to the Certificate of Occupancy and initial Business License of any tenants being issued.

4. The total amount of the grant shall not be greater than the direct value received by the Town and delivered from the capital investment during the contribution period.
5. The benchmarks, measures and reporting for this Agreement shall be:

Benchmark	Measure	Reporting
Target industries	Headquarters; in the alternative, provide notice of expansion to all target industries in the Ordinance	Provision of tenant's business license with the Town of Bluffton.
Total project investment	\$3,600,000.	Budget spreadsheet with accompanying invoices and proof of payment.
Property valuation		

6. Notifications shall be addressed:

- a) To Developer:
Martin Zeller
CS Instruments USA Inc., LLC
- b) To Town:
Town Manager
Town of Bluffton
20 Bridge Street

Bluffton, SC 29910

7. The Background Statement above is included in the terms of this agreement. The terms and conditions of the Ordinance are incorporated by reference.

IT IS SO AGREED as of the date above first written.

CS Instruments USA Inc., LLC

Town of Bluffton, South Carolina

By: _____

By: _____

Its: _____

Its: _____

Recommended Motion

Consideration of An Ordinance Authorizing an Economic Development Incentive Agreement between the Town of Bluffton and CS Industries, LLC – David Nelems, DRCI CEO

“I make a motion to approve second and final reading of an Ordinance Authorizing an Economic Development Grant Incentive Agreement between the Town of Bluffton and CS Industries, LLC for the development of 11,000 square feet of Space For Their U.S. Region Headquarters on Pinellas Drive in Bluffton.”