



2014 VACo Achievement Awards

Deadline: June 2, 2014

Application Form

All applications must include the following information. Separate applications must be submitted for each eligible program. **Deadline: June 2, 2014.**

Program Information

Locality County of Roanoke

Program Title "The Ardagh Group Project"

Program Category Community and Economic Development

Contact Information

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Signature of county administrator or chief administrative officer

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Title County Administrator

Signature 

Short Overview

Following the closure of the Hanover Direct distribution center in Roanoke County in 2013, it was the County’s desire to attract a manufacturer that would convert the facility for higher and better use. The concern was that the 525,000 square-foot building would remain vacant for a long period of time and would be difficult to sell given its large size. The objective for Roanoke County’s Economic Development Department was to attract a new manufacturing operation with significant investment and high wage employment, thereby replacing the lost jobs and increasing the median wage rate for the County. Following six months of cooperative advertising and marketing with local, regional and state allies, the department was successful in recruiting a substantial manufacturing company that not only met, but exceeded its original objective. The Ardagh Group, a Luxembourg-based leader in metal and glass packaging solutions for the world’s food, beverage and consumer brands announced their expansion plans to Roanoke County in August of 2013. The total project investment was \$93.5 million in machinery and equipment and facility modifications to accommodate a manufacturing operation that will produce five percent of the country’s food packaging cans, or 4.5 million cans per day. This project made its mark as the largest single manufacturing investment in Roanoke County’s history and the largest manufacturing investment in Virginia in 2013. As a result of Ardagh Group locating in Roanoke, Canline Systems, an international supplier of conveyor systems for the packaging industry also announced the opening of its first U.S. facility in Roanoke County, with over a \$1 million investment and the creation of 25 new jobs over the next three years. The long term growth plans of these companies promises to result in an enhanced quality of life for the citizens of Roanoke County and the region for many years to come.

The Ardagh Group Project

Following the closure of the Hanover Direct distribution center in Roanoke County in 2013, it was the County’s desire to attract a manufacturer that would convert the facility for higher and better use. The concern was that the 525,000 square-foot building would remain vacant for a long period of time and would be difficult to sell given its large size. The objective for Roanoke County’s Economic Development Department was to attract a new manufacturing operation with significant investment and high wage employment, thereby replacing the lost jobs and increasing the median wage range for the County.

To respond to this concern, the department immediately set in place a rapid response team and collaborated with Poe & Cronk Real Estate Group, the Virginia Economic Development Partnership and the Roanoke Regional Partnership to implement a marketing strategy for the building. This strategy included the creation of new facility brochures as well as actively marketing the property on local, regional and state websites. A joint venture was established between the Department of Economic Development and the broker to create and place advertising in the Southeast Real Estate Business Magazine, as well as distribution through the department’s e-newsletter to over 1,000 business partners throughout the region.

Following six months of cooperative advertising and marketing with local, regional and state allies, the department was successful in recruiting a substantial manufacturing company that not only met, but exceeded its original objective. The Ardagh Group, a Luxembourg-based leader in metal and glass packaging solutions for the world’s food, beverage and consumer brands announced their expansion plans to Roanoke County in August of 2013. The company operates

over 100 manufacturing facilities in glass and metal technology in twenty-five (25) countries. Ardagh employs 18,000 people and produces approximately 26.6 billion containers a year. A recent long term supply agreement with ConAgra foods required the company to increase capacity in their metal packaging business in the United States, which drove the company to search for an existing building in the 500,000 sq. ft. range. Ardagh reached out to the real estate community to identify suitable facilities on the east coast that could accommodate their need to be in production by the end of 2014. The Roanoke County facility was one of several buildings in multiple states that was identified as a potential candidate in the company’s search.

The former Hanover Direct building is in an excellent location just minutes from interstate 81. While previously used as a distribution center, the facility could offer Ardagh a unique opportunity to expeditiously transition into Roanoke County. Having an existing building immediately available for occupancy could provide Ardagh an economical alternative to new construction. Further, the facility was well-maintained and offered outstanding amenities that are difficult to replicate in a timely and cost effective manner. The building was uniquely positioned in a private setting with appropriate zoning and regulatory flexibility, offering a combination of desirable features that can rarely be found on the east coast.

After extensive analysis of available buildings in multiple states including Kentucky, North Carolina, Maryland, West Virginia, Pennsylvania, and Tennessee, the Roanoke County Economic Development Department assisted the Ardagh Group with its decision to purchase the former Hanover Direct facility. To demonstrate the community’s commitment to Ardagh, a three-party performance agreement was negotiated between Roanoke County, the Roanoke

County Economic Development Authority and Ardagh Metal Packaging USA Inc. This agreement assisted the company with their start-up costs, employee training, building up-fit and infrastructure improvements. An aggressive incentive package was negotiated and included a \$750,000 Governor’s Opportunity Fund grant, along with state employee recruitment and training assistance. Roanoke County offered a local incentive package of over \$2.3 million in Economic Development Incentive Grants and Industrial Rail Access funds in support of the project.

The total project investment was \$93.5 million in machinery and equipment and facility modifications to accommodate a manufacturing operation that will produce five percent of the country’s food packaging cans, or 4.5 million cans per day. This project made its mark as the largest single manufacturing investment in Roanoke County’s history and the largest manufacturing investment in Virginia in 2013. Ardagh plans to create 96 full-time jobs with an average annual salary of at least \$40,000 per year.

The Ardagh Group project is a clear demonstration of the importance of maintaining an inventory of available “ready to go” real estate. Communities throughout Virginia can replicate this success by creating sites and buildings that are immediately available for occupancy. To demonstrate, it is important to note that while negotiating with Ardagh, Roanoke County was also negotiating with another company on the same building (an even larger project). The negotiations continued simultaneously with performance agreements drafted for both companies during the complex negotiation process. The building ultimately was purchased for more than

the list price, which is further demonstration of the demand for larger “ready to go” sites and buildings.

Company officials have indicated that future expansions are eminent and could come to fruition as soon as two years and would include the possibility of the plant doubling in size, signaling long-term growth potential and economic impact in Roanoke County.

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The economic impact of the Ardagh and Canline projects on Roanoke County and the Roanoke region is significant with the new high wage jobs created and superior investment. The Ardagh project alone creates a value-added contribution to Gross Domestic Product of \$25 million with an increase in demand for goods and services of more than \$27 million, representing purchases made by the company, suppliers to the facility and employees hired. The total jobs created represent over 249 direct, indirect and induced positions from the project. The long term growth

plans of these companies promises to result in an enhanced quality of life for the citizens of Roanoke County and the region for many years to come.