

Town of Garner Policy & Procedure Statements



Policy Number	
Department	Economic Development
Subject	Economic Development Incentives Policy
Approved By	Town Council
Effective Date	April 6, 2015

Purpose

The purpose of this policy is to enhance the Town of Garner’s Economic Development program as authorized by N.C.G.S. §158-7.1 by providing guidelines for entering into an economic development agreement within the principles of operating a conservative and sound government.

Overview

These guidelines apply to a proposed incentives grant recipient for the Town Council to make appropriations to aid and encourage new industrial, manufacturing, warehousing, distribution, flex-space, office facility or park locations, mixed-use development and expansions of existing industrial projects for Garner.

These types of developments offer new employment opportunities for the citizens of Garner, broaden the tax base, shift the tax burden from residential customers, and directly move the Town toward its goal of an increased commercial tax base in the commercial to residential tax base split.

Policy

Disclaimer

Appropriations for economic development are not made as a matter of right but are made as a privilege to the industry or business in the sole discretion of the Town Council. Even if a proposed project meets all the requirements, the Town is not obligated to offer an incentive. Changes in economic conditions may necessitate the Town Council to modify, amend, or even terminate the incentive policy, subject to compliance with any incentive agreements in effect at the time. This policy may be amended at any time. Requests for incentives are evaluated and negotiated on a case by case basis.

Coverage

Incentives may be available to new and existing companies. Existing companies qualify for only that portion of an expansion project that represents “new” tax base. These policy guidelines are not retroactive to any project which has been announced prior to the adoption of these policy guidelines.

This policy shall apply to all lands within the corporate limits of Garner or properties that qualify for annexation under North Carolina General Statutes, unless otherwise determined by the Town Council.

New Investment Threshold

Eligibility: Non-residential projects which have a new investment in building and/or equipment (exclusive of land, inventory and rolling stock) of \$5 million or greater as recorded on Wake County Revenue Department tax roll and which provides at least \$500 of tax base per gallon of public water capacity allocated to the project.

The threshold for expansion projects (exclusive of land, inventory and rolling stock) is \$3 million or greater as it goes on the tax books for investment of building and /or equipment.

Companies that also create 100 or more jobs will be eligible for an additional one quarter percent (0.25%) incentive of the original real property investment paid out evenly each year for the length of the incentives agreement.

Policy Guidelines

A new or existing project must not have been announced prior to the application for the incentive. Announcement is defined as, but may not be limited to: site plan submittal, special use permit application submittal, building permit submittal, and announcement via press release or confirmed news story.

The industry or business shall build or expand its proposed facility within the time specified.

In the event that a company fails to meet any of the provisions of the contract, the Town may adjust the amount of the grant to the company or withdraw the grant entirely. Repayment (clawback) provision applies and could affect the status of incentive funds granted by other agencies that require matching funds.

The agreement may provide that the Town of Garner will prorate the incentive payments according to the percentage of jobs that are created or retained. If the percentage of jobs created or retained falls below 85% of the agreed amount during any 12 month period, penalties will be assessed *pro rata* in accordance with the reduced number of jobs outlined in the original economic incentives agreement.

Incentives

Basis: the actual tax value of the building and equipment as recorded on the Wake County Revenue Department tax roll will be used to calculate the maximum incentive amount. This number may be different from the total project cost often discussed in preliminary meetings, a number that often includes site work, land and other costs to the developer but which are not taxable.

A full-time employee is defined as a person who is employed by the company for at least 35 hours per week and whose wages are subject to withholding. A minimum wage rate must be maintained that is at least 100% of the average wage rate for Wake County as determined by the Employment Security Commission.

Incentive Amount: All new and expansion developments that meet the investment threshold outlined in this policy will be considered for an incentive grant based on the value of real property and personal property as of January 1 of each tax year. The amount of each annual grant shall be measured by and equal to the application percentages set out below of the ad valorem taxes actually paid by the company to the Town of Garner for the net new taxable value of the investment. In no event shall the grant amount of any single year exceed the amount of property taxes paid by the company on the new investment in that calendar year.

Applicable Percentage Real Property Investment	Based on New Facility or Expansion Property Valued as of 1/1
90%	Year 1
90%	Year 2
80%	Year 3
70%	Year 4
70%	Year 5
60%	Year 6
50%	Year 7

Applicable Percentage Personal Property	Based on New Facility or Expansion Property Valued as of 1/1
50%	Year 1
50%	Year 2
50%	Year 3
50%	Year 4
50%	Year 5
0%	Year 6
0%	Year 7

The base year values will be determined by real and personal property values of tax year prior to project start as determined by Wake County Revenue Department, or as agreed upon in the contract.

If there is a clerical or administrative difficulty or error solely caused by the Wake County Revenue Department- Tax Assessor's Office that impacts the determination of the first year value for purposes of interpreting this policy, then the Town Manager, in conjunction with the Incentives Committee, may recommend the adjustment of the appropriate first year calculation to ensure fair and accurate compliance with this policy.

In very specific projects that meet One NC or Wake County incentive thresholds, the Town Council has the option of increasing the percentage amounts and payout periods to match these grants. If a development does not meet minimum thresholds outlined in this policy but does qualify for One NC, the Town Council shall have the option to approve a matching incentive. Upon request of the State of North Carolina or Wake County, the Incentives Committee will evaluate and review the request for thoroughness and compatibility with the Town's economic development goals as outlined below in the Review section. The Town Manager or his designee will present this recommendation to the Town Council for formal consideration.

Corporate Headquarters Incentive Criteria

The Town will provide up to a one percent (1%) additional incentive of real property value paid out in the same schedule listed for real property above to corporate headquarters if the project meets the following criteria:

Corporate headquarters means the building or buildings that the principal executive officers have designated as their principal office [see North Carolina G.S. 55-1-40 (17)]. The Town requires that the corporate headquarters have at least two hundred fifty (250) or more full-time employees who are located in the building or buildings. If the project is an expansion, the expansion must employ a minimum of one hundred (100) additional full-time employees. The wage must be greater than the median wage for Wake County. The jobs shall be retained at the approved level for as long as incentives are received.

The project must meet all other pertinent criteria.

Retail/Mixed Use Criteria

Retail/mixed use developments will be considered for an incentive if they meet the following criteria:

The project shall adhere to a substantial number of the Smart Growth Principles as established by the Smart Growth Network (www.smartgrowth.org). See Appendix 1 for a complete list of the ten principles and additional details about the Smart Growth Network.

The incentive may be reduced if all requirements and amenities are not met. Retail developments must have a mixed use component as defined by the Town of Garner.

Retail/Mixed use projects shall be of a large size and shall be construed as an economic catalyst-type project likely to encourage and promote other types of positive development for the Town of Garner. These incentives are intended for major developments (those that exceed a minimum investment threshold of \$50,000,000 and exceed 50 acres in size). These major development projects may be offered incentives by the Town in such dollar amount, which may exceed the maximum incentive amount of this Policy, and under such terms and conditions, including modification of any of the terms, criteria, and requirements of this Incentive Policy, as deemed appropriate by the Town Council to maximize the Town's economic development goals and carry forth the overall goals and services that are the Town's responsibility.

Retail/Mixed Use development must be consistent with the design guidelines for regional centers in the Town of Garner Comprehensive Growth Plan. The development should be in an area designated as a regional center by the Comprehensive Growth Plan. The layout shall accommodate a walkable core that is very pedestrian friendly. The architecture should be rich and detailed, and blend with the surrounding area. Vertical scale with mixed use office/residential will be given higher consideration. The Town may require a phasing plan for large scale, multi-year projects. Prior to approving the incentive package, the design guidelines for retail/mixed use shall be approved by the Town of Garner.

The project must provide a minimum of \$500 of tax base per gallon of sewer allocated. The project must meet all other relevant criteria contained in this document.

Up to one percent (1%) of the total investment of the new retail or mixed use development actual tax value of the building and equipment shall equal the maximum incentive amount.

The incentive percentage (up to 1%) will be applied to the value of the project as presented on the first tax bill after completion of the project, unless otherwise negotiated. The reimbursement will be paid out in the same schedule listed for real property above until the maximum incentive is reached or 5 years, whichever comes first.

Applications for Retail/Mixed Use incentives will be evaluated and rated by the Town's Incentive Committee as selected by the Town Manager. The Committee will thoroughly review and analyze applications and will carefully apply the aforementioned criteria, requirements, goals, and stipulations that are deemed important to the Town. These elements will serve as a guideline for the staff analysis and the Committee may recommend modifying any of the terms, criteria, and requirements of this Incentive Policy, including exceeding the maximum incentive amount of this Incentive Policy, to maximize the Town's economic development goals and carry forth the overall goals and services that are the Town's responsibility. Upon completion of the Committee's review and analysis, the Town Manager will transmit the recommendation to the Town Council for their consideration in accordance with North Carolina law.

Other Provisions

Time Period: The typical payback period for all incentives shall be 7 years for real property and 5 years for personal property but no longer than 10 years in special cases as determined by Town Council.

Redundancy: Only one incentive will be given per parcel and/or per project. The Town Council at its discretion will deny an incentive to any business if an incentive is already being paid to them or another entity for that same parcel and/or project.

The Town will require that the assessed value of new investment to be confirmed by the Wake County Revenue Department, proof that all property taxes and fees are paid and proof of number of jobs created and retained and job wages from the Employment Security Commission (if applicable) prior to providing an incentive payment.(change requested by Emily)

Application

A request for economic development incentives shall be directed to the Town Manager or his/her designee. Applications may be obtained through the Town Manager's office. Applications are to be completed in their entirety. The Town understands that some information may need to be held confidential; however, we reserve the right to obtain the necessary information before making a recommendation. No information related to an application will be made available for public review until a final decision of award has been made and disclosure is approved in writing by the Town Council and the designated representative of the company, unless such disclosure is required by NC General Statutes.

Among other things, the proposed new or expansion of development is to provide information on:

- Amount of proposed capital investment
- Employment numbers from past 10 years if applicable
- Types of new jobs created including wages, benefits, and training offered
- If jobs are relocating, from where?
- Water and sewer capacity needs
- Type of business activity and any hazardous waste or by-products used, generated or discharged and/or any environment impacts

Review

The Incentive Committee, comprised of town employees appointed by the Town Manager, shall review the request and information on an individual basis using the Town of Garner guidelines. The Town Manager or his designee shall present the Committee recommendation to the Town Council.

In reviewing requests, among the things the Town will consider are:

- Amount of new investment in the community, and projected return on investment based on projected property tax revenue over a 10-year period
- Number and Type of new jobs being created
- Average wage rate, benefits, and training to be provided
- Level of anticipated State or County participation
- Timeframe for investment/job creation
- Potential for expansion
- Reputation of the company
- The presence of competition for the project
- Impact on the quality of life for Garner citizens
- Corporate headquarters location
- Past record of and proposed community involvement
- Amenities provided by Retail/Mixed Use Availability of Town funds to use for incentive programs
- Proposed use of “green” and Smart Growth Initiatives (for Retail/Mixed Use) by the company

The Committee may recommend full, partial, or no incentive based upon its review of the application and the applicant’s consistency with the criteria described in this policy. The Town Council may authorize full, partial, or no incentive after receiving the staff recommendation.

Community Involvement

It is expected that any entity that receives public funds by way of an incentive, will be involved in the community or local nonprofits, either actively or financially. The entity shall become a member of the Garner Chamber of Commerce for at least as long as the incentive payments are being granted. The industry will encourage its employees to become involved in community organizations and programs.

Companies receiving incentives are strongly encouraged to hold job fairs in Garner to employ as many Garner citizens as possible to fulfill their employment needs.

Public Hearing

After economic development incentives are negotiated, but prior to being consummated by contract, a public hearing shall be held in accordance with NCGS § 158-7.1 et seq. and other applicable laws. At its discretion, the Town Council may authorize that a public comment period be held when no public hearing is required.

Payment

Incentives will be paid after all taxes, fees and charges due the Town are paid and job thresholds are met.

Documentation of taxes paid, job requirements and request for reimbursement shall be presented to the Town prior to May 1 of each year for length of incentives agreement. **Failure to submit such information by May 1 of each year will result in a forfeit of that year's available incentive.**

The industry must enter into a binding incentive contract with the Town of Garner and is therefore subject to any reporting or repayment requirements contained within.

General Information

These policy guidelines are not retroactive to a project which has been announced or undertaken prior to the adoption of these policy guidelines. These guidelines are in effect until such time as amended by Town Council. In addition, the provision of this policy conform the NCGS §158-7.1, et. seq. At any time, revisions to the laws of North Carolina may change to make any or all sections of this policy unenforceable.

Principles of Smart Growth

- [Create Range of Housing Opportunities and Choices](#)
Providing quality housing for people of all income levels is an integral component in any smart growth strategy.
- [Create Walkable Neighborhoods](#)
Walkable communities are desirable places to live, work, learn, worship and play, and therefore a key component of smart growth.
- [Encourage Community and Stakeholder Collaboration](#)
Growth can create great places to live, work and play -- if it responds to a community's own sense of how and where it wants to grow.
- [Foster Distinctive, Attractive Communities with a Strong Sense of Place](#)
Smart growth encourages communities to craft a vision and set standards for development and construction which respond to community values of architectural beauty and distinctiveness, as well as expanded choices in housing and transportation.
- [Make Development Decisions Predictable, Fair and Cost Effective](#)
For a community to be successful in implementing smart growth, it must be embraced by the private sector.
- [Mix Land Uses](#)
Smart growth supports the integration of mixed land uses into communities as a critical component of achieving better places to live.
- [Preserve Open Space, Farmland, Natural Beauty and Critical Environmental Areas](#)
Open space preservation supports smart growth goals by bolstering local economies, preserving critical environmental areas, improving our community's quality of life, and guiding new growth into existing communities.
- [Provide a Variety of Transportation Choices](#)
Providing people with more choices in housing, shopping, communities, and transportation is a key aim of smart growth.
- [Strengthen and Direct Development Towards Existing Communities](#)
Smart growth directs development towards existing communities already served by infrastructure, seeking to utilize the resources that existing neighborhoods offer, and conserve open space and irreplaceable natural resources on the urban fringe.
- [Take Advantage of Compact Building Design](#)
Smart growth provides a means for communities to incorporate more compact building design as an alternative to conventional, land consumptive development.

Smart Growth Network

In 1996, the U.S. Environmental Protection Agency joined with several non-profit and government organizations to form the Smart Growth Network (SGN). The Network was formed in response to increasing community concerns about the need for new ways to grow that boost the economy, protect the environment, and enhance community vitality. The Network's partners include environmental groups, historic preservation organizations, professional organizations, developers, real estate interests; local and state government entities.

The SGN works to encourage development that serves the economy, community and the environment. It is a forum for:

- Raising public awareness of how growth can improve community quality of life;
- Promoting smart growth best practices;
- Developing and sharing information, innovative policies, tools and ideas;
- Cultivating strategies to address barriers to and advance opportunities for smart growth.

To learn more about the Smart Growth Network, visit their website at <http://www.smartgrowth.org>.