

Effective Date: 7/10/2017
Supersede Date: 7/27/2009
Policy Number: 113



**TOWN OF WENDELL
ECONOMIC DEVELOPMENT INCENTIVE POLICY
FOR NEW AND EXPANDING LARGE BUSINESSES
Adopted July 10, 2017**

I. OBJECTIVES

The purpose of this Economic Development Incentive Policy for New and Expanding Businesses is to enhance the Town of Wendell's ability to attract new industrial and commercial development and to encourage expansion of existing businesses within the town's existing or proposed corporate limits. This policy has been developed to promote the general economic development goals outlined in the Town of Wendell Comprehensive Plan, adopted in April, 2007, which included 1) diversifying and increasing the town tax base, 2) creating a diverse workforce, and 3) increasing downtown retail and dining options "to make Wendell a self-sustaining community – a place where people can both live and work."

This policy authorizes the Town of Wendell Board of Commissioners to make direct grant appropriations from town tax revenues and to provide development incentives to encourage large-scale industrial and office park development and smaller-scale commercial/mixed use/service industry and business investment in Wendell. Individual incentives are outlined in Section III of this policy.

II. POLICY STATEMENTS

A. Disclaimer: Appropriations from town funds and related development incentives to promote economic development are not made as a matter of right but are made as a privilege to the industry or business at the sole discretion of the Town of Wendell Board of Commissioners. Even if the applicant industry or business meets all the eligibility requirements outlined in Section III, the town is not obligated to provide an incentive package. As outlined in Section V of this policy, all proposed economic incentive grants to new and existing industries and businesses will be carefully evaluated by the town staff prior to submittal of each completed incentive application and a written staff recommendation to the Board of Commissioners for final evaluation. Each proposed new industry/business development or industry/business expansion will be carefully evaluated to ensure consistency with the land use objectives and development goals defined in the Town of Wendell Comprehensive Plan, and with regard to proposed water and sewer allocations. Also, changes in economic conditions may necessitate the Board of Commissioners to modify, amend, or even rescind this incentive policy, subject to compliance with any incentive agreements in effect at the time of rescission.

B. Geographic Eligibility: This policy shall apply to all lands within the current corporate limits of Wendell or properties that qualify for annexation under North Carolina General Statutes. Actual economic development incentive grants will not be made to businesses until annexation procedures are complete and the new investment can be formally assessed and taxed by Wake County on behalf of the Town of Wendell.

C. Legally-Binding Commitment: Each industry or business that receives an economic development grant under the terms of this policy shall be required to execute a legally-binding agreement with the Town of Wendell that outlines the amount and terms of the grant, the specific investment amount and job creation goals (if applicable) guaranteed by the grantee, and all other agreed terms and conditions including land use incentives offered by the town or qualitative evaluation factors (site improvements, higher wage structure, employee benefits, etc.) proposed by the grantee. Failure to fully execute a legally binding commitment within 6 months of approval by the Town Board shall render the approval null and void.

D. Investment Calculation: The Wake County Revenue Department will determine the value of new investment utilized to determine threshold eligibility and grant amounts under the terms of this policy. The investment value shall be the initial *ad valorem* tax assessment of the new buildings and equipment. The value of land, site work, inventory, and rolling stock including automobiles, trucks, tractors, trailers, or other licensed vehicles shall not qualify for purposes of the investment calculation.

E. Job Creation: “New jobs” shall be defined as new full-time employees (FTE) (minimum 35 hours per week and subject to withholding) required to fill positions in the new or expanded business in Wendell. Employee transfers from other locations in Wendell do not qualify as “new jobs” under the terms of this policy. Where the job creation threshold applies in Section III of this policy, grantees must maintain an average wage rate that is at least 100% of the average wage rate for Wake County as determined by the NC Commerce Finance Center and underwrite at least 50% of the health insurance premiums for all new full-time employees. In general, businesses will be required to create new jobs in proportion to the percentage of their total incentive grant requested to date, with grant payments deferred or reduced when annual job creation goals are not met (see Section VI.)

F. Grant Payments: The initial grant payment made under the terms of the legally-binding agreement prescribed by this policy will not be paid until all fees and charges due to the town for development activity are paid, and proof is received from the Wake County Revenue Department that county and town taxes have been paid for the year of the initial tax assessment that includes the new investment value utilized to calculate the base grant amount. Requests for reimbursement of town taxes (grant payments) shall be presented to the town prior to March 31st following the previous year’s tax assessment. All grant funds shall be made payable by the town in the following fiscal year.

G. Grant Adjustments: The town and the grantee may elect to negotiate a “base grant” based on the initial amount (first taxable year) of the proposed investment and adjust the grant amount and performance period upward over time as additional building improvements/equipment are added at the new/expanded business site. However, the total grant amount received by any individual grantee under the terms of this policy shall not exceed the maximum award specified in Section III, below.

I. Confidentiality: Financial information, employment profiles, site plans, etc., submitted to the Town of Wendell for the town’s review and consideration of applications for economic development incentives will be kept strictly confidential. Review of required submittals and the actual application for incentive funds shall be limited to designated representatives of the town staff and the Town of Wendell

Board of Commissioners. No information related to an application for incentive funds will be made available for public review unless disclosure is approved in writing by the Town Manager and the designated representative of the business making application to the town for incentive funds, unless such disclosure is required by North Carolina statute.

III. ECONOMIC DEVELOPMENT INCENTIVES

A. NEW BUSINESSES

Eligible Applicants: Eligible applicants for *New Business* grants include new industrial or manufacturing facilities; warehousing, distribution, and transportation facilities; and office and medical facilities. New retail developments and tax exempt uses are not eligible for *New Business* assistance.

Investment Threshold: In order to receive consideration for an economic development incentive grant from the Town of Wendell, *New Businesses* must propose a new investment in building and/or equipment (exclusive of land) of five million dollars (\$5 million) or greater as calculated in Section II.D, above.

Job Creation Threshold: All *New Businesses* with the exception of office park facilities must propose to create at least twenty-five (25) new jobs (defined in Section II.E) during the performance period defined in the legally-binding agreement between the grantee and the Town of Wendell.

Incentive Amounts: Eligible applicants meeting the investment/job threshold requirements outlined above will be considered for an incentive grant using a step down approach based on the amount of investment made.

Eligible applicants meeting a **minimum investment (\$5 million) /job (25 FTE)** threshold requirements outlined above will be considered for an first year incentive grant equivalent to **75%** of the Town of Wendell local property tax assessment on the new investment over a **four-year period**. After each year, the incentive grant equivalent shall be reduced by 10% each year.

Example: A threshold grant for a \$5 million industrial complex investment would be calculated as $(\$5,000,000/100 \times 0.49)$, or \$24,500 per year $\times 75\% = \$18,375$ for the 1st year, $\$24,500 \times 65\% = \$15,925$ for the 2nd year, $\$24,500 \times 55\% = \$13,475$ for the 3rd year, and $\$24,500 \times 45\% = \$11,025$ for the 4th year; for a total of **\$91,875 over the 4 year period**.

Eligible applicants meeting a minimum of **\$25 million investment and 50 jobs (50 FTE)** threshold requirements outlined above will be considered for an first year incentive grant equivalent to **85%** of the Town of Wendell local property tax assessment on the new investment over a **five-year period**. After each year, the incentive grant equivalent shall be reduced by 10% each year.

Example: A threshold grant for a \$25 million industrial/office park investment would be calculated as $(\$25,000,000/100 \times 0.49)$, or \$122,500 per year $\times 85\% = \$104,125$ for the 1st year, $\$122,500 \times 75\% = \$91,875$ for the 2nd year, $\$122,500 \times 65\% = \$79,625$ for the 3rd year, $\$122,500 \times 55\% = \$67,375$ for the 4th year, and, $\$122,500 \times 45\% = \$55,125$ for the 5th year; for a total of **\$398,125 over the 5 year period**.

Eligible applicants meeting a minimum of **\$50 million investment /job (50 FTE)** threshold requirements outlined above will be considered for an first year incentive grant equivalent to **95%** of the Town of

Wendell local property tax assessment on the new investment over a **five-year period**. After each year, the incentive grant equivalent shall be reduced by 10% each year.

Example: A threshold grant for a \$50 million industrial/office park investment would be calculated as ($\$50,000,000/100 \times 0.49$), or \$245,000 per year $\times 95\% = \$232,750$ for the 1st year, $\$245,000 \times 85\% = \$208,250$ for the 2nd year, $\$245,000 \times 75\% = \$183,750$ for the 3rd year, $\$245,000 \times 65\% = \$159,250$ for the 4th year, and, $\$245,000 \times 55\% = \$134,750$ for the 5th year; for a total of **\$686,000 over the 5 year period**.

B. BUSINESS EXPANSIONS

Eligible Applicants: Eligible applicants for *Business Expansion* grants include existing manufacturing facilities; warehousing, distribution, and transportation facilities; and office and medical facilities. Existing retail developments are not eligible for *Business Expansion* assistance.

Investment Threshold: In order to receive consideration for an economic development incentive grant from the Town of Wendell, *Business Expansions* must propose a new investment in building and/or equipment (exclusive of land) of five million dollars (\$5 million) or greater as calculated in Section II.D, above.

Job Creation Threshold: All *Business Expansions* with the exception of office park facilities must propose to create at least five (5) new jobs (defined in Section II.E) during the performance period defined in the legally-binding agreement between the grantee and the Town of Wendell.

Incentive Amounts: Eligible applicants meeting a **\$5 million investment/job (5 additional employees)** threshold requirements outlined above will be considered for an incentive grant equivalent to **75%** of the Town of Wendell local property tax assessment on the new investment over a **four-year period**. After each year, the incentive grant equivalent shall be reduced by 10% each year.

Example: A threshold grant for a \$5 million business expansion would be calculated as ($\$5,000,000/100 \times 0.49$), or \$24,500 per year $\times 75\% = \$18,375$ for the 1st year, $\$24,500 \times 65\% = \$15,925$ for the 2nd year, $\$24,500 \times 55\% = \$13,475$ for the 3rd year, and $\$24,500 \times 45\% = \$11,025$ for the 4th year; for a total of **\$58,800 over the 4 year period**.

Eligible applicants meeting a **\$10 million investment/job (10 additional employees)** threshold requirements outlined above will be considered for an incentive grant equivalent to **85%** of the Town of Wendell local property tax assessment on the new investment over a **five-year period**. After each year, the incentive grant equivalent shall be reduced by 10% each year.

Examples: A threshold grant for a \$10 million business expansion would be calculated as ($\$10,000,000/100 \times 0.49$), or \$49,000 per year $\times 85\% = \$41,650$ for the 1st year, $\$49,000 \times 75\% = \$36,750$ for the 2nd year, $\$49,000 \times 65\% = \$31,850$ for the 3rd year, $\$49,000 \times 55\% = \$26,950$ for the 4th year, and, $\$49,000 \times 45\% = \$22,050$ for the 5th year; for a total of **\$159,250 over the 5 year period**.

C. NON-FINANCIAL INCENTIVES

The Town of Wendell may elect to offer potential economic development incentive grantees an incentive “package” including non-financial incentives or marginal increases in the incentive grant

defined in Section III to encourage investment. Factors considered in this decision will include the proposed development's consistency with the stated objectives of the Town of Wendell Comprehensive Plan and the investor's provision of additional benefits above and beyond the actual increase in the local tax base. Qualitative factors to be considered in the award of additional incentives are outlined in Section V.B. Examples of non-financial incentives include reductions in parking requirements, density bonuses, property donation, and technical assistance with the preparation of other incentive grant applications.

IV. APPLICATION PROCESS

A request for an economic development incentive grant shall be directed to the Town Manager. Applications may be obtained through the Town Manager's office. Applications are to be completed in their entirety. Strict confidentiality will be maintained during the application/evaluation process (see Section I). The Town Manager reserves the right to obtain information necessary to properly evaluate the application before delivering the completed application with a written recommendation to the Board of Commissioners. Requested information will include, but not necessarily be limited to, the following:

- Type of business activity and any hazardous waste or by-products used, generated or discharged
- Proposed site location/site plan
- Site survey and legal description of the property/documentation of ownership
- Pre-investment Wake County tax valuation
- Basic business plan for feasibility assessment
- Financial statements
- Total amount of capital investment (including land, inventory, etc., although not included in calculation of grant amount)
- Existing employment profile (expansions/relocations)
- New job projections/local job projections
- Wage structure and benefits
- Water and sewer needs
- Transportation/access needs

V. EVALUATION AND AWARD OF INCENTIVE

A. Initial Review: The Town Manager will review the initial application and verify that the applicant meets the eligibility/threshold requirements outlined in Section III, and will then confer with the applicant and request additional information until the application is substantially complete.

B. Staff Review: The Town Manager will distribute the completed application to appropriate staff personnel to properly ascertain the impact of the proposed business investment on the town's land use standards and infrastructure. In reviewing a grant request, the Town Manager and staff personnel will consider the following factors:

- Amount of new investment in the community
- Number and type of new jobs being created vs. job transfers (relocation)
- Number of new jobs to be filled by existing town residents
- Job training incentives

- Wage structure
- Employee benefits offered
- Amount of state and/or Wake County incentives
- Timeframe for investment/job creation
- Potential for expansion
- Business plan and financial history of the company
- The presence of competition for the project
- Impact on the quality of life for Wendell citizens
- Past record of community involvement and proposed community involvement
- Compatibility of proposed development with the Town Comprehensive Plan
- Increase in marginal tax base vs. increase in marginal water and sewer usage
- Impact on traffic flow/access limitations
- Green technology/environmental impact

C. Review By Elected Officials: Following a final review session with the town staff, the Town Manager will provide a written recommendation of full, partial, or no incentive to the Town of Wendell Board of Commissioners based upon staff review of the application and the applicant's consistency with the criteria described in this policy. The Town Manager will refer each completed incentive application and his written recommendation to the Town of Wendell Board of Commissioners, who will in turn review each application in closed and/or open session as deemed appropriate and make a final decision of award by majority vote.

D. Public Hearing: Prior to approval of an economic development incentive grant, the Town of Wendell Board of Commissioners shall advertise a public comment period and a public hearing shall be advertised and held in accordance with NCGS 158-7.1 *et seq.* and other applicable laws.

VI. PERFORMANCE AND MONITORING

A. General Performance Standards: Each industry or business that receives an economic development grant under the terms of this policy shall build or expand its proposed facility and meet investment and job creation goals within the time specified in the legally-binding grant agreement executed by the Town of Wendell and the grantee following approval of an incentive grant. This agreement must be executed within 6 months of approval in order to remain valid. In the event that a grantee fails to meet any of the provisions of the grant agreement, including qualitative proposals such as an enhanced wage structure or employee benefits that influenced determination of the grant amount or the evaluation process, the town may adjust the amount of the grant to the company, defer grant payments, or withdraw the grant entirely. In general, penalties will be assessed *pro rata* in accordance with any reduced number of jobs or amount of investment outlined in the grantee's original application for an economic incentive grant.

B. Monitoring: The Town Manager will request annual performance reports from businesses provided with incentive grants during the performance period included in the legally-binding agreement. Performance reports will include all objective data utilized by the Town Manager to determine the amount of the grant award, including number and type of new jobs, wage and benefit structure, cumulative amount of investment to date, description of actual improvements (buildings and equipment), and water and sewer usage.