

City of Roanoke Rapids

CITY OF ROANOKE RAPIDS ECONOMIC DEVELOPMENT INCENTIVE GRANT PROGRAM

PREAMBLE

The City of Roanoke Rapids (the "City") City Council (the "Council"), has determined that the general welfare of the residents of the City is directly benefited by fiducially sound economic development policies which promote the growth and diversity of the tax base and result in the creation of more high quality, well paying jobs. Pursuant to its ruling in Maready v. The City of Winston-Salem, et. al, the North Carolina Supreme Court has made clear that the expenditure of public funds to promote economic development is deemed to be for these legitimate public purposes.

The current competitive environment among states which regularly compete with North Carolina and cities which regularly compete with the City in business and industrial development projects, dictates that the City must adopt an Economic Development Incentive Grant Program ("EDI"), which is conservative and fiducially sound, in order to remain competitive in recruiting new business and industry and retaining expansions of existing businesses and industries currently located in the City. For these reasons, the Council hereby establishes EDI guidelines to encourage new businesses and industries to locate and existing businesses and industries to expand within the City. These guidelines are guidelines only. Each new or expansion project will be considered on a project-by-project basis. The Council takes this action in adopting these guidelines pursuant to authority granted by N.C. General Statutes §158-7.1, as interpreted by the North Carolina Supreme Court in Maready.

POLICY PRINCIPLES

These EDI guidelines are based upon, and any EDI arrangement with a new or existing company must be in compliance with fiduciarly sound public policy principles, which at a minimum include:

- Any EDI grants must provide the City a high return on investment, taking into account tax revenues of the business or industrial project over a ten year period from the date of the start-up of the project. N.C. General Statutes §158-7.1(d2).
- Any EDI grant must be preceded by an agreement with the company involved, binding it to minimum levels of capital investment and quality job creation, and providing for penalties and/or reductions in amounts of forward funded grants, in the event that it fails to meet these minimum required levels. N.C. General Statutes §158-7.1(d2)(2).
- Investments of City funds by way of EDI grants shall be in items which leave value in the City in the event of a curtailment or closure of the operations within the business or industrial facility, such as site acquisition, site preparation, internal infrastructure, job training, etc.
- It must be competitively necessary in the judgment of the City Council to provide such incentives in order to induce that project to locate or expand in the City.
- The bedrock of the City's economy are the businesses and industries already located in the City. Consequently, the terms and application of the EDI policy are to result in existing businesses and industries receiving consideration for grants that are on terms equal to or better than those available to a company considering locating its first facility in the City.

EDI PROGRAM PARAMETERS

Each project will be considered on a project-by-project basis, using these guidelines established by the Council. These guidelines shall be subject to periodic review and may be modified, amended or terminated, due to changed economic conditions or competitive consideration. In the event of any modification, amendment or termination, EDI grants to which the City previously committed will not be affected.

In determining whether to make an EDI grant to a project, and if so, the amount of such grant, the Council will consider, among other relevant factors, the following matters:

- The total capital investment in the project including site acquisition, site improvement, building cost and equipment.
- The number, type and quality of jobs created.
- Wage levels for jobs created by the project.
- The potential for future expansions and increased employment.
- Site specific issues that impact on public infrastructure expansions which will stimulate development in areas of the City, which will benefit overall community development.
- Other factors deemed relevant by the Council in its discretion.

MINIMUM PROJECT QUALIFICATIONS

In order to qualify for consideration of an EDI grant from the City, the project must meet certain minimum threshold requirements. Meeting these threshold requirements does not indicate that the project will necessarily receive an EDI grant, and if so, the amount of such grant, inasmuch as the Council reserves sole discretion in this regard on a project-by-project basis. The minimum project qualifications are as follows:

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- The minimum levels of capital investments are \$2,000,000 for a project on behalf of a company which is a new project in the City, and capital expenditures for expansion of plant and/or equipment (which is not a planned replacement) that results in the addition of \$1,000,000 of assessed value on the tax rolls for a facility existing in the City.
- For new projects, at least 25 new jobs must be created in the City over a period of 3 years. Expansion by companies already present in the City may either create or retain employment.
- The wage levels of the jobs created must represent a competitive improvement for citizens of the City, in relation to the current prevailing wage levels in the Halifax County at the time.

For a project to be considered by the Council for an EDI incentive grant, it must meet all of the above minimum project qualifications. Additional qualifications may be required by the Council in its discretion on a project-by-project basis.

EXCLUSIONARY FACTORS

Even though a project might meet all of the above minimum project qualifications, it will not be considered by the Council for an EDI incentive grant if any of the following factors apply:

- The expansion project would, for any reason, result in a new reduction of the ad valorem property tax valuation of all facilities in the City owned by the company, or its parent, subsidiary or affiliated companies.
- An EDI Incentive grant will not be made if that company, or a parent, subsidiary or affiliated company, is not current in all ad valorem tax payments to the City.
- No prior commitment to an EDI incentive grant shall be binding if the company originally receiving the grant assigns it to another company,

unless the Council has consented to such assignment in writing.

- The financial condition of the company receiving the grant must not be such that the ability of the company to meet its obligation is in doubt.

USE OF GRANT FUNDS

EDI incentive grants under these guidelines may be made at the time of the announcement that the project is locating in the City, or in installments to be paid in the future. Such grants may be used for one or more of the following purposes, depending upon the terms approved by the Council:

- Site acquisition.
- Site preparation.
- Internal site infrastructure.
- Other improvements to the site.
- Job training costs not otherwise reimbursed by grants from the Community College system or tax credits pursuant to the state statute.
- Other purposes which leave value in the community as determined by the Council on a project-by-project basis.

PROCEDURE FOR GRANT CONSIDERATION

The following procedure will be utilized in considering a project for an EDI incentive grant:

- The company will negotiate the terms of such grant agreement with the City Manager. Such discussions are negotiations only, inasmuch as the Council has the sole discretion and authority to finally agree to such grants.

- At a time agreeable to the company, given its confidentiality concerns, a public notice and a public hearing regarding the proposed grant will be given/held in accordance with the requirements of N.C. General Statutes §158-7.1.
- The Council will make a decision as to whether to approve the terms of the grant agreement.
- An EDI incentive grant agreement will be executed which contractually binds the City to make the grants, and the company to meet the capital investment, job creation and wage level requirements, to which they mutually agreed.
- The company will provide periodic verification of its compliance with the requirements to which it has agreed.

CONCLUSION

All EDI incentive grants will be considered on a project-by-project basis and by adopting these guidelines, the Council is not obligated to make any grants. In considering whether to provide EDI incentive grants for a project and if so how much, the Council will take into account grants made by any private sector economic development entity which serves within the City. These guidelines are not retroactive to any project which has been announced prior to the adoption of these guidelines. These guidelines are effective as of March 28, 2000.

