

Guilford County Economic Development Investment Policy

The Guilford County Board of Commissioners hereby authorizes implementation of the following Industrial Investment Strategies. Economic development projects proposed for public investment:

- 1) Should generate jobs in a qualitative manner, specifically with wages and salaries equal to or greater than the income of individuals and families in our county;
- 2) Should create jobs by either the development of new business or the expansion of existing business;
- 3) Should create at least 25 jobs per project but will be recognized for the total number of new jobs created;
- 4) Will be considered for a public investment in an amount which will be returned through property taxes in 2 years, or less. Guilford County could consider up to a five year payout for extremely worthwhile projects;
- 5) Will be considered in a manner which balances the “good will” value of a business, be it a new or existing business, with intensity of the business function be it distribution, manufacturing, or business headquarters;
- 6) Must recognize county limitations in attracting large business projects creating more than 500 jobs, especially in those cases where the State of North Carolina is involved;
- 7) Must reward industries with resource needs which will not constrain our water and sewer capacities; or waste disposal needs which will not constrain our air, water, or land capacities;
- 8) Will receive additional consideration if the project fosters growth in areas where public investments have already been made, and the new jobs can have a greater impact on poverty and diversity; and
- 9) Will receive higher consideration if the project fosters a higher quality of life in the community as measured by impacts on schools, fire, police and other public services.

Economic Development Investment Policy Guidelines

- 1) Economic development investment funds are to be used only as allowed by applicable statute.
- 2) An incentive package will be negotiated only when the Guilford County site(s) is on the finalist list for the firm.
- 3) In addition to using a payback period to determine the incentive that could be offered to a firm, Guilford County could alternatively use an investment amount of \$1,000 per job, if the wages paid by the firm are at least 15% above the average wage rate for Guilford County. (The firm must provide, at the least, a weighted average wage rate for the proposed project.
- 4) Guilford County shall review, if possible, the financial strength, stability and industry sector of the firm requesting incentives, e.g., a Dunn & Bradstreet report, if available, shall be reviewed by the Guilford County Finance Director.
- 5) In order to be eligible for County investment, a project's new capital investment must be at least \$5 million, or its expansion capital investment must be at least \$1.5 million.
- 6) The County's incentive is calculated based upon net new project investment. Likewise, only net new job creation is considered in an analysis of a potential project.
- 7) The statements contained in Guilford County's Economic Development Investment Policy are guidelines and are not intended to limit the discretion given to the Guilford County Board of Commissioners under N.C.G.S. 158-7.1 and other applicable laws.
- 8) The receipt of County incentives is contingent upon the completion of various site improvements, as well as the fulfillment of the company's stated investment in a project. If these stipulations are not realized, then a portion or all of the incentive monies are to be returned to the County.

Release of Project Information Guidelines

Following a company's request of the Board of Guilford County Commissioners for economic development incentives, only four aspects of the project will be released to the public, if available. These four items are:

- 1) The corporation's capital investment in the project;
- 2) The number of jobs to be created by the project;
- 3) The hourly wages associated with the project; and
- 4) The amount of economic development incentive requested from Guilford County.

Adopted this 10th day of November, 1994

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Job Creation Enhancement Addendum

The Guilford County Economic Development Investment Policy has been in effect since 1994. The Job Creation Enhancement Addendum to that policy has been added to provide a greater stimulus to job growth. The Addendum goes into effect when the unemployment rate in Guilford County meets or exceeds 4.5% as determined by the N.C. Employment Security Commission. At that point, the following guidelines apply:

- 1) In order to be eligible for County investment, a project's new or expanded employment must be at least 25 employees. This policy does not include consolidations, mergers, or restating of company name to achieve qualification. Retention of existing jobs is addressed in item # 4. This enhancement policy may be considered instead of (not in addition to) the net new project investment policy currently in place. Unlike the current net new project investment (1994) policy, projected job additions will not be used as a benchmark for contractual purposes. An increase in jobs of 25 or more from the current employment base is the benchmark.
- 2) The payback period will be specifically four consecutive years. The first year-end investment payment (at or above 25 new or additional permanent full-time employees, up to 100 new/additional employees) would generate an incentive payment of \$400/job. Year two: \$800/job. Year three: \$400/job. Year four: \$400/job. Job increases during the second through fourth year of the contract will be paid at that year's rate, but under all circumstances, the total scope of each contract and range of payments is four years. If the number of jobs falls below the 25 new/increased job threshold, the company is ineligible for an incentive payment that year. They may reinstate the incentive contract by re-achieving the employment numbers in future years, provided this policy is still in effect. The specific missed year(s) will be subtracted from the four-year life of the contract. Once the 25 new/additional employee level has been reached a first time and the company has achieved the original benchmark, no additional employees must be added to comply with the policy guidelines.
- 3) Beyond 100 new/additional jobs, the annual payment/job is one half the rate for the first 100. (Example: 500 new jobs. Over the four-year life of the contract, the first 100 new hires would generate \$200,000 ($100 \times (\$400 + \$800 + \$400 + 400 = \$2000)$) and the other 400 employees would generate \$400,000 ($400 \times (\$200 + \$400 + \$200 + \$200 = \$1,000)$), totaling \$600,000.)
- 4) Though it is not the intent of this policy addendum to address existing jobs that may move from Guilford County, in extraordinary circumstances the "over 100 job" rate of ($\$200 + \$400 + \$200 + \$200 =$) \$1,000 may be used as a job retention incentive. The retention of existing jobs portion of this policy is capped at a (cumulative) maximum of \$100,000 over the four-year life of the contract.

- 5) At the time of payment request, the company shall project the number of jobs for the next calendar year. Because this investment enhancement policy uses original projections and then benchmarks original job base plus 25 jobs and provides payment for all jobs exceeding those 25 jobs, there is no pro-rating of payment based on missed projections. This provision will allow for more program flexibility while still providing the necessary information for budgeting purposes.
- 6) Guilford County staff shall have access to any and all company records necessary to confirm the number of employees, both at the outset of the project and at time of payment request. Staff shall also be provided access to company records to document the proof of the full-time and permanent nature of the jobs. Other sources of information to document the payment request may be used as well (Example: Employment Security Commission).
- 7) The wage rate of the jobs must be at a level not less than 90% of the average wage rate in Guilford County as determined by the Employment Security Commission.
- 8) All agreements under this policy with each approved investment will be put to contract for administrative and legal purposes.
- 9) All other guidelines outlined in the 1994 policy still apply, excepting those items that relate to incentives based on net new project investment. These policies and guidelines are advisory and are not intended to supplant or limit the discretion granted to the Guilford County Board of Commissioners by applicable law.