

Proposed Incentives Policy

Permitting Fee Waivers, Discounts and Matching Funds



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Overview

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- *DeKalb's incentives are comparable to those offered throughout the region* 18

Proposed Incentives Policy was informed by feedback from the BOC and the Decide DeKalb Incentives Task Force

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Consistent with feedback received from the Board of Commissioners and the Decide DeKalb Incentives Task Force, we incorporated the following changes into the Incentives Policy:

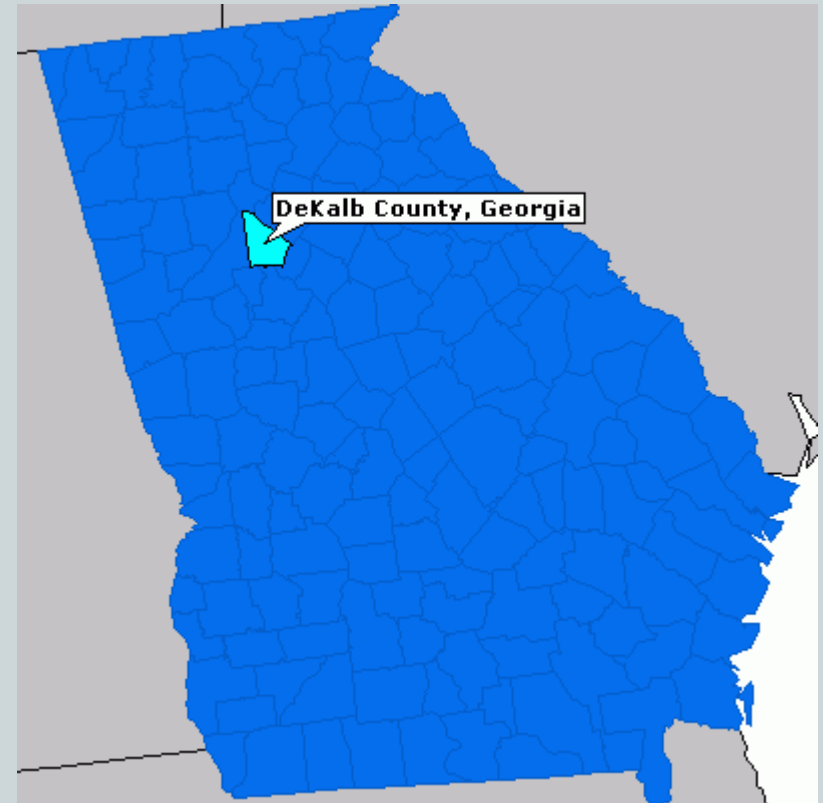
- Expanded focus on the relationship between Decide DeKalb and DeKalb County Government on their roles and responsibilities related to offering incentives
- Clear definition of the six target industries and related niches, including a note to include Music and Film/Motion Picture Production and Distribution in the Tourism Industry, and specifically stating that homebuilding businesses are targeted industries, but single and multi-family developments are not
- Diversified certification options for building sustainability standards, such as Earthcraft, Green Globes, the Living Building Challenge, and LEED
- A mandate that any recipient of incentives will work with the Workforce Development Agency to advertise jobs and utilize other services offered



DeKalb County and Decide DeKalb work closely together to attract and retain businesses

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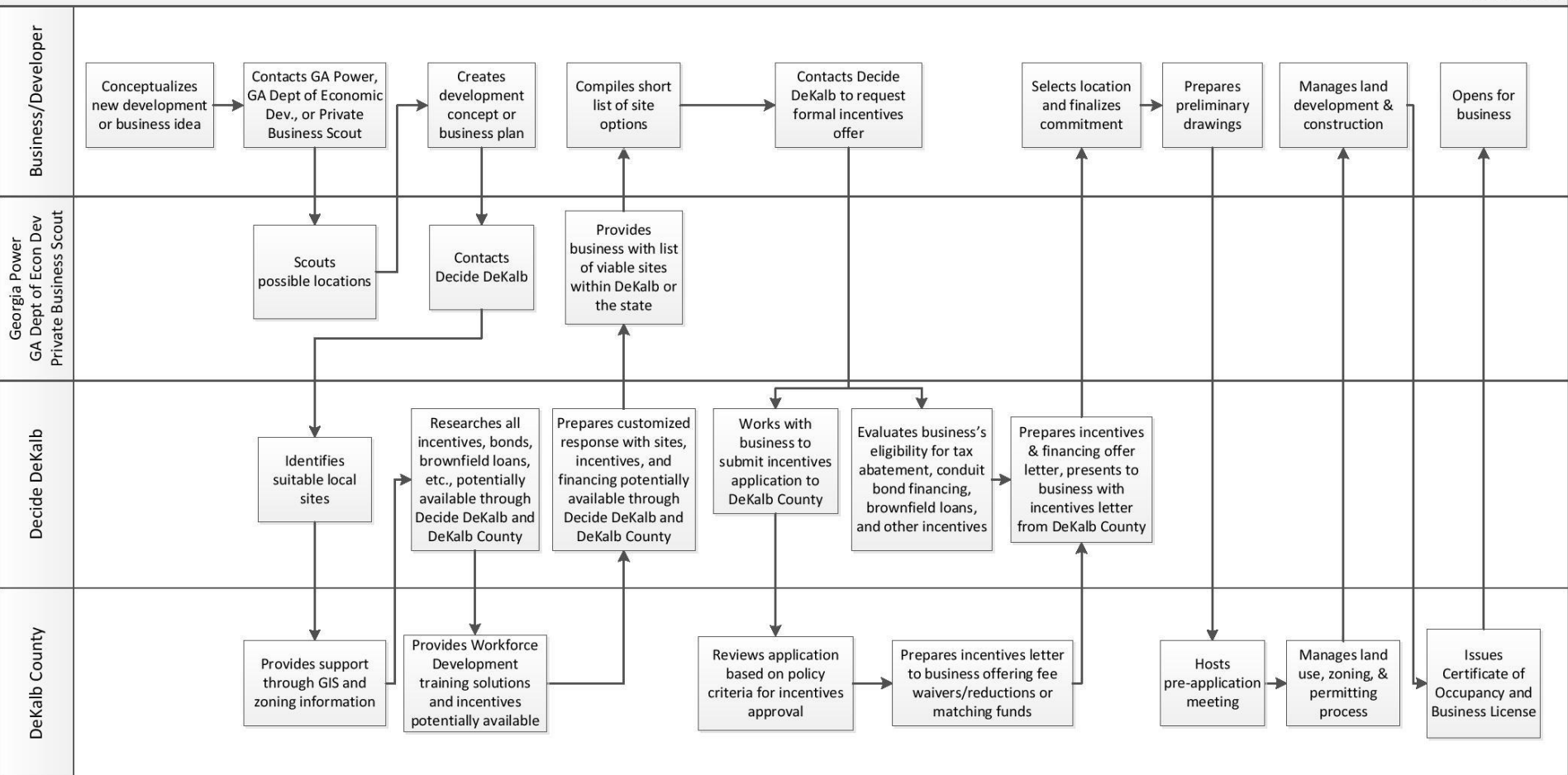
- Decide DeKalb collaborates with the County to present a comprehensive incentives package to businesses that includes DADC incentives, such as Conduit Bonds, Tax Abatements, in addition to County incentives, such as Workforce Development Training and fee reductions or waivers proposed in this policy.
- The Intergovernmental Agreement between DeKalb County and the DADC outlines a robust work program for DADC, which includes:
 - Implement the County's Economic Development Strategic Plan
 - Establish working partnerships with key organizations that support economic development
 - Attract, expand, and retain businesses
 - Develop and retain talent for employers
 - Establish development and redevelopment programs
 - Identify potential capital, and make it accessible to business
- DADC is the primary point of contact for businesses that are potentially looking to locate or expand in the County, and serve as project managers throughout the recruitment process.



Coordination between Decide DeKalb and DeKalb County for Business Retention, Expansion, and Attraction

December 28, 2015

Coordination between Decide DeKalb and DeKalb County



Incentives Recipients will also work closely with the DeKalb Workforce Development Agency

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- The Workforce Development Agency provides businesses with access to programs and funding for training new and existing employees
- Any development project receiving incentives will work closely with the Workforce Development Agency to advertise jobs and take advantage of the following services, as needed:
 - Job candidate recruitment and screening
 - Customized job fairs for employers
 - Occupational skills training funded through the Workforce Innovation & Opportunity Act (WIOA), which covers up to 100% of training costs
 - Work-Based Training: Internships, On-the-Job-Training, Customized and Incumbent Worker Training
 - Skills assessments for all new and existing employees
 - Layoff aversion solutions
 - Community/business collaborations with the Georgia Department of Labor, Georgia Piedmont Technical College, the Georgia Department of Economic Development – Workforce Division, and other entities as needed



Annual Incentives Waiver Budget & Regular Reporting to the County Board of Commissioners is Incorporated Into The Policy

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- The County will adopt a budget to create financial limits on the amount of incentives granted to eligible businesses
 - An annual budget for each fund impacted by incentives will be proposed to the Board of Commissioners based on historical incentives data and knowledge of anticipated projects.
 - The County will track the amount of approved fee reductions, fee waivers, and matching funds awarded to ensure the total amount approved in a given fiscal year does not exceed the allotted fiscal year budget for fee waivers.
- The BOC will receive quarterly updates on incentives awards from the administration and Decide DeKalb
 - The Administration and Decide DeKalb will coordinate to provide quarterly reports to the Board of Commissioners regarding the progress of existing incentives projects and the benefits of previously completed projects.



Incentives Eligibility

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- In order for a project to be eligible for County fee waivers, fee reductions, or matching funds outlined in this policy, the project must meet the following conditions:

1. The business conducted, or a majority of the proposed development, must be in one or more of the following target industries or related niches:
 - Professional & Business Services
 - Life Sciences
 - Tourism
 - Logistics
 - Construction & Support Trades
 - Advanced Manufacturing

Note: Multi-family housing is not a targeted industry
2. Submit an application requesting the incentives that meet the policy requirements
3. Satisfy economic impact policy requirements by demonstrating the project meets necessary levels of taxable value, job creation, and water/sewer revenue
4. Economic impact levels must be validated by an independent consultant, which must be accompanied by a thorough “but for” analysis



Evaluation Process For Giving Incentives

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Applicants seeking an economic development fee mitigation or waiver must file an application with the Director of Planning and Sustainability prior to payment of any project fees. Application will include an impact study that demonstrates necessary job creation and taxable value benchmarks.

After review of the application and a 3rd party independent impact study of the project, the Director of Planning and Sustainability will make a recommendation to the Chief Operating Officer (COO), or designee, for a decision on the granting of fee reductions, waivers, or matching funds

The COO, or designee, makes the final determination whether this merits a fee reductions, waivers, or matching funds

The COO, or designee, will then send the applicant a letter stating whether they have been approved to receive incentives or not based on the criteria required.

The COO, or designee, will then provide the applicant, the Director of Finance, the Director of Watershed Management, and the Director of Planning and Sustainability with a letter detailing the fee reductions, waivers, or matching funds authorized.

The applicant enters into a contract with the County to accept the fee reductions, waiver s, or matching funds incentives based on conditions established in the policy.

Appeals Process For Incentives Application

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Applicant within 30 days of rejection shall write a letter to the Director of Planning and Sustainability appealing the COO's, or designee's, decision to deny economic incentives.

The Chief Executive Officer (CEO), or designee, makes the final determination whether an applicant's appeal should be granted and incentives should be given.

Within 30 days of receipt of the appeal, the CEO, or designee, will write the applicant a letter either confirming the denial of incentives or approving the appeal for incentives.

In the event the CEO, or designee, approves the appeal and an applicant is awarded the prescribed incentives, the COO, or designee, will then provide the applicant, the Director of Finance, the Director of Watershed Management, and the Director of Planning and Sustainability with a letter detailing the incentives authorized.

The applicant enters into a contract with the County to accept the incentives based on conditions established in the policy.

Incentives Schedule: Land Development and Building Permits

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Tier	Potential Economic Impact	Potential Incentives
I	For investment projects with a taxable value within a range of \$10 to \$15 Million dollars and creating a minimum of 20 new jobs.	<ul style="list-style-type: none"> ✖ Permit discounts of 50% on General Contractor Fees ✖ Business license fees capped at \$1,000 for one (1) year.
II	For investment projects with a taxable value within a range of \$16 to \$20 Million dollars and creating a minimum of 30 new jobs.	<ul style="list-style-type: none"> ✖ Permit discounts of 60% on General Contractor Fees ✖ Business license fees capped at \$1,000 for two (2) years.
III	For investment projects with a taxable value within a range of \$21 to \$30 Million dollars and creating a minimum of 40 new jobs.	<ul style="list-style-type: none"> ✖ Permit discounts of 70% on General Contractor Fees ✖ Business license fees capped at \$1,000 for three (3) years.
IV	For investment projects with a taxable value within a range of \$31 to \$50 Million dollars and creating a minimum of 60 new jobs.	<ul style="list-style-type: none"> ✖ Permit discounts of 80% on General Contractor Fees ✖ Business license fees capped at \$1,000 for four (4) years.
V	For investment projects with a taxable value within a range of \$51 Million and above, and creating a minimum of 100 new jobs.	<ul style="list-style-type: none"> ✖ Permit discounts of 100% on General Contractor Fees ✖ Business license fees capped at \$1,000 for five (5) years.

Accelerated Development Review Process

- The County will provide guaranteed service level agreements for completion of all Land Development and Building permit reviews. Additionally, the County will establish a single point of contact to work closely with project managers, contractors, owners, and other interested parties.
- Any proposed development with a taxable value of at least \$10 million may be granted an expedited process for Land Development and Building permits, which includes a 10 business day turn around time on building & land development plan reviews.

Incentives Schedule: Water and Sewer Fees

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Tier	Potential Economic Impact	Potential Incentives
I	For investment projects with a taxable value within a range of \$10 to \$15 Million dollars and creating a minimum of 20 new jobs, and that produce at least \$100,000 in new annual water and sewer revenues	County will match each dollar contribution toward cost of capacity improvements costing up to \$200,000 for water and/or sewer with the County's total contribution not to exceed \$100,000
II	For investment projects with a taxable value within a range of \$16 to \$20 Million dollars and creating a minimum of 30 new jobs, and at least \$200,000 in new annual water and sewer revenues	County will match each dollar contribution toward the cost of capacity improvements for water and/or sewer costing between \$200,000 and \$400,000 with the County's total contribution not to exceed \$200,000
III	For investment projects with a taxable value within a range of \$21 to \$30 Million dollars and creating a minimum of 40 new jobs, and at least \$300,000 in new annual water and sewer revenues	County will match each dollar contribution toward the cost of capacity improvements for water and/or sewer costing between \$400,000 and \$600,000 with the County contribution not to exceed \$300,000
IV	For investment projects with a taxable value within a range of \$31 to \$50 Million dollars and creating a minimum of 60 new jobs, and at least \$400,000 in new annual water and sewer revenues	County will match each dollar contribution toward the cost of capacity improvements for water and/or sewer costing between \$600,000 and \$800,000 with the County contribution not to exceed \$400,000
V	For investment projects with a taxable value within a range of \$51 Million and \$75 Million, and creating a minimum of 100 new jobs, and at least \$500,000 in new annual water and sewer revenues	County will match each dollar contribution toward the cost of capacity improvements for water and/or sewer costing over \$1,000,000 with the County contribution not to exceed \$500,000
VI	For investment projects with a taxable value within a range of \$76 Million and above, and creating a minimum of 100 new jobs, and at least \$750,000 in new annual water and sewer revenues	County will match each dollar contribution toward the cost of capacity improvements for water and/or sewer costing over \$1.5 Million with the County contribution not to exceed \$750,000

*In addition, investment projects with a taxable value of at least \$10 Million and creating a minimum of 20 new jobs, with a sewage usage that is no greater than 30% of water usage will receive a 50% discount in sewage rates for 5 years.

Sustainable Building Practices will Receive Credits

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- To incentivize sustainable development, the policy decreases the taxable value necessary to qualify for each tier of incentives for projects that obtain sustainable building certification
- Any project that obtains certification through LEED, Green Globes, Earthcraft, or the Living Building Challenge will receive a 15% credit toward the required taxable value to obtain incentives, assuming all other criteria is met for that incentives tier

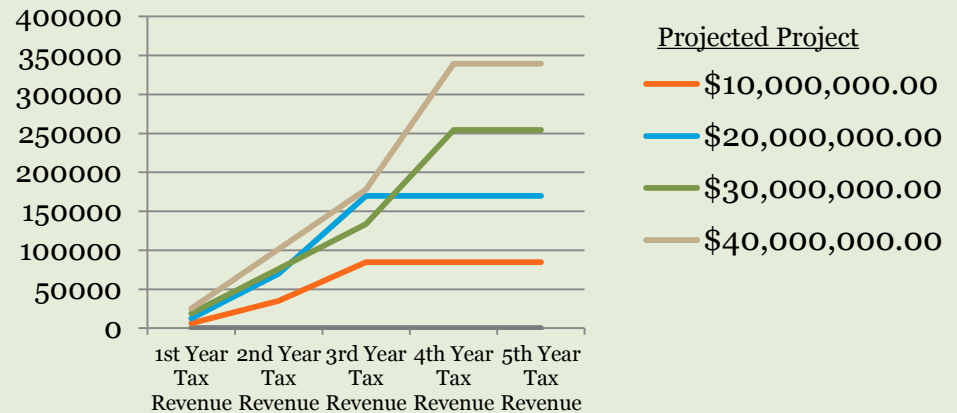
Building Type	Taxable Value	15% Credit	Investment + 15% Credit	Incentives Tier
Certified Sustainable Building	\$18 Million	\$2.7 Million	\$20.7 Million	Tier III
All Other Buildings	\$18 Million	\$0	\$18 Million	Tier II

Potential Property Tax Revenue that will accrue to DeKalb County during the First Five Years after incentives are granted

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- During the time incentives are given, the County will be collecting property taxes on the development project that will exceed the amount of incentives given over the 3 to 5 years of incentives.
- Projected tax revenue has been calculated by taking into account the percent of the project completed.
- The following formula has been used to determine projected tax revenue
 - $(\text{Project Value}) (40\%) (75\%) (\% \text{ of project complete})(\text{millage rate}) = \text{Tax Revenue}$
- The completed portion percentage of a project during each tax year has been determined by factoring in the overall size of the project

Tax Revenue During Incentives



Projected Project Value	\$10,000,000.00	\$20,000,000.00	\$30,000,000.00	\$40,000,000.00	\$50,000,000.00
1st Year Tax Revenue	\$ 6,363.00	\$ 12,726.00	\$ 19,089.00	\$ 25,452.00	\$ 31,815.00
2nd Year Tax Revenue	\$ 34,996.50	\$ 69,993.00	\$ 76,356.00	\$ 101,808.00	\$ 103,398.75
3rd Year Tax Revenue	\$ 84,840.00	\$ 169,680.00	\$ 133,623.00	\$ 178,164.00	\$ 174,982.50
4th Year Tax Revenue	\$ 84,840.00	\$ 169,680.00	\$ 254,520.00	\$ 339,360.00	\$ 246,566.25
5th Year Tax Revenue	\$ 84,840.00	\$ 169,680.00	\$ 254,520.00	\$ 339,360.00	\$ 424,200.00

5 Year Cost-Benefit Analysis For A Sample \$10 Million Project

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Incentive	Foregone Revenue	Revenue	Net
Water & Sewer Fees	\$100,000	\$300,000*	+\$200,000
Permitting Discount	\$28,244**	\$34,355***	+\$6,111
Business License Fees (Business License Fees Capped at \$1000 for one year)	\$33,378**	\$69,756	+\$36,378
Property Taxes	\$0	\$295,879	+\$295,879
Total	\$161,622	\$699,990	+\$538,368

*Assuming 3 years of Water & Sewer Revenue

**Based on revenue foregone by the County

*** For projects with a taxable value higher than **\$10 million** there is a **50% discount** of General Contractor permitting fees

- Eligibility for Water & Sewer fee incentives **requires a minimum of \$100,000 in water & sewer revenue annually**
- Permitting & Business license fees based on an actual \$11 million project
- Property tax revenue based on formula on slide 12 for a \$10 million project

5 Year Cost-Benefit Analysis For A Sample \$60 Million Project

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Incentive	Foregone Revenue	Revenue	Net
Water & Sewer Fees	\$500,000	\$1 Million*	+\$500,000
Permitting Discount	\$313,416**	\$114,579***	-\$198,837
Business License Fees (Business License Fees Capped at \$1000 for five years)	\$221,435**	\$78,500	-\$142,935
Property Taxes	\$0	\$1.37 Million	+\$1.37 Million
Total	\$1.03 Million	\$2.56 Million	+\$1.53 Million

*Assuming 2 years of Water & Sewer Revenue

**Based on revenue foregone by the County

*** For projects with a taxable value higher than \$50 million there is a 100% discount of general contractor permitting fees.

- Eligibility for Water & Sewer fee incentives **requires a minimum of \$500,000 in water & sewer revenue annually**
- Permitting and business license fees based on Emory Point, Phase I project
- Property tax revenue based on formula on slide 12 for a \$50 million project

Regional Incentive Policy Comparison

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Incentive	Proposed DeKalb County	Gwinnett County	Cobb County	Sandy Springs
Discount or Waiver of Business and Occupational Taxes (Business License Fees)	Business license fees can be capped at \$1,000 on an annual basis for a period of 1 year to 5 years depending on impact tier.	Reduction of business occupation taxes determined by the Board of Commissioners	Business license fees can be capped at \$1,000 a year for first three years (\$1,000 in place to recapture staff cost for processing)	Tiered depending on investment from 1 year to 3 years. Amount paid is capped at \$75,000 on an annual basis for all businesses.
Water and Sewer Infrastructure Improvement Cost Matching	Tiered depending on investment - County will match contribution toward the cost of capacity improvements for water and/or sewer based on tier of potential economic impact of development	Reduction of water/sewer charges, including reduction of system development charges for water and sewer services determined by the Board of Commissioners	Financing at zero interest rate of the System Development Fee over a three to five year period. No water system development fee.	<i>None listed in policy</i>
Discount or Waiver of Building Permit Fees	Reduction of fees for building and land development permits.	Reduction of fees for development permits. Reduction of application fees for rezoning requests, special use permits, variance requests, and requests for changes in zoning conditions determined by the Board of Commissioners	Building permit fees, which are based on \$6 per \$1,000 construction cost, can be waived for amounts over \$5,000.	City can waive all building permit fees associated with the business relocation/expansion including all fees associated with new construction, plan review and tenant finishes (determined by city council)
Zero Impact Fees	DeKalb County does not charge new or expanding businesses impact fees.	<i>Nothing listed in ordinance.</i>	No development impact fees for transportation, parks, public safety and libraries.	Businesses relocating to the City that meet the criteria may be exempt from impact fees (determined by city council)

THANK YOU!

For more information, please contact

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