

# TOWN OF SELMA, ECONOMIC DEVELOPMENT POLICY

The Selma Town Council has determined that it is in the best interests of their residents and constituents to implement an economic development program to attract and support private investment to:

- Expand the tax base;
- Redevelop economically challenged areas of the community;
- Increase employment opportunities, wages, and personal incomes;
- Improve the quality of life available to Town residents; and
- Increase wealth in the community.

The ultimate objective of this work is to develop a healthy and diverse tax base able to provide the resources necessary for Selma to provide high quality public services consistent with their missions at a reasonable cost to their residents.

## **Organization:**

The Planning & Economic Development Director (“Director”) will serve as the primary point of contact for candidates under consideration for this program throughout the process of Application, Review, and Evaluation (except as otherwise noted below). The Director will manage and coordinate the receipt of application materials and when appropriate make a written recommendation to the Town Manager as to the eligibility and suitability of each proposal. The Town Manager will make a written and/or oral presentation to the Town Council as to the eligibility and suitability of each proposal. The Director will not only serve as the initial point of contact for those interested in accessing this incentive program, but will also promote the program.

The Director will screen applicants for preliminary eligibility and provide early notification to the Mayor, Town Council and Town Manager at the point it appears a potentially viable candidate has begun their due diligence process for sites in Selma. Proprietary information may be submitted to the Town provided that the information meets the requirements of N.C. Gen. Statute § 132-1.2. All proprietary information is to be retained by the Director until such point as the developer authorizes public dissemination of the subject information.

The final decision as to eligibility and suitability leading to a decision to apply any of the development incentives herein to any project rests with the Selma Town Council.

Projects eligible for assistance may receive a combination of the incentives described herein dependent on the project’s documented need for assistance, and the projected benefit to the community’s economy and quality of life.

### **Public Purpose:**

All projects supported by economic development incentives must serve a “Public Purpose”. The Public Purposes to be served through the application of this program include:

- Expanding the tax base by increasing the value of taxable property;
- Increasing employment opportunities, wages, and personal incomes;
- Diversifying the economic base of the community improving economic stability;
- Redeveloping economically challenged areas of the community and removing blight in key areas; and
- Improving the quality of life available to Selma residents.

### **Economic Justification**

The Director will review all requests for incentives to evaluate eligibility of the type and amount of assistance requested. This will include identification of the public purpose(s) to be served by the project and must be supported by evidence that without the assistance requested the project could not be developed with the attributes and benefits necessary to serve the identified Public Purpose.

Applicants may be asked to provide a gap analysis from the applicant’s independent financial analyst. This economic impact analysis will forecast the projected outcomes from a proposed project, including, but not limited to, job generation, and direct and indirect economic impacts in the community for ongoing operation of the facility. The analysis will be used in consideration of approval of the project as well as in drafting potential terms of the Economic Development Agreement (“EDA”) if approved for the program.

### **General Eligibility Criteria:**

Projects must be:

- Located within the Town limits of Selma or come into the Town’s jurisdiction before any funds are disbursed, and;
- Permitted under existing zoning and land-use regulations applicable to the subject property without subsequent action by the Town Council; and
- Subject to property tax.

## **Programs:**

Without precluding exploration of unique or evolving economic development projects, economic development activities will focus on meeting the needs of potential projects through the following programs:

### **Property Tax Grantback Program**

The Property Tax Grantback program provides a successful applicant a series of grants based upon ad valorem taxes paid and is subject to the following:

Property Tax Grantback benefits will only be paid for completed, operational projects meeting the terms of the Economic Development Agreement (“EDA”) and that remain in compliance with all applicable codes, regulations, and requirements including but not limited to those associated with environmental, building, zoning, property maintenance, and specific terms or standards established in the EDA.

The Property Tax Grantback benefits will be determined based on the documentation of financial need and the Property Tax Grantback Incentive Program Tables (Attachment A, page 7). The Grantback benefit will be a function of the increased property value over the initial land value as determined by the County Tax Assessor for each year of eligibility. For projects to remain eligible, all property taxes must be paid on time in accordance with standard Town requirements. Eligible projects will receive a Property Tax Grantback payment in accordance with the terms set out in the EDA.

### **Property Price Grantback**

Town owned property acquired and prepared for development or redevelopment may be made available for a price established by market appraisal. The purchase price may, however, be granted back to the developing entity or purchase payments forgiven based upon job creation and other Public Purposes as defined and consistent with terms established in the EDA.

## **Support Programs: (Town)**

The Town offers the following programs administered by the Town’s Planning and Economic Development Department.

### **Selma Revolving Fund (S.U.R.F.)**

The S.U.R.F. program offers downtown businesses (as well as those located within the Town’s central business zoning district) a matching grant to make improvements which are permanently affixed to the façade of a building or interior improvements which are readily visible from the street or adjacent properties. The Town will provide 50% matching reimbursement grant up to a maximum of \$500 for each applicant in accordance with grant guidelines. (The grant guidelines are published separately.)

### **Downtown Revitalization and Business Development Loan Program (Downtown Loan Program)**

The Downtown Loan Program May be used to:

- Provide “gap” financing to create or retain employment opportunities for Selma business; and
- Provide financial incentives that will assist existing businesses located in or expanding into the Town of Selma’s corporate limit; and
- Projects that directly impact the Central Business District. (Please see the Loan Program guidelines published separately).

**Development Eligibility & Review/Evaluation Criteria**

To be eligible for an Economic Development incentive, the proposed project must identify:

- The financial and technical capabilities of the development team as demonstrated by past participation/responsibility for projects of the type proposed;
- The location, site characteristics and preliminary sketch site design;
- The proposed LEED elements to be incorporated into the development, construction and operation of the facility, if any;
- Number and type of Full Time Equivalent (“FTE”) jobs to be created;
- The preliminary project budget;
- The physical and operational/service elements that will result in the project being eligible for this program;
- The type(s) and fiscal impact estimates of the proposed incentives;
- Unique benefits or public contributions to be provided by the project in excess of regulatory requirements;
- Only if required, a professional independent financial analysis that will determine whether financial gaps exist justifying participation in the incentive program. The entity chosen for the financial analysis must be pre-approved by the Town; and
- Any other information that may be requested by the Town or County.

**Economic Development Agreement**

If preliminary approval of a project for this program is provided, an Economic Development Agreement (“EDA”) will be drafted providing further detail of the physical and operational attributes of the entire scope of development. In addition, the responsibilities of the Developer and Town will be clearly defined along with appropriate timelines for performance and remedies for breach of contract. Public funds may not be expended for any project specific improvements until a current and favorable market feasibility analysis is completed by an independent,

nationally recognized third party expert demonstrating the viability of the proposed project and the developer demonstrates the irrevocable financial commitments necessary to carry out the project as agreed upon.

Additionally, once an incentive package has been approved, construction on a project must commence within one year and begin operations within three years. Extensions may be granted only upon approval of the Town Council.

The EDA will also include specific provisions to recapture the value of incentives provided should the project fail to provide the negotiated for public benefit as defined in the EDA and as demonstrated by specific performance objectives established in the EDA.

### **Grant Approval Procedures**

- A. Any information submitted by the Town about an incentive grant request is subject to laws regarding disclosure of public records set forth in NCGS Chapter 132 and subject to laws regarding the protection of trade secrets set forth in Article 24 of NCGS Chapter 66. Applicants may desire to keep certain information confidential. In that case, applicants must follow the requirements of N.C. Gen. Stat. § 132-1.2, "Confidential Information", or the information will be a public record.
- B. Grant Request – Prior to initiating a project for which a grant application is proposed, the grant applicant shall submit a request for a grant which shall state that the Town's ECONOMIC DEVELOPMENT GRANT POLICY is an important factor in its decision to locate or expand facilities in the Town of Selma.
- C. Acceptance – Town Council shall consider acceptance of the grant request. If it is accepted, the applicant may proceed to the next step.
- D. Public Hearing – Town Council shall conduct a public hearing on the Development Grant application to inform the public of the incentive grant request and invite comments. The Town shall have a notice published of the public hearing at least 10 days before the hearing is held. The notice shall describe the project, and Town Council's intention to consider approval of the Development Grant request.
- E. Offer of Contract – The Town Council shall approve grants by offering the applicant a contract. Offers may be based on the criteria and standards of Attachment A. The Town Council may deviate from the requirements of Attachment A as needed. Offers not accepted are deemed rejected by the applicant. Unless otherwise adopted and approved by the Town Council, incentives are offered for 90 days from the date of approval of the specific offer of an incentive grant by the Town Council. Acceptance is the execution

of a development grant contract between the Town and the applicant.

- F. Construction – Construction according to approved plans shall be required.
- G. Assessment – The value of the subject property following the completion of construction and issuance of a Certificate of Occupancy by the Johnston County Building Inspections office shall be established by the Johnston County Tax Assessor. The actual increase in post-construction assessed value over pre-construction assessed value shall equal, or exceed the estimated increase specified in the contract. Failure to meet, or exceed the minimum investment requirement for an Economic Development Grant shall render the grant null and void. If the actual increase meets, or exceeds the minimum investment requirement, but fails to meet the estimated increase specified in the contract, the grant amount shall be reduced in accordance with the actual increase. If the actual increase exceeds the estimated increase and qualifies for a higher-level grant, the grant amount will be adjusted accordingly without further action by the Town Council.
- H. Reduction and Recapture of Incentives – Each economic development agreement entered into between an applicant and the Town shall clearly state their respective responsibilities under the agreement. Each agreement shall contain provisions regarding remedies for a breach of those responsibilities on the part of the private enterprise. These provisions shall include a provision requiring the recapture of sums appropriated or expended by the Town upon the occurrence of events specified in the agreement. Events that would require the Town to recapture funds would include a lower capital investment than specified in the agreement, or failing to maintain operations at a specified level for a period specified in the agreement.
- I. Town Council reserves the right to reject any grant application.

Adopted by the Selma Town Council on June 13, 2017.

**Attachment A**  
**Property Tax Grantback Incentive Program Table**

The following Table 1 provides grantback eligibility guidelines based upon the scoring categories provided below:

**Table 1**

<b>Minimum Score</b>	<b>50</b>	<b>60</b>	<b>70</b>	<b>80</b>	<b>90</b>
<b>Year</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Level 4</b>	<b>Level 5</b>
1	50%	60%	70%	80%	90%
2	50%	60%	65%	70%	80%
3	50%	55%	60%	60%	70%
4	50%	55%	55%	55%	60%
5	50%	50%	50%	50%	50%

The maximum value from each scoring category is provided below:

- |   |           |
|---|-----------|
| 1. Jobs (Number, Quality, Hiring Residents) | 20 points |
| 2. Project Location                         | 25 points |
| 3. Capital Investment                       | 20 points |
| 4. Environmental Impact                     | 10 points |
| 5. Industry Cluster/Business Type           | 10 points |
| 6. Public Benefit                           | 10 points |

Depending on the score, new companies and existing company expansions will be eligible to qualify for, but not guaranteed, a financial incentive based on the percentages of annual property taxes paid for each year for a five-year period as outlined above. Except for a 50-point minimum requirement for program eligibility, the table above and the point system below are important, but not controlling elements of the decision-making process. Other qualitative criteria identified elsewhere in this document will be used in the process of considering, approving, rejecting, and/or modifying the incentive amount. To receive consideration of an incentive under this Policy, all new jobs created shall pay at least the average Johnston County wage for that economic sector.

Additional points are available for enhanced wages and benefits as described in Table 2.

**Table 2**

<b>Number of New Jobs Above the Median Wage</b>	<b>Points</b>
1-3	1
4-10	2
11-30	5
31-50	7
51-75	9
76-100	12
101-150	15
151+	20
<b>Total Possible Points</b>	<b>20</b>

<b>Quality of New Jobs</b>	<b>Points</b>
Partial Employer Paid Health Insurance	1
Entire Employer Paid Health Insurance	3
Retirement Benefits	2
Profit Sharing	2
Employer Paid Vacation	2
Employee-Owned Company	3
All Wages Above Johnston County Average	3
All Employee's Wages are Greater than 114% of Johnston County Average	4
<b>Total Possible Points</b>	<b>10</b>
<b>Number of Existing Town Residents Hired</b>	<b>Points</b>
1-3	3
3-10	4
11-30	5
31-50	7
51-100	8
101+	10
<b>Total Possible Points</b>	<b>10</b>
<b>Project Location</b>	<b>Points</b>
Central Business District	25
Town or County Business/Industrial Park	10
<i>OTHER</i> (?)	10
<b>Total Possible Points</b>	<b>25</b>
<b>Level of Capital Investment</b>	<b>Points</b>
Under \$200,000	1
\$200,000-\$999,999	5
\$1,000,000-\$4,999,999	10
\$5,000,000-\$19,999,999	15
\$20,000,000 and Above	20
<b>Total Possible Points</b>	<b>20</b>
<b>Environmental Impact</b>	<b>Points</b>
Reuse of Existing Building	4
Location in LEED Certified Building	4
Other sustainable features (recycling, water reuse, etc.)	2
<b>Total Possible Points</b>	<b>10</b>
<b>Industry Cluster/Business Type</b>	<b>Points</b>
Company Headquarters	6
<i>OTHER</i> ?	
<b>Total Possible Points</b>	<b>6</b>
<b>Public Benefit</b>	



	Dedications in excess of statutory requirements	5
	Public infrastructure in excess of statutory requirements	5
	Creation of 3 or more jobs for Town residents within 1 mile	10
	<b>Total Possible Points</b>	<b>10</b>