AGENDA

• Overview of the program we have today
• Discuss a Pilot Program
• Long-term Thoughts
OVERVIEW OF THE PROGRAM TODAY

• Created in 1998, in partnership with Mecklenburg County

• Encourages the attraction, retention and/or expansion of businesses and jobs

• Competitive in nature

• Provides grants based upon the amount of new property tax generated by the business

• Requires companies to meet thresholds for capital investment, new jobs and wages

• Often used as a required match to State incentives

CURRENT POLICY PROVISIONS

• Standard Grant
  o $3 million investment
  o 20 new jobs at 100% average annual rate for MSA ($51,150)
  o 3-year grant term at 90%
  o Projects must locate in the Business Investment Zone (BIZ)
    − Option for additional two-year term if existing company

• Large Impact Grant
  o $30 million investment and/or
  o 150 new jobs at 125% average annual rate for MSA
  o 5-year grant term at 50% or 90% depending on location
    − Option for additional two year term if existing company

• Major Headquarters Provision
  o Companies that are Fortune 1000
  o Must pay 200% of the regional average wage
**RECOMMENDATION**

**Proposal:** Conduct a **12 month Pilot Program**

**Why:**
- The projects that we are currently seeing in Charlotte do not align with the policy we have in place today.
- Create **flexibility** within our policy framework
- Reward companies locating in **targeted business corridors**
- Emphasize **target industries**
- Adapt policy to be more focused on the **quantity and quality of jobs**
- Meet the goals of City Council and align with **community goals**
GEORGEOGRAPHY

Proposal: Replace the BIZ with the Business Corridor Revitalization Geography (BCRG)

JOBS

Focus on investing based on the quantity and quality of jobs in our targeted industries:

Targeted Industries as defined by the Charlotte Regional Business Alliance:
- Advanced Manufacturing
- Technology
- Logistics and Distribution
- Financial Services
- Health Care
- International Business
- Headquarters
- Automotive Industry
TYPES OF JOBS

OUR ECONOMY: Regional vs. National Growth, 2014-2018

- Advanced Manufacturing: 13% Region, 4% Nation
- Health: 9% Region, 8% Nation
- Financial Services: 16% Region, 6% Nation
- Logistics & Distribution: 28% Region, 17% Nation
- Information Technology: 43% Region, 21% Nation

Source: Javelin, 2019

City of Charlotte Economic Development

TYPES OF JOBS

OUR ECONOMY: Corporate Headquarters

- 2x National Average of Headquarters Employees
- 4,300 Business-Related Degrees Awarded Annually by Regional Institutions
- 14 Fortune 1000 Companies
- Professional Services Sector Has Grown 80% Since 2001

Source: BLS, 2010, Fortune Magazine, Javelin, Charlotte Regional Business Alliance Research

City of Charlotte Economic Development
PILOT PROGRAM

How will the pilot work:

• 12 month program where the success is measured by:
  o Ability to bring more jobs to Charlotte
  o Respond to council priorities
  o Become more competitive
  o Policy exceptions are fewer
• Built on trust and transparency
• Report out every quarter
• Continue to conduct research on policy update
• Process remains the same with approvals.

After 12 month pilot:

• Complete year long report out
• Recommendations to Committee for full policy update (from pilot and research)
• Full Council approval of the policy update
PILOT: STANDARD GRANT

Existing
- $3 million investment; and
- 20 new jobs at 100% average annual rate for MSA ($51,150); and
- Projects must locate in the Business Investment Zone

Pilot
- $3 million investment; and
- 20 new jobs at 100% average wage for MSA ($51,150) or Standard Occupational Code
- Higher incentive for targeted location or industry

3-year grant term at 90% reimbursement
Option for additional two-year term if existing company

3-year grant term at 50% or 90% reimbursement
If located in BCRG, 90% automatically recommended.
Option for additional two-year term if existing company

Change Recap:
- Rewards company for locating within the Business Corridor Revitalization Geography
- A company is eligible for a 50% grant anywhere in the city if it meets job, salary and investment minimums. This is consistent with Mecklenburg County’s policy today.
- The salary requirement can also be met by meeting Standard Occupation Code.

PILOT: STANDARD GRANT EXAMPLE

Project Blade
- Advanced Manufacturing company expansion
- Creates a research and development center in Charlotte
- Capital Investment: $3.2 million
- Jobs: 24 new jobs
- Average wage: $110,000
- Industry: Advanced Manufacturing
- Proposed location: Ballantyne

Under current policy: no grant due to location
Under pilot project: 5 year, 90% grant
**PILOT: LARGE IMPACT GRANT**

Existing

1. $30 million investment; and
2. 150 new jobs; and
3. 125% average annual rate for MSA

Meet all 3 requirements:

- 5-year grant term at 50% or 90%

Option for additional two-year term if existing company

Pilot

1. $30 million investment; and/or
2. 150 new jobs; and/or
3. 125% average wage for MSA or Standard Occupational Code

Meet 2 of the 3 requirements:

- 5-year grant term at 50% or 90%

Option for additional two-year term if existing company

$3M minimum investment

Change Recap:

- Rewards company for locating within the Business Corridor Revitalization Geography
- The salary requirement can also be met by meeting Standard Occupation Code.
- Ability to shift focus to being on high quantity and quality of jobs
- Addresses current market trends of reducing up front property investment and increased investment in people and programs

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**PILOT: LARGE IMPACT GRANT FOR EMERGING TARGET INDUSTRY BUSINESS**

Emerging Target Industry Pilot

1. Create 150 jobs; and
2. 125% average wage for MSA or Standard Occupational Code; and
3. Targeted Industry; and
4. Within 5 years, invest minimum of $3M in real and business personal property and commit to adding 20 new jobs;

7-year grant term at 90% reimbursement

Change Recap:

- Allows job creation prior to award to count toward large impact requirement.
- Allows companies to make a decision regarding relocation to Charlotte today without requiring an upfront capital investment.
- Indication of staff support for a future grant and not negotiated until investment is going to be made.
- A staff recommended business investment grant would be presented to council in the future for consideration.
# PILOT: LARGE IMPACT EXAMPLES

<table>
<thead>
<tr>
<th>Project Gopher – New Company</th>
<th>Capital Investment: $19 million</th>
<th>Jobs: 212</th>
<th>Salary: $36,000 to $87,000</th>
<th>Location: Arrowood and 485 (outside Biz)</th>
<th>Target Industry: Logistics and Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current Policy: $0</td>
<td>Pilot Policy: 5 year 90% grant.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Project Sierra - New Company</th>
<th>Capital Investment: TBD</th>
<th>Jobs: 150</th>
<th>Salary: $87,000</th>
<th>Location: WeWork</th>
<th>Target Industry: Financial Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current Policy: No Grant due to lack of upfront capital investment</td>
<td>Pilot Policy: Future 7 year 90% grant with minimum $3M future investment + 20 new jobs</td>
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</tbody>
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# PILOT: TRANSFORMATIVE PROJECTS

**Existing**

<table>
<thead>
<tr>
<th>Major Headquarters Provision</th>
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<tbody>
<tr>
<td>o Companies that are Fortune 1000</td>
</tr>
<tr>
<td>o Must pay 200% of the regional average wage</td>
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<tr>
<td>Consider on Individual Basis</td>
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</table>

**Pilot**

<table>
<thead>
<tr>
<th>Transformative Projects Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. $100 Million in Investment</td>
</tr>
<tr>
<td>2. 1,000 new jobs;</td>
</tr>
<tr>
<td>3. 125% average wage for MSA or Standard Occupational Code</td>
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<tr>
<td>4. Targeted Sector</td>
</tr>
<tr>
<td>Meet 3 of the 4 requirements:</td>
</tr>
<tr>
<td>Ability to extend term to 10 years.</td>
</tr>
</tbody>
</table>

**Change Recap:**

- Additional incentive for high volume of jobs or investment
- Not focused just on Fortune 1000 companies or high paying jobs
- Ability to shift focus to being on high quantity and quality of jobs
- Addresses current market trends of reducing up front property investment and increased investment in people and programs
PILOT: TRANSFORMATIVE EXAMPLES

Project Cameo
Capital Investment: $153 million
Jobs: 1,913
Salary: $110,000
Location: Within BIZ
Target Industry: Technology

Current Policy: 7 year, 90% grant
Pilot Policy: 10 year 90% grant

NEXT STEPS

• Asking that the Economic Development Committee recommend that the Pilot Program be presented to full Council