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Policy: ECONOMIC DEVELOPMENT INCENTIVE POLICY
Policy Number: ED01
Date: September 2023 (DRAFT)
Update:
Authority: City Manager

Purpose

The purpose of the City of Lawrenceville Economic Development Incentive Policy is to provide incentives for the retention and/or expansion of existing businesses located within the City of Lawrenceville and to encourage the location or relocation of new targeted businesses within the City. The appropriate purpose and use of incentives are to broaden and diversify the tax base, create new job opportunities for the citizens of the City of Lawrenceville, and promote the economic growth and improved welfare of the City. This policy is intended to complement incentive programs offered by the State of Georgia.

This policy does not commit the City to providing incentives in any instance, nor does it restrict the City from providing additional economic incentives in a specific instance as determined by the City in the exercise of its sole discretion. This policy contains specific criteria, guidelines and procedures necessary to administer the economic development incentives effectively and fairly.

The City of Lawrenceville, at its sole discretion, may provide certain economic development assistance or incentives to attract, retain, or expand businesses located or to be located within the corporate limits of the City. It is the policy of the Mayor and City Council that private businesses should not be subsidized with public funds unless some public good results and the public subsidy can reasonably be expected to make a significant difference in achieving economic growth and the creation of new jobs within the City.

Eligibility Requirements and Criteria

To be eligible for incentives of any kind, the identified project must meet the following criteria:

1. Supports the City of Lawrenceville's most recently adopted Comprehensive Plan, as well as the City goals as described in the current fiscal year objectives, as may be established and revised by the Mayor and City Council from time to time; and
2. The submitted project must meet either 2.A or 2.B below:
 - A. Results in the location, expansion or retention of a business within the City limits; Creates at least ten (10) or more new full-time equivalent jobs with an annual salary of 110% of the "Gwinnett Living Wage" (1 adult 0 children). For example, if the living wage for 1 Adult with 0 Children is \$19.21 hourly, then the hourly rate for at least 10 jobs created must be at least \$21.31 per hour;
 - a. Living Wage is defined as:
 - i. The MIT Living Wage Calculator estimates the cost of living throughout the U.S. by measuring and comparing both family composition and everyday typical expenses. Using 12 different family metrics, publicly available data,



- and geographically specific expenditure data, the tool calculates how much a family needs to meet the minimum standards of living.
- ii. The MIT Living Wage Calculator was built and developed by MIT. The tool was created to help communities, local citizens, and their respective employers better understand the cost of living in any given location in the U.S.
 - b. A living wage is what one full-time worker must earn on an hourly basis to help cover the cost of their family's minimum basic needs where they live while still being self-sufficient.
 - c. The estimate of living wage includes eight typical expenses or basic needs – food, childcare, health care, housing, transportation, civic engagement, broadband, and other necessities. In addition to these basic needs, the MIT Living Wage Calculator also accounts for the additional cost to families associated with income and payroll taxes.
 - B. Provides new capital investment for a business location or expansion in the City limits. For purpose of this policy, "capital improvements" means property improvements that will enhance property values or will increase the useful life of the property, excluding landscaping. Capital investment must be:
 - a. New construction with an estimated value of at least \$500,000,
 - b. An addition to an existing facility equivalent to 50% of the existing facility, or
 - c. Capital improvements, with a value of at least \$100,000.

In addition to the above criteria, in making a decision to approve or disapprove an incentive, consideration will be given to the following:

1. Economic benefit to the City
2. The total number of jobs, wages, benefits and types of jobs created
3. The relationship between jobs created and total investment
4. Ability of the project to spur additional economic development in the City
5. The economic impact the business will have on a particular area of the City, including:
 - a. Qualified census tracts,
 - b. Proximity to qualified census tracts (parcels within 500 feet of qualified census tract),
 - c. Tax Allocation District,
 - d. Downtown Entertainment District, or
 - e. Other areas of needed revitalization or redevelopment
6. Rehabilitating and/or reopening a space that has been vacant for more than 12 months, in accordance with current Zoning Regulations
7. Impact of the proposed development on existing businesses within the City
8. The compatibility of the location of the business with land use and development plans of the City and the availability of existing infrastructure and essential public services
9. Level of compliance with any design guidelines as described in the City of Lawrenceville's most recently adopted Comprehensive Plan and the City of Lawrenceville's current Zoning Ordinance.



Available Incentives

Eligible projects will be considered for one or more of the following:

1. **Waiver or Reduction of Permit Fees.** The City may waive or reduce all building and city development permit fees associated with the business location/expansion including all building fees associated with new construction, plan review and tenant finishes. A complete building permit application will be required to be submitted to the Planning and Development Department for review.
2. **Expedited Permitting Process.** The City may expedite the permitting process required for business location or expansion.
3. **Waiver or Reduction of Utility Fees.** Businesses locating to the City that meet the criteria defined in this policy may qualify for a utility credit. This incentive only applies to costs associated with Lawrenceville Power & Lawrenceville Natural Gas. Amount of credit to be determined by the Economic Development Incentive Committee during application review.
4. **Waiver or Reduction of Business Registration Fees.** The City may waive or reduce applicable business license fees assessed pursuant to Occupation Taxes of the Lawrenceville Code of Ordinances. This reduction can extend up to a maximum of \$750 annually, for a duration of up to three years.
5. **Infrastructure Improvements.** The City may participate in project-related infrastructure, if there is a related system improvement identified or needed that extends beyond the project location.

Submittal Requirements

All submittals requesting incentives must provide the following information on the City of Lawrenceville Economic Development Incentive Application:

1. Company name, location and main point of contact
2. Documentation indicating how the request meets the criteria set forth in this policy
3. Amount of applicant's investment in the project
4. Level of City provided incentive requested
5. Detailed business or development pro forma which includes the following information:
 - a. Does the company have any long-term debt? If so, details should be included.
 - b. Will the associated acquisition, expansion and / or construction be financed through current assets (cash) or through newly acquired debt? Proof of new debt approval may be required.
 - c. As a ratio, the company's total debt to the company's total assets. Use the following formula: $\text{outstanding debt} \div \text{total assets (cash, inventory, equipment, facilities, etc.)} = \text{ratio}$.
 - d. As a ratio, the company's cash on hand and cash equivalents (inventory and receivables) to the company's short term liabilities (payments to suppliers, interest and short-term debt). Use the following formula: $(\text{cash} + \text{inventory} + \text{receivables}) \div (\text{payments to suppliers} + \text{interest}) = \text{ratio}$.
 - e. The company's annual revenue growth for the past three years.



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- f. Percentage of revenue that comes from the company's top five customers.
- g. Any other information that would justify the incentive

Project Evaluation

Each project will be evaluated and analyzed on an individual basis by the Economic Development Incentive Committee created by the City. This committee's purpose is to review and assess the validity of the request for economic development incentives and if approved, the Committee will:

1. Administratively approve incentive requests of \$100,000 or less; or
2. Recommend the incentive approval to the City Council on requests exceeding \$100,000.

Economic Development Incentive Committee

The committee will consist of:

1. City Manager
2. Chief Finance Officer
3. DDA Executive Director
4. Director of Planning & Development
5. Director of Community and Economic Development
6. Mayor

Evaluation Process

Business prospect/representative submits a letter and application to the Department of Community and Economic Development requesting economic development incentives addressed as follows:

Economic and Community Development Director
Attn: Economic Development Incentive Application
P O Box 2200
Lawrenceville, GA 30046

Once the application is received:

- The Economic and Community Development Director reviews the application to ensure all items are submitted.
- The Economic Development Incentive Committee convenes to discuss/assess the project
- The Committee conducts due diligence by reviewing the request
- The Committee reconvenes on an as-needed basis until project evaluation is complete
- Denied requests and Committee approved requests of \$100,000 or less shall be presented to the Mayor and City Council in writing by the Committee at the next available City Council Meeting
- The Committee's recommendation on approved requests exceeding \$100,000 shall be presented to the Mayor and City Council for consideration of approval



- The Department of Community and Economic Development responds in writing to the applicant with:
 - City's formal position/decision
 - Details of any approved incentives
 - City prepared draft of the Economic Development Incentive Agreement. All parties must sign-off on this agreement before incentives will be conveyed
 - Economic Development Incentive Compliance Form, as an exhibit to the agreement. This compliance form must be completed annually to confirm the compliance of the approved project with the terms of the agreement.

Economic Development Incentive Agreement

All economic development incentives will be formalized in a written agreement between the City of Lawrenceville and the recipient business, with final approval by the Economic Development Incentive Committee or Mayor and City Council as prescribed in this policy. The agreement will include the following:

1. A complete description of the location of the proposed project;
2. A list of the kinds and amounts of public benefits that the proposed project will provide including property values, jobs, revenues, income or other benefits;
3. A timetable and list of improvements or development that the project will include and conditions to assure the project meets or exceeds the City's requirements;
4. Timetable for complying with the criteria;
5. The duration of the agreement;
6. Identification of the incentives to be given;
7. A provision for cancellation of the agreement and incentives if the project is determined not to be in compliance with the agreement;
8. A provision for recapturing the value of the City incentive if the applicant does not comply with its duties and obligations under the terms of the agreement;
9. Provisions relating to administration, delinquent taxes, reporting requirements and indemnification;
10. A provision that the agreement may be amended by the parties to the agreement by using the same procedures for approval as is required for entering into the agreement; and
11. Any other provisions as the Economic Development Incentive Committee shall deem appropriate.

Compliance

In accordance with the provisions of the written agreement, the recipient business will be required to meet the following performance criteria:

1. Create jobs as agreed. Documentation required.
2. Comply with wage requirements. Documentation required.
3. Make capital investments as agreed
4. Comply with all applicable governmental laws, rules and regulations



5. Comply with any other terms and conditions imposed by the written agreement

The City reserves the right to assure compliance as provided in the written agreement.

Discontinuance of Incentives

Changing economic conditions and availability of funds may cause the Mayor and City Council to modify, amend, or discontinue the offering of economic development incentives at any time. Should the incentives be discontinued, the City will honor any incentive to which it committed before the discontinuance of the incentives. Economic development incentives may not be transferred or otherwise conveyed to any other party, unless agreed to by the Mayor and City Council based on a recommendation from the Economic Development Incentive Committee.