



## Economic Incentive Policy

### **Purpose of Incentive Policy**

The City of Geneva (hereafter “City”) has established a set of goals within adopted long-term planning documents that involve the continued development and redevelopment of the City. These include the City’s Comprehensive Plan, Downtown and Station Area Master Plan, and Southeast Master Plan.

Historically the City has used various incentives on a case-by-case basis when recruiting new businesses and encouraging development. The establishment of an Economic Incentive Policy (hereafter “Policy”) creates a guideline for development and an internal framework for evaluating requests. The Policy would assist City Council, administrative staff, citizen commissions, and any applicant seeking consideration. This Policy would also guide the use of incentives into the future, communicate the Council’s adopted policies, and would not be subject to a changing political landscape.

### **Use of Incentives**

The use of any type of economic incentive shall be used judiciously. Any request for an incentive tool should be supported with explicit justification and provide evidence 1) that the investment of public dollars will support long-term goals provided in the City’s adopted planning documents, and 2) that a gap in private capital exists. Due to the nature of each specific incentive, consideration should be made as to which type of incentive tool is best suited for a specific subarea of Geneva, as well as the applicant’s type of business, and the ability to address the following desired outcomes.

### **Desired Outcomes of Incentives**

Any public dollars invested towards a specific development or redevelopment project should directly, or indirectly, fulfill at a minimum one, and preferably multiple, of the following desired outcomes:

- Develop properties that provide new infrastructure or utilities to undeveloped areas
- Provide meaningful infill development which strengthens the existing business core and improves co-tenancy
- Provide a balanced tax base, measured by EAV
- Protect major retail areas
- Redevelop high profile opportunity sites
- Create new industry and market investment potential
- Create new jobs
- Provide new (or increases existing) tax revenue

### **Considerations and Guidelines**

The following guidelines explain the criteria and requirements mandated by the City to make determination on the decision to grant an economic incentive. Applicants who meet all guidelines and can provide justification in regard to desired outcomes will be reviewed more favorably by the City. An applicant who does not meet all guidelines but can demonstrate that a project would provide vital economic interest to the City, as a whole, may be approved. Conversely, meeting all guidelines does not assure financial assistance will be granted.

- The Policy shall be applied equally to new or existing businesses
- The City shall only engage in agreements within the legal powers of a municipality
- When legally required (e.g. TIF District), the opportunity demonstrates a fund gap only attainable through incentive
- The opportunity may be subject to review by a third party, at the cost of the applicant, to determine appropriate incentive amount and level of risk being undertaken by the City
- The amount of any incentive shall be calculated on the basis of length of agreement and projected return on investment. Thus, the following criteria shall apply:
  - The projected new tax revenue shall be estimated based upon the company's investment in facility, equipment, vehicles, and other taxable items
  - New jobs provided by the project shall be reviewed according to the number and quality of the positions, annual payroll, and amount of total net gains in jobs created
  - Revenue increases will be calculated by net gains in retail sales
- The development or redevelopment shall provide a positive community impact and demonstrate a potential for positive economic gains
- The opportunity does not negatively affect existing commercial development or other taxing jurisdictions
- The opportunity adheres to zoning regulations
- Acceptance of a recommended payback plan in case of project incompleteness or failure
- Party must submit an annual report demonstrating compliance of terms found in agreement

### **Review and Approval Process**

The City Council is the decision making authority and will evaluate incentive opportunities on a case-by-case basis. The applicant must submit a complete application to the Economic Development Director. The opportunity may be reviewed by the City's administration and/or a third party consultant prior to the application being brought to council. One or all of these entities may be consulted and provide a recommendation for the execution of the plan and/or incentive agreement.

The applicant must provide all necessary documentation along with the application. Only complete applications will be accepted by the Economic Development Department in an effort to provide accurate and timely feedback. Approval will be based on the decision of the City Council. The Policy does not give or allow any claim or right of action by any prospective or existing business or serve as a precedent for future incentive agreements with the City.

### **Claw-Back Provision**

In the event that an applicant's request for incentive is approved, the City may negotiate terms and conditions of an agreement. These terms and conditions may include any provisions which are found to be in the best interest of the City, including the reimbursement of any funds invested, in the event that the applicant's project does not meet performance standards or outcomes agreed upon within the contract.

### **Incentives by Subarea**

The six (6) subareas for consideration are: Downtown, Bed & Breakfast Lodging, Randall Road Corridor, Industrial, Entertainment and Recreation, and Other Opportunities. Please see Appendix A for incentive details.

## **Appendix A**

### **Downtown**

The area should be kept predominately as a retail, eating/drinking places, bed and breakfast, and entertainment destination. Due to the downtown being in a nationally recognized Historic District, projects must meet Historic Preservation Committee regulations and zoning ordinances.

*Types of Incentives to be used:* BID, Sales Tax Rebate, Discretionary City Revenues, Reduced Permit Fees, Waiver of Connection Fees, Etc.

### **Bed and Breakfast Lodging**

The City is interested in additional lodging, boutique hotel, or Bed and Breakfast facilities, which provide extended stay opportunities for tourists.

*Types of Incentives to be used:* BID, Sales Tax Rebate, Discretionary City Revenues, Reduced Permit fees, Waiver of Connection Fees, Etc.

### **Randall Road Corridor**

The area along Randall Road from Bricher Rd to Fabyan Pkwy is predominately big box and In-line retail. Any further development/redevelopment should pursue recruitment of big box retail and restaurants to fill vacancy or new development.

*Types of Incentive to be used:* Sales Tax Rebate, BID, Reduced Permit Fees, Discretionary City Revenues, Establishment of an SSA, Waiver of Connection Fees, Recapture Agreements, Etc.

### **Industrial**

In pursuit of the desired development within the Southeast Master Plan, economic incentives should be used to recruit new development for specific industrial needs. Based on the current businesses located in the area and economic trends within specific industries, it is recommended that recruitment be tailored to Food Science, Research and Development, Pharmaceutical, or Medical Device manufacturers as a top priority. This does not preclude other legitimate industrial uses.

*Types of Incentive to be used:* Property Tax Abatement, TIF, Reduced Permit Fees, Industrial Revenue Bonds, Establishment of an SSA, Waiver of Connection Fees, Recapture Agreements, Etc.

### **Entertainment and Recreation**

Any project that may benefit the city by increasing tourism or bringing additional entertainment venues will be reviewed favorably. This includes any form of recreation, public art, theatre, or concert venue.

*Types of Incentive to be used:* Reduced Permit Fees, Establishment of an SSA, Sales Tax Rebate, TIF, Discretionary City Revenues, Waiver of Connection Fees, Recapture Agreements, Etc.

### **Other Opportunities**

Where appropriate, any other projects brought forward that have been deemed to provide a broad, long-term benefit to the City, may be viewed favorably and considered for incentives.

*Types of Incentive to be used:* Reduced Permit Fees, Sales Tax Rebate, Discretionary City Revenues, Waiver of Connection Fees, Recapture Agreements, Recapture Agreements, Etc.

***The City will only provide incentives allowed by state statute. These may include but are not limited to: Tax Increment Finance District (TIF), Sales Tax Rebate, Business Improvement District (BID), Property Tax Abatement, Reduced Permit fees, Special Service Areas (SSA), Waiver of Connection Fees, Recapture Agreements, and Discretionary City Revenues***