

Adopted 7/18/02  
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## **GUIDELINE FOR INCENTIVES BEDFORD COUNTY EDA**

Based upon the assumption that any financial incentive should be provided only if it makes good economic sense, the following set of guidelines shall govern such a program in Bedford County. This set of guidelines shall be subject to periodic review and revision. If it does not accomplish its intended purpose it may be discontinued at any time.

### BASIC PHILOSOPHY

The premise of an incentive program is that it can offer a new or expanding company financial assistance associated with a start-up operation or expansion project, thereby freeing up business capital at a time when it is most urgently needed for the many expenses associated with expansion, relocation or start-up. In return, if a company makes an investment in a new or expanded operation the locality stands to benefit from an increased tax base, and expanded jobs and payroll in the community. Consequently, the annual payroll impact will be considered as part of any potential incentive proposal.

Some, although not necessarily all, of the types of incentive offerings that may be applied under this program are as follows:

1. Assistance with utility fees and charges
2. Delivery of infrastructure to a site or building (water, sewer, roads, fiber optic cable, etc.)
3. Write-down of the cost of buildings or sites (reduced price)
4. Lease rates that may be below market value or graduated over a period of time
5. Assistance with site plans, engineering costs, or grading
6. Cash grants or combinations of state and local grant programs

### GUIDELINES

1. The program shall be equally available to new or existing business.
2. The minimum investment for eligibility shall be \$650,000.00.
3. The minimum number of jobs for eligibility shall be fifteen (10).
4. The amount of any incentive shall be calculated on the basis of a three year projected return on investment. That is, the following criteria shall apply:
  - a. The projected new tax revenue shall be estimated based upon the company's investment in facility, equipment, vehicles, and other taxable items.
  - b. New jobs provided by the project shall be reviewed according to the number and quality of the positions and the annual payroll. It shall be

assumed that the annual payroll paid by the company shall return to the community at a ratio of 2:1.

Recognizing that companies may invest at much greater capital investment levels than the minimum requirement as set forth in these guidelines, yet may need to hire a lower number of employees in the start up phase, the EDA has the flexibility to consider the nature of any incentive as it relates to investment, jobs and growth potential of the business on a case-by-case basis.

### ELIGIBILITY

This program may be made available to manufacturing or service sector companies provided that the criteria stated above meets appropriate levels for investment and job provision. Each project shall be treated on a case-by-case basis.

### MECHANISM FOR FUNDING

The funding, provision of infrastructure, or other assistance may be made in full within the first year or disbursed over a period of several years, at the EDA's discretion. As a general rule no more than 50% of a cash grant will be paid in the first 12 month period, except in the case of matching funds for a non-local grant program.

### PERFORMANCE AGREEMENT/ANNUAL REPORTING

There shall be a requirement for a performance agreement signed by both company and EDA, and said agreement shall provide for a means of recovery in the case of default. There shall also be an annual report requirement so that any significant deviation from the original proposal can be addressed promptly and any funds not yet advanced may be withheld. Failure to meet the benchmarks stated in the agreement shall constitute default.

### FUNDING FOR THE INCENTIVE PROGRAM

The funding for this program shall be made available from either EDA reserve funds, capital funds (CIP) set aside for such purposes, or supplemental appropriations of the Board of Supervisors. It is understood that all grants and all payments associated with such grants, shall be subject to the availability of funds at any given time.