



CITY OF DURHAM | NORTH CAROLINA

DATE: January 4, 2012

TO: Thomas J. Bonfield, City Manager

THROUGH: Keith Chadwell, Deputy City Manager

FROM: Kevin Dick, Director-Office of Economic and Workforce Development (OEWD)
Christopher Dickey, Senior Manager - Economic Development

SUBJECT: Response to Citizen Request to Appear (Mara Kaufman)

Recommendation

This is for informational purposes

Executive Summary

This memo documents OEWD efforts to contact Mara Kaufman regarding her request to discuss the criteria and justification for public subsidies for private development.

- On December 29, 2011 OEWD staff made contact with Mara Kaufman and she stated that she was in a meeting would contact staff at some other time to discuss her request.
- Staff never received a follow-up phone call and two additional phone calls were made by staff to Mara Kaufmann.
- Staff emailed Mara Kaufmann the Administrative Procedures for Application and Allocation of Economic Development Incentive Funds

Attachment: Administrative Procedures for Application and Allocation of Economic Development Incentive Funds

Administrative Procedures for
Application and Allocation of Economic Development Incentive Funds

1. PURPOSE

To establish a formal procedure for Durham City to review and decide upon the allocation of incentives for economic development projects.

2. POLICY

The City of Durham shall consider the allocation of public funds for the promotion of economic development as defined by the most current revisions of the Economic Development Incentive Policy for the City of Durham.

3. PROCEDURES

Investigation and Due Diligence

Those enterprises and economic development projects seeking to qualify for inducement incentives shall make written application to the Director, Office of Economic and Workforce Development (OEWD) for the City of Durham, providing complete information regarding the proposed project, and authorizing the department to research information about the company as part of its due diligence to assure appropriate and proper expenditures of public funds. Information shall be provided on the most recent application form in use by OEWD and supplemented as needed in order to provide the most accurate and complete picture of the company and the scope and timing of the project. The following information shall be provided:

- a. Name of the company, its officers, and parent companies, and officers, if any.
- b. Current address, telephone number and Internet address of company and its parent companies, if any.
- c. Explanation of the product or service provided or produced by the facility to be constructed or expanded.
- d. Estimated value of the facility(ies) to be constructed.
- e. Estimated value of equipment to be installed in the facility(ies).
- f. Estimated costs for land preparation (including design and construction costs) for business use, including utility extensions, site clearing, site grading, and installation of drainage facilities.
- g. Estimated costs of any related development fees charged by the City for the project.
- h. Estimated number and type of jobs to be created and average hourly wage of jobs to be created or retained.
- i. Estimated schedule for completion of construction and start of operations.
- j. Proposed site design or physical layout of the project.

- k. Information needed to compare the City of Durham with other jurisdictions to which the business enterprise may be considering locating; such as the cost of preparing the land for business use, tax rates, utility rates, labor supply, and wage data.

- l. Such other information as may be needed to reasonably describe the enterprise or economic development project.
- m. For merchandise-based incentives:
 - a. Does the business add value to the neighborhood?
 - b. Is the business a new type of business for the neighborhood?
 - c. Is the business wanted by the neighborhood?
 - d. If an expansion, is the business a vital part of the neighborhood?

Evaluation Process

After the necessary information (above) has been obtained, the Director will meet with the City Manager to discuss the request for inducement incentives. Upon the direction of the City Manager, the Director shall prepare a report for the Durham City Council evaluating the request for inducement incentives. All discussions and reports shall remain confidential until such time as is appropriate to share them with the City Council. The factors that shall be used to evaluate each request include, but are not limited to:

- a. The need for the inducement incentives as one of the deciding factors for the relocation or expansion of the project inside the City.
- b. The amount of new private investment for real property improvements and/or new to the State of North Carolina capital equipment.
- c. The number and type of jobs to be created and the corresponding salaries expected to be paid.
- d. The type of product or service to be produced or provided.
- e. The location of the proposed development.
- f. Other information needed to reasonably evaluate the request for inducement incentives.

In the case of Building Improvement Grant Incentives, Sign and Façade Grants Incentives and Retail and Professional Merchandise-based Retail incentives, all completed paperwork and review committee will be established to evaluate each project and make its recommendation to the Director of OEWD.

Council Review Process

After the necessary evaluation has occurred and upon the direction of the City Manager, the Director of OEWD shall hold a Closed Session with the Durham City Council to discuss the request and to obtain further direction from the Council. The Director shall share with the Council the following information:

- a. A description of the enterprise or economic development project under consideration, which includes information gathered during the evaluation process.
- b. A financial spreadsheet illustrating the funds from which allocations or transfers will be made.

- c. A payment schedule indicating the timing of inducement incentives to be paid to the enterprise or economic development project.
- d. Such other information as may be needed to reasonably evaluate the request for inducement incentives, and to describe the enterprise or economic development project.
- e. The written recommendation of the Director either for, or against the use of inducements for the project.

Public Hearing Process:

Upon the direction of the City Manager, the Director shall publish notice of a public hearing to consider the allocation of inducement incentives. Such notice must be published at least ten days prior to the hearing being held. The notice will briefly describe the proposal to make appropriations to an enterprise or economic development project, providing such information as is needed to reasonably explain the proposal to the public. The Director shall share with the Durham City Council the following information:

- a. Information gathered during the evaluation process.
- b. The draft development agreement between the City and the enterprise or economic development project.
- c. Such other information as may be needed to reasonably evaluate the request for inducement incentives, and to describe the enterprise or economic development project.
- d. The written recommendation of the Director.

City Council shall also hear comments from the public and shall take those comments into consideration in their deliberation of the merits of the project being proposed.

Decision by City Council:

Following the public hearing, the Durham City Council may take appropriate action on the written development agreement concerning an economic development project and the use of inducement incentives.