



Chatham County, NC

Legislation Text

File #: 24-5282, **Version:** 1

Hold a public hearing to receive public comment on economic development incentives for Innovative Construction Group and vote on a request to approve an economic development incentive agreement

Introduction & Background: In 2011, the Chatham County Board of Commissioners adopted the Chatham County Incentive Policy. The model represents the desire and need for quality jobs in Chatham County, while balancing the local governments' need for additional capital investment (and associated property tax revenue), desire to preserve/protect the natural environment by focusing development to certain designated areas, and interest in targeting identified industry clusters. Depending on their score, new companies and existing company expansions are eligible to qualify for, but not guaranteed, a financial incentive grant based on the percentages of annual property taxes paid for each year for a five-year period as outlined below. The County utilizes a qualitative criterion outlined in the policy document to approve, reject, and/or modify the grant amount.

Discussion & Analysis: The Chatham County Board of Commissioners proposes to appropriate and expend county funds for an economic development project pursuant to North Carolina General Statute 158-7.1. Specifically, the county intends to enter into an Economic Development Agreement with Innovative Construction Group which will construct and operate a construction services manufacturing facility. Innovative Construction Group expects that the project will include real property, buildings, fixtures, machinery, and equipment having a cost of \$39 million dollars (\$39,000,000.00) and expects to create at least one hundred and fifty-seven (157) full time permanent jobs at an average salary of \$52,949.00.

The Chatham County Board of Commissioners believes this project will stimulate the local economy of Chatham County and will provide local economic benefits for the residents of Chatham County through an increase in sales tax revenues and the increased purchases of local goods and services. A copy of the agreement is available from the Chatham County Clerk to the Board.

Additionally, staff has been working with North Carolina Railroad on a grant to the company that will be awarded to Chatham County then be passed through to the company as a third-party agreement for site improvements. Staff is also seeking approval for the County Manager to negotiate this contract.

How does this relate to the Comprehensive Plan: The recruitment and retention of industrial and commercial business impacts several goals in Plan Chatham. For this request, goal four to diversify the tax base and generate more quality, in county jobs to reduce dependence on residential property taxes, create economic opportunity and reduce out commuting would be the most noteworthy.

Budgetary Impact: Under the Economic Development Agreement, the county would make an annual cash incentive grant to Innovative Construction Group for 5 years equal to a declining percentage of actual increased property taxes paid: 75% in year 1, 65% in year 2, 55% in year 3, 45% in year 4, and 35% in year 5.

Recommendation/Motion: One motion with three parts:

1. Hold a public hearing to receive public comment on economic development incentives for Innovative Construction Group.
2. Motion to approve an economic development incentive agreement with Innovative Construction Group.
3. Authorize the County Manager to negotiate and sign the third-party agreement with North Carolina Railroad and Innovative Construction Group for the grant funds.