



## **BUSINESS GRANT PROGRAM GUIDELINES AND POLICY STATEMENT**

### **I. GENERAL PURPOSE AND OBJECTIVES**

Certain types of business investments, which result in the creation of new jobs, new income and provide for positive economic growth and inner-city economic stabilization are beneficial to the city as a whole. This policy provides the general guidelines for grants of money from the City of Waco for new investment in real and personal property, owned or leased, economic development projects. Each applicant's project will be evaluated for potential grants on a case-by-case basis and in accordance with this policy and state law.

This policy applies to taxable real and personal property for the following types of operations:

Manufacturing, Distribution, Logistics, Warehouse, Assembly, Processing, Fabrication, Value Added Processing, Aviation/Aerospace, Research & Development, Advanced Technology, Information Technology, Information & Data Centers, Corporate and Regional Offices, Major Tourism Attractions, and similar facilities.

This policy does not apply to companies that sell products and/or services to the final consumer such as:

Restaurants, Retail Stores, Malls, Hotels, Motels, Professional Services, and similar facilities; unless those facilities are located in Target Economic Development Areas, as defined by the City of Waco.

Projects located in Target Economic Development Areas will be evaluated for grant eligibility on a case by case basis if they are deemed in compliance with the Comprehensive Plan and will provide a positive economic impact on the target area.

Nothing in the policy shall be construed as an obligation by the City of Waco to approve any grant application.

It is the policy of the City of Waco to give priority consideration for projects that:

- (a) are located in enterprise zones; designated areas, or target areas;
- (b) result in significant real or personal property being added to the tax rolls;
- (c) result in a development with little or no additional cost to the City;
- (d) result in 200 or more new jobs; or
- (e) result in 5 or more new jobs in designated areas: or
- (f) result in 2 or more new jobs in target areas.

It is further the policy of the City of Waco to encourage the use of disadvantaged business enterprises (any final grant contract may include specific goals and objectives relative to disadvantaged business enterprises, utilization of Waco-based firms, prospective employment commitments for Waco residents and other specific criteria as may be negotiated).

## **II. DEFINITIONS**

- A. "Agreement" means the contractual agreement between City and the business for the purpose of a grant.
- B. "Base Year Value" means the assessed value of either the applicant's real and/or personal property improvements located on the real property as of January 1 of the year of the execution of the agreement plus the agreed upon value of any property improvements made after January 1 of that year but before execution of the agreement.
- C. "Corporate / Regional Offices" means offices with more than 50 full time jobs based on site and meeting the salary and benefit requirements of the Waco McLennan County Economic Development Corporation.
- D. "Designated Area" means an Enterprise Zone or a specified region in Waco that has been selected by the City Council to receive special consideration in order to encourage economic development in that region. The map found in Exhibit A identifies the current designated areas in Waco.
- E. "Disadvantaged Business Enterprise" means a for-profit small business concern where socially and economically disadvantaged individuals own at least a 51% interest and also control management and daily business operations. African Americans, Hispanics, Native Americans, Asian-Pacific and Subcontinent Asian Americans, and women are presumed to be socially and economically disadvantaged.
- F. "Economic Life" means the number of the years a property improvement is expected to be in service in a facility; provided, however, in no event shall the number of years exceed the depreciation allowance specified in the Federal Internal Revenue Service Code.
- G. "Enterprise Zone" means an area that is defined by the most recent federal decennial census available at the time of designation, in which at least 20 percent of the residents have an income at or below 100 percent of the federal poverty level; or an area currently designated by the federal government as a renewal community, a federal empowerment zone, or a federal enterprise community; or an area located in a distressed county.
- H. "Expansion" means the addition of buildings, structures, fixed machinery, or equipment for the purpose of increasing production capacity.

- I. "Facility" means property improvements completed or in the process of construction which together comprise an integral whole.
- J. "Full-time job" means a job that requires a minimum of forty (40) hours of work per week; or eighty (80) hours of work per two weeks, receives benefits, and is hired to work full-time year-round (2080 hours per year).
- K. "Lease" means a relationship whereby the business applying for a grant has a contract for exclusive possession of either the real property on which improvements are to be made and/or of movable personal property to be used for the operation of the business for a defined period of time.
- L. "New facility" means a property previously undeveloped, which is placed into service by means other than expansion or modernization.
- M. "Personal Property" means equipment and/or tools used, bought, or leased for use, in the operation of the business applying for grant, other than that which was located on the real property at any time before the period covered by the agreement, and other than inventory, supplies, and/or office equipment.
- N. "Real Property" means the area of land defined by legal description as being owned or leased by the business applying for a grant, including any improvements thereto, which has been or will be improved and valued for property tax purposes.
- O. "Target Area" means specified geographic locations in Waco that have been elected by the City Council to receive special consideration in order to encourage economic development in that location. The map found in Exhibit B identifies the current target areas in Waco.

### **III. ELIGIBILITY CRITERIA**

- A. **Eligible Property:** Business Grants may only be awarded to the owners or lessees of real property improvements and/or the owners of personal property improvements. Real property improvements include the construction of a new facility and the expansion/modernization of an existing facility. Property must be taxable (tax exempt improvements are not eligible for consideration).
- B. **Ineligible Property:** Any property that is not specifically identified in the business Grant agreement will not receive a business grant. Inventory, supplies, and/or office equipment are not eligible for Business Grants.
- C. **Water/Sewer Refund Contracts:** An applicant that is awarded a Business Grant will not be eligible for water or sewer refund contracts.
- D. **Grant Periods:** Eligible real and/or personal property improvements may qualify for Business Grant periods lasting between 2 to 7 years. The economic life of the eligible property must exceed the grant period.

- E. Premium Opportunity Bonus: An additional 10% Grant is available throughout the Business Grant period if the company creates at least 50 new full-time jobs two-thirds (66.7%) of the new employees (additional employees in the case of a qualifying expansion) live within Waco city limits. The eligibility of the Premium Opportunity Bonus shall be determined on a yearly basis.
- F. Exceptional Cases: Where the applicant's investment in real and/or personal property improvements substantially exceeds the eligibility thresholds, the City Council may consider terms and/or percentages that exceed these guidelines. However, the maximum period for any Business Grant is limited to 20 years.

**IV. ELIGIBILITY THRESHOLDS**

**A. Real Property Grant**

1. Real Property Improvements:

To qualify for real property grant the project must meet one more of the following minimum threshold eligibility requirements in regard to square footage of new construction, job creation, or the value of the improvements as valued by the McLennan County Appraisal District.

**Real Property New Construction**

Square Footage	Grant	Years
500,000 SF or more	90, 90, 90, 90, 90, 80, 80 %	7
499,999 SF to 250,000 SF	90, 90, 90, 90, 90, 65, 65 %	7
249,999 SF to 100,000 SF	90, 90, 90, 90, 90%	5

**Creation of Full-time Jobs**

# of New Jobs	Grant	Years
500 or more	90, 90, 90, 90, 90, 80, 80%	7
499 to 350	90, 90, 90, 90, 90, 65, 65%	7
349 to 200	90, 90, 90, 90, 90%	5

**Real Property Improvement Value**

\$ Value (per MCAD)	Grant	Years
\$30,000,000 or more	90, 90, 90, 90, 90, 80, 80%	7
\$29,999,999 to \$20,000,000	90, 90, 90, 90, 90, 65, 65%	7
\$19,999,999 to \$10,000,000	90, 90, 90, 90, 90%	5

2. Real Property Improvements in a DESIGNATED AREA or TARGET AREA:

To qualify for real property Business Grant in a designated area or target area, the project must meet one or more of the following minimum threshold eligibility requirements in regard to square footage of the new construction, job creation or the value of new construction as valued by the McLennan County Appraisal District.

DESIGNATED AREA or TARGET AREA continued

**Real Property New Structure / Expansion**

Square Footage	Grant	Years
100,000 SF or more	90%	5
50, 000 to 99,999	65%	5
10,000 to 49,999	40%	5
5,000 to 9,999	40%	2
0 to 4,999	0%	0
<b>Target area only</b>		
2,000 to 4,999	40%	2
<i>Larger SF will qualify as above</i>		

**Creation of Full-time Jobs**

# of New Jobs	Grant	Years
200 or more	90%	5
199 to 100	65%	5
99 to 50	40%	5
49 to 5	40%	2
4 to 0	0%	0
<b>Target area only</b>		
2 or more	40%	2
<i>More jobs will qualify as above</i>		

**Real Property Improvement Value**

\$ Value (per MCAD)	Grant	Years
\$10,000,000 or more	90%	5
\$9,999,999 to \$5,000,000	65%	5
\$4,999,999 to \$1,000,000	40%	5
\$999,999 to \$500,000	40%	2
\$499,999 to \$0	0%	0
<b>Target area only</b>		
\$100,000 or more	40%	2
<i>Higher Value will qualify as above</i>		

**B. Personal Property Grant**

1. Personal Property Improvement:

To qualify for personal property Business Grant (7 year maximum), the project must meet the following minimum threshold eligibility requirements in regard to the value of new construction as valued by the McLennan County Appraisal District and job creation.

**Property Value & Job Creation**

Value	# of New Jobs	Grant	Years
\$45,000,000 or more	5	80, 70, 60, 50, 35, 15, 15,%	7
\$30,000,000 to \$44,999,999	10	70, 60, 50, 40, 25, 15, 15%	7
\$20,000,000 to \$29,999,999	20	60 ,50 ,40 ,30 ,15 ,10 ,10%	7
\$15,000,000 to \$19,999,999	30	50, 40, 30, 20, 10, 10, 10%	7
\$10,000,000 to \$14,999,999	40	40, 30, 20, 15, 5, 5, 5%	7
\$8,000,000 to \$9,999,999	80	40, 30, 20, 15, 5, 5, 5%	7
\$6,000,000 to \$7,999,999	120	40, 30, 20, 15, 5, 5, 5%	7
\$4,000,000 to \$5,999,999	160	40, 30, 20, 15, 5, 5, 5%	7
\$2,000,000 to \$3,999,999	200	40, 30, 20, 15, 5, 5, 5%	7

2. Personal Property IN A DESIGNATED AREA or TARGET AREA. To qualify for personal property Business Grant, the project must meet the following minimum threshold eligibility requirements in regard to job creation.

**Job Creation IN A DESIGNATED AREA:**

# of New Jobs	Grant	Years
100 or more	40, 30, 20, 10, 5, 5, 5%	7
50 to 99	40, 30, 20, 10, 5, 5%	6
31 to 49	40, 30, 20, 10, 5%	5
16 to 30	40, 30, 20, 10%	4
5 to 15	40, 30%	2
Less than 5	0%	0
<b>Target area only</b>		
2 or more	40, 30%	2
<i>More jobs will qualify as above</i>		

**V. APPLICATION PROCEDURE**

**A. Application Submission**

1. All documents received by the City of Waco (physically or electronically) may be subject to public disclosure under certain circumstances.
2. Applicants for business grant must submit a completed Application for Business grant with the correct filing fee to the City of Waco Economic Development Office. Incomplete applications will not be considered.
3. The filing fee for projects located in designated areas, or target areas, is \$500.00. The filing fee for projects located outside designated areas, or target areas, is \$1,000.00. Applications will not be processed without the filing fee.
4. The City of Waco reserves the right to review/verify the applicant's financial statements and request additional information in determining the economic feasibility and long-term benefit of the overall project.

5. The City of Waco Economic Development Office will evaluate an application on the merit and value of the proposed project. Based on the outcome of the evaluation, the Economic Development Office may present the application to the City Council for consideration.

B. City Council Consideration

1. All the projects brought to City Council for consideration will be presented at meetings conducted pursuant to the Open Meetings Act.
2. The City Council retains sole authority to approve or deny any business grant agreement and is under no obligation to approve any business grant agreement.

## VI. COMPLIANCE VERIFICATION

A. Initial Inspection

1. Certificate of Compliance: After the initial requirements of the agreement have been completed (i.e. construction/installation of improvements), the Owner must submit an executed Certificate of Compliance to the City.
2. City Staff Inspection: After receipt of an executed Certificate of Compliance, city staff shall make an inspection to verify that all initial contract requirements are complete. Upon verification the City Manager will approve the Certificate of Compliance, authorize the commencement of the, and notify the McLennan County Appraisal District.

B. Annual Certification

1. Standard Annual Certification: On or before January 31<sup>st</sup> of every year, the Owner must submit a statement which provides information about the project's achievement during the prior calendar year regarding the improvements and/or job creation covered by the business grant. The following items must be included in the statement:
  - i. The added square footage and/or improvement value made;
  - ii. The value of the construction/installation (most recent value by the McLennan County Appraisal District);
  - iii. The total number of jobs created (full-time), to date;
  - iv. The amount of property taxes paid on the facility during the prior year; and
  - v. Any tax protests that have been filed regarding ad valorem taxes and a description of the reasons for the tax protest.
2. Premium Opportunity Bonus Certification: If the Owner is pursuing the Premium Opportunity Bonus, then on January 31<sup>st</sup> of every year, the following information must be submitted, in addition to the Standard Annual Certification:
  - i. Number of jobs created;
  - ii. Each employee's name or identification number;
  - iii. Each employee's home address;

- iv. Each employee's job type or classification; and
- v. Each employee's pay rate.

C. City's Right to Inspect

- 1. Facilities and Records: The City of Waco reserves the right to send representatives from the City and the McLennan County Appraisal District to inspect the facilities and records of the Owner during the term of the agreement to verify the accuracy of the information provided for the business grant.
- 2. Compliance with other laws: The City will hold and process any information that is received or viewed in accordance with all applicable United States laws and regulations.

**VII. RECAPTURE**

- A. Appraisal Disputes: If during the term of the agreement, an appraisal dispute results in the reduction of the appraised value of such improvements below the value indicated to the City, the City reserves the right to cancel/modify the agreement and/or require repayment of all incentives received under the agreement.
- B. Noncompliance: If the project does not meet its obligations under the Agreement, the Owner shall be responsible and obligated to repay to the City the incentives, including the value of in-kind incentives, received from the City. Repayment of incentives shall be made by the project within sixty (60) days demand by the City.

**VIII. PREVIOUS BUSINESS GRANT AGREEMENTS NOT AFFECTED**

These Guidelines and Policy Statement for Business Grant approved by the City of Waco City Council Resolution Number 2012-444 (September 18, 2012) shall not affect any Business Grant agreement previously approved by the City of Waco City Council.



**Exhibit “A”**

Map of Designated Areas for Economic Development

**Exhibit “B”**

Map of Target Economic Development Areas