

Economic Development Work Session



October 20, 2020

Agenda

- Session 1 Recap
- Economic Development Assessment Review
- FY19/20 Year in Review
- Business Incentive Program Recommendations
- Urban Development Investment Program Recommendations
- Economic Development Team Recommendations
- External Team Presentations Part 1

Grant or Loan? It depends

Council City decision must be legally defensible

- If a loan can satisfy a financial gap just as well as a grant, then a grant may fail the “necessity determination” (but for) required for economic development incentives under G.S. 158-7.1
- Necessity determination relies heavily on the public purpose that City support serves
- Necessity determination relies heavily on the financial gap analysis of the project revenues, debt service obligations, equity, and return on investment
- Public infrastructure/facilities are the most defensible type of support
- Up-front cash grants are the least defensible type of support
- Market rate or higher loans are more defensible than subsidized loans

Which City Roles Are Most Important for Successful Economic Development ?

Partner – 8

Leader – 4

Funder – 2

Regulator – 1

Facilitator – 1

Administrator - 0

Economic Development Assessment

Partner Responses

1. The City was regularly described as a good economic development partner.
2. The City's approach to economic development is perceived as mainly reactive and administrative.
3. The City's economic development actions do not always appear to be prioritized based on the goals of City Council or the Comprehensive Plan.
4. Most coordination between Greensboro's economic development partner organizations is informal even though efforts may work out in the end.

Economic Development Assessment

Partner Insights

1. There would be value in designating an ombudsperson or primary point of contact at the City for coordinating economic development tasks and decisions.
2. It should not be on the City or the Chamber alone to be 'the' economic development provider. The City should decide what the balance is between how it "does" economic development versus how it "supports" others doing economic development.
3. The City should be more intentional in its economic development decisions given the depth and breadth of such activity in Greensboro and the limited resources for that to work.
4. There would be utility in linking City goals and GSO2040 to decisions on directing utilities and financial resources requested for economic development programs.

FY 19-20 Approved Projects

7/23/19 – PACTIV

9/17/19 – Sunlight Systems USA

11/21/19 – The Fresh Market

1/16/20 – Syngenta

6/16/20 – United Parcel Services

6/16/20 - Freeman Mill Shopping Center/Piggly Wiggly

FY 19-20 Business Incentive Project Valuation

Company	Projected New Jobs	Projected Investment	Amount Awarded	Projected \$ Value of City Investment
PACTIV	25	\$13,000,000	\$167,739	\$76.50
Systems Sunlight S.A.	46	\$6,570,000	\$159,819	\$40.11
The Fresh Market	53	\$2,000,000	\$301,000	\$5.64
Syngenta	-	\$68,000,000	\$1,730,149	\$38.30
United Parcel Post (UPS)	141	\$54,206,630	\$314,771	\$171.21
Total	265	\$143,776,630	\$2,673,478	\$52.78
FY15/16 through FY18/19	2081	\$540,050,000	\$20,203,962	\$25.60

FY 19/20 Funded Partner Highlights

Piedmont Business Capital:

- Approved \$245,750 in loans to 8 businesses ranging from \$2,500 to \$100,000.
- 100% of loans were made to minority-owned businesses. 37.5% are women-owned.
- Administered portfolio of 42 loans made with City of Greensboro grant allocations from 2015-2020 with total assets under management of \$1,066,948.

Greensboro Chamber of Commerce

- Partnered on 5 City Council approved business incentive projects.
- Responded to 64 RFI's and completed 105 existing industry meetings pre-pandemic.
- Hosted 3 Manufacturing Council meetings in 2020.
- Developed and launched Greensboro.Life

Launch Greensboro

- Hosted 5 LaunchLab Accelerator programs (three "101" and two "Growth").
- 76 companies completed an accelerator program.
- 80% of participant companies identify as M/WBE.

FY 19/20 Funded Partner Highlights

East Greensboro Now

- Approved \$28,950 in matching grants through the Curb Appeal Improvement Program to 2 property owners.
- Executed a 3 month #InvestEast digital media campaign with 28,351 link clicks.
- Completed 60 total 1-to-1 business consultations.

Downtown Greensboro, Inc.

- Initiated development of 2030 Strategic Vision Plan.
- Launched both the Retail Revitalization Program and Feeding the Frontline Program in response to pandemic needs.
- Awarded six façade grants.

Campus Greensboro

- Placed 107 Fellows at 51 internship sites.
- 88% of Fellows indicated they are interested in staying in Greensboro after graduation.

Policy and Program Recommendations Preview

- Evaluate proposed revisions to existing program guidelines to ensure they align with the goals of the GSO2040 Comprehensive Plan and City Council's current strategic goals and economic development priorities.
- Dedicate consistent and adequate funding streams for the economic development activities, programs, and partners that City Council identifies as core to the City's economic development function.
- Adopt and fund an Infill Development Program as prescribed in the implementation strategies of the GSO2040 Comprehensive Plan.

Business Incentives Program Recommendations

1. Formally review guidelines in collaboration with the Chamber of Commerce every two years for appropriateness.
2. Align incentive agreements with Guilford County and High Point on joint projects.
3. Utilize impact modeling software to evaluate the direct, indirect, and induced impacts of a project.
4. Create incentive support tiers with options for increasing levels of support tied to higher levels of investment and job creation.
5. Institute a \$15 minimum wage requirement for all jobs being incentivized.
6. Link wage requirements to industry sector rather than the Guilford County average wage.

UDIG Program Recommendations

1. Align UDIG with associated GSO2040 Comprehensive Plan goals and remove or replace outdated criteria.
2. Cease all upfront cash grants. Provide UDIG direct financial support only in the form of performance-based grants or market-rate loans made from a dedicated annual funding source.
3. Reduce the minimum investment required for consideration of City support.
4. Enhance scoring criteria for projects with significant and clear public purpose.
5. Enhance scoring criteria for projects that deliver higher returns on the City's investment.

UDIG Program Recommendations

6. Create project investment tiers with funding formulas similar in design to the Business Incentives Program so that a maximum award (incentive cap) can be computed tied to the amount of new investment.
7. Standardize scoring criteria for projects across eligible geographies.
8. Remove the Corporate/Industrial Park Program and the Big Box Revitalization Loan Program from the UDIG program umbrella.
9. Streamline the application and application process

New Program Recommendations

1. Establish a formal Infill Development Program as endorsed in the GSO2040 Comprehensive Plan.
2. Include a funded revolving loan program component within the Infill Development Program.
3. Begin the development of a new funded standalone corporate/industrial park program based on current market needs.
4. Fund the Big Box Revitalization Loan program as a component of the Infill Development Program with reduced square footage requirements.

Economic Development Team Recommendations

1. Designate the Economic Development Manager as the primary point of contact for coordinating economic development tasks and decisions.
2. Reassign the current compliance and administrative duties assigned to the Economic Development Manager to a new funded staff position.
3. Fund a new staff position to oversee the development and implementation of an Infill Development Program.
4. Ensure when making decisions on funding economic development partners that they are providing programs and services that correspond with and deliver on City Council's goals.
5. Solicit and fund new partner organizations or existing partner organizations at higher levels to provide any economic development services or programs City Council wants to introduce or enhance.