



**Economic
Development**

Business Recruitment Policy Update

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Agenda

PART ONE

Background, history, and successes of the business recruitment program

PART TWO

Recommended framing and approach to policy update

PART THREE

Recommended topics and principles for policy update



BACKGROUND, HISTORY, & SUCCESSES



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RECRUITMENT & RETENTION

Recruit and retain companies that share Durham County's strategic priorities and offer new jobs that include well-paying, entry-level career pathways.

- Manage incentive awards
- Build strong community partnerships with recruited companies
- Provide concierge assistance to businesses



SMALL BUSINESS ECOSYSTEM

Support our small business ecosystem through connections to funding, technical assistance, and resources, particularly Minority and Women Business Enterprises.

- Promote technical assistance to entrepreneurs
- Leverage loan fund and ecosystem partnerships
- Connect MWBEs to resource opportunities



WORKFORCE DEVELOPMENT

Expand workforce development programming through coordinated systems to connect more residents in Durham to entry-level career pathways.

- Support BULLS and associated programming
- Connect job seekers with recruited companies
- Promote certified career pathways

- Manage non-profit contracts / grants



2020 Policy Background

- February 2020 = major update of the County's business recruitment policy (incentives) approved by BOCC
- Three guiding principles:
 - Recruit companies that align with our strategic priorities and allow for maximizing community partnerships
 - Stay within legal parameters
 - Maintain our competitive advantage
- Greater Durham Chamber of Commerce is our key partner in the recruitment process

2020 RESOLUTION AMENDING ECONOMIC DEVELOPMENT INCENTIVE POLICY

WHEREAS, the Board of Commissioners finds that expenditures for economic development of industrial and commercial plants stimulate the local economy, increase the tax base, promote business, and result in the creation of jobs for the citizens of Durham County; and

WHEREAS, the Board of Commissioners desires to amend its consolidated, uniform plan for providing economic development funds which will not duplicate the investment efforts of other governmental units; and

WHEREAS, the Board of Commissioners intends to implement its economic development policy in conjunction with related County policies and plans that allow Durham County residents to compete for jobs which pay a livable wage; and

WHEREAS, the Board of Commissioners desires to provide for the option of infrastructure investments in lieu of or in addition to other appropriations in Durham County; and

WHEREAS the County may make these appropriations pursuant to N.C.G.S. § 158-7.

NOW, THEREFORE, THE BOARD OF COMMISSIONERS FOR THE COUNTY OF DURHAM DOETH RESOLVE:

1. The prior Resolution entitled "Resolution Amending Economic Development Policy" is hereby amended by the adoption of this Resolution.
2. Appropriations will be for Companies with a presence in or that locate in Durham County and which meet the new investment and jobs thresholds. In no event will appropriations be made for residential development.
3. Appropriation shall only be considered for:
 - a) Companies which produce new taxable capital investment of at least \$50 million in assessed valuation at the potential Durham County location as determined by the tax value placed on the property by the Durham County Tax Administrator. These minimum amounts shall be calculated in the most current schedule of values. Only taxable capital invested within five years of the date of the incentive agreement will be counted in determining the investment amount.
 - or
 - b) Companies which create a minimum of 200 new full-time jobs. For a new job to qualify and be counted towards the minimum 200 new jobs, the following criteria must be met:
 - (i) the new job must be a net increase in the Company's number of full-time employees working in Durham County; and
 - (ii) the new job must be filled by a full-time employee. A full-time employee is defined as a person who is employed by the Company for at least 35 hours per week and whose wages are subject to withholding, or a permanent hourly or salaried position of employment with the Company that requires not less than 1820 hours of work per year at the Durham County site, to include paid time off.



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2020 Policy Background

- Key components:
 - Awards governed by performance agreements
 - Awards must pay for themselves with new County tax revenue
 - Maximum award is 50% of new tax revenue generated over 5-year period (2:1)
 - Awards must contain community benefits
 - Must exceed either \$50M capex or 200 jobs
 - Companies must pay good wages (> SOC wage)
 - Annual performance verification over a period of 10 years; requires payback if agreement not followed

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2023 Annual Report



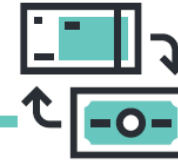
The County's business recruitment program currently supports

\$2.9 BILLION

in projected private investment and

6,000 JOBS

in Durham County.



For a very small public investment, this program generates significant private investment. This private investment provides taxes that can support social services, infrastructure, education, small businesses, and more.

For projects recruited under the Durham County Incentive Policy, for every **\$1.00** that the County has invested, the County has received

\$633.12

in private taxable investment.



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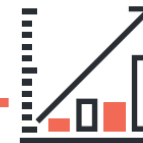
2023 Annual Report



In 2021, approximately

\$72 MILLION

was spent by portfolio companies at minority and women owned businesses (MWBE). Nearly two-thirds of that spending was with minority businesses.



In 2021, portfolio companies **exceeded** job targets by 959 jobs by creating and/or maintaining

1,648 JOBS

(versus 689 jobs projected).



In 2021, portfolio companies **exceeded** capital investment targets by more than \$336,000,000 by investing a cumulative amount of

\$866,711,718

(versus \$530,671,260 projected).



Nearly **half** of the announced new jobs created are **entry-level positions** that exceed living wage standards, offer great benefits, and provide career advancement in a meaningful field.

FRAMING & APPROACH



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Framing

- This is an opportunity to “fine tune” the policy based on ~5 years of experience administering the program.
 - Clean-up, streamline, simplify, etc.
- We recommend keeping the general guiding principles and performance criteria mostly the same.
- We have looked at, and continue to look at, at peer counties and cities for comparison and guidance.
- We have been informally collecting input from companies, local partners, and other industry experts over the past few years.
- We are a small office (3.5 FTEs).



Approach

WORK SESSION TODAY

- Walk BOCC through high-level topics identified for updating
- Obtain high-level feedback from BOCC
- Following meeting, staff to begin mark-up

WORK SESSION OCTOBER

- Bring mark-up to BOCC for more detailed discussion, feedback, edits, and direction
- Following meeting, staff to finalize mark-up

REGULAR SESSION OCTOBER OR NOVEMBER

- Bring to BOCC for a vote

RECOMMENDED TOPICS / PRINCIPLES



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RECOMMENDED TOPICS / PRINCIPLES

- **#1. Continue our work as leaders in community benefits agreements.**
 - Example: officially incorporate 25% MWBE into policy; establish specific goals and objectives within the policy but create a standalone, robust community benefits document checklist (“living document”) that can evolve in real-time as programs and partnership grow
- **#2 Simplify language and re-organize.**
 - Example: using charts or tables instead of text; utilizing sections or headings for organization and ease of reading, etc.
- **#3. Review legal framework.**
 - Example: evaluate \$1,000 / employee option (not currently used)
- **#4. Evaluate a tiered approach based on project / award size.**
 - Example: we currently treat “small” projects and “large projects” the same in terms of award calculation, annual reporting, etc.

RECOMMENDED TOPICS / PRINCIPLES

- **#5. Remove unintended impediments towards achieving the spirit/goals of the policy.**
 - Example: allow PEOs (healthcare) for early scale-up years
 - Example: move away from individual wage requirements and adopt a must exceed “living wage” for all positions
 - Currently, for example, a lab technician earns \$60k + benefits, but SOC wage is \$67k and thus position isn’t counted.
 - Wake County takes this approach.
 - Example: rebalance the weighted average criteria (allow for extra credit if capex > 100% but <80% for jobs)
- **#6. Consider a special lane for a transformative project (e.g. headquarters) that cannot meet the 200 jobs or \$50M capex requirement.**
 - Example: \$25M in capex and 50 new jobs minimum

QUESTIONS?



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