



**CITY OF REDDING, CALIFORNIA
COUNCIL POLICY**

SUBJECT	RESOLUTION NUMBER	POLICY NUMBER	EFFECTIVE DATE	PAGE
ECONOMIC DEVELOPMENT INCENTIVE PROGRAM	94-26	804	02-01-94	1

BACKGROUND

In furtherance of the City Council's goals involving economic development and job creation, the City offers a number of financial incentives, either through its own resources or in accordance with the State of California's Economic Development Initiative. These incentives range from economic development rate incentives in the Electric Utility to expedited processing of major development projects which generate jobs and provide economic stimulus in the City.

PURPOSE

The purpose of this policy is to provide economic incentives in the area of job credits, fee deferrals, attractive electricity rates, and permit processing to enable Redding to compete with other communities for industry and jobs. The policy is also to facilitate the expansion of existing local industry by providing the same incentives for new job creation. The provision of any incentive addressed in this policy shall be at the sole discretion of the City Council or its designee.

ELIGIBLE ACTIVITIES

Industries engaged in manufacturing or quasi-manufacturing (such as software development) as determined by the City, assembly, and storage, as defined below, are industries eligible for consideration under this program:

Establishments engaged in the mechanical or chemical transformation of materials or substances into new products. The establishments are usually described as plants, factories, mills, and characteristically use power-driven machinery and materials handling equipment.

Establishments engaged in assembling component parts of manufactured products are also considered manufacturing if the new product is neither a structure or a fixed improvement. Also included is the blending of materials such as oils, plastic resins, or liquors.

The product of a manufacturing or assembly establishment is finished in the sense that it is ready for utilization or consumption, or is semi-finished to become a raw material for further manufacturing or assembly.

Warehouse and fulfillment/distribution centers larger than 25,000 square feet in size that store, for transport or distribution, manufactured or assembled products.

POLICIES

1. JOB CREDITS FEE DEFERRALS, AND FEE WAIVERS

It is the policy of the City Council that a job credits program and a deferred fee program be established in the City of Redding in accordance with the following provisions.



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- A. In order to qualify for the job credits and fee deferrals, as established in this program, an employer must agree to create and maintain not less than ten new full-time jobs which pay a minimum wage rate that meets or exceeds the median hourly wage rate for the total of all occupations within the Redding Metropolitan Statistical Area (MSA), as reported in the most recent year in which such statistics are available. Such credits may be variable depending on the average wage amount and number of jobs created.

- B. The average wage of all jobs created or retained by the project for which fee credits or fee deferrals are requested must pay a minimum wage rate that meets or exceeds the median hourly wage rate for the total of all occupations within the Redding MSA, as reported in the most recent year in which such statistics are available.

- C. An eligible employer, as defined above, that obtains a building permit for new construction, remodel, or rehabilitation within the City, will be eligible for \$1,500-\$5,000 in job credits per full-time employee, depending on the average wage amount and number of jobs created. The maximum job credits shall not exceed \$1 million per parcel or project.

- D. In order to qualify for job credits, an employer must agree to create and maintain not less than ten new full-time jobs or the number of new jobs upon which the credit is based, whichever is greater, as follows:
 - i. Upon conclusion of the five-year effective period of the agreement, the business shall have maintained at least 90 percent of the new jobs upon which the credits are based. For each year that the number of jobs maintained by owner is 90 percent (or greater) of the number stated, an amount equal to 20 percent of the job credits shall be forgiven, provided that not less than 20 percent of the job credits shall remain in effect throughout the effective period of the agreement. Such new jobs shall always be calculated as those in addition to the number of employees existing on the effective date of the agreement.

 - ii. If, at any time during the five-year effective period of the agreement, the owner ceases conducting business at the project site, a percentage of the job credits shall be forgiven for each calendar year that the number of jobs maintained by owner was 90 percent or greater than the number of new jobs that was represented.

 - iii. If, at any time during the five-year effective period of the agreement, the number of jobs maintained by owner falls below the number of existing jobs at the time of the agreement, the agreement shall be considered in default and the job credits or deferred fees shall be due and payable in full.

 - iv. If a job for which a credit is issued is not filled within one year of occupancy, the credit shall become due and payable.

- E. General Fund and Enterprise and Utility Fund fees in excess of those for which job credits can be applied may be deferred based on the following payment schedule. Fees may be



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deferred only if the total fee obligation, after job credits are applied, exceeds \$25,000.

<i>Payment Schedule</i>	<i>Amount</i>
At the time of issuance of a building permit	Not less than 20 percent of the fee due and payable
First-year anniversary	20 percent of the fee, plus interest
Second-year anniversary	20 percent of the fee, plus interest
Third-year anniversary	20 percent of the fee, plus interest
Fourth-year anniversary	Balance of the fee, plus interest

- F. The City will not waive or defer any special benefit district fees, construction taxes, or environmental mitigation fees.
- G. Job credit will be applied proportionally among the following fees, otherwise payable for qualified industrial projects:
 - Sewer fees.
 - Water fees.
 - Storm-drain fees.
 - City permit processing fees.
 - Traffic impact fees
 - Preparation and recordation of job credits and deferral agreements.
- H. Interest charges for deferred fees will be levied at the Local Agency Investment Fund rate adjusted quarterly throughout the period of deferral. Any deferred fees will have adequate security acceptable to the City Manager.
- I. Job credits will be applied only to the one-time fees identified above -- not to annual or monthly service charges.
- J. As a condition of fee deferral for job credits, an employer must agree to remain in business for five years in Redding with not less than ten employees. Failure to meet these terms shall result in any fee deferral or job credits being due and payable in full. Security for all job credits or fee deferrals shall be required.
- K. The employer or owner receiving either the fee deferral or the job credits shall submit an annual report to the City on the number of full-time employees on the anniversary date of occupancy. The City shall have the right to review such company records as is necessary to verify compliance. Temporary jobs, part-time jobs, or seasonal jobs shall not be eligible for job credits.
- L. The Office of the City Manager shall cause the forms, agreements, and contracts to be prepared necessary to implement the program.
- M. To qualify for a job credit or fee deferral, the jobs must be new jobs to Shasta County.



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- N. Recognizing that businesses often start hiring new employees before occupying a building, an approved job credit shall be provided for jobs created up to one year before issuance of a building permit for the improvement on which the credit is based.
- O. The City will not charge a fee for an application for job credits and fee deferral.
- P. Job credits, fee deferrals, or impact fee waivers may be issued to owners of speculative buildings, with each parcel treated as a separate agreement, provided the building owners agree to meet all the requirements of this policy as if they also own the business. Jobs for which credits, fee deferrals, and/or fee waivers are granted shall be provided within three years of the date of the required agreement, or the agreement shall be considered in default and the job credits or deferred fees shall be due and payable in full.
- Q. A job credit is not transferrable between properties.
- R. Job credits and fee deferral shall be secured by a personal guarantee, a property lien, or other security in a form acceptable to the City Attorney in order to ensure the full security of the credit or deferral during the effective period of the agreement. Any credit or deferral secured by property shall be based on an independent MAI appraisal with adequate value to cover the full value of the credit or deferral in the form of a lien on the property. Any credit or deferral secured by a personal or corporate guarantee shall be based on a personal financial statement along with two years of tax returns.

2. TRAFFIC IMPACT FEES

The City of Redding has established a Traffic Impact Fee (TIF) to be used to help fund improvements to City streets needed as a result of growth and development. Waiver of TIFs for economic development as defined in this policy may be considered on a case-by-case basis and is dependent upon availability of alternative funding sources.

3. ELECTRIC RATE INCENTIVE FOR ECONOMIC DEVELOPMENT

As an incentive to new job creation, the City of Redding has established electrical rate incentive schedules per City Council Resolution. Please refer to the REU Economic Development_Service Policy and/or Economic Attraction Service Policy. These policies apply to new and existing customers meeting job-creation criteria.

4. PERMIT PROCESSING

The City recognizes that time is extremely important in the planning and scheduling of business expansion and the hiring of new employees. To that end, the City will undertake the following:

- A. Use Permits, Lot Splits, and Site Plan Review

Permits, such as those that are consistent with the General Plan and zoning, shall be processed as quickly as possible. To that end, the Development Services Director shall assign



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a planner as a project manager to expedite the project and to process the applications for each job credits or fee deferral application. With the project planner, a team from the various departments will be formed that will work on the project.

B. Building Permits

Complete applications for building permits shall be processed according to the following time lines:

- An initial plan check will be expedited and the City will strive to work within permit applicant’s project schedules.
- Upon resubmittal, any resubmitted plan check will be checked within five working days.
- The City will provide 24-hour (one business day), or sooner, inspections on all inspection requests.
- At the building owner's request, the City will provide the option of using a qualified outside structural engineer to do plan checks in the interest of further expediting the process. Typically the owner will be responsible for paying the difference in any plan check fees if greater than the City’s fees for the same work. However such costs may be negotiable depending on the project. These additional fees shall not be deferred.

C. Plans for Public Improvements

The initial review of plans for public improvements shall occur within five working days of plan submittal. In addition, the City may elect to assign a project manager/liaison to help expedited the process.

5. STILLWATER LAND INCENTIVE

As an incentive to create immediate and ongoing employment at Stillwater Business Park, the City Council has established the following policy with regard to the sale of property at the Park in accordance with the following provisions and/or others that may be specific to a prospective party. Implementation of such incentive shall be on a case-by-case basis:

A. Upon appropriate agreement of terms with the City, and City Council approval; ownership of a lot in Stillwater Business Park may be transferred at a reduced price or free of charge, providing the following criteria are met:

- The company receiving the free lot must utilize local contractors and local suppliers for the majority of work needed to develop the site. A majority of the workforce must be hired locally.
- The company receiving the free lot must create an agreed-upon number of high-quality jobs. The average wage associated with the new jobs must be at least 110 percent of the median wage rate for the total of all occupations within the Redding Metropolitan Statistical Area.



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- Specific terms for transferring ownership of the lot shall be determined individually through an agreement with the prospective company.

6. ADDITIONAL INCENTIVES

The City, with approval of the City Council, may offer additional incentives to companies that generate significant new taxable sales and/or property tax revenue. Consideration and negotiation of such incentives shall be on a case-by-case basis at the sole discretion of City Council or its designee. Provision of certain incentives may trigger prevailing wages on construction projects per State guidelines.

7. STILLWATER BUSINESS PARK-SPECIFIC TEMPORARY INCENTIVES

The City Council has established the following policy with regard to incentives that may be offered to facilitate development of Stillwater Business Park. Implementation of such incentives shall be on a case-by-case basis and they shall be valid only for one year from the date of adoption by the City Council:

- A. Job credits up to \$10,000 per job. Such credits shall be applied toward impact fees first and any remaining balance may come in the form of credits toward the purchase price of the land in Stillwater Business Park, at the discretion of City Council. Job credits shall comply with the program described above.
- B. Industrial and manufacturing businesses constructed in Stillwater Business Park shall not be subject to the Citywide Traffic Impact Fee program.
- C. Free land may be offered to employers that create and maintain a substantial number of jobs.
- D. Sales tax rebates or sharing will be considered for e-retailers or other similar employers who will generate substantial sales tax as part of their operations.
- E. Property tax rebates and abatements will be considered that will reduce the property tax burden for companies located in the park pursuant to State law.
- F. Industrial builders and other developers interested in constructing a speculative building or buildings may be offered a no-cost option to purchase land to defray costs of marketing the site to prospective businesses.
- G. A sliding scale purchase price may be offered to build-to-suit builders so that their purchase price is based upon the number of jobs created by the end user.
- H. Increase promotional and marketing efforts by enhancing the Stillwater Business Park website; placing print ads in industrial trade magazines; attending industrial and site



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selector forums, trade shows and conferences; sponsoring broker and industry events locally and in Bay Area and Southern California; and leverage partnership with Shasta EDC's prospect-calling program to Southern California companies.

**Amended April 16, 1996, by Resolution No. 96-076.
Amended December 7, 2004, by Resolution No. 2004-197.
Amended March 16, 2010, by Resolution No. 2010-35.
Amended April 15, 2014, by Resolution No. 2014-044.
Amended December 15, 2015, by Resolution No. 2015-097.
Amended November 7, 2017, by Resolution No. 2017-094.**