



ECONOMIC DEVELOPMENT
GROWTH IN HERCULANEUM

Overview

The City of Herculaneum is undergoing a period of economic transition. The following guidelines are adopted to promote diversified economic development, encourage growth in the property tax base, improve recruitment of business and industry, enhance job creation, and to continue Herculaneum’s ability to function in this changing environment. All economic development assistance is offered at the discretion of the City of Herculaneum and is contingent on availability of City monies and other governmental grants and programs.

General



- The companies that seek economic development assistance must first submit a letter requesting such assistance and a completed economic development grant application. The letter must demonstrate that without City assistance, the company would not make the investment in Herculaneum.
- Projects must not have started construction prior to consideration of the application.
- Economic development projects must comply with all federal, state, local, and other appropriate general statutes.
- Companies entering into economic development agreements with the City must implement training and educational support programs for their employees. The purpose of this requirement is to limit economic development assistance to businesses that are willing to improve the overall education and skill level of their workforce, which will also have long-term benefits the community at large.
- The company must enter into a binding joint economic development agreement with the City.
- The recipient must demonstrate compliance with all program criteria prior to receiving assistance. Grants will be disbursed after payment of the annual property tax levy.
- Leased properties will qualify if the companies have a lease that exceeds the length of the incentive period.
- Economic development assistance is limited to new businesses and businesses undertaking expansions. This assistance is not intended to create an incentive for existing businesses to shift locations within the community.
- There is no right or entitlement to economic development assistance. All such assistance is made at the discretion of the City Council.

Industrial

The City may provide economic development grants for industrial projects that meet the following criteria:

- Net minimum increase capital investment of \$1,000,000 or more measured by an increase in the property tax assessment;
- The project must create employment that pays



wages at or above the median industrial wage for Jefferson County as listed annually by appropriate government agencies.



- Economic development grants for industries may be made annually for up to ten (10) consecutive years to projects that meet these criteria. The size of the annual grant may be up to 100% percent of the net increased property tax revenue generated by the project.
- Industrial projects include corporate headquarters and research and development facilities.

Non-industrial Projects

The City may provide economic development grants to non-industrial projects that meet the following criteria:

- The projects must create new employment.
- The projects must increase the assessed value of real property by no less than \$1,000,000.
- Non-industrial economic development grants may be up to 100% of the net gain in property tax revenue generated by the project for a period not to exceed ten (10) consecutive years for projects creating new employment that pays wages at or above the median industrial wage for Jefferson County as listed annually by the appropriate government agency.
- Non-industrial economic development grants may be 100% of the net gain in property tax revenue generated by the project for a period not to exceed three (3) consecutive years for projects creating new employment that does not pay wages at or above the median industrial wage for Jefferson County as listed annually by the appropriate government agency.
- Non-industrial projects include professional offices, health care services, back office operations, but exclude residential projects.
- The following uses are not eligible for non-industrial economic development grants:
 1. cemeteries, golf courses, public utility uses, resource recovery facilities,
 2. adult uses, private clubs, agricultural uses, abattoirs, mining, landfills,
 3. retail uses, personal services and telecommunications towers.

Mixed-use projects are eligible, but any residential element must have its portion of the investment subtracted from the calculations of tax value. The residential portion of the project may be eligible for other grants for the creation of opportunities for home ownership.

Revitalization

Economic development projects located within the commercial development area designated by City Council;

- The City may provide economic development grants for industrial and non-industrial projects that meet the following criteria:

1. The projects must create new employment.
2. The projects must increase the assessed value of real property by no less than \$500,000.
3. The project must be located in a designated commercial development revitalization area. Designated areas shall be adopted by City Council and may be amended by City Council only.
4. Commercial economic development grants may be for up to 100% of the net gain in property tax revenue generated by the project for a period not to exceed five (5) consecutive years that is the result of the new investment. Projects must not have started construction prior to consideration of the application;
5. Grants will be disbursed after payment of the annual property tax levy

Off-site Improvements to Infrastructure



As an alternative to providing direct economic development grants, the City may participate in making off-site improvements such as roads, rights of way, sidewalks, water and sewer lines, fire hydrants, underground utilities, street landscaping, and the like when such improvements are required to bring about desirable economic development.

Criteria for such participation are:

- Off-site improvements to infrastructure will be subject to an economic development agreement. The agreement may consider increased property taxes toward payment of the cost of the extension or improvement in the same ratio as for economic development grants. That portion of the property tax may be directed to the appropriate general or enterprise fund.
- If the improvements benefit only one property, the combination of the increased property tax and company participation shall account for the cost of the extension or improvement.
- If the improvement benefits multiple properties a pro-rata share of the cost of the improvement shall be assigned to requesting property.

City Property

The City may accept increases in prospective property taxes for up to ten (10) years as consideration for the sale of its business park properties. Such property sales will be subject to an economic development agreement that includes a guarantee of payment by the applicant if there is a shortfall between the projected property taxes and the actual property taxes paid during the agreement period. The use of City Property as an economic development incentive is an alternative to and not an addition to other economic development incentives.



Assistance to Entrepreneurs

The City may provide incentives to entrepreneurs by making grants of up to \$1000 for documented costs of tuition and materials for participation in small business

development training or consultation offered by recognized and accepted schools, colleges, and training facilities. All grants are reimbursable following successful completion and certification of the training and opening of the new business.

Adult businesses and private clubs are not eligible for this assistance. The new or expanded business must create new employment in the City of Herculaneum. Only costs for successfully completed training or business consulting assistance incurred within the calendar year prior to the opening or expansion of the business and directly related to the new or expanded business are eligible.

Assistance with Required Infrastructure



The City may budget to provide matching grants of up to \$5000 for the documented costs of additions or enlargements to public utilities within public rights of way associated with the opening of a new business or expansion of an existing business. Such assistance is limited to the addition of fire hydrants. To be eligible the new or expanded business must make application to City prior to construction, must create new employment and must increase

the City’s tax base by \$200,000 or more. The grant shall be made after the improvements have been completed and paid for by the applicant.

Business Retention Incentives

The City may provide incentives to retain business and industry under certain conditions. The intent of these incentives is to provide a tool for the City to retain significant tax base and employment in the event of a critical and potentially catastrophic business or industrial closing. Grants cannot be used to subsidize or artificially sustain businesses and industries when job losses or closings appear inevitable. Grants or loan funds under this program are intended to benefit the City, employee and citizen by increasing worker education, worker and company productivity and long-term industry competitiveness on a global basis. These incentives may not be used to protect companies from local business competition.



- Retention incentives may be used for the following purposes:
 1. Employee training
 2. Improving public infrastructure
 3. Modernization of plant or equipment
- Funding may be provided in the form of a loan or annual grants.
- Conditions of approval include commitment to maintain or increase levels of employment and tax base throughout the incentive period.
- Failure to comply with incentive conditions will result in the return of all incentive funds to the City.
- The recipient must agree to participate in public information programs about all modernization and employee training efforts in order to share information concerning successes in making local industries more competitive in the global economy.

Financing Tools

A list of potential financing tools should be developed including local, state and federal programs. As new programs are discovered or identified, the list should be modified.



Summary

Implementation

Review standards are discretionary, making long-term planning a challenge. It is difficult to prepare a master plan that anticipates all of the issues that must be addressed; however, there has been a great effort to address those issues of concern to the residents and leaders of the community.

Findings and Recommendations

This section describes a strategy for implementation; a philosophy of development that says that quality, innovation and superior projects are rewarded while mediocrity gains little attention and even less financial support. Dollars must be used wisely.

The primary short-term focus is to vigorously pursue development of the public realm. The development of a strong commercial base, development of parks, environmental mitigation areas, acquisition of key sites for public use, and similar tasks are high priority. It will require a focused effort; more detailed planning, fundraising activities, writing grant requests, presentations to potential funding agencies and organizations, enlisting the support of special interest groups, and related tasks.

Proper land development is critical to the image-building of the City. As such, its highest and best use is to support the implementation of the Master Plan as it outlines overall social, commercial, residential and environmental quality of life for Herculaneum.

A ½ cent Capital Projects Tax is being recommended on the August 2006 ballot to use as needed for water or any other project necessary.

