

**CITY OF REDDING, CALIFORNIA
COUNCIL POLICY**

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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-authorized Enterprise and Recycling Market Development Zone programs. 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, traffic impact fees, 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.

ELIGIBLE ACTIVITIES

Industries engaged in manufacturing, 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 distribution centers larger than 50,000 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.

- A. In order to qualify for the job credits, fee deferrals, and traffic impact fee waivers 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.
- B. The average wage of all jobs created by the project for which fee credits, fee waivers, 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 industrial or manufacturing employer, as defined above, that obtains a building permit for new construction, remodel, or rehabilitation within the City, will be eligible for job credits if the business is located in:
 - ▶ A redevelopment project area in the Enterprise Zone, \$1,500 per full-time employee.
 - ▶ In the Enterprise Zone, \$1,000 per full-time employee.
 - ▶ In the remainder of the City, \$500 per full-time employee.

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The maximum job credits shall not exceed \$500,000 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 deferred only if the total fee obligation, after job credits are applied, exceeds \$50,000.

<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 divided proportionally among the following fees, otherwise payable for qualified industrial projects:
- ▶ Sewer fees.
 - ▶ Water fees.
 - ▶ Storm-drain fees.
 - ▶ City permit processing 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.

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- 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.
- 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 both, 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 to be used to help fund improvements to City streets needed as a result of growth and development. In recognition that industrial development creates jobs, the City Council hereby waives Traffic Impact Fees for industrial development, as defined in this policy, which also meets the criteria for creation of jobs as set forth in the policy and enters into an agreement as stipulated in Section 1.

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.

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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 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 shall occur within ten working days.
- ▶ Upon resubmittal, any resubmitted plan check will be checked within five working days.
- ▶ The City will provide 24-hour, 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. 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. These additional fees shall not be deferred.

C. Plans for Public Improvements

The initial review of plans for public improvements shall occur within ten working days of plan submittal.

5. STILLWATER LAND INCENTIVE

During the global recession, the City of Redding recognizes the importance of creating immediate construction-related jobs in addition to quality long-term jobs at Stillwater Business Park. Therefore, as an incentive to create immediate and ongoing employment, the City Council has established the following policy with regard to offering a free lot at Stillwater Business Park in accordance with the following provisions. This policy shall remain in effect only through December 31, 2010, and shall expire after that date without further action by the City Council.

A. Upon appropriate agreement of terms with the City, and City Council approval, ownership of a lot in Stillwater Business Park shall be transferred free of charge to the first party that meets the following criteria:

- ▶ The company must obtain a building permit and commence construction prior to December 31, 2010. The company must be operational by December 31, 2011.
- ▶ 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.
- ▶ Specific terms for transferring ownership of the lot shall be determined individually through an agreement with the prospective company.

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Amended April 16, 1996, by Resolution No. 96-76.
Amended December 7, 2004, by Resolution No. 2004-197.
Amended March 16, 2010, by Resolution No. 2010-35.