

July 19, 2018

Interchange Business Park (Pad-Site)-Local Incentives

Narrative:

The approximate 20-acre site in Interchange Business Park that is now being prepared for a build-ready pad-site will have a value of \$1.5 million. This value was reached by adding the land value times the number of acres (\$25,000/acre x 20 acres=\$500,000) plus the total value of prep work completed on the site to complete the pad (approximately \$1 million). This means the site's value is \$1.5 million or \$75,000/acre. It is important for the City to recover its investment in this site to be able to attract a quality industry to the site and begin planning for a future site.

Minimum Investments:

To provide a consistent message to potential purchasers of this property and those entities who would be assisting the community in locating industry to the site, we need to set minimum levels of: building footprint, jobs to be created, capital investment. Before someone inquires as to whether the community would sell this prime industrial site to build a 25,000 sq. ft. building, thereby, limiting the ability to market the remaining property; we should consider two minimums:

- A. 200,000 sq. ft. industrial building footprint-taking the entire 20 acres (cost \$1.5 million)
Must meet these criteria:
 - Will employ at least 200 f/t employees who average \$15-20/hour
 - A minimum capital investment (building/equipment) of \$10-\$20 million
- B. (2) 100,000 sq. ft. industrial building footprint-taking half of the 20 acres
Must meet these criteria:
 - Will employ at least 100 f/t employees who average \$17-\$20/hour
 - A minimum capital investment (building/equipment) of \$15 million

At these designated minimums, the company will have met the threshold to apply (*) for the following incentives:

Local Incentives:

- A \$5,000 per/job created as a "credit" against the cost of the land
Examples: 200,000 project creates 200 jobs (at minimum) gets a \$1 million credit
(With an additional \$5,000/job capped at an additional 100 jobs)
Company therefore is creating a total of 300 jobs and the land + improvements are "free"
- (or)
100,000 project creates 100 jobs (at minimum) gets a \$500,000 credit
(With an additional \$5,000/job capped at an additional 50 jobs)
Company therefore is creating a total of 150 jobs and the land + improvements are "free"

The job credit may be applied for through the City Manager, City of Crossville and must be reported each year and if the company does not reach a minimum of 80% of job projections, the City will have the discretion of recovering land + improvement values at \$75,000 per acre for up to \$150,000.

- Payment in Lieu of Taxes (PILOT): One example of what a PILOT might look like to a qualified company on real and personal property could be:

Year #1 through Year #3.....0%
Year #4 through Year #5.....25%
Year #6 through Year #8.....50%
Year #9 through Year #10...75%
Year #11 and on....100%

A company not reaching job targets of at least 80% over a five-year period will have the PILOT immediately terminate at the end of Year #5. The timetable to gain PILOT approval is roughly 2 months from the date of the application.

Additional Benefits:

- A. Municipal utility tap-fees will be waived if a company applies for and receives a PILOT. This benefit is automatic upon the approval of the Industrial Development Board which is the final step in the PILOT approval process. Should the company fail to reach job targets in five years, these fees will be reassessed to the company.
- B. Middle Tennessee Gas Utility District
- C. Volunteer Energy Cooperative
- D. Tennessee College of Applied Technology