



Economic Development Grant Programs

The Monroe City Council commits itself to the long-range economic well-being of its Citizens through the proactive creation and use of its Economic Development Grant Programs. The City's interest is to maintain an on-going progressive plan to enhance and secure job opportunities, while sustaining its existing economic health and prosperity. The City Council believes strongly in maintaining a forefront position that it is ready to attain new business by soliciting and providing incentive monies that will offset the capital costs associated with an opening, expanding, or relocating a new facility.

The following Economic Development Incentive Programs address the above through the allocation of all available City resources, as the Monroe City Council deems necessary, to respond to requests from prospective businesses and developers. Development projects add new job opportunities and promote a better quality of life for our Citizens, while sustaining the integrity of the City's economy, broadening the tax base, and generating positive growth.

Economic Development Incentive Grant (Industries Only)

The Monroe Economic Development Incentive Grant Program is a set of guidelines for the administration of City resources in the inducement of industry investment via retention and recruitment. The programs created by the City Council are based in North Carolina General Statutes (NCGS §158 and §160A). The intention of the Grant program is to maintain the flexibility to change with the particular needs and issues that arise on a project-to-project basis; therefore, City Council may apply variances to the Grant program, as they deem necessary. Nothing in this grant program is intended to be a pledge of the full faith and credit of the taxing power of the City of Monroe.

Qualification for Grant Consideration

1. To qualify for consideration for an Economic Development Incentive Grant, a company must complete the Economic Development Incentive Grant Application (Blue Form), including the Wage Calculation Worksheet. The application must be accompanied by a letter of request, on company letterhead, addressed to the City Manager and copied to the Business and Economic Development Department Director. A copy of the application form and draft letter can be obtained through the Economic Development Office or from the EDC's website.
2. To qualify for consideration for an Economic Development Incentive Grant, an applicant must create a minimum capital investment in new taxable buildings, building improvements, equipment, machinery, and land improvements. The thresholds are established based on the applicant's status as an "Existing Industry" or "New Industry."

- (a) The minimum capital investment threshold to qualify for consideration for an Economic Development Incentive Grant shall be no less than Two-Million Dollars (\$2,000,000) for industries currently in the Corporate Limits of the City of Monroe or those requesting annexation into the City of Monroe to be in effect within a twelve (12) month period from grant approval. These industries are referred to as “Existing Industries.”
 - (b) The minimum capital investment threshold to qualify for consideration for an Economic Development Incentive Grant shall be no less than Three Million Dollars (\$3,000,000) for industries intending to locate within the Corporate Limits of the City of Monroe or those areas being annexed into the City of Monroe within a twelve (12) month period from grant approval. These industries are referred to as “New Industries.”
3. To qualify for consideration for an Economic Development Incentive Grant, an applicant must be the principal employer of persons associated with the considered capital investment. *Developers of property, speculative builders, or other applicants that do not employ persons directly associated with the capital investment are not eligible for assistance under the Economic Development Incentive Grant.*
 4. To qualify for consideration for an Economic Development Incentive Grant, an applicant must have existing or relocating operations involved in one or more of the following activities; manufacturing, processing, warehousing, distribution, data processing, office, or tourism. *Retail operations are not eligible for assistance under the Economic Development Incentive Grant Program.*
 5. To qualify for consideration for an Economic Development Incentive Grant, a New Industry applicant must hire a minimum of ten (10) full-time employees (FTE) associated with the capital investment. The applicant must maintain these FTE’s for the life of the grant period. *Existing industries are exempt from this provision.*
 6. To qualify for consideration for an Economic Development Incentive Grant, a New Industry applicant must pay the full-time employees (FTE), under the project, a minimum of 110% of Union County’s weekly average wage, as reported by the North Carolina Employment Security Commission (ESC). *Existing industries are exempt from this provision.*

Capital Investment Levels

| | |
|------------------|------------------------------------|
| Level I-a | \$ 2,000,000 – \$ 4,999,999 |
| Level I-b | \$ 3,000,000 – \$ 4,999,999 |
| Level II | \$ 5,000,000 – \$14,999,999 |
| Level III | \$15,000,000 – \$29,999,999 |
| Level IV | \$30,000,000 and greater |

Capital investment levels I-a, and I-b, must be reached within the first 12 months. Capital investment levels II, III, and IV must be reached prior to end of the grant period. If the levels are

not achieved, the applicant shall be in violation of the conditions of the grant program and must repay **all** grant payments in full to the City of Monroe, unless variances were agreed to by the Monroe City Council.

Calculation of the Grant Funding

The Maximum Grant Amount is calculated by City staff prior to Monroe City Council approval and appropriation of grant monies. The amount awarded is based on the taxable capital investment over the Grant Period using a standard depreciation schedule. The amount awarded is the maximum amount of assistance that can be received by the applicant for that specific grant. The Grant Period lasts five (5) years, beginning upon the submission of the Request for Funds Form (Green Form) and confirmation of all qualifying criteria. The Maximum Grant Amount will be paid in equal amounts. The Grant Factor is part of the calculation in determining the Grant Amount (see example below). The Grant Factor varies depending on the Capital Investment Level and as adopted annually by the Monroe City Council. The current year's Grant Factor Table (see *Appendix A*) is attached to each year's Request for Funds Form and used to determine the correct calculation.

- A **Level I-a** is reserved for qualifying Existing Industry *only* and the Grant Period lasts five (5) years.
- A **Level I-b** is reserved for qualifying New Industry *only* and the Grant Period lasts five (5) years.
- A **Level II** is for all qualifying industries and the Grant Period lasts five (5) years.
- A **Level III** is for all qualifying industries and the Grant Period lasts five (5) years.
- A **Level IV** is for all qualifying industries and the Grant Period lasts five (5) years.

$$(Assessed\ Value\ of\ Capital\ Investment) \times (Grant\ Factor) = (Maximum\ Grant\ Amount)$$

$$(Maximum\ Grant\ Amount) / (Term\ of\ Grant) = (Annual\ Payment)$$

Example:

$$\$35,000,000 \times .0250 = \underline{\$875,000} \text{ Maximum Grant Amount}$$

$$\$875,000 / 5 \text{ years} = \underline{\$175,000} \text{ Maximum Annual Grant Payment}$$

Qualification for Grant Payment

1. To qualify for consideration for an Economic Development Incentive Grant, an applicant must supply an itemized list of machinery and equipment for each project considered at the time of fund request. Fund Request Forms, which do not differentiate items associated with the considered capital investment, *may* not be considered for assistance under the Economic Development Incentive Grant Program.
2. Only one (1) grant will be awarded and funded per project, including all associated building and land improvements, machinery and equipment purchased or relocated, and jobs created or relocated.

3. To receive any grant monies, a recipient company must be in good standing with the City of Monroe in regards to all taxes, fees, utilities, ordinances, etc.
4. Grant payments will *only* be made when the minimum investment of new buildings, equipment and improvements have been completed and the recipient company has agreed to the assessed value of the qualifying capital investment, unless the Monroe City Council agreed to variances.

APPENDIX A:

Monroe Economic Development Incentive’s Grant Factor

The Monroe-Union County Economic Development Commission and the Monroe City Council has adopted the following Grant Factor Table for FY 2017-2018.

Grant Factor Table for FY 2016-2017

| Investment Level | Grant Factor |
|-----------------------------|-------------------------|
| Level I-a | 0.0150 |
| Level I-b | 0.0150 |
| Level II | 0.0220 |
| Level III | 0.0235 |
| Level IV | 0.0250 |