

Economic Development 101

- **Business Retention**
- **Business Expansion**
- **Business Attraction**

Economic Development 101

Define your Field of Play



Food Innovation Districts

- An Economic Gardening Tool
- Expand a Regional Food Industry
- Attract Emerging Food Processing facilities
- Lead Industry in Technological Innovation



Build on existing Clusters

Kent County has 85 Manufacturing facilities

13 are “Food Manufacturers”

17 are “Metal Fabricators”

Beyond that Kent County has 167,000 acres of farmland – 59,568 (35%) of which are permanently preserved.

2013 Market Value of products sold:

\$ 212,000,000

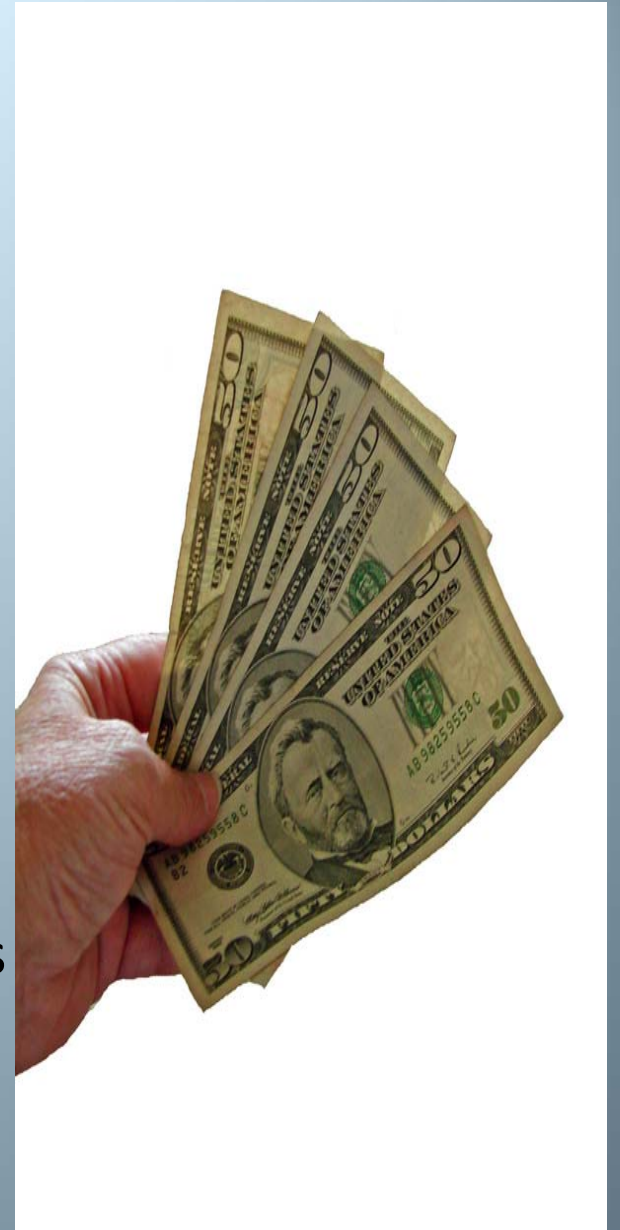
Substantial Public Investment Preserved Farmland

KENT COUNTY	FARMS	ACRES	COST
SETTLEMENTS FINAL	383	59,568	\$89,579,817
PENDING APPS.	44	2782	\$16,818,738
<u>TOTAL</u>	<u>427</u>	<u>62,350</u>	<u>\$106,398,555</u>
EST. DISCOUNTS			\$124,729,578
PENDING DISCOUNTS			\$24,218,983
<u>TOTAL DISCOUNTS</u>			<u>\$148,948,561</u>
<u>TOTAL PUBLIC INV.</u>			<u>\$255,347,116</u>

Food Manufacturing Wages

Region	Firms	Employees	Avg. Wages
Phil. Camden Wilmington	496	20,098	\$46,332
Dover	10	1,969	\$38,428
U.S.	30,135	1.47 million	\$42,588

Nationally the average firm employs 49 workers
Food Manufacturing multiplier is 1.75



The Site Selection Process

Point A to Point B

Every Project is Different

Phase 1- Community Evaluation

- Project Set-up
- Define Project Criteria
- Confidentiality
- Community Evaluation and Short list

Phase 2- Site Search and Analysis

- Real Estate Search
- RFP from Short-listed Communities
- Site Due Diligence

Phase 3- Negotiation and Final Selection

- Incentives negotiation
- Site Acquisition
- Project Announcement

Phase 1-Community Evaluation

Project Set-up

- At the outset, it is critical for the project team to agree on the criteria and the business strategy for conducting the location study, and to develop a set of project success metrics.

Phase 1-Community Evaluation

Define Project Criteria

Typical information requested and discussed during the initial stage includes:

- Customer proximity
- Competitor proximity
- Legal, financial, and marketing considerations
- Land requirements for initial project and future expansions
- **Utility requirements (water, sewer, gas, electricity), current and future**
- **Workforce requirements**
- Technical labor skills required
- **Training strategies and requirements**
- Recurring costs (State and local taxes, wages, payroll taxes, utilities, etc.)
- Proximity to airport and required service level
- Incentives and cost off-sets
- Quality of life
- Cost of living
- Cost of construction

Phase 1-Community Evaluation

Confidentiality

The site selection process is conducted on a confidential basis, for a number of reasons:

- Avoid disruptions to current operations from employees, government officials, or suppliers.
- Improves the negotiating position
- Allow the process to be driven by factors decided at the outset, rather than reactions to outside groups
- Maximize the marketing value of the project announcement
- Minimize sales hassle from vendors, brokers, and community representatives
- Shield the company from unwanted public scrutiny creating a positive, competitive environment within which to negotiate final agreements.

Phase1 –Community Evaluation

Community evaluation and Short List

- Local and Regional Demographics (e.g., population and labor force)
- Education & Training Programs (e.g., number of college and technical graduates, regional R&D activities, and local training programs)
- Human Capital (e.g., labor availability and skill levels)
- Labor costs by selected employment categories
- **Regional Infrastructure Capacity (e.g., water, wastewater, electricity, and transportation)**
- Proximity to Customers and Suppliers
- Business Costs (e.g., federal, state, and local taxes such as income, franchise, business activity and sales taxes)
- Business climate (receptiveness to new economic development, labor laws)
- Likely availability of suitable sites and/or buildings
- Presence of competitors and customers
- Comparative cost of living
- Comparative cost of construction
- **State and Local Incentives (e.g., property tax abatements, labor training funds, sales tax rebates, sales tax sharing, and various local and state public sector fee waivers)**

Phase 2-Site Search and Analysis

Real Estate Search

In commercial real estate there is no single repository with all available properties, so utilizing multiple sources of information is important. Site Selection firms use various commercial real estate databases, communicate with local economic development organizations, and utilize other publically available listings.

Phase 2-Site Search and Analysis

Request for Proposal

- A Site Selection firm will develop and issue a request for proposals (RFP) from the short listed communities. The RFP will ask for detailed and specific information and data on the community, appropriate sites, and additional information. At this point community visits are typically scheduled. **Incentives are ranked, including the type, estimated values and duration.**

Phase 2-Site Search and Analysis

Site Due Diligence

- **Legal**
 - Draft contracts
 - Shell Acquisition
 - Title review
 - Environmental review
- **Real Estate Analysis**
 - Site Assessment
 - Preliminary title review
 - Acquisition strategy

Phase 2-Site Search and Analysis

Site Due Diligence (cont.)

- **Architecture**

- Site Plans, building layout
- Building design standards
- Zoning & Permitting process/timeline/risks
- Covenants & restrictions
- Site & building security
- Local noise ordinances
- Timing for planning discussions/disclosure

- **Civil Engineering**

- Land Use & Soils
- Environmental issues
- Utility service analysis
- Site cut & fill requirements
- Impervious cover restrictions
- Easement issues
- Water rights/usage
- Transportation issues

Phase 3-Negotiation/Final Selection

Incentives Negotiation

- Mandated by Legislative action
 - Job training tax credit
 - State income tax credit
 - Cash grant/"Strategic fund"- Governor's discretion
 - Depreciation schedule for unique asset
 - Infrastructure improvement acceleration
 - Job training grants
 - Tax Incentive Financing (TIF)
- Existing negotiated incentives
- Other incentives-Non-defined project support
 - Infrastructure construction
 - Project financing
 - Transportation project accelerations
 - Revision of existing state tax law

Phase 3-Negotiation/Final Selection

Site Acquisition and Project Announcement

Development agreements are executed for entitlement, infrastructure and incentives.

- Infrastructure
 - Finalize rates, routes, timeline
 - Electrical, gas, water, wastewater, transportation
- Development / Entitlement
- Incentives
 - Finalize negotiations, file applications, secure approvals, final legal agreement

Where Kent County Excels

- Water Availability
- Wastewater Treatment Capacity
- Transportation Infrastructure
- Agricultural Assets
- Reliable Workforce/Educational Assets
- Business Friendly
- Realize the American Dream

The Announcement

