



# Fallon East Economic Development Zone Incentives Package

## **PURPOSE:**

To establish an Incentives Package (Package) to further promote the City's economic development goals and objectives for the Fallon East Economic Development Zone (Fallon East EDZ). This Incentives Package is limited only to those targeted industries in the Fallon East EDZ. Those targeted industry sectors prioritized by the City Council for the Fallon East EDZ include:

- Life Sciences<sup>1</sup>
- Advanced Manufacturing
- Clean/Green Technology
- Automation and Robotics
- Technology
- Startups and Incubators

The Package will help promote the following economic development goals and objectives:

- Assist the City in attracting businesses in the targeted industries as prioritized by the City Council.
- Increase the local tax base, including sales and use tax, transient occupancy tax and/or property tax.
- Diversify the local economy.
- Attract, grow, and advance employers that create or provide sustainable, living wage jobs.
- Repair, expand, and improve City infrastructure as needed to attract high quality private development.

The Package includes both City specific programs and the marketing of state and federal financing programs.

## **City Programs:**

1. Property Tax Sharing
2. Streamlined Development Review
3. Fee Reimbursement
4. Green Construction Incentive

## **Marketing of State/Federal Financing Programs:**

5. Industrial Development Bond Program and Statewide Community Infrastructure Program
6. Assistance with Federal and State Incentives/Tax Exemptions

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<sup>1</sup> The life sciences sector includes but is not limited to companies operating in the fields of biotechnology (including genetics), pharmaceutical, medical device and diagnostics, food service/food processing, and other efforts towards the discovery, development and delivery of products to improve the lives of organisms.

## **CITY PROGRAMS**

### **1. Property Tax Sharing**

The Property Tax Sharing Incentive provides sharing of a portion of the City's property tax revenue received that is attributable to the parcel in the range of between 30% to 50% for a period of either five or 10 years.

Annual reimbursement is based on a cap of total capital investment, net new job creation, and actual incurred costs of eligible expenses such as:

- New building construction
- Purchase of new machinery and equipment
- Construction or improvement of infrastructure required for new location or expansion

Eligibility: Offered on a case-by-case basis. Applicant may be property owner, ground leaseholder (with a lease of at least 10 years or longer), or developer of projects exclusively or primarily for end-user(s) in targeted industries.

### **2. Streamlined Development Review and Fee Deferral**

In addition to the Business Concierge Program services offered citywide, developers and end-user businesses are offered:

- Streamlined Approval Process through a cross-departmental team available to work with developer and their design/construction teams throughout the process.
- Expedited Review with priority review by Staff for planning entitlements (on a case-by-case basis).
- Special EDZ pre-application process, including increased number of hours that staff provides at no charge to applicant (on a case-by-case basis).
- Deferred payment of City Impact Fees to first utility meter (or two years, whichever is shorter).

Eligibility: As noted above. Applicant may be property owner, ground leaseholder (with a lease of at least 10 years or longer), developer or end-user business. For end-user business undertaking tenant improvements, business must have lease of three or more years and at least five full-time equivalent employees to be eligible for incentive.

### **3. Reimbursement of Building Permit and Inspection Fee Cost**

This incentive provides a reimbursement of 20% of the cost of City Building Permit and Inspection Fees for new building construction or tenant improvement projects (on a case-by-case basis).

- For project with known end-user tenant (i.e. build to suit), reimbursement to be issued after certificate of occupancy has been received.
- For project with unknown end-user tenant(s) at time of application (i.e. spec development), reimbursement to be issued after certificate of occupancy has been issued and tenancy requirement (50% leased to tenants in targeted industries within eight months of completion) has been met.
- For end-user business undertaking tenant improvements, business must have lease of three or more years and at least five full-time equivalent employees to be eligible for incentive; reimbursement to be issued after certificate of occupancy has been received.

Eligibility: Applicant may be property owner, ground leaseholder (with a lease of at least 10 years or longer), developer or end-user business.

#### **4. Green Construction Incentive**

This incentive reimburses a portion of the cost for LEED certification if building is owned by or at least 50% leased to one or more tenant(s) in targeted industries by the time of LEED certification:

- LEED Gold: Up to \$15,000
- LEED Platinum: Up to \$20,000

LEED certification is handled by Green Business Certification Inc., not the City of Dublin. Amount of reimbursement would not exceed 50% of the actual application cost paid by developer to GBCI and will only be reimbursed after successful certification.

Eligibility: All projects that are certified as LEED Gold or Platinum. Applicant may be property owner, ground leaseholder (with a lease of at least 10 years or longer), or developer of projects exclusively or primarily for end-user(s) in targeted industries.

### **MARKETING OF STATE/FEDERAL FINANCING PROGRAMS**

#### **5. Industrial Development Bond Program and Statewide Community Infrastructure Program**

Staff will market and provide information on the State's Industrial Development Bond Program and the Statewide Community Infrastructure Program.

Eligibility: This incentive is offered to all projects.

#### **6. Assistance with Federal and State Incentives/Tax Exemptions**

Staff can provide information on various State and Federal incentive programs and tax exemptions, or utilize the services of the City's state and federal advocacy consultant to host educational workshops and assist new end-user businesses to apply for certain State and Federal programs, such as:

- Manufacturing and Research and Development Partial Sales and Use Tax Exemption
- State Sales and Use Tax Exclusion
- State Research & Development Tax Credit
- California Competes Tax Credit
- Employment Training Panel
- Federal Work Opportunity Tax Credit

Eligibility: This incentive is offered on a case-by-case basis for projects and end-user businesses.

### **APPLICATION PROCESS**

As part of the application process, applicants shall be required to agree that, as required by California Labor Code Section 1720 et seq., if project is determined to be a "public work" as that term is used in Section 1720 of the California Labor Code, then the project shall include prevailing wages and otherwise comply with the all-other applicable laws and regulations with respect to prevailing wage. Participants in any of the incentive programs will be responsible for ensuring that the improvements are in compliance with the Prevailing Wage Law.

Applicants will also be required to agree that, if required by Assembly Bill 562 (2013), applicant will follow all procedures including prevailing wage, public hearings and reporting requirements.

Furthermore, applicants will be required to demonstrate that, but for the respective incentive, the development or improvement would not occur.

Upon receipt of a complete application for one or more of the package incentives, the request will be presented to the Economic Development Committee for review and recommendation. Requests approved by the Economic Development Committee will then be presented to City Council for final approval when applicable.