



Approved by City Council 3/7/2023

CITY OF TULARE ECONOMIC DEVELOPMENT INVESTMENT PROGRAM GENERAL PROGRAM GUIDELINES

PURPOSE

The purpose of the Economic Development Investment Program is to attract new private sector investment and job creation within the Tulare city limits. Under these programs the City may, on a case-by-case basis, provide financial assistance to or on behalf of a company where a positive return on investment to the City and/or community can be determined.

This program is not typically available to support single family, multi-family, or retail type uses unless the project is located within a special district. The City may consider mixed-use projects, hotel, grocery, and destination retail uses.

1. *City of Tulare Small Business Incentive Program*

This program is applicable to projects in which developers are making a minimum capital investment of \$1,000,000 (not including land acquisition and soft costs) and creating a minimum of 10 full-time jobs paying at or above the Visalia-Porterville Metropolitan Statistical Area average wage plus benefits. The City may waive or adjust these minimum requirements for projects that offer a significant return to the City or offer some other significant measurable benefit. The maximum incentive through this program is \$150,000.

2. *City of Tulare Large Project Incentive Program*

The purpose of the Large Business Incentive Program is to attract new private sector investment and job creation to the City. This program is applicable to projects in which developers are making a minimum capital investment of \$10,000,000 (not including land acquisition and soft costs) and creating a minimum of 50 full-time jobs paying at or above the Visalia-Porterville Metropolitan Statistical Area average wage plus benefits. The City may waive or adjust these minimum requirements for projects that offer a significant return to the City or offer some other significant measurable benefit. There is no maximum incentive amount through this program.

GENERAL PROVISIONS

1. *Council discretion and policies:* The use of development incentives will be subject to any specific criteria adopted by the City for that particular development tool. Where applicable, those criteria are included in this policy document. A decision to use development incentives is based on a return on investment perspective for the City. Projects that can demonstrate a positive return in new property tax, sales tax, hotel transient occupancy tax, or other revenues including development fees and utility

revenue will be considered for incentives. It will be within the discretion of the City in each and every case to determine the appropriateness of the use of incentives.

- 2. Use of City funds:** The existing general revenues of the City may be pledged for projects, in certain circumstances. The use of bonds that are adequately secured by the development shall not, in general, be considered a pledge of general revenues.
- 3. Minimum tools necessary:** Only the minimum level of incentives necessary to bring a project to fruition should be approved. The City may consider the layering of multiple incentive tools as long as it is the minimum level of incentives necessary.
- 4. Permits and fees required:** The City may consider the granting of fee waivers, credits, and extensions as a part of any development incentive.
- 5. No artificial decrease in tax base:** When a development incentive is based upon incremental increases in property values or economic activities, taxes will not be reduced below the base year established as part of the project except as allowed by state statute.
- 6. "But for" test:** In all cases, the City should make a determination that "but for" the use of specific incentives the development proposed is not likely to happen. This conclusion does not necessarily rest upon whether or not a particular developer is likely to pursue a project, but rather whether such a project is likely to occur without the use of development incentives.
- 7. Indemnity:** Developers shall indemnify the City and hold it harmless from all regulatory compliance and environmental matters concerning the proposed project, and to demonstrate financial ability to do so or provide adequate surety.
- 8. Financial reporting and benchmark assessment required:** All development incentives will require periodic reporting by the developer to assure the economic targets used to justify the use of incentives have been met. A failure to meet those targets will result in the reduction or elimination of future benefits from the development incentive.
- 9. Development incentive reimbursement:** Development incentives should be provided as a reimbursement after the developer has met its project obligation or milestone to the extent feasible. For example, if a property tax or sales tax rebate is provided then the City would provide the rebate after taxes have been received by the City and any other obligations have been met (ie. evidence of capital investment, number and wage level of jobs created, etc.).
- 10. Independent financial review:** Independent financial review of the developer and their project proposal to determine feasibility may be required the Large Business Incentive Program.
- 11. Limitation on Incentives:** There is no limit to the dollar value of the incentive to be provided however, in calculating return on investment, projects that can demonstrate a five to ten-year return to the City will be prioritized over projects with a longer return. Projects that are located within a special district may be granted additional consideration.

12. Authority: This program is authorized by City Council under California Government Code Sections 53083 and 53084. The developer shall consent to meeting all applicable requirements including the payment of prevailing wages should it be applicable. Each incentive recipient will be responsible for determining whether its project will be subject the prevailing wage requirements of the California Labor Code because of receipt of incentives from the City.