

# ED/GE RENEWAL RECOMMENDATIONS

City of Brookville Council Meeting

December 3, 2019

2020-2029 ED/GE RENEWAL RECOMMENDATIONS





Commissioner  
**Debbie Lieberman**



Commissioner  
**Judy Dodge**



Commissioner  
**Carolyn Rice**

*We create value by investing in people, the economy,  
and services for all to lead safe, healthy, and  
productive lives.*



**ED/GE MISSION STATEMENT:** The purpose of the ED/GE Program is to **create and retain jobs** in the County; **enhance** jurisdictional and County tax bases; **compete** successfully in national and international markets; and, **share the benefits** of area-wide economic prosperity among all jurisdictions in the County.

- Current ED/GE contract expires December 31, 2019
- Montgomery County has been working with an Advisory Committee since August 2018 to make recommendations to improve the program
- Recommendations will be incorporated into 2020-2029 contract

RENEWAL ADVISORY COMMITTEE



- The ED/GE program began in 1992
- ED/GE Program has two inter-related, but separate funds:
  - **Economic Development Fund (ED)** enables participating jurisdictions to apply for grants on behalf of businesses that create jobs and invest in Montgomery County
  - The **Government Equity Fund (GE)** provides each participating jurisdiction with the opportunity to see benefits from economic growth in the County, regardless of where the growth occurs
- Program is renewed approximately 10 years (current cycle is 2011-2019)



BACKGROUND



## Economic Development (ED) Program

- \$2.5 million available annually
- Funding is competitive- applicants receive, full, partial, or no funding
- Two ED/GE cycles: Spring (April 1) and Fall (November 1)
- Jurisdictions apply on behalf of a business
- Eligible ED/GE expenses include acquisition, improvements to fixed assets, construction, leasehold improvements, etc.
- Ineligible ED/GE expenses include equipment, machinery, computers, furniture, vehicles, etc.
- Since 2010, the ED/GE companies committed to creating and retaining over 18,000 jobs.
- Program **leveraged \$50 for every \$1** of ED/GE

BACKGROUND



# Government Equity (GE) Fund

- Annually, a portion of increased property and income tax revenues collected as a result of the economic growth of program members is shared amongst participating jurisdictions
- Participants either contribute to, or receive money from, the GE Fund based on their relative growth for the previous year
- The program contains a settle-up provision (3 years) to ensure no jurisdiction contributes more to GE than it receives in ED grants
- Last distribution in 2010 due to negative property tax growth from the foreclosure crisis, expected delay due to Tornado damage

# GE Fund Goals

- Foster productive inter-local competition in pursuing economic development opportunities
- Strengthen the fiscal capacity of local governments to promote regional economic growth
- Share the costs and benefits of economic growth to promote economic health in all communities
- Promote reasonable and environmentally sound development practices

BACKGROUND





## **ED/GE RENEWAL ADVISORY COMMITTEE PROCESS:**

- Five (5) working meetings
- Thirteen (13) Committee Members
  - Six (6) Cities
    - Brookville, Centerville, Dayton, Kettering, Miamisburg, Trotwood
  - Three (3) Townships
    - Butler, Harrison, Miami
  - Three (3) Business Representatives
    - Green Tokai, NCIC Capital Fund, Dayton Chamber
- Two (2) Consultants
  - Jack Dustin (WSU), Doug Harnish (Market Metric\$)
- Countywide Survey
  - 22 Responses (56%)

**RENEWAL ADVISORY COMMITTEE**





## **ED/GE RENEWAL ADVISORY COMMITTEE PROCESS:**

- Reviewed current ED/GE Program
  - 2010-2019 Evaluation Criteria
  - ED/GE Program Structure
  - 2010-2019 Outcomes
    - Awarded Projects (2011-2018)
    - Annual Monitoring Results (2012-2017)
- Reviewed input from countywide survey
  - SWOT Analysis with responses
- Evaluated other models, both local and nationwide
  - MCO Futures Counties (9); Greene County Incentive Grant

**RENEWAL ADVISORY COMMITTEE**



## **RETAIN 2 ANNUAL COMPETITIVE CYCLES (SPRING & FALL)**

- Create “Open-Cycle” for attraction projects

## **ESTABLISH PRELIMINARY STAFF REVIEW PROCESS**

- Based upon **CRITERIA AND GUIDELINES** and **ROI**

## **50% OF ED/GE REIMBURSEMENT TIED TO JOB COMMITMENTS**

- Create more realistic job commitments (50% + 25% + 25%)

## **PROJECT AGREEMENTS REQUIRED**

## **RETAIN CURRENT GE FUND**

- Ongoing evaluation until fund reactivates
- Continue to explore alternatives (e.g. formula, distribution, etc.)

## **COMMITTEE RECOMMENDATIONS**



## **CRITERIA #1: JOB QUALITY**

- Jobs create and retained
- Payroll
- Benefits, including health and retirement
- Prioritize living wage (\$15 per hour)

## **CRITERIA #2: INVESTMENT**

- Total Project Cost (TPC)
- Cap at 10% of TPC or 100% of ED/GE eligible costs
- \$5,000 per job created or retained

**ED/GE CRITERIA & GUIDELINES 2020-2029 (PROPOSED)**



### **CRITERIA #3: PROJECT IMPACT**

- Multipliers/ripple effects (EMSI)
- Infill development and/or redevelopment of vacant facilities
- Foreign Direct Investment (FDI)
- “High growth” industries
  - Aerospace, Biomedical, Advanced Materials, IT, Manufacturing, R&D

### **CRITERIA #4: RETURN ON INVESTMENT (ROI)**

- Seven (7) year ROI target
- Model based on income and property tax

**ED/GE CRITERIA & GUIDELINES 2020-2029 (PROPOSED)**



Sector	Projects	ED/GE Investment	Leveraged Private Funds	Pledged Jobs Created	Pledged Jobs Retained
Aerospace	12	\$3,377,250	\$98,485,650	406	2,630
Automotive	17	\$6,528,293	\$1,207,088,002	2,066	5,512
Biomedical	9	\$1,762,161	\$73,149,111	924	1,023
Business Park/Spec Building	29	\$8,065,836	\$59,898,406	2,731	899
Call Center	5	\$2,675,000	\$61,310,525	3,445	1,090
Defense	6	\$900,000	\$16,754,700	433	310
EDO	36	\$4,586,846	\$44,003,621	605	280
Entrepreneurship	2	\$1,000,000	\$59,432,359	568	0
Food Production	6	\$1,493,367	\$54,393,823	375	185
Infrastructure	69	\$16,883,033	\$86,377,289	1,618	3,120
Logistics & Distribution	21	\$6,163,646	\$384,002,308	2,712	2,209
Manufacturing	155	\$21,157,166	\$769,613,319	6,039	12,669
Office	14	\$4,890,705	\$134,072,895	1,212	2,267
Other Service	5	\$475,061	\$12,231,542	131	216
Planning	80	\$3,066,385	\$5,557,190	1,309	201
Professional Services	10	\$1,456,250	\$13,286,250	509	241
Redevelopment	34	\$12,728,938	\$244,474,139	2,021	2,952
Training	6	\$1,345,000	\$12,705,750	213	50
<b>TOTAL</b>	<b>516</b>	<b>\$98,554,937</b>	<b>\$3,336,836,879</b>	<b>27,317</b>	<b>35,854</b>

1992 – Present: Total Projects by Sector





Year	Project Name	Sector	Pledged Job Creation	Pledged Job Retention	Private Investment	ED/GE
1992	I-70 Lewisburg Rd. Sewer	Infrastructure	0	0	\$0	\$174,000
1994	Salem Rd./Upper Lewisburg Rd. Water & Sewer	Infrastructure	8	4	\$219,725	\$150,000
1998	Green Tokai Co., LTD.	Automotive	210	50	\$14,650,000	\$250,000
2000	Regional Retention & Expansion Program	EDO	0	0	\$0	\$4,489
2001	Industrial Campus Roadway/Utility Extension	Infrastructure	100	5	\$262,535	\$250,000
2002	Norgren	Biomedical	60	143	\$5,032,000	\$193,000
2003	Stanhope Products Company	Manufacturing	15	38	\$1,308,000	\$125,000
2005	Antique Auto	Automotive	10	38	\$765,000	\$75,000
2005	Green Tokai Co., LTD.	Automotive	0	0	\$10,800,000	\$200,000
2006	Ad Master Supply	Professional Services	33	0	\$917,750	\$82,250
2006	Encore Systems	Manufacturing	17	17	\$725,000	\$125,000
2007	Payless Shoe Source	Logistics & Distribution	320	0	\$60,400,000	\$500,000
2007	Kitchen Solvers	Manufacturing	10	15	\$485,000	\$75,000
2008	ITI Manufacturing	Manufacturing	20	5	\$1,700,000	\$100,000
2011	Provimi North America	Food Production	42	0	\$2,050,000	\$250,000
2013	Flow Dry Technology	Manufacturing	18	0	\$455,000	\$140,000
2015	ACE Group (Project Albert)	Manufacturing	20		\$1,171,072	\$25,000
2015	Green Tokai	Automotive	15	60	\$13,373,502	\$200,000
2016	Green Tokai	Automotive	57	0	\$7,860,000	\$50,000
2018	Hofacker Precision Machining (Cancelled)	Manufacturing	3	0	\$ 1,570,000.00	\$56,250
2018	"Project Nora"	Automotive	80	0	\$149,000,000.00	\$400,000
<b>Totals</b>	<b>21 Total Projects</b>		<b>1,038</b>	<b>375</b>	<b>\$272,744,584</b>	<b>\$3,424,989</b>

1992 – Present: Brookville Projects Won

# QUESTIONS?





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