

Economic Development

Policy Revision

9/19/2023



Agenda

- Overview
- Economic Development Policy
- Policy Revision Options
- Next Steps



Overview and Request

Overview

- The Buncombe County Economic Development Incentive Policy was **last updated in 2017 and the wage schedule has not been indexed to change annually.**
- Since this change, the incentive policy has resulted in the **announcement of 6 projects, \$750M+ in capital investments, 1,000+ jobs, and average wages of \$60K+.**
- In recent years however, several economic factors (e.g., inflation, housing costs, income) have significantly changed and our **community has seen rising wages and rising costs of living.**

Request

Commissioners:

- Consider and select Economic Development policy wage schedule;
- Approve recommended changes to the Economic Development Policy; and
- Direct staff to assess the policy for additional changes (phase 2) to meet Strategic Plan goals.



Commissioner Questions

- **What are the considerations (e.g., benefits, trade-offs) for the increased wage schedule?**
 - Benefits:
 - Increased wage incentive schedule provides a financial benefit for the creation of jobs at higher wages
 - Opportunity to re-align with labor market and wage trends which have increased over time
 - Opportunity to encourage higher wages in the Western North Carolina region which has historically lagged behind the State of North Carolina
 - Trade-offs:
 - Wage incentives that do not align with the existing job market may not be utilized and decrease the number of projects brought before the Board of Commissioners
 - Wage incentives are designed to create wages that may not exist but for the incentive
- **Company-wide v. Project-specific Wage Thresholds (i.e., how do we ensure that all employees are receiving living wages?)**



Policy Revision



Wage Schedule

- **Issue:** Wage schedule has not been indexed and no updates have been made since 2017.
- **Recommendation:**
 - Adopt a wage methodology that is indexed and updates annually.
 - Require wages by occupation group and the percentage of local employees exceeding the current living wage at project application.
- **Wage Method Alternatives:**
 - **Average Wage (current method):** based on the average wage in Buncombe County. The average wage is \$24.25 in 2022.
 - **Median Household Income (BC):** based on the median single-person household (1 individual worker) in Buncombe County. The median is \$28.60 in 2022.
 - **Median Household Income (NC):** based on the median single-person household (1 individual worker) in North Carolina. The median is \$29.09 in 2022.



Wage Schedule Options

Per Job Incentive Payment	2017 Average Wage (current policy)	2022 Average Wage ¹	Area Median Income (AMI) - BC ²	Area Median Income (AMI) - NC ²
\$500	\$20.93 - \$26.92	\$24.25 - \$30.24	\$28.70 – \$35.74	\$29.09
\$750	\$26.93 - \$32.92	\$30.25 - \$36.24	\$35.75 - \$42.89	\$35.09
\$1,000	\$32.93 - \$38.92	\$36.25 - \$42.24	\$42.90 - \$50.04	\$41.09
\$1,250	\$38.93 - \$44.92	\$42.25 - \$48.24	\$50.05 - \$57.19	\$47.09
\$1,500	\$44.93 - \$50.92	\$48.25 - \$54.24	\$57.20 - \$64.34	\$53.09
\$1,750	\$50.93 - \$56.92	\$54.25 - \$60.24	\$64.35 - \$71.49	\$59.09
\$2,000	\$56.93 - \$62.92	\$60.25 - \$66.24	\$71.50 - \$78.64	\$65.09
\$2,250	\$62.93 - \$68.92	\$66.25 - \$70.24	\$78.65 - \$85.79	\$71.09
\$2,500	\$68.93 - \$74.92	\$70.25 - \$76.24	\$85.80 - \$92.95	\$77.09
\$2,750	> \$74.93	> \$76.25	> \$92.95	\$83.09

Sources: 1. BLS: https://www.bls.gov/regions/southeast/news-release/occupationalemploymentandwages_asheville.htm; 2. US Census quick facts: <https://www.census.gov/quickfacts/fact/table/buncombecountynorthcarolina,NC/PST045222>



Equitable Hiring

Current Policy

- Jobs created that pay between the range of Buncombe County's current living wage standard, determined annual for Living Wage Certified Employers by Just Economics of Western North Carolina, and 80% of the average wage rate and which are filled by an employee under one of the programs or initiatives below will qualify for a job incentive value of \$500 per employee:
 - Employees hired and registered under the NCWorks Apprenticeship Program;
 - Recipients receiving benefits under the Buncombe County STEP Program; and/or
 - Employees hired who were low-level, non-violent offenders.

Recommended Changes

- **Employers must participate in the Inclusive Hiring Partners, or equivalent workforce program, to be eligible for economic development incentives.**
- Jobs created that exceed the annual living wage and which are filled by an employees in the below categories will qualify:
 - NCWorks;
 - STEP or Work First program;
 - **Inclusive Hiring Partners;**
 - **Justice-involved; and/or**
 - **Employer specific wrap-around programs will be considered on a case-by-case basis.**
- **The minimum job incentive value of \$1,000 per employee.**



Next Steps and Request

Next Steps

- Briefing: 8/1
- Regular Meeting: 9/19
- Phase 2:
 - Evaluate Phase 1 policy changes for impacts
 - Ongoing: review best practices/benchmarks, coordinate with community, employers, and stakeholders, develop additional recommendations

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Appendix



Economic Development Projects



Automotive,
\$315M, 800 jobs, \$39K
avg. wage, \$19M incentive



Aviation,
\$126.6M, 52 jobs, \$40K avg
wage, \$2.6M incentive



HVAC,
\$17.9M, 100 jobs, \$39K avg.
wage, \$190K incentive



Automotive,
\$62M, 100 jobs, \$51K avg.
wage, \$450K incentive



Pottery,
\$2.38M, 50 jobs, \$46K avg.
wage, \$40K incentive

2010



Food,
\$85M, 160 jobs, \$41K avg.
wage, \$2.9M incentive



Beverage,
\$175M, 154 jobs, \$50K
avg. wage, \$8.5M
incentive



Aviation,
\$104.8M, 130 jobs, \$40K avg.
wage, \$685K incentive



Medical,
\$18.45M, 68 jobs, \$45K avg.
wage, \$170K incentive



Aviation,
\$650.0M, 800 jobs, \$63K avg.
wage, \$27M incentive



Logistics,
\$3.0M, 47 jobs, \$66K avg.
wage, \$100K incentive

For more information: <https://www.buncombecounty.org/governing/depts/economic-development/default.aspx>



Economic Development Investment Policy

- **Purpose:** Broaden and diversify the development of new business and industries. Induce companies to invest or expand in Buncombe County.
- **Authority:** NCGS 158-7.1 which states to “increase the population, taxable property, agricultural industries, employment, industrial output, or business prospects of the city or county.”
 - Provides requirements for public purpose, “necessity” (“but for”), economic development agreement, and repayment measures.
- **Eligibility:** Industries including manufacturing and assembly; processing; warehousing and distribution; data and information processing; and administrative headquarters.
 - Ineligible Industries: retail, commercial or residential projects.
- **Drivers:** Capital Investment, Jobs, Wages and Equitable Hiring (e.g., STEP, Inclusive Hiring Partners).



Investment and Job Thresholds

Capital Investment Thresholds

Initial Investment Between		Eligible # Yrs.
\$ 1,500,000	\$3,999,999	3
\$ 4,000,000	\$5,999,999	4
\$ 6,000,000	\$9,999,999	4
\$10,000,000	Up	5

Job Thresholds

Hourly Wage Rate Between		Value of Incentive per Job
Jobs created that do not initially pay at or above 100% of the average wage rate but which reach the average wage rate within four (4) years of the date of the incentive contract.		\$250
\$20.93	\$26.92	\$500
\$26.93	\$32.92	\$750
\$32.93	\$38.92	\$1,000
\$38.93	\$44.92	\$1,250
\$44.93	\$50.92	\$1,500
\$50.93	\$56.92	\$1,750
\$56.93	\$62.92	\$2,000
\$62.93	\$68.92	\$2,250
\$68.93	\$74.92	\$2,500
\$74.93	Or More	\$2,750

