



Gonzales, California

Economic Development

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City's Economic Development Incentives

If your business is growing, expanding, or locating in the City of Gonzales, you might want to look at the resources the City makes available to help your company highest degree of economic success. The City offers several incentives to assist qualifying businesses.

- **City's Economic Development Incentive Programs** - In an effort to stimulate the local economy, create and retain local jobs, and assist the business community the City of Gonzales offers several Economic Development Incentive Programs, including:
 - ❖ Development Impact Fee Deferral Program
 - ❖ Financing of Development Impact Fees (SCIP Program)
 - ❖ Economic Development Incentives/Inducements
 - ❖ Small Business Loan/Business Development
 - ❖ Customized and Coordinated Project Processing
 - ❖ Gonzales Grows Green (G3) Sustainability Program

Each of the proposed programs bulleted above are described below in more detail.

❖ **Development Impact Fee Deferral Program**

The following fees are eligible for a deferral under the terms and conditions of this program:

- ✓ Water Facilities Mitigation Fee;
- ✓ Sanitary Sewer Facilities Mitigation Fee;
- ✓ Fire Capital Facilities Mitigation Fee;
- ✓ Police Capital Facilities Mitigation Fee; and
- ✓ Circulation System Impact Fee

All Fee Deferrals must be secured by one of the following:

- Assigned passbook or certificate of deposit;
- Irrevocable letter of credit;
- Surety bond;
- Lien against the property;

- Negotiable securities if approved by the City Council; or
- Reservation of funds within the escrow account of the senior lender.

Program Participation Requirements

- Applicants for a Fee Deferral must have an approved project, defined as a project that has received final discretionary action by the Planning Commission/City Council including completion of all environmental compliance requirements.
- Any fees deferred would be paid at the rate in effect at the time of payment. Thus, inflationary adjustments will apply during the deferral period.
- No building permits will be issued until a fee deferral agreement has been executed.

A. Commercial and Industrial Projects

1. Fees may be deferred to either:

- a) Final Inspection; or
- b) A period of no more than 5 years from the date of permit issuance (This option requires a fee deferral agreement and a form of security).

2. The first three (3) years (36 months) of any deferral period may be interest-free payment-free; repayment with interest would begin at the beginning of the 4th year.

3. Interest charges would be waived for the entire deferral period for “Targeted Companies” defined as those bringing 12 or more full-time jobs with salaries of \$44,900 or more.

❖ **Financing of Development Impact Fees (SCIP Program)**

By partnering with the California Statewide Communities Development Authority (CSCDA) using the Statewide Community Infrastructure Program (SCIP), the City of Gonzales can offer new, cost-effective options for funding certain development impact fees on non-residential projects.

How does SCIP work?

SCIP allows the City’s development impact fees on non-residential projects to be financed. SCIP pays the City of Gonzales the development impact fees via tax-exempt bonds, and the developer/property owner applying for SCIP agrees to pay assessments to the SCIP over a period that may not exceed 30 years (secured by a lien against the property). SCIP can be used to directly prepay the impact fees or to reimburse the developer after fee payment.

❖ **Economic Development Incentive/Inducement Program**

In certain instances the City may consider approving an incentive/inducement to either retain, assist in the expansion of or attract a business (non-residential only). Through negotiation and adoption of a Development Agreement, the City may consider offering incentives in the following areas:

- ✓ Storm Water Impact Mitigation Fee Reduction (use of pervious paving materials; on-site water recycling). Percent of incentive is based upon % of water that is retained on site.
- ✓ Rebate of the City's portion of property tax, sales tax and/or transient occupancy taxes with the funding linked to a public improvement project that enhances business operations.
- ✓ Reduction of non-impact fees, i.e. building permit fees, plan check fees, etc

❖ **Small Business Loan/Business Development**

The City of Gonzales has an established Business Assistance Loan Program. The Program is capitalized with Community Development Block Grant (CDBG) funds provided by HUD to the State of California Department of Housing and Community Development (Department). Grant amounts approach a maximum amount of \$75,000 to \$100,000. The Program is designed to stimulate economic growth and create jobs that will improve the living conditions of residents in the community. The Program provides affordable non-conventional financing to eligible businesses and development projects. Businesses and development projects receiving these funds will be required to develop a sufficient number of net new jobs, or in the case of business preservation, retain existing jobs. HUD federal regulations require that one full time equivalent (FTE) job must be created for each \$35,000 in CDBG assistance provided.

Funds under this program are restricted to certain eligible costs. Some common eligible costs are: 1) operating capital; 2) furniture fixtures and equipment (FF&E); 3) rehabilitation of leased space or owned buildings (including engineering and architectural and local permits or fees); 4) purchase of manufacturing equipment (with or without installation costs); 5) refinancing of existing debt in conjunction with financing other eligible costs; 6) purchase of real property; 7) required off-site improvements; or 8) relocation grants for persons displaced due to funding of the project.

❖ **Customized and Coordinated Project Processing**

The City of Gonzales will expedite the processing of entitlements and building plan review of specific non-residential development projects that will benefit the City's local economy. A qualifying project is a non-residential development project that upon completion will result in one or more of the following:

- ✓ Create 12 new permanent full time jobs within the City;
- ✓ Create 8 new permanent full time jobs with wages of at least \$44,900, which is 85% of the median household income for Gonzales residents (\$52,928);

- ✓ Generate annual sales tax in excess of \$25,000;
- ✓ Investment resulting in a 10% increase in property tax revenue for the subject parcel;
- ✓ Any development proposal involving the expansion of an existing non-residential use that meets one or more of the above-stated criteria; or
- ✓ Another factor that is deemed appropriate by the City Manager.

Project Coordination will be provided by a city-appointed project manager from the City's Management Team. The Project Manager will serve as a single point of contact for the applicant throughout the project. The Project Manager will also facilitate interagency coordination with any other public agency that is involved in the development process.

- **Gonzales Grows Green (G³) Economic Sustainability Program** - The Gonzales Grows Green (G³) Economic Sustainability Program is a product of the "Gonzales Grows Green" Sustainable Community Initiative (G³ Initiative), an outgrowth of the City's Vision Statement adopted in 2005. The basic concept of sustainability is to allow the needs of current generations to be met in a manner that does not compromise the ability of future generations to meet their own needs. G³ Initiative is built around three principles:

- ✓ Economic Viability: Diversify and Grow
- ✓ Environmental Responsibility: Do the Right Thing
- ✓ Social Equity: Educate, Provide Context and Relevancy for, and to all City Residents

The cornerstone of the initiative is the formation of partnerships with private businesses, the Gonzales Unified School District, and other public agencies. The objectives are to improve community sustainability, foster business opportunities, improve regulatory compliance, community environmental awareness, and public safety.

The City has been successful in creating an environment for environmentally friendly businesses. The City utilizes technology developed by these businesses to promote ecological and economic sustainability. The City's team of sustainability experts can provide technical assistance regarding energy efficiency, clean and renewable energy resources, recycling and accessibility to green technology programs (incentives, rebates, tax credits). Through the City's sustainability program, business can find green technology solutions that are sustainable and affordable.