



Legislation Text

File #: 22-0078, **Version:** 1

Planning and Building Department, Economic Development Division, recommending the Board consider the following:

- 1) Consistent with the Economic Development objectives of Board Policy J-8, Special District Impact Fee Offset for Nonresidential Business Development, approve the use of Transient Occupancy Tax funds to offset the \$25,608 in Special District Impact Fees for the El Dorado Hills Fire District fees that were collected as part of the Building Permit Fees related to the construction of Tri-Square Construction Company's (Tri-Square) new facility in the El Dorado Hills Business Park;
- 2) Approve and authorize the Chair to sign the budget amendment to allow for the payment of the fee offset (4/5 vote required); and
- 3) Delegate authority to the Chief Administrative Officer to execute an agreement, if necessary, to proceed with the reimbursement of \$25,608 to Tri-Square.

FUNDING: Transient Occupancy Tax Reserve funds.

DISCUSSION / BACKGROUND

The County's adopted Strategic Plan contains five (5) main strategic goals, including Economic Development with a focus on enabling a prosperous and vibrant community. The Economic Development component further identifies goals and priorities to retain, develop, and attract businesses that provide economic sustainability and quality job creation, invest in infrastructure needs to maintain competitiveness, and nurture the County and Community' business friendly environment.

Consistent with the County's Strategic Plan and the Planning and Building Department, Economic Development Division's (Economic Development) mission statement, staff have been working with various stakeholders to seek and attract businesses to the County. As staff continue to speak with potential businesses and promote locating to the County, staff have learned that while site selection is a key factor, these prospective businesses often seek incentives when selecting a site. As the County seeks to build a well-balanced and linked ecosystem, it's imperative to implement strategies that increase our competitiveness in the business attraction process.

In an effort to recognize the importance of offering various types of incentives and develop incentive programs and strategies, the Board has adopted several economic development related policies. On October 9, 2018 (File No. 18-1552, Item No. 35), the Board approved Policy J-8, which provides for the offset of Special District Impact Fees for targeted non-residential business developments up to \$20,000 under the Chief Administrative Officer's approval. Any offset above \$20,000 requires Board approval.

Economic Development received a request from Tri-Square for an offset of Special District Impact Fees for the El Dorado Hills Fire District as part of the Building Permit Fees related to the construction of a new facility located at 4994 Hillsdale Circle in the El Dorado Hills Business Park. Tri-Square is a general and electrical construction company specializing in the construction and maintenance of wireless communication sites in Northern California and Nevada, including over 300

sites in the County. As part of their effort to expand the company's footprint and business operations, Tri-Square is in the process of constructing a new 26,400 square foot facility in the El Dorado Hills Business Park, which will primarily be used for current and expanded workforce as well as training of new employees and other industry professionals. It's estimated that they will be able to expand their workforce by an additional 24 new employees within three (3) years. Additional information, including an overview Tri-Square, can be found in Attachment C.

Pursuant to Board Policy J-8, section A, it is to the benefit of the County to incentivize non-residential business development. Localized business development offers prosperity to our community through the creation of new jobs, reduced commute times, improved quality of life and an assured tax base to provide service needs for existing and future residents of the County.

Additionally, pursuant to Board Policy J-8, section B, with priority given to existing businesses seeking to expand and remain in the County, Economic Development is recommending that the requested fee offsets associated with this project be granted, which total \$25,608 in El Dorado Hills Fire fees, be granted. This project will generate a high economic impact through job creation, high wages, large capital investments, and a variety of employment opportunities for County residents.

Board Policy J-8 fee offsets do not apply to any fees related to building permits that are not imposed by special districts. The total fee amount associated with this project is \$172,943.07, including Traffic Impact Fees (TIF) of \$97,566, school fees of \$17,424, fire district fees of \$25,608, and other various permit and impact fees making up the remainder of the amount (Attachment B). In recognition of the financial impact incurred through various development and permitting fees, of which the majority cannot be waived or offset for this project, Economic Development realizes the small but impactful importance a proposed incentive such as this represents to Tri-Square as well as any other perspective businesses who want to locate or expand in County. It's anticipated that through the collection of increased property taxes as a result of the increase in property valuation from the newly constructed building, the County will realize the amount in Special District fees offset within four (4) years. Economic Development also working with the Assessor's Office to confirm the estimated increases, and based on those estimates over the next four (4) years, it represents a return on investment (ROI) solely through property taxes that will be a direct benefit to the County in perpetuity. Along with the increase of at minimum \$7,000 per year to the property tax base, the County and community will see a return on investment in the way of job creation and increasing employment opportunities by improving workforce development skills. These investment returns along with meeting several County Economic Development strategic goals helps nurture the County and Community's business friendly environment.

Staff have worked closely with Tri-Square throughout the application process to provide supplemental information and determine applicability of Board Policy J-8 and are excited to present the Board with this recommendation as it is the first qualified opportunity since the policy was adopted in 2018 and it also represents a great project for the County. Economic Development has also worked with the Chief Administrative Office to review this request, and have received concurrence on staff's recommendation to the Board.

ALTERNATIVES

The Board may choose not to approve the proposed Special District Fee offset.

PRIOR BOARD ACTION

N/A

OTHER DEPARTMENT / AGENCY INVOLVEMENT

Chief Administrative Office

CAO RECOMMENDATION / COMMENTS

Due to the demonstrated return on investment, the Chief Administrative Officer finds that the project will provide a significant community benefit by providing prosperity to the County through the creation of local jobs and tax base, in accordance with Policy J8, and recommends approval of the fee offset.

FINANCIAL IMPACT

The proposed special district impact fee offset will result in an increase to Net County Cost in the amount of \$25,608; however, Economic Development is proposing that funding for this offset come from the TOT reserve fund. Among other uses, the TOT reserve fund was created in order to provide funding for economic development activities, including fee offset incentives for commercial development projects that meet the criteria of Policy J-8.

CLERK OF THE BOARD FOLLOW UP ACTIONS

N/A

STRATEGIC PLAN COMPONENT

Economic Development: This project furthers the Strategic Plan goals of retaining, developing, and attracting businesses that provide economic sustainability and quality job creation.

CONTACT

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