

# ECG Annual Meeting and and Economic Development Forum

March 30, 2010



### THE BEGINNING

- ➤ Master Tobacco Settlement (MTS)
- OneGeorgia Authority created
- > Policy Decision: 1/3 Rural Economic Dev

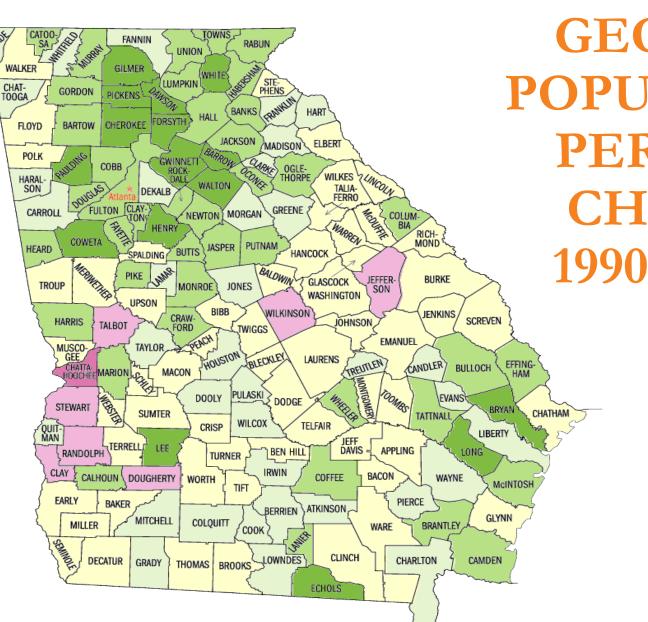
> \$1.6 Billion over 25 Year initial settlement



### GEORGIA BUDGET WOES

- > \$47 million redirected + interest = \$55 million
- > Three years 2008, 2009, 2010
- Operating from Reserves \$55 million
- Loan Portfolio critical





GEORGIA:
POPULATION
PERCENT
CHANGE
1990 to 2000

### Population, percent change

50.0 to 191.0

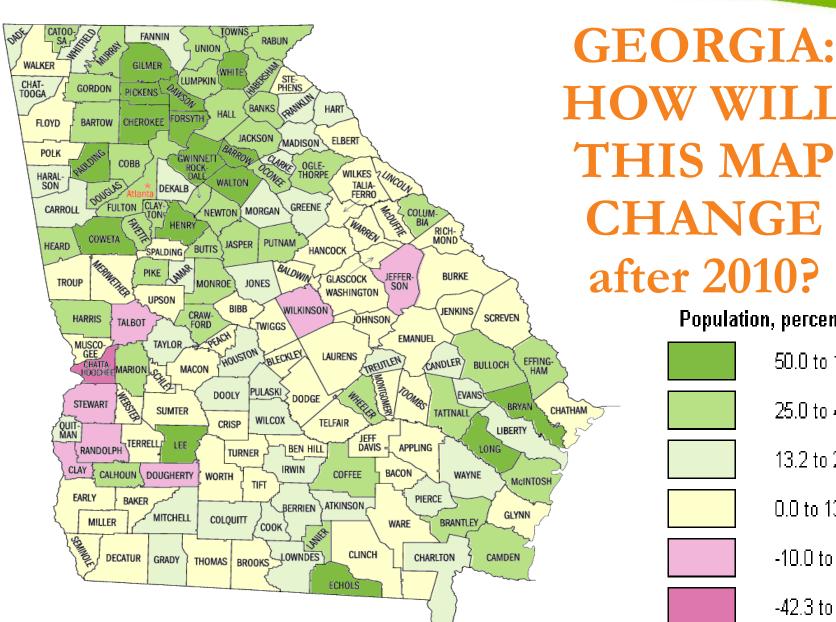
25.0 to 49.9

13.2 to 24.9

0.0 to 13.1

-10.0 to -0.1

-42.3 to -10.1



THIS MAP **CHANGE** after 2010?

Population, percent change

50.0 to 191.0

25.0 to 49.9

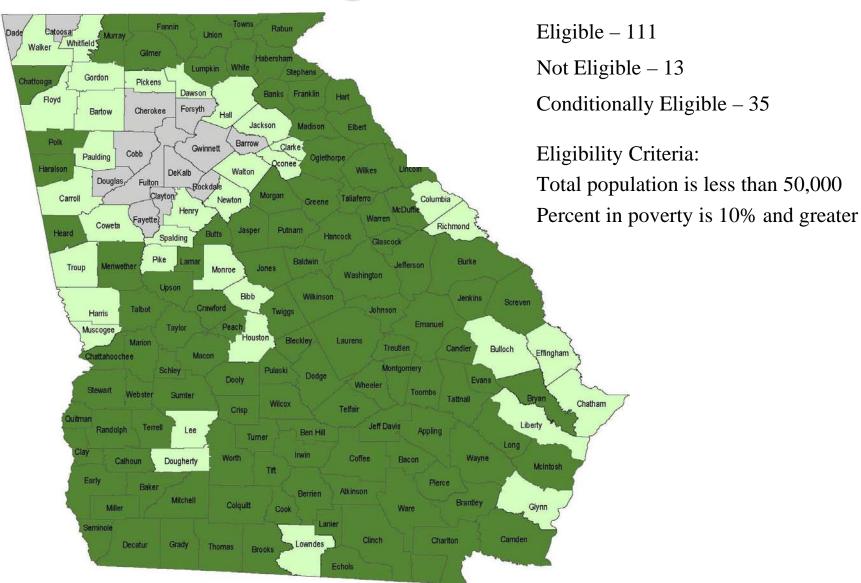
13.2 to 24.9.

0.0 to 13.1

-10.0 to -0.1

-42 3 to -10 1

### **Eligible Counties**



## What's NEW...

## What's HOT...



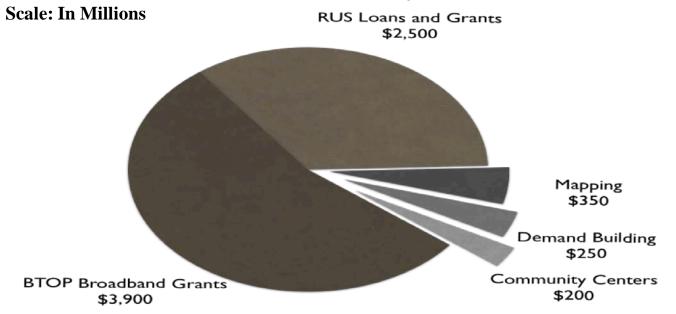
### American Recovery and Reinvestment Act (ARRA)

### **Broadband Stimulus Grants**

Round 1 and 2

### **ARRA Broadband Programs**

Overview \$7.2B



US Department of Commerce

NTIA BTOP - Broadband Technology Opportunity Program (Middle Mile Infrastructure, Mapping and National Broadband Plan) - \$4.7B

US Department of Agriculture

RUS BIP - Broadband Initiatives Program (Last Mile Infrastructure, Rural Broadband, Telemedicine, Distance Learning) - \$2.5B

### Georgia Round 1 Application Process

- Formed Broadband Working Team and Application Evaluation Team
- \$4.5B in grants and loans made available
  - Over \$28B requested nationwide in projects
  - Georgia had168 applications
    - Multistate 75
    - BIP only 11 (no state recommendation)
    - Georgia specific 82

# Georgia ARRA Round 1 Broadband Wins

North Georgia Network Cooperative, Inc. (NGN)	\$33,490,537	ВТОР	260-mile regional fiber-optic ring
Level 3 EON, LLC	\$ 1,427,310	ВТОР	Four new access points on Level 3's existing broadband network
Columbia County Community Broadband Network	\$13,483,004	ВТОР	220-mile county-wide fiber network
GTA - State of Georgia Broadband Mapping Program	\$2,193,700	ВТОР	State-wide Broadband Data collection and analysis program
Flint Cable TV	\$4,095,913 – <b>Grant</b> \$4,095,913 – <b>Loan</b>	RUS	Hybrid Fiber Coaxial (HFC) network
Total	\$58,786,377		As of Mar 30, 2010

# Broadband Technology Opportunity Program (BTOP) Round 2

- Second NOFA released January 15, 2010
- Round 2 Final Applications deadline
  - March 15, 2010 (Sustainable Broadband Adoption, Public Computer Center applications)
     March 25, 2010 (Comprehensive Community Infrastructure applications)
- Approximately \$2.6 <u>Billion</u> available under this NOFA
  - -Approximately \$2.35 billion for Comprehensive Community Infrastructure (Middle mile Projects
  - At least \$150 million for Public Computer Center projects
  - At least \$100 million for Sustainable Broadband Adoption projects

# Broadband Initiative Program (BIP) Round 2

Last Mile projects

\$1.7 Billion

75% grant & 25% loan

• Middle Mile projects:

\$300 Million

75% grant & 25% loan

• Satellite projects:

\$100 Million

100% grant

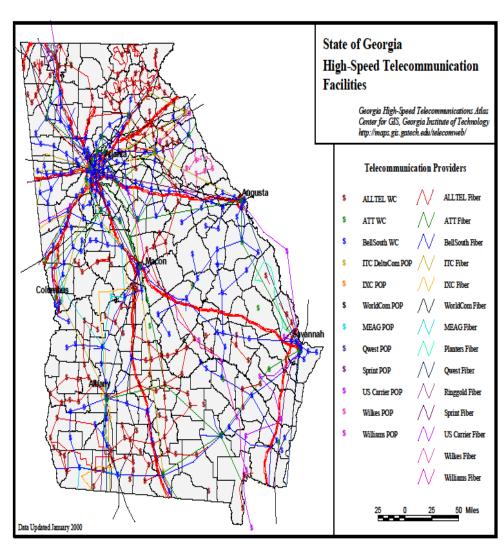
Rural Library Broadband

100% grant

\$5 Million

## Benefits of Georgia Mapping Program

- Publicly-Searchable Broadband Map & Database Will Contain:
  - 1. Geographic areas in which broadband service is available;
  - 1. The technologies used to provide broadband service in such areas;
  - 1. The speeds at which broadband service is available in such areas; and
  - 1. Broadband service availability at public schools, libraries, hospitals, colleges and universities
  - 5. Contribute to nationwide map to be released in Feb. 2011



# Broadband Kural Initiative to Develop Georgia's Economy



### 1935: Electrifying the Countryside





- 90% of Urban Dwellers had Electricity vs. 10% of Rural Dwellers
- Rural Electric Administration created under FDR to "wire" farms
   ...... Half wired by 1942... and all of them by the 1950's

### **BRIDGE**

### Broadband Rural Initiative to Develop Georgia's Economy

To support local government initiatives and public-private partnerships in rural Georgia's un-served and underserved areas as they seek to identify sustainable and long-term growth strategies for the deployment of high speed broadband services and networks.

Funding provided for technical assessments / build-out

\$200K – one county \$400K – two counties No Limit/Based upon project – three or more counties

# BAKER, CALHOUN, EARLY, MILLER & MITCHELL COS



## **BRIDGE** \$2,700,000 Grant

### South Georgia Regional ITA

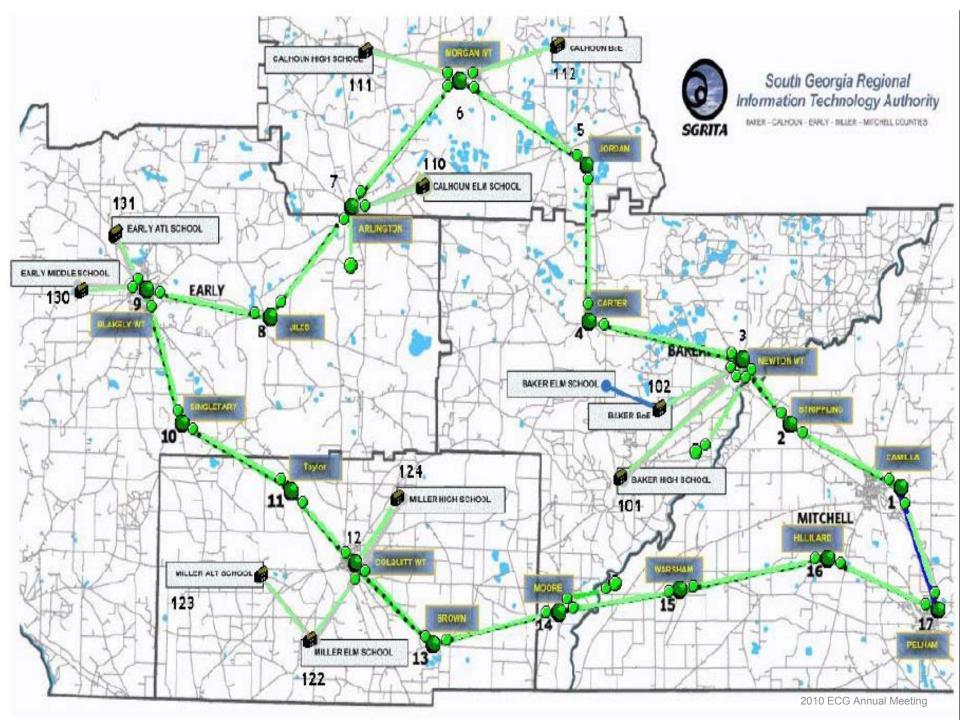
Baker, Calhoun, Early, Miller and Mitchell Counties

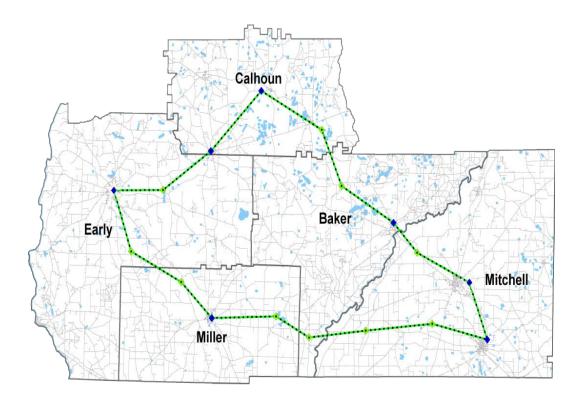
- Grant for Regional TechSmart Assessment last year
- Formed a Five-County Technology Authority
- To support build-out of a wireless broadband system
- Wireless Backbone & Residential Network
- Agriculture, tourism, education, healthcare, public safety
- Enhancement of precision agricultural practices
- Total cost: \$3.8 Million



South Georgia Regional Information Technology Authority a collaboration among Baker, Calhoun, Early, Miller & Mitchell Counties





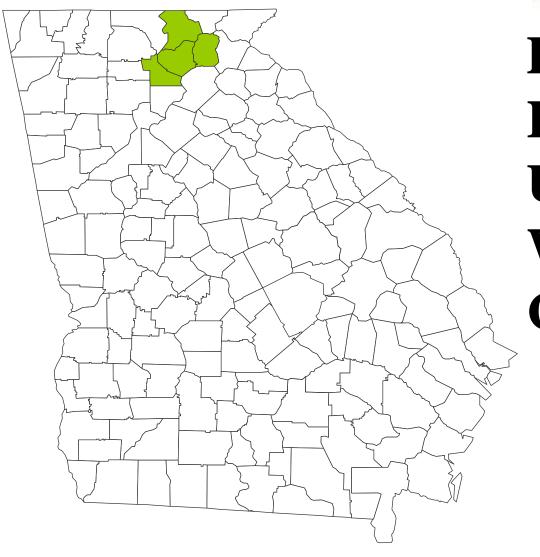


### **SGRITA Awarded \$2.7M Project**

- 4 schools systems connected
- Bainbridge College Early County Campus Higher Bandwidth
- •Connecting Intranet to Governmental networks
- •CM Stripling Irrigation Research

SGRITA Competitive Local Exchange Carrier (CLEC)
(Baker, Calhoun, Early, Miller, and Mitchell County, Terrell, Seminole Counties)
Received \$2.7M From OneGeorgia Authority
BRIDGE Program Nov, 2008

Counties recently added to SGRITA



# Dawson, Lumpkin, Union and White Counties

## **BRIDGE**

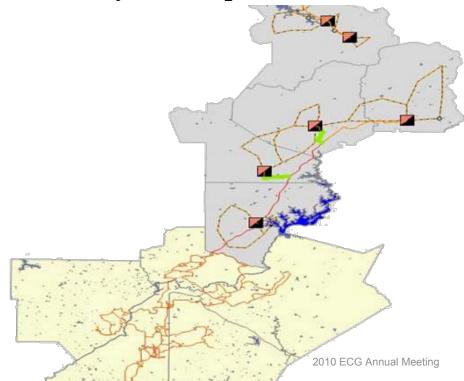
### \$192,000 Grant

### **DA of Lumpkin County**

### Co-applicants: Dawson, Union & White

- Comprehensive technical, financial & economic development evaluation
- Assess community broadband needs/capacity issues in each county
- Feasibility: High-speed internet access, redundancy & multiple carrier
- Increase regional competitiveness
- Total cost: \$240,000

# north georgia network



# DA of Lumpkin County Co-applicants: Dawson, Union & White Received \$33.5 Million NTIA Grant

- Received a \$33.5 Million Grant from NTIA/BTOP
- Required 20% Match
- Regional System will traverse 12 counties; providing service to 7
- Key Partners include Habersham & Blue Ridge EMCs
- 260 mile open access regional fiber ring
- Construction of 135 miles of new fiber / Leasing 125 miles
- Region documents loss of 2,500 mfg jobs since 2000
- Region recognizes need for high speed redundant broadband





## **BRIDGE**

## \$2,500,000 Grant

**DA of Lumpkin County** 

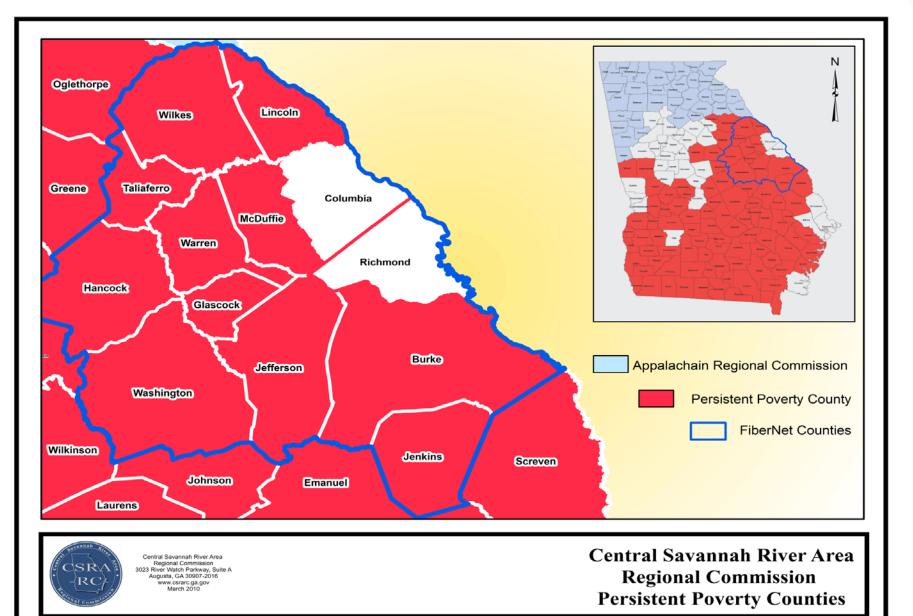
Co-applicants: Dawson, Union & White

- 260-mile fiber optic loop that will enable broadband access through eight North Georgia counties.
- Lumpkin, Dawson, Union, White, Habersham, Rabun, Towns and Forsyth
- combined population of 334,000
- serve more than 9,000 businesses
- 82 public schools
- 7 technical institutions, colleges and universities
- 4 hospitals
- Total cost: \$42,000,000

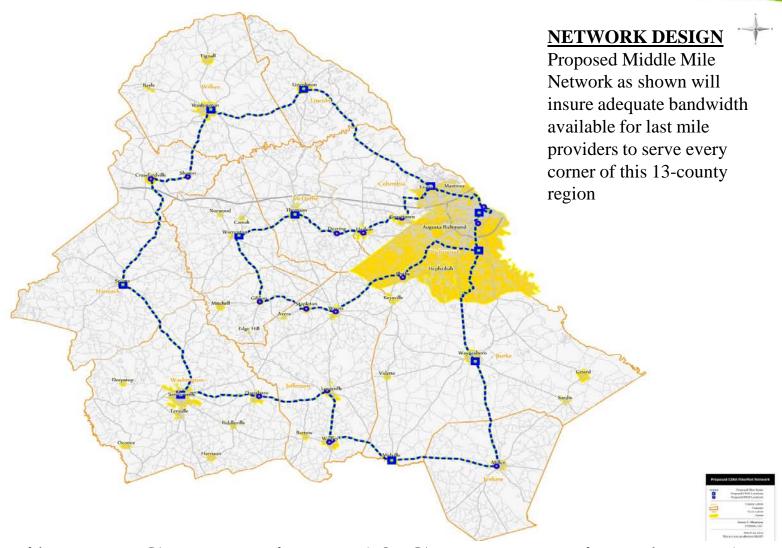








### Round II BTOP Application



CSRA Fibernet Cooperative – 13 County Regional UDA \$50 Million Total Project Cost

# EDGE FUND Economic Development, Growth and **Expansion Fund**



### **EDGE**

### **Threshold Based Program**

- Requires state recommendation
- > Private investment commitment
- > Job creation commitment
- Benefits must exceed costs
- Clawback Requirement (P&A Agreement)
- \* Project commitments must reconcile to the GDEcD recommendation



# OneGeorgia Authority EDGE Fund Regulations Section: 413-2.08 Awarding of Funds

The Authority may approve a grant subject to certain general or special conditions that will be incorporated into the award agreement. As a condition to the award, the OneGeorgia Authority will generally require the recipient and the participating business or private user to execute a Performance and Accountability Agreement. Such an agreement would establish performance standards (such as job creation and private investment), reporting requirements, and conditions for repayment, among other terms, as conditions of the award. One Georgia Authority

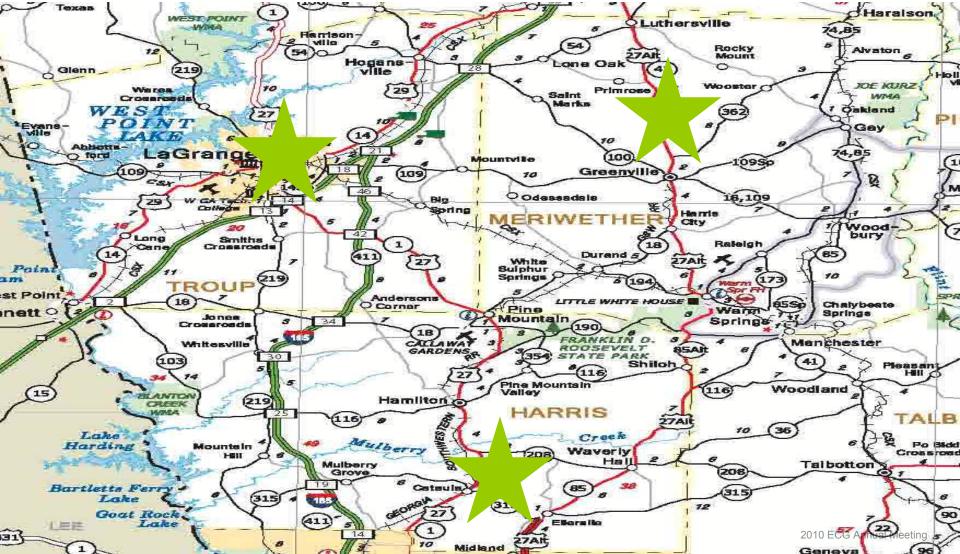
## PERFORMANCE & ACCOUNTABILITY AGREEMENT / "Clawback" Agreement

- Generally required for all Incentive Grant/Loan Award Projects
- •Tri-Signature Agreement
  - Development Authority
  - OneGeorgia Authority
  - Private Company
- •Holds company Accountable for commitments: \$\$\$ and Jobs
- •Failure to meet 70% threshold triggers repayment scenario
- •\$2.5 million recovered from nonperformance companies



## TROUP, HARRIS and

MERIWETHER COUNTIES



### West Georgia Suppliers to KIA Troup, Harris and Meriwether

### 14 Awards

OneGeorgia:

\$ 14.8 Million

Proposed Jobs:

3,700

Private Investment: \$ 600 Million

ROI

40:1

# EDGE \$5,000,000 Grant Development Authority of LaGrange

- 420,000 SF facility
- 62-acre site
- Manufacture frame stampings / major chassis components
- Largest Supplier to KIA
- Competition: AL
- 550 new jobs in two years
- TPC: \$ 161 Million



Sewon America, 201 Inc. Meeting

### TREUTLEN COUNTY

Home of "The Million Pines Festival"



## **EDGE**

## \$6,250,000 Grant

## **Treutlen County Development Authority**

- Converting pine tree scraps and other biomass into ethanol
- Commercial alternative to fossil-based fuels
- Create 69 new jobs within 5 years Total Project Cost \$500 million



















- Phase I certified as Mechanically Complete by DOE
- Construction employment
- Range Fuels staff on-site
- Commissioning
- Start –up
- DOE Grant
- USDA Loan Guarantee
- Total Project Cost
- Phased approach to full production

315

29

Feb 2010

June 2010

\$76 million

\$80 million

> \$500 million





- The fuel of the future is going to come from apples, weeds, sawdust almost anything. There is fuel in every bit of vegetable matter..."
  - Henry Ford, 1925

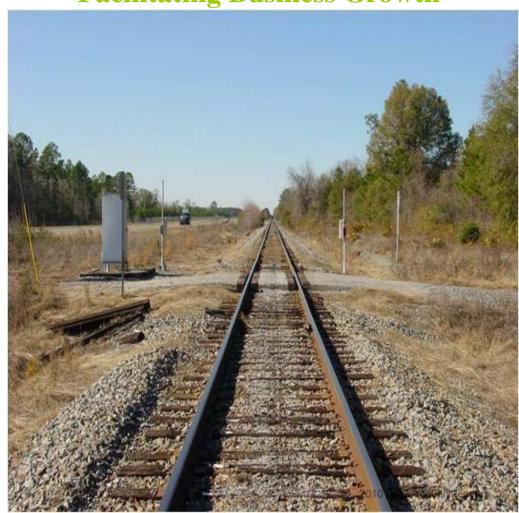
Can you picture an oil-free future? **We can.** 

# **Equity Award Southeast Georgia JDA** \$1,000,000 Loan

#### Public/Private Partnership

- Rail Construction
- 12,000 LF railroad passing lane alongside Norfolk Southern Macon to Brunswick line near Odom in Wayne County
- Development will increase export capacity and efficiency from Brunswick Port
- Grain deliveries up 63%
- Strong regional impact
- Total project cost \$4.2 million

#### **Facilitating Business Growth**



# **EQUITY** \$1,000,000 Grant

JDA of Jasper, Morgan, Newton and Walton

- > Publicly owned road improvements
- > 1,500-acre mixed-use technology park at I-20 & Highway 278
- JDA purchased property in 2000
- Public-private partnership
- > 4 county JDA and partner- TPA
- > Intergovernmental Agreements-2008
- Job Estimates: 700 jobs in two yrs;3,100 jobs in five yrs
- Private investment: \$3,206,938
- > At full build-out: 20,000 jobs
- **▶** Total project cost \$19,001,092



Stanton Springs Annual Meeting



# AIRGeorgia FUND

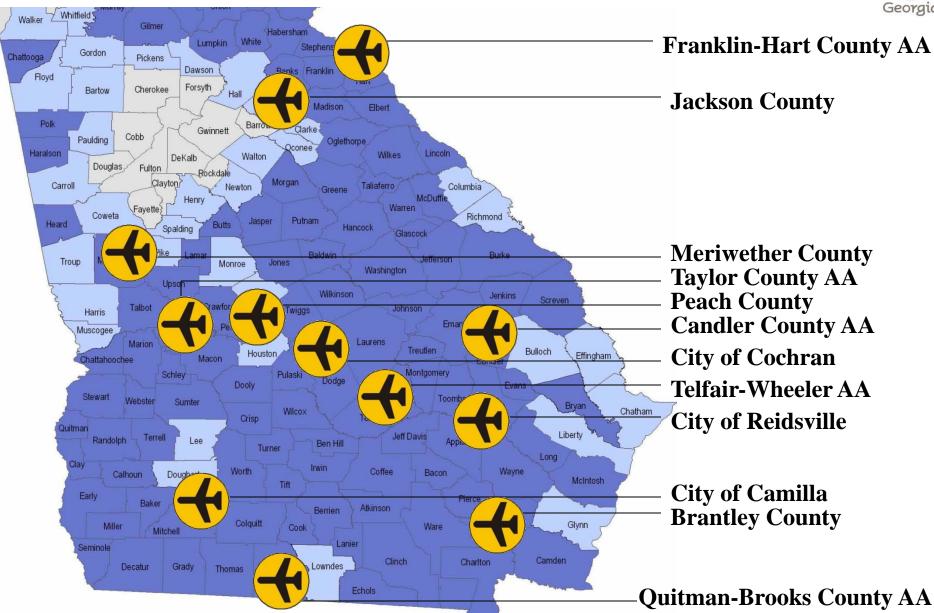


2010 ECG Annual Meeting



To strengthen rural Georgia's economic development efforts by accelerating the completion of critical airport infrastructure improvements thereby placing every Georgian within a 30minute drive of an airport that is capable of serving 85% of the corporate aircraft flying today.





# AIRGeorgia FUND City of Reidsville \$651,835 Grant

- Level I Airport
- Runway Extension to 5,000 LF, Taxiway Addition, Aviation Lighting
- Georgia State Patrol permanent helicopter station
- Improve Safety and Enhance Economic Development
- Total cost: \$1.8M





## ESB FUND

## Entrepreneurial & Small Business Loan Guarantee Fund





# ESB United National Bank Grady County

• Start-up business in Pelham

Kermit Gilliard & Dinah Gilliard Bond

• Purchase and re-establish family country meats & grocery store business

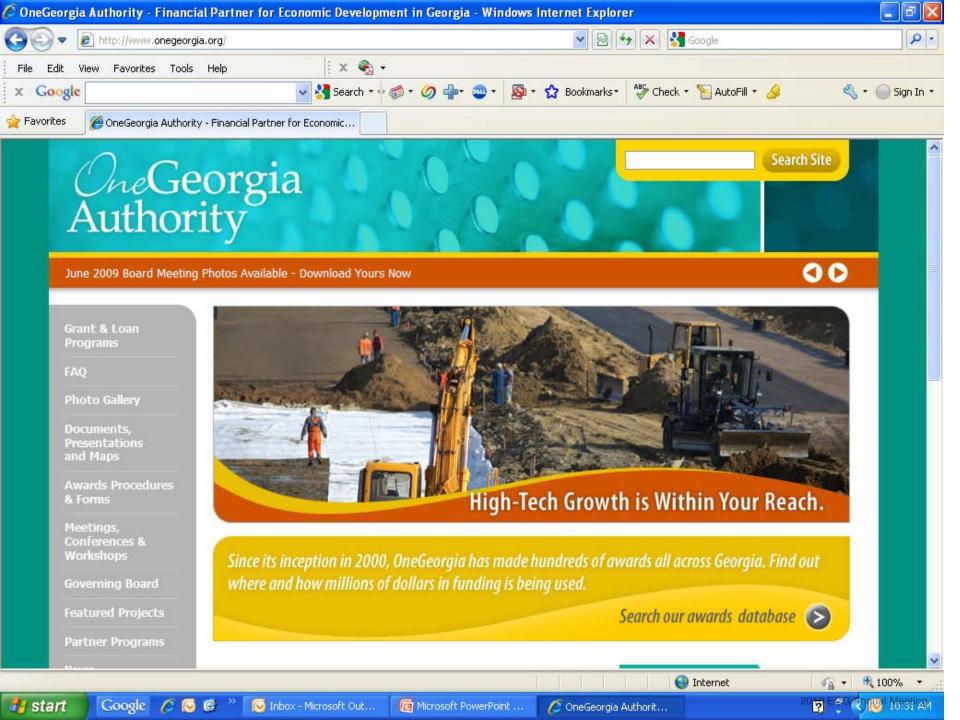
• Started in 1945 by Grandma and Grandpa Gilliard who retired in 1995

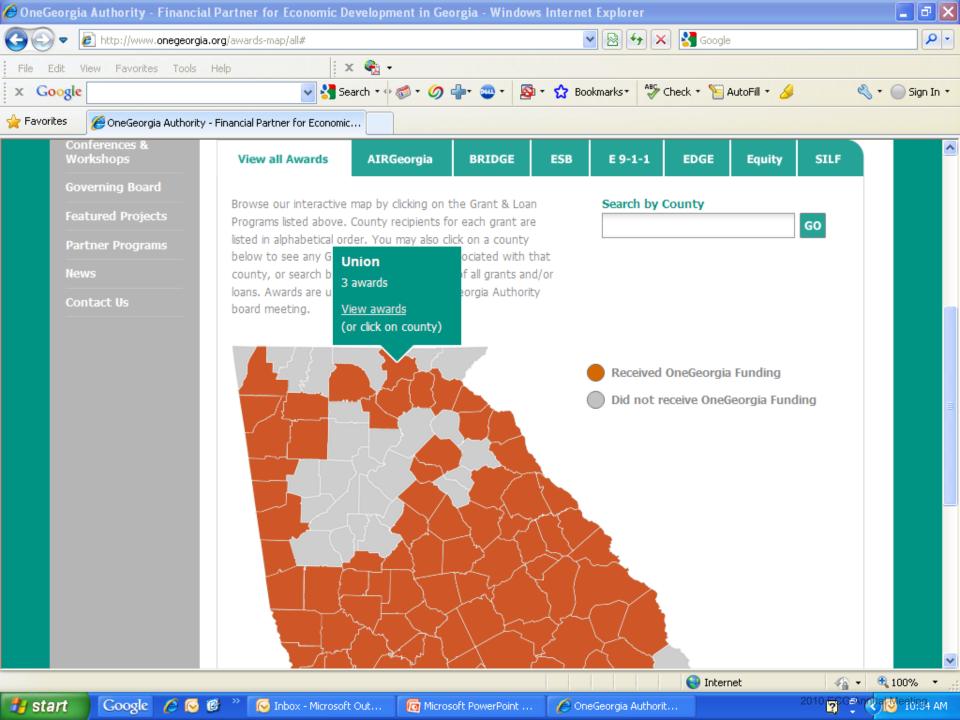
• Retain 1 job; create 2 new jobs

\$ 129,000 Equity \$359,000 Loan \$112,500 Guarantee Gilliard's Store, LLC

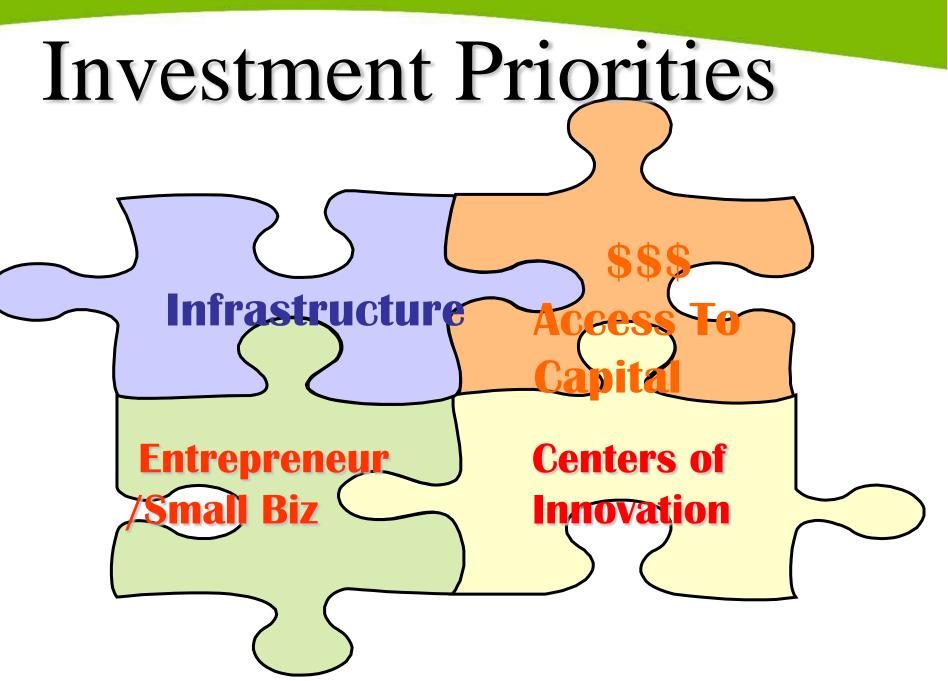




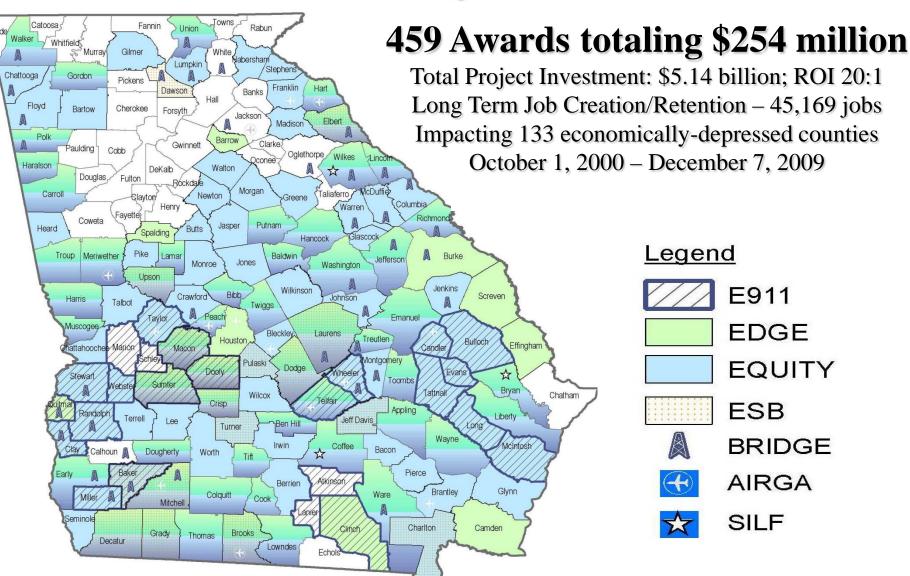














# Questions? Comments...



Nancy Cobb-Executive Director
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www.onegeorgia.org



# Georgia Department of Community Affairs Opportunity Zones

**State Job Tax Credit** 

## **Opportunity Zones**

O.C.G.A. 48-7-40.1(c)(4)

- General Strategy
  - Encourage local governments to use existing redevelopment statutes to revitalize blighted commercial, industrial and adjoining residential areas
  - Reward local governments and businesses that undertake such revitalization with access to maximum State Job Tax Credits
  - Operate state-wide, wherever eligible "pockets of poverty" and redevelopment needs occur (rural, urban and suburban).
  - Support bottom up, locally driven initiatives through local collaborative partnerships

#### **Promising Uses for Opportunity Zones**

- Brownfields
- Declining commercial corridors
- Pockets of older commercial and industrial areas with outdated (blighted) facilities and buildings in otherwise affluent counties
- Deteriorating in-town neighborhoods adjoining older industrial areas (state EZ allows tax abatement on rehabilitated housing)

#### Opportunity Zone Requirements O.C.G.A. 48-7-40.1(c)(4)

- Opportunity Zones are enabled pursuant to "less developed area" portion of BEST [O.C.G.A 48-7-40.1(c)(4)]
- O Allows DCA to designate as an "Opportunity Zone", an area within or adjacent to one or more contiguous census block groups with a 15% or greater poverty rate, where the area is part of an Enterprise Zone OR where a Redevelopment Plan has been adopted by the local government, and the area displays pervasive poverty, underdevelopment, general distress and blight.

# **Opportunity Zones Applicable Statutes for Local "Tools"**

- Georgia Urban Redevelopment Law – O.C.G.A. 36-61;
   OR/AND
- Enterprise Zone Employment
   Act O.C.G.A. 36-88

#### **Local Redevelopment Tools – Urban Redevelopment Law (O.C.G.A. 36-61)**

- Provides cities and counties the power to rehabilitate, conserve or redevelop a blighted area
- Local government must adopt a resolution finding the area is blighted and that redevelopment is necessary
- Local government must adopt an urban redevelopment plan for the target area
- Compatible with the Redevelopment Powers Law at O.C.G.A. 36-44 (Tax Allocation Districts)

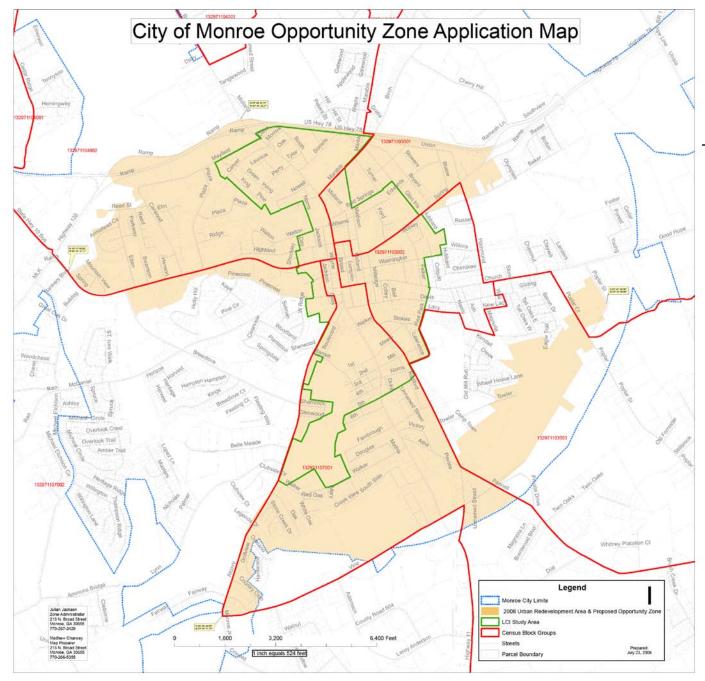
# Local Redevelopment Tools - Enterprise Zone Employment Act (O.C.G.A. 36-88)

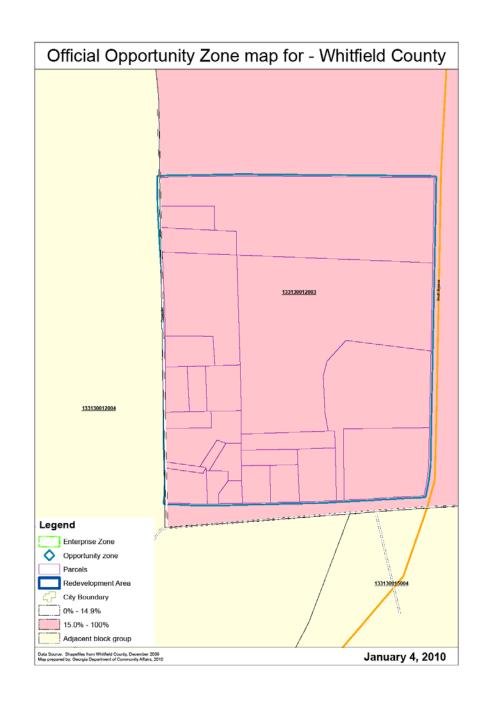
- State Enterprise Zone Criteria
  - Poverty
  - Unemployment
  - general distress
  - underdevelopment
  - Blight
- Local property tax breaks for Commercial and Residential Property
- Other Local Incentives

#### **Jurisdictions with Designated Opportunity Zones**

Augusta-Richmond County	City of Monroe, Walton County	
Cherokee County	City of Ocilla, Irwin County	
City of Cornelia, Habersham County	City of Payne City, Bibb County	
City of Cuthbert, Randolph County	City of Perry, Houston County	
City of Darien, McIntosh County	City of Quitman, Brooks County	
City of Eatonton, Putnam County	City of Tifton, Tift County	
City of Griffin, Spalding County	City of Union City, Fulton County	
City of Hawkinsville and Pulaski County	City of Valdosta, Lowndes County	
City of Kingsland, Camden County	Walton County	
City of Marietta, Cobb County	City of Washington, Wilkes County	
City of Milledgeville, Baldwin County	Whitfield County 2010 ECG Annual Meetin	

#### Official Opportunity Zone map for - Augusta/Richmond 132450103001 132450105053 132450106004 Legend Enterprise Zone Opportunity zone Parcels Redevelopment Area City boundary 0% - 14.9% 132450105091 15.0% - 100% 132450105052 Adjacent block group Data Source: Shapefiles from City of Augusta November 2009 \*\* The Enterprise Zone is the same as the Opportunity Zone **November 9, 2009** Map prepared by: Georgia Department of Community Affairs, 2009





### **Incentives**

- State designation of an Opportunity Zone would allow:
  - ANY businesses (including retail) within the area to qualify, not bound by "Business Enterprise" definition
  - Lower job creation threshold to 2 jobs to qualify for the state's maximum job tax credit of \$3,500 per job
  - Allow credit against 100% of income tax liability, with excess credit available to claim against payroll withholding

#### **Example of OZ Credit Usage**

Jobs	s Created	Credit	Tax Liability	Withholding
Year 1	2	\$ O	-	•
Year 2	3	\$7,000	\$1,200	\$5,800
Year 3	3	\$10,500	\$1,000	\$9,500
Year 4	4	\$10,500	\$1,500	\$9,000
Year 5	4	\$14,000	\$1,700	\$12,300
Year 6	5	\$14,000	\$2,100	\$11,900
Year 7	5	\$10,500	\$2,050	\$8,450
Year 8	6	\$7,000	\$1,800	\$5,200
Year 9	6	\$7,000	\$1,750	\$5,250
Year 10	6	\$3,500	\$1,450	\$2,050
Year 11	7	\$3,500	\$1,600	\$1,900
Year 12	7	\$ O	\$ O	
<b>TOTALS</b>		\$87,500	\$16,150	\$71,350

In the above example, a Job Tax Credit of \$87,500 is generated, with the business able to utilize all of the credit

#### Redevelopment Area before/after





#### **Opportunity Zones – Partnerships!**

- Partnerships with other public and private entities targeting same areas:
  - Private
    - Bank CRA Programs, Non-Profits,
       Philanthropic organizations
  - Federal
    - o HUD's CDBG, HOME, HOPE and others
    - Treasury's New Market Tax Credits and CDFI programs
    - SBA, USDA, FHLB, HHS and others

### Opportunity Zone Regulatory Update

- Clearer Criteria Definitions
  - Pervasive Poverty, Underdevelopment, General Distress, Blight, "Adjacent to", etc.
- Parcel Based Analysis
  - Boundaries must follow parcel boundary or road center-line
- Improved Method for Submitting/Reporting Parcel's Adherence to Criteria
- Public Hearing April 12<sup>th</sup> at 1:30p.m. at DCA Bd. Room

## Application, regulation, maps and more available at:

<u>www.dca.state.ga.us/economic/DevelopmentT</u>
 <u>ools/programs/opportunityZones.asp</u>

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