



TOWN COUNCIL
Work Session
Town Hall
February 24, 2011
5:15 PM

1. Call to Order: Roll Call
 2. Order of Business:
 - A. Technology and Tourism Zones
 3. Motion to Adjourn
-
-



TOWN OF
CAPE CHARLES

AGENDA TITLE: Technology Zone

AGENDA DATE:
February 24, 2011

SUBJECT/PROPOSAL/REQUEST: Technology Zone –
Opening Discussion

ITEM NUMBER:
n/a

ATTACHMENTS: Sample Ordinance and Scenario

FOR COUNCIL:
Action ()
Information (x)

STAFF CONTACT (s):
Tom Bonadeo - Heather

REVIEWED BY:
Heather Arcos, Town Manager

BACKGROUND:

The Town Council and Planning Commission studied the potential for a Technology Zone and attached is the first draft of a possible ordinance. This also includes a scenario to show the dollars involved.

DISCUSSION:

The ordinance is based on the Planning Commission studies as presented to Council earlier. The definition is a compilation of existing and site specific needs.

RECOMMENDATION:

Recommend starting discussion for the implementation of a Technology Zone in the Town of Cape Charles and possibly the County.

Technology & Tourism Zone

Business Type (Technology):

1. **Qualified Technology Manufacturing Business:** A business engaged in the activity that constitutes the technology-driven production of advanced materials, automation and computer software including but not limited to robotics, computer hardware and software, the manufacture of high tech products or any other similar activity which is deemed appropriate for a technology zone as defined in another jurisdiction of the commonwealth, and as found as such by the town council or by the administrator or his/her designee.
2. **Qualified non-manufacturing Applied Technology Business:** A business engaged in the application, upgrading, repair or installation of computer and technology equipment and software in any business sector including but not limited to transportation, food equipment and marine installations.

Business Qualifications:

1. A business must create and maintain a minimum of 25 new full-time employees for at least a one-year period.
2. Each new employee must be compensated at twice the wage rate of the currently-defined federal minimum wage.
3. The business must make a new verified minimum capital investment on the property either in building improvements or of machinery and tools of \$1,000,000.

Area:

1. The Technology Zone – the entire area of the Town of Cape Charles is designated a Technology Zone pursuant to 58.1 – 3850 of the Code of Virginia.

Incentives:

1. **Economic Stimulus Grants for qualified businesses.**
 - a. Up to 100% of the amount of new or increased machinery and tools tax paid to the Town.
 - b. Up to 100% of the amount of the net increase in Real Estate Tax paid to the Town.
 - c. Up to 100% of the amount of BPOL Tax paid to the Town.

- d. Up to 100% of the Facility and Connection fees paid to the Town for a manufacturing facility employing 25 or more persons.
 - e. Up to 100% of the Building Permit fee paid to the Town.
2. The stimulus grant incentives are offered for up to five years starting with the tax year of the required initial investment.

Technology Zone Costs

Scenario

A new business or a new location of a business is interested in establishing itself here in Cape Charles. This business will buy real estate, build a building or facility and will buy equipment with which to perform its service. This business will repair, update and possibly manufacture products with the latest technology in a particular industry.

Example:

1. A computer service company updating old computers for reuse or resale.
2. A marine industry installing and/or maintaining marine technology equipment.
3. A product manufacturer of electronic equipment assembling a product from imported parts.

This company invests \$3,000,000 in real estate and business. They buy \$1,000,000 in repair and maintenance equipment to do the work and they hire 20 people, 15 earn two times minimum wage and 5 earn less. In the first year the company does \$1,000,000 in services.

Assumptions:

1. The net real estate value increase is \$2,000,000.
 - a. Tax \$3656 annually (\$18,280 - 5 years)
2. The value of the new heavy equipment is \$800,000
 - a. Tax \$800 annually (\$4000 - 5 years)
3. The value of tools is \$200,000
 - a. Tax \$200 annually (\$1000 - 5 years)
4. The business gets credit for hiring 60% of the requirement (25).
5. The business would pay \$20,000 (\$12,350) in facility and connection fees.
6. The business would pay \$-----in building permit fees.
7. The business would pay \$3600 in BPOL tax (\$18,000 - 5 years).
8. Five years value >\$46,850.

The incentives are in the form of a grant equal to an amount already paid by the business when the criteria are authenticated.