



Small Business Incentive Plan

The City of Abbeville is seeking to encourage and induce new investment in the community that will strengthen the local economy, create new job opportunities and encourage the establishment and growth of new businesses. To achieve these objectives the Community Development Department, in conjunction with the City Manager's Office, has prepared this Small Business Incentive Plan that identifies the goals and methods of achieving those objectives. This plan has been developed to bring about positive economic, social and cultural impacts within the City, enhance the quality of life of the City's citizens, and encourage private investment through local Development Incentives. Given the competitive nature of economic development within the State of South Carolina and indeed the entire region, an incentive strategy, as outlined in this Small Business Incentive Plan, will be critical to ensuring the long term economic vitality of the City.



Small Business Incentive Plan

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Goals and Objectives

The following section will outline the specific goals sought to be achieved by the City of Abbeville through the development programs highlighted in the following sections.

Goal 1: Retain Existing Businesses

Methods of Goal Achievement:

- Implement the Energy Efficiency Grant
- Implement Existing Business Grant
- Implement Historic Building Improvement Grant
- Implement Revolving Loan Fund
- Have the option to pursue Large Investment Incentives with current businesses looking to make significant expansions

Goal 2: Recruit New Businesses to the City of Abbeville

Methods of Goal Achievement:

- Implement the Energy Efficiency Grant
- Implement the New Business Grant
- Implement Historic Building Improvement Grant
- Implement Revolving Loan Fund
- Have the option to pursue Large Investment Incentives with certain businesses locating to the area

The Downtown Abbeville Area, *delineated as CC on the City of Abbeville Zoning Map*, has an occupancy rate of 69%, it is also the area in which occupancy rates can most effectively be measured. Utilizing a number of development tools, it is the goal of the City to bring at least one new business into one of the targeted areas each year as a direct result of these programs. Furthermore, by 2023, it is the goal of the City to have 80% occupancy in the Downtown Area and 90% by 2025.

Goal 3: Create a Culture of Cooperation with Business Owners and a Business Friendly Climate within the City

Methods of Achieving Goals:

- Implement the Energy Efficiency Grant
- Implement the New Business Grant
- Implement Historic Building Improvement Grant
- Implement Existing Business Grant
- Work with Business Owners year round

These programs, by their very nature, will lead to increased interaction with business owners within the City of Abbeville. Utilizing resources from the Freshwater Coast Community Foundation, Upper Savannah Council of Governments, and the Small Business Administration, Abbeville will work to help cultivate an environment where small business entrepreneurs are encouraged to conduct their business in Abbeville

Outline

Brief Overview

The following overview will go into some detail describing the funding mechanisms of the Business Incentive Plan; which can be broken down into four distinct parts; an Energy Efficiency Grant, a Business Grants Program, a Revolving Loan Fund, and a Large Investment Incentive.

The **Energy Efficiency Grant** is awarded in smaller amounts than the other grant programs and there are stricter guidelines for the usage of those funds, i.e. they must be used for building improvements such as roofing, windows, insulation, etc. (Estimated Economic Impact by 2025 nearly \$50,000)

The **Business Grants Program** consist of three separate annual grant programs, which will essentially function as “conditional grants”; meaning that if the recipient upholds their terms, they will not be required to pay the grant back. However, should they not meet the terms of the grant they would be required to repay the funds. This helps to ensure that public funds granted out in this program are able to be recouped should a recipient move their business to another town, or simply not follow the terms of the contract. (Estimated Economic Impact of the New Business Grant Program by 2025 \$710,000)

The **Large Investment Incentive** provision will be restricted to larger businesses which have established name recognition and will make a significant economic impact from their first day in

the community or to current businesses making substantial expansions. (Difficult to judge the potential impact, this incentive will be very business specific)

Justification: Having recognized that the establishment, growth, and success of a small business is first predicated on market demand for the products or services being provided, as well as sound management and financial stability; it has also been recognized by the City that the Business Incentives outlined in this plan will facilitate a business friendly climate while helping City businesses reinvest in themselves, jumpstarting new private investment, unlocking the City's economic potential, and ensuring that the City's socio-economic inventory continues to grow and thrive.

Application Process

(All Grants)

The City will accept applications beginning in FY 2019. Eligible businesses and commercial property owners will submit an application, which will contain the intended use of Funds, to the Community Development Department by February 28th each year (Should the 28th fall on a weekend, applications will be due the following Monday). This application process will be available entirely online with paper copies available as well. Applications will then be reviewed by a selection committee consisting of the City's Community Development Director, Assistant City Manager, and Finance Director. Three finalists will be chosen and asked to present to the committee at a to be determined date each May. Decision notifications regarding applications would be sent out by May 31st and funds would be dispersed thereafter. Priority will be determined based on need, as well as on those businesses being able to provide matching funds. Submission of an application is NOT a guarantee of Funding.

Eligible Applicants

Eligible Applicants are as follows:

- Small Businesses as defined by the City of Abbeville (15 Full Time Employees or less)
- The Business must be located within the city limits of Abbeville
- The Business must be For-Profit
- Applicants must agree to provide all information and business records requested
- All principals or owners must be willing to provide personal guarantees
- Minimum Credit Score. The City requires a minimum credit score of 600 to be eligible to apply for any loan
- Business must be identified in a target area of the City of Abbeville
- Business must provide bank statement guaranteeing the availability of matching funds

Application Requirements

Physical Applications for grants will consist of:

1. Well Developed Business Plan Including:
 - Detailed projection of earnings for the next 3 years
 - Incorporation documentation for incorporated businesses
 - Verification of current number of employees
2. Personal Tax Statements for all principals of the business for the past 3 years
3. If an existing business, Federal Business tax returns for the past 3 years
4. Profit Loss Statement for the past 3 years, or projected profit and loss projections for new businesses
5. Project Details
 - If possible, projects will utilize local labor, contractors, etc. ensuring these funds remain in the local economy
 - Applicants need to submit cost estimates from a certified contractor to justify request
6. Application fee of \$100

These applications can be found online. City staff may request additional documentation during the application process.

Selection Criteria

- Adequate assurances are given that the grant or incentive is given to accomplish an improvement which is warranted in light of current market conditions, past performance, and future projections
- The applicant must obtain the minimum private commitment prescribed by the specific funding source
- The applicant's credit, capacity, and collateral must be adequate
- Business data provided by the applicant should show the business as profitable, solvent, and efficient
- Applicant must demonstrate funding to complete the project prior to reimbursement through the grant program
 - Applicants may seek out third party lenders for interim financing
- Proposed improvements must meet federal guidelines
- No conflicts of interest or perceived conflicts of interest can be present
 - **The business or organizations is not owned or operated by a member or direct relative of the governing board or city staff of the City of Abbeville. Direct**

Relative is defined as spouses, parents, grandparents, uncles, aunts, children, siblings, nieces, or nephews, whether by blood, adoption, or marriage.

- Preference will be shown to applicants which demonstrate the following:
 - Commercial and/or business activities which have a significant economic benefit
 - Acquisition and renovation of older buildings in a target area
 - Business involving new technology
 - Applicants with high job and private to public dollar leveraging ratios

Verification and Disbursement of Funds

(All Grants)

Businesses which apply for and receive funding must provide evidence that the submitted project has been carried out to completion in order to receive grant reimbursements. The required evidence will consist of:

- Before and after photos – (Before Photos should also be submitted with Application)
- Proof of payment (Cleared Check, Credit Card Transaction Receipt, etc)
- Signed Verification letter by Vendor or Contractor

Once awarded, funds will be disbursed in the form of a reimbursement after the completion of the project.

Target Area(s)

While the entire City has been classified as the “Incentive Area” and area businesses within the City meeting other criteria are eligible to apply for the Business Incentives outlined in this plan, the City has identified two target areas which represent the primary economic districts in Abbeville. In priority order, the two target districts are:

Downtown Abbeville (Historic District)

The Downtown Area, specifically the Historic District, has been identified as the first Target Area for the Business Incentive Plan. This area was chosen due to its historical significance, as well as its role as a primary shopping district. Moreover, Downtown Abbeville is the hub of tourism for the City and it is critical that the area remains full of thriving businesses in well up kept buildings. (As of March 2018, the Downtown Area is roughly 69% full; moving forward, the goal would be to have 90% of Downtown Buildings occupied by a business)

Note: The Historic District Building Improvement Grant will only be available within the Historic District.



Hwy. 72 Corridor

The Hwy. 72 Corridor is also a key commercial district for the city, playing host to a number of restaurants and other businesses. Furthermore, Hwy. 72 hosts tens of thousands of commuters and travelers each day. By identifying the Hwy. 72 Corridor as the second target area, the City hopes to encourage economic growth in that district in addition to the growth in Downtown Abbeville.



Components

The City's Small Business Incentive Plan (SBIP) can be broken down into two distinct parts, with the first part consisting of a:

Energy Efficiency Grant (EEG)

Eligible businesses within the City of Abbeville will be able to apply for and potentially receive the Energy Efficiency Grant which would have to be used for certain “building and / or equipment upgrades”. One award would be given out each year totaling \$6,000.

(The chart on the following page shows the potential impact of the EEG program assuming that \$6,000 is granted to a local business each year and that for every dollar reimbursed, there is an additional 10 Cents of economic impact.)

Year	Amount Invested (EEG) \$6,000 Annually	Estimated Additional Impact	Total Cumulative Economic Impact
2019	\$6,000	\$600	\$6,600
2020	\$6,000	\$1,200	\$13,200
2021	\$6,000	\$1,800	\$19,800
2022	\$6,000	\$2,400	\$26,400
2023	\$6,000	\$3,000	\$33,000
2024	\$6,000	\$3,600	\$39,600
2025	\$6,000	\$4,200	\$46,200
Total	\$42,000	\$4,800	\$46,200

Eligible Projects

In order to ensure that these reimbursed funds are used to facilitate projects which will result in a measurable benefit and that the projects will work to promote “the public health, safety, morals, general welfare, security, prosperity, and contentment of all inhabitants, or at least a substantial part thereof”; only certain projects will be eligible for funding through the Energy Efficiency Grant. Essentially, EEG funds will only be allowed to be used for what can reasonably be defined as a building improvement related to Energy Efficiency. Below are examples of projects which would be eligible for funding through the EEG program:

1. Projects to resolve Insulation / Utility and Safety Issues
 - Window Replacement/ Repair
 - Insulation Installation/Replacement/ Repair
 - Exterior Door Replacement/ Repair
 - Siding Replacement/ Repair
 - Roof Replacement/ Repair
 - HVAC System Installation/ Replacement/ Repair

- Sprinkler System Installation/ Replacement/ Repair
 - Other Fire Safety Projects
- 2. Projects Improving the Interior Building Fabric
 - Flooring Installation/Replacement/ Repair
 - The Installation/ Replacement/ Repair of necessary items critical to both the building and/or business to include:
 - Plumbing (Pipes, Toilets, Sinks, etc.)
 - HUD Systems
 - Stoves, Refrigeration Units, etc. (No microwaves or lightweight/movable appliances such as blenders, etc.)
 - Fixed Shelving and Counters
 - Installation/ Replacement/ Repair of walls to include painting
- 3. Projects Improving the Exterior Building Fabric and Structural Issues
 - Work on structural/foundation issues
 - Exterior Improvements to include
 - Painting
 - Awnings
 - Signage
 - Gutters
 - Etc.
- 4. If possible, projects will utilize local labor, contractors, etc. ensuring these funds remain in the local economy**
- 5. Priority will be given to projects which are “shovel ready” and can be completed within 3 months of the award date**
- 6. Applicants need to submit cost estimates from a certified contractor to justify request
- 7. A 1/3 Match (\$2,000) will be required for the EEG
 - Applicants providing a larger private match, up to 100%, will receive a higher level of consideration
 - Verification of the expenditure of matching funds will be required upon project completion

While the previous list is not all encompassing and other projects will be considered as long as they do result in a legitimate building improvement related to energy efficiency, business owners are encouraged to select projects from the examples above; or ones that are very similar in nature.

The second component of the Economic Development Incentive Plan is a:

Business Grants Program



Eligible businesses within the City of Abbeville will be able to apply for and potentially receive one of the following grants from the City. These grants will be given out on an annual basis provided funding is available. Applications for these grants will be due by February 28th of each year with award announcements being made in early May. In order to ensure that these public funds are used to facilitate projects which will result in a measurable benefit and that the projects will work to promote **economic growth and** “the public health, safety, morals, general welfare, security, prosperity, and contentment of all inhabitants, or at least a substantial part thereof”; only certain projects will be eligible for funding through the Business Grants Program. Total Amounts available for each of the three grant categories will be as follows:

- New Business Grant: \$15,000
- Existing Business Grant: \$10,000
- The Historic District Building Improvement Grant: \$20,000

While the City and Selection Committee may accept applications of less than the full amount stated above, applicants are encouraged to submit projects which have a large benefit to their business, their building, the community, and to apply for projects which will require the full grant amount.

The following paragraphs will discuss each of the Business Grant programs in more detail:

New Business Grant

Eligible Projects

Projects eligible for funding under this grant are restricted to what can reasonably be defined as business startup costs. Applicants are encouraged to include building improvements in their application.

Existing Business Grant

Eligible Projects

Projects eligible for funding under this grant are restricted to what can reasonably be defined as needed business improvement or non-routine maintenance costs. Applicants are encouraged to include building improvements in their application.

The Historic District Building Improvement Grant



Eligible Projects

Projects eligible for funding under this grant are restricted to building improvement projects in the Historic District.

Large Investment Incentive

As delineated by City Ordinance, the City Manager will have the option to offer certain new businesses looking to locate to Abbeville an incentive based on their Hospitality Tax Contribution or Utility Rates. By-law, this agreement will have a maximum lifespan of 7 years and the City Manager will have the option to set the agreement at the 7 year max or outline a shorter timeframe for the agreement. This provision will be restricted to businesses which meet the following criteria:

- Require Significant Start-Up Costs
- Will have a “major” immediate economic impact on the Community
- Will create at least 1 full time and 4 part time jobs by year 3, or equivalent, and maintain those positions for the lifetime of the agreement

- Would not likely located to Abbeville otherwise

Moving forward it will be the intention of the City to more actively use this tool to attract businesses that have expressed interest in moving to the area but may otherwise choose not to locate to Abbeville.

City of Abbeville Development Incentives

The City of Abbeville is taking a proactive approach to economic and business development within the City. Offering business incentive programming is intended to induce new business investment, create local employment opportunities and expand the economy of the City. While it is the desire to attract new investment the City must also insure that program proceeds are used as intended. To that end program participants must abide by the conditions of the funding award, use incentive proceeds as intended, provide owner equity for the business project and identify / demonstrate project objectives (total investment, jobs created, expanded business activity, etc.). Failure to meet the conditions of the funding award can result in the “claw back” of incentives provided. Finally, the submission of an Application is NOT a guarantee project approval or funding.

Economic Impact and Realities

There is no doubt that Abbeville is an amazing place with dedicated residents and much to offer. However, the economic reality is that with the current population of the City/County, larger metropolitan areas such as Greenwood within a 15 minute drive, and the limited spending power of local residents, larger chain establishments such as will likely not be coming to the area with any frequency in the immediate future. With that in mind, the City must focus on small business development and recruitment as one of its key functions of Economic Development.

This is not necessarily a negative; studies show that local businesses re-invest over 50% of their money into the local economy while non-locally owned businesses only reinvest about 15%. For example, by supporting a local boutique, a consumer is also supporting a local tax preparer, cleaning service, and attorney. In monetary terms, a local business with \$80,000 in annual revenue would reinvest \$42,640 into the local economy compared to \$12,000 for a non-locally owned business. The chart below provides a potential projection of the economic impact from the New Business Grant with \$80,000 as the annual estimated average revenue for each business receiving the grant:

Year	Amount Invested (NBG) \$15,000 Annually	Total Small Business Revenue	Amount Directly Re-Invested in Local Economy	Cumulative Job Creation Impact
2019	\$15,000	\$80,000	\$42,640	
2020	\$15,000	\$160,000	\$83,200	
2021	\$15,000	\$240,000	\$124,800	\$30,000
2022	\$15,000	\$320,000	\$166,400	\$60,000
2023	\$15,000	\$400,000	\$208,000	\$90,000
2024	\$15,000	\$480,000	\$249,600	\$120,000
2025	\$15,000	\$560,000	\$292,240	\$150,000
Total	\$105,000	\$560,000	\$292,240	\$150,000

(Note: The above graph looks at the impact of adding 7 new locally owned businesses to Abbeville which are able to net \$80,000 in annual revenue year after year. This number has been taken as a reasonable average, it is very possible some businesses will do much better, some may do worse, and some may even fail.)

Moreover, exciting small business growth can help to keep Abbeville's best and brightest from moving away as these businesses will need to hire employees and entrepreneurs are given an environment in which to prosper; lessening the impact of the "brain drain" which has a severe negative impact on rural communities.

Marketing the City

Finally, the City will engage in marketing the “City Center” with local organizations such as the Chamber of Commerce and the Downtown Merchants Association to promote the City. This marketing effort will include:

79% of online adults (68% of all Americans) use Facebook

% of online adults who use Facebook

All online adults	79%
Men	75
Women	83
18-29	88
30-49	84
50-64	72
65+	62
High school degree or less	77
Some college	82
College+	79
Less than \$30K/year	84
\$30K-\$49,999	80
\$50K-\$74,999	75
\$75,000+	77
Urban	81
Suburban	77
Rural	81

Note: Race/ethnicity breaks not shown due to sample size.
Source: Survey conducted March 7-April 4, 2016.
“Social Media Update 2016”

PEW RESEARCH CENTER

- The Opera House
- Festivals
- Abbeville Live Concert Series
- Other events and attractions which bring people to Abbeville;

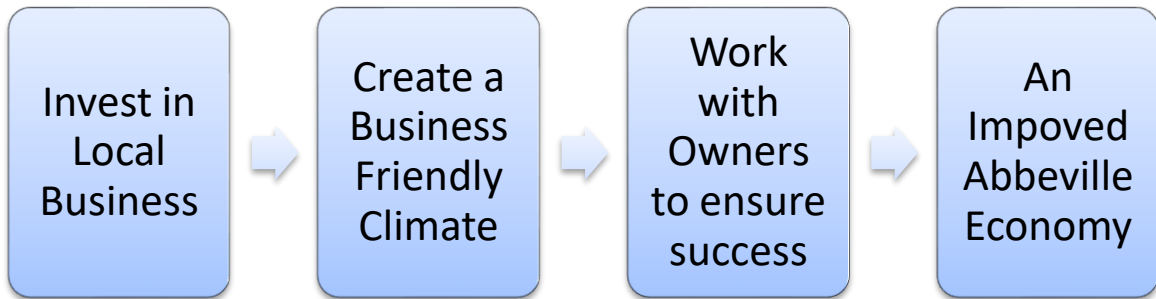
As well more general promotions which encourage both local residents and non-local visitors to shop at Abbeville businesses.

While traditional, low cost marketing methods like press releases, media alerts, and the city website will still be utilized, much of the paid advertising will be focused to social media due to its cost effectiveness. The below chart shows the

demographics of social media use and the huge amount of the population which social media promotions have the capability of reaching. Currently, the City’s Facebook page reaches anywhere from 8,000 to 20,000 users on any given week and paid advertisements have the ability to reach tens of thousands more.

(The City’s Social Media Marketing Plan will be discussed in more detail in the Tourism Development Plan)

Conclusions



The current economic field is extremely competitive. Small locally owned businesses must not only compete locally, they must compete in the global marketplace as online sales now account for over 10% of total retail sales. By investing in local businesses and creating an entrepreneurial culture, the City not only ensures that storefronts remain occupied and new businesses spring up, but that those businesses will remain financially

healthy and have resources at their disposal from direct funding to best practice advice and advisement.