

## **City of Worcester Economic Development Incentive Program (EDIP)/Tax Increment Financing (TIF) Program Compliance and Reporting Checklist**

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### **Background and Concept**

The Economic Development Incentive Program (EDIP) is a successful tool to increase the City's tax base and produce new tax revenue by attracting new businesses to Worcester and encouraging existing companies to expand in the city. The Program is a three-way partnership between the State, the City, and the participating job-creating business that can provide 1) real estate property tax exemptions, 2) personal property tax exemptions, and 3) investment tax credits to businesses locating to or expanding in the city. The Program provides the financial tools and incentives necessary to stimulate development in tandem with other local support programs, which strengthen the City's ability to expand its industry base and create permanent, full-time jobs for Worcester residents.

The City Administration's use of the EDIP is a key component of Worcester's overall economic development agenda and mission. The Program is utilized to increase commercial property values, retain existing Worcester businesses interested in expanding its operations; attract new business and private development to the City, and reduce the financial risk to ensure projects move forward and are successful.

### **Application Development**

- The applicant must submit a letter of intent to the Program and Compliance Manager within the City's Business and Community Development Division, expressing interest in the program.
- Following a brief meeting with the applicant and after the applicant's eligibility assessment the applicant must submit a complete application to the City of Worcester prior to the commencement of the project.
- The applicant must demonstrate that the Tax Increment Financing Plan is necessary to either offset the cost of the project, retain and expand its operations in Worcester, or locate its operations to Worcester.
- The applicant must demonstrate evidence of the required financing to complete the proposed project. Please provide a copy of the Sources and Uses spreadsheet.
- Upon the request of the City Administration, the applicant must provide a project pro forma which demonstrates the financial need for tax increment financing and/or a written statement from the lender or principal funding provider noting the importance and basis therein of tax increment financing to the overall financial package assembled to finance the project.
- The applicant should demonstrate additional economic benefits to the Worcester community, such as the employment of youth interns or support for local initiatives.
- The applicant must provide documentation of adherence to the Immigration and Nationality Act.
- The applicant must provide documentation demonstrating it has a Criminal Record Offender Record Information (CORI) Policy that matches the City of Worcester's CORI Policy.
- If the property for which certification is sought is leased, copies of leases with all tenants seeking certification must be submitted to demonstrate that the tax benefits will be passed through to the tenant in the form of a favorable lease.
- The applicant must affirm that it will not unlawfully misclassify workers as self-employed or as independent contractors and certify compliance with applicable state and federal employment laws and regulations, including but not limited to minimum wages, unemployment insurance, workers' compensation, child labor, and the Massachusetts Health Care Reform Law, Chapter 58 of the Acts of 2006, as amended.
- The applicant agrees that 100% of the newly created positions will be made available to residents of Worcester. The City of Worcester reserves the right to also require that certain applicants ensure a percentage of the permanent full-time jobs to be created are filled by Worcester residents.

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**Project Requirements and Assurances**

- The project will generate an increase in property tax revenue.
- The project will be beneficial to a "Blighted Open Area", "Decadent Area", or a "Substandard Area" as defined in 402 CMR 2.03.
- The project must meet all local and State permitting, licensing and regulatory requirements.
- The project will create permanent, full-time livable wage jobs (a starting wage of at least 125% of the state minimum wage\*) for Worcester residents.
  - \*Calculated as the minimum wage as of January 1st in the year of the approved TIF Plan multiplied by 1.25.
- The applicant must use its best efforts to purchase supplies, materials, and services from suppliers and vendors located in Worcester. These best efforts will include requesting proposals from Worcester suppliers and vendors, giving preference to Worcester suppliers and vendors that are both qualified and competitive; and allowing Worcester suppliers and vendors the opportunity to match or better lower prices provided by qualified non-Worcester suppliers and vendors. The Worcester Regional Chamber of Commerce will provide the applicant with a list of Worcester suppliers and vendors from which to request proposals.
- The applicant, its contractors, subcontractors and lessees, if applicable, will insure non-discrimination in all their respective employment decisions. The applicant, its contractors, subcontractors and lessees, if applicable, will insure without regard to race, color, religious creed, national origin, age, sex, gender identity & expression, sexual orientation, genetic information, ancestry, military service, source of information, or disability in the areas of hiring, promotion, demotion, transfer, recruitment, layoff, termination, rate of compensation, in-service or apprenticeship training programs, and all other terms and conditions of employment as it pertains to the applicant, its contractors, subcontractors and lessees, if applicable.
- The applicant must affirm that it will not knowingly employ developers, subcontractors, or other third parties that unlawfully misclassify workers as self-employed or as independent contractors, or that fail to comply with applicable state and federal employment laws and regulations, including but not limited to minimum wages, unemployment insurance workers' compensation, child labor, and the Massachusetts Health Care Reform Law, Chapter 58 of the Acts of 2006, as amended.
- The applicant and all contractors and sub-contractors will comply with the Wage Theft Prevention ordinance as described in Section 39 of the Revised Ordinances of the City of Worcester. A copy of the ordinance will be provided to the applicant prior to project approval.
- The applicant must ensure that all contractors and sub-contractors comply with the health care laws of Massachusetts, and the applicant must not hire any contractors or sub-contractors that are on the Commonwealth of Massachusetts debarment lists.
- The applicant must ensure that all contractors and sub-contractors have not within the past three years been found in violation of any law applicable to its contracting business, including, but not limited to, licensing laws, tax laws, prompt payment laws, wage and hour laws, prevailing wage laws, environmental laws, or others.
- The applicant must ensure that all contractors and sub-contractors maintain appropriate industrial accident insurance sufficient to provide coverage for all the employees on the project in accordance with G.L. c.152 and provide documentary proof of such coverage to the Commissioner of Inspectional Services to be maintained in Inspectional Services as a public record.

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- The applicant must provide the City of Worcester with a list of contractors and sub-contractors that will be given the opportunity to bid on the project construction. Said list must be provided to the City of Worcester as part of the applicant's application for tax relief.
- Special consideration will be given to those applicants who identify and contract with vendors with a proven track record of ensuring diversity and transparency across their organization and as a part of their hiring practices.
- Applicant will provide the site access for periodic monitoring/compliance visits throughout the duration of the project.

### **Workforce Development**

- The applicant and its tenants, must work with the Program and Compliance Manager regarding workforce development resources and when applicable work with the City's Workforce Development Division ("Workforce Development Division"), the Program Director of the Worcester Jobs Fund Committee, other local employment agencies, and community/neighborhood organizations as identified to outline the job profiles of those positions to be created in order to secure positions at the project address for Worcester residents. The applicant and its tenants, if applicable, must also agree to make all commercially reasonable efforts to maintain and add to the level of jobs at the project address as long as the TIF Plan is effective.
- During the duration of the Tax Increment Financing Plan, the applicant and its tenants, where applicable, must work with the Program and Compliance Manager, Workforce Development Division, the Program Director of the Worcester Jobs Fund Committee, other local employment agencies, and community/neighborhood organizations as identified to further this local hiring objective and meet its workforce development goals.
- The applicant must make every effort to ensure the goals of the program are being met. The applicant should notify the Program and Compliance Manager if they are not on track to reach their program goals. The applicant will work with the Program and Compliance Manager to include meeting monthly/periodically or as needed throughout the project construction to evaluate and reassess performance toward diversity goals and develop a strategic plan to address any shortfalls.

### **Compliance/Reporting**

- During Construction:
  - The applicant must submit to the City monthly certified payroll documentation for all contractors and sub-contractors. Your schedule for submitting documents is \_\_\_\_\_ and \_\_\_\_\_. The documentation must include each employee's name, address, and identifying number.
  - In addition to the Economic Assistance Coordinating Council (EACC)'s reporting requirements, the applicant must provide semi-annual reports to the City of Worcester during each year of the Tax Increment Financing Plan. Said reports, which will be forwarded to the applicant by the City of Worcester for its completion prior to each noted due date.
  - The applicant must use its best efforts to hire a minimum of 50% of its contractors and sub-contractors from qualified local (within thirty miles of the project address) companies. These best efforts will include advertising the work locally; giving preference to local contractors and sub-contractors that are both qualified and competitive; and allowing qualified local contractors and sub-contractors the opportunity to match or better lower prices provided by qualified, non-local contractors and sub-contractors to use

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best effort to achieve a workforce in each trade that is 50% Worcester residents, 38% people of color, and 10% women.

- The applicant must make the Program and Compliance Manager aware of any shortfalls regarding goals and meet with the Program and Compliance Manager monthly/periodically or as needed throughout the project construction to evaluate and reassess performance toward diversity goals and develop a strategic plan to address any shortfalls.

### Post Construction:

- Per M.G.L. Chapter 23A and 402 CMR 2.00, active EDIP projects are required to submit an annual report to the commonwealth's Economic Assistance Coordinating Council (EACC) and to the municipality in which the project located. The EACC reviews each project for compliance with job creation and retention, private investment goals and if applicable, investment tax credit utilization. The failure to submit the annual report to the EACC is grounds for project decertification which may result in the revocation and potential recapture of state tax benefits. The schedule for your annual report is:
  - Full-time employment levels at the facility at the beginning and end of the reporting period
  - The specific number of Worcester residents employed full-time at the facility at the beginning and end of the reporting period
  - The total project investment made as of the date of the report
  - The applicant's financial contribution to the City of Worcester (i.e. property taxes, motor vehicle excise taxes, and water and sewer fees), for the fiscal year
  - A description of any private investment made for the benefit of the community during the reporting period.
- The applicant agrees that 100% of the newly created positions will be made available to residents of Worcester. The City of Worcester reserves the right to also require that certain applicants ensure a percentage of the permanent full-time jobs to be created are filled by Worcester residents, with a goal of 50% Worcester residents including 10% minority, 5% women and 15% low-moderate income individuals.
- If the applicant decides to sell the property or business during the Tax Increment Financing Plan or to otherwise transfer control of the property or business and/or its operation, the applicant must give the City of Worcester as much notice as is practicable.
- The applicant must ensure that regardless of future ownership the property will remain taxable or pay a tax equivalent payment for the life of the Tax Increment Financing Plan, unless the property is repossessed or foreclosed upon by a mortgagee.

**Please be aware:** the failure to submit a semi-annual report to the City of Worcester, as well as a company's failure to retain its permanent, full-time job base as stated in the application, complete the project as proposed, or reach at least 50% of its job creation goal as stated in the application, may result in the revocation and/or potential recapture of local tax benefits. The City of Worcester reserves the right to consider the revocation of a Tax Increment Financing Plan and/or potential recapture/reduction of local tax benefits on a case-by-case basis. If the City of Worcester chooses to reduce the percentage of a company's local tax benefits due to non-compliance with its job retention or creation goals, the percentage reduction amount will be proportionate to the company's current permanent, full-time employment levels.

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ACTIVITY	PROJECTED TIMELINE
<ul style="list-style-type: none"> <li>• Applicant submits a letter of intent</li> </ul>	Approximately 7 days
<ul style="list-style-type: none"> <li>• Applicant, City, and MOBD regional director meet to discuss the proposed project</li> </ul>	
<ul style="list-style-type: none"> <li>• City and MOBD determine project eligibility</li> </ul>	
<ul style="list-style-type: none"> <li>• Applicant submits a Certified Project application and other required documentation</li> </ul>	Applicant Driven
<ul style="list-style-type: none"> <li>• The Certified Project application and accompanying EDIP documents are submitted to the City Council</li> </ul>	Approximately 21 days
<ul style="list-style-type: none"> <li>• Application is referred to the City Council’s Standing Committee on Economic Development Committee for review and recommendation</li> </ul>	Approximately 60 days
<ul style="list-style-type: none"> <li>• Applicant meets with the Worcester Jobs Fund Committee</li> </ul>	
<ul style="list-style-type: none"> <li>• Applicant meets with the Economic Development Committee</li> </ul>	
<ul style="list-style-type: none"> <li>• City Council receives Economic Development Committee’s recommendation and takes final vote to approve or deny application</li> </ul>	
<ul style="list-style-type: none"> <li>• Final State approval</li> </ul>	Next Quarterly EACC Meeting