

BUSINESS RECRUITMENT PROGRAM

Impact Report
2023



This 2023 Impact Report:

Provides a current overview of the Durham County Business Recruitment Program as of June 30, 2023.

Summarizes the most recently completed performance year (2021) for companies within the program.

Demonstrates the program's return-on-investment (ROI) and how the portfolio's performance is exceeding scheduled milestones to date.

DIRECTOR'S WELCOME

On behalf of the Durham County Economic Development team, we are pleased to share our inaugural report highlighting the status and impact of Durham County's business recruitment program.

In 2020, the Durham County Board of Commissioners unanimously approved an incentive policy that sought to better align our business recruitment program with the County's broader strategic priorities. With the guidance and continued support of the County's Management team, the policy leverages public investments to generate new property tax revenue and foster the creation of quality jobs (prioritizing-entry-level), while also seeking to deliver broader benefits to the community. As a result, the policy promotes and achieves contracting with Minority and Women-Owned Business Enterprises (MWBEs), internships and apprenticeships, critical partnerships with Durham Public Schools and Durham Tech, living wages, and more. We take pride in the Durham County business recruitment model and showing what successful economic development can be.

As you will see in the report, the revised program is demonstrating early results - but our commitment to creating an inclusive and thriving community calls for continuous effort. We will keep working towards that goal, and hope you'll join us in that effort.



Andy Miracle
Director of Economic Development



NACo Achievement Award-Winning Program

Durham's business recruitment program is a nationally award-winning program. At the 2023 National Association of Counties (NACo) conference in Travis County, Texas, the program won a national achievement award in economic development for its betterment of County services and programs.



The Durham County team at the 2023 NACo conference.

What is the Business Recruitment Program?

Recruiting new businesses to Durham County is vital for our community’s economic health. These companies bring new tax revenue that can pay for important programs and services. They also create great jobs for residents, including well-paying entry-level jobs with benefits and career mobility. The main tool that Durham County uses in the program are incentives, which are calculated based upon new property taxes paid by the company. These incentives pay for themselves, and are also tied to a community benefits program, such as educational partnerships or spending with diverse vendors. The Greater Durham Chamber of Commerce is also a vital partner in this effort. Staff closely monitor all awards to ensure compliance with job and investment numbers, and no funds are paid until figures are achieved. The County’s policy on business recruitment was approved by the Board of Commissioners in 2020 and can be found at www.DCO-ED.com.



BULLS Academies: Hiring & Training Durham Residents to Fill Recruited Jobs

The BULLS Academies are a community partnership that connects Durham residents (18-25 years old) seeking economic mobility to industry certification and employment. To ensure that students are properly equipped for the coursework at Durham Tech, BULLS offers success coaching, engagement resources, and financial support. Durham County has been instrumental to the program by providing seed funding starting in 2021 and committed support through 2025. Current graduates can work at recruited companies offering Biopharma Manufacturing roles after completion of the coursework.

To learn more about the program and current cohort opportunities, please visit: <https://www.madeindurham.org/bulls-academy>



Through the first 6 cohorts, the Bulls Life Sciences Academy results include:

- 96% of program participants are students of color
- 59 students have completed program coursework
- 45 students have passed the industry certification exam
- 25 students have obtained industry jobs*

*This metric is current as of April 2024, is reflective of all cohorts to date, and is not comprehensive of all program participants.

KEY FACTS & FIGURES



The County's business recruitment program currently supports a projected

\$2.9 BILLION

in private investment and

6,000 JOBS

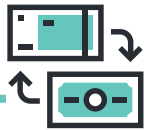
in Durham County.



In 2021, approximately

\$72 MILLION

was spent by portfolio companies at minority and women owned businesses (MWBE). Nearly two-thirds of that spending was with minority businesses.

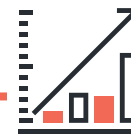


For a very small public investment, this program generates significant private investment. This private investment provides taxes that can support social services, infrastructure, education, small businesses, and more.

For projects recruited under the Durham County Incentive Policy, for every **\$1.00** that the County has invested, the County has received

\$633.12

in private taxable investment.



In 2021, portfolio companies **exceeded** job targets by 959 jobs by creating and/or maintaining

1,648 JOBS

(versus 689 jobs projected).



In 2021, portfolio companies **exceeded** capital investment targets by more than

\$336 MILLION

by investing a cumulative amount of

\$867 MILLION

(versus \$531 million projected).



Nearly **half** of the announced new jobs created are **entry-level positions** that exceed living wage standards, offer great benefits, and provide career advancement in a meaningful field.

PORTFOLIO OVERVIEW

As of June 30, 2023, Economic Development Department’s portfolio includes 22 active agreements totaling a projected \$2,923,416,576 in private capital investment and 5,923 jobs. Based on payments and reporting to date, the County has invested a total of \$27,962,014 thus far in these projects and the companies have invested \$1,757,364,442 thus far. The 22 active agreements can either be classified as incentive policy projects or legacy projects. Additional information and context for each type is provided below and on the subsequent page.

INCENTIVE POLICY PROJECTS (15)

These are incentives or investments with companies that were approved after, or heavily influenced by, the Durham County Incentive Policy (2020). The portfolio contains fifteen incentive policy projects which are highlighted in blue in the attached table, *Exhibit A*. These agreements are with specific companies, and examples include Eli Lilly & Co., Beam Therapeutics, Inc., and Grail, Inc. In addition to job and investment targets, incentives in this category generally have community benefits components focused on MWBE spending, creating equitable job pipelines, and sustainable practices.

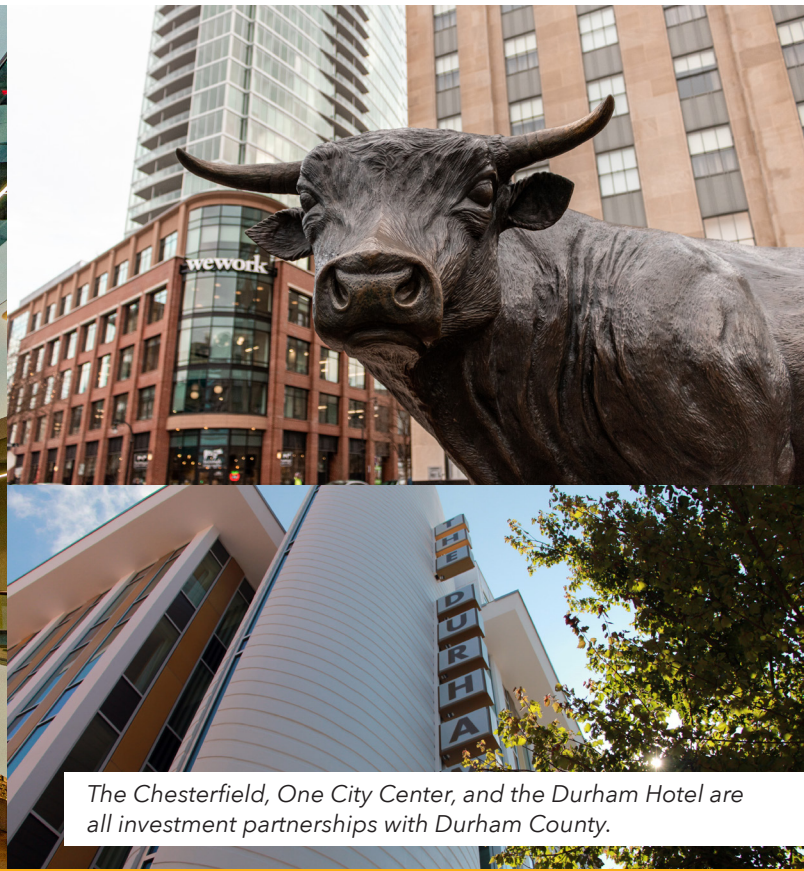
Generally speaking, most of these projects are in the very early stages of their agreements (e.g. Years 0-2), and thus much of the employment, investment, and community partnerships are forthcoming. Typically, a project scales up by initially making significant capital investment followed by ramped up hiring over several years.

The fifteen incentive policy projects are in the early stages of achieving job and investment targets, but have already had a meaningful return-on-investment value for the public:

- **Jobs:** a total of 5,647 jobs are projected to be created by 2030. As of June 30, 2023, 1,050 jobs had been created (19%).
- **Investment:** a total of \$2,522,412,200 is projected to be invested by 2030. As of December 31, 2021, \$853,582,571 had been invested (34%).
- **Return-on-investment:** based on payments to date, the County has invested \$2,040,137 in the incentive policy projects and companies have invested \$1,291,658,135. Thus far, for every \$1.00 that the County has invested, the County has received \$633.12 in private taxable investment.



Eli Lilly is a recruited company in Durham County investing nearly \$900M; Treyburn Corporate Park is home to recruited partners such as bioMerieux, Corning, and Merck.



The Chesterfield, One City Center, and the Durham Hotel are all investment partnerships with Durham County.

LEGACY PROJECTS (7)

These are incentives, investments, or public-private partnerships with companies that were contracted between 2013-2016, prior to the approved Durham County Incentive Policy (2020). The portfolio contains seven legacy projects which are highlighted in orange in the attached table, *Exhibit A*. Many were agreements with companies within Downtown Durham focused on revitalization and capital investment. Examples include the 21C Hotel (21C Durham, LLC), Durham Innovation District (Durham ID Phase 1 Developer, LLC), and the Durham Hotel (Gentian Group, LLC). This category also includes the County's infrastructure investment in HUB RTP.

These investments have been highly successful. Collectively, these seven legacy projects have exceeded the original projected job and investment targets.

- **Jobs:** A total of 276 jobs were projected to be created by the seven legacy projects; 598 actual jobs have been created, more than double what was originally scheduled.
- **Investment:** a total of \$401,004,376 was projected to be invested by the seven legacy projects; total investment thus far is \$465,706,307, or \$64,000,000 more than originally scheduled.
- **Return-on-investment:** based on payments to date, the County has invested \$25,921,877 in the seven legacy projects and companies have invested \$465,706,307.

2021 COMPANY PERFORMANCE

All County payments are tied to performance metrics that ramp up over time. 2021 is the most recent completed performance year, and companies submitted their performance for 2021 to the County in 2022. Some of the key highlights of aggregate 2021 company performance include:

- \$71,829,770 was spent by recruited companies at minority and women owned businesses (MWBEs).
- The County paid out about \$0.78 cents for each \$1.00 budgeted. The total budgeted amount for 2021 incentive payments was \$2,401,444; however, a total of \$1,872,157 was paid out to firms (78%).
- In total for 2021, companies exceeded job targets by 959 jobs by creating and/or maintaining 1,648 actual jobs (versus 689 jobs projected).
- In total for 2021, companies exceeded capital investment targets by more than \$336,000,000 by investing a cumulative amount of \$866,711,718 (versus \$530,671,260 projected).
- Legacy projects did not typically have MWBE or community partnership components. All of the incentive policy projects are in the early stages of their projects and are focused on executing the capital investment, utilizing MWBE vendors, and building their workforces. Future reports will provide updates and progress as it occurs.



OTHER UPDATES & HIGHLIGHTS

- The buildout of HUB RTP continues, and the County has completed its \$20,000,000 infrastructure investment.
- In 2023, the County secured an additional \$43 million in aspirational MWBE spending commitments from three new job announcements.

HUB RTP: A Vibrant & Mixed-Use Neighborhood in Research Triangle Park

Located in the heart of RTP at the intersection of Davis Drive and NC-54 is HUB RTP. Upon completion, the new mixed-use neighborhood will boast 1 million square feet of office space, 406 multi-family units, 265,000 square feet of life science space, 252 hotel rooms, and 16 acres of greenspace. Durham County is

supporting this historic project with a \$20 million investment in community infrastructure such as utilities; parks, public spaces, and open space; bike and pedestrian infrastructure; parking; and more. Additional information can be found at <https://hub.rtp.org>.



EXHIBIT A - TOTAL BUSINESS RECRUITMENT INVESTMENT PORTFOLIO (CUMULATIVE AS OF JUNE 30, 2023)

Note: The jobs and capital investment targets for most projects ramp up over a multi-year period and many of the projects below are in the early years of their performance. The most recent performance year is 2021. Accordingly, a "low" figure within reported investment or jobs to date is not indicative of a lack of performance or the exact present-day status.

#	Company	AGREEMENT STATUS		COUNTY INCENTIVE		CAPITAL INVESTMENT			JOBS	
		Date of Agreement	Most Recently Completed Performance Year	Total Maximum County Investment	Payments to Date	Total Company Investment Scheduled	Certified Company Investment to Date	Total Jobs Scheduled	Reported Jobs to Date	
1	21C Durham, LLC	2/26/2013	Year 4 of 10	\$2,000,000	\$800,000	\$33,600,000	\$52,844,981	126	126+	
2	Austin Lawrence Partners-East, LLC	6/12/2014	Year 4 of 15	\$3,973,095	\$991,877	\$65,000,000	\$79,772,407	10	10	
3	Beam Therapeutics, Inc.	9/27/2021	Year 2 of 10	\$500,000	\$27,674	\$83,000,000	\$40,390,126	201	53	
4	Bioagilytix Labs, LLC	6/4/2021	Year 0 of 10	\$395,000	\$0	\$61,500,000	\$0	878	0	
5	bioMerieux, Inc.	12/8/2014	Year 10 of 10	\$400,000	\$400,000	\$48,000,000	\$64,722,108	110	110+	
6	CARsgen Therapeutics Corp.	5/4/2022	Year 2 of 10	\$1,000,000	\$18,177	\$157,000,000	\$32,016,000	200	--*	
7	Catalent, Inc.	6/6/2023	Year 0 of 10	\$150,000	\$0	\$39,462,200	\$0	201	0	
8	Clorox Co.	12/16/2020	Year 1 of 10	\$50,000	\$0	\$7,500,000	\$11,738,996	158	--*	
9	Corning, Inc.	6/30/2023	Year 0 of 10	\$2,700,000	\$0	\$189,000,000	\$0	317	0	
10	Durham ID Phase 1 Developer, LLC	10/10/2016	Year 4 of 5	\$2,500,000	\$2,000,000	\$89,000,000	\$109,847,833	--	--	
11	Eli Lilly & Co. (Project Blue Jay)	2/10/2020	Year 2 of 10	\$2,550,000	\$160,290	\$440,000,000	\$664,930,091	462	12+	
12	Eli Lilly & Co. (Project Carter)	1/23/2023	Year 0 of 10	\$5,000,000	\$0	\$450,000,000	\$0	100	0	
13	Gentian Group, LLC	2/15/2013	Year 7 of 10	\$605,000	\$530,000	\$10,000,000	\$10,224,170	30	30	
14	Grail, Inc.	6/22/2020	Year 2 of 10	\$925,000	\$30,027	\$111,000,000	\$84,763,466	739	167+	
15	Jaguar Gene Therapy, LLC	Pending	Year 0 of 10	\$525,000	\$0	\$125,000,000	\$0	200	0	
16	Kempower, Inc.	Pending	Year 0 of 10	\$290,000	\$0	\$41,250,000	\$0	601	0	
17	Merck, Sharp & Dohme Corp.	12/11/2020	Year 2 of 10	\$3,000,000	\$857,143	\$650,000,000	\$381,801,844	391	200+	
18	Novartis Gene Therapies, Inc.	1/14/2019	Year 4 of 10	\$750,000	\$450,000	\$60,000,000	\$68,991,205	200	114	
19	Q Squared Solutions, LLC	10/12/2020	Year 0 of 10	\$950,000	\$0	\$84,200,000	\$0	749	0	
20	Research Triangle Park Foundation (HUB RTP)	10/12/2015	--	\$20,000,000	\$19,436,000	\$75,404,376	\$64,360,470	--	--	
21	SmartWires, Inc.	11/2/2021	Year 2 of 10	\$125,000	\$17,857	\$23,500,000	\$7,026,407	250	26	
22	Wexford Chesterfield Parking, LLC	10/12/2015	Year 5 of 10	\$1,200,000	\$1,200,000	\$80,000,000	\$83,934,338	--	--	
LEGACY PROJECTS TOTAL		(7)		\$31,478,095	\$25,921,877	\$401,004,376	\$465,706,307	--	--	
INCENTIVE POLICY PROJECTS TOTAL		(15)		\$18,910,000	\$2,040,137	\$2,522,412,200	\$1,291,658,135	--	--	
PORTFOLIO TOTAL		(22)		\$50,388,095	\$27,962,014	\$2,923,416,576	\$1,757,364,442	5,923	1,648	

* = more information will be provided in future years as reporting becomes certified; + = jobs exceeding the required number have been redacted for confidentiality purposes but are included in aggregate totals



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ECONOMIC DEVELOPMENT
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