



To: Carlos Trejo, City of Olivette

From: E. Scott Harrington, Vandewalle & Associates
Colleen Blomgren, Vandewalle & Associates

Date: May 4, 2006

Re: Status Report on City of Olivette Strategic Plan – Phase III

We are well underway with Phase Three of the City of Olivette's Strategic Plan, which entails the development of policies to guide the City's use of incentives to promote redevelopment within the City. We will provide draft documents to you early next week, but are providing this summary report now for your discussion tonight with the City Council and Planning and Community Design Commission.

Incentive Programs to be Covered

We are developing policies for the use of each of the following incentives commonly used in Missouri:

- Tax Increment Financing
- Transportation Development District
- Community Improvement District
- Neighborhood Improvement District
- Chapter 353 Tax Abatement
- Chapter 100 Tax Abatement

Additionally, we will provide information on the use of additional local incentive programs which the City may choose to adopt in the future. These incentive programs include:

- Revolving loan fund
- Density bonuses / reduced parking requirements
- Façade improvement program
- Building rehabilitation loan
- Public infrastructure assistance
- Provision of free or reduced-cost land or structures
- Waiver of impact fee, permit fee, inspection fee, or utility connection fee

Incentive Policy Outline

The following is an outline that is being used in the development of the incentive policies.

I. PURPOSE OF AN INCENTIVE POLICY

- Provides criteria for judging the need for and size of incentives
- Defines a process and roles for City officials and staff when providing incentives
- Enables the City to use a transparent, fair, and consistent decision-making process
- Seeks to make the best and most efficient possible investments of public funds

II. GOALS FOR THE USE OF INCENTIVES

- Enables development desired by the community that would not otherwise occur in the marketplace, but for the use of the incentive
- The long-term public benefits resulting from a development facilitated through the use of incentives should exceed the amount invested through the incentive

III. PROCESS FOR DEVELOPING AND EVALUATING INCENTIVE PACKAGES

- Creates a Project Management Team for each project consisting of representatives from development-related City commissions and boards to provide a comprehensive evaluation of redevelopment proposals
- Ensures that overall project quality and design are part of the economic development equation
- Provides a streamlined approach to both seek and react to redevelopment proposals, while ensuring transparency and opportunities for public discussion and input
- Provides a process for determining the most ideally suited incentive, or package of incentives, for any particular project
- Ensures that projects are carried out and fully executed once approved

IV. INCENTIVE DESCRIPTION

- Incentive definition
- Goals for the use of the incentive (drawing from state enabling legislation)
- Funding and timing limitations
- General procedures for use of the incentive (as defined in state law)

V. POLICIES FOR THE USE OF INCENTIVES

- Identification of the targeted use of the incentive
- Provisions to include in development agreements, such as “clawbacks”
- Requirements for evaluating projects after developed to gauge a developer’s/business’ adherence to commitments made

VI. PROJECT EVALUATION CRITERIA

The following items should be considered to determine whether to offer an incentive for a particular project, and the amount of incentive to offer:

- Demonstration of “but for” – development/businesses location would not occur but for the use of the incentive

- Demonstration that the project will provide one or more of the following significant community benefits, guided by the community's priorities as described in the Strategic Plan:
 - Economic impacts
 - Environmental impacts
 - Social impacts
 - Aesthetic impacts
 - Regional impacts
- Developer's Pro forma
 - Costs
 - Revenues
 - Expected rate of return
- Developer's/business' past experience
- Developer's/business' commitments
 - Occupancy
 - Revenue (e.g. Payments In Lieu Of Taxes and Economic Activity Taxes)
 - Ownership
- Actions by the developer/business to reduce the risk of public investment
- Timing
 - Development timing
 - Incentive timing
 - Revenue timing (e.g. PILOTS and EATS)

VII. APPLICATION PROCEDURES

- Required information to be provided by applicant
- Timing
 - Date application due, in order to receive incentive in the same calendar year
 - Application review period
 - Expiration of application
- Application fee
- City expenditures incurred to review applications which are to be reimbursed by the applicant

We would welcome input from you, the PCDC and Council concerning any of the above prior to our completion of the initial drafts early next week.