

CITY OF OLIVETTE
REDEVELOPMENT PROJECT MANAGEMENT PROCESS
Draft June 22, 2006

A. INTRODUCTION

The adopted *Olivette Strategic Comprehensive Plan – Dynamic Sense of Place* establishes a number of goals and objectives to be accomplished through private redevelopment projects as well a variety of public improvements. To achieve these goals, the City intends to use a wide range of economic development tools. However, in using these powerful tools, the City needs to be assured that the resulting redevelopment projects will, in fact, achieve the goals and objectives of the plan. Accordingly, included in this process are a set of criteria that the City uses to evaluate a proposed development project to determine the need for economic development tools to facilitate the project, as well as a process for ensuring that the project, once completed, provides the desired level of community benefits and is consistent with the principles established in the Strategic Comprehensive Plan.

The adopted Strategic Comprehensive Plan places a significant emphasis on the type and quality of private development projects and related public improvements. While elimination of blight and a higher utilization of property along Olive Boulevard are important, the scope, scale, intensity and design of new development are equally important as is the need to make significant improvements in the public realm such as utilities, roads, sidewalks, bike paths, streetscape and public gathering areas. As a result, the evaluation of redevelopment proposals must be comprehensive in nature, taking into account not only the strict financial terms of the project, but also the character and quality of design of the site, buildings and related public amenities. For the purpose of this document, the term “developer” may refer to either a land developer or a business owner seeking to relocate to or expand in Olivette.

B. PROCESS GOALS AND OBJECTIVES

The City of Olivette has an Economic Development Commission (EDC) and a Planning and Community Design Commission (PCDC) to lead initiatives and make recommendations regarding the development of the community. The scopes of responsibility for both commissions are significant; thus, while there may be some overlap, there will continue to be a need to have two separate boards. At the same time, the City wishes to make a concerted effort to engage the development community as a partner in redevelopment and to streamline the development review process.

A Project Management process (PMT process) is an effective vehicle for bringing together such independent entities with broad and varying sets of skills, expertise, and experience and promoting collaborative and comprehensive decision-making amongst these groups. The PMT process described herein integrates the redevelopment-related activities of City staff, City Council, PCDC, and EDC. Staff provide professional redevelopment expertise; City Council serves as the ultimate decision-making body who keeps the community’s goals, vision, and needs foremost in mind; the PCDC provides expertise in development review and is charged with upholding the goals of the Strategic Comprehensive Plan; and the EDC offers members

with private-sector perspectives complemented with the goal of forwarding the community's vision. A PMT serves as the City's primary liaison and contact with a developer and is responsible for ensuring the goals and objectives of the PMT Process are met.

Additionally, a primary goal for this process is not only to streamline the City's review of individual redevelopment projects, but also to provide a mechanism for the City to actively participate in redevelopment by promoting initiatives focused on the seven key issues identified in the City's Strategic Comprehensive Plan.

The process described herein is intended to meet the following objectives:

- Fully utilize the knowledge and expertise of existing boards and commissions;
- Respect and strengthen the roles and responsibilities of existing boards and commissions;
- Embrace the development community and individual developers as partners in achieving the goals and objectives of the adopted Strategic Comprehensive Plan;
- Streamline developer negotiations concerning the use of economic development tools and project quality and design;
- Provide transparency and significant opportunities for public discussion and input into all redevelopment projects; and
- Efficiently and effectively ensure that the goals and objectives of the adopted Strategic Comprehensive Plan are being met.

C. ISSUE-BASED PROJECT MANAGEMENT PROCESS

The City's Strategic Comprehensive Plan goal of actively participating in redevelopment is addressed in part through the formation of Issue Project Management Teams (PMTs). Each Issue PMT is established by the City Council at the point when the City is prepared to begin actively pursuing the achievable outcomes associated with each of the seven key issues described in the Strategic Comprehensive Plan.

1. *Council Establishment of an Issue PMT:* Consistent with approved Priority Implementation Action Plan PMTs are established for the key issues identified in the Strategic Comprehensive Plan, some of which may require more than one Issue PMT to deal with various sub-component strategies. These issues include:

- Community Image;
- I-170 Interchange Improvement;
- Olive Boulevard;
- Industrial Parks;
- MetroLink;
- Saints Olivette; and
- Wi-Fi.

Additionally, over time, new priority redevelopment issues related to the Strategic Comprehensive Plan may be identified which would be best analyzed and addressed through the formation of an issue-based PMT. An "issue" is broadly defined as an identified community need, a redevelopment site or area, or other redevelopment-

related project in which action is initiated by the City as opposed to a property owner/developer.

2. *Membership of Issue-Based PMTs:* Issue PMTs generally consist of one or more representatives of the Economic Development Commission, Planning and Community Design Commission, and City Council. Additionally, members representing other organizations (other City boards, community organizations, or neighborhood organizations for example) may be asked to participate. Further, the PMT may delegate tasks to City staff and outside experts as appropriate, such as conducting research and planning, meeting with potential partnering organizations and governments, and meeting with potential developers, just to name a few. The structure and operations of the PMT are described in Section E.
3. *Transition to a Development PMT:* When an Issue PMT identifies a developer with a project proposal consistent with the Strategic Comprehensive Plan, all of the same members may serve as the Development PMT, or a new Development PMT (with some crossover representation) may be established by the Council depending on the work load of the members

D. PROJECT-BASED PROJECT MANAGEMENT PROCESS

The City's Strategic Comprehensive Plan goal of actively participating in redevelopment is also addressed through the formation of Development Project Management Teams which are established by the City Council in response to specific development proposals.

1. *Applicable Projects:* The project-based Project Management process (PMT process) described herein is required for all proposed development projects seeking the use of one or more of the economic development tools described in Appendix A wherein some form of public assistance would be provided. The process also is required for all projects for which the City seeks a developer through either a request for proposals or request for qualifications. However, the process also may be requested by, and is strongly encouraged for, developers of any proposed project even if public assistance is not requested.

The PMT process adds real value to a project from a developer's perspective by using an integrated, collaborative, and seamless approach to project design, economic development assistance negotiation, and regulatory approval. Through the use of project-specific Development Project Management Teams whose members represent the primary development recommending and approving bodies in Olivette, the City dedicates its time and resources to directly engage a developer as a full partner in community redevelopment. Participation in the process can enable a project to quickly move through negotiations in order to determine the feasibility of a project in a manner that minimizes the developer's risk, time and expense.

Even in cases where a developer does not request City assistance, the PMT process still helps to ensure a coordinated and consistent development review process integrating the PCDC's review of a development's proposed design and land use with

the EDC's review of market studies and other economic information provided to the City.

From the perspective of a potentially expanding or relocating business, the PMT process helps to reduce risk and uncertainty when making site-selection decisions as the process provides for early, direct contact with the ultimate decision-makers who can provide quick responses and solid direction as to what will be required to gain community support.

From the community's perspective, the PMT process provides a highly transparent method for evaluating and deciding on the use, character, and scale of a project as well as the public costs and benefits of a project. Public discussion and input on a proposed project is a key component of project development from nearly its inception through and after its completion. Through the use of informal neighborhood meetings, a real dialogue is established between interested neighbors, the developer, and City officials. Through these discussions, all parties gain a greater understanding of a project and its impacts and are provided with an opportunity to identify and resolve problems and concerns outside of the often rigid confines of a formal public hearing.

The end result from the public's and developer's perspectives is a project that functions better, is financially stronger, and has a high level of community and governmental support. Accordingly, nearly every type of development project will benefit from the process.

2. *Redevelopment Project Management Process Phases:* The Redevelopment Project Management Process is presented as a series of four phases beginning with initial discussions between the City and an interested developer and concluding with monitoring and evaluation of completed projects. Phase 1 concludes with an Interim Development Agreement ensuring that the City and an interested developer agree to the general Project Concept and agreement terms before proceeding with further negotiations and expenditures of time and money. Phase 2 concludes with a Final Development Agreement that includes the final project plan, project finances, project phasing, and all of the terms of the agreement including the use of economic development tools. Phase 3 entails construction and continued coordination between the City and the developer through project completion. Finally, Phase 4 provides mechanisms for monitoring a project after completion to ensure adherence to the Final Development Agreement and to address issues and/or changes to project operations over time.

Phase 1 Negotiation of Interim Development Agreement

The objective of Phase 1 of the Redevelopment Project Management Process is to develop an Interim Development Agreement between the City and an interested developer. A development agreement is a legal document containing the terms, responsibilities and obligations of both the developer and the City in carrying out a proposed development.

At the stage of the Interim Development Agreement, the project plan, financial projections, and general terms of an agreement are comprehensive enough to determine

whether the City and the developer wish to move forward with further negotiations, but lack the full level of detail needed for either the developer or the City to make a final financing commitment. Because such details on design and finances require significant time and expense to obtain, this stage of the process is a check point to assure the City and the developer that they have support from each other as well as from the public to proceed with more detailed negotiations.

Specific terms in most development agreements include, but are not limited to:

- The use(s), scope, and scale of the project;
- The character, quality, and design of the site and buildings;
- The type, location, quality and design of related public improvements;
- The use of economic development tools and the need and justification for same;
- The overall feasibility of the project and benefits to accrue to the community; and
- Project timing and phasing.

Figure 1 provides an outline of the City's process used to negotiate an Interim Development Agreement. In general, the same process is used whether the City is approached by a developer with an interest in a particular site or is actively seeking a developer, in which case the process would begin at Step 1.2.

- 1.1 *Initial Project Discussions:*** In cases where a developer approaches the City with a proposal, initial meetings are held with City staff including the City Manager, Public Services Director, and/or City Planner.
- 1.2 *Presentation to City Council:*** If City staff believes a proposed project is consistent with the adopted Strategic Comprehensive Plan, a recommendation is made to the City Council to create a Development Project Management Team (PMT). A developer may also request the City Council create a PMT despite a staff finding that the proposed project is not consistent with the Strategic Comprehensive Plan. At the Council meeting, the name of the proposed developer, the general area of the project, and the general type of project shall be publicly disclosed.
- 1.3 *Council Establishment of a Development PMT:*** Should the Council believe the proposed project is consistent with Strategic Comprehensive Plan and wish to pursue negotiations with the developer, a Development PMT shall be established consisting of one or more representatives of the Economic Development Commission, Planning and Community Design Commission, and City Council. The City may issue a request for development proposals at this point, or at any stage of the process as may be statutorily necessary or desirable.

Once established, the PMT may delegate tasks to City staff and outside experts as appropriate, such as conducting research, meeting with the developer, and reviewing developer-provided materials, just to name a few. The structure and operations of the PMT are described in Section E.

- 1.4** *PMT-Developer Negotiations:* The PMT serves as the City’s primary negotiating team for all aspects of the development agreement. Meetings are open to the public in accordance with state law, although most meetings are designed as working sessions with limited opportunities for public comment. Further, consistent with state law, City staff and/or members of the PMT may have access to proprietary business information that may be held as confidential and require the use of occasional closed sessions.

As part of the negotiations, the PMT and the developer work together to advance and refine the Project Concept and to determine any land use or zoning approvals which will need to be sought as a result. The PMT and the developer also evaluate the potential need for the use of economic development tools to facilitate the project. (Refer to *Appendix A: Economic Development Tools* for a description of the types of tools available to the City.) The following criteria are used to evaluate the Project Concept to determine whether or not economic development tools should be considered for a proposed development:

- *Conformance to the City’s Plan:* The project advances the goals established in the *Olivette Strategic Comprehensive Plan—Dynamic Sense of Place*.
- *Demonstration of Need:* The developer clearly demonstrates that the project would not occur without the use of an economic development tool and that the “but-for” criteria presented for the project is based on reasonable and realistic economic projections and assumptions.
- *Demonstration of Community Benefit:* The project is projected to result in community benefits which outweigh any potential costs incurred by the community to facilitate the project. Community benefits include, but are not limited to, the achievement of goals outlined in the Strategic Comprehensive Plan. Economic, environmental, social, aesthetic, and regional benefits also are considered as part of this evaluation. Additionally, projected negative impacts of the development are considered along with the benefits to determine whether or not the public benefits exceed the public costs.
- *Adherence to Statutory Requirements:* For any specific economic development tool being analyzed, the developer must demonstrate that the project can meet all requirements established by the corresponding State enabling legislation.
- *Optimization of Public Investment:* If use of an economic development tool is deemed appropriate, the specific tool(s) to pursue is chosen based on an evaluation of the most responsible and efficient use of public resources, including a demonstration that potential financial and operational impacts on taxing districts other than the City are the minimum necessary to accomplish the project. Other benefits and drawbacks of available tools, such as the timeframe in which they can be implemented, are also evaluated.

- 1.4.a** *PCDC Input:* While ultimate approval of the Interim Development Agreement rests with the City Council, the PCDC should provide input and make recommendations in this phase of the negotiation process. This

input may take the form of formal meetings of the PCDC with the developer and members of the PMT, or more informal discussions between the PCDC and its PMT representative. The PCDC and PMT will follow the statutory requirements for open meetings, as described in the “Sunshine Law,” Chapter 610 of the Revised Missouri State Statutes.

1.4.b *EDC Input:* While ultimate approval of the Interim Development Agreement rests with the City Council, the EDC should provide input and make recommendations in this phase of the negotiation process. This input may take the form of formal meetings of the EDC with the developer and members of the PMT, or more informal discussions between the EDC and its PMT representative. The EDC and PMT will follow the statutory requirements for open meetings, as described in the “Sunshine Law,” Chapter 610 of the Revised Missouri State Statutes.

1.4.c *Expert Advice:* The PMT may seek assistance from professional planners, designers, environmental consultants, construction managers, financial advisors and analysts, and/or attorneys specializing in redevelopment law; the costs of which shall be passed on to the developer. These professionals are not intended to replace those working for the developer; rather their role is to: (a) assist the PMT and developer in exploring various options; (b) guide the developer’s professionals in their more detailed work; (c) analyze and evaluate information provided by the developer in the interest of the taxpayers; and (d) advise the PMT regarding information presented by the developer and possible financing and development alternatives.

1.4.d *Neighborhood Meetings:* During the course of negotiations at least one Neighborhood Meeting, and possibly others as determined by the PMT, will be held with the developer and residents/property owners in the vicinity of the project. Depending on the nature and scope of the development, other community members outside of the project vicinity also may be invited to the meeting(s). The format and other requirements for Neighborhood Meetings are described in Section F.

1.5 *PMT Recommendation of Project Concept:* At the conclusion of the negotiations and with input from the neighborhood meeting, the PMT recommends a general Project Concept, which includes a concept master plan with general design parameters, and the economic development tools to be pursued and general terms of their use. The level of detail for the scope, scale, and design of a project at this stage is sufficient to communicate the intended general project layout, character, and use of materials, but falls short of the detail required to obtain full zoning approval. Likewise, full project pro formas, costs, and revenues are sufficient to determine basic project finances but lack the full level of detail needed for either the developer or the City to make a final financing commitment, if required.

The Concept Plan and general terms, as recommended by the PMT, are presented at a joint meeting of the EDC, PCDC, and Council for review and consideration.

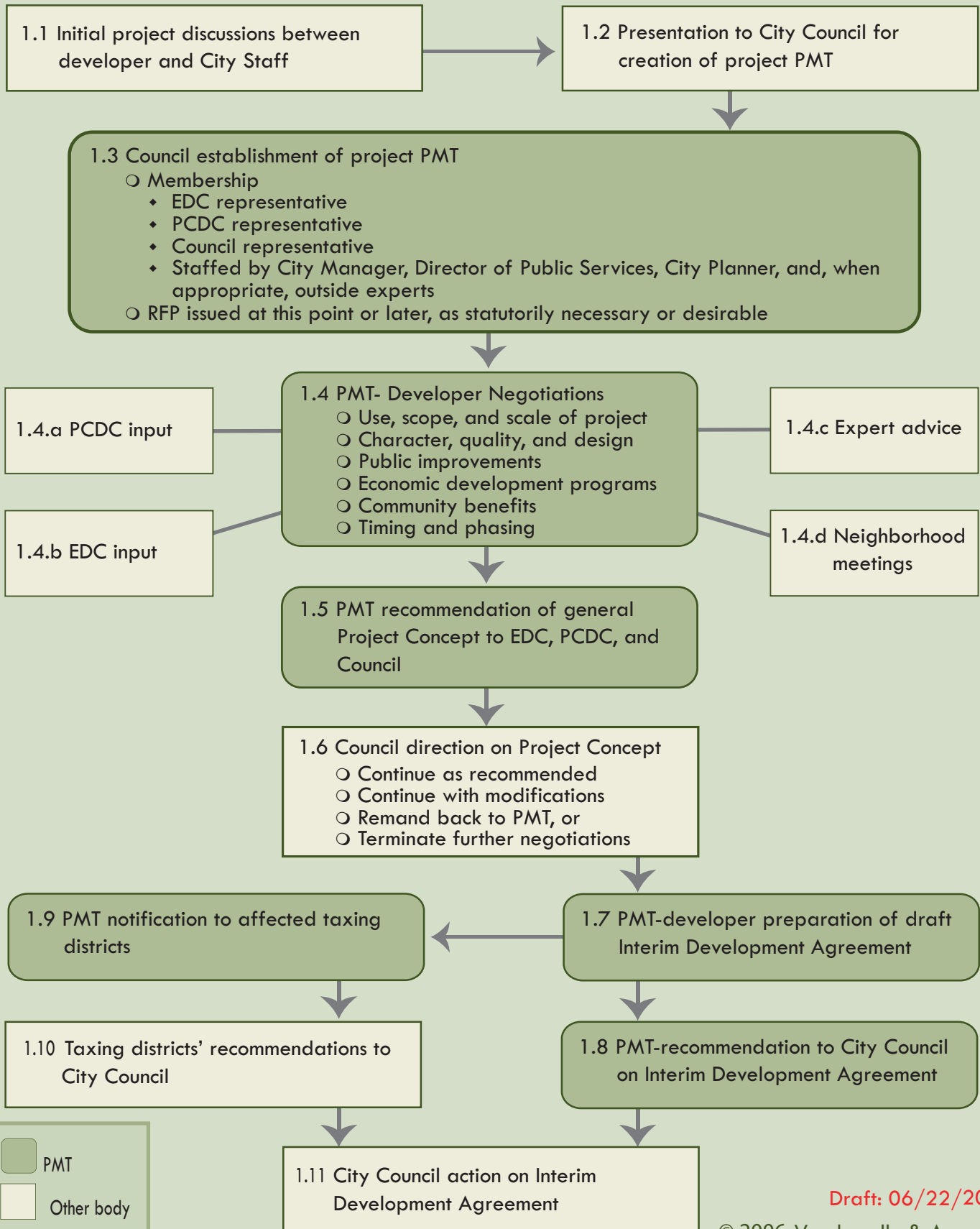
The public and commission members are provided an opportunity to ask questions and provide comments at this meeting. Depending upon the complexity of the proposed project or agreement, more than one joint meeting may be necessary. Likewise, each commission may require additional time/meetings to review the presented information in order to fully advise the Council. Notification of this joint meeting is sent to the members of the public invited to the Neighborhood Meeting(s) in Step 1.4d.

- 1.6 *Council Direction on Project Concept:*** After hearing input from the two commissions and the public at the joint meeting, the City Council decides to pursue one of the following options:
 - Proceed with drafting an Interim Development Agreement based on the presented concept plan and general terms (Step 1.7);
 - Proceed with drafting an Interim Development Agreement based on modifications to the presented concept plan and general terms (Step 1.7);
 - Remand the project to the PMT for further negotiation (Step 1.4); or
 - Terminate further negotiations and actions concerning the project.
- 1.7 *PMT-Developer Preparation of Draft Interim Development Agreement:*** The PMT and developer work cooperatively to draft an Interim Development Agreement which reflects the concept plan and general terms presented to the City Council, including any modifications requested by the Council.
- 1.8 *PMT Recommendation to City Council on Interim Development Agreement:*** The PMT presents and recommends a draft Interim Development Agreement to the City Council.
- 1.9 *PMT Notification to Affected Taxing Districts:*** If the draft Interim Development Agreement includes a stipulation that the City is intending to pursue the use of economic development tools that will have a direct financial impact on one or more taxing districts, other than the City, the PMT will notify all affected taxing districts. Note: this step is begun concurrently with Step 1.7.
- 1.10 *Taxing Districts' Recommendations to City Council:*** Upon receipt of notification that the City is considering the use of an economic development tool that would potentially affect a taxing district's revenues, the taxing district has an opportunity to provide input to the City Council prior to the City Council voting on the Interim Development Agreement.
- 1.11 *City Council Action on Interim Development Agreement:*** The City Council takes action on the Interim Development Agreement, either approving the agreement as is or with modifications, thereby beginning Phase 2, or denying approval of the agreement in order to pursue further Phase 1 negotiations, or to terminate negotiations. Notification of the meeting in which action will be taken on the Interim Development Agreement will be sent to the members of the public invited to the Neighborhood Meeting(s) in Step 1.4d.

Figure 1

City of Olivette Redevelopment Project Management Process

Phase 1: Negotiation of Interim Development Agreement



Phase 2 Negotiation of Final Development Agreement

After the Interim Development Agreement is approved in Phase 1, the individual elements of the agreement that are to be reviewed by City commissions or special district boards are forwarded to those boards and commissions for further refinement. The outcome of Phase 2 is a Final Development Agreement negotiated between the City and the developer which reflects approvals by the City Council (and any special district boards) of land use, zoning, design, and economic development tools.

Figure 2 provides an outline of the City's process used to negotiate a Final Development Agreement.

2.1 PCDC Implementation: The developer refines the Project Concept based on input and direction from the PCDC in order to obtain the necessary land use, zoning, and design approvals, and the PCDC makes recommendations on the same to the City Council. Because the final design of the project can affect the project finances, the PCDC typically takes action prior to the EDC; however, the PMT continues to coordinate with the developer, PCDC, and EDC to ensure actions by both boards are compatible with each other and the approved Interim Development Agreement (see Step 2.4).

2.1.a Application for Land Use, Zoning, and Design Approvals: The developer completes any required application(s) and provides supporting materials for the PCDC's use in recommending the requested land use, zoning, and design approvals to the City Council.

2.1.b Evaluation of Applications for Land Use, Zoning, and Design Approvals: The PCDC evaluates submitted applications based on:

- Consistency with the Interim Development Agreement
- Conformance to the *Olivette Strategic Comprehensive Plan—Dynamic Sense of Place*.
- Adherence to all applicable City codes
- Input from the public hearing(s)

2.2 EDC Implementation: If the potential use of an economic development tool is proposed, then the EDC conducts a review of the full financial information provided by the developer (i.e. the development pro forma), determines the appropriateness and extent of using economic development tools to facilitate the development, drafts the documents and ordinances necessary to enact the selected tools, and recommends adoption of these documents and ordinances to the City Council.

2.2.a Application for Assistance: If the developer anticipates the need for assistance from the City, the developer provides more precise financial information by which to illustrate a projected funding gap. If such a gap is projected, the developer submits an application for assistance for the

particular economic development tool previously identified. If, at this stage, the developer seeks to apply for a different or additional tool, he/she must return to Phase 1 for a revision of the Interim Development Agreement to reflect the potential use of the tool.

To apply for public funding assistance, a developer completes any pertinent application forms and provides the following information to the EDC for review:

- Project Plan
- Financial projections in the form of a capital and operating pro forma which demonstrates the funding gap and enables the City to analyze assumptions made about costs, revenues, and targeted rate of return. Additionally, commitments of developer equity, private financing, other funding sources, and tenant occupancy are provided at this time.
- Any other information required for the particular form of financial assistance as required by Missouri State Statute.
- Any additional information in support of the evaluation criteria described in Step 2.2.b, below.
- An agreement to compensate the City for costs incurred to review the application, including applicable professional fees and costs associated with the review.

2.2.b *Evaluation of Application for Assistance:* The EDC will evaluate applications for assistance based on the information provided and assumptions made in the application. In evaluating applications, it is anticipated that the EDC will retain the services of one or more independent professionals to assist in the review and offer specific recommendations and suggestions to the EDC regarding the proposal. The costs of the professional services will be the responsibility of the developer per the provisions of the Interim Development Agreement and the Final Development Agreement.

To confirm the need for and level of assistance, the project is thoroughly examined using the City's Economic Development Tools Evaluation Checklist, which considers all of the following:

- *Conformance to the City's Plan:* The project advances the goals established in the *Olivette Strategic Comprehensive Plan—Dynamic Sense of Place*.
- *Demonstration of Need:* The developer can demonstrate that the project would not occur without the use of an economic development tool. This demonstration includes:
 - Evidence that public funds will be used only as gap financing by demonstrating that every other financing mechanism has been exhausted prior to using economic development tools, including

the developer's equity, private loans, state and federal funding, and state and federal income tax credits.

- Evidence of the unusual or extraordinary circumstances that would prevent the development from occurring without the use of an economic development tool. These circumstances may include, but not be limited to:
 - Unusual or extraordinary development costs making the project financially infeasible;
 - Need for considerable public infrastructure investment; and/or
 - Need to assemble parcels and/or relocate existing occupants.
- *Demonstration of Community Benefit:* The project should result in community benefits which outweigh any potential costs incurred by the community to facilitate the project. The degree to which a developer can make a clear commitment to creating specific public benefit(s) as part of the Final Development Agreement will also be considered favorably.

Community benefits include, but are not limited to, the achievement of goals outlined in the Strategic Comprehensive Plan. These benefits can be broadly organized into the following categories:

- Economic. Examples include creating or increasing public revenues in the long-term, creating jobs (specifying the wage range and/or targeted recipient of jobs such as currently unemployed residents), and increasing property values.
- Environmental. Both improvements to the natural environment as well as methods for mitigating the development's impact on the environment are considered. Examples include cleanup and redevelopment of brownfields and the use of "green" building methods and materials.
- Social. Examples include the provision of a needed use identified by the community and targeting benefits to and expanding choices for residents in greatest need.
- Aesthetic. Examples include the aesthetic value of public improvements associated with the development as well as the quality and overall character of the private development.
- Regional. The effects that a proposed development could have to improve conditions within the region as a whole are considered.
- *Adherence to Statutory Requirements:* For any specific economic development tool being analyzed, the developer must demonstrate that the project meets all requirements established by the corresponding State enabling legislation.
- *Optimization of Public Investment:* The type of economic development tool used and the extent of its use will be determined based on an evaluation of the most responsible and efficient use of

public resources and any other benefits or drawbacks of tools available such as the timeframe in which they can be implemented.

- 2.3** *Establishment of and Recommendation to Special District Board:* If the EDC recommends approval of an application for assistance, a special board may need to be established or reconvened to oversee the use of the chosen economic development tool. The establishment of such board is dictated by State Statute. It is the City's intent to appoint EDC commissioners to serve on these boards whenever possible. After a board has been established, one of the representatives of the EDC serving on the board will present the EDC's recommendation for the use of the economic development tool to the board. The board will then follow the statutorily-defined procedures to evaluate, recommend, and/or implement the use of the selected tool (the board's powers will vary depending on the particular tool).
- 2.4** *PMT Coordination:* The PMT monitors and coordinates the EDC and PCDC implementation efforts to ensure that the overall integrity of the proposed project, in terms of its design and finances, remains consistent with the approved Interim Development Agreement.
- 2.5** *PCDC/EDC/Special District Recommendations to City Council:* The PCDC recommends the applicable land use, zoning, and design approvals to the City Council, and the EDC and any applicable special board recommend the use of economic development tools to the City Council.
- 2.6** *Council Direction on Recommendations:* After reviewing the recommendations of the PCDC, EDC, and any special boards and with input from the PMT, the City Council votes to pursue one of the following options:
- Proceed with drafting a Final Development Agreement based on the presented recommendations (Step 2.7);
 - Proceed with drafting a Final Development Agreement based on modifications to the presented recommendations (Step 2.7);
 - Remand any particular element to the appropriate commission or board for further review and revisions (Step 2.1, 2.2, and/or 2.3); or
 - Terminate further negotiations and actions concerning the project.
- 2.7** *PMT-Developer Preparation and Recommendation of Final Development Agreement:* Based on the direction given by the City Council in Step 2.6, the PMT and developer work cooperatively to draft the Final Development Agreement. The PMT presents and recommends approval of the draft Final Development Agreement to the City Council.
- 2.8** *City Council Action on Final Development Agreement:* The City Council takes action on the Final Development Agreement and any recommended land use, zoning, design, and economic development approvals. The Council either approves the agreement as is or with modifications, thereby beginning Phase 3, or

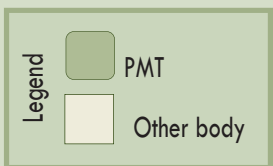
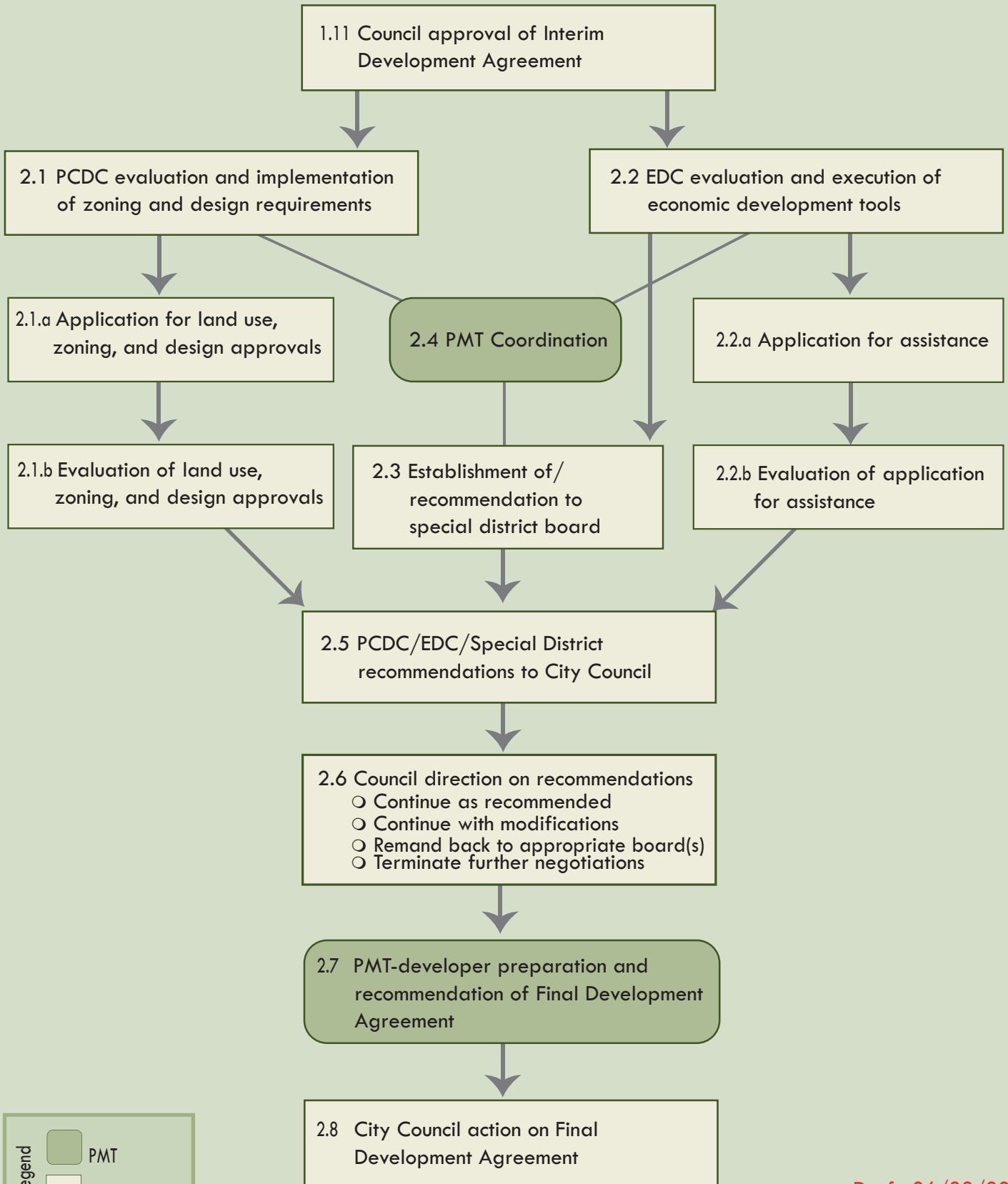
denies approval of the agreement in order to pursue further Phase 2 negotiations or to terminate negotiations. Notification of the meeting in which action will be taken on the Final Development Agreement will be sent to the members of the public invited to the Neighborhood Meeting(s) in Step 1.4d.

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Figure 2

City of Olivette Redevelopment Project Management Process

Phase 2: Negotiation of Final Development Agreement



Phase 3 Construction Coordination

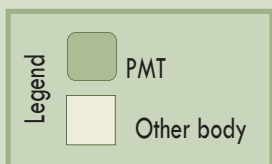
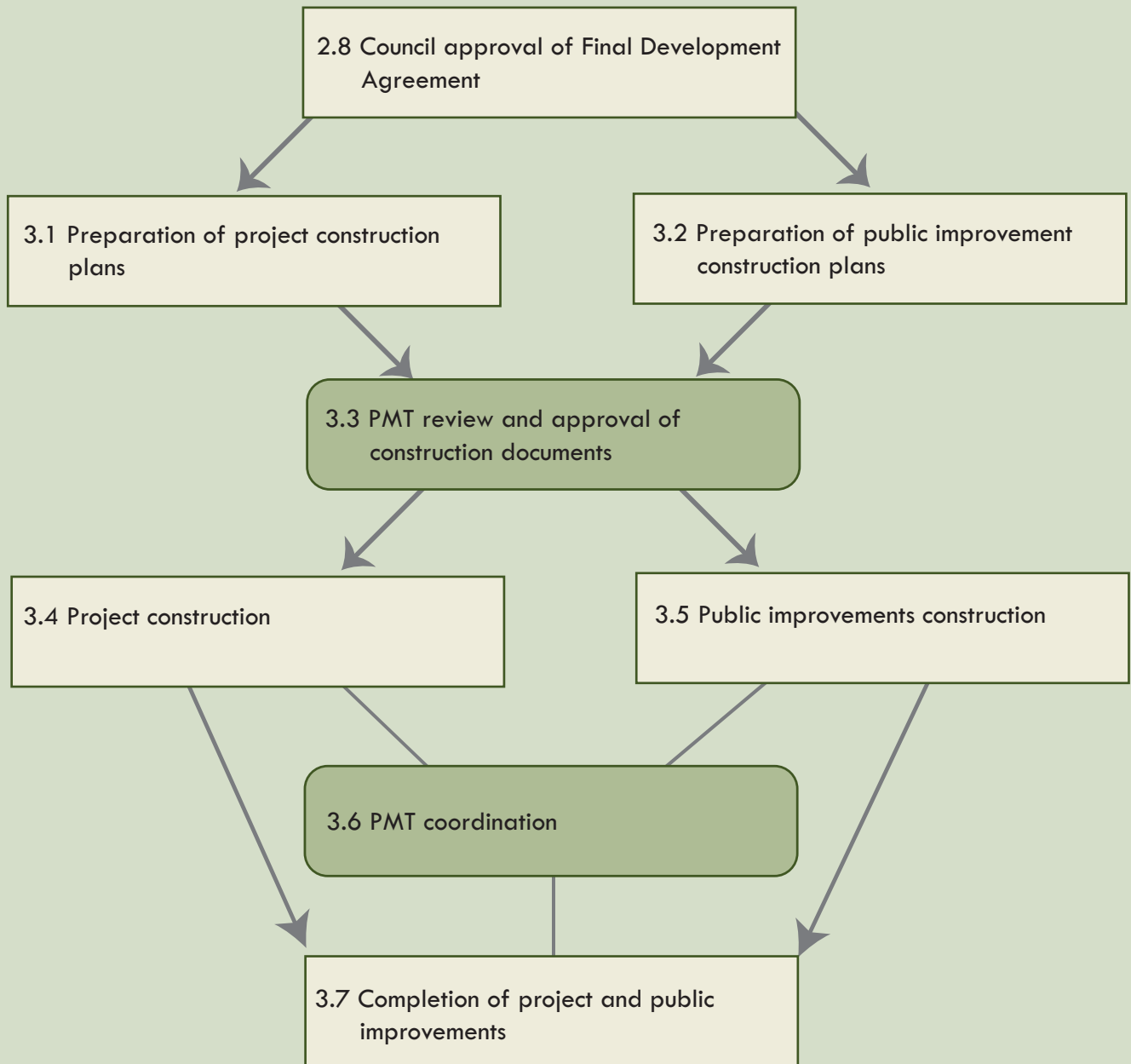
Once a project is approved, the PMT continues to play an integral role to ensure the project is carried out as approved and to ensure the construction of the private and public improvements is properly timed and coordinated. Figure 3 provides an outline of the construction coordination process, which is further described below.

- 3.1 *Preparation of Project Construction Plans:*** After receiving zoning and design approvals, the developer provides a complete set of final construction documents to the PMT. The developer also provides required design documents and permit review fees that are required for all aspects of the project.
- 3.2 *Preparation of Public Improvement Construction Plans:*** Depending on the nature and scope of the public improvements and the approved financing plan, final designs may be prepared either by the developer or the City. In cases where the City does its own design, the PMT serves as the coordinator between the City's and developer's designers.
- 3.3 *PMT Review and Approval of Construction Documents:*** Prior to the issuance of all construction-related permits by the City and all other regulatory agencies, the PMT reviews the construction plans to ensure consistency with the zoning and design approvals and all applicable City codes and as well as consistency between the private and public improvements. Permit and inspection fees shall be paid in accordance with the terms established in the Final Development Agreement.
- 3.4 *Project Construction:*** The developer constructs the project in accordance with the phasing plan contained in the Final Development Agreement.
- 3.5 *Public Improvements Construction:*** Depending on the nature and scope of the public improvements and the approved financing plan, either the developer or the City may perform the construction, as defined in the Final Development Agreement.
- 3.6 *PMT Coordination:*** In cases where the City does its own construction, the PMT serves as the coordinator between the City's and developer's contractors. The PMT also monitors construction timing and progression for consistency with the approved phasing plan.
- 3.7 *Completion of Project and Public Improvements:*** Construction is completed in accordance with the approved phasing plan.

Figure 3

City of Olivette Redevelopment Project Management Process

Phase 3: Project Construction Coordination



Phase 4 Project Monitoring

After a project is constructed, the PMT may be reconvened from time to time to ensure that the developer is meeting any stated commitments, particularly as they relate to the use of economic development tools. The PMT is also available to work with the developer to address operational issues and/or changes to the project. Figure 4 provides an outline of the project monitoring process, which is further described below.

4.1 *Financial Reporting and Monitoring:* The City of Olivette seeks to optimize its use of economic development tools not only by carefully selecting projects and responsibly providing City assistance, but also by evaluating projects after construction to determine the developer's compliance with the development agreement. As a result, during the period of time that the economic development tool is in place, the City shall have access to any properties financed in part with public funds and shall require regular financial reporting (which should be prepared by an appropriate certified professional) to enable the City to ensure compliance.

Economic development tools are used only when the long-term benefits of the redevelopment outweigh the costs incurred by using a tool. These long-term benefits are threatened, however, if the private development does not proceed as originally agreed upon with the City. Accordingly, as part of the development agreement, the City may include provisions for the recovery of any portion of assistance provided to the developer. Provisions in the Final Development Agreement can include, but are not limited to, the following:

- *Project Timeline:* Completion of construction later than agreed upon;
- *Jobs:* Creation of fewer jobs, or at lower wages than agreed upon;
- *Private Investment:* Provision of a lower level of equity in the investment than agreed upon;
- *Property maintenance:* Failure to adequately maintain the property to an agreed upon level for a specified time; and
- *Relocation:* Loss of a tenant from the development prior to an agreed upon time.

4.2 *Project Operations and Changes:* As needed, the PMT is reconvened to address changes in the project (such as signage, landscaping, parking, additions, etc.), or, as requested by the developer, to advise regarding a proper tenant mix or to address operational compatibility issues between the project and adjoining properties.

4.3 *Public Improvement Operations and Changes:* As needed, the PMT is reconvened to address changes in the public improvements (such as landscaping, parking, etc.), or to address operational issues (such maintenance, vandalism, special events, etc.).

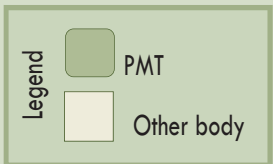
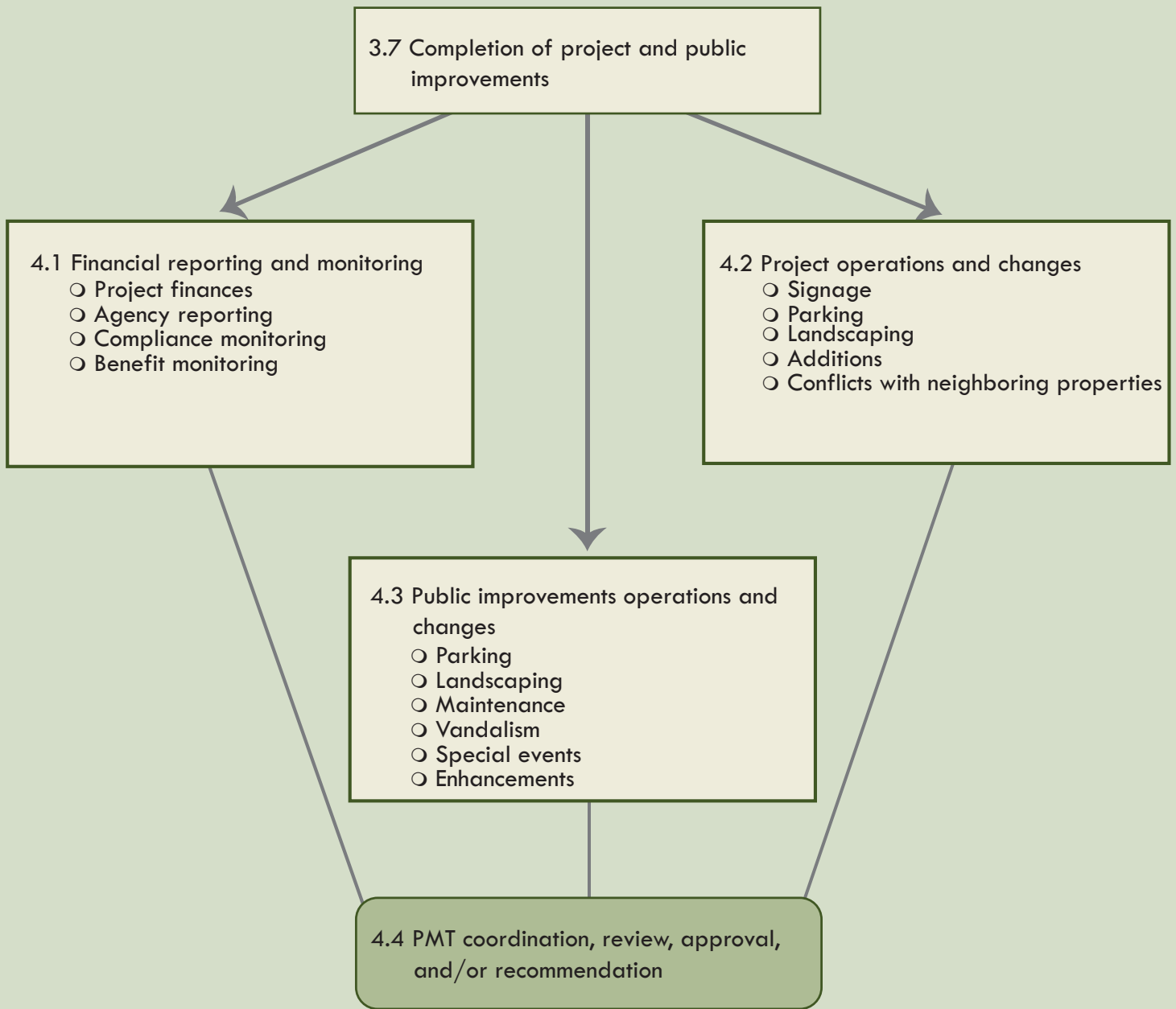
4.4 *PMT Coordination, Review, Approval, or Recommendation:* Depending on any potential changes to the private development or public improvements identified in Steps 4.1, 4.2, and 4.3 above, the PMT will determine whether the changes can be addressed at the PMT level, or if they need to be addressed by the PCDC, EDC, and/or the City Council. If the change needs to be addressed by one of these bodies, the PMT will make a recommendation regarding the change to the appropriate body(ies). In some cases this may require an amendment to the Final Development Agreement and a return to Phase 3.

DRAFT

Figure 4

City of Olivette Redevelopment Project Management Process

Phase 4: Project Monitoring



E. PROJECT MANAGEMENT TEAM

1. *Purpose:* Both Issue and Development PMTs serve a similar overall purpose of coordinating the efforts of the City Council, PCDC, EDC, and staff in promoting redevelopment projects consistent with the Strategic Comprehensive Plan.

Issue PMTs: The purpose of an Issue PMT is to promote redevelopment by taking steps to prior to the review of specific redevelopment proposals. These actions vary based on the specific Issue PMT, and may include, but are limited to: marketing; planning (e.g. concept plans, streetscape plans, etc.); formation of partnerships with other governments or organizations; engagement of property owners or neighborhood residents in redevelopment-related discussions; and recommendations for property acquisition.

Development PMTs: The purpose of a Development PMT is to coordinate the land use, density/intensity, site and building design, constructing phasing, and general economic development assistance terms of a proposed redevelopment project and all related public improvements. The PMT and the processes they participate in are intended to ensure that proposed redevelopment projects are consistent with the adopted *Olivette Strategic Comprehensive Plan* and City planning and economic development policies and codes. Accordingly, a unique PMT shall be established for each proposed redevelopment project for which economic development assistance is requested. Each Development PMT shall be comprised of representatives of various groups as identified herein.

The use of a PMT is intended to be a “value-added” process for developers seeking economic development assistance from the City. By combining the knowledge and perspectives from all of the City’s primary development-related boards and commissions at the outset of developer negotiations, the PMT process should increase the speed and probability of project approval.

2. *Membership:* Every PMT shall include a core set of members consisting of at least one representative from each of the following groups:

- Economic Development Commission
- Planning and Community Design Commission
- City Council

In general, PMTs consist of three members with one representative from each group; however, the ultimate composition of a particular PMT shall be determined by the City Council when the PMT is established. At the time a PMT is established, the City Council also shall appoint one of the members as the chairperson.

It is the City’s intent to rotate designees to PMTs to distribute the time commitment for serving on a PMT, to broadly represent the PCDC, EDC, and Council on PMTs, and to provide an equal opportunity to commissioners and councilpersons to understand and engage in the PMT process. The City also intends to use the expertise of individual

PMT members to best fit certain issues and development types, such that the membership of each PMT takes advantage of individual member expertise

3. *Staff and Experts:* The City Manager, Director of Public Services and City Planner shall serve as staff to each PMT. As needed, the PMT will seek assistance from consulting professionals to provide guidance and alternatives and/or recommendations on various aspects of the issue/project, the cost of which may be passed on to the developer as mutually agreed by the City and the developer in the Interim and Final Development Agreements. Such professionals may include, but are not limited to:
 - Planners
 - Urban Designers
 - Architects
 - Landscape Architects
 - Engineers
 - Environmental Consultants
 - Financial Advisors and Analysts
 - Attorneys specializing in redevelopment law
 - Construction Managers

In the case of Development PMTs, the use of these professionals is not intended to be in lieu of those contracted directly by the developer, but rather to (a) provide the PMT and the developer with expert advice and input that the developer and his/her technical team can incorporate into their more detailed plans and (b) to protect the interests of the City, other taxing districts, and taxpayers.

4. *Responsibilities:* The PMT is responsible for ensuring the listed goals and objectives for the Redevelopment Project Management Process are met by carrying out those functions identified within the process. In the case of Development PMTs, the PMT shall be the City's primary liaison and contact with a developer.
5. *Conduct of Meetings:* A simple majority of members of a PMT shall constitute a quorum. Where possible, matters shall be determined by consensus. However, where consensus cannot be reached or a vote is required, each member of the PMT shall have one vote. A simple majority of members shall be required to pass any motion/take any action. All other rules of procedure shall be as adopted by each PMT.

Consistent with the "Sunshine Law," Chapter 610 of the Revised Missouri State Statutes, PMT meetings shall be noticed and open to the public, and the PMT shall decide if and when the public may comment at a particular meeting. Where provided by state law, certain proprietary information may be held as confidential and the PMT may meet in closed executive session to review and discuss certain information but not to take formal action. In general, the PMT is a "working group" charged with negotiating and executing development agreements. The PMT has no final approval over any aspect of a project, making only recommendations for the represented commissions and board to hold formal hearings and act upon.

Working with City staff, the PMT Chairperson shall schedule PMT meetings. City staff shall prepare and distribute agendas along with the material to be acted upon, and record the minutes. In addition, City staff shall fully document all actions taken by the PMT and maintain all PMT records.

F. NEIGHBORHOOD MEETINGS

1. *Purpose and Objective:* The purpose of a Neighborhood Meeting is to produce a project that better meets the needs and desires of both the developer and the surrounding property owners/residents/occupants. The objective of the meeting is to find areas of common ground through an increased public understanding of a proposed project and through dialogue between the developer and surrounding neighbors about a project and its impacts. The meeting is also intended to insure that the neighborhood concerns and issues are heard, actively considered, and respected as early as possible in the redevelopment process.
2. *Neighborhood Area:* The neighborhood area to be invited to the meeting includes all owners and residents/occupants located within 500 feet of the parcel proposed for development, and any homeowners/ condominium/ neighborhood/ residents/ merchants associations known to the City located within 1,000 feet of the parcel proposed for development. Additionally, depending on the nature and scope of the development, other community members outside of the neighborhood area may be invited to the meeting(s) as directed by the PMT.
3. *Notice:* At least 14 days prior to the meeting, the developer shall provide written notice of the time, place, and subject of the Neighborhood Meeting to all of the owners and occupants within Neighborhood Area as described above. The notice also shall include the developer's name, address and phone number. Notice shall be hand-delivered or delivered by first-class mail.
4. *Meeting Time and Location:* The developer shall arrange for the meeting location and shall conduct the meeting. Meetings shall be held on a weekday evening and shall generally start between 5:30 and 7:30 PM in a location that is generally accessible to the affected neighborhood. Alternative times and locations may be approved by the PMT.
5. *Meeting Content and Conduct:* Over the course of all meetings, all of the following must be incorporated into the meetings, but not every item needs to be included in every meeting (except for the list of attendees and a meeting summary, which shall be prepared for every meeting).

At the meeting(s), the developer shall generally present proposed development plans, describe projected impacts of the development, describe plans to mitigate impacts as applicable, and facilitate a discussion of neighborhood questions and comments. The developer shall devise a format and conduct of the meeting acceptable to the PMT that provides an opportunity for all attendees to engage in a dialogue with the developer

and provide comments both orally and in writing consistent with the purpose and objectives in having such meetings as stated herein.

Following the meeting, the developer shall submit to the PMT a list of the names and addresses of all attendees, a summary of the comments received at the meeting, and the revisions to the plan and/or mitigation measures proposed by the developer and those in attendance.

PMT and City staff participation at the meeting shall be limited to gathering information and highlighting relevant regulatory requirements as needed, but shall not be to organize, control or direct the meeting. The PMT and City staff shall not present, evaluate, or approve development proposals at a Neighborhood Meeting.

6. *Number of Meetings:* A minimum of one Neighborhood Meeting is required during Phase 1 of the PMT process, although others may be required by the PMT or at the option of the developer during this phase. During succeeding phases of the PMT process, additional meetings may be required by the PMT, EDC, or PCDC or at the option of the developer. In general, Neighborhood Meetings are considered by the City to be a more preferable way to communicate with the public and to obtain their input than formal public hearings and thus, Neighborhood Meetings are strongly encouraged throughout all phases of the PMT process, particularly as new ore more detailed information becomes available.

APPENDIX A: ECONOMIC DEVELOPMENT TOOLS

City Of Olivette Redevelopment Project Management Processes

Draft June 22, 2006

This document describes the economic development tools available to the City of Olivette to facilitate redevelopment projects. The tools described are all enabled by State statute for use by municipalities. Step 2.2 of the City of Olivette's Redevelopment Project Management Process describes the required application materials and evaluation criteria used to determine a developer's eligibility for the use of these tools.

The tools described include the following:

- A. Tax Increment Financing
- B. Chapter 353: Urban Redevelopment Corporations Law
- C. Chapter 100: Industrial Development Bonds
- D. Neighborhood Improvement Districts
- E. Community Improvement Districts
- F. Transportation Development Districts
- G. Local Option Economic Development Sales Tax
- H. Sales Tax Rebates
- I. Downtown Revitalization Preservation Program
- J. Quality Jobs Program
- K. Additional Local Economic Development Tools
 - K.1 Revolving Loan Fund
 - K.2 Density Bonus
 - K.3 Provision of Free or Reduced-Cost Land and/or Structures
 - K.4 Fee Waivers

A. TAX INCREMENT FINANCING

A.1 Description

Tax Increment Financing (TIF) is a financing tool used to encourage redevelopment in areas where it would not otherwise occur. In Missouri, TIF enables a municipality to create a redevelopment area in which it collects 100% of any increased property taxes (collected as payments in lieu of taxes, "PILOTS") and 50% of any increased economic activity taxes ("EATS") above the base value of taxes collected prior to the use of TIF, for up to 23 years. Taxes are not abated or increased as a result of TIF, but rather the PILOTS and EATS are diverted to a TIF fund, which is then used to promote redevelopment and reinvestment in the redevelopment area that would not

occur without the use of TIF. Eligible costs include funding public improvements as well as funding certain private development costs, where necessary.

A.2 General Procedures for the Use of TIF

The following is a general description of the procedures to be followed when using TIF. Refer to Mo. Rev. Stat. §99.800 through §99.865, the "Real Property Tax Increment Allocation Redevelopment Act" (TIF Act) for further information.

A.2.1 *TIF Commission:* A requirement for the use of TIF is the establishment by a municipality of a TIF Commission. The membership and duties of the City of Olivette's TIF Commission are delineated in Chapter 20, Article XXXI, of the Olivette Revised Code of Ordinances. The TIF Commission includes representatives from all of the affected taxing jurisdictions and makes recommendations to the City Council on the adoption of redevelopment plans and projects.

A.2.2 *Redevelopment Plan, Redevelopment Area:* In Missouri, the establishment of a redevelopment area for the purposes of using TIF can be initiated either by the municipality or a developer. As a result, most TIF redevelopment areas are limited to the development project area and are redeveloped by a single developer. However, this does not prevent a community from proactively seeking the redevelopment of priority areas in the community by taking the initial steps to establish a redevelopment area. A community is, however, required to include as a part of its redevelopment plan an affidavit from a developer attesting that the statutory requirements of a redevelopment plan have been met. Therefore a commitment from a developer(s) is required prior to finalizing a TIF redevelopment plan and submitting it to the State for approval.

A redevelopment plan contains a number of elements, including the delineation of the redevelopment area, which must be considered on the whole either a "blighted area," a "conservation area," or an "economic development area," as defined in the TIF Act and summarized below. Other elements of the redevelopment plan include: estimated project costs, project timeline, anticipated borrowing, current equalized assessed value of property in the redevelopment area, and economic impact on all taxing bodies within the redevelopment area.

- A Blighted Area is characterized by the predominance of one or more of conditions which either retard the provision of housing, are economically or socially detrimental, or are a menace to public health, morals, or welfare. The conditions include: defective or inadequate street layout; unsanitary or unsafe conditions; deterioration of site improvements; improper subdivision or obsolete platting; conditions which endanger life or property by fire and other causes
- A Conservation Area is an improved area in which 50% or more of the structures are at least 35 years old. The area is not yet blighted but is detrimental to the public health, safety, morals, or welfare and may become blighted because of at least three of the following factors:

dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; abandonment; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; and lack of community planning.

- An Economic Development Area does not have conditions present to be defined as a blighted or conservation area, but redevelopment of the area would serve the public interest by: discouraging commerce, industry, or manufacturing from moving to another state; increasing employment; or resulting in preservation or enhancement of the tax base. To use TIF in an economic development area, a municipality must demonstrate that redevelopment in the area would not solely be commercial businesses which would unfairly compete in the local economy.

A.2.3 *Proposals/Bids for Redevelopment Projects:* A requirement of the TIF Act is that municipalities or their TIF Commissions establish written procedures for soliciting bids and proposals for redevelopment projects, which need to provide a reasonable opportunity for any person to submit an alternative proposal or bid. Consequently, even if a project is initiated by a developer, the City is still required to provide an opportunity for other developers to submit proposals.

A.2.4 *Eligible Expenditures:* TIF revenues may be used to fund various activities in blighted and conservation areas, which include, but are not limited to: surveys and plans; financial, planning, and other professional services; land acquisition and demolition (except in an economic development area); building rehabilitation; initial costs for an economic development area; public improvements; financing costs; another taxing district's capital costs; relocation costs; and payments to an emergency service district requiring additional revenue to serve the new development in the redevelopment area.

Eligible expenses in an economic development area are limited to: highways, roads, streets, bridges, sewers, traffic control systems and devices, water distribution and supply systems, curbing, and sidewalks and any other similar public improvements.

A.2.5 *TIF Incentive Timing:* A redevelopment plan is composed of one or more redevelopment projects. The selected developer(s) is required to submit each redevelopment project within the plan to the TIF Commission for approval and to the City Council for adoption within ten years of the adoption of the redevelopment plan. The twenty-three year period for the use of TIF for each redevelopment project begins when the City Council adopts the ordinance approving the project.

B. CHAPTER 353: URBAN REDEVELOPMENT CORPORATIONS LAW

B.1 Description

Chapter 353, the “Urban Redevelopment Corporations Law,” was established to stimulate redevelopment of blighted areas. The law enables an urban redevelopment corporation, with the approval of a municipality, to have its property taxes abated within blighted areas for twenty-five years (100% for the first ten years and 50% for the following fifteen years) in exchange for the corporation committing to implement a development plan approved by the municipality. The law also grants other powers to redevelopment corporations such as the ability to purchase or lease property, to acquire property through eminent domain (if authorized by the municipality), to issue debt, to accept government grants or loans, and to sell stock.

B.2 General Procedures for the Use of Chapter 353

The following is a general description of the procedures to be followed when using Chapter 353. Refer to Mo. Rev. Stat. §353, the "Urban Redevelopment Corporations Law" for further information.

B.2.1 *Establishment of an Urban Redevelopment Corporation:* An urban redevelopment corporation may only be established in order to serve a public purpose. Organization of urban redevelopment corporations is dictated by §353.030. Net earnings are limited to eight percent annually of the cost of the redevelopment project. In order to use the powers available to an urban redevelopment corporation under Chapter 353, the corporation must have a City Council-approved development plan which demonstrates that the area is blighted.

B.2.2 *Tax Abatement:* Tax abatement begins when an urban redevelopment corporation first takes title to a property. For the first ten years, property taxes are paid only on the land value of the property. For the following fifteen years, 50% of the value of the real property (land and improvements) is collected. When a municipality grants the use of Chapter 353 to an urban redevelopment corporation, the City may negotiate payments in lieu of taxes (“353 PILOTS”) for all or a part of the abated taxes, which must be allocated proportionately to the overlying taxing districts.

B.2.3 *Eligible Expenditures:* The urban redevelopment corporation may make expenditures as necessary to implement the approved development plan.

B.2.4 *Property Acquisition:* An urban redevelopment corporation may acquire property through purchase, lease, gift, or otherwise. Additionally, if granted the authority by the municipality, the corporation may acquire property through the use of eminent domain.

B.2.5 *Notification of Affected Taxing Districts:* Prior to the public hearing on the proposed development plan, the taxing districts that would be affected by Chapter 353 tax abatement are to be notified of the public hearing and are to be provided with the projected impact on property tax revenues during the

abatement hearing. Representatives of the taxing districts have the opportunity to express their opinions about the tax abatement at the public hearing.

C. CHAPTER 100: INDUSTRIAL DEVELOPMENT BONDS

C.1 Description

Chapter 100, "Industrial Development," authorizes municipalities to facilitate industrial development projects by abating property taxes on industrial development projects and issuing industrial development bonds (IDBs). The municipality must take title to the development in order for taxes to be abated, which it leases back to the business until the bond matures. The lease payment made by the business is then used to service the IDB debt.

C.2 General Procedures for the Use of Chapter 100

The following is a general description of the procedures to be followed when using Chapter 100. Refer to Mo. Rev. Stat. §100.010 through §100.200 for further information.

C.2.1 *Issuance of Industrial Development Bonds:* The City issues the IDB which is either (1) tax exempt and therefore issued at a lower interest rate or (2) taxable but taxes for real or personal property financed by the bonds can be fully or partially abated as long as the municipality maintains legal ownership. Bonds are commonly secured with revenues generated from the industrial project, and therefore their issuance necessitates an agreement between the municipality and the company, requiring the company to make payments to the City equal to a bond's principal and interest.

C.2.2 *Entities Eligible to Issue Industrial Development Bonds:* In addition to the authority given to cities to issue Industrial Development Bonds under Chapter 100, IDBs for projects in Olivette also may be issued by the St. Louis County Industrial Development Authority, the St. Louis County Land Clearance for Redevelopment Authority, or the Missouri Development Finance Board.

C.2.3 *Eligible Expenditures:* IDBs are issued to finance various industrial projects, including: costs of industrial plants, warehouses, and distribution facilities; research and development facilities, office industries and services facilities providing interstate commerce; agricultural processing industries; and land, buildings, fixtures and machinery.

D. NEIGHBORHOOD IMPROVEMENT DISTRICTS

D.1 Description

A Neighborhood Improvement District (NID) may be created by a municipality as a means of funding public improvements within an area that are paid for by special tax assessments to property owners in the area. The types of projects that can be financed

through an NID must be for facilities used by the public, and must confer a benefit on property within the NID.

D.2 General Procedures for the Use of a Neighborhood Improvement District

The following is a general description of the procedures to be followed when implementing a Neighborhood Improvement District. Refer to Mo. Rev. Stat. §67.457 for further information.

D.2.1 *Creation of a Neighborhood Improvement District:* A NID is created in one of two ways, (1) by an election of voters within the proposed district who must approve the district by the same majority as required for issuing general obligation bonds (four-sevenths at the general municipal election day, primary or general elections and two-thirds at all other elections) or (2) through a petition signed by owners of at least two-thirds of the real property within the proposed district. The City must hold a public hearing, notify property owners within the district, and approve the creation of a NID after either of these requirements has been met. A NID is not a separate legal entity from the municipality in which it is created.

D.2.2 *Funding Capabilities:* A City may issue notes or general obligation bonds to finance improvements within a NID, which are then repaid by a special assessment on property within the NID as well as the City's general fund, as appropriate.

D.2.3 *Eligible Expenditures:* Improvements made within the NID must confer a benefit for properties within the district and be approved by the municipality. Expenditures may include: property acquisition; improvements to streets, sidewalks and crosswalks; storm drainage and sanitary sewer systems; utility service connections; lighting; waterworks; parks; playgrounds; bridges; and public landscaping.

E. COMMUNITY IMPROVEMENT DISTRICTS

E.1 Description

A Community Improvement District (CID) is a special assessment district established as either a nonprofit or political subdivision, organized for the purpose of financing a wide range of public-use facilities and establishing and managing policies and public services relative to the needs of the district.

E.2 General Procedures for the Use of a Community Improvement District

The following is a general description of the procedures to be followed when implementing a Community Improvement District. Refer to Mo. Rev. Stat. §67.1401 through §67.1571, the "Community Improvement District Act," for further information.

E.2.1 *Creation of a Community Improvement District:* A CID is authorized by a municipality pursuant to a petition which must include signatures from owners

of at least 50% of the assessed value of the real property in the proposed district and represent more than 50% per capita of all owners of real property within the district. The petition must include information about the five-year plan for the district, the services the CID will provide, improvements the CID will make, and cost estimates for these services and improvements. A CID may either be a distinct political subdivision or a not-for-profit corporation, and its organizational or operational ties to the municipality are dictated by its charter.

- E.2.2** *Funding Capabilities:* Special assessments on property may be levied and, if a CID is organized as a political subdivision, sales taxes of up to 1% may be levied on property within the CID. CIDs may also issue debt secured by the district's revenues and/or assets.
- E.2.3** *Eligible Public Improvement Expenditures:* A CID may finance new facilities or improvements to existing facilities for public use. Expenditures may be made on: public transportation, parking, and utility infrastructure and facilities; pedestrian or shopping malls and plazas; parks and landscaping; public exhibition and meeting facilities; lakes, dams, and waterways; streetscape amenities; public art; music, news, and childcare facilities; and any other useful, necessary, or desired public improvement.
- E.2.4** *Eligible Public Service Expenditures:* A CID may provide a variety of public services related to: transportation; parking; music; news; child-care; security; outdoor dining; maintenance; and other services in support of business activity, economic development, and tourism. Additionally, in blighted areas a CID may contract with property owners to demolish, renovate, or rehabilitate structures and spend or loan its revenue for such purpose if the municipality determines that such an action will remediate blight and serve a public purpose.

F. TRANSPORTATION DEVELOPMENT DISTRICTS

F.1 Description

A Transportation Development District (TDD) may be created to develop, improve, maintain, or operate one or more transportation projects to meet the needs of the area in which the TDD is located. A TDD is a separate political subdivision and is authorized to collect revenue in a number of ways, primarily by levying a sales tax, to fund eligible transportation projects.

F.2 General Procedures for the Use of a Transportation Development District

The following is a general description of the procedures to be followed when implementing a Transportation Development District. Refer to Mo. Rev. Stat. §238.200 through §238.275, the "Missouri Transportation Development District Act," for further information.

- F.2.1** *Creation of a Transportation Development District:* A TDD is a separate political subdivision established by a vote of registered voters/property

owners after certification by a county circuit court of a petition submitted by either (a) the governing body of any local transportation authority with jurisdiction in the proposed district; (b) at least 50 registered voters from the district or, if no eligible voters reside within the district; (c) owners of all real property in the district. If the court approves the legality of the petition and the proposed district, the court certifies the questions regarding district creation, project development, and proposed funding for approval by qualified voters (registered voters residing in the district, or if there are none, owners of real property in the district). If the creation of a TDD is not approved by a majority of voters, the TDD cannot be proposed again for another two years. A TDD may include property within one or more municipalities.

F.2.2 *Funding Capabilities:* The following revenues may be generated by a TDD to fund projects:

- A sales tax (between one-eighth percent and one percent), if approved by a majority of voters in the district or by unanimous petition by all property owners in the district. The tax may not be levied on the sale of motor vehicles, trailers, boats, outboard motors, or utilities (energy, water, and telecommunications).
- A special assessment, if approved by the majority of voters or by owners of all real property in the district;
- An imposed property tax of no more than one percent, if approved by at least four-sevenths of voters in the district;
- A user toll/fee, if approved by a majority of voters in district; and
- A bond or other debt secured by the district's revenues and/or assets, excluding the value of property acquired with eminent domain or acquired by the State or agency or political subdivision thereof unless permission is granted.

F.2.3 *Eligible Expenditures:* Eligible projects undertaken by a TDD include street improvements (improvements to roadways, streetscape, pedestrian and bicycle pathways, signs, and signals); parking lots; bus, light rail, or other mass transit improvements and infrastructure; airport, river, or lake ports; railroad improvements; and any similar or related improvement or infrastructure. Projects need approval by the Missouri Highways and Transportation Commission and, if the project will not become a part of the state transportation system, the local transportation authority.

F.2.4 *Property Acquisition:* In addition to its ability to purchase property, a TDD may use the power of eminent domain to acquire land, if necessary.

G. LOCAL OPTION ECONOMIC DEVELOPMENT SALES TAX

G.1 Description

Missouri authorizes municipalities to levy a sales tax of up to .5% in addition to the existing sales tax, upon voter approval, for certain economic development initiatives.

G.2 General Procedures for the Use of a Local Option Economic Development Sales Tax

The following is a general description of the procedures to be followed when implementing a Local Option Economic Development Sales Tax. Refer to Mo. Rev. Stat. §67.1305 for further information.

G.2.1 *Implementation of Local Option Economic Development Sales Tax:* Upon a majority voter approval, the municipality establishes the sales tax and an Economic Development Tax Board including representatives of the municipality, county, and school district to oversee project proposals.

G.2.2 *Eligible Expenditures:* Expenditures may be made on the following:

- At least 20% of revenues must be expended on projects relating to long-term economic development preparation including: land acquisition; installation of infrastructure for industrial or business parks; water and wastewater treatment capacity; street extensions; and for matching state or federal grants related to such long-term projects.
- Any remaining funds may be expended on: marketing; training for advanced technology jobs; grants and loans to companies for employee training, equipment, site development, and infrastructure; legal and accounting expenses associated with economic development planning; and developing value-added and export opportunities for Missouri agricultural products.
- No more than 25% of revenues may be expended on administration, including staff and facility costs.
- Funds may not be expended on retail developments unless they are located in downtown areas or historic districts (does not apply to Olivette).

H. SALES TAX REBATES

H.1 Description

As part of an agreement with a developer of a retail establishment, a City may agree to reimburse the developer, with interest, for expenditures made on public improvements to facilitate the development. The revenue committed to reimburse the developer is the incremental sales tax generated by the retail establishment.

H.2 General Procedures for the Use of Sales Tax Rebates

The following is a general description of the procedures to be followed when implementing Sales Tax Rebates. Refer to Mo. Rev. Stat. §70.220, the “Corporations Law,” for further information.

H.2.1 *Implementation of Sales Tax Rebates:* A sales tax rebate may be negotiated between the City and the developer and documented as part of a development agreement.

H.2.2 *Eligible Expenditures:* The developer may be reimbursed for expenditures on planning, development, construction, acquisition, or operation of public improvements or facilities. To ensure the most efficient and responsible use of the sales tax revenue, the agreement should include provisions for the payment of prevailing wages, payment and performance bonds, and indemnification of the City.

H.2.3 *Funding Limitations:* The Missouri Constitution requires voter approval of pledged tax revenue by a political subdivision to repay debt for longer than one year. Consequently, sales tax rebate agreements specify that the sales tax rebate is committed on a year-to-year basis, subject to annual appropriations by the City.

I. DOWNTOWN REVITALIZATION PRESERVATION PROGRAM

I.1 Description

Missouri’s Downtown Revitalization Preservation Program enables municipalities of 200,000 or less with a median household income of \$62,000 or less to facilitate redevelopment projects by funding public infrastructure and related costs through incremental local (at least 50%) and state (up to 50%) sales taxes for up to twenty-five years. Due to the similarity of this program to the Missouri Downtown Economic Stimulus Act (MODESA) which provides a funding mechanism for more costly projects, this program is commonly referred to as “MODESA-Lite.”

I.2 General Procedures for the Use of the Downtown Revitalization Preservation Program

The following is a general description of the procedures to be followed when funding a project through the Downtown Revitalization Preservation Program. Refer to Mo. Rev. Stat. §99.1080 through 99.1092, the “Downtown Revitalization Preservation Program,” for further information.

I.2.1 *Implementation of the Downtown Revitalization Preservation Program:* To qualify for the use of this program, a municipality must approve a redevelopment plan for a redevelopment area that: (a) is located in a central business district; (b) does not exceed 10% of the municipality’s geographic

area; and (c) is designated as either a “blighted” or “conservation” area. Definitions for these areas are listed below:

- A Central Business District is characterized as the area at or near the municipality’s historic core that is locally known as “downtown” and within which at least fifty percent of buildings are thirty-five years or older. Additionally, the historical land use emphasis of the district must be a mix of businesses, commercial, financial, transportation, government, and multifamily residential uses.
- A Blighted Area is characterized by the predominance of one or more of conditions which either retard the provision of housing, are economically or socially detrimental, or are a menace to public health, morals, or welfare. The conditions include: defective or inadequate street layout; unsanitary or unsafe conditions; deterioration of site improvements; improper subdivision or obsolete platting; conditions which endanger life or property by fire and other causes
- A Conservation Area is an improved area in which 50% or more of the structures are at least 35 years old. The area is not yet blighted but is detrimental to the public health, safety, morals, or welfare and may become blighted because of at least three of the following factors: dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; abandonment; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; and lack of community planning.

Other elements of the redevelopment plan include: estimated project costs, anticipated borrowing, evidence of financing commitments, summary of community and economic benefits resulting from the project, a study of displaced revenues resulting from the project, and an economic feasibility analysis of the project.

After approving the redevelopment plan, the municipality then submits an application for the use of funds through this program to the state Department of Economic Development. The application must demonstrate that a redevelopment project would not occur but for the use of these incremental taxes to fund associated public infrastructure and must also demonstrate that the state will experience a net fiscal benefit as a result of the use of this program.

- I.2.2** *Eligible Redevelopment Projects:* Funding from this program is used to fund public infrastructure costs associated with redevelopment projects that are “major initiatives” which promote at least one of the following: tourism, cultural activities, the arts, entertainment, education, research, arenas, multipurpose facilities, libraries, ports, mass transit, museums, economic development, and conventions. For municipalities with populations of less

than 10,000, the minimum capital investment required in a project area to access funding through this program is \$250,000.

- I.2.3** *Eligible Expenditures:* Funds from this program may be used to fund infrastructure to support a redevelopment project, the costs of which may include, but are not limited to: studies, appraisals, surveys, plans, and specifications; professional services; property assembly; rehabilitation of public buildings or fixtures; public works construction or improvements; financing costs; a taxing district's capital costs resulting from the development project; payments in lieu of taxes (PILOTs), and state evaluation and administration costs.
- I.2.4** *Funding Limitations:* Disbursements under this program combined with other state funding or incentives may not exceed the projected state benefit from the project. Available funding is limited to state-wide appropriations; therefore if the amount of funding requested by municipalities exceeds available program funding, each municipality will receive a pro-rata share. Incremental local sales taxes collected under this program include both municipal and county sales taxes, but the county may resolve to exclude its taxes from collection as part of this program. Additionally, hotel/motel sales taxes are not included in the collection of incremental sales taxes. Lastly, projects funded through this program may not also receive funding through tax increment financing.

J. QUALITY JOBS PROGRAM

J.1 Description

The Missouri Quality Jobs Program provides tax incentives to promote the creation and retention of "quality jobs" (those which equal or exceed the county median wage and include health care benefits). These tax incentives include the retention of state withholding tax for 3-5 years (depending on the jobs' average wage) as well as state tax credits for five years of 3% - 5% of the payroll for new jobs at technology and "high impact" businesses. Additionally, two components of this program include the provision of incentives by local taxing jurisdictions, which are described below.

J.2 General Procedures for the Use of Sales Tax Rebates

The following is a general description of the procedures to be followed when providing local incentives which enable or enhance business' use of Quality Jobs state tax incentives. Refer to Mo. Rev. Stat. §620.1881, the "Quality Jobs Act," for further information.

- J.2.1** *Local Participation in Quality Jobs Program:* Local taxing authorities can enhance or enable business' use of Quality Jobs tax incentives in two ways:
- **Job Creation: Local Incentives Bonus:** This bonus is an additional state tax credit provided to "High Impact Businesses" (those which create 100 or more jobs within two years of hiring). The bonus is an additional tax credit of 1% - 3% of the payroll of new jobs. The amount of the bonus depends on the amount of local incentives provided to the project as a

percentage of new direct local tax revenues generated from the project over ten years. The bonus is calculated as follows:

- Local incentives of 10% - 24%: 1% tax credit bonus
- Local incentives of 25% - 49%: 2% tax credit bonus
- Local incentives of 50% or more: 3% tax credit bonus

- **Job Retention: Local Incentives Requirement:** One requirement for businesses seeking state tax incentives from the Quality Jobs Program that are retaining jobs is that the local taxing jurisdictions provide incentives equaling at least 50% of the new direct local revenues created by the project over a ten-year period. Tax incentives for job retention are intended for businesses that are considered to have a significant statewide economic impact (the business must have at least 1,000 full-time employees earning or exceeding the county median income) and pose a substantial risk of relocating from Missouri. Additionally, businesses seeking these tax credits must, in two years, either invest \$70 million into the business or invest \$30 million and maintain an annual payroll of \$70 million during each of the years the credit is claimed.

J.2.2 *Eligible Businesses:* Businesses which qualify for the Quality Jobs program include for-profit and non-profit businesses other than the following types: gambling, retail trade, food and beverage, PSC-regulated, tax-delinquent, filed for bankruptcy, public entities, or religious entities.

J.2.3 *Funding Limitations:* Businesses receiving tax benefits from this program may not also receive tax credits or exemptions under a number of other state programs; refer to the statute for a complete list of programs.

K. ADDITIONAL LOCAL ECONOMIC DEVELOPMENT TOOLS

The following is a list of additional economic development tools which may be implemented by a municipality, as deemed appropriate, to address a funding gap identified by a developer:

I.1 Revolving Loan Fund

A city may establish a revolving loan fund in order to provide low interest loans to developers, businesses, or property owners to fund building construction, expansion, or rehabilitation.

I.2 Density Bonuses / Reduced Parking Requirements

A city may allow a developer to build at a density above that allowed under the zoning ordinance. This tool is often used to promote affordable housing. A different approach to enabling increased building density is to reduce the required number of parking spaces for a development.

I.3 Provision Of Free Or Reduced-Cost Land and/or Structures

A city may sell land and/or structures to a developer at a cost below market value, or at no cost.

I.4 Fee Waivers

A city may choose to waive any fees that would otherwise be charged to a developer, such as an impact fee, permit fee, inspection fee, utility connection fee, or others.

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