

City of Stillwater
Downtown Campus Link TIF Award Framework
July 28, 2020

Committee Mission Statement:

The Implementation Policy Committee will review the Implementation Policy Guide for Assistance and recommend to Stillwater Economic Development Authority amendments as needed. The Committee will review applications for assistance for compatibility with the project plan, the City's Land Development Code and Standards, evaluate the qualifications of the applicant, including financial capacity and experience, and recommend appropriate performance parameters and requirements.

Committee Vision:

To evaluate requests for funding from the TIF in a logical, defensible and evenhanded manner to further development activity within the project area.

Committee Values:

The Implementation Policy Committee's work will be guided and informed by our beliefs and commitments to:

1. Transparency
2. Improving the community of Stillwater; providing new and unique opportunities
3. Encouragement of entrepreneurship within the Stillwater business community
4. Unbiased evaluation methodology
5. Talent retention
6. Citizen involvement

Types of assistance in development financing:

1. General Project Improvements – within the increment district, development of vacant property, significant renovation or rehabilitation of an existing structure or redevelopment of property.
2. Small Business Enhancements – enhancements to the exterior of an existing retail, restaurant, or personal service small business located within the increment district.
3. Significant Impact Developments
 - a. Development costs >\$4,000,000, or
 - b. New or substantially expanded enterprises generating new employment and which meet multiple project plan objectives.
4. Projects may apply for all three types atas one time.

General framework for project assistance:

1. ESG criteria
 - a. Environmental criteria consider how a company performs as a steward of nature.
 - i. Energy use, waste, pollution and natural resource conservation
 - ii. Environmental risks and government regulation compliance.
 - b. Social criteria examine how a company manages relationships with employees, suppliers, customers, and the communities where it operates.
 - i. Business relationships
 - ii. Community Philanthropy
 - iii. Employee working conditions
 - c. Governance deals with a company's leadership and ethical practices.
 - i. Ethical business dealings

- ii. Succession planning (Key in determining payback period)
 - 1. Track record
 - 2. Viability past current ownership/management
 - iii. Sound business practices
- 2. Quality Jobs
 - a. New jobs to the community
 - b. Jobs with impactful compensation
 - c. Training/employment pipelines
 - i. Internships
 - ii. Retention of talent
 - iii. Primary jobs
- 3. Community Impact
 - a. Locally stimulated development
 - b. Name recognition and goodwill
 - c. Increase in activity and attractions in the project area
 - d. Increase in community revenue:
 - i. Increased permitting and development fees
 - ii. Increase in property values
 - iii. Increase in sales/use tax revenue
 - iv. Increase in utility demand
 - v. Increase in airport demand
 - e. Induced real property growth and redevelopment inside/outside the project area
 - f. Service/goods not available within the project area and/or community
- 4. Project financing
 - a. Owner equity
 - b. Debt financing
 - c. Dependence on upfront TIF funding
 - d. Will project commence without TIF funding
- 5. Funding payout/back would be determined in part based on the governance aspects listed above. Baseline payout/back period would not exceed 15 years.
- 6. Developers are expected to finance the entire cost of the project and submit claims for reimbursement after the project has been completed (CO issued if applicable) per the terms outlined in the development agreement.
- 7. Upfront financing will-may be awarded based on the presence/absence of criteria listed above and available funding.
- 8. Stillwater Economic Development Authority will require certain measures to ensure the completion of the project and the collection of sales and property taxes sufficient to fund the project. Those measures can include but are not limited to:
 - a. Surety bond or insurance policy
 - b. Payment in lieu of taxes by the developer
 - c. Nonperformance penalties
 - d. Property liens
 - e. Mortgages tied to performance with balloon repayment feature
 - f. Minimum operation period by developer
- 9.

Framework for general project improvements assistance award:

- 1. Award is based on the estimated hard construction costs of the project

Commented [JB1]: If developer offers no equity with the project this could be viewed as value provided by the developer. With a requirement for documentation and plans developer would have created value by the advanced commitment and expense in creating the documents.

Additionally, if developer is offering an acceptable equity risk in the project the committee could include soft costs associated with project as some repurpose projects may have a high percentage of soft costs do to the complex nature of the project.

- a. Hard construction costs are defined as follows: the actual and direct construction costs of the material, labor, and improvements associated with a development. Such costs exclude developer’s fees and other soft costs, including but not limited to architectural, engineering, financing, and legal fees, and other pre- and post-construction fees and expenses.

2. Base assistance amount as a percentage of hard construction costs is as follows:

Project Completion	December 31, 2023	December 31, 2026	December 31, 2029	By End of Increment District
Percentage of Hard Construction Costs	12%	10%	8%	6%

3. Additional assistance amounts as a percentage of hard construction costs could be awarded to the project based on the following items:

- a. ESG criteria (~~32%~~)
- b. Quality Jobs (~~32%~~)
- c. Community Impact (~~32%~~)
- d. Project financing (~~32%~~)

4. Additional assistance amounts as a percentage of hard construction costs could be deducted from the project based on the following items:

- a. Duplicate offerings found elsewhere within the project area or community
- b. Absence of any of the above items deemed essential based on the proposal.

Framework for small business enhancements assistance award:

- 1. Application must be made and approved before the project begins
- 2. Award will be equal to the lesser of 50% of the cost of the approved improvements or ~~\$104,0500~~.
- 3. Documentation of expenditures must be provided before the reimbursement is issued.

Framework for significant impact development assistance award:

- 1. Implementation committee has the discretion to award additional percentage of funding based on the unique nature of the project and its impact to the project area and community as a whole.
- 2. Development Costs are defined as expenditures (actual or estimated) to be made which are listed in the project plan as costs associated with planning, approval and implementation of the project plan. 62O.S. §853(14)
- 3. Public financial assistance for Significant Impact Development is as follows:

Project Completion	December 31, 2025	December 31, 2028	December 31, 2031	By End of Increment District
Percentage of Total Development (Project) Costs	22%	20%	18%	16%

Commented [JB2]: By separating each type of award are we creating an environment where a developer could interpret an opportunity to collect from each of the three types and accumulate amounts greater than 25%

I still wrestle with communicating this in a way that is clear while providing flexibility for the committee to reward strategic projects of high perceived impact without creating an unnecessarily long or complicated guide.

4. Substantially expanded enterprises generating new employment is defined HOW??
 - a. Percentage increase in square footage of building area
 - b. Percentage increase in number of jobs in total, by class, by wage
 - c. Percentage increase in projected sales volume
 - d. Addition of currently unserved or underserved business lines
5. Additional assistance amounts as a percentage of hard construction costs could be awarded to the project based on the following items:
 - a. ESG criteria (2%)
 - b. Quality Jobs (2%)
 - c. Community Impact (2%)
 - d. Project financing (2%)
6. Additional assistance amounts as a percentage of hard construction costs could be deducted from the project based on the following items:
 - a. Duplicate offerings found elsewhere within the project area or community
 - b. Absence of any of the above items deemed essential based on the proposal.

Application:

1. See attached application packet.

Workflow:

1. Completed application is submitted to *City Clerk* who time stamps the receipt.
2. *City Clerk* determines which types of financial assistance is requested.
3. *City Clerk* attaches routing and evaluation form to application.
4. *Planning* reviews application and certifies the following:
 - a. Is the proposed development within the Project Area?
 - b. Does the proposed development follow City of Stillwater design and density standards? Comprehensive Plan? Downtown Plan? Special area plans? Zoning requirements?
 - c. Evaluation of construction budget for reasonableness.
 - d. Note permits and fees required based on application.
5. *Planning* routes application to *Deputy City Manager* to certify the following:
 - a. Subject property owned by developer? Acquiring subject property?
 - b. Is the development construction budget > \$200,000?
 - c. Is the development construction budget >\$4,000,000?
 - d. Is the development new or substantially expanded enterprises generating new employment and which meet multiple project plan objectives?
 - e. What is the hard construction cost budget?
 - f. Completion date of development – determined by issuance of certificate of occupancy.
 - g. Base award determined by completion date.
 - h. Evaluation of additional award based on the following project attributes:
 - i. ESG

- ii. Quality Jobs
 - iii. Community Impact
 - iv. Project Financing
 - v. Return on Investment
- i. Recommendation routed to City Manager and Assistant City Manager for review.
- 6. *City Manager and Assistant City Manager* review proposed development.
- 7. All applications are routed to the *Citizen Implementation Committee* for review.
- 8. *Citizen Implementation Committee* reviews the proposed development package for the following:
 - a. ESG
 - b. Quality Jobs
 - c. Community Impact
 - d. Project Financing
 - e. Return on Investment
- 9. *Citizen Implementation Committee* may remand the proposed development application back to staff and the developer for revision.
- 10. *Citizen Implementation Committee* sends final recommendation for acceptance or denial to *Stillwater Economic Development Authority Trustees*.
- 11. *Stillwater Economic Development Authority Trustees* have final review of the proposed development project. *Stillwater Economic Development Authority Trustees* may concur with the *Citizen Implementation Committee* or direct staff to enter into a development agreement for the project or proceed in a different direction.