



RESOLUTION 10-04-2021 (E)

WHEREAS, The City of The Village is committed to improving the quality of life for its residents, and a significant part of that quality of life is economic opportunity—both in terms of being able to secure gainful employment and to provide for daily needs; and

WHEREAS, It has been deemed important to adopt a policy to provide guidance for developing and expanding the local economy by promoting and encouraging new development, redevelopment, and business recruitment and expansion within City limits by describing criteria to identify situations where it may be desirable and appropriate for the City to incentivize private business and development activity; and

WHEREAS, The City recognizes that the most effective incentive for economic development is being a livable and vibrant community and ensuring that The Village continues to be a great place to live; and

WHEREAS, citizens of The Village will be the beneficiaries of an enhanced tax base resulting from the implementation of such policies and incentives; and

WHEREAS, the City Attorney has provided the City Council a legal opinion advising that the expenditure of public funds to enhance the city's tax base through incentives and other similar policies is a legitimate public purpose; and

WHEREAS, no member of The Village City Council will personally benefit from the implementation and execution of the city's economic development plan.

NOW, THEREFORE, BE IT RESOLVED that the City of The Village hereby adopts an Economic Development Policy, which is attached to this Resolution as Exhibit A as if fully contained herein.

PASSED AND APPROVED BY THE VILLAGE CITY COUNCIL this 4th day of October 2021.


SONNY WILKINSON, MAYOR

ATTEST:


CITY CLERK

CITY OF THE VILLAGE

ECONOMIC DEVELOPMENT INCENTIVE POLICY

Prepared by the City of The Village, Oklahoma

CITY OF THE VILLAGE ECONOMIC DEVELOPMENT INCENTIVE POLICY

I. INTRODUCTION

A. Statement of Purpose

The City of The Village (“City” or “The Village”) is committed to improving the quality of life for its residents, and a significant part of that quality of life is economic opportunity—both in terms of being able to secure gainful employment and to provide for daily needs. This policy is intended to provide guidance for developing and expanding the local economy by promoting and encouraging new development, redevelopment, and business recruitment and expansion within City limits by describing criteria to identify situations where it may be desirable and appropriate for the City to incentivize private business and development activity.

B. Goals and Objectives

The City recognizes that the most effective incentive for economic development is being a livable and vibrant community. The goal of this policy is to ensure that The Village continues to be a great place to live, and that enhancing local economic opportunities is supportive of that effort. This policy is intended to guide the City’s support and incentives toward business and development activity that:

- (1) Increases sales tax revenue through direct sales, purchases by employees and purchases from City vendors;
- (2) Increases ad valorem revenue to the City, Oklahoma County, Oklahoma City Public Schools, and other ad valorem taxing jurisdictions located within the City;
- (3) Enhances property values within the City;
- (4) Contributes to the economic well-being of the citizens and residents of the City, Oklahoma County, and the State of Oklahoma.
- (5) Diversifies the local economy, provides economic stimulus for additional employment and other development, and provides training and employment opportunities in services, sales, and management skills.
- (6) Contributes to an expansion of economic development opportunities in The Village through participation in public private partnerships. If applicable, such efforts may include:
 - (a) Providing enhancements to public infrastructure.
 - (b) Encouraging private investments in facilities that increase the efficiencies of public transportation systems.
 - (c) Increasing efficiencies of public access and convenience to engage in private commercial activities.

C. Priority Areas

In addition to supporting economic growth to meet these goals, The Village desires to focus its incentives toward beautifying and invigorating the following priority areas and projects:

- (1) Ensuring long-term success of The Village’s existing commercial corridors—(a) West Britton Road; (b) North May Avenue; and (c) the Civic Area near the intersection of North Pennsylvania Avenue and West Hefner Road.
- (2) Ensuring the viability of long-term commitments to areas with historically high tenant turnover or vacancies.
- (3) Development and redevelopment that promotes synergy with The Village’s capital projects.

D. Economic Development Tools

The City recognizes that different activities or private projects may have different needs and that any incentives may need to be tailored to particular situations. Generally, the economic development tools the City may consider using to incentivize private development and business activities under the specific programs or categories described in this Policy include, but are not limited to:

- (1) Sales tax incentives
- (2) Small business enhancement grants
- (3) Tax increment finance (“TIF”) assistance
- (4) Capital improvements

Use of specific economic development tools for specific proposals are further outlined below. Incentive proposals will be evaluated on individual merit and overall contribution to the City’s economy. Meeting eligibility criteria described in this Policy does not guarantee approval of incentives.

II. GENERAL PROCEDURE FOR INCENTIVES

A. STEP 1: INITIAL CONVERSATION

Prior to submitting any request for an incentive, developers, landowners, or business owners interested in seeking an incentive are encouraged to discuss their proposed project and the potential need for an incentive with the City Manager or City staff designated by the City Manager. This conversation should help direct potential projects toward appropriate incentive programs or categories and address any initial issues with eligibility so that the formal submission and incentive negotiations run smoothly.

B. STEP 2: SUBMISSION OF PROPOSAL OR APPLICATION

Developers, landowners, or business owners seeking an economic development incentive must submit a proposal or application to the City outlining the project for which an incentive is being proposed and how the proposal meets the qualifications outlined in this Policy. The City may require specific application forms for proposals or for certain types of incentives. All proposals must include sufficient information to allow reviewers to conduct an analysis of the direct and indirect impacts of proposed project, including, at minimum:

- (1) A description of the type of development, business, or expansion proposed and projected new annual sales.
- (2) The specific project location and a description of any infrastructure needs or unusual public utility service needs.

- (3) A description of the initial plans for any development or expansion, including a timeline for design, construction, hiring, and operation.
- (4) An estimate of planned capital investment in the project, corresponding to any phasing for development and expansion.
- (5) The planned number and function of new full and part-time employees.
- (6) A narrative description and any other information that demonstrates how the applicant meets and/or exceeds the criteria set forth in this policy.

C. STEP 3: REVIEW OF APPLICATION

The City Manager, City Attorney, and designated City staff will conduct an initial review of the application using the guidelines set forth in this Policy and general City policies, and may include the following:

- (1) Compatibility with eligibility criteria under specific programs;
- (2) Evaluation of the qualifications of the applicant, including financial capacity and experience; and
- (3) Economic viability of the proposed project.

D. STEP 4: NEGOTIATION OF AGREEMENT

Upon City staff determination that the proposed project is eligible for and merits City Council consideration of an economic development incentive, an agreement between the applicant and the City (or an appropriate City-beneficiary public trust) will be negotiated with the applicant. The agreement will include terms obligating the applicant to undertake the proposed project and to meet certain criteria consistent with this Policy the City code, and will detail the incentive structure, including setting appropriate performance standards and a timeline upon which the incentive will be provided. The City may also mandate a simple form contract for certain incentive programs or types of incentives.

E. STEP 5: CONSIDERATION FOR APPROVAL

Proposed agreements will be presented to the City Council (or the Board of Trustees of an appropriate City-beneficiary public trust) for consideration.

F. STEP 6: PROVISION OF INCENTIVE

Upon approval an agreement, the incentive described will be provided as detailed in the agreement and as described in Section III below.

III. FINANCIAL INCENTIVES

There are three eligible categories of financial incentives for private development projects within City limits: (A) Sales Tax Incentives, (B) Small Business Enhancements, and (C) TIF Assistance. Generally, unless described otherwise in this section, financial incentives shall be limited to amounts generated by a specific project.

A. SALES TAX INCENTIVES

Sales Tax Incentives involve the payment of sales tax revenues generated by a business back to the business or development on a pay-as-you-go basis.

1. ELIGIBILITY

To be eligible for Sales Tax Reimbursements Assistance:

- (a) The retail business must in whole or in a majority of its operations provide sales of goods and services subject to municipal sales tax in accordance with state and city laws.
- (b) The retail business must have normal business hours totaling a minimum of forty (40) hours per week.
- (c) The retail business must be new to the City or, if not new to the City, an expansion of such a degree that the expansion may be considered a “new” business.

NOTE: Meeting project eligibility criteria does not guarantee approval of assistance.

2. ADDITIONAL REVIEW CRITERIA

City staff will evaluate the public purpose served by the proposed assistance for the business using the following criteria:

- (a) The need for the project or business in the City;
- (b) The location and site improvement of a particular project;
- (c) The creation of job opportunities;
- (d) The size of the capital investment involved;
- (e) Increased sales tax potential for the City generally;
- (f) Competition with other localities; and
- (g) Nature and scope of any public improvements to be constructed by or at the expense of the retail business.

3. AMOUNT OF ASSISTANCE

The maximum payment term for Sales Tax Reimbursement Assistance is five (5) years. Annual amounts available for Sales Tax Reimbursement Assistance for each individual retail business shall be limited to fifty percent (50%) of the City sales taxes generated by that specific retail business.

B. SMALL BUSINESS ENHANCEMENTS

Small Business Enhancements involve one-time grants that may be available to any retail, restaurant, or personal service small business within the City limits proposing to enhance the exterior of the structure in which the business is located, provide streetscape improvements, enhance signage or access, otherwise improve the appearance of the exterior of the business, or improve retail tenant spaces in a manner designed to increase sales.

1. ELIGIBILITY

To be eligible for Small Business Enhancements, projects must:

- (a) Follow design and density standards as adopted by the City; and
- (b) Either:
 - (i) Consist of improvements and appearance changes to the physical exterior or exterior elements of the property where the business is located (examples of such improvements include, but are not limited to: new or upgraded exterior signage, new exterior paint, art installation, landscape improvements, window or awning improvements, accessibility improvements, streetscape improvements, sidewalk improvements, parking additions or improvements, the installation of an outdoor seating or gathering space, or other visual improvements to the property); or
 - (ii) Consist of tenant improvements to the interior of a retail business that are anticipated to result in increased sales.

NOTE: Meeting project eligibility criteria does not guarantee approval of assistance.

2. AMOUNT OF ASSISTANCE

Small Business Enhancements will consist of a partial match of the cost of the approved improvements. Approved applicants will be reimbursed by the City at the completion of the approved improvements for fifty percent (50%) of the actual amount expended on the approved improvements. The maximum amount of the reimbursement will be subject to available budgeted funding. Documentation of all reimbursable expenses related to the improvements and physical confirmation of improvements must be provided before reimbursement occurs.

C. TIF ASSISTANCE

TIF Assistance may be available to a developer proposing to develop on vacant property, or significantly renovate or rehabilitate an existing structure, within an existing TIF District or in a new proposed TIF district. To “significantly renovate or rehabilitate an existing structure” involves reinvestment to a degree that the impact is almost as significant as a full redevelopment of the structure or property. As of the date of this Policy, the City has three active TIF districts: (1) Increment District No. 1, an ad valorem TIF district focused near the intersection of Hefner Road and Pennsylvania Avenue, created under The City of The Village Economic Development and Community Revitalization Project Plan; (2) Increment District No. 3, a sales tax increment district covering the Uptown Grocery property, created under the ; and (3) Increment District No. 4, an ad valorem TIF district covering the property at the northwest corner of Pennsylvania Avenue and Vineyard Boulevard, created under The Village Community Development Project Plan. Projects requesting TIF Assistance within an existing TIF district are subject to the Project Cost limitations as described in each respective Project Plan, availability of unencumbered or uncommitted increment revenue, and any additional implementation policies the City has adopted with respect to the appropriate TIF district. The City may consider creation of additional TIF districts at its sole discretion, subject to the limitations and requirements of the Local Development Act, 62 O.S. §§ 850, *et seq.*

D. ALTERNATIVE FORMS OF FINANCIAL INCENTIVES

The City recognizes that all development projects are unique, and that the three categories of financial incentives laid out in this Policy may not be sufficient for specific projects. Developers, landowners, business owners, and others meeting the criteria or guidelines for any of the categories described in this Policy may propose their own amount or form of financial incentive by submitting a memorandum attachment to their proposal that describes the alternative amount or form of assistance desired for the

project and presents justification for the alternative. Alternative amounts or forms of assistance must be generated by the specific project for which it is requested.

E. EXCEPTIONS

The City recognizes that exceptions in policies for eligibility, types, and amounts of assistance may be required for certain projects to move forward. The City may waive certain policy guidelines if a sufficient case is made to City staff and agreed to by the City Council. Developers desiring an exception or waiver must submit a memorandum documenting the need for an exception or waiver from the guidelines laid out in this Policy and may be asked to present justification for the request. Exceptions or waivers will be considered in the context of a project's economic and community impacts.

IV. CAPITAL IMPROVEMENTS

The City may also consider constructing public infrastructure, facilities, and other capital improvements directly. Such public improvements will proceed in accordance with the City's capital improvements planning process, annual budget allocations, and bond authorizations. All improvements will be designed to current applicable design standards and regulations. City staff will evaluate requests for direct public improvements based on annual budget planning processes, the priority of specific public improvement projects, and the reasonable availability of unobligated funds for capital improvements.

For projects for which the City is willing to construct public improvements, City staff will:

- Review concepts and designs for individual projects and develop recommendations to the City Council relating to the bids and specifications to be advertised and constructed under competitive bidding laws;
- Consider and make recommendations concerning the engagement and selection of certain professional consultants, architects, or engineers in regard to individual projects;
- Review submitted bids and proposals received in response to any advertised public construction project; and
- Make recommendations to the City Council concerning selection of contractors.