

2009

# Local Government Shared Investment Guidelines

To Promote Growth and Redevelopment in  
the Greater Owensboro Region using a  
Transparent Process

\*This is a working paper not intended for publication or distribution. Please do not distribute, quote, or publish without permission of the author. Please direct all questions, comments, and inquires to Nick Brake at 270.926.4339 or nbrake@owensboro.com



Nicholas Brake, Ph.D. President/CEO  
Prepared for review by the Owensboro City Commission and the

6/29/09



## **BACKGROUND**

The Greater Owensboro Economic Development Corporation with support of the City of Owensboro has engaged the Gateway Planning Group to develop a comprehensive placemaking strategy focusing on downtown redevelopment and a well-planned suburban expansion. With this goal in mind, economist Jon Hockenyos of TXP, Inc. has been working with the Gateway Planning team and EDC to develop stimulus program recommendations for downtown, redevelopment and identified growth corridors. Hockenyos has 20 years of experience working on economic development policy issues. He has developed economic development policies for regions such as Owensboro, Memphis, and Charlotte.

The following offers policy guidelines toward development of this shared investment program. In all cases, the inducements offered should bear as direct a relationship as possible to the benefits created by the firm or project, and great care should be taken to avoid inadvertently creating a competitive disadvantage for existing local firms.

## **GOAL OF SHARED INVESTMENT GUIDELINES**

There are two main reasons for local government shared investment guidelines to consider creating a shared investment with either a firm or project: 1) to secure an expansion or relocation of a desirable company or economic development project within the region; 2) to foster the creation of a significant level of public benefits associated with a given project, which can include both specific items within the project, such as environmental remediation, and the character of the project itself, specifically mixed-use new urbanist projects. (For a more information please refer to the *Fact Sheet on Traditional Neighborhood Development and Smart Growth* or visit <http://www.smartgrowth.org/about/principles>).

These shared investment guidelines are designed to be flexible with the ability to negotiate each deal differently rather than according to a prescriptive program. The following guidelines for developments are applicable to all that meet the basic criteria yet enable flexibility based on the needs and specific issues presented with each deal.

### **Public Benefit of a Shared Investment**

The overriding objective of the local government shared investment program is to foster the public benefits of economic development that will enhance the overall quality of life of the region. Furthermore, in acting as an agent of the public interest to promote growth and economic development in the City of Owensboro and Daviess County, the local governments take it in their authority to offer inducements to projects and firms that promote the following economic development and sustainable growth objectives:

1. Create jobs, increase investment, enhance property values and tax base which increase the overall economic development of the region.

2. Promote development of venues and placemaking to make the region attractive as a destination to visitors, businesses, developers, and current and future residents.
3. Leveraging smart growth or redevelopment according to principles and design standards being implemented in the Article 21 Overlay and Architectural Design Standards for downtown Owensboro.
4. Stem retail leakage which is a major competitive reality in the Owensboro market area. A significant export of retail sales to other communities – primarily to Evansville, Louisville, and Nashville – due to the relatively limited offering of better price point retail facilities locally. Totalling about \$130.0 million in 2002, the exported spending represents a major sales opportunity that a new, appropriately tenanted center can address. Assuming that 65% of the current export can be captured, about \$85.0 million in new sales will be available in the market.
5. Improve the regional competitiveness of the Owensboro metro relative to nearby metro areas. Owensboro can capture market share and have a competitive advantage in the region by adopting an aggressive pro-development stimulus program targeting retail, entertainment venues, entrepreneurs, and businesses.
6. Promote redevelopment, downtown development, and traditional neighborhood development rather than urban sprawl that is not tied to placemaking.

### **Shared Investment Policy Guidelines**

1. **Fiscal Impact-** Evaluate the overall fiscal impact of the development rather than tenant-by-tenant, therefore, evaluating the overall value of the development in the context of economic value-added and value-added to the community in the form of placemaking venues
2. **Application and Pro Forma-** Measure the potential benefit and determine what percentage of the benefit the public sector could return as a favorable investment of public funds; require clients to submit an application that provides detailed information on the jobs created, estimated payroll, increased property values, and retail sales.
3. **Sliding Scale Terms/ Scoring Mechanism-** Create a sliding scale and scoring mechanism for the term and percentage of the investment based on the overall fiscal impact to the region according to #2.
4. **“But for” Provision-** Include “but for” provision in which clients attest that “but for the public investment the development would not be taking place.”
5. **Reimbursement-** Incentive payments should be paid as a reimbursement for taxes already paid, not cash up front. Incentive payments will go to the developer of the property and may transfer to the new owner if the property is sold. A percentage of total incentive may be provided directly to employer as partial refund of occupational tax
6. **Incentivize New Development-** Do not incentivize development that is taking away from another identified development area or corridor. The percentage of benefit returned should reflect new development and development not competing with public investment in other areas. Example 1- retail that is being relocated from one corridor to another is not going to impact the retail leakage; only new retail that

will stem the leakage out of the region will qualify for a stimulus. Example 2- hotel development that is outside of an expressed area where public funds will be leveraged to support the development of other hotels will not be eligible for public investment.

7. **Performance Based-** Make the incentive package performance-based. The client pays the taxes the money is returned to the client based on performance.
8. **Smart Growth** Public funds should be leveraged to incentivize the development based on its long-term viability. Maximum investment should be granted to developments that conform to community adopted design principles including the implementation of a form-based code or mixed-use overlay. Known by a variety of names, the defining characteristics of new urbanist/ traditional neighborhood development/ “smart growth” projects are walkable neighborhoods, a mix of land uses that integrate housing, shops, civic facilities, and work places, and preservation and respect for the natural environment in the form of maintaining greenspace (For a more information please refer to the *Fact Sheet on Traditional Neighborhood Development and Smart Growth* or visit <http://www.smartgrowth.org/about/principles>).

## PROJECT-BASED INDUCEMENTS

Standard economic development practice is to not include retail trade and consumer services as candidates for economic development incentives, for a number of reasons. First and foremost, consumer activity is normally considered to be a secondary industry, meaning that it serves mainly local markets, rather than a primary industry, which sells its products and services to non-local customers. Importing of external funds by primary industries is traditionally considered to be the foundation of economic development, as a region’s primary employers create ripple effects that increase demand for small business services, promote consumer activity, and directly and indirectly enhance the community’s tax base. Second, local competition is likely to be strong for a new retailer to a community, and it is both ethically and politically challenging to provide a subsidy to a direct competitor to an existing local firm. Finally, the multiplier effects associated with retail trade (and consumer-driven industries in general) are relatively lower than for production sectors of the economy, as the backward and forward linkages to other industries are not as extensive, reducing the multiplier effect. As a result, communities such as San Antonio have explicitly prohibited retail trade from receiving incentives under the City’s economic development policy.

While this proposal does not propose to offer inducements directly to retailers, there may be cases where projects that include a retail component should be considered. In particular, mixed-use projects which are New Urbanist or according to a traditional neighborhood pattern in character may qualify. Known by a variety of names, the defining characteristics of new urbanist/ traditional neighborhood development (TND) projects are walkable neighborhoods, a mix of land uses that integrate housing, shops, civic facilities,

and work places, and preservation and respect for the natural environment in the form of maintaining greenspace. The economic and fiscal effects are summarized as follows:

- New urbanist/ TND developments tend to enhance quality of life, which is crucial to both recruitment and retention of companies;
- Mixed-use developments promote greater land-use density, which can help ease the pressure on transportation systems and other infrastructure;
- If the development represents “destination” retail, it may well draw shoppers from outside the local market, creating de facto tourism. It may also represent unique retail that is not currently available in the local market.
- New urbanist/ TND developments tend to have a longer “shelf-life” than traditional developments, which will tend to create a greater fiscal impact over the medium and longer-term. A portion of this impact is due to the inclusion of housing in the project, both through direct enhancement of the tax base and the indirect effects of relocating consumers to the central city;
- To the extent that the development includes public facilities (linear parks, hike and bike trails, public square, etc.) and advances public goals, benefits are created in several ways. First, the public interest is served directly to the extent that they are used and enjoyed. Second, the cost of these amenities is initially borne by the developer; even if inducements are ultimately used to “pay” for some portion, the ability to coordinate their inclusion with the development from the beginning means that there likely will be a synergistic effect with the shopping and services offered elsewhere in the center, creating greater leverage with consumers.

In sum, inducements for projects that include a retail component can be appropriate when the retail element of the project is part of larger mixed-use development that includes the elements of new urbanism and the inducements in essence help pay for amenities that have elements of public benefit.

### **Current Option—City of Owensboro Annexation Ordinance**

While this method of public investment has led to growth of the City of Owensboro, it has also led to unplanned suburban expansion according to unsustainable growth patterns with low population densities, traffic congestion, social inequity and isolation, while consuming a large quantity of land and leading to even greater dependence of automobile-only transportation and development.

#### Use of Funds That May Be Considered

- Public infrastructure
- Maximum five-year term with incentive parameters that are under the existing ordinance

Recommendation: Allow continued use of annexation incentives using the current practice with one exception. All projects requesting an annexation inducement should be scoring using the scoring mechanism recommended for other inducement programs.

## **New Inducement Options**

### **New Option 1— Urban Redevelopment Inducements**

Redevelopment of the urban core/ urban central area, including downtown and downtown adjacent, the use of public funds are limited to infrastructure or public benefits as defined below. The development must conform to the Article 21 Urban Design Guidelines and adopt a form-based code or mixed use infill zone overlay.

The following are defined as public infrastructure for the use of public funds for redevelopment projects ONLY:

1. Land acquisition
2. Demolition
3. Street (re)construction and related improvements (e.g., signalization, turning lanes, curbs, sidewalks, bridge construction and repair, etc.)
4. Building Rehabilitation in the Historic Core District
5. Environmental remediation activities
6. Storm Sewer, Sanitary Service & Water System Improvements
7. Architectural/Engineering Services for public infrastructure listed in items 1-15
8. Relocation expenses for public infrastructure for expanding businesses
9. Utilities (including the burying of utility infrastructure)
10. Planning costs for public infrastructure listed in items 1-15
11. Creative/ artistic landscaping
12. Costs associated with LEED certification
13. Public WiFi access
14. Parking structures and parking improvements
15. Other public benefits, including new facilities, such as parks, public spaces, hike and bike trails, bike racks, transit stop improvements, programs/services that have a direct public benefit environmental remediation, credit support for small, local business, and the cost of installing local public access art and other cultural amenities.

### **Inducement Parameters**

1. Developer will provide completed application, including site plan, and *pro forma*;
2. For a project that contains desirable public benefits, local governments can provide an abatement of taxes to the developer for up to 100% of the public infrastructure cost of each (amortized out on a negotiated basis so that the total annual reimbursement to the developer is never equivalent to more than 100% of the project's annual net fiscal impact to the City);

3. The percentage will be based on the scoring mechanism in the evaluation criteria section below;
4. Specified duration for the abatement, either amount of time or money, must be in the development agreement;
5. The agreement will be negotiated with the city and approved publicly by the City Commission;
6. Percentage of total incentive may be provided directly to employer or developer as partial refund of occupational tax;
7. The inducements are performance-based, meaning the client pays the taxes the money is returned to the client based on performance terms agreed to in the development agreement;
8. **Public improvements completed on grant basis;**
9. Local or state blight area tax increment financing (TIF) district to recoup local and state taxes over a 20-year period is an option;
10. Local option only can include full tax benefit, not just increment financing as with a TIF.

Sources for Funding:

May be from one or more of the following sources:

1. Occupational tax
2. Property tax (city only)
3. Net profits tax
4. State taxes (sales, income) available through blight area TIF
5. School taxes offered on a voluntary negotiated basis through contract with district

**New Option 2—Smart Growth Inducements**

Developments in the urban belt and urban growth areas according to the Comprehensive Plan; must conform to the Article 21 Urban Design Principles and present a site plan for a project considered to be a “regional-serving walkable urban place,” the use of public funds are limited to infrastructure or public benefits as defined below.

The following are defined as public infrastructure for the use of public funds:

1. Street (re)construction and related improvements (e.g., signalization, turning lanes, curbs, sidewalks, bridge construction and repair, etc.)
2. Environmental remediation activities
3. Storm Sewer, Sanitary Service & Water System Improvements
4. Architectural/Engineering Services for public infrastructure listed in items 1-10
5. Utilities
6. Planning costs for public infrastructure listed in items 1-10
7. Parking structures and parking improvements
8. Costs associated with LEED certification

9. Public WiFi
10. Other public benefits, including new facilities, such as parks, public spaces, hike and bike trails, bike racks, transit stop improvements, programs/services that have a direct public benefit environmental remediation, credit support for small, local business, and the cost of installing local public access art and other cultural amenities.

#### Inducement Parameters

1. Developer will provide completed application, including site plan and *pro forma*;
2. For a project that contains desirable public benefits, local governments can provide an abatement of taxes to the developer for up to 80% of the cost of each (amortized out on a negotiated basis so that the total annual reimbursement to the developer is never equivalent to more than 80% of the public infrastructure project's annual net fiscal impact to the region);
3. Specified duration for the abatement, either amount of time or money, must be in the development agreement;
4. The agreement will be negotiated with the city and approved publicly by the City Commission;
5. Percentage of total incentive may be provided directly to employer or developer as partial refund of occupational tax;
6. Public improvements completed on grant basis;
7. The inducements are performance-based, meaning the client pays the taxes the money is returned to the client based on performance terms agreed to in the development agreement;
8. Local project development financing to recoup local taxes for a negotiated term of years.

#### Sources for Funding:

May be from one or more of the following sources:

1. Occupational tax
2. Property tax (City only)
3. Net profits tax

#### **New Option 3—Priority Development District Inducements (New Development or Redevelopment)**

Local governments can opt to spur development in a large area of land (district) targeted and identified for redevelopment or new development. Projects that develop within the district may be eligible to use the same guidelines for Urban Redevelopment or a state blight area TIF (if eligible) as a source of financing. The local government would identify the district and term for which projects could qualify for local inducements. In this option the local government would seek interested developers rather than developers submitting

an application to the government for incentives. To qualify for an Inducement District incentive, the developer must make application and provide the same level of pro forma information as with other programs.

## **PROJECT EVALUATION CRITERIA**

The primary consideration when evaluating whether or not to offer a given firm or project a package for relocation/expansion should be the potential economic and fiscal impact on Owensboro. At the same time, the “goodness of fit” of the firm or project with Owensboro should be reviewed, along with consideration of the potential impact on infrastructure and the environment. In evaluating a given firm as a possible recipient, the following questions should be answered.

### **A. Overall Economic and Fiscal Impact**

- What is the absolute size of the net benefit?
  - Economic impact as measured by jobs and income
  - Level of desirable public benefits included in the project
  - Net fiscal impact to the City
- Does the project fit with one of the strategic targets/ rationale identified?
- Is the firm a headquarters operation? Does it represent the “headquarters” of a new product line/service for the firm?
- Is the firm growing? Is the firm in a growing industry? How stable is the firm?
- Will the firm make a disproportionate demand on the community’s environmental and infrastructure resources?

Measurements:

- economic impact analysis (jobs, economic activity)
- net fiscal impact analysis
- Site plan
- other items submitted or requested by review committee

### **B. Labor Force Practices**

- What is the average wage paid? How does it compare to the local or national industry average?
- What is the median wage paid? How are job categories and wages distributed within the overall structure?
- What training is provided? Are there opportunities for advancement? Are there funds for additional education (tuition match, etc.)?
- Does the firm actively promote diversity in hiring and promotion?

Measurements:

- average and median wages compared to national/regional averages
- other items submitted or requested by review committee

### **C. Local Linkages to the Owensboro Economy**

- Does the project make use of an especially underutilized asset?
  - Certain segments of the labor force/current office space/ redevelopment
- Will the project create significant contracting opportunities for local firms?
  - Small/disadvantaged business
- Does the project fill a hole in the Owensboro economic base?
  - Key supplier relationships
  - Retail leakage
- Does the project have the potential to either seed a new cluster or bring additional firms to Owensboro?
- Will the firm directly compete for resources with existing local firms?
- Is the project a “regional-serving walkable urban place” according to definitions by the Urban Land Institute?

Measurements:

- discussion of above items in light of information gleaned from both the firm and secondary sources
- Site plan and design standards

### **D. Cultural/Quality of Life Considerations**

- Does the firm have a track record of being an active participant in the arts and cultural life of the communities where it operates?
- Does the project/ firm foster placemaking and the creation of a venue that enhances the cultural and quality of life of Owensboro?
- Will the firm have a proactive cultural outreach program?
- Does the firm actively encourage employee volunteer/charitable efforts?

Measurements:

- Discussion of above items, based on objective measures (third-party reports, judgments/legal actions, etc.) as well as interaction with the firm.

### **E. Additional Environmental Considerations**

- Does the firm have a track record of conducting its business in an environmentally responsible way?
- Does the firm have a track record of supporting environmental initiatives/concerns?

Measurements:

- Discussion of above items, based on objective measures (third-party reports, judgments/legal actions, etc.) as well as interaction with the firm.

#### **F. Bonus Categories**

- Location of the project within the city limits, urban infill area, downtown master plan area, along the Frederica Street transit corridor, or within the pedestrian shed (one quarter mile) of a transit stop.
- Project has a mix of uses, including residential, office/ workplace, and retail and uses principles of new urbanism or traditional neighborhood development.

**Local Inducement Scoring Mechanism**

<b>Core Considerations</b>		
<b>Overall Economic and Fiscal Impact</b>		
Small 20	Medium 30	Large 40
<b>"Goodness" of Fit</b>		
Poor -10	Acceptable 0	Excellent 10
<b>Environmental/Infrastructure Impact</b>		
Disproportionate -10	Proportionate 0	Low 10
<b>Additional Considerations</b>		
<b>Character of Jobs/Labor Practices</b>		
Unacceptable <i>Disqualify</i>	Acceptable 0	Excellent 5
<b>Linkages to the Local Economy</b>		
Unacceptable <i>Disqualify</i>	Acceptable 0	Excellent 5
<b>Quality of Life/Cultural Vitality</b>		
Unacceptable <i>Disqualify</i>	Acceptable 0	Excellent 5
<b>Environmental Track Record</b>		
Unacceptable <i>Disqualify</i>	Acceptable 0	Excellent 5
<b>Bonus Points (Term/ Years Bonus)</b>		
City Limits 5 (1)	Downtown Adjacent 10 (2)	Downtown 15 (3)
Frederica Street Transit Corridor 10 (1)		
Pedestrian Shed (1/4 mile) of Transit Stop 5 (1)		
Urbanist/ TND Mixed Use (Residential/ Office/ Retail) 10 (2)		

Sum of the points available under both Core and Additional consideration serves as guidance as to the percentage of net benefit the local governments should be willing to return, meaning that a firm that achieves a top score on all counts could be offered as much as a 80% inducement level. “Disqualify” means that firm should not be offered inducements. Minimum score of 30 should be required for inducements to be offered.

All monies extended by the local governments may be subject to reimbursement by the petitioner to the local governments should the business fail to meet its agreed upon goals. No single development shall be automatically approved for incentives. The terms and

conditions of such repayment shall be negotiated on a case-by-case basis and incorporated into the final development agreement.

### **Inducement Review Committee**

The Greater Owensboro Economic Development Corporation will serve as the single point of contact for developers and firms in working on inducements and provide coordination with the agencies such as the Owensboro Metropolitan Planning Commission, and Downtown Development Authority where appropriate. The EDC, with the input of other agencies and coordination with the appropriate local government will review all proposals, score them according to the mechanism listed above, and provide feedback, expertise, and recommendations to the local elected bodies prior to the granting of a shared investment incentive.

### **Transparency of Process**

The establishment of a formal application process, utilization of an objective, data-driven scoring mechanism, and review by professional staff involved in regional development is intended to promote fairness, and responsibility in the dedication of tax dollars for the public interest while enhancing the quality of life of the region. Because many of the clients work in a competitive environment with other communities and other developments, the confidentiality of the project and pro forma must be respected. However, to ensure proper public input and robust discussion in the public sphere, the recommendation of the review committee and formal acceptance of municipal orders or ordinances upon which local inducements are granted, will receive public hearings and two readings in an open meeting of the appropriate local government body.

## **APPENDIX A—Sample Municipal Order Preamble Authorizing Inducements**

WHEREAS the City of Owensboro Ordinance \_\_\_\_ approved on \_\_\_\_ creating the Local Government Shared Investment Guidelines recognizes the role of the City to foster the public benefits of economic development and placemaking that will enhance the overall quality of life of the region. Furthermore, in acting as an agent of the public interest to promote growth and economic development in the City, the City of Owensboro takes it in their authority to offer inducements to projects and firms that promote the economic development and sustainable growth objectives.

THEREFORE the City has indentified the following FINDINGS OF FACT from the application and pro forma information provided by PROJECT \_\_\_\_ that are in accordance with the Ordinance \_\_\_\_ authorizing the City to offer inducements for such projects.

PROJECT \_\_\_\_ meets the following sustainable growth objectives and promotes economic development and placemaking in the following ways:

1. Has an overall economic impact of \$\_\_\_\_ and creates jobs, increase investment, enhance property values and tax base which increase the overall economic development of the region;
2. Promote development of venues and placemaking that makes the region attractive;
3. Leveraging sustainable growth or redevelopment according to smart growth principles;
4. Stem retail leakage by estimated sales of \$\_\_\_\_\_.
5. Has a LOW environmental and infrastructure impact on the City

THEREFORE Be it Resolved that the City of Owensboro enter into the following Inducement Agreement with PROJECT\_\_\_\_\_.



**SHARED INVESTMENT PROGRAM**

**APPLICATION FOR PROJECT-BASED  
INDUCEMENTS**



## INSTRUCTIONS AND INFORMATION

### Qualification for the Program and Statutory Requirements

#### Parameters for Participation

Redevelopment of the urban core/ urban central area, including downtown and downtown adjacent, the use of public funds are limited to infrastructure or public benefits. The development must conform to the Owensboro Urban Design Guidelines (see attachment A).

Participation under this program shall be limited to the support of approved public infrastructure costs and costs associated with land preparation, demolition, and clearance determined to be necessary to support private investment or private development projects that benefit the public, where project economics are unable to support or secure necessary financing to undertake the public improvements, land preparation, demolition, and clearance. (KRS 65.7077)

11. For a project that contains desirable public benefits, local governments can reimburse the developer for up to 80% of the project's annual net impact to the local government;
12. The percentage will be based on the scoring mechanism in the evaluation criteria section below;
13. Specified duration for payback, either amount of time or money, must be in the agreement;
14. Percentage of total incentive may be provided directly to employer as partial refund of occupational tax;
15. Public improvements completed on grant basis;
16. Local or state blight area tax increment financing (TIF) district to recoup local and state taxes over a 20-year period is an option;
17. Local option only can include full tax benefit, not just increment financing as with a TIF.

Redevelopment projects that qualify for the blight area tax increment financing may submit the state TIF application as the local government project redevelopment financing application. The state blight area TIF application is available online at [ky.gov](http://ky.gov)

#### Sources for Funding:

May be from one or more of the following sources:

6. Occupational tax
7. Property tax
8. Net profits tax
9. State taxes (sales, income) available through blight area TIF
10. Other tax options granted by the legislature in the future
11. School taxes offered on a voluntary negotiated basis through contract with district

## Definitions

As used in this application form:

- "Mixed-use" means a project that includes at least two (2) qualified uses, preferably three(3);
- "Qualified use" means:
  1. Retail;
  2. Residential;
  3. Office;
  4. Restaurant; or
  5. Hospitality.To be a qualified use, the use must comprise at least twenty percent (20%) of the total finished square footage of the proposed project or represent twenty percent (20%) of the total capital investment; and
- "Retail" means an establishment predominantly engaged in the sale of tangible personal property subject to the tax imposed by KRS Chapter 139, but shall not include restaurants. (KRS 65.7077)

## Requirements

To be considered for participation under this program, a project shall:

- **URBAN REDEVELOPMENT INDUCEMENTS ONLY**--Be located in an area that has two (2) or more of the following conditions:
  1. Substantial loss of residential, commercial, or industrial activity or use;
  2. Forty percent (40%) or more of the households are low-income households;
  3. More than fifty percent (50%) of residential, commercial, or industrial structures are deteriorating or deteriorated;
  4. Substantial abandonment of residential, commercial, or industrial structures;
  5. Substantial presence of environmentally contaminated land;
  6. Inadequate public improvements or substantial deterioration in public infrastructure; or
  7. Any combination of factors that substantially impairs or arrests the growth and economic development of the city or county; impedes the provision of adequate housing; impedes the development of commercial or industrial property; or adversely affects public health, safety, or general welfare due to the development area's present condition and use;
- Be a mixed-use project and conform to community approved urban design guidelines;
- Represent new economic activity in the City of Owensboro;
- Include pedestrian amenities and public space; and
- Result in a net positive economic impact to the City of Owensboro, taking into consideration any substantial adverse impact on existing regional businesses. The net positive impact shall be certified to the commission as required by KRS 65.7071(6)(b). (KRS 65.7077)
- **SMART GROWTH NEW DEVELOPMENT INDUCEMENTS ONLY**--

Developments in undeveloped areas of the urban belt and urban growth corridor outside of the city limits and open to annexation conform to the Owensboro Urban Design Guidelines and adopt a form-based code.

- **PRIORITY DEVELOPMENT DISTRICT INDUCEMENT ONLY**— Proposals accepted for projects within a district identified by local governments where inducements are available to promote development.

#### Permissible Recoverable Costs

The following costs may be recovered pursuant to this section:

- Up to one hundred percent (100%) for redevelopment and priority development district inducements of approved public infrastructure costs and up to eighty percent (80%) of approved public infrastructure costs for smart growth/ new development inducements; and
- Up to one hundred percent (100%) of expenses for land preparation, demolition and clearance necessary for the development to occur. (KRS 65.7077)

As used above:

- “Land preparation, demolition and clearance” means the costs attributable to preparing the footprint, other than the public infrastructure portion of the footprint, for development, excluding land acquisition costs. (103 KAR 50:040)
- "Approved public infrastructure costs" means costs associated with the acquisition, installation, construction, or reconstruction of public works, public improvements, and public buildings, including planning and design costs associated with the development of such public amenities. "Approved public infrastructure costs" includes but is not limited to costs incurred for the following:
  1. Land preparation, including demolition and clearance work (acquisition for redevelopment inducements only);
  2. Buildings;
  3. Sewers and storm drainage;
  4. Curbs, sidewalks, promenades, and pedways;
  5. Roads;
  6. Street lighting;
  7. The provision of utilities;
  8. Environmental remediation;
  9. Floodwalls and floodgates;
  10. Public spaces or parks;
  11. Parking;
  12. Easements and rights-of-way;
  13. Transportation facilities;
  14. Public landings;
  15. Amenities, such as fountains, benches, and sculptures; and
  16. Riverbank modifications and improvements (KRS 65.7045)
  17. Building rehabilitation in the Historic Core district (redevelopment only);
  18. Planning costs for public infrastructure;
  19. Creative/ artistic landscaping (redevelopment only);

20. Costs associated with LEED certification;
21. Public WiFi access;
22. Relocation expenses for public infrastructure for expanding businesses (redevelopment only);
23. Other public benefits, including new facilities, such as parks, public spaces, hike and bike trails, bike racks, transit stop improvements, programs/services that have a direct public benefit environmental remediation, credit support for small, local business, and the cost of installing local public access art and other cultural amenities.

## APPLICATION REQUIREMENTS

THE FOLLOWING INFORMATION SHALL BE PROVIDED WITH THIS APPLICATION. INFORMATION NOT PROVIDED WILL DELAY THE REVIEW OF THE PROPOSED PROJECT. IF THERE IS NOT ENOUGH SPACE ON THE APPLICATION, ADDITIONAL PAGE(S) MAY BE ATTACHED AND SUBMITTED, BUT SHALL IDENTIFY THE PART OF THE APPLICATION THE ADDITIONAL PAGE(S) PERTAIN TO. TABLES CONTAINED IN THE APPLICATION MAY BE PREPARED ON A SEPARATE PAGE OR DOCUMENT SO LONG AS THE TABLE IS IN SUBSTANTIALLY THE SAME FORMAT AS THAT CONTAINED IN THIS APPLICATION.

The application(s) shall be mailed to:  
Greater Owensboro Economic Development Corp.  
P.O. Box 782  
Owensboro, KY 42302

The following materials shall be submitted with the application:

1. One original and one copy of the completed application (with attachments).
2. The development plan required by KRS 65.7051.

Pursuant to the provisions of KRS 65.7071, the applicant will be required to pay all costs associated with the independent consultant's fee for preparation of the independent consultant's report. In addition to the information required by this application, the office or the commission may require the submission of additional information and materials from the applicant.

**Contact Information**

Project Name: \_\_\_\_\_

INFORMATION REGARDING APPLICANT:

Applicant Name:	
P.O. Box/ Street Address	
Telephone:	Fax:
Contact Person:	Contact Person e-mail address:

Type of Project-Based Shared Investment Program (please check one):

- URBAN REDEVELOPMENT INDUCEMENTS--** Redevelopment of the urban core/ urban central area, including downtown and adjacent downtown areas, the use of public funds are limited to infrastructure or public benefits.
  
- SMART GROWTH/ NEW DEVELOPMENT INDUCEMENTS --**New developments in the urban belt and urban growth areas according to the Comprehensive Plan.
  
- PRIORITY DEVELOPMENT DISTRICTS—**Proposal being submitted for a project within a district identified by local governments and a project financing district.

Location of Inducement District \_\_\_\_\_

**Project Information**

I. Name of Proposed Project: \_\_\_\_\_

A. Briefly describe the proposed project:

B. Please describe how the land within the proposed footprint of the project will be used, and identify how much of the total finished square footage of the proposed project will be dedicated to each qualified use (circle all that apply):

<u>Use</u>	<u>Percentage of Space</u>	<u>Percentage of Investment</u>	<u>New Jobs/ Residents</u>
Retail	_____ %	_____ %	_____
Residential	_____ %	_____ %	_____
Office	_____ %	_____ %	_____
Hospitality	_____ %	_____ %	_____
Restaurant	_____ %	_____ %	_____

C. For each proposed retail establishment, provide the following:

Retail Establishment	Description	Square Footage	Employees	Estimated Payroll	Estimated Annual Sales

D. For each proposed office establishment, provide the following

Office Establishment	Description	Square Footage	Employees	Estimated Payroll	Average Wage

E. For each proposed hospitality and restaurant venue, provide the following:

Entertainment Venue	Description	Square Footage	Employees	Estimated Payroll	Annual Sales

II. Development Area (Please include a site plan with answers to the following attached):

A. Briefly describe the development area, including:

1. The size of the development area
2. The total assessed value of taxable real property within the development area
3. A detailed description of the development area that is sufficient to accurately identify its boundaries
4. Proposed pedestrian amenities and public space in the development area
5. The number of parcels in the development area

B. Identify at least three conditions below which exist within the development area, and supply documentation supporting these findings (check all that apply):

- Substantial loss of residential, commercial, or industrial activity or use
- Forty percent (40%) or more of the households are low-income households
- More than fifty percent (50%) of residential, commercial, or industrial structures are deteriorating or deteriorated
- Substantial abandonment of residential, commercial, or industrial structures
- Substantial presence of environmentally contaminated land
- Inadequate public improvements or substantial deterioration in public infrastructure
- Any combination of factors that substantially impairs or arrests the growth and economic development of the city or county where the project is located; impedes the provision of adequate housing; impedes the development of commercial or industrial property; or adversely affects public health, safety, or general welfare due to the development area's present condition and use.

III. Development Project Footprint.

A. Describe the area to be designated as the proposed footprint of the project, including a detailed description of the proposed footprint, the current use of the proposed footprint and the size of the proposed footprint. (Attach a detailed map.) If the proposed footprint is the same as the development area in II, above, state "Same as development area" in the space below:

B. Property Ownership of the Proposed Footprint. For each separate parcel included in the proposed footprint, complete the following (attach additional sheets as necessary to include all parcels within the proposed footprint):

Owner of Record \_\_\_\_\_

County Parcel ID Number \_\_\_\_\_

Under option \_\_\_\_\_ Owned \_\_\_\_\_ Leased \_\_\_\_\_ Term of Lease \_\_\_\_\_

Assessed value as determined by the PVA for the current year \_\_\_\_\_

IV. Other Economic Incentives. List any businesses included within the proposed footprint that currently receive incentives under any state or local incentive programs, including approved tourism attraction projects, as defined in KRS 148.851, Economic Development Projects as defined in KRS 65.7045, or other economic development incentives or financial assistance from the state, such as grants, loans or appropriations from the state. As part of your response, provide the name of the business, the location of the business within the proposed footprint, the program in which the business is participating, and the terms of the economic incentives:

V. Other Development Area/TIFs. Is the proposed footprint of the proposed Project contained within a tax increment financing development area?  
\_\_\_\_\_ Yes \_\_\_\_\_ No

If yes, please indicate which development area, and what types of taxes, both local and state, are pledged to a project within the development area:

VI. New Economic Activity.

Does the project represent an expansion of an existing operation within the City of Owensboro and within the Commonwealth of Kentucky?	Y N
If yes, please explain:	
Does the project represent a new operation within City of Owensboro and within the Commonwealth of Kentucky?	Y N
For the type of economic activity represented by the proposed project, is the market expanding in Owensboro and Kentucky?	Y N
Please explain your response:	

Will the proposed project create any adverse impact on existing Owensboro or Kentucky businesses within the same industry? Please explain your response:	Y  N
How many new jobs will be created as a result of this development?	
What is the average/ median wage paid?	

VII. Attach a detailed pro forma including a timeline for completion of the project, including estimated date of occupancy and beginning of operations.

VIII. Estimated Capital Investment. Include only capital investment associated with the proposed project.

- A. Estimated labor costs \$\_\_\_\_\_
 

Labor costs mean the obligations incurred for labor and to contractors, subcontractors, builders and materialmen in connection with the acquisition, construction, installation, equipping and rehabilitation of the project.
- B. Estimated land acquisition costs \$\_\_\_\_\_
 

Land acquisition means the cost of acquiring land or rights in land within the development area on the footprint of the project, and any cost incident thereto, including recording fees.
- C. Estimated cost of contract bonds \$\_\_\_\_\_
 

Contract bonds means the cost of contract bonds and of insurance of all kinds that may be required or necessary during the course of acquisition, construction, installation, equipping and rehabilitation of the project which is not paid by the contractor or contractors or otherwise provided.
- D. Estimated cost of architectural/engineering services \$\_\_\_\_\_
 

Architectural/engineering services means all cost of architectural and

engineering services, including test borings, surveys, estimates, plans, specifications, preliminary investigations, supervision of construction, and the performance of all the duties required by or consequent upon the acquisition, construction, installation, equipping and rehabilitation of the project.

E. Estimated contractual costs \$\_\_\_\_\_
   
Contractual costs means all costs that are required to be paid under the terms of any contract(s) for the acquisition, construction, installation, equipping and rehabilitation of the project.

F. Other estimated costs \$\_\_\_\_\_
   
Other costs means costs of a nature comparable to those described in A through E, above.

TOTAL ESTIMATED CAPITAL INVESTMENT COSTS \$\_\_\_\_\_

IX. Estimated Project Costs. Include only the estimated Approved Public Infrastructure Costs and Land Preparation Expenses associated with the proposed project that the applicant seeks to have approved by the Commission.

A. Approved Public Infrastructure Costs are costs associated with the acquisition, installation, construction, or reconstruction of public works, public improvements and public buildings, including planning and design costs associated with the development of such amenities, and include, but is not limited to:

Item #	Infrastructure Description-(1)	Cost
1	Land Preparation--land preparation costs are the costs attributable to preparing the public infrastructure portion of the footprint for development, and do not include land acquisition costs (except in the case of redevelopment inducements)*	\$
2	Buildings	\$
3	Sewers/Storm Drainage	\$
4	Curbs, Sidewalks, Promenades and Pedways	\$
5	Roads	\$
6	Street Lighting	\$
7	Provision of Utilities	\$
8	Environmental Remediation	\$
9	Floodwalls and Floodgates	\$
10	Public Spaces or Parks	\$
11	Parking	\$
12	Easements and Rights of Way	\$
13	Transportation Facilities	\$
14	Landings	\$



Supported by Private Sources      \$ \_\_\_\_\_ %  
Total Estimated Sources of Funds      \$ \_\_\_\_\_ 100 %

Number of years for which participation is requested: \_\_\_\_\_

XI. Quality of Life and Environmental Considerations

A. Cultural Value-Added

Will the project or firms in the development be active participant in the arts and cultural life of the communities?
Describe the placemaking and venues created in the project. How do they enhance the cultural and quality of life of Owensboro?

B. Environmental issues

Describe how the project will be developed in an environmentally responsible way?
Are there any environmental initiatives/concerns regarding the specifics of the project?

C. Design Principles

How will the project utilize urban design principles?	
Explain how the project utilizes components of walkable urban development?	
Will the implementation of form-based codes or mixed use overlay be a compliment to the project?	Y N
Please explain your answer.	

CERTIFICATION OF APPLICATION

PLEASE NOTE: ELIGIBILITY FOR PARTICIPATION IS DETERMINED BY THE INFORMATION PRESENTED IN THIS APPLICATION, THE REQUIRED ATTACHMENTS, AND ANY OTHER INFORMATION THE APPLICANT IS REQUIRED BY THE OFFICE OR THE COMMISSION TO SUBMIT AS PART OF THIS APPLICATION. ANY CHANGES IN THE STATUS OF THE PROPOSED PROJECT FROM THE FACTS PRESENTED HEREIN OR IN ANY OTHER INFORMATION PROVIDED TO THE OFFICE OR THE COMMISSION COULD RESULT IN THE REJECTION OF THE APPLICATION OR THE DISQUALIFICATION OF THE PROJECT. PLEASE CONTACT THE OFFICE BEFORE TAKING ANY ACTION WHICH WOULD CHANGE THE STATUS OF THE PROJECT AS REPORTED HEREIN.

Certification: I hereby represent and certify the foregoing information, to the best of my knowledge, is (a) true, complete and accurately and fairly describes the proposed project for which financial assistance is sought; and (b) does not contain any information for which an entity competing with the applicant may claim a proprietary interest. I further certify to the best of my knowledge, and based upon due inquiry, neither I nor any of the officers, directors or principals associated with the applicant, are or were at the time of this application, directors or officers or principals of, or otherwise have a fiduciary duty toward, an entity that is or may be in competition with this applicant.

I further certify that without the provision of the tax inducement by the City of Owensboro, which are requested through this application, the project would not otherwise occur.

The undersigned acknowledges that even though the information contained in this application, or which may hereafter be communicated to the Commission, contains confidential and proprietary information, it may be subject to public disclosure to the extent required by law pursuant to any request made under the Kentucky Open Records Act, Chapter 61 of the Kentucky Revised Statutes. In addition, the applicant acknowledges and agrees that this application will be released to the local jurisdiction(s) where the project is intended to be located. Notwithstanding the above, except as otherwise agreed to by the applicant in writing, no confidential or proprietary information shall be disclosed if properly excluded from disclosure under KRS 61.878 (as determined by the Commission, the Kentucky Attorney General, or Court of competent jurisdiction).

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date