

CITY OF OSAGE BEACH, MISSOURI
COMMUNITY IMPROVEMENT DISTRICT ACT
Procedures, Considerations and Petition

Adopted/Latest Revision May 16, 2013

The City of Osage Beach welcomes inquiries about new business and economic development.
Please call the City Administrator at 573-302-2000 ext 254.

Important Notice and Disclaimer

This policy has been prepared by the City of Osage Beach, Missouri (the "City") to assist applicants in the consideration of whether a Community Improvement District is a realistic possibility pursuant to the Community Improvement District Act (the "CID Act"). The authority to make the legislative findings and determinations necessary for compliance with the statutes is vested solely and only in the Board of Aldermen. Applicants are cautioned that the attached materials have been prepared primarily for informational purposes only. The City reserves the right to reject any and all proposals, even those which satisfy the attached criteria. Furthermore, the City reserves the right to waive any non-conformance to these policies and approve any project the City deems favorable to the City.

Applicants should expect to be asked to provide funding for outside experts who may be retained by the city and to enter into a funding agreement for payment of those experts' fees. As a general rule, the simple projects are rare. Nearly every funding district still has certain complexities that require a significant amount of work for the city to process and consider the request and then negotiate the appropriate contract(s). Some issues that can cause additional complexity are:

- a significant number of property owners**
- multiple developers, which can require significant coordination by the city among the several private parties**
- significant involvement by the developer's lender early in the transaction**
- a land purchase from a bank after a foreclosure**
- the presence of existing residences in the project area**
- mixed use developments**
- involvement of other governmental jurisdictions**
- developer is requesting a large amount of reimbursement in relation to overall project costs, and additional scrutiny is required to determine eligible costs**
- funding district is already established and the request is to modify what is already in place and possibly expand the scope of the district or what it will fund**

The standard initial funding agreement deposit is \$15,000. Most projects that involve any of the issues above will at least be in this ballpark of total costs, and if the project stretches out over an extended period then the developer may need to replenish the fund one or more times until the work is finished.

Summary of the Approval Process

1. A Community Improvement District may be created by petition of the property owners. The petition must contain the signatures of property owners collectively owning more than 50% of the assessed value of real property and more than 50% per capita of all owners of real property within the district. The petition must also contain the following elements:

- a) A 5 – year plan that describes the purposes of the proposed district, the proposed public improvements and services, and the estimated costs of those improvements and services;
- b) Information on the type of district being proposed and its governance. CIDs may be organized either as a separate political subdivision of the state or as a nonprofit corporation (this affects how the district may fund improvements and selects its board of directors);
- c) The maximum rates of property taxes and special assessments, if any, that may be imposed;
- d) A statement concerning whether a sales tax will be sought
- e) A statement of limitations on the borrowing capacity and revenues of the district; and
- f) The period of time the CID will exist.

2. A Petition for creation of a CID is submitted to the City Clerk and the City Administrator or his or her designee.

3. City Staff will review the Petition and determine whether the Petition is complete and whether the proposed project is eligible under the City's policy and the CID Act.

4. The City Staff will report to the Board of Aldermen its advice whether or not to enter into a funding agreement with the applicant. The funding agreement sets out the applicant's responsibility for paying the City's costs for expert legal counsel and financial consultants.

5. All activity undertaken for consideration of a CID will be governed by the Community District Improvement Act sections 67.1401 through 67.1571 R.S.Mo. and in the event that any provision of this policy contradicts those statutes the statutes shall govern.

6. The City Clerk reports to the Board and the applicant within 90 days as to the sufficiency of the petition.

7. Within 45 days of the verification of the petition a public hearing is held.

8. The Board will consider an Ordinance making necessary findings and approving the Community Improvement District.

Petition Procedures

Submission. The CID Petition, complying with the requirements of Sections 67.1401 through 67.1571 RSMo. is filed with the City Clerk. At the same time not less than 15 copies of the completed Petition and supporting documents should be submitted to the City Administrator.

Preliminary Determination of Completeness. Upon submission, the Petition will be reviewed by City Clerk and City staff to determine if it is complete. If the Petition is determined to be

incomplete by the City Clerk or Staff or if additional information is needed, the applicant will be notified that the Petition is not complete. That notification may include the reasons referring to the specific criteria that are not met, additional information required, or financial, legal or planning and development concerns. A public hearing date will not be set and notices for a public hearing will not be issued until the Petition is determined to be complete by the City Clerk.

Review of the Petition will be conducted by the City Clerk and the Finance, Law, and Planning Departments and, when deemed appropriate by the City's outside advisors. Review time will be approximately 30 days from the date the completed CID Petition is submitted to the City. However, more or less time may be required for particular CID Petitions. Petitions that are determined to be complete will be forwarded to the Board of Aldermen for consideration and possible creation of a funding agreement with the applicant.

Petitions which are determined to be incomplete will not be forwarded to the Board of Aldermen. No hearing will be scheduled and no public hearing notices will be issued until the Petition is deemed complete by the City Clerk. Applicants will be notified of a determination that the Petition will not be forwarded.

The Board of Aldermen may have a study session on the Petition and will hold a public hearing pursuant to Section 67.1431 RSMo. before consideration of an ordinance. Certain amendments which meet threshold requirements of the CID Act may require that the Board hold another public hearing on the proposed amendments.

POLICY FOR THE USE OF A COMMUNITY IMPROVEMENT DISTRICT

1. It is the policy of the City to consider the judicious use of a CID for those projects which demonstrate a substantial and significant public benefit by constructing such public improvements or funding such services that strengthen the quality of life, employment and economic base of the City, increase property values and tax revenues, reduce poverty, create economic stability, upgrade older areas, facilitate economic self sufficiency, and implement the Comprehensive Plan and economic development strategy of the City.
2. Care will be exercised in the use of a CID to evaluate each Petition to ensure that the benefits which will accrue from the approval of the Petition are appropriate for the costs which will result, and that they are equitable to the City as a whole.
3. Community Improvement District Considerations:
 - a) The City of Osage Beach will consider the establishment of Community Improvement Districts to finance public improvements and/or public services that will directly benefit the property owners, business owners, customers, and residents of the district.
 - b) Community Improvement Districts formed for the purpose of financing public improvements will terminate when the public improvement expense has been reimbursed.
 - c) Perpetual CIDs are discouraged.

- d) The developer and/or CID will be responsible for paying for the district public improvements and seeking reimbursement through district revenues. The City will not provide upfront financing.
- e) CIDs established to provide additional funding to expedite retiring Tax Increment Financing (TIF) districts are encouraged, especially when non-captured CID revenues are pledged to assist the payment of TIF obligations that are CID eligible.
- f) The developer and CID will enter into a cooperative agreement with the City of Osage Beach detailing the eligible CID projects and reimbursement schedule.
- g) The CID petition must contain a provision that terminates the district after six (6) months if a cooperative agreement acceptable to the City and the district has not been executed.
- h) To ensure consistency and ease of administration, developers will use the City's preferred petition and cooperative agreement forms.
- i) The City may charge an administrative fee for work performed by the City for the CID. This is typically one-and-one half percent (1 ½%) of district revenues.
- j) The CID will comply with all applicable open meetings and open record laws.

CID Guidelines

The following criteria are to be used by the City's staff to evaluate CID Petitions:

1. Public improvements and services and blight removal may be financed by a CID. The improvements or services must be located or provided within the district boundaries. Eligible public improvements and services include, but are not limited to the following:

Improvements

- * Parks
- * Convention centers
- * Parking lots
- * Sidewalks
- * Streets
- * Bridges
- * Storm water facilities
- * Sanitary Sewer

Services

- * Economic, planning, marketing or other studies
- * Waste collection/ disposal
- * Recreational and cultural activities
- * Special Events
- * Cleaning and maintenance of public and private property
- * Security
- * Facility operation

Blight Removal – CIDs may pay for the costs of demolishing, renovating, and rehabilitating structures (either public or private) that are located within the blighted areas. The City prefers the use of CID funds for public improvements that benefit not only the project but also the public at large.

2. Each CID Petition must include evidence that the applicant has the ability to complete and operate the project. Applicants with partners are expected to identify the partners at the beginning of the process.

3. CID Petitions for new or expanded public infrastructure projects will be viewed favorably. CID projects which create jobs will be encouraged. CID Petitions to stabilize current commercial and industrial areas that have experienced deterioration are also encouraged.

4. The projected term of the CID will be a factor, with shorter terms being viewed more favorably than longer terms.

5. All CID Petitions must clearly comply with the requirements of the CID Statute, sections 67.1401 through 67.1571 R.S.Mo.

6. All approved projects must comply with prevailing wage and hour requirements for public works projects, as set forth in 290.210 R.S.Mo. et. seq. for all portions of the project receiving CID assistance. The applicant will be required to indemnify the City for all prevailing wage claims brought against the City for all CID-funded public works projects that are constructed by or at the direction of the applicant. Work to be covered by CID funds will be identified in the Petition.

7. Notwithstanding the foregoing, CID Petitions which do not meet any of the above referenced criteria may be viewed favorably by the City if the Petition clearly demonstrates that the project is of vital interest to the City and will significantly assist the City in the elimination of blight, financing desirable public improvements, strengthening the employment and economic base of the City, increasing property values, reducing poverty and creating economic stability.

CID Financing

Community Improvement Districts organized as a political subdivision or a nonprofit corporation may be funded by any of the following:

1. Special assessments, if approved under the 50% threshold in the statute for assessed value and per capita of property owners in the district
2. Fees and rents for district property or services
3. Grants or donations.

If the CID is organized as a political subdivision it may use

1. Property tax
2. Sales Tax

The CID may issue bonds, notes or other obligations to fund its activity. In deciding which method of financing to use, organizers are cautioned to consider the effects of the Hancock Amendment. The City will not provide credit enhancements for bonds or notes, however, credit enhancement provided by the applicant on any bonds or notes will be viewed favorably. The underwriter or purchaser of any publicly sold bonds will be selected by the City.

The maximum period for a CID bond is established by the CID statute at twenty (20) years.

RESERVATION OF RIGHT TO ALTER OR AMEND THIS POLICY

The City reserves the right to modify or waive any or all of these Policies and Procedures.

CITY OF OSAGE BEACH, MISSOURI
COVER PAGE
COMMUNITY IMPROVEMENT DISTRICT

PROJECT NAME:

APPLICANT:

ADDRESS:

PHONE:

FAX:

EMAIL:

CONTACT PERSON:

On a separate sheet of paper please answer the following questions. Please type each question prior to the applicable response.

- (1) In no more than three pages provide relevant information on the organizer's background, experience and ability to manage and complete the project. Include resumes of key individuals assigned to the project.
- (2) Describe the proposed project, including the size, scope and phasing of the proposed project.
- (3) Define the boundaries of the proposed CID area. Include a map of the proposed CID area.
- (4) Identify the property which is currently in the control of the applicant via ownership or option. If the property is under an option, note the option expiration date.
- (5) If the CID will build new improvements, is the CID consistent with the City's Comprehensive Plan? Please describe.
- (6) Generally discuss the need and justification for creation of the CID.
- (7) If applicable discuss the condition(s) that would qualify the proposed CID District as a "blighted area."
- (8) Provide an outline of the budget, income, costs and expenses associated with the proposed project. Identify in the outline those costs you would propose to fund with CID financing and if CID debt is used the proposed payback time frame.

(9) Briefly describe the “economic and quality of life” benefits of the proposed project to the City.