

City of Stillwater

Economic Development Incentive Policy

The purpose and intent of this Economic Development Incentive Policy is to establish the parameters by which the City of Stillwater considers using public funds to help incentivize proposed private economic development projects.

Incentives take on a variety of forms such as tax breaks, building support infrastructure, or job creation. This Policy is specific enough to set clear boundaries in the evaluation of private economic development projects that strengthen Stillwater’s economic viability, yet flexible enough to ensure best interests of Stillwater are served.

The Policy is structured as described below and includes the Application for incentive consideration of a private economic development project and the Evaluation Matrix that City staff will utilize as a piece of evaluation and recommendation.

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- I. Goals for the incentive program** – all projects must demonstrate one or more of the following benefits to be eligible for consideration of an incentive.
 - a. Expand tax base
 - i. Increase sales or use tax
 - ii. Increase ad valorem tax
 - b. Increase full time employment
 - i. New full-time equivalent positions within the corporate limits of Stillwater defined as follows:
 - 1. One full-time equivalent position will be a minimum of 40 hours per week at the current median hourly wage in Stillwater.
 - 2. Employer provided health insurance coverage in compliance with Federal law.
 - ii. New positions can be at an existing or new business.
 - c. Encourage private investment
 - i. Provide a new private investment for a commercial or industrial business relocating to or expanding inside the corporate limits of Stillwater.
 - ii. Provide a new private investment for a new residential development within the corporate limits of Stillwater.
 - iii. Affordable housing projects defined
 - 1. Projects where the annual cost of ownership or rental of the proposed housing unit(s) does not exceed 30% of the current median family income in Payne County, as determined by the Oklahoma Housing Finance Agency.

2. The cost can be calculated as an average across the entire project in order to meet cost of ownership or rental requirement above.
- d. Business retention and/or recruitment
 - i. New (to Stillwater) commercial or industrial business locating within the corporate limits of Stillwater.
 - ii. Expansion of an existing commercial or industrial business within the corporate limits of Stillwater.
 1. Expansion of an existing business
 - a. Expand the tax base as indicated in section "I.a."
 - b. Increase employment as indicated in section "I.b."
 - c. Provide a new capital investment as indicated in section "I.d."
 - e. Development of targeted geographic areas ("Corridor" is defined as a property with frontage on the road indicated):
 - i. Properties targeted for affordable housing development in Stillwater. Contact the Community Development Department for a current listing.
 - ii. Chamber of Commerce Business Park
 - iii. 12th Avenue Corridor – 12th Avenue from Western east to corporate limits
 - iv. Downtown Stillwater
 - v. OSU Campus periphery – Form Based Codes Overlay (see map) and Greek Neighborhood.
 - vi. East 6th Avenue (HWY 51) Corridor – Perkins Road (HWY 177) to corporate limits.
 - vii. South Perkins Road (HWY 177) Corridor – 6th Avenue (HWY 51) to corporate limits.
 - f. The City may determine that a specific project will bring extraordinary benefit to Stillwater due to its magnitude or benefit to the community.
 - i. Considered on a case by case basis outside this policy.
 - ii. Incentives may be negotiated beyond what is listed in this policy.
- II. Available incentives** – The City may approve one or more of the following for a specific project that demonstrates the ability to achieve the goals of the incentive program.
- a. Sales tax and/or Ad Valorem TIF district – Stillwater has three existing TIF districts. Each district has defined parameters that can be found here: Tax Increment Finance. Additional City incentives will not be considered in an existing TIF district. The City will consider additional TIF districts for individual projects or geographical areas provided:
 - i. Project meets the goals and requirements of this policy.
 - ii. Project and associated TIF comply with the requirements and limitations set forth in State statutes.
 - iii. Project and associated TIF do not conflict with achieving the goals of the existing districts.
 - iv. Sales tax increment allowed shall not exceed the City's 2% non-dedicated sales tax revenues. Specific terms of any agreement will be negotiated. Funds shall be invested as follows:
 1. Public infrastructure improvement such as water, sewer, and electric, related to the development for the benefit of the general public.
 2. Direct investment in the renovation, expansion, improvement, or adaptive reuse of an existing building.
 3. New project related construction
 4. Retail and non-retail businesses in support of the creation or expansion of jobs.
 - v. Ad Valorem TIF districts will be developed in compliance with the Oklahoma Statutes Title 62, Chapter 9, Local Development Act.
 - b. Tax rebates – Sales or use tax rebates for individual businesses will be considered given the following parameters:

- i. Sales tax rebate shall not exceed the City's 2% non-dedicated sales tax revenues. Specific terms of any agreement will be negotiated.
- ii. For redevelopment of existing locations where a tax generating business was previously operating within the past three years, rebates will only be considered on that portion of the sales tax that exceeds the average tax during the last three years of operation.
- iii. Sales tax rebate shall be invested in one of the following:
 - 1. Public infrastructure improvement such as water, sewer, and electric, related to the development for the benefit of the general public.
 - 2. Direct investment in the renovation, expansion, improvement, or adaptive reuse of an existing building
 - 3. New project related construction
 - 4. Retail and non-retail businesses in support of the creation or expansion of jobs.
- c. Waivers or reduction of fees and charges.
 - i. Permit and impact fees
 - ii. Transportation and infrastructure engineering assistance – City engineering assistance with design, system modeling, and compliance to meet City standards and expedite plan approvals.

III. Submittal requirements – This is not an all-inclusive list. Requirements may vary depending on the nature of the project.

- a. All requests for incentives will be submitted on the application supplied by the City of Stillwater.
- b. Proof of ownership and/or authorization to act on behalf of the owner.
- c. Site plan or map of the project including proposed improvements.
- d. Descriptive project narrative containing the following elements (minimum):
 - i. Type of development
 - ii. Compatibility with the surrounding property
 - iii. Compliance with design guidelines, zoning, and overlay districts applicable to the development location
 - iv. Project's ability to spur additional economic development
 - v. Public benefit to the City
 - vi. Circumstances within the property that create challenges to development including environmental impacts and issues
 - vii. Proposed changes in zoning that may be requested.
 - viii. Description of how the request meets the goals set in this policy.
- e. Legal description of the property.
- f. Job creation anticipated by the project.
 - i. Describe the type of jobs in the project narrative if job creation is a consideration.
- g. Projected annual sales/use tax revenue for sales/use tax generating activities.
 - i. This can include retail sales when the project is operating and/or projected purchases made in Stillwater during development that will increase the sales/use tax revenue to the City.
- h. Amount of the investment to be made in the project.
- i. Detailed business plan or development pro-forma - Statement of financial capacity and ability of the respondent to finance and operate the proposed project, to include at minimum:
 - i. Capital expenditures.
 - ii. Operating expenses.
 - iii. Market analysis.
 - iv. Business plan.
 - v. Revenue projections.
 - vi. Financing.
 - vii. Incentives requested and amounts.

- IV. Evaluation process** (see evaluation matrix) – Each request for incentives will be evaluated by City staff and a recommendation provided to Council and/or TIF committee as appropriate for full, partial, or no incentive. Evaluation will be based on the following factors with additional factors considered at the discretion of the City:
- a. Revenue benefit to the City of Stillwater
 - b. Number and quality of jobs created
 - c. Level of private investment proposed
 - d. New business recruitment or existing business retention
 - e. Development of targeted geographic areas or targeted industries
 - f. Applicant’s financial strength and capacity
 - g. Good corporate citizenship – demonstrated through actions in other jurisdictions, and as proposed for the City of Stillwater. Companies that receive credit in this category will exhibit the following characteristics:
 - i. Success of business or applicant in other locations – proven track record
 - ii. Corporate responsibility and environmental responsibilities are embedded in the company's Mission Statements and Charters.
 - iii. The company recognizes its long-term societal and environmental impacts and incorporates them into its strategic planning and risk management processes.
 - iv. The most senior management team and the board of directors actively guide the company's corporate social responsibility programs, goal setting and sustainability reporting.
 - v. The company internally and externally aspires to be the best in their industry in the areas of governance, sustainable product development, ethical business practices and environmental stewardship.
 - vi. The company does not discriminate on the basis of race, color, religion (creed), gender, gender expression, age, national origin (ancestry), disability, marital status, sexual orientation, or military status, in any of its activities or operations.
- V. Performance standards, monitoring, and compliance**
- a. All incentives approved by the City will be formalized into a written agreement between the City and the recipient.
 - b. Written agreement will include but not be limited to the following:
 - i. A timetable and list of improvements to be made.
 - ii. A complete description of the proposed project.
 - iii. A list and quantification of the increased property values, revenue, income and other public benefits to be provided by the proposed project.
 - iv. A provision establishing the duration of the agreement.
 - v. A provision identifying the incentives to be provided and a method of calculation for the incentives.
 - vi. A tangible means of measuring whether or not the applicant has met their obligations.
 - vii. A provision providing access and authorizing inspection of the property and business records by the City.
 - viii. A provision for cancellation of the agreement and incentives.
 - ix. A “claw-back” provision for recapturing the value of the incentives in the event of default or non-compliance.
 - x. Other provisions as deemed appropriate by the City Council.
 - c. Recipients of incentives shall meet the following performance criteria as are appropriate to the incentives provided and the terms of the agreement:
 - i. Provide quarterly reports to confirm that criteria are being met.

- ii. Create and retain the number of full time equivalent jobs indicated in the policy and/or agreement.
- iii. Make the required capital investments indicated in the policy and/or agreement.
- iv. Increase the sales, use, and/or ad valorem tax as indicated in the policy and/or agreement.
- v. Comply with all Federal, State, and Local statutes, ordinances, rules and regulations.

VI. Application

a. Applicant information

Date of application: _____

Applicant name: _____

Address: _____

Phone: _____

Email: _____

Company name: _____

Company address: _____

b. Applicant's authorized representative

Representative name: _____

Address: _____

Phone: _____

Email: _____

c. Property owner information (if different than applicant)

Owner name: _____

Address: _____

Phone: _____

Email: _____

d. Property owner's authorized representative

Representative name: _____

Address: _____

Phone: _____

Email: _____

e. Job creation anticipated

	Number of jobs to be created	Average annual salary per employee
Full Time (40 or more hours + benefits)		\$
Part time (29 hours or less)		\$

f. Amount of investment to be made in the project

Land acquisition	\$
Site development	\$
Infrastructure	\$
Building cost	\$
Equipment	\$
Architecture and engineering fees	\$
Legal fees	\$
Interest during construction	\$
Off-site development cost	\$
Contingencies	\$
Other (specify)	\$
TOTAL	\$

g. Projected annual sales/use tax revenue

Taxes paid during construction/development	\$
Taxes paid due to company purchases while operating	\$
Taxes paid due to retail sales	\$

h. Addendums (attach to application)

- i. Proof of ownership and/or authorization to act on behalf of the owner
- ii. Site plan or map of the project
- iii. Descriptive project narrative
- iv. Legal description of the property
- v. Detailed business plan or development pro-forma

VII. Evaluation Matrix

This matrix will be used by City staff to complete a preliminary evaluation and make a recommendation to City Council.

Evaluated criteria	Points possible	Points awarded (City use only)
Revenue benefit to the City of Stillwater (annual)		
Less than \$50,000	2	
\$50,001-\$100,000	4	
\$100,001-\$500,000	6	
\$500,001-\$1,000,000	8	
Over \$1,000,000	10	
Number and quality of jobs created		
Less than 10 part time	1	
Equal to or more than 10 part time	2	
Less than 10 full time	2	
11-20 full time	4	
21-50 full time	6	
51-100 full time	8	
More than 100 full time	10	
Level of private investment proposed		
\$1,000,000 or less	2	
\$1,000,001-\$5,000,000	4	
\$5,000,001-\$10,000,000	6	
\$10,000,001-\$20,000,000	8	
Over \$20,000,000	10	
New business recruited	10	
Existing business expanded	10	
Development of targeted geographic areas	10	
Applicant's financial strength and capacity	5	
Good corporate citizenship		
Proven track record	10	
Mission and vision	5	
Environmental responsibility	5	
Social responsibility	5	
Ethical business practices	5	
Non-discrimination policy	5	
MAXIMUM POINTS POSSIBLE	100	
TOTAL POINTS AWARDED*		

*Percentage of points awarded will affect the recommendation to SEDA.