TO: Public Incentives Review Committee
CC: Tom Markus, City Manager
Diane Stoddard, Assistant City Manager
Britt Crum-Cano, Economic Development Coordinator
FROM: PIRC Sub-Committee
DATE: July 14, 2016
RE: Sub-Committee recommendations for Economic Development Policy Changes

On April, 19, 2016, the City Commission referred draft changes of economic development policies to the Public Incentives Review Committee for review and recommendations. In response, PIRC met on May 17, 2016 to discuss potential changes and formed a sub-committee to examine and provide suggestions for changes for further consideration by the entire PIRC team.

The sub-committee met on May 26, 2016, June 16, 2016, and July 14, 2016. The sub-committee consisted of: Aron Cromwell, Brian Iverson, Brad Burnside, Jill Fincher, and Linda Jalenak. The committee provides the following recommendations for changes to the City's economic development policies for consideration by the Public Incentives Review Committee:

- Strike the "but for" requirement on IRBs as the only cost to the city from implementation of an IRB is a loss of the city's portion of sales tax on building materials, which is small.

- Open up the cap on analyzing NRAs beyond the 10 year/50% level to allow the pros and cons of an individual project to be examined on it's merits. Changing this policy maintains flexibility to examine projects which may contribute greatly to our community's goals.

- Projects with under $1M in capital investment should be subject to a modest application fee (e.g. $100) to make it palatable for small projects to make requests, but still keep a flood of frivolous applications from being submitted.

- Add language on cost recovery to make it clear that any fees an applicant would be required to pay would be clearly defined upfront in an agreement with the city so that they have clear expectations and no surprises.

- For projects involving residential units, require a 10% set-aside for affordable housing which would be applicable only during the duration of the incentive period. In cases where a fraction of a unit is specified, round down to the nearest whole unit to ensure that projects with less than 10 residential units would be excluded from the set-aside requirement. The committee has concerns about the 35% being too high with the end result being that projects are not completed and no affordable housing is created.