

CITY OF BROKEN ARROW RETAIL INCENTIVE POLICY

PURPOSE STATEMENT

Retail development is critical to the City of Broken Arrow's economic and social health. Retail businesses support the local economy through job creation and tax base enhancement. Retail developments provide residents, businesses and visitors with more options and services. In an effort to stabilize and enhance the City's sales tax base, a Retail Incentive Policy provides guidelines to make informed decisions. It is intended that this Retail Incentive Policy does not constitute an entitlement to existing and prospective businesses and developers. It should only be utilized for the development of new sales taxes in the City of Broken Arrow or to support under-served areas. It is also the intent of this policy to only incentivize the eligible retail businesses that are included in a mixed use development. In order to successfully compete for these limited retail development opportunities, the City will use the following guidelines and criteria during the evaluation of retail incentive requests by retailers or retail developers.

Section 1

1.1 Application Process

Application – Prospective retail developers and retailers will make a formal request for retail incentives to the following address:

City of Broken Arrow – City Manager's Office
220 South 1st Street
Broken Arrow, OK 74012

A one-time \$200.00 non-refundable application fee made payable to the "City of Broken Arrow" should accompany all applications.

1.2 Market Analysis and Other Information

In addition to completing the attached application, applicants may be required to provide a trade area analysis, including zip code analysis, a market analysis, feasibility study, traffic study and any other relevant information that will allow the City to make an informed decision.

1.3 Application Approval/Denial Process

Applications will be evaluated by the Broken Arrow Economic Development Team ("BAEDT") to determine if it meets the guidelines set forth herein. The BAEDT will make a recommendation to the City Council regarding the eligibility of the project, the amount of the incentive and the type of incentive. The panel shall include: the City Manager, the City Attorney, the Economic Development Coordinator, the Finance Director or his/her designee and The President of the BAEDC and the Chief Executive Officer of the Broken Arrow Chamber of Commerce. The BAEDT may require the prospective retailer or retail developer to make a formal presentation regarding their project/application.

During the review process of the applications, staff will consider various circumstances regarding the development in determining the level of incentives. The following circumstances will enhance an application's priority:

1. Development in an urban infill site between existing structures or uses;
2. Development of empty or derelict lots or buildings;
3. Redevelopment of under performing and older suburban commercial/retail centers;
4. Development of inner-city neighborhood with little or no shopping/retail development to serve local population.

Upon determination by the BAEDT and concurrence with the City Council regarding an incentive allocation, an economic development agreement containing performance standards and required timeline will be developed by the City Attorney's Office. The agreement will be forwarded to the City Council or the Broken Arrow Economic Development Authority for approval.

It should be noted that most economic development agreements are in effect for multiple years. Since the City Council is limited to one-year agreements, the City Council may use BAEDA or another City beneficiary trust to carry out the multi-year aspects of the agreement.

1.4 Project Types

Incentives will be provided to only the following types of projects:

A. Destination Retail Project

A Destination Retail Project is a development that contains a retailer or group of retailers who will offer a product and/or good (subject to sales tax) that is unique to the market and which is not otherwise available for purchase at a retail business physically located in Broken Arrow. A destination retailer is expected to attract new sales tax dollars or retain sales tax dollars that may otherwise go to a nearby city or metropolitan area. Each destination retailer must have a minimum of \$30.0 million in annual sales (subject to sales tax).

B. Regional Retail Project

A Regional Retail Project is a development that contains at least 250,000 square feet of net usable retail space that attracts at least 50% of its customer sales from outside of a 25 mile radius of the center of Broken Arrow and is not within 75 miles of the nearest competitor. In addition to retaining existing sales tax dollars, a regional development is expected to expand the City's tax base by an additional \$1,000,000 per year.

C. A Project that Provides Retail to an Under-served Area

A project that provides retail development to an under-served area is a retail establishment of at least 5,000 net usable square feet of retail which offers an essential product (subject to sales tax) that if located within a specific area would improve the quality of life for the residents and businesses located in the area.

D. Retail Project Located in a Redevelopment Area

A Retail Project Located in a Redevelopment Area is a development with at least 5,000 net usable square feet of retail located within an area that has been predetermined by a public process to require strategic redevelopment such as an area plan or sector plan prepared by the City and/or through the establishment of a TIF district and/or an area that has been officially declared as a blighted area. These types of projects may be smaller retail establishments, mixed-use developments or redevelopment of older commercial area.

SECTION 2

2.1 Application Evaluation

During the evaluation of the retail incentive application, the BAEDT will determine if the proposed development or redevelopment meets any of the stated goals below:

- A. Increase the tax base, including City sales taxes, real estate taxes, personal property taxes, payroll or earnings taxes, and business license fees.
- B. Provide a better quality of life for citizens, including enhanced offerings in retail goods and services.
- C. Provide merchandise and entertainment, as well as public areas that provide community gathering places.
- D. Attract other types of development, including other retail businesses, office and residential projects.
- E. Significantly reduce the loss of sales and revenue from Broken Arrow residents who drive to an adjacent community to purchase or consume like goods and services.

2.2 City Fiscal Impact Analysis

During the evaluation of the application, the BAEDT will consider the following issues regarding the project in order to prove that the public benefits to the City will be positive within a projected time frame:

- A. Cost of the incentive (including labor costs of City Staff).
- B. Cost of city services such as police and fire.
- C. Wear and tear on City Streets and roads.
- D. Increased burden on water, sewer and storm systems.
- E. Estimated "Transfer losses" from existing merchants.

SECTION 3

3.1 Forms of Incentives

To the extent permitted by law, the City or a City beneficiary Trust may assist a retailer or retail developer by providing the following:

- A. Public infrastructure improvements, including, but not limited to the following:
 - 1. Public streets and roadways.
 - 2. Traffic signals, signage, and control devices.
 - 3. Utility improvements.
 - 4. Drainage and storm water improvements.
 - 5. Streetscape improvements in or around the proposed development that encourages pedestrian traffic.
 - 6. Extended public transportation network.
 - 7. Parking garage.
- B. Assistance with public processes including permitting, zoning, codes, site plan approval and site inspections.
- C. Site Acquisition of property for public infrastructure.
- D. Sales Tax Rebates on a limited basis.
- E. Participation in the State of Oklahoma's Quality Jobs Program.

3.2 Performance Based Incentives

Incentives shall be based on the estimated amount of new City sales taxes generated that can be reasonably defined and determined to result from the new development. The policy strongly recommends a performance-based approach to incentives, therefore reimbursement of actual expenses or construction of public improvements by the City will be the preferred method of implementing the incentives.

3.3 Economic Development Agreements

All economic development incentives contemplated by this policy will be memorialized first by a memorandum of understanding (MOU) and then a final Economic Development Agreement. Both must be approved by either the City Council or the Broken Arrow Economic Development Authority prior to becoming effective.