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CREATIVE WAYS TO FUND ECONOMIC DEVELOPMENT THROUGH PUBLIC WORKS PROJECTS

Presented by:

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Keys To Success

- Identify Minimum Project Goals - Uses
- Identify Financial Resources or Potential Funding Streams – Sources.
- Leave Everything on the Table.
- Create Integrated Team to Design Project, Design Plan of Finance & EXECUTION of both.
- Laying Groundwork with Public (communication) Lays Groundwork with Elected Officials.
- Integrate Elected Officials, Civic Leaders & Gatekeeper Organizations.
- Provide Political Cover for Elected Officials.
- Engage, Listen, Communicate, & Adjust.

Spirit of 76 Corridor Project Branson, MO

10/25/2013

Missouri Economic Development Council

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Crossroads of Funding & Project Elements

- The Highway 76 Project Team is designing a comprehensive plan that is scalable to match available revenues. This will provide the Board of Aldermen and Mayor with options as funding and financing decisions are made.
- Available revenue defines parameters, scope and amenities of every project.
- The Plan of Finance is largely a political decision, often based on necessity or public support of the project.

Financing Option Exercise

- Budget Overview – Uses of Funds.
- Impact on Project of Finance Discussion – Defines Scope.
- All Options on Table – Sources.
- Benefits & Costs Associated With Each Option.
- Mechanics of Benefit District Lay-in.
- General Feedback of Corridor Business Community.
- Preparatory Work Associated With Lay-in – Communication.
- BOA, Mayor and Public Provide Direction & Course Corrections.

Fundamental/Minimum Deliverables

- Sight-line enhancements through buried utilities and streetscape enhancements.
- Efficiency of movement.
- The creation of an attractive promenade to boost visitor numbers.
- Parking and gathering locations to boost “stay-time” on the promenade to promote shopping.
- A safe and efficient interplay of multi-modal transportation.

Plan of Finance

- \$80 million plus revenues for construction, maintenance and support of the corridor.

DERIVED FROM:

- \$15 million dollars currently available from the Tourism Sales Tax.
- \$15 million match from MoDOT (could go up to \$20 million).
- Assume additional \$5 million in local dollars could be achieved, the initial funding pool grows to \$40 Million.
- Mo. Trans. Fin. Corp. Loan \$40 Million, Evaluating revenue streams to pay loan.

Special District Revenues

- Community Improvement District or Transportation Development District - Based on revised district it could produce \$1.9 Million annually with a ½% sales tax.
- On par with other major retail centers in Branson.
- Additional pledge of Tourism Sales Tax produces \$3 million annually, a portion of which, could be pledged into the future.

Tax Increment Financing

- Tax Increment Financing (“TIF”), the corridor includes significant vacant or closed property that will most likely produce new tax revenue when the corridor is complete.
- Complete Streets Project is similar in concept with most TIF projects as infrastructure enhancements.
- Infrastructure investment will benefit current business owners, owners of vacant property or of “un” or underutilized existing buildings.

CID Advantages & Disadvantages

Advantages

- No Impact on Schools or Taxing Jurisdictions
- Flexible Spending
- Abundant Resource
- Locally Driven
- Favorable Response to Project to Date from Large Property Owners
- Board Can Be Appointed by City

Disadvantages

- Tax Increase
- Political Exposure to BOA
- Less than 50% of Owners or 50% of Assessed Value Can Prevent Implementation

TDD Advantages & Disadvantages

Advantages

- No Impact on Schools
- Most Allowable Spending Matches Well With Project
- Abundant Resources
- Multiple Ways to Form
- Can be Locally Formed or BOA Formed
- Property Owners OR District Voters Approve Increases

Disadvantages

- Tax Increase
- Political Exposure to BOA
- Use of funds restricted to transportation only
- Formation involves, the Court,
- Tax, Fee or Toll increases require an election

TIF Advantages & Disadvantages

Advantages

- Flexible Structure to alleviate impact on other taxing districts
- Abundant Resources
- Most Flexible Spending
- Not Technically a Tax Increase
- Abundant Un or Under-utilized Property to Drive Revenues
- Open Public Process

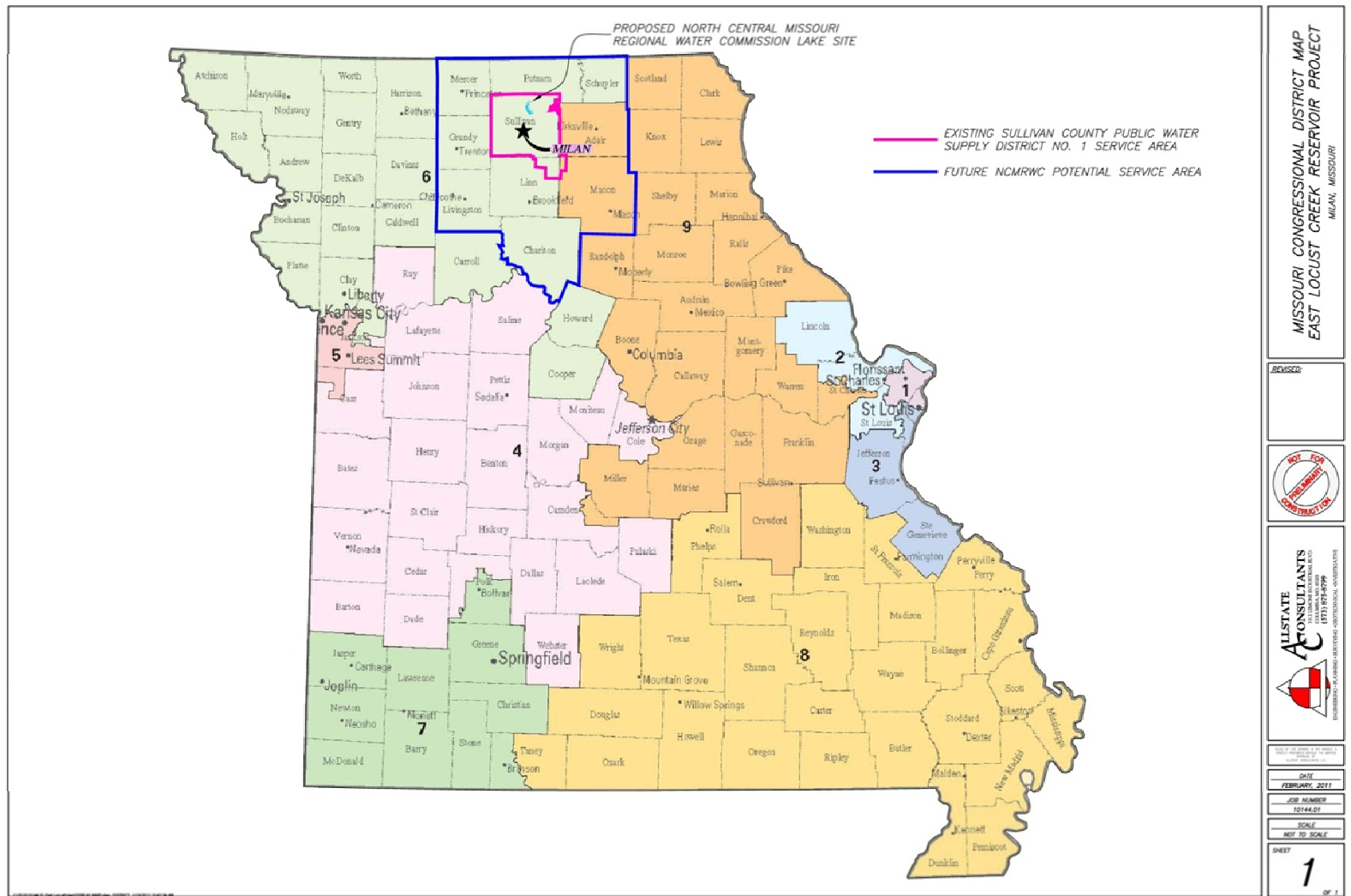
Disadvantages

- Stigma Attached to TIF
- Political Exposure to BOA and Project
- Public Pressure Applied to Elected Officials.
- Lengthy Approval Process

Rounding out the Funding

- After the completion of the Local Funding Piece.
- Additional MoDot funding, safety money.
- Negotiate transfer of the roadway.
- DED Programs, CDBG.
- Additional Federal Programs, Tiger Grant.

East Locust Creek Water Supply Reservoir - Milan, Missouri



North Central Missouri Regional Water Commission –

- Wholesale Water Provider - 850,000 GPD of Treated Water & 1 Million GPD Raw Water From 200 Acre Elmwood Reservoir.
- Customer/Members include Milan, Green City, Green Castle, Sullivan PWSD#1 (Farmland) – 12 Members.
- Result of DNR's Strategic Initiative.
- Mission to Create Ultimate Solution to Acute Water Shortage (3 Emergency Lines & Elmwood Currently Supply Water).

Facts About East Locust Creek Reservoir

- Address Acute Water Shortage – Level 4.
- 3 Augmentation Lines to Current Reservoir.
- Largest NRCS Cost-Shared Project in Nation.
- 2,356 Acre Water Supply Reservoir.
- 4,300 Acre Land Acquisition Footprint.
- \$69 Million Estimated Project Cost – All Inclusive.
- Can Produce 7 Million Gallons Per Day.
- Capacity - 54,000 Customers in 10 counties.
- Follows MDNR Strategic Consolidation Plan.

Economic Development Engine

(based on outdated boundary alignment)

- \$23 million during construction (6 years).
- 831 jobs during construction (6 years).
- \$49 million total project.
- 1,969 jobs total project.
- Permanent economic engine.
- Capacity for industry expansion.
- \$265,000 in agricultural flood mitigation.
- \$8.3 million to be dropped into economy.
- Will spawn follow-on land purchases & activity.

State of Play August 2009

- Operating Commission in Existence.
- Reservoir Plan & SEIS – Done.
- 176 Acres Purchased for Dam Site – Original Bond.
- Outdated Budget – Did Not Fully Account for Mitigation.
- Limited Financial Resources Identified – Water Rates.
- Economically Disadvantaged County.
- No Public Outreach & Consensus.
- Limited Partnerships & Stakeholder Participation.
- No Execution Plan.
- No Team to Execute.

Challenges To Be Met

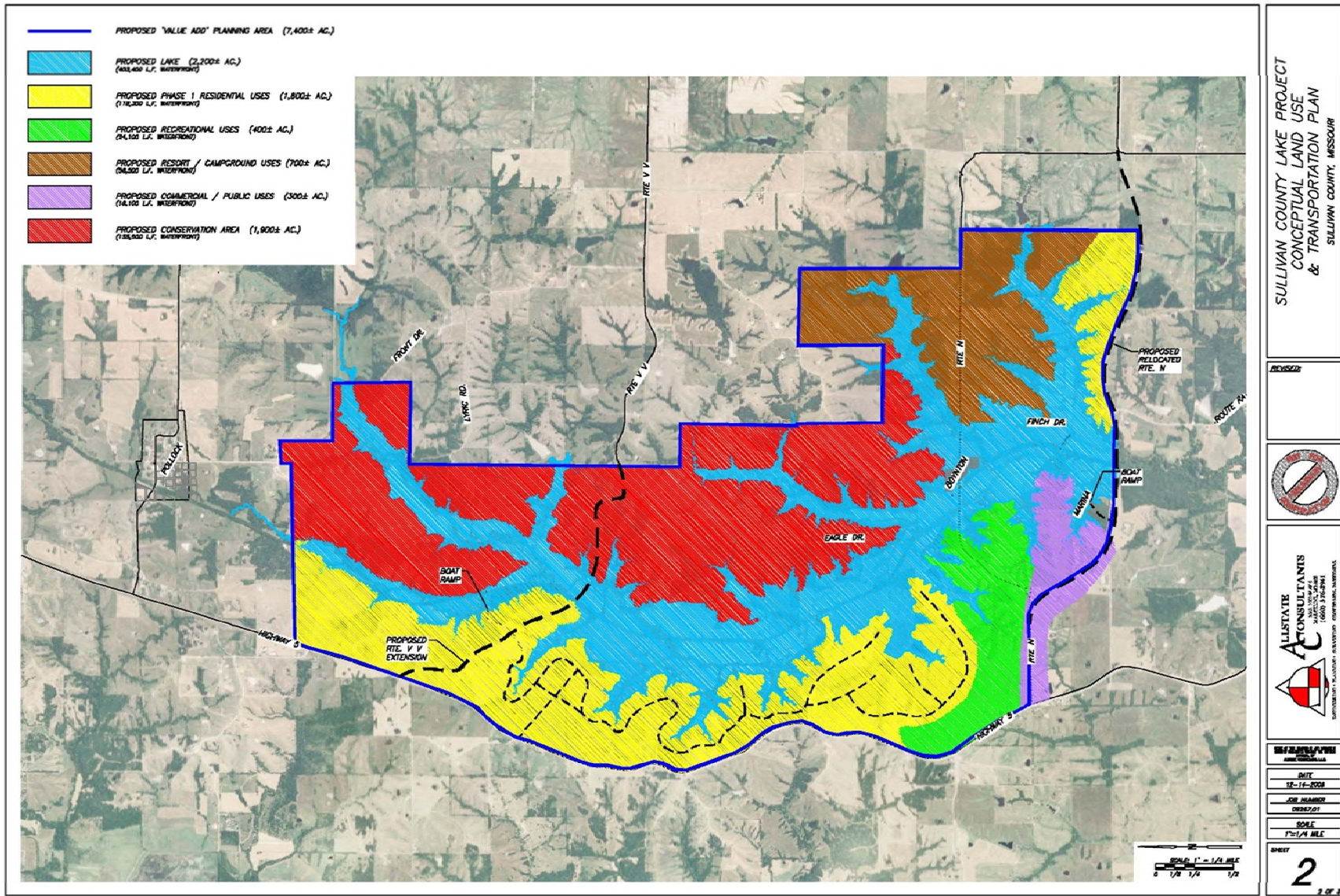
- Reduce the Budget.
- Identify Resources.
- Reset Stage of Trust & Local, State & Federal Support.
- Staff a \$69 Million Project with Two People.
- Attack Budget Busts – Mitigation, Land Acquisition, Etc.
- BRING CREATIVITY AND NON TRADITIONAL THINKING TO THE PROJECT.

A Non-Traditional Approach - Spencer Fane Britt & Browne

- Employ Private Sector Principles to Public Works & Economic Development Projects.
- Asset Identification (Resources, Authorities, Support, Partnerships).
- Create the Win/Win Between Stakeholders & Oversight Agencies.
- Maximization of Economic Impacts.
- Reverse Planning – Non Linear.
- Budget & Financial Modeling.
- Resource Expansion (Sales Tax, TIF, Grants).
- Team Assemblage.

Result of Non-Traditional Approach

- Evaluated end state of the project to begin planning for future issues.
- Smart Lake Concept to elevate the impact on the Environmental Mitigation Budget.
- Master Planning to enable future development.
- Lake Authority Legislation.
- Reduced Reservoir Footprint.
- Sources/Uses Plan.
- TIF Plan.
- ½ Cent Sales Tax.



Ballot Authority & Language

- Shall the County Commission of Sullivan County, Missouri be authorized to impose a county wide sales tax in the amount of one half of one percent for the purpose of providing funding for the acquisition of land for and construction of the East Locust Creek Watershed Reservoir as a storm water control and park project for the County?
- **½ Cent Sales Tax – Passed With 81.25% of the Vote**

Lake Authority Legislation

- *Missouri Revised Statutes*

- **Chapter 67**

Political Subdivisions, Miscellaneous Powers

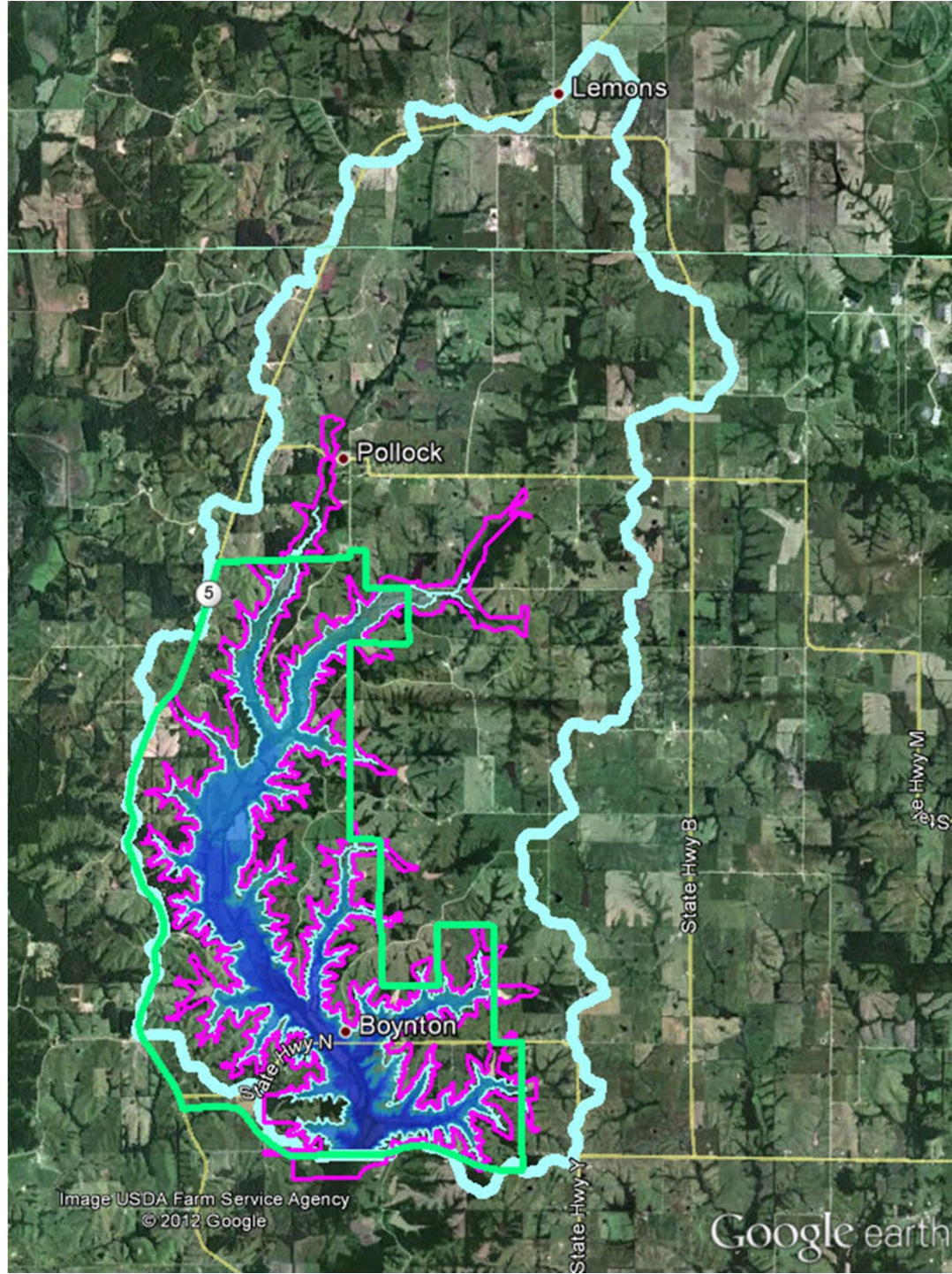
Section 67.4500

August 28, 2011

- Enables control of ELCR watershed.
- Prevents contamination of reservoir.
- Establishes ability to zone.
- Allows, then, private property ownership nearer principle pool.
- Allows for Comp Plan & TIF District.

Lake Authority Enabled Activities

- Removed 1500 acres, \$3 million from Project.
- Property Proximity-100 ft from Principle Pool (DNR) or Above Top of Dam (NRCS).
- Easement across Commission Property.
- Dock sales & licensure.
- Private development around Reservoir.
- Ongoing leases.
- Comprehensive Plan development.
- TIF District Formation.
- PROPERTY VALUATION INCREASES.
- RETAIL SALES TAX GENERATION.



Funding Sources Identified

- NRCS Cost Share.
- Sales Tax (Passed with 81.25% support) to Service New Bond.
- Water Rate Increase.
- DNR Appropriation 2013.
- Grants – (EPA, DNR, U.S. Corps, USDA-RD, EIERA).
- Housing, Agricultural & Hunting Leases.
- Logging & Salvage Sales.
- Tax Increment Financing District - 100% of Property Tax, 50% of Retail Sales Tax.
- Dock/Easement Sales & Annual Licensure.
- Boat Access Licenses.
- Marina Lease.

Funding Model – How It Works

- \$ 1.61 Per Thousand Gallons Rate Increase – 2006 Debt – Funded the Dam Location and Water Plant.
- ½ Cent Sales Tax, & \$1.00 Per Thousand Gallons Rate Increase – 2011 Debt Funds Land Acquisition & Project Design.
- Segment Project and Seek Grants & Loans
 - Sewer line – USDA-RD, CDBG,
 - Water intake, raw water line- USDA-RD
 - Recreational amenities - MDC
 - Well capping, septic removal – EPA, DNR, CDBG
 - Hazardous waste removal – DNR, CDBG
 - Mitigation partnership – Corps of Engineers, DNR
- USDA-RD – Refinancing in 2016 Refunds the 2006 Debt, 2011 Debt & Funds Construction.
- TIF District Funding.
- Leases, Sales & Licenses.

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