

CHAPTER EIGHT: CAPITAL IMPROVEMENT PROGRAM

Planning is both process-oriented and production-oriented. The first step is to develop a Comprehensive Plan, a process that typically involves four entities—city staff, the Planning and Zoning Commission, the public at-large, and the City Council. Pleasant Hill has adopted the plan. The second step is to implement the plan. Implementation tools include the capital improvements program (CIP).

Within the context of the Comprehensive Plan many of the community's needs, desires, and goals have been discussed. The capital improvements program (CIP) provides an annual process of identifying and establishing priorities for specific improvements in order to achieve those goals. The capital improvements program provides a variety of benefits, as detailed in Chapter 6 of the Comprehensive Plan. A more formal CIP process includes more public involvement, and helps assure fiscal implementation. This section, then, recommends both a process by which a capital improvements program can be developed, as well as a procedure by which projects can be ranked.

The Process

In order to be effective, a capital improvements program (CIP) must integrate community desires and goals in a formalized process of needs assessment and financial programming. The city of Pleasant Hill has long followed an informal CIP planning process. The comprehensive plan establishes a more expanded process to adopt the CIP. The more formal process would include invited participants in an annual workshop to review the needed projects, the goals of the plan and the budget available for capital improvements. The meeting may be made a part of an annual plan update prior to budget adoption. The City Administrator and other staff should facilitate the meeting.

The Capital Improvements Process

In order to be effective, a capital improvements program must integrate community desires and goals in a formalized process of needs assessment and financial programming. The figure attached summarizes a basic process for the city and includes the following groups:

- **The "Capital Facilities Committee"** - a group of key City department heads and others is recommended as a start to the CIP process. The "Capital Facilities Committee" should be led by the City Administrator and include the following staff: City Administrator, Finance Director, Facilities Superintendent, Community Development Director, City Clerk, Utilities Superintendent, Police and Fire Chiefs. The committee would be responsible for establishing an inventory of capital needs within their respective areas of concern, undertaking an evaluation of project requests (next year and in five years), describing each proposed project in sufficient detail for others to understand, and, as a group. Further, the committee would provide a preliminary ranking of each project relative to the funding cycles: near-term (1-5 years) and long-term. The approach mirrors the general procedure for CIP budgeting in Pleasant Hill at this time.

CITY OF PLEASANT HILL COMPREHENSIVE PLAN

Chapter Eight: Capital Improvement Program

- **Administrative and Fiscal Review** - the City Administrator, as the chief administrative officer, and Finance Director, as chief financial officer, should provide the first administrative and budgetary review in the capital facilities program process. Two key responsibilities of the City Administrator and Finance Director will be to check the program for consistency with both legal requirements and previous years' plans, and to make a preliminary check for financial integrity. The City Administrator and his designated staff should help manage the CIP process, providing research and administrative expertise, and act as liaison to the "Capital Facilities Committee."
- **The Planning and Zoning Commission** - The Planning and Zoning Commission should ensure that the CIP is consistent with and included in, and update of the Comprehensive Plan.
- **The Public** - to maintain the integrity of the Comprehensive Plan and achieve established community goals, the citizens of the city should play a role in this process. The City Council should invite the public to a public hearing to comment on the recommendations of the Capital Facilities Committee.
- **City Council Workshop** - capital facilities programming involves many complex issues of both budgeting and development for the city. Because of the complexity of development in a growing, full-service community, detailed study should be undertaken by elected officials prior to adoption of the CIP. The City Council should hold a workshop to consider the reports of the "Capital Facilities Committee." The City Council Workshop will allow the Governing Body to study the proposed CIP in detail, reviewing projects for their consistency with public policy and assuring financial soundness. The City Council should refine the draft ranking of proposed projects, with the City Administrator directing the administrative role, and the other members of the Capital Facilities Committee assisting in the research and recommendation process.
- **The City Council Adoption** - finally, after rankings and reports from the Capital Facilities Committee—as submitted by the Mayor and City Administrator—the City Council will adopt the plan.

It should be kept in mind that this process is not linear as suggested here, but *cumulative and circular*. At the end of each budget cycle, the process begins again, building upon the work of the previous year.

Priorities Setting

When the capital improvements process begins, the initial list of projects are little more than a cataloging of needed and desired projects. As the Capital Facilities Committee establishes its recommendations, the ranking of projects should become more formalized, based upon a given set of considerations. Further, these considerations should follow throughout each level of refinement. At a minimum, each project should be evaluated and scored based upon five major factors, each of which has sub-elements to consider. The relative weight given to each element in the ranking system is largely up to City's policy makers. For the purpose of this discussion, each of the five major considerations are weighted equally, on a basis of one to five, with five indicating the greatest degree of need. The ranking system, then, is based upon the elements described below.

Maintenance

Ordinary - is this a project which may be necessary and improve the quality of life, but is not essential and could be postponed to a later year (example: street reconstruction)?

Continuation - is this project a continuation of a preceding year's on-going effort and therefore worthy of a higher degree of consideration?

Imminent - is this a project that represents some threat to the public health or safety if not undertaken? A failure in a sewage system would rank highly, while a nonessential bridge which could be temporarily closed might rate less highly.

Redevelopment

Support of Downtown - does the project support revitalization along downtown streets, or the corridors leading to the Downtown, as advocated in the *Comprehensive Plan*?

Stabilization of Decline - a project in the downtown core, or in a designated *Neighborhood Stabilization Target Area*, which seeks to stem physical decline, might receive a higher rating than one within a blighted area because it can be seen as eliminating a greater problem before it occurs.

New Construction - projects which encourage new construction in older areas of the community are as important in many instances as projects in new areas. Consequently, they too should be given consideration in the programming process.

Public Policy Support

Comprehensive Plan - projects which serve to implement the goals of the Comprehensive Plan—particularly to serve growth in the designated Planning/Annexation Areas where sewer and water service can be most cost-effectively extended—should be given immediate consideration.

Political Considerations - political reality is a part of the capital improvements programming process. Consequently, consideration should be given to projects which achieve campaign promises, encourage intergovernmental cooperation, and/or implement federal or state mandates.

Geographic Distribution - it is difficult for a CIP to be successful over the long-term if all projects are concentrated within a limited area. Consequently, both the historical and current year distribution of projects should be considered in the ranking process. Clearly, the future land use plan of the current Comprehensive Plan update should direct the public policy here. Investment, for example, where sewer interceptors are planned or under construction within a single drainage basin—or phased to coordinate among two or three basins—should be a guiding factor.

Timing - it is critical to allow financing of timely projects, such as matching funds for state grants. The CIP process should be flexible and re-evaluated to accommodate such circumstances; and the availability

CITY OF PLEASANT HILL COMPREHENSIVE PLAN

Chapter Eight: Capital Improvement Program

of such funds should be factored into the ranking. Private sector initiative should be evaluated and support with public projects, so that growth is served adequately.

Investment Opportunities

Term - consideration should be given to whether the implementation of a project has a immediate impact on the community.

Characteristics of the Investment - some projects, by their very nature, affect competition in the market place.

Leverage - a project which leverages monies from other entities (grants, private investment, special assessments, etc.) might be rated more highly than one which must stand alone; particularly if the "window of opportunity" is small and a program must be taken advantage of immediately or be forever lost, such as T-21 or CDBG funds for public improvements.

Uniqueness and/or Innovation - some projects represent a unique opportunity to the community. These projects, then, should receive additional consideration.

Debt Capacity

Availability - clearly the ability of the community to fund improvements must be a consideration. Consequently, a project that utilizes currently budgeted funds should be rated higher than a project that requires a tax bond vote.

Revenue Source - some projects may receive a higher rating because of the way in which they can be funded. For example, a project funded by a revenue stream unique to that project may be rated more highly than one which requires general obligation debt. In addition, projects which are funded by a equitable distribution of monies based upon impact may also rate more highly than one which requires an unfair collection of funds.

As each project is considered, based upon the above described factors, some projects may rate highly under each category, some may rate well in some categories and less well in others and some projects may receive no rating within a given category. This system attempts to provide a degree of objectivity to a process that is often as much art as science. However, if carefully followed, the CIP should be implemented, public trust should be enhanced, and limited public funds should be expended in a more efficient manner; hopefully encouraging complimentary investments from other sources.

Finally, both the relative weight placed on a rating category and financial limitations are important elements to the review process. Following are the CIP projects for the next five years, ranked by year.

CITY OF PLEASANT HILL COMPREHENSIVE PLAN

Chapter Eight: Capital Improvement Program

CITY OF PLEASANT HILL, MISSOURI CAPITAL IMPROVEMENTS PROGRAM

Project Scoring Sheet

1. Project Number: _____ (department abbreviation)
(year first proposed);

2. Project Description: _____

3. Project Cost: _____

4. Proposed Revenue Sources: _____

5. Composite Priority Score: _____

The composite score is the sum of the element scores, which are in turn averages of the sub-element scores. Scores are based on a scale of zero to five. A zero means the element or sub-element has little or no bearing on the ranking of the specific project. A five means that within that sub-element, this project rates as well as is possible.

ELEMENT SCORE

Maintenance

Ordinary

Continuation

Imminent

Redevelopment

CITY OF PLEASANT HILL COMPREHENSIVE PLAN

Chapter Eight: Capital Improvement Program

	Support Downtown	<input type="text"/>	
	Stabilization of Decline	<input type="text"/>	ELEMENT SCORE
	New Construction	<input type="text"/>	
Public Support	Policy		<input type="text"/>
	Comprehensive Plan	<input type="text"/>	
	Political Considerations	<input type="text"/>	
	Geographic Distribution	<input type="text"/>	
	Timing	<input type="text"/>	
Investment Opportunities			<input type="text"/>
	Term	<input type="text"/>	
	Character of Invest	<input type="text"/>	
	Leverage	<input type="text"/>	
	Uniqueness/Innovation	<input type="text"/>	
	SUB-ELEMENT	SUB-ELEMENT SCORE	ELEMENT SCORE
Debt Capacity			<input type="text"/>
	Availability	<input type="text"/>	
	Revenue Source	<input type="text"/>	

CITY OF PLEASANT HILL COMPREHENSIVE PLAN

Chapter Eight: Capital Improvement Program

City of Pleasant Hill Capital Improvement Projects

The projects to be ranked are:	Opinion of Probable Cost:	Funding Year:
		2003
		2004
		2005
		2006
		2007
		2008

CITY OF PLEASANT HILL COMPREHENSIVE PLAN

Chapter Eight: Capital Improvement Program

CITY OF PLEASANT HILL, MISSOURI CAPITAL IMPROVEMENT PROGRAM 2003-2004 Fiscal Year

PROJECT	TOTAL COST OF PROJECT	CITY'S COST	FUNDING SOURCE	Within 5 YRS	5-10 YRS	10-20 YRS
<u>Water/Wastewater</u>						
Water Telemetry System	\$30,000	\$30,000	OF (water)	x		
KCMO meter pit	\$20,000	\$20,000	OF (water)	x		
Expansion of Wastewater Treatment Plant	\$1,000,000	\$1,000,000	R #3			x
Sewer line, Wright east of 7	\$50,000	\$50,000	OF (water)		x	
Sewer line, Wright west of 7	\$40,000	\$40,000	OF (water)		x	
Sewer line, Lexington, Carrol to Willow Creek	\$35,000	\$35,000	OF (water)	x		
Sewer line on W side of 7 from PH Properties to Willow St.	\$40,000	\$40,000	OF (water)	x		
Sewer line, Woodlawn to south	\$60,000	\$60,000	OF (water)	x		
Grinder pump & line at Ball Complex	\$10,000	\$10,000	OF (water)	x		
Sewer interceptor, Kellogg area to Loch Leonard interceptor	\$335,000	\$335,000	R #2	x		
Water line to Happy Hill	\$150,000	\$150,000	R #2	x		
Walker Road relief sewer	\$300,000	\$300,000	R #2	x		
Program to line old sewer lines to stop infiltration	\$15,000/yr	\$15,000/yr	OF (water)	x	x	x
Reduction of infiltration in Sunny Side sewer system	\$200,000	\$200,000	R #2	x		
Establish GPS coordinates of hydrants, manholes, & valves	\$5,000	\$5,000	OF (water)	x		
New water mains to serve Lake & NW area outside City limits	\$300,000	\$100,000	R #2, SD (Tri-Co)	x	x	
Upsize sewer, Russell to east	\$12,500	\$12,500	OF (water)	x		

CITY OF PLEASANT HILL COMPREHENSIVE PLAN

Chapter Eight: Capital Improvement Program

Radio-read meter conversion	\$500,000	\$500,000	OF (water)	x		
PROJECT	TOTAL COST OF PROJECT	CITY'S COST	FUNDING SOURCE	Within 5 YRS	5-10 YRS	10-20 YRS
Complete grading of old lagoons	\$60,000	\$60,000	OF (water)	x	x	
Paint & refurbish water reservoir	\$160,000	\$160,000	OF (water)	x		
Paint & refurbish water tower	\$40,000	\$40,000	OF (water)			x
Boardman Relief Sewer	\$25,000	\$25,000	OF (water)	x		
Hydrant replacement program	\$40,000	\$40,000	OF (water)	x	x	
Sewer, north side of VV	\$10,000	\$10,000	OF (water)	x		
Sewer, VV/Lex to Willow Crk	\$50,000	\$50,000	OF (water)	x		
Highway Improvements						
7 Highway turn lane Phase 5, Cedar to Richland	\$1,775,000	\$150,000	G, GOB #1*	x		
7 Highway turn lane Phase 6, VV to 163rd	\$1,750,000	\$325,000	G, GOB #1*	x		
Route VV & Lexington intersection	\$1,000,000	\$100,000	G, GOB #1*	x		
4 lane 7 Highway north of 163 rd to 50 highway	\$23,000,000	\$0	G		x	
“Super 2” on 58 west to 291 including elimination of flooding on 58 at Fairgrounds	\$6,000,000	\$0	G			x
Bus. 7/RR overpass at Cedar	\$1,290,000	\$300,000	G, GOB #3			x
Major Street Improvements						
Annual Street Overlay Program, current City Limits	\$250,000/yr	\$250,000/yr	OF (street), OF (new)*	x	x	x
Annual Street Overlay Program, areas to be annexed	\$150,000/yr	\$150,000/yr	OF (from future annexed areas)*		x	x

CITY OF PLEASANT HILL COMPREHENSIVE PLAN

Chapter Eight: Capital Improvement Program

Extensions for: Richland, Linwood, Madison, Russell.	\$175,000	\$175,000	EX	x	x	
PROJECT	TOTAL COST OF PROJECT	CITY'S COST	FUNDING SOURCE	Within 5 YRS	5-10 YRS	10-20 YRS
Graham/Francey connection	\$60,000	\$0	D			x
Graham/Francey 2" asphalt for north/south collector, VV -58	\$350,000	\$350,000	EX			x
Chip & Seal 7 miles (half) of to-be-annexed dirt roads	\$300,000	\$300,000	EX			x
Campbell extension, 8" asphalt, and connection to Boardman	\$500,000	\$500,000	GOB #3			x
Boardman 2" asphalt, 163 to 175, for a north/south collector	\$185,000	\$185,000	EX		x	
163 rd 8", curb Lex to Boardmn	\$490,000	\$193,000	EX, D	x		
<u>Stormwater</u>						
Curb, gutter, & culvert replacement program	\$15,000/yr	\$15,000/yr	EX, CIS, SU	x	x	x
Locust Street Bridge	\$70,000	\$55,000	G, EX	x		
Sunnyside drainage improvements	\$300,000	\$150,000	G, SU		x	
Improve Independence/Benton Drainage Ditch	\$360,000	\$180,000	G, SU*		x	x
Hillcrest & Delaware culverts	\$56,000	\$28,000	G, OF (street)	x		
Improve drainage from M-7 to east of Lex., north of Maple	\$60,000	\$60,000	G, OF (street)	x		
<u>Alternate Modes of Transportation: Trails, Trains & Sidewalks</u>						
Rock Island/KATY Trail connection from Fairgrounds to City Lake	\$200,000	\$0	PF (20%), G	x		

CITY OF PLEASANT HILL COMPREHENSIVE PLAN

Chapter Eight: Capital Improvement Program

through downtown including a trail head station						
Trail around the City utilizing green spaces/drainage ways & public property	\$150,000	\$15,000	D(50%)G, OF (New)	x	x	x
PROJECT	TOTAL COST OF PROJECT	CITY'S COST	FUNDING SOURCE	Within 5 YRS	5-10 YRS	10-20 YRS
New walks and replacement of walks throughout the City	\$15,000/yr	\$5,000/yr	SA (property owners), EX,CIS	x	x	x
Downtown walks, lights, trees, curbs on east side of RR tracks	\$70,000	\$5,000	NID, OF (street)	x		
Commuter Rail, (& Amtrak) facilities, including parking	\$20,000	\$4,000	G, OF (street)	x	x	
<u>Parks</u>						
Improvements to City Pool (bathrooms, office, roof)	\$50,000	\$5,000	PF(50%) G, NPR	x		
Shelter at Stone Creek	\$15,000	\$2,400	D(20%), G, NPR	x		
Stone Creek Playground	\$8,000	\$3,000	G, NPR	x		
Stone Creek erosion control	\$5,000	\$5,000	NPR	x		
Stone Creek parking lot	\$7,000	\$3,000	G, NPR	x		
Replacement of Lake Trailer	\$60,000	\$12,000	G,NPR			x
Lake campsites & bathhouse	\$50,000	\$10,000	G, NPR		x	
Lake landscaping	\$10,000	\$2,000	G, NPR	x	x	
Lake playground	\$15,000	\$3,000	G, NPR	x		
Concession building & storm shelter at Ball Complex	\$150,000	\$0	PF	x		
Complex parking	\$25,000	\$25,000	NPR		x	
Complex landscaping	\$20,000	\$4,000	G, NPR	x		
Complex playground	\$30,000	\$6,000	G, NPR		x	
Additional fields at	\$250,000	\$50,000	G, NPR		x	

CITY OF PLEASANT HILL COMPREHENSIVE PLAN

Chapter Eight: Capital Improvement Program

Complex						
Acquisition of land for a new park on north end of town	\$23,500	\$23,500	D	x		
Development of new north park	\$70,000	\$7,000	PF(50%) G, NPR	x	x	
City Park parking	\$10,000	\$10,000	NPR	x		
City Park landscaping	\$5,000	\$5,000	NPR	x		
PROJECT	TOTAL COST OF PROJECT	CITY'S COST	FUNDING SOURCE	Within 5 YRS	5-10 YRS	10-20 YRS
<u>Public Buildings & Facilities</u>						
New Combined City Hall and Police Station	\$3,000,000	\$3,000,000	GOB #3		x	
Fire & ambulance satellite station in north part of town	\$750,000	\$375,000	GOB #3, SD		x	
New building & storage for Street Dept	\$200,000	\$200,000	GOB #2	x		
Roof, HVAC, & other repairs to current City buildings	\$300,000	\$300,000	OF (new)	x	x	x
Depot Park landscaping & amenities	\$15,000	\$10,000	PF, OF (new)	x		
Fairgrounds expansion	\$50,000	\$50,000	GOB #2		x	
Additional Fairground parking, (gravel, grass & paved areas)	\$60,000	\$60,000	GOB #2		x	
New buildings at Fairgrounds	\$50,000	\$0	PF	x	x	x
Community Center with one basketball court, no pool	\$2,500,000	\$2,500,000	GOB #4			x
Additional cost for larger Community Center & pool	\$4,000,000	\$4,000,000	GOB #4			x
Radio Antennae Repeater, New Bases & Consoles	\$50,000	\$0	G (County 911)	x		
Develop a new Industrial Park	\$350,000	\$225,000	GOB #2, TIF	x		
New Animal Shelter	\$150,000	\$150,000	GOB #3			x

CITY OF PLEASANT HILL COMPREHENSIVE PLAN

Chapter Eight: Capital Improvement Program

Salt Dome	\$120,000	\$120,000	OF (new), CIS			x
Downtown Parking lots	\$75,000	\$75,000	OF (new)	x		

GOB = General Obligation Bond Issue PF = Private Funding/Foundation Grant

R = Revenue Bonds, Water/Wastewater D = Developer donation or dedication

OF (water) = Operating Funds/Depreciation, Current Water Fund NID = Neighborhood Improvement District

OF (street) = Operating Funds, Current Street Fund G = Grants: Federal, State, County

OF (new) = Operating Funds, Future New Revenue Sources CIS = Capital Improvement Sales Tax

OF (annex) = Operating Funds from Future Annexation Areas TIF = Tax Increment Financing

EX = Excise Tax on New Development SA = Special Assessments on Private Property

NPR = New Park Revenue (to be determined) SD = Special District (water, transportation, business)

SU = Stormwater Utility Fees (to be established) U = Use Tax on out of state sales (potential new OF)

SP = Stormwater & Park Sales Tax (potential source for NPR, SU)

* Included with EX projects in calculation of Excise Tax maximum

CITY OF PLEASANT HILL COMPREHENSIVE PLAN

Chapter Eight: Capital Improvement Program

MISSOURI FINANCING RESOURCES

Community Development Block Grant (CDBG) Program

Public Facilities

Eligible Activities. Nearly every type of public improvement or facility is eligible except work on a general public office such as a city hall or courthouse. However, the State has prioritized funding for the most critical needs involving public health and safety.

Neighborhood Development

Eligible Activities. Under the neighborhood development competition, the housing needs of the community shall be addressed. These needs shall be limited to a target area of no more than 200 units or less than 20 units. In addition to the housing needs, the neighborhood development may also include public facilities that need to be addressed within the target area.

Housing Infrastructure

Eligible Activities. Street, street accessories, storm sewer, drainage, site improvements, water, sanitary sewer, mini-parks, land acquisition, professional services, engineering design and inspection, administration, and audit are eligible for this program. All public infrastructures must be built on right-of-way owned by a local government. Eighty percent of the units must be initially owner-occupied. Land acquisition is not eligible when the developer is a for-profit entity. Land may be acquired with CDBG funds by a city, county, Public Housing Authority (PHA), or not-for-profit community-based organization or land trust and must be subdivided and provided to a builder or prospective homeowner.

Downtown Revitalization

Eligible Activities. Improvements of public infrastructure and facilities within a traditional downtown or Central Business District (CBD).

Emergency

Eligible Activities. Nearly every type of public improvement or facility is eligible except work on a general public office such as a city hall or courthouse. Only activities needed to resolve the emergency are eligible.

Speculative Industrial Building Loan

Eligible Activities. Eligible uses include the purchase of an existing building and improvements, or the construction of a new building. Also, purchase of land and development of on-site infrastructure is eligible.

Telecommunications

Eligible Activities. CDBG funds are limited to those up-front cost associated with the establishment of the Community Information Network i.e., purchase of hardware or software, unit workplace equipment, one-time utility installation costs, initial training costs, if applicable, etc. **No recurring costs** such as utility basic rates or bills, monthly Internet server charges, lease or rental payments, etc. may be paid with CDBG funds.

CDBG Industrial Infrastructure Grant

Purpose

This program assists local governments in the development of public infrastructure that allows industries to locate new facilities, expand existing facilities or prevent the relocation or closing of a facility.

Funding limits

The use of this program is based on the local government exhausting their available resources. The maximum grant per project is the lower of \$500,000; 40% of the industry's capital investment; or \$10,000 per job (depending on the area and type of project). Only items essential for the industry to operate are eligible.

Use of funds

Grant funds may be used for public streets, water or sewer lines, engineering and other public facilities necessary to support the project. Facilities owned by the company or a private utility are not eligible for funding.

This program is funded by the federal Community Development Block Grant (CDBG) program. As such, at least 51% of the new jobs to be created by the company must be taken by persons considered "low to moderate income" (LMI).

Application Process

The basic premise of the program is that the company must prove that but for the Industrial Infrastructure grant, the project could not occur. A grant would not be eligible if the company's project begins prior to DED's approval of the grant. An environmental review must be conducted by a city or county sponsor, and may be started at any time, even prior to submission of an application. DED will provide a decision on funding within about two to three weeks after the submission of a completed application. DED approves eligible projects on an ongoing basis. There is no deadline for applications to be submitted.

CITY OF PLEASANT HILL COMPREHENSIVE PLAN

Chapter Eight: Capital Improvement Program

Action Fund Program

Purpose

The purpose of this program is to stimulate the creation of new higher quality jobs by providing a last resort gap loan to new or expanding manufacturing, processing, and or assembly businesses. Payments may be deferred for up to two to three years for faster growing companies if cash flow is inadequate. The projected growth, economic impact of the company, the risk of failure and the quality of management are critical factors for approval.

Funding limits

DED must determine that the borrower has exhausted other funding sources. In any event, an Action Fund Loan would be limited to the LOWER of: \$400,000 per project; 30% of the total project cost; or \$20,000 per new full-time year-round job.

Use of funds

The purchase of new machinery and equipment or working capital are eligible. Refinancing, payout of stockholders, buyouts or lines of credit are not eligible.

Program requirements

This program is funded by the federal Community Development Block Grant (CDBG) program. As such, at least 51% of the new jobs to be created must be taken by persons considered “low to moderate income” (LMI).

Application process

The basic premise of the program is that the company must prove that but for the Action Fund loan, the project could not occur. An Action Fund loan would not be eligible if the company’s project began prior to DED’s approval of the loan, or if other project funds were distributed to the borrower prior to DED’s approval of the loan. An environmental review must be conducted by a city or county sponsor, and may be started at any time, even prior to submission of an application. DED will provide a decision on funding within about 2 to 3 weeks after the submission of a completed application.

Interim Financing Loan Program

Purpose

The purpose of this program is to provide cash flow relief for a company when the need for such assistance can be demonstrated to cause a project to occur.

Approval

The approval of funding is based on the least amount possible to cause the project to occur and the availability of limited funds. DED should be contacted *prior to* proposing this program to a business.

Use of funds

The purchases of new fixed assets or permanent working capital are eligible. Manufacturing, processing and assembly companies are prioritized.

Restrictions

This program is funded by the federal Community Development Block Grant (CDBG) program. The following restrictions apply:

- At least 51% of the new jobs to be created must be taken by persons considered “low to moderate income” (LMI).
- If loan proceeds are used for the financing of building construction or the installation of machinery, federal and state wage rates must be paid to the employees of contractors.
- The company’s project cannot begin or funds cannot have been spent prior to the completion of (a) the environmental review and (b) approval of the project by DED.

Missouri Neighborhood Assistance Tax Credit Program

Neighborhood Assistance Program

The philosophy behind the program is quite simple. Rather than funding a project by giving a grant, the State “partially reimburses” eligible donors who fund the project directly themselves. In effect, this enables donors to finance local projects with money they would otherwise owe on their Missouri taxes. It also reduces administrative overhead costs that would otherwise be incurred if a government bureaucracy had to create a program to deliver the same services or carry out the same project. Therefore, acting as an incentive, the tax credit not only stretches the amount a business donor might normally be able to give, but provides an opportunity for the private sector, state government, and the nonprofit sector to cooperate as “partners” in addressing community needs.

How it works

Unlike a direct government grant, this form of state assistance involves no transfer of dollars. Instead, the nonprofit organization assumes full responsibility for securing the desired financial support through their own fundraising efforts, using the tax credit as an incentive. The State’s role is to approve projects and process tax credits for eligible donors. The credit equals up to 50% of the value of the contribution, and

CITY OF PLEASANT HILL COMPREHENSIVE PLAN

Chapter Eight: Capital Improvement Program

up to 70% for many projects in rural communities. These tax credits represent “coupons” that donors may then claim (or redeem) when they file their State of Missouri tax return.

Who qualifies for the credit?

- Corporations
- Insurance Companies
- Express Companies
- Banks and other financial institutions
- Partnerships (and their individual shareholders)
- S-corporations (and their individual shareholders)
- Limited Liability Companies (and their individual members)
- Individuals who either: a) operate a sole proprietorship in Missouri, or b) operate a farm in Missouri, or c) have rental property in Missouri

Donations that qualify

- *Cash* - valued at face amount of check.
- *Materials, supplies, equipment* - valued at the lesser of either the fair market value or donor’s cost.
- *Technical assistance and professional services* - valued at standard billing rate.
- *Labor* - valued at employee’s hourly wage plus fringes.
- *Real estate* - valued at stock market price (high) on the date of transfer but must be sold by the nonprofit before credit will be approved for the donor.

70% Rural Nap credit

This provision is available to projects located in a city, town or village of under 15,000 population or in unincorporated areas, except for locations in the following counties: *Clay, Jackson, Jefferson, St. Charles, and St. Louis*. These credits are limited to \$4 million annually and are competitive. If a project rates high enough to be approved, but all of the 70% credits have been exhausted, the project will be offered 50% credits.

Eligible Applicants

- **Nonprofit organizations authorized to operate in Missouri.** In cases where an organization is incorporated on a statewide, regional or national level, or established through Congressional Charter, its local affiliates, chapter, divisions, or branches are each permitted to submit an application provided:
 - a A locally-controlled Board of Directors assumes all administrative responsibility, and
 - b All NAP donations will be deposited locally.

- **Organizations holding IRS ruling 501(c)3**
- **Missouri business:** If a business wishes to administer its own NAP project, it must have no direct financial interest in the project, and be willing to assume full administrative responsibility for the project. Such proposals may not be submitted jointly by more than one company.

Missouri Enterprise Zone Program

Ten-Year State Income/Net Income/Direct Premiums Tax Benefits

The Missouri Enterprise Zone program designates disadvantaged communities which can then offer certain tax credits to businesses and industries for creating new jobs and investment in that designated zone.

A zone needs to meet certain poverty and unemployment criteria and file a plan for redevelopment of the area with the Department of Economic Development. The plan must be holistic in nature and address such things as police protection, marketing of the zone, and actions for reduction of burdensome regulations. Zones are designated by the Department. A zone expires after 15 years of original designation.

Community Development Corporation

Definition

A Community Development Corporation (CDC) is defined as a not-for-profit or for-profit organization whose board of directors is composed of business, civic and community leaders, which the organization's primary purpose is to encourage and promote the industrial economic, entrepreneurial, commercial and civic development or redevelopment of a community or area; including the provision of housing and community economic development projects that benefit low-income individuals and communities.

Tax credit program

The purpose of this program is to induce investment into Community Banks or Community Development Corporations (CDCs), which then invest in new or growing businesses or real estate development, resulting in an expansion of the tax base, elimination of blight, reduction of reliance on public assistance and the creation of jobs.

Method

A contributor may obtain state tax credit based on 50% of investments or contributions in a Community Bank. The Community Bank or CDC then makes equity investments or loans to a business, or investment in real estate development within a target area.

CITY OF PLEASANT HILL COMPREHENSIVE PLAN

Chapter Eight: Capital Improvement Program

Eligible investments

Tax credits will be provided by DED based on 50% of the amount of stock purchased in or an unsecured loan made to a for-profit Community Bank, or contributions made to a non-profit Community Bank or CDC. Tax credits will not be approved for contributions or investments other than cash.

Target area

A target area is any area designated by the Community Bank or CDC that includes two or more contiguous “blocks” (as designated by the U.S. Census) where the rate of poverty in the area exceeds 26%.

Youth Opportunities Tax Credit Program (1995)

Purpose of the program

The purpose of this program is to broaden and strengthen opportunities for positive development and participation in community life for youth, and to discourage such persons from engaging in criminal and violent behavior.

What is the YOP Tax Credit Program?

The YOP Tax Credit Program offers tax credits, which are used to offset the eligible contributor’s income tax liability, for eligible contributions made to approved YOP projects.

How the program works

All YOP administering entities and their projects must be approved by the Department of Economic Development through an application process. Approved administering entities must assume full responsibility for securing the needed financial support, through their own fundraising efforts. A tax credit is used as an incentive for contributors to participate.

Historic Preservation Credit

Purpose

The purpose of this program is to provide financial incentives for the redevelopment of historic structures in Missouri.

How the program works

The program provides state tax credits for 25% of eligible costs and expenses of the rehabilitation of an approved historic structure.

Applicable projects

An eligible property must be located in Missouri and offered or used for commercial or residential purposes. It also must be (a) listed individually on the National Register of Historical Places; or, (b) certified by the MO Department of Natural Resources as contributing to the historical significance of a certified historic district listed on the National Register; or, (c) a local historic district that has been certified by the U.S. Department of Interior.

Eligible Projects may also use the federal 20% Historic Tax credit, which has nearly identical requirements. Eligible projects must be for-profit.

Community-Based Development Corporations (CDC)

CDCs are non-profit community-based organizations that strategically redevelop economically depressed areas by developing affordable housing; sponsoring community economic development projects, providing vital social services, and participating in community organizing efforts. CDCs undertake a range of activities including housing counseling, developing business incubators, and tutoring at-risk youth. CDCs are business-oriented and entrepreneurial. They work to improve the lives of people in low-income and minority communities. They are the major economic engine that drives revitalization of communities afflicted by disinvestment, undertaking development projects that the traditional for-profit sector shuns. Working to mitigate the risks that are often associated with undertaking developments in distressed areas, CDCs draw private investment into troubled areas. Over the last 25 years, CDCs have emerged as one of the most successful community revitalization models in the country.

CDCs receive funding from both the private and public sectors including corporations, banks, foundations, individuals, and local, state, and federal government sources. It is this diverse mix of funding sources that has enabled CDCs to achieve continued success despite the cutbacks in federal funding since the 1980's and state funding during the 1990's.