



## General Policies on S.P.A.R.C. Incentives



In all cases, the incentive process will require requests for proposals from other consortia and potential investors to determine the best fit *in a competitive process*. The importance of a competitive process cannot be understated when you consider that S.P.A.R.C. involves public funding.

In April of 2008, the City of Alexandria embarked on the largest redevelopment project in its history, a \$96+ million project known as S.P.A.R.C. (or Special Planned Activity Redevelopment Corridors). S.P.A.R.C. addresses decades of neglect and under-investment in three distinct and historic areas within the city's inner core, all in an effort to reduce the effects of unfettered sprawl development. S.P.A.R.C. is based on the simple idea that multiple, strategic investments in catalytic infrastructure most effectively increases property values, decreases crime and poverty rates, stimulates private-sector development, and generates short and long-term employment opportunities. Specifically, S.P.A.R.C. is implementing and will continue to implement plans that had, until now, remained on the shelves for over a decade, and because of its scale, S.P.A.R.C. is flexible enough to also include an array of incentives for new, privately-driven development projects. S.P.A.R.C. tackles everything from housing and retail developments to improving roads, drainage, and police and fire coverage.

S.P.A.R.C. is designed to provide immediate, catalytic intervention in three distinct areas of the Alexandria inner core (known as Cultural Restoration Areas), each of which corresponds with important and heavily-trafficked transportation corridors: Downtown and the Riverfront, Bolton Avenue and North MacArthur Drive, and Masonic Drive and Lee Street. The City of Alexandria asks that its partners in this important development:

- Adhere to existing master planning and facilitate immediate development action as well as increase the guarantee of long-term success.

- Leverage financial value with the immediate influx of substantial public spending, provided business plans are sound.
- Create the opportunity for tax credit usage, like rehabilitation tax credits and/or New Market Tax Credits, in the restoration of significant and historic structures, particularly as they relate to preserving community character, affordable housing, the central business district, and Main Street economic development activity.
- In the case of any listed project, relate to alleviating urban flight (and blight), property abandonment, and economically distressed neighborhoods—and as a tool for sustainable and environmentally-conscious development.
- Provide the potential for mixed-use.
- Promote diverse ownership and partnering.
- Preserve not displace, separate or marginalize our city and its neighborhoods and people.

***Providing for Long Term Success in Partnering  
(Lifecycle Considerations and the Built and Natural Environment)***

In accord with the American Society of Civil Engineers, each S.P.A.R.C. partnership should involve:

- Projects that create and sustain employment increases;
- Investments that provide long term benefits to the public (such as congestion relief);
- Long term maintenance and upkeep needs of all infrastructure projects—existing and new—or adherence to good future planning; and
- Accountability and transparency by Commission oversight and a commitment to review the program and to measure desired outcomes.

These projects need to deliver measurable improvements in public health, safety and quality of life; provide substantial, broad-based economic benefit; be designed and built in a sustainable and cost-effective manner, with proper consideration given to life-cycle costs; and have a significant environmental benefit through reduced congestion and use of property in a compact, multi-storied and mixed-use manner.

***What You Should Provide to the Public  
(Guaranteeing a Return on Public Investment)***

You should address and identify with specificity:

- Any other means by which governmental entities or parties can act as contributors to the project and the amount of cash (or other value, credits, guarantees, or in-kind services);
- Criticisms of any other plans submitted and how your plan is better suited to city-wide or particular needs, including means by which the public investment is protected and: does not result in unjust enrichment to any party, avoids creation of land-use issues, ensures a fair purchase price (if any) and financing structure, and addresses construction price valuations;
- How you will provide measurable results approximating the City's contribution to the project—including employment impact, long term contribution to tax structure, and other tangibles and intangibles; and
- The real and substantial obligations of the person or entity to provide a proportionate return to the City of Alexandria at some point in the future—(What is a conservative estimate of the economic development, workforce development, and promotion to Alexandria and the region that a fully operational and *expanded* entity brings to the table—including new employees and ancillary business to the area which did not already exist or which significantly expands activity already in existence?)

As a respondent, you should provide evidence of the concurrence of key participants in the development concept, site plan, and economics. After selection of your project for partnering, you will be responsible for providing detailed schema for project implementation and costs, as well as how you actually create a return on investment to the City. As a selected entity, you will be required to finalize this schema, specifications and cost estimates and provide a summary report. To ensure return on public investment, you must provide in detailed reports evidence of:

- Business Community buy-in.
- Financial Institution buy-in.
- Defining mechanisms for sharing costs through the cooperative development models.

- How you will pay back funds (in some cases) if you are seeking public investment; or
- “Claw backs” to insure against failures or non-adherence to goals or agreed-upon terms.

***Detailed Incentive Provisions  
(Public Participation Requirements and Evidence-Based Aid)***

Assumptions Evidence Based

Proposals should include a financial plan that details the assumptions used in the recommended development. The assumptions should include operating projections that are supported by market and feasibility research, which the City is independently from respondents conducting now.

Public Participation Policy

It is the City’s goal to minimize the level of public financial participation in the Project and to attain the most distinctive, highest-quality and marketable project possible. Respondents will be expected to provide information regarding sources of debt and equity, and are urged to consider creative development and financing structures that will accomplish these ends. Preference will be given to those developers who/that minimize the use of public financing, emphasize private sector financing and/or participation, and provides the greatest economic opportunity for the City.

Valuating Public Subsidy

Respondents must state a single value for the present value of any and all subsidies requested to be provided by any public body, including cost of land. Required funds should be broken out between immediate subsidies (payment for any portion of the project, waived fees, etc.) and the present value of streams of subsidy over time, such as tax rebates.

Incentive packages available for revitalization under S.P.A.R.C. focus primarily on infrastructure partnering. In addition, qualified “soft” incentives may aid development if properly accounted for and with appropriate guarantees to the public.

“Soft incentives” involve aid that does not result in permanently-owned public infrastructure (as will most of the S.P.A.R.C. expenditures), and therefore the analysis must be clear and justified to support these forms of assistance. If tax dollars are used, the return on public investment must be well-established and documented.

Business plans will be scrutinized and, to some extent, public (except for trade secrets and proprietary information).

If permitted by state law, and in compliance with the tests for proportionality set forth by Alexandria cooperative economic development policy and La.Const. art. VII, § 14, the *costs* of an economic development project incurred by an authorized entity (*i.e.*, the awarded consortium in the S.P.A.R.C. program or the COA) may include the sum total of all reasonable or necessary costs incurred incidental to or in furtherance of an economic development project. An economic development project can be a large-scale address of problems or a single project, although the latter will generally not receive as many points unless it is singularly important or key to overall development. The project(s) is/are subject to an approved economic development plan.

These approved costs can, but do not necessarily, include any such costs which are reasonably related or attributable to an approved economic development plan. These are:

- (1) Costs of studies, surveys, development of plans and specifications, preparation, implementation, and administration of an economic development plan, personnel and professional service costs for architectural, engineering, legal, marketing, financial, planning, police, fire, public works, or other services, provided that no charges for professional services may be based on a percentage of incremental tax revenues, and specifically including without limitation payments to developers or other nongovernmental persons as reimbursement for on- and off-site preparation costs incurred on behalf of, and the payment of which is approved by, the City Council, or authorized S.P.A.R.C. personnel as authorized by City Council or the Mayor or his designee.
- (2) Property acquisition and assembly costs within the CRAs-1-3, including but not limited to acquisition of land and other real or personal property or rights or interests therein, specifically approved by the City Council or the Mayor or his designee and the subject of which is contained in a cooperative endeavor agreement certified by the City Attorney and Finance Director of the City as Section 5-04 compliant with the *Alexandria City Charter* and La.Const. art. VII, § 14.
- (3) On- and off-site preparation costs, specifically approved by the City Council or the Mayor or his designee and the subject of which is contained in a cooperative endeavor agreement certified by the City Attorney and Finance Director by the City as Section 5-04 compliant with the *Alexandria City Charter* and La.Const. art. VII, § 14, including but not limited to clearance of any area within or about the proposed development by demolition or removal of any

existing buildings, structures, fixtures, utilities, and improvements; clearing and grading; and including without limitation installation, repair, construction, reconstruction, or relocation of public streets, public utilities, and other public improvements within or outside the proposed development within CRAs-1-3 which are essential to the preparation of the area for use in accordance with an economic development plan. Certification by the City Engineer shall be required as to the essentiality for preparation.

- (4) Costs of renovation, rehabilitation, relocation, repair, or remodeling of any existing buildings, improvements, and fixtures within CRAs-1-3 and a specific plan for redevelopment, specifically approved by the City Council or the Mayor or his designee and the subject of which is contained in a cooperative endeavor agreement certified by the City Attorney and Finance Director of the City as Section 5-04 compliant with the *Alexandria City Charter* and La.Const. art. VII, § 14.
- (5) Costs of construction within or about an approved plan in CRAs-1-3 of public improvements, specifically approved by the City Council or the Mayor or his designee and the subject of which is contained in a cooperative endeavor agreement certified by the City Attorney and Finance Director of the City as Section 5-04 compliant with the *Alexandria City Charter* and La.Const. art. VII, § 14, including but not limited to buildings, structures, works, utilities, or fixtures.