

Public Private Partnerships (P3) Policy

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Public Private Partnerships (P3) may include the creation of a Tax Increment Financing District or Payment in Lieu of Taxes property tax exemptions. The P3 developments incentivize private development by funding public infrastructure and/or financially assisting a developer. Absent this public infrastructure and/or developer assistance, the private development would not otherwise occur.

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There is no "standard" type of public private partnership. Each P3 will be unique. There will be unique area and site conditions, unique needs for public infrastructure, and unique private developments.

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PROCESS:

The process for public private partnerships will begin with discussions between city officials, private landowners, and development groups. Typically, there will be a difficult to develop site, and/or a need for public infrastructure and/or developer assistance to make development financially feasible and physically possible.

The Economic Development Incentives Committee will do the first review of the P3 concept. The Committee will make a recommendation to the City Commission either to proceed with the development of a Renewal Plan or Development Agreement, or to recommend that the City not participate in the P3 concept. The P3 concept review will examine whether the development is consistent with city plans, if it provides a community benefit and if the public assistance is essential to any private development or a development with facilities that provide a public benefit.

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RENEWAL PLAN and/or DEVELOPMENT AGREEMENT

City staff will develop the Renewal Plan and/or Development Agreement. The Planning, Administration, Engineering and Finance Departments will all participate in the preparation process. Legal counsel will review the plan and write development agreements. Financial advisors will review financial assumptions and recommend the reasonability of assistance to private developers and the financing plan for public facilities.

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RENEWAL PLAN and/or DEVELOPMENT AGREEMENT IMPLEMENTATION:

The City will implement activities included in the Renewal Plan and/or Development Agreement. This will include:

- Overseeing the installation of public infrastructure;
- Monitor developer compliance with terms of agreements;
- Collection and distribution of tax increment funds and/or other public funds;
- Monitoring and reporting on the results of the plan implementation

Public Private Partnerships – Evaluation Criteria – New Development

Public benefit – The development provides a facility that is open to the public such as a park, museum, recreation facility or parking garage. The facility meets an unmet need in the community and does not significantly compete with other private facilities in the community. (0-50 points)

Property value increase – It is a large scale development, with a minimum investment of more than \$50 million, which encourages adjacent development that will immediately pay property taxes. (0-50 points)

Need for public assistance – The project financials demonstrate a need for the public assistance. The rate of return should be reasonable for the project and/or the loan coverage ratio is insufficient to finance the project. (Pass/Fail?)

Design – The development is a high quality design, both the buildings and adjacent open spaces. The development is consistent with City of Fargo growth plans. (0-25 points)

Infrastructure – The development should not create a need for significant infrastructure expansion that will increase costs for the City. (0-25 points)

Competition with other development – The development should not create unfair competition with other development in the community. (0-50 points)