

Runaway Bay, Texas
Property Enhancement Incentives Policy

WHEREAS, Chapter 380 of the Texas Local Government Code authorizes municipalities to establish and provide for the administration of programs that promote economic development and stimulate business and commercial activity in the City; and

WHEREAS, the Board of Directors of the Runaway Bay Economic Development Corporation (Board) and the City Council of the City of Runaway Bay, Texas (Council) desire to implement a matching-grant program to encourage the development, retention, or expansion of business enterprises in the City; and

WHEREAS, the Board on August 20, 2018 considered and recommended the City Council approve this Property Enhancement Incentives Policy (Policy); and

WHEREAS, the City Council on September 18, 2018 considered and approved Resolution 2018-04 approving the Policy.

BE IT KNOWN THAT, the terms and conditions of the Policy, having been reviewed by the Council and found to be acceptable and in the best interest of the City and its citizens and businesses, are hereby approved.

Section 1.
Introduction & Goals

This program is a matching-grant program that utilizes funds controlled by the Board to reimburse commercial property owners or business operators for Eligible Enhancements made to a Property. The goals of this Policy are to:

- 1.1. Enhance the commercial viability and sustainability of commercial properties in the City;
- 1.2. Improve the physical appearance of businesses and visibly enhance the City's commercial corridors;
- 1.3. Increase the marketability and occupancy rate of commercial buildings hindered by an outdated appearance;
- 1.4. Increase the safety of a commercial area and stimulate more public interaction; and
- 1.5. Provide incentives in areas and to businesses most likely to stimulate similar enhancements by other private entities.

Section 2.
Definitions

The following definitions shall apply to the terms used in this Policy:

Agreement: A written performance agreement between the Board and the Applicant.

Applicant: Shall mean the Property owner or business occupant signing the Application for a Property Enhancement Grant.

Application: Shall mean the Application for Property Enhancement Incentives as maintained by the PEIP Contact.

Board: Shall mean the Board of Directors of the Runaway Bay Economic Development Corporation of the City.

City: The City of Runaway Bay, Texas.

City Council: The City Council of the City.

Code Violations: Shall be any violation of the City’s code of ordinances.

Construction Costs: The cost of permits, fees, construction materials, and installation labor. All other associated costs are deemed excluded, including, but not exclusively, the following costs: design, construction document preparation, bidding, sweat equity and construction financing.

Economic Development Corporation (RBEDC): Shall mean the Runaway Bay Economic Development Corporation.

Eligible Enhancements: Shall mean the Enhancements identified as eligible in Section 4 herein.

Enhancements: Shall be as defined in Section 4 herein.

Façade: Shall mean the exterior of a building.

Notice to Proceed: A written notice authorizing the Applicant to begin construction as approved.

PEIP Contact: The President of the Board or their designee.

Policy: Shall mean this Property Enhancements Incentives Policy (PEIP).

Property: Shall mean the physical lot and / or building to which Enhancements are being made.

Property Enhancement Grant: Shall mean the financial support to make designated Property Enhancements as approved, and sometimes referred to as “Grant.”

Staff: Shall mean the City Administrator or their designee.

Section 3. Eligibility

The following Properties and Businesses are eligible to receive Grants.

- 3.1. Properties: Only properties meeting the following requirements at the time an Application is submitted shall be eligible to receive Grants as outlined by this Policy:
 - 3.1.1. Within the City: Property must be located within the City’s municipal boundaries.
 - 3.1.2. Non-Residentially Zoned: Property must be zoned for uses other than residential uses and the current use of the Property may not be residential.
 - 3.1.3. Tax-Paying Entity: The Property must be subject to the City’s Ad Valorem property tax.
 - 3.1.4. Financial Standing: Property shall be in good standing as it relates to taxes or any monies due to the City or the RBEDC.
 - 3.1.5. City Liens: Property shall be in good standing as it relates to any liens held by the City.
 - 3.1.6. Ownership: Property owners must provide sufficient proof of ownership.
 - 3.1.7. Code Violations: Property must not have any outstanding code violations.
 - 3.1.8. Frequency: Property must not have received a Grant for the same category of Enhancement (e.g. Façade, Landscaping) in a twelve month period.
- 3.2. Businesses: Only businesses meeting the following requirements shall be eligible to receive benefits outlined by this Policy:
 - 3.2.1. Financial Standing: The business shall be in good standing as it relates to taxes or any monies due to the City.
 - 3.2.2. Tax-Paying Entity: The business must be a tax-paying entity.

- 3.2.3. Property Owner Approval: Businesses, if not the owner of the property to be occupied, must provide a copy of their lease agreement and support of the Application from the Property owner prior to approval of the Application.

Section 4. **Enhancements**

- 4.1. Aspirations: As with any policy or regulation, it is difficult to precisely regulate factors that are not easily defined. With that in mind, the following are to be considered aspirations for contemplated Enhancements:
- Enhancements should be compatible with the character and architecture of the individual building and those in proximity;
 - Where appropriate, Enhancements may act as a catalyst to create a unique environment;
 - Enhancements should make the Property more inviting to the public; and
 - Enhancements should be functional as well as visually appealing.
- 4.2. General Enhancement Eligibility: Property Enhancements shall be deemed as eligible or ineligible for the benefits of this Policy as defined below. In general, the following Enhancements, though not exclusively, are ineligible for all Grants:
- Any Enhancement that does not comply with existing ordinances of the City;
 - Any Enhancements made prior to the Notice to Proceed;
 - Sweat equity or “in-kind” services;
 - New construction which is not specifically listed in this Policy as an Eligible Enhancement;
 - Any Enhancements to eliminate Code Violations of a Property or Business;
 - Fees for designing, engineering, surveying, legal services, financing, etc.; or
 - Any Enhancements not identified as eligible below. A potential applicant may discuss an enhancement not identified below with the Board to ascertain whether or not the enhancement meets the Purpose and Intent of this Policy. If so, an amendment to this Policy may be placed before the City Council to determine the merits of including a new eligible enhancement.
- 4.3. Façade Enhancements: The following are Eligible Enhancements except as noted otherwise:
- 4.3.1. Façade Materials: Replacing deteriorated or unsafe façade materials with brick, stone, tile, wood, or siding meeting the City’s masonry requirements or architectural standards, if any. Removal of “slip” coverings of prior façade materials and re-establishment of historic façade details. Repointing of mortared joints, replacement or repair of damaged masonry.
- 4.3.2. Cleaning: Pressure washing or sand blasting existing facades, cleaning of tiles.
- 4.3.3. Painting: Scraping, priming and otherwise preparing the surface and painting.
- 4.3.4. Window / Doors: Replacement of or improvements to existing windows or doors that are visible from a public street. New windows and doors matching replaced windows or doors. Replacement of broken glass panes.
- 4.3.5. Awnings / Canopies: Replacement of or improvements to existing awnings or canopies. New awnings or canopies.
- 4.3.6. Historical Restoration: Restoration of architectural details of historic significance and / or removal of elements covering such details.

- 4.3.7. Roof Repair: Replacement or repair of all or portions of the roof.
- 4.3.8. Gutters and Downspouts: Replacement or repair of existing gutters and / or downspouts.
- 4.3.9. Ineligible: Though not an all-inclusive list, the following are specifically not eligible: burglar bars, painting a new building.
- 4.4. Interior Renovation: The following are Eligible Enhancements except as noted otherwise:
 - 4.4.1. Renovations: Renovations that enhance the commercial usability of the building.
 - 4.4.2. Ineligible: Though not an all-inclusive list, the following are specifically not eligible: painting, wallpaper, aesthetic treatments, and lighting.
- 4.5. Landscaping: The following are Eligible Enhancements except as noted otherwise:
 - 4.5.1. Edging: Providing a perimeter to shrub beds with materials deemed to be of a long life, e.g. brick, stone, concrete, steel.
 - 4.5.2. Shrubs and Trees: Shrubs and / or trees of a variety that are sustainable in the area when combined with removal of existing shrubs and / or trees that are either overgrown or of poor quality.
 - 4.5.3. Seasonal Color: Providing one-time planting of annual or perennial flowers in critical areas adequate to provide an appealing impact.
 - 4.5.4. Irrigation: Automatic irrigation system complying with all code requirements. Irrigation may be required with any other Landscaping Enhancement grant.
 - 4.5.5. Lawn Renovation: Removal or re-establishment of an existing lawn with a desirable type of lawn. (An automatic irrigation system is required with this Enhancement.)
 - 4.5.6. Fencing: Replacement of fencing or installation of new fencing that is visually appealing.
 - 4.5.7. Ineligible: Though not an all-inclusive list, the following are specifically not eligible: landscape pruning, mowing and / or maintenance.
- 4.6. Lighting: The following are Eligible Enhancements:
 - 4.6.1. Pedestrian: Increases in lighting in pedestrian areas on or adjacent to the Property, e.g. sidewalks, parking lots.
 - 4.6.2. Accents: Lighting that accentuates features of the building or Property creating a pleasant ambience on the Property.
 - 4.6.3. Signage: Lighting that illuminates signage identifying the business.
- 4.7. Parking / Driveways: The following are Eligible Enhancements except as noted otherwise:
 - 4.7.1. Reconstruction: Removal of existing pavement, gravel, curbing, drives, accessibility ramps, etc. and replacement with reconstruction meeting City requirements.
 - 4.7.2. Resurfacing: Re-topping asphalt parking areas.
 - 4.7.3. Restriping: Repainting of parking stall stripes and / or fire lane graphics meeting the City's requirements.
 - 4.7.4. Ineligible: Though not an all-inclusive list, the following are specifically not eligible: Installation, repair or replacement of any surface that is not an all-weather hard surface as required by the City's code of ordinances.

- 4.8. Pedestrian Amenities: The following are Eligible Enhancements:
- 4.8.1. Paving: Paving of a unique nature in areas that allow customers to congregate.
 - 4.8.2. Seating Areas: Provisions for seating in areas where customers may congregate before, during or after supporting the business.
 - 4.8.3. Shade: Provisions for shading pedestrian areas to include permanent or temporary canopies, awnings, umbrellas or similar shade structures.
 - 4.8.4. Music: Provisions for permanent installation of fixtures to accommodate providing music in areas where customers congregate.
- 4.9. Signage: The following are Eligible Enhancements. The replacement of signs that do not conform to current City requirements is a priority for the City.
- 4.9.1. Replacing Signs: Replacing existing signs, with new signage that complies with all City requirements.
 - 4.9.2. New Signs: New signs for existing or new businesses.
- 4.10. Utilities: The following are Eligible Enhancements:
- 4.10.1. Franchise Utilities: The upgrading or installation of new franchise utilities (e.g. electric, phone, Internet) that increase the commercial capacity or functionality of a building.
 - 4.10.2. Public Utilities: The upgrading or installation of new public utilities (e.g. water, sanitary sewer, gas) that increase the commercial capacity or functionality of a building.
 - 4.10.3. Private Utilities: The upgrading or installation of new private utilities (e.g. septic systems) that increase the commercial capacity or functionality of a building.
 - 4.10.4. Placement Underground: The placement of existing or new utilities underground.
- 4.11. Code Compliance: The following are Eligible Enhancements:
- 4.11.1. Public Accessibility: Reconstruction or new construction to comply with public accessibility requirements.
 - 4.11.2. Fire Suppression Systems: Replacement, upgrade, or installation of fire suppression systems in compliance with current codes.
- 4.12. Demolition: The costs of demolishing and removing existing structures on a Property may be considered for Property Enhancements.
- 4.13. Participation Limitations: The potential matching Grant for each type of Enhancement would be the lesser of the Maximum Percentage or Maximum Per Enhancement Category Amount. The Applicant is responsible for the remaining costs of the Enhancement and must complete the full Enhancement to be eligible for the matching Grant.
- 4.13.1. Maximum Percentage: The Maximum Percentage of the total cost of any Enhancement that could be granted the Applicant as represented in the Participation Limitations Table below.
 - 4.13.2. Maximum Per Enhancement Category: The Maximum Amount that could be granted for any category of Enhancement as represented in the Participation Limitations Table below.

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4.13.3. Participation Limitations Table: Represents the Maximum Percentage and Maximum Per Enhancement Category.

Section	Type of Enhancement	Maximum Percentage	Maximum Amount
4.3	Façade Enhancements	50%	\$10,000
4.4	Interior Renovation	30%	\$5,000
4.5	Landscaping	30%	\$5,000
4.6	Lighting	30%	\$5,000
4.7	Parking / Driveways	30%	\$5,000
4.8	Pedestrian Amenities	50%	\$5,000
4.9	Signage	30%	\$5,000
4.10	Utilities	20%	\$4,000
4.11	Code Compliance	20%	\$4,000
4.12	Demolition	20%	\$4,000

4.13.4. Accumulative Maximum Grant: Notwithstanding the Maximum Percentage and Maximum Per Enhancement Category limitations for each type of Enhancement, no Property or Business may receive more than fifteen thousand dollars (\$15,000) in matching Grants during one 12-month period. The following examples are provided to clarify different application scenarios:

- A. Example 1: Applicant desires to do \$30,000 in eligible Façade Enhancements and \$18,000 in eligible Landscape Enhancements. By Policy, the maximum Grant allowed by the *Façade* Max Percentage (50%) would be \$15,000, but the maximum Grant allowed by the Max Per Category would be \$10,000. By Policy, the maximum Grant allowed by the *Landscape* Max Percentage (30%) would be \$6,000, but the maximum Grant allowed by the Max Per Category would be \$5,000. Adding the lesser of the two enhancements (\$10,000+\$5,000) is \$15,000 which would be the maximum matching Grant for the project. Further, within a 12-month period the Applicant cannot receive additional grants for any Enhancements (per Section 4.13.4).
- B. Example 2: Applicant desires to do \$30,000 in eligible Façade Enhancements and \$9,000 in eligible Landscape Enhancements. By Policy, the maximum Grant allowed by the *Façade* Max Percentage (50%) would be \$15,000, but the maximum Grant allowed by the Max Per Category would be \$10,000. By Policy, the maximum Grant allowed by the *Landscape* Max Percentage (30%) would be \$3,000, which is less than the maximum Grant allowed by the Max Per Category of \$5,000. Adding the lesser of the two enhancements (\$10,000+\$3,000) is \$13,000 which would be the maximum matching Grant for the project. Further, within a twelve-month period the Applicant cannot receive more grants for Façade Enhancements (per Section 3.1.8), but may apply and receive a second matching Grant, not to exceed \$2,000 (\$15,000 max - \$13,000 Granted) for any Enhancement category *other than* Façade and not to exceed \$2,000 for additional Landscaping (\$5,000 max - \$3,000 previously granted).

Section 5.
Grant Priorities

The City has determined that the following are priorities for the benefits of this Policy. The evaluation of the merits of any Application shall take into consideration whether or not the Application also meets these priorities.

- 5.1. **Preferred Areas**: The following areas of the City are areas of priority for implementation of this Policy:
 - 5.1.1. Eligible properties that are visible from Hwy 380.
- 5.2. **Preferred Businesses**: The following types of businesses are a priority for implementation of this Policy:
 - 5.2.1. Retail;
 - 5.2.2. Restaurants;
 - 5.2.3. Recreation; and
 - 5.2.4. Any sales-tax generating business.

Section 6.
Administrative Procedures

Following are the Administrative Procedures regarding the Application for and approval of Property Enhancement Grants:

- 6.1. **Pre-Submittal**: All Applicants are encouraged to meet with the PEIP Contact prior to preparation of an Application.
- 6.2. **Application**: The submittal of an Application is required prior to any evaluation of the request for Property Enhancement Grants. The Application shall be on a form prepared by the PEIP Contact and available on the City's website or at the location noted in 6.1.
 - 6.2.1. **Required Information**: The following shall be included with the Application:
 - A. Proof of ownership of the Property;
 - B. Photographs of the existing Property;
 - C. Drawings, renderings, plans of the proposed Enhancements;
 - D. Written description of the Enhancements including building materials and color schemes to be used;
 - E. Construction Cost estimates from at least two (2) different contractors; and
 - F. If Applicant is not the Property owner:
 - i. Written approval of the Application from the owner; and
 - ii. Copy of the signed lease agreement.
 - 6.2.2. **Amendments**: The PEIP Contact may amend the form of the Application as needed to more efficiently evaluate the merits of requested Enhancements.
- 6.3. **Review & Evaluation**: Following are criteria to review and evaluate the Application:
 - 6.3.1. **Review Criteria**:
 - A. **Completeness of Application**: Completeness of the Application; including all required attachments.
 - B. **Grant Priorities**: Whether the Application includes a targeted business classification or whether it is located in a targeted improvement area as defined in Section 5.B.

- C. Impact: An estimation of the impact that the Enhancements might have, particularly as a catalyst for continued private investment.
 - D. Non-funded Improvements: Are the improvements associated with the Grant part of a larger effort to enhance the Property.
 - E. Elimination of a Non-Conformity: Do the Enhancements eliminate a legal non-conforming aspect of the Property.
- 6.3.2. PEIP Contact Evaluation and Recommendation: The coordinating PEIP Contact shall convene a team of the appropriate persons to evaluate the Application. Upon review, such team shall prepare a recommendation to forward to the Board.
- A. Site Visit: Prior to formal evaluation of the Application, the Applicant shall allow the PEIP Contact and/or Staff the opportunity to visit the Property to verify its status prior to any Enhancements.
- 6.3.3. Board Evaluation: The Board shall convene to evaluate the Application, and upon review, approve or disapprove the application subject to the limitations noted in Section 6.4 below.
- 6.4. Approval: The Board shall make the final decision regarding the merits of the Application and the appropriate Property Enhancement Grant to be given, if any, if funds are available as pre-approved by the Council for the funding period. If approval of the Application requires funds not pre-approved by the Council, the board will prepare a recommendation to forward to the Council for final approval. Upon approval of a matching Grant, the Board shall enter into an Agreement with the Applicant on a form acceptable to the City Attorney. The Agreement, at a minimum, must contain the following:
- 6.4.1. Enhancements: List the specifications of the proposed Enhancements on the Property.
 - 6.4.2. Access: Provide the City and Staff access to the Property to ensure that the Enhancements or repairs are made according to the specifications and conditions in the Agreement.
 - 6.4.3. Grant: Provide for the procedures of the matching Grant payment.
 - 6.4.4. Recapture Provisions: Provide for the repayment of a Grant if the Applicant or the condition of the Property do not fulfill all obligations required under the Agreement. The Board or City may take any remedy necessary to recover the funds, including filing a lien on the Property.
- 6.5. Pre-Construction Meeting: If the matching Grant is approved as noted above, and if deemed necessary by the PEIP Contact or Staff, the Applicant must attend a pre-construction meeting to coordinate any required permits, execute Grant documents, and resolve any questions either party might have.
- 6.6. Notice to Proceed: Upon approval as noted above, Staff shall prepare and issue a written Notice to Proceed authorizing the Applicant to begin work on the Enhancements. The Notice to Proceed shall in no event be regarded as the issuance or approval of a building permit or any other construction permits.
- 6.6.1. Required: All Grant documents, including the Agreement with the Board, must be executed and all required permits must be received prior to issuance of the Notice to Proceed.
 - 6.6.2. Beginning of Work: All work must begin within sixty (60) days of the issuance of the Notice to Proceed.
 - 6.6.3. Completion of Work: All work for approved projects must be complete within ninety (90) days of the Notice to Proceed unless an Applicant's written request for extension is granted in writing by the Board.
- 6.7. Construction: All construction shall be in accordance with all requirements for permitting and inspection required by the City.

- 6.8. Verification: Upon completion and approval of the work by the City, Staff shall verify that the work has been performed as authorized in the approval action.
- 6.8.1. Documentation: The Applicant shall provide the PEIP Contact with documentation necessary to determine the Construction Costs of the Enhancements as approved, e.g. copies of paid contractor invoices, receipts or processed checks. Construction Costs not supported by adequate documentation shall not be eligible for reimbursement.
- 6.9. Payment: Upon verification of compliance with the approval action, the PEIP Contact shall cause a check to be issued to the Applicant in the approved amount.
- 6.9.1. Cost Overruns: Any costs above and beyond the amounts approved shall be the responsibility of the Applicant.

Section 7.

Applicant / Owner Certifications

The Application shall include the following certifications which shall be affirmed by the Applicant / Owner by signing the Application.

- 7.1. Application Accuracy: The information provided in the Application, and all that may have been affixed thereto, is true and correct, and that the City may rely on all of the information therein contained, and all that may have been affixed thereto, as being true and correct.
- 7.2. Compliance: I (we) certify that I am (we are) are solely responsible for all safety conditions and compliance with all safety regulations, building codes, ordinance and other applicable regulations. Neither approval of an Application nor payment of a Property Enhancement Grant upon completion of the project shall constitute approval of the project by any City department, Board Member or Staff or a waiver by the City of any safety regulation, building code, ordinance or other applicable regulation.
- 7.3. Insurance: I (we) certify that I (we) maintain sufficient insurance coverage for property damage and personal injury liability relating to the project.
- 7.4. Maintenance: I (we) certify that I (we) that the Enhancements, once approved by the City shall be maintained for a period of three (3) years from the date of payment. No changes shall be made without prior written approval from the City.
- 7.5. Discretionary Rights: I (we) certify that I (we) acknowledge that the City has the absolute right of discretion in deciding whether or not to approve a matching Grant relative to the Application, whether or not such discretion is deemed arbitrary or without basis in fact.
- 7.6. Policy Promotion: I (we) authorize the City to use an approved project to promote the merits of this Policy, including but not limited to displaying a sign at the Property or Business during and within thirty (30) days after construction, and using photographs and descriptions of the project in distribution material, press releases, social media and on the City's website.
- 7.7. Indemnification: I (we) certify that I (we) are solely responsible for overseeing the work, and will not seek to hold the City, the Board, and / or their agents, employees, officers, and / or directors liable for any property damage, personal injury, or other loss related in any way to this Policy, and by submission of an Application, agrees to indemnify the City, and / or their agents, employees, officers, and / or directors from any claims or damages resulting from the project, including reasonable attorney fees.

Section 8.
General Provisions

- 8.1. Termination: The City has the right to terminate any agreement under this Policy if an Applicant is determined to be in violation of any conditions set forth in this Policy.
- 8.2. Changes During Construction: If an Applicant seeks to change the scope of their project after a Grant has been approved, the Applicant shall meet with the PEIP Contact to discuss the desired change. The PEIP Contact has the authorization to approve minor modifications during construction. Any other desired modification shall be placed before the approving body for reconsideration.
- 8.3. Flexibility: The terms and conditions of this Policy are a guideline for the Board and/or City Council during their deliberation and evaluation. The Board and/or City Council reserves the right to modify the terms and conditions herein at any time, including for any pending application.
- 8.4. Section or Other Headings: Section or other headings contained in this Policy are for reference purposes only and shall not affect in any way the meaning or interpretation of this Policy.
- 8.5. Severability: In the event that any provision of this Policy is determined to be illegal, invalid, or unenforceable, then, and in that event, it is the intention that the remainder of this Policy shall not be affected thereby.

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