



# Central City Economic Development (CCED) Sales Tax District



## Board Policy - Project Modifications

### UPDATED POLICY – Effective as of January 9, 2024

#### CCED Board Policy – Project Modifications (1/9/2024)

In response to increases in construction costs and supply chain disruptions, the Central City Sales Tax Board (the “CCED Board”) is amending its policy to assist recently awarded Central City Economic Development Sales Tax (“CCED”) funded projects on their equity and financing sources. This amendment is being done to assist additional projects impacted by the construction costs increases and supply chain disruptions and delays as a result of the COVID-19 pandemic that were funded during CCED Rounds 1-4.

Only projects that meet the following requirements will be eligible to submit a one-time budget modification application letter requesting additional funding:

1. Received a CCED award in Rounds 1, 2, 3, or 4 funding rounds;
2. Contracted with the City pursuant to the requirements;
3. Has not yet completed construction;
4. Can provide evidence that the requested increased funding amount from CCED will allow the developer to complete the project;
5. The total amount of CCED funds is not greater than 45% of the total project budget or the requested increase in CCED funds does not bring the total CCED funding to greater than 45% of the total project budget;
6. Project budget increase is not due to material changes in CCED approved scope, plan, design, or concept;
7. Project development team has not had any changes in ownership; and
8. Project has not received a previous award of additional funds under this new policy effective January 9, 2024.

For projects with a total project budget under \$1,000,000 or the developer is a not-for-profit entity, the percentage thresholds stated above will not apply and the CCED Board will consider the amount of additional funds to make the deal feasible on a case-by-case basis. Modifications to the project scope or award amount over the thresholds will not be approved except in cases of proven severe economic hardship.

Additional funds are being made available to address increases in construction costs. In determining the maximum award that projects will be eligible to receive, CCED staff will allocate

only the amount of additional funds that are necessary to alleviate the higher construction costs that was caused by construction and supply chain issues due to the COVID-19 pandemic. In doing so, the CCED Board will limit additional funds to the lesser of the amounts specified in the Tiers, below:

#### TIER I: PROJECTS REQUESTING UP TO 10% OF THEIR ORIGINAL AWARD

Projects requesting additional funds up to 10% of their original award will be limited to the lower of the amount of additional funds necessary to complete the project or 10% of the original award. In order to qualify for additional funds from Tier I, projects must include an owner contribution of or defer at least 30% of the developer fee. If it is determined that additional funds are required, it is the intention that the additional funds will be used to cover increased construction costs. CCED Board reserves the right to determine if the additional funds have been requested to cover construction costs increases related to the COVID-19 pandemic.

#### TIER II: PROJECTS REQUESTING MORE THAN 10% OF THEIR ORIGINAL AWARD

Projects requesting more than 10% of their original award will be limited to the lesser of the amount of additional funds necessary to cover the increase in construction costs, the amount of additional funds to complete the project, or 25% of the original award. In order to qualify for additional funds from Tier II, projects must include an owner contribution of or defer at least 50% of the developer fee. CCED Board reserves the right to determine if the additional funds have been requested to cover construction costs increases related to the COVID-19 pandemic. Projects approved for additional funding under Tier II will be recommended by the CCED Board with final approval by the City Council.

In offering the opportunity for projects to apply for additional funds, it is the intention that additional funds will be an option to assist a development only after the development team has exhausted other options. To qualify for additional funds in either Tier I or Tier II, the total developer fee amount must not exceed the amount that was approved at the time of the original award. In order for projects to be eligible for additional funds, they must demonstrate that the owner/developer is already making a significant contribution to the project and there is a funding gap that still remains that can only be remedied through additional funds. Applicants will be required to demonstrate that a monetary contribution or deferred fee from the owner/developer in at least the applicable percentage of the eligible developer fee is being contributed to the project.

Upon receipt of a verified budget modification application from the developer, stating fully the grounds for the application and the facts relied upon, the CCED Board shall discuss the request at a regular scheduled meeting not later than 90 days from the date of submittal. The CCED Board has discretionary authority concerning all aspects of any project modification awards. The CCED Board reserves the right, in its sole discretion, to award additional funds or not award funds based on the contents of the budget modification application. This could result in an award for the total amount of additional funds requested, some portion thereof, or no additional funding. All CCED funding awards are based on the availability of funds.

Budget modification applications not meeting the criteria stated above may be required to revert to the next project cycle as a new project submission.

Budget modification applications approved for additional funding above the 10% threshold will be recommended by the CCED Board with final approval by the City Council.

For any projects awarded CCED funding after Round 4, this policy will apply. However, COVID related budget issues and supply chain will not be considered as a reason/excuse.

The budget modification application must include the following:

- Signature of the authorizing official
- Project Name
- Developer Name and contact information
- Remaining CCED award balance (include total CCED award amount and any funds not expended)
- Supporting reasons for request
- Evidence of eligibility (see list above)
- Detailed budget (this includes four columns with totals across the bottom: Original project scopes, original project budget in alignment with original scopes, additional cost related each scope, and final overall budget for each scope)