



## Office of the County Executive Roane County Courthouse

April 13, 2015

Roane County Commissioners  
200 E. Race Street  
Kingston, TN 37763

Re: Proposal – Community Investment Fund (CIF)  
“Initiative to Grow”

Dear Commissioners:

As we look to where we may want our communities to be in the future, we must also discuss the path needed to achieve the desired results.

Step 1: The first step in planning is to understand where one is. Although this sounds repetitive from other articles and may sound too simple to repeat, it is one of the most important concepts of budgeting and planning. Having both an understanding and sufficient funds for operations is essential to proper planning. The Roane County Commission has worked diligently to develop an understanding of the county's financial operations, while also positioning the county with sufficient funds to operate. A number of these successes are noted in the county's annual budget and posted on the county website at [www.roanecountytn.gov](http://www.roanecountytn.gov).

We have a strong foundation of understanding and sufficient funds to operate. So what is next to help us realize our potential and achieve our goals?

Step 2: We must identify goals. One goal of the Roane County Commission is financial stability for the entire county. A partial listing of potential investments in our communities which could improve our financial stability is as follows:

- Kingston: business conference center, water front development
- Harriman: water front development, industrial park, medieval festival
- Oak Ridge: Manhattan Project National Park gateways
- Oliver Springs: historical downtown development
- Rockwood: historical downtown development, water front development

Other investments could be listed and one could place school building projects within the investment. However, the investments listed above have a direct return of sales and property tax dollars which are primarily earned to support education. Direct school investment would be putting the cart before the horse, as one of our primary objectives is expansion of our tax base.

Currently Roane County's financial support burden falls more heavily on residential properties than is found in many of our neighboring communities. Therefore, one of our primary goals is to grow our sales and property tax bases from investment in assets other than residential development in order to improve our financial stability.

Step 3: How could one enhance the retail, business and industrial tax base? Here is a proposal:

1. Allow the county to be a grantor (partner) for investment dollars.
2. Allow the cities to be a grantee (partner) with the county for investments within their respective city limits.
3. Structure a program where within some defined parameters, the county would partner with the city on specific investments which would generate either sales or property tax.
4. The county would levy a county-wide property tax earmarked to a capital fund for the county's investment dollars.
5. The county would match 50/50 with the city on a project, but cap the total county investment at a fixed dollar amount such as outlined in the example below.
6. A structured grant program would be developed.

What is accomplished? The respective city governments bear the risk of investment. The city governments receive additional sales and property taxes as the return for their investment. The county benefits from increased sales and property tax collections.

How funding eligibility might be determined:

	Population	Per capita	Funds available
Roane County	54,181	\$150 per capita	
Harriman	6,350	952,500	1,000,000
Kingston	5,934	890,100	1,000,000
Rockwood	5,562	834,300	1,000,000
Oak Ridge	3,435	515,250	675,000
Oliver Springs	945	141,750	325,000
Rural	31,955	4,793,400	1,000,000
		<b>TOTAL</b>	<b>5,000,000</b>

How the finances operate:

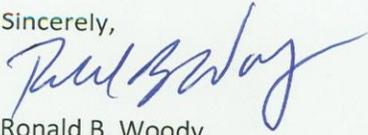
1. County levies a 5¢ property tax for the General Capital Project Fund 171- CIF.
2. Until a project is granted approval, funds accumulate in the capital fund (CIF).
3. Upon a project being approved then the county will determine whether sufficient funds are available in the capital fund (CIF) or if funds shall be borrowed for the project. If funds are to be borrowed, then the property tax levy is changed from the capital fund to the debt service fund in a sufficient amount to cover the debt payment of funds borrowed.

Additional information about the proposal is contained within the following:

1. County Executive's Newsletter to the Commission, (May 2015, p.1)
2. Op Ed submittal to our local news publications.

Please accept the enclosed Proposal: Community Investment Fund (CIF), an "Initiative to Grow" program.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ronald B. Woody". The signature is fluid and cursive, with the first name being the most prominent.

Ronald B. Woody  
County Executive

Enclosure: Proposal: Community Investment Fund (CIF), an "Initiative to Grow" program

4-14-15

# PROPOSAL



## COMMUNITY INVESTMENT FUND (CIF)

An “Initiative to Grow” Program

Ron Woody, CPA, CGFM, Roane County Executive

April 14, 2015

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## **Section 1**

### **Purpose of CIF:**

1. To grow the city and county tax base by increasing sales tax, property tax and business tax collections opportunities through a partnership of municipal investment.
2. To help shift the government service tax burden from residential to business and industrial tax payers by growing the business and industrial tax base.
3. To encourage all municipalities to make investment into economic development assets.
4. To show industrial/commercial/retail prospects the cooperative nature of Roane County's local governments.
5. To encourage joint investment among city partners by increasing the match from a 1 to 1 to a 1.5 to 1 ratio of investment.

## **Section 2**

### **Establishment of CIF:**

1. Levying a 5¢ county-wide property tax to be received into the county's General Capital Project Fund.
2. Establish sub-fund CIF within General Capital Project Fund (171) to preserve integrity and transparency of this property tax revenue.
3. Accumulate property revenue until successful grant(s) has/have been awarded, then the account will begin to distribute funds along with property tax continuing to accrue to the account.
4. If a project is awarded for an amount greater than the accumulated funds, then the county has the option of borrowing the needed amount and then transferring a required property tax revenue amount (pennies) from the CIF to the Debt Service fund in order to pay off any borrowed funds.
5. Total amount of accumulation under the initial program would be up to \$5,000,000.

## **Section 3**

### **Eligibility for CIF Funds:**

1. Capital outlay asset investment with life expectancy of greater than ten (10) years
2. Investment would anticipate economic benefit of increase of sales or property tax base
3. Only municipalities (Harriman, Kingston, Oak Ridge, Oliver Springs, Rockwood) within the county and rural county would be eligible for awards
4. Request of consideration made by a city mayor/manager upon approval of city council
5. Municipality must invest cash monies into the project. In kind or grant funds are not eligible as city match funds. County match would be dollar for dollar of a city match subject to limitation restriction in Section 4.
6. Cities would be eligible to form partnerships and access funds to which each city is eligible. In the event of a city partnership, the match eligibility would increase from a 1 to 1 to 1.5 to 1 making the eligibility up to \$1.5 million for each city.
7. The rural county would also be eligible with the county having to make a dollar for dollar match with funds outside of the CIF account.
8. Minimum investment request would be \$50,000.

## Section 4

### Limitations:

1. Up to one-half (½) of the project costs except in event of city partnership where the match increases the percentage investment of the project cost.
2. Dollar limitation (loosely based on population) as follows:

Harriman	\$1,000,000
Kingston	\$1,000,000
Rockwood	\$1,000,000
Rural	\$1,000,000
Oak Ridge	\$675,000
Oliver Springs	\$325,000

In the event of a city partnership, the match increases to 1.5.

3. Investment required to be made within Roane County.
4. During any ten (10) year period, no more than the dollar limitation would be granted to a city.

Example of potential eligible grants of one \$1,000,000 city:

YR	1	2	3	4	5	6	7
AMT	0	\$500,000	0	0	\$250,000	\$250,000	0

8	9	10	11	12	13	14	15
0	0	0	0	\$500,000	0	0	\$250,000

## **Section 5**

### **Procedures for Application and Award:**

#### **I. Preliminary Approval**

Application approval process would be developed consisting of but not limited to:

- A. Certified vote of city council requesting consideration of a project and pledge of funding. The project request would outline the economic benefit for the county and noting that the project would be a capital investment.
- B. Roane County Industrial Board would recommend to the Commission the project as creating economic benefit and being a capital investment.
- C. The County Commission would vote to approve the project noting the economic benefit, a capital investment, and pledging matching funds for project. See sample resolution in Appendix A.

#### **II. Final Approval**

Upon approval of economic benefit, the respective city and the county would:

- A. Approve the appropriations of funds. See sample resolution in Appendix B.
- B. Approve the borrowing of funds, if needed.

## **Section 6**

### **Closure or continuation of CIF:**

1. In the event the program is not successful (cities do not request eligible projects), the accumulated funds would be available for any General Capital Project.
2. In the event the program is successful (investments are made with the partners), the program can be amended to include greater grant eligibility amounts and other modifications as needed.

## **APPENDIX A**

### **IN THE COUNTY COMMISSION FOR ROANE COUNTY, TENNESSEE**

**A RESOLUTION** accepting the City of \_\_\_\_\_'s project titled \_\_\_\_\_ as providing economic benefit, being a capital investment, and pledging county matching funds from the General Capital Projects Fund- CIF.

**WHEREAS**, the City of \_\_\_\_\_ has certified and requested the project titled \_\_\_\_\_ as an eligible Community Investment Project; and

**WHEREAS**, the Roane County Industrial Development Board has accepted the above referenced project as creating economic benefit and being a capital investment;

**NOW THEREFORE, BE IT RESOLVED** that the Roane County Commission approves the City of \_\_\_\_\_'s project titled \_\_\_\_\_ as having economic benefit , being a capital investment and pledging matching funding from the General Capital Projects Fund- CIF.

**BE IT FURTHER RESOLVED** that the County Executive shall submit an appropriate resolution upon or in conjunction with the City of \_\_\_\_\_'s approval of their matching funding for the above referenced project.

## APPENDIX B

### IN THE COUNTY COMMISSION FOR ROANE COUNTY, TENNESSEE

**A RESOLUTION** appropriating funds for the City of \_\_\_\_\_'s project titled \_\_\_\_\_.

**WHEREAS**, the City of \_\_\_\_\_, the Roane County Industrial Development Board and Roane County Commission have previously approved the eligibility of the City of \_\_\_\_\_'s project titled \_\_\_\_\_ as a project which has economic benefit, is a capital investment and meets the eligibility of the Community Investment Fund program; and

**WHEREAS**, the City of \_\_\_\_\_ has or will approve \_\_\_\_\_ dollars for said project; and

**WHEREAS**, under the Community Investment Fund program, Roane County shall provide one-half (½) the cost of the project, up to \$1,000,000, matching the city dollar for dollar of their investment.

**NOW THEREFORE, BE IT RESOLVED** that the Roane County Commission amend and approve the following budget

#### FUND 171- CIF

Fund	Function	Description	Budget	Amendment	Amended Bgt
171	91190	Other General Gov't Projects	0	250,000	250,000
171	34585	Restricted for Capital Projects	400,000	(250,000)	150,000