



RECORD OF PROCEEDING

SPECIAL MEETING OF THE CITY COUNCIL OF THE CITY OF CHESTERFIELD AT 690 CHESTERFIELD PARKWAY WEST

JULY 25, 2022

The meeting was called to order at 5 p.m.

A roll call was taken with the following results:

PRESENT

ABSENT

Mayor Bob Nation
Councilmember Mary Monachella
Councilmember Barbara McGuinness
Councilmember Aaron Wahl
Councilmember Mary Ann Mastorakos
Councilmember Dan Hurt
Councilmember Michael Moore
Councilmember Merrell Hansen
Councilmember Gary Budoor

OTHER LEGISLATION

Director of Planning Justin Wyse reminded City Council that on June 29, 2022, staff was directed to explore options for economic development tools in the southwest quadrant of Chesterfield. He then gave a brief presentation describing the process of establishing said economic development tools (presentation attached).

The City issued Requests for Qualifications (RFQs) and entered into a contract with PGAV Planners, LLC (PGAV) to begin a formal review process of conditions and opportunities within the redevelopment area. After review, PGAV has determined the study area meets the legal requirements for a blighted area and has recommended the City consider a Tax Increment

Financing (TIF) District to meet Council's direction. Based on this endorsement, staff recommends approval of a resolution to form a TIF Commission to create a redevelopment plan, hold a public hearing, and ultimately present a recommendation to City Council for adoption by ordinance. Mr. Wyse stated that creation of a TIF Commission does not obligate the City, it simply gives approval to start the process.

Mr. Wyse also expressed staff's intent to continue investigation of a Special Business District (SBD) to address ongoing maintenance within the southwest quadrant. He explained that once a potential TIF goes through the TIF Commission and moves into redevelopment agreements with the developer, the TIF and SBD could be addressed concurrently.

Mr. Wyse stated that the proposed TIF District is not a tax abatement; rather, it is an allocation of where tax dollars go and where they are spent. No developer subsidies would be provided. It would only be used for public improvements. The developer or parcel owner would still pay their full tax rate and there would be no additional consumer taxes.

Mr. Wyse explained that when a TIF District is created the current assessed value is established and that serves as the base level for taxing entities through the life of the TIF. All taxing jurisdictions would continue to receive tax revenues from the base year assessment levels. As development occurs, property values and revenues from property taxes increase; thereby creating an increment. That increment would be sent to the Special Allocation Fund, which would be used to pay for identified approved projects in a TIF District.

Councilmember Hurt made a motion, seconded by Councilmember Wahl, to approve a proposed resolution establishing the Tax Increment Financing Commission of the City of Chesterfield, Missouri; providing for a method of appointment of members of said commission; and authorizing certain actions in connection therewith. Discussion ensued and questions were addressed. A roll call vote was taken with the following results: Ayes – Monachella, Moore, Hansen, Hurt, McGuinness, Budoor, Mastorakos and Wahl. Nays – None. Mayor Nation declared the motion passed. The successful resolution became Chesterfield Resolution No. 479.

ADJOURNMENT

There being no further business to discuss, Mayor Nation adjourned the meeting at 5:40 p.m.



Mayor Bob Nation

ATTEST:



Vickie McGownd, City Clerk

APPROVED BY CITY COUNCIL: 8/1/2022



Southwest Quadrant

Redevelopment Area



Overview

- At the June 29th meeting, a motion was approved to, *“direct Staff to explore options for economic development tools in the southwest quadrant of Chesterfield, advise and engage landowners, and begin discussions regarding reimbursement agreement opportunities.”*
- PGAV hired to begin the formal review process of the conditions and opportunities within the redevelopment area.
- After review, PGAV has recommended the City consider a TIF District to meet Council’s direction.
 1. Protect and sustain the levels of service provided to the larger Chesterfield Community. With the addition of \$2.5 billion of development, municipal resources will certainly be strained and services diminished if not addressed.
 2. The proposed development on roads, law enforcement, parks, and other infrastructure will reach far beyond the proximity of the development and we must consider the impacts and capacity of those systems.
 3. Identify strategies that will fund the public infrastructure needs and preserve levels of service without burdening the existing residents and businesses.
 4. Do not increase consumer taxes or property tax rates on the broader community.
 5. No intent to create development incentives or subsidies. Any district financing is to be directed to public infrastructure needs.
- Recommendation that the City consider a Special Business District to address ongoing maintenance of public infrastructure within redevelopment area



Study Area

Qualifications Analysis

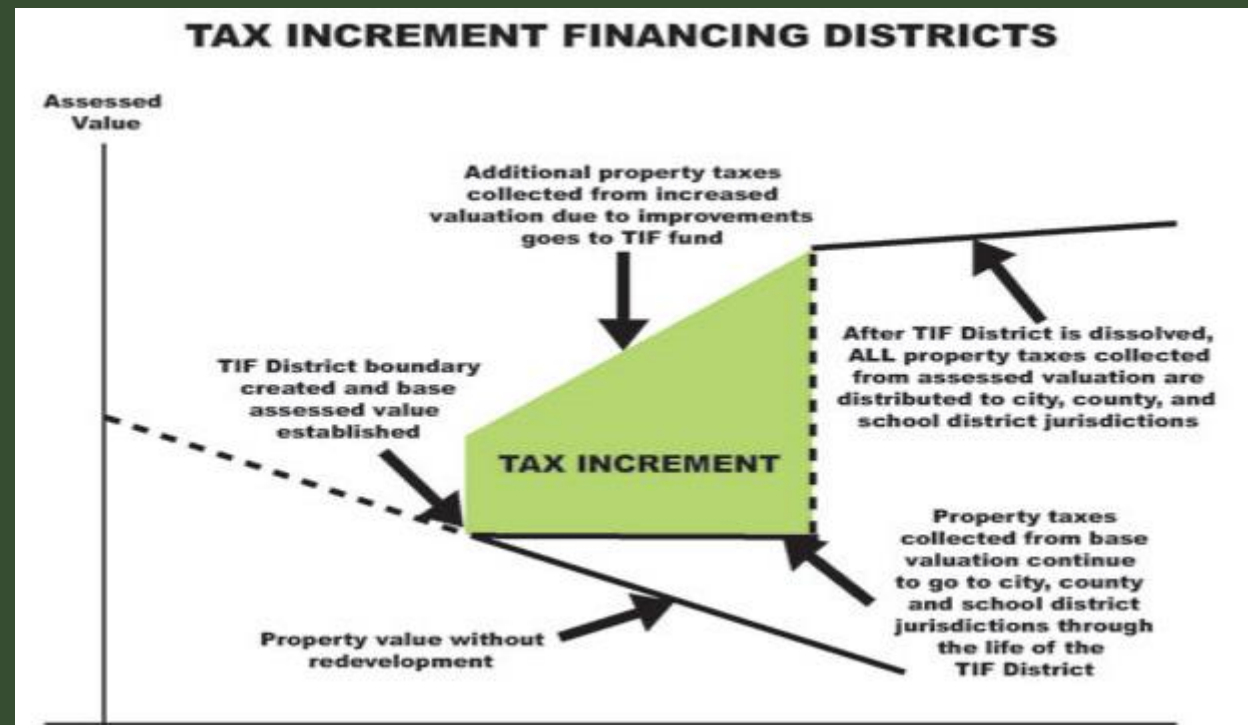
- "Blighted area", an area which, by reason of the predominance of insanitary or unsafe conditions, deterioration of site improvements, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, or welfare in its present condition and use; (R.S. MO 99.805(1))
- PGAV performed site visits in May and July 2022 and examined the exterior of all properties within the Area and the interior of Chesterfield Mall.
- PGAV documented existing conditions within the Area with over 170 photographs

After the investigation, PGAV concluded that the Area as a whole qualifies for the use of TIF under R.S. MO 99.805(1) and is, therefore, a blighted area.

What is a TIF (Tax Increment Financing) District

- Missouri TIF law authorizes cities and counties to adopt a redevelopment plan that provides for the redevelopment of a designated area, and to use TIF to fund a portion of the project costs.
- The total cumulative assessed value of real property in the proposed redevelopment area is determined prior to development. All of the taxing districts will continue to receive taxes based on that base pre-developed assessment throughout the life of the TIF.
- As the land in the TIF is improved and developed, the total assessed valuation increases.
- The OWNER\DEVELOPER of property within the TIF continues to pay the entire property tax bill, based on the total increased valuation.
- As the property is improved, the assessed value of property in the redevelopment area increases above the original base level. When property taxes are calculated based on the increased valuation on properties within the TIF, a “tax increment” is produced.

What is a TIF District



What is a TIF District (cont.)

- The net effect of tax increment financing is to permit the use of the increased portion of property taxes, which are paid by developer\owner and half of the increased economic activity taxes, to fund specifically approved project related improvements.
- Increased tax payments are not abated but are captured and diverted to the special allocation fund, to fund costs of the project.
- There are no new\additional consumer taxes associated with the TIF.
- Since the tax increment isn't realized immediately, developers\owners typically privately finance initial approved project costs, with an expectation that they will subsequently be reimbursed by future TIF revenues. The owner\developer assumes all associated risk.
- The terms for how a development progresses and the relationship between the individual developers and the City are subject to a separate Development Agreement.

Process

Before a municipality may CONSIDER implementing tax increment financing:

- City creates a TIF Commission by resolution.
- Creation of a TIF Commission does not create a TIF District and does not obligate the City to ultimately approve a TIF. It simply initiates the legal, public process for consideration.



You Are Here!

In St. Louis County, the TIF Commission consists of 12 members.

- Six from St. Louis County
- Three from City of Chesterfield
- Two from school district(s)
- One from other taxing district

Role of the TIF Commission

Develop a redevelopment plan. The redevelopment plan consists of:

- Estimated redevelopment project costs
- The anticipated sources of funds to pay the costs
- Evidence of commitment to finance the project costs
- The anticipated type and term of the sources of funds to pay costs
- The anticipated type and term of the obligations to be issued
- The most recent equalized assessed valuation of the property within the redevelopment area that is to be subjected to payments in lieu of taxes and economic activity taxes
- An estimate of the equalized assessed valuation after redevelopment
- The general use of the land in the redevelopment area

Role of the TIF Commission

PUBLIC HEARING REGARDING REDEVELOPMENT PLAN

- Before adopting tax increment financing, the TIF Commission must hold a public hearing on the redevelopment plan and redevelopment project and the proposed redevelopment area.
- Notice of the hearing must be published and must be mailed to affected taxing districts and property owners.
- The TIF commission is required to vote on any proposed redevelopment plan, redevelopment project, or designation of a redevelopment area within 30 days of the public hearing and to make recommendations to the governing body of a municipality.

ADOPTION OF REDEVELOPMENT PLAN BY CITY

- The redevelopment plan only becomes effective upon adoption of an ordinance by the City that approves the redevelopment plan and the redevelopment project and designates the redevelopment area.

Reporting / Hearing Requirements

- The City must submit an annual report to the Missouri Department of Revenue, concerning the status of each redevelopment plan and project no later than November 15th of each year.
- The City must also publish in a newspaper of general circulation in the county, a statement showing the payments in lieu of taxes received and expended in that year, the status of the redevelopment plan and projects, the amount of outstanding bonded indebtedness and any additional information the City deems necessary.
- Every five years, the City must hold a public hearing to determine if the redevelopment project is making satisfactory progress under the proposed time schedule contained in the redevelopment plan.
- In the case of the potential Chesterfield Regional TIF, the City of Chesterfield would be the custodian of the Special Allocation Fund, exactly as we were for the Chesterfield Valley TIF.

Recommendation

- The study area meets the legal requirements for a blighted area – PGAV.
- Recommend creating a TIF Commission to create a Redevelopment Plan, hold a Public Hearing, and provide a recommendation to the City Council.
- Continue investigating Special Business District (SBD) with intent for consideration of Development Agreements to be done in conjunction with a potential SBD to ensure maintenance costs do not impair the City's obligations to maintain existing infrastructure

Next Steps (if approved)

- Form TIF Commission and receive recommendation from the TIF Commission on a Redevelopment Plan.
 - TIF Commission conducts Public Hearing
 - Formal Recommendation from TIF Commission to City Council
 - Redevelopment Plan must be approved by Ordinance by City Council
 - Address ongoing operational costs (Special Business District)
 - Development Agreements submitted to and approved by City Council for each Redevelopment Planning Area.
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- You Are Here!