



PLANNING & PUBLIC WORKS PROCEDURE



PROCEDURE NO: PPW-1054

SUBJECT: Community Improvement District
Procedure

DATE ISSUED: 07/07/2022 **DATE REVISED:**

The Policy of the City of Chesterfield City Council is that the City of Chesterfield will not approve a Community Improvement District (CID). However, if consideration of a CID is approved, that consideration shall adhere to the following Procedure.

THE COMMUNITY IMPROVEMENT DISTRICT ACT

The CID Act was designed to provide a practical, flexible, and responsive tool to finance public improvements. Simply defined, the CID is a separate political subdivision or nonprofit corporation within an established territory and within which certain public improvements are constructed and financed through the imposition of sales taxes, property taxes and special assessments.

FORMATION OF A COMMUNITY IMPROVEMENT DISTRICT

In Missouri, community improvement districts are established by the City Council upon receipt of a petition of the property owners collectively owning more than fifty percent (a) by assessed value of the real property within the boundaries of the proposed district, and (b) per capita of all owners of real property within the boundaries of the proposed district. The petition must also include all necessary information about the property, the project, and the proposed financing. Once the petition has been reviewed and verified by the City Clerk, the City Council holds a public hearing to receive comment on the proposed district. After the public hearing, the City Council may, in its sole discretion, adopt an ordinance to establish the proposed district.

CID PROJECTS AND RELATED FINANCING

The CID Act provides a mechanism for funding public improvements for both commercial and residential projects. Further, in the case of older, established commercial areas, if the proposed district is located within an area that may be declared blighted under one of the several statutory definitions of "blight," the CID may also fund demolition, reconstruction and rehabilitation costs related to the overall commercial development. Eligible CID projects are delineated within the CID Act.

Reimbursable CID Project Costs

The CID Act identifies the costs that can be paid for through a Community Improvement District. Eligible costs include all costs necessary or incidental to plan, acquire, finance, develop, design and construct eligible CID projects, including without limitation:

- a) costs of all estimates, studies, surveys, plans, drawings, reports, tests, specifications and other preliminary investigations of architects, appraisers, surveyors and engineers;
- b) all professional service costs, including without limitation architectural, engineering, legal, financial, planning, design or special services incurred;
- c) costs of acquisition of right-of-way, easements, leases and other interests in real property;
- d) costs of demolition of buildings and the clearing and grading of land, site preparation, and erosion and storm water control; and
- e) costs of construction, reconstruction, installation, repair, maintenance or equipping of any eligible CID projects.

To ensure that the costs incurred in constructing the CID project are eligible for reimbursement, the City advises that monies be spent only after the district is established, unless qualified legal counsel is otherwise of the opinion that such costs are reimbursable in conformance with applicable state law.

Financing Mechanisms

Community improvement districts can be financed in several ways. The most common means is through the imposition of a retail sales tax or the levy of a real estate tax or special assessment. Once a CID is established, and the funding mechanisms imposed, the CID may issue notes which may then be refunded by issuing bonds. Debt service on the obligations are paid with revenues from the sales tax, property tax and/or special assessment.

Special Considerations

Because these projects involve public improvements, all CID projects must include the payment of prevailing wage rates, required bonds and insurance, and must comply with the normal bidding and procurement policies of the City of Chesterfield.

Although a CID is often formed for a specific purpose and is governed by the property owners and businesses located within its boundaries, it is important to note that a CID is also authorized under state law to impose sales taxes and levy real property taxes and special assessments. As such, any unpaid CID taxes or assessments are treated in the same manner as other taxes and assessments imposed by any other taxing jurisdiction within the community. In particular, the Collector is empowered to impose liens and take other enforcement actions on behalf of the CID to ensure that outstanding property taxes and special assessments are paid. Further, on behalf of the CID, the Department of Revenue may collect interest on any unpaid and past due sales tax revenues.

FORMATION PROCESS

Initiation Process

Given the fact that there are "up-front" costs required to comply with the CID Act, and that these up-front costs may be substantial, the City of Chesterfield will verify that the proposed projects are properly defined and that they have been structured in a way that is economically feasible. The City of Chesterfield has developed an application which will be used to enable the City to perform an initial evaluation of all CID proposals. The Application (See Appendix A) is designed to help applicants conceptualize the project and identify the means of making it most productive. After an initial review and evaluation, the CID request will then go through a formal review process. It is worthwhile to note, however, that because each community improvement district must be judged on its own strengths and merits, it is not possible to establish a "normal" time frame for establishment.

Application Process

The Application contains the following elements, all of which are essential to its evaluation:

- a) The name of the proposed district or nonprofit corporation;
- b) The legal description of the proposed district, including a map illustrating the district boundaries;
- c) A description of the purposes of the proposed district, the services it will provide, the improvements it will make and an estimate of costs of these services and improvements to be incurred over the initial five-

years of existence;

- d) A statement as to whether the district will be a political subdivision or a not-for-profit corporation;
- e) A list of all of the owners and parcels within the proposed district;
- f) The total assessed value of all real property within the proposed district, by parcel number;
- g) A statement as to whether the petitioners are seeking a determination that the proposed district, or any legally described portion thereof, is a blighted area;
- h) The proposed length of time for the existence of the district;
- i) The maximum rates of real property taxes that may be submitted to the qualified voters for approval;
- j) The maximum rates of special assessments and respective methods of assessment that may be proposed by petition;
- k) The limitations, if any, on the borrowing capacity of the district;
- l) The limitations, if any, on the revenue generation of the district; and
- m) Other limitations, if any, on the powers of the district.

One electronic copy and two paper copies of the Application should be submitted to the City Administrator as follows:

City Administrator
City of Chesterfield
690 Chesterfield Parkway West
Chesterfield, Missouri 63017-0760
Cityadministrator@chesterfield.mo.us

After receipt, the City Administrator will cause a formal review of the application, by all appropriate City Staff and/or City consultants and will, following said review, forward those applications considered to be complete to the City's Finance and Administration Committee. Particular attention will be paid to:

- a) the size and scope of the proposed project;
- b) the ability of the project to generate revenues sufficient to pay for the public improvements;
- c) the long-term viability of the proposed project; and
- d) the impact of the project on surrounding areas.

The City's Director of Finance will verify the accuracy of the parcel identification numbers and assessed values on all properties within the proposed CID.

Throughout the evaluation process, the City Staff will review and recommend improvements to the proposal, if necessary, to help meet the needs of the proposed district and the City. To the extent that portions of the proposal are not sufficient to satisfy the requirements of the CID Act, the City will discuss potential revisions with the applicant and attempt to address any issues of concern. Once the review of the CID application is complete, a written evaluation of the project will be submitted to the Finance and Administration Committee of City Council. If the Finance and Administration Committee recommends approval, the matter will be forwarded to the full City Council. If the Finance and Administration Committee does not recommend approval, no further action will be taken by the City of Chesterfield.

Formal Petition Process

Once the Application review process is complete and the proposal is forwarded to the City Council for approval, it will be included in the CID program and the formal development of a CID Petition will be started. Costs incurred during the formal petition process are also reimbursable under the CID Act.

To ensure sufficient support by the residents and property owners within the proposed district, the City Council will require that the CID petition be signed by at least sixty percent (60%) of the property owners within the boundaries of the proposed district as measured both by assessed value and number of total parcels, rather than the minimum 50% representation provided in the CID Act. The formal Petition will also include any updates to the Application, as well as:

- a) A notice that the signatures of the signers may not be withdrawn later than seven days after the petition is filed with the municipal clerk;
- b) If the district is to be a political subdivision, a statement as to whether the district will be governed by a board elected by the district or whether the board will be appointed by the municipality, and, if the board is to be elected by the district, the names and terms of the initial board may be stated;
- c) If the district is to be a political subdivision, the number of directors to serve on the board;
- d) Other limitations, if any, on the powers of the district;
- e) A request that the district be established;
- f) Any other items the petitioners deem appropriate.

NEXT STEPS

After the Petition is finalized, it will be filed with the City Clerk, who will review and verify that it conforms with the requirements of the CID Act, in consultation with the City Administrator and legal counsel. Then, the City Council will set and convene a public hearing to receive comment on the proposed district. All members of the public will be given an opportunity to be heard. After the public hearing, the City Council may, in its sole discretion, adopt an ordinance to establish the proposed district.

It is during the formal approval of the Petition that the City Council will determine the level of the City financial participation in the CID project. In most cases, the City will recover all costs it has incurred throughout the CID process from the CID. However, in special circumstances where the CID project involves public improvements (such as public streets and sidewalks) and has general community benefits beyond the boundaries of the CID, the City may participate financially including, but not limited to, legal services related to establishment of the CID, design and project management through the City's Public Works Department, and, under extraordinary circumstances, funding for a portion of the cost.

Once established, the CID exists like any other political subdivision (or nonprofit corporation, as the case may be) of the state, and is obligated to operate in accordance with applicable state law. With that in mind, the City recommends each established district secure legal counsel experienced in administering special taxing districts. City staff will assist in identifying suitable counsel, as necessary.

It is the intention of the City of Chesterfield that all costs incurred by the City in the provision of any CID related services will be recouped by the City through the CID.

APPROVED BY:



7/7/2022

Director of Public Works/City Engineer

Date

**APPENDIX A
APPLICATION FOR
COMMUNITY IMPROVEMENT DISTRICT**

1. The name of the proposed district or nonprofit corporation:

2. Describe the purposes of the proposed district, the services it will provide, the improvements it will make, and an estimate of costs of these services and improvements to be incurred over the initial five years of existence (attach additional sheets as necessary):

3. Formation: Political Subdivision ____ Nonprofit Corporation ____

4. List of owners and parcels included within the proposed district (attach additional sheets as necessary):

5. The total assessed value of all real property within the proposed district, by parcel number (attach additional sheets as necessary):

6. If the petitioners are seeking a determination that the proposed district, or any legally described portion thereof, is a blighted area, please describe below:

7. Describe the proposed length of time for the existence of the district.

8. Describe the maximum rates of real property taxes, if any, that may be submitted to the qualified voters for approval, including how such real property taxes will be levied and collected:

9. Describe the maximum rates of special assessments and respective methods of assessment, if any, that may be proposed by petition, including how such special assessments will be levied and collected:

10. Describe the maximum rates of retail sales taxes, if any, that may be submitted to the qualified voters for approval, including how such retail sales taxes will be imposed and collected:

11. Describe the limitations, if any, on the borrowing capacity of the district:

12. Describe the limitations, if any, on the revenue generation of the district:

13. Describe the limitations, if any, on the powers of the district:

In addition to the items listed above, please include a legal description of the proposed district, including a map illustrating the district boundaries, as Exhibit A.

**CITY OF CHESTERFIELD
POLICY STATEMENT**

FINANCE AND ADMINISTRATION	NO.	7
SUBJECT	Community Improvement	INDEX
FA	District Policy (CID)	
DATE		DATE TBD
ISSUED	11/19/07	REVISED

The Policy of the City of Chesterfield City Council is that it will not approve a Community Improvement District (CID). Should a property owner request consideration of a CID, that request shall be forwarded to the Finance and Administration Committee of City Council. A request for consideration of a CID will only be forwarded to the full City Council with a positive recommendation by the Finance and Administration Committee.

Should the City of Chesterfield City Council vote in favor of consideration of a CID, the CID request will proceed as detailed in Public Works Departmental Procedure PPW-1054. The City Staff will take no action regarding a request for CID unless the consideration of the CID has been approved by City Council.

Should City Council, despite this policy, vote to consider a CID, it is under no obligation to approve the CID at a later date.

RECOMMENDED BY:

Department Head/Director/Council Committee (if applicable)

Date

APPROVED BY:

City Administrator

Date

City Council (if applicable)

Date