



AGENDA
SPECIAL CITY COUNCIL MEETING
Chesterfield City Hall
690 Chesterfield Parkway West
Monday, July 25, 2022
Chambers
5:00 PM

I. CALL TO ORDER – Mayor Bob Nation

II. ROLL CALL – City Clerk Vickie McGownd

III. OTHER LEGISLATION

A. Proposed Resolution – Review and Consideration of Economic Development Tools – A 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.

IV. ADJOURNMENT

***NOTE:** City Council will consider and act upon the matters listed above and such other matters as may be presented at the meeting and determined to be appropriate for discussion at that time.*

***Notice** is hereby given that the City Council may also hold a closed meeting for the purpose of dealing with matters relating to one or more of the following: legal actions, causes of action, litigation or privileged communications between the City's representatives and its attorneys (RSMo 610.021(1) 1994; lease, purchase or sale of real estate (RSMo 610.021(2) 1994; hiring, firing, disciplining or promoting employees with employee groups (RSMo 610.021(3)1994; Preparation, including any discussions or work product, on behalf of a public governmental body or its representatives for negotiations with employee groups (RSMo 610.021(9) 1994; and/or bidding specification (RSMo 610.021(11) 1994.*

PERSONS REQUIRING AN ACCOMMODATION TO ATTEND AND PARTICIPATE IN THE CITY COUNCIL MEETING SHOULD CONTACT CITY CLERK VICKIE MCGOWND AT (636)537-6716, AT LEAST TWO (2) WORKDAYS PRIOR TO THE MEETING.

Memorandum

Department of Planning



To: City Council

From: Justin Wyse, Director of Planning *JW*

CC: Michael O. Geisel, City Administrator

Date: July 25, 2022

RE: Review and Consideration of Economic Development Tools

Summary

The City Council participated in a Finance and Administration Committee of the Whole meeting on June 7th, 2021. The sole purpose of that meeting was to become aware of and educate ourselves relative to the various economic development tools available and what the impacts of each tool has on the community. Subsequently, at their June 29, 2021 meeting, the Finance and Administration Committee unanimously directed 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.”

The Finance and Administration Committee unanimously approved an RFQ (request for qualifications) from qualified consultants to provide “review, analysis, and recommendations for redevelopment of the Southwest Quadrant of Chesterfield Village” on August 31, 2021, after which staff advertised and solicited proposals. Several firms submitted proposals, and a shortlist of firms were interviewed by a committee consisting of Mayor Nation, President Pro-Tem Mastorakos, and F&A Chair Moore. Per the Committee’s recommendation, City Council authorized a contract with PGAV Planners, LLC at their meeting on December 6th, 2021, in an amount not to exceed \$100,000.

Since that time, Staff has been working with PGAV, land owners and others to complete the planning report and to develop the recommendation going forward.

The original direction of City Council established multiple specific goals of this effort:

- 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.
- 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.

- Identify strategies that will fund the public infrastructure needs and preserve levels of service without burdening the existing residents and businesses.
- Do not increase consumer taxes or property tax rates on the broader community.
- No intent to create development incentives or subsidies. Any district financing is to be directed to public infrastructure needs.

Financing of private improvements and the burdens associated with the proposed development should be funded by the current and future owners\developers of the development.

Findings

Through this process, it has been found that infrastructure costs (streets, roads, sewers, offsite improvements, public parking structures) will preclude redevelopment. PGAV then looked at various economic development tools permitted by State Statute to determine if any of the available tools (in light of the goals stated above) could be used to facilitate redevelopment. This process led to an evaluation of Tax Increment Financing (TIF). Prior to evaluating if a TIF could close the gap, an evaluation of Blight was conducted and it has been found that the area does qualify under the legal definition of Blight by the State of Missouri. As the area is blighted and the area will not redevelopment “but for” a TIF, PGAV is recommending that the City consider establishment of a TIF District with a conceptual area as shown below.



What is a TIF

The basic idea of TIF is that by encouraging redevelopment projects, the value of real property in a redevelopment area should increase. When a TIF plan is adopted, the assessed value of real property in the redevelopment area is frozen for tax purposes at the current base level prior to construction of improvements. The owner of the property continues to pay property taxes at this base level. As the property is improved, the assessed value of real property in the redevelopment area increases above the base level. By applying the tax rate within the redevelopment area to the increase in assessed valuation of the improved property over the base level, a “tax increment” is produced. The tax increments, referred to as “payments in lieu of taxes,” are paid by the owner of the property in the same manner and at the same time as regular property taxes. Again, property owners within a TIF area pay the full tax amount and the TIF district simply allows for the City (in the case of a City controlled TIF) to allocate funds to approved projects.

The payments in lieu of taxes (PILOTS) are transferred by the collecting agency to the treasurer of the municipality and deposited in a special allocation fund. In addition, local taxing districts transfer 50% of all incremental sales and utility tax revenues (EATS) to the treasurer of the municipality for deposit into the special allocation fund. All or a portion of the moneys in the fund can then be used to pay redevelopment project costs or to retire bonds or other obligations issued to pay such costs.

Process

Before a TIF District is created, State Statute requires several steps:

1. The municipality must create a TIF commission as provided in the TIF Act,
2. A redevelopment plan, including a description of the redevelopment area and the redevelopment projects therein, must be prepared,
3. The TIF commission must hold a public hearing and make a recommendation to the municipality pertaining to the redevelopment plan, the redevelopment projects and the designation of the redevelopment area, and
4. The **municipality** must adopt an ordinance approving the redevelopment plan, the redevelopment projects and the designation of the redevelopment area. It should be emphasized that evaluation of a TIF District does not obligate the City to approve a TIF District.

In essence, this process is very similar to a zoning request where requests are sent to the Planning Commission for a Public Hearing and recommendation before being forwarded to the City Council for final consideration of an ordinance.

In St. Louis County, the TIF Commission is comprised of:

- Six members from St. Louis County;
- Three members from Chesterfield;
- Two members from the school districts; and

- One member from other taxing jurisdictions.

Recommendation

Based on the recommendation from PGAV, staff is recommending that the City Council consider a resolution to formally create a TIF Commission. If approved, certified notices will be sent to all taxing jurisdictions to begin creating the Commission, a Redevelopment Plan created, a Public Hearing held on the request, and finally a recommendation from the TIF Commission will be presented to the City Council. As stated previously, establishment of a TIF Commission only begins the process of evaluating a potential TIF but does not obligate the City to approve a TIF District. If the Commission is approved, a recommendation will ultimately be brought back to City Council for action.

The recommendation to consider TIF fulfills many of the original goals cited by City Council; however, TIF alone cannot fully ensure all of the goals. As such, PGAV has recommended that, if a TIF is approved to provide funding for public improvements, that a Special Business District (SBD) be considered to provide a revenue source from within the redevelopment area to maintain new public improvements (e.g. roads, traffic signals, trails, parks...). As a TIF has not been established, this recommendation will be delayed until final disposition of a TIF.

RESOLUTION NO. _____

A 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

WHEREAS, the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865 of the Revised Statutes of Missouri, as amended (the **“Act”**), authorizes municipalities to adopt tax increment financing in order to finance redevelopment projects; and

WHEREAS, the City Council of the City of Chesterfield, Missouri (the **“City”**) desires to consider the use of tax increment financing to finance redevelopment projects within certain areas of the City that may qualify for redevelopment (the **“Proposed Redevelopment Area”**); and

WHEREAS, Section 99.820.3 of the Act requires a city in a county with a charter form of government and with more than one million inhabitants to, prior to adoption of an ordinance approving the designation of a redevelopment area or approving a redevelopment plan or redevelopment project, to create a commission consisting of twelve persons to be appointed as set forth in the Act; and

WHEREAS, the City Council desires to establish and provide for such commission, the appointment of members to such a commission, and compliance with notice requirements relating thereto.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF CHESTERFIELD, MISSOURI, AS FOLLOWS:

Section 1. There is hereby created a commission to be known as the “Tax Increment Financing Commission of the City of Chesterfield, Missouri” (the **“Commission”**).

Section 2. The Commission shall consist of twelve members, appointed as follows: (a) six members appointed by the county executive of St. Louis County, Missouri (the **“County”**), (b) three members appointed by the cities, towns, or villages in the County which have tax increment financing districts in a manner in which the chief elected officials of such cities, towns, or villages agree, (c) two members appointed by the school boards whose districts are included in the County in a manner in which the school boards agree, and (d) one member to represent all other districts levying ad valorem taxes in the Proposed Redevelopment Area in a manner in which all such districts agree, all as provided for in the Act.

RESOLUTION NO. _____

Section 3. The terms of the members of the Commission shall be as follows: (a) members appointed to the Commission, except those six members appointed by the county executive of the County, shall serve on the Commission for a term to coincide with the length of time a redevelopment project, redevelopment plan, or designation of a redevelopment area is considered for approval by the Commission; and (b) the six members appointed by the county executive of the County shall serve on the Commission until replaced.

Section 4. The City Administrator or his designee on the City's behalf shall send notice of the creation of the Commission by certified mail to the county executive of the County, to the school districts whose boundaries include any portion of the Proposed Redevelopment Area, and to the other taxing districts whose boundaries include any portion of the Proposed Redevelopment Area. In addition, the City Administrator or his designee on the City's behalf shall be solely responsible for notifying all other cities, towns and villages in the County that have tax increment financing districts of the creation of the Commission.

Section 5. The City Council hereby authorizes and approves the Commission to exercise those powers and fulfill such duties as are required or authorized for such Commission under the Act. The City shall exercise all administrative functions of the Commission.

Section 6. The Commission shall, within fifteen days of the receipt of a redevelopment plan meeting the minimum requirements of Section 99.810 of the Act, as determined by counsel to the City and upon request of the City, fix a time and place for the public hearing referred to in Section 99.825 of the Act. The public hearing shall be held no later than seventy-five days from the Commission's receipt of such redevelopment plan and request for public hearing. The Commission shall vote and make recommendations to the City Council on all proposed redevelopment plans, redevelopment projects, and designations of redevelopment areas, and amendments thereto within thirty days following the completion of the public hearing. A recommendation of approval shall only be deemed to occur if a majority of the commissioners voting on such plan, project, designation, or amendment thereto vote for approval. A tied vote shall be considered a recommendation in opposition. If the Commission fails to vote within thirty days following the completion of the public hearing referred to in Section 99.825 of the Act concerning the proposed redevelopment plan, redevelopment project, or designation of a Proposed Redevelopment Area, or amendments thereto, such plan, project, designation, or amendment thereto shall be deemed rejected by the Commission.

Section 7. The City shall, and the officials, officers, agents and employees of the City are hereby authorized and directed to take such further action and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

RESOLUTION NO. _____

Section 8. The sections of this Resolution shall be severable. In the event that any section of this Resolution is found by a court of competent jurisdiction to be invalid, the remaining sections of this Resolution shall remain valid, unless the court finds the valid sections of this Resolution are so essential and inseparably connected with and dependent upon the void portion that it cannot be presumed that the City Council has or would have enacted the valid sections without the invalid ones, or unless the court finds that the valid sections standing alone are incomplete and are incapable of being executed in accordance with the legislative intent.

Section 9. This Resolution shall be in full force and effect from and after its passage of the City Council and approval by the Mayor.

Passed and approved this ____ day of _____, 2022.

PRESIDING OFFICER

MAYOR

ATTEST:

CITY CLERK