

## **WHAT IS A C.I.D. (COMMUNITY IMPROVEMENT DISTRICT)?**

As you may already be aware, City Council is currently considering a request, submitted by the developers of a PREMIUM OUTLET MALL, in conjunction with the Chesterfield Blue Valley development, for the establishment of a Community Improvement District, or CID, as provided for under the laws of the State of Missouri. Dozens of CIDs have been created in Missouri, including numerous ones in the St. Louis region. If approved by the City of Chesterfield, this CID would have its own BOARD OF DIRECTORS and would be authorized to manage the process by which certain public improvements are constructed and to finance those improvements with revenues generated ON THAT SITE. The City does NOT issue any debt, nor does it lend its credit to the project. NO CITY FUNDS, of any kind, are used for this project

Here are some additional facts regarding this proposal:

- Chesterfield Blue Valley has petitioned the City of Chesterfield for a 1% sales tax (user fee), which will only be in effect at the Premium Outlet Mall or other retail businesses that may develop within the Blue Valley district. This 1% will NOT apply to retail sales that occur elsewhere in Chesterfield.
- The City has been told that an estimated 90% of the shoppers at a PREMIUM OUTLET MALL will be from outside of Chesterfield. Therefore, 90% of the sales tax (user fees) will be paid by non-Chesterfield residents.
- A CID is an infrastructure financing tool, available to landowners and developers under State Law.
- It provides a way to build needed public infrastructure such as utilities, streets, storm water systems, and architectural features that benefit the City, as well as the development.
- The Chesterfield Blue Valley CID will permit the developer to sell bonds for up to \$30 million of the projected \$275 million total development costs.
- The City has structured an agreement with the developer to allow the CID funds to be used toward the development of a PREMIUM OUTLET MALL. Without the PREMIUM OUTLET MALL, the CID cannot proceed with financing infrastructure improvements.
- The CID will receive NO FUNDING, of any kind, from the City of Chesterfield.
- There is no financial risk for the City of Chesterfield or our taxpayers.
- Based upon an estimate of \$150 million in annual sales and the increased property values that will result from this proposed development, the taxing jurisdictions in our area, including the State of Missouri, St. Louis County, Rockwood School District, Monarch Fire Protection District and the City of Chesterfield will receive approximately \$15 million per year, in new tax revenue.

## **WHAT THE CID IS NOT!**

- The CID is **not** TIF (Tax Increment Financing). These are two totally different financing mechanisms and have very different processes. A TIF captures 50% of all new local sales tax and utility tax and 100% of new property taxes generated by a development, to service the debt that is issued by a City. This proposed CID only captures revenues generated by the 1% sales tax (user fee). All other revenues generated (sales tax, utility tax and property tax) will go to the jurisdictions listed above. (continued---→)

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- It will **not** result in a 1% sales tax on **all** retail sales in Chesterfield—Only those shopping at retail stores within the proposed PREMIUM OUTLET MALL and Blue Valley will pay this additional amount.
- It will **not** use or access ANY City of Chesterfield's public tax dollars or of those of any other taxing jurisdiction.
- It does **not** deprive the City of Chesterfield or any other governmental agency of the necessary funds to provide quality services. In fact, this proposed CID, by facilitating the development of a PREMIUM OUTLET MALL, as well as the remainder of the Blue Valley Development, will generate revenues for the City, County, State, Fire District and School District.
- Unlike a TIF, a CID does **not** transfer any financial risk from the developer to the City of Chesterfield or our taxpayers. The developer and those who invest in the CID bonds carry ALL the risk in this proposed PREMIUM OUTLET MALL project.