City of Joplin City Council Agenda Item

REQUESTED COUNCIL MEETING DATE: MAY 21, 2018

ITEM: COUNCIL BILL NO. 2018-507
ORIGINATING DEPARTMENT: FINANCE DEPARTMENT

ATTACHMENTS: 1) Exhibit "A" 1717 Market Place TIF Amendment

Finance Director: Leslie Haase
Community Planning Director: Troy Bolander
City Attorney: Peter Edwards
City Manager: Sam Anselm

INTRODUCTION:
This Council Bill approves the first amendment to the 1717 Market Place TIF Agreement.

DISCUSSION:
On January 10, 2005, the City Council adopted the 1717 Market Place Tax Increment Financing Plan (the "Redevelopment Plan") by Ordinance No. 2005-006, designated the Redevelopment Area, designated 1717 Market Place, LLC, as the developer of the redevelopment projects included in the Redevelopment Plan, and authorized the City to enter into a TIF Redevelopment Agreement with the developer. A Transportation Development District ("TDD") was subsequently formed in this same area and began levying a one-eighth percent (0.125%) sales tax for use along with TIF revenues to fund reimbursement of a portion of the project costs.

In the late summer of 2012, the developer filed bankruptcy. During 2013, the bankruptcy court ordered the City to make the TIF reimbursement payments owed to the developer to a receivership for the bank holding the loan on the development. The receivership then placed the property and the TIF/TDD revenue stream up for auction on May 19, 2014. As a result of the auction, the court approved the assets to be split and sold to three different buyers. The successful bidder for the TIF/TDD revenue stream was WBB, LLC. As set forth in the Redevelopment Agreement, the City approved the sale and entered into an Agreement to Transfer Repayment Rights that also required WBB, LLC, to comply with certain requirements of the Redevelopment Agreement.

The development in this TIF is mostly complete. However, there is one major piece of the development that is not complete. The 15th Street access easement from Rangeline Road to the Walmart property has not been built to City street specifications and dedicated to the City as contemplated by the Redevelopment Plan and Redevelopment Agreement.

Over the past year and a half, City staff worked with WBB, LLC, and the City Council regarding options for completing the construction of 15th Street. The projected costs for this work were more than the amount set forth in the Redevelopment Plan, the Redevelopment Agreement, and the Agreement to Transfer Repayment Rights with WBB. After evaluating the options, staff and the City Council concluded that in order to complete the construction in the most cost effective manner, without incurring additional interest costs, and in a timely

manner, the City, rather than WBB, should complete the 15th Street improvements and be reimbursed by the TIF/TDD revenues from the project.

On February 5, 2018, the Council approved an addendum to the Agreement to Transfer Repayment Rights with WBB removing their requirement to complete the 15th Street improvements. At this same time, the Council determined that the City should assume responsibility for completing this work and directed staff to prepare an amendment to the Redevelopment Plan to increase the budget for the project in an amount sufficient to cover the projected costs.

The First Amendment to the Redevelopment Plan revises various sections of the text of the Redevelopment Plan and Exhibit 3 Detail of Project Costs to reflect the increased costs associated with the 15th Street improvements. The estimated cost for the City to complete these improvements is $2 million. There are some additional funds remaining in the approved TIF budget that have not been certified to date. The increased costs for the improvements beyond the amount of additional funds remaining in the approved TIF budget total $1,719,459 divided among the following budget categories:

Property Acquisition – Right of Way Acquisition	$ 500,000
Street Improvements – Street Improvement	1,200,000
Financing Costs	19,459

It should be noted that the increase in Financing Costs is to reimburse WBB, LLC, for the final amount of financing costs they have incurred. As a part of this amendment and the amended agreement with WBB, LLC, their reimbursable costs are capped at $3,973,506.00. All costs related to the 15th Street improvements will be paid up front by the City and reimbursed from TIF/TDD revenues. WBB, LLC will be reimbursed in full first, followed by reimbursement to the City. The City is not seeking any reimbursement for financing costs associated with its advancing the necessary funds to complete the 15th Street improvements. In addition, the First Amendment revises the Redevelopment Plan to reflect the currently projected timeframe for final repayment of all reimbursable project costs to WBB and the City in 2023, which is approximately 6 years ahead of the 23 years allowed under the TIF statutes.

The 15th Street improvements include the following:

- Improvements to the east intersection of 15th Street and Rangeline Road

- Building a street that meets City specifications, including curb and gutter, from the intersection of 15th Street and Rangeline Road east to the Wal-Mart parking lot

The TIF Commission held a public hearing on April 12, 2018 on the TIF amendment. There were no public comments about the amendment. The Commission unanimously approved the amendment at the meeting. With approval of this bill, it is anticipated that right-of-way acquisition will begin immediately, with utility relocation occurring in 2019 and construction starting in the spring of 2020. Completion of the 15th Street improvements as contemplated by the Redevelopment Plan is an important part of the overall project and the redevelopment of the remaining vacant lots in this TIF District.

RECOMMENDATION:
Staff recommends approval of this Council Bill on an emergency basis.