CITY OF JOPLIN
COUNCIL AGENDA ITEM

ITEM
Council Bill 2020-533 – Approving the 32nd Street Place Tax Increment Financing (TIF) Redevelopment Plan and Projects, designating the Developer of the Projects, and approving a TIF Contract

MEETING DATE
December 28, 2020

ORIGINATING DEPT
Finance

ATTACHMENTS
CB 2020-533 Ordinance; Exhibit "A" 32nd Street Place Redevelopment Plan; Exhibit "B" TIF Contract; Exhibit "D" Staff Analysis of TIF; "But-For" Analysis

REVIEWED BY
Department Head: Leslie Haase; Planning Director: Troy Bolander; City Attorney: Peter Edwards; City Manager: Nick Edwards

SUMMARY
This Council Bill approves the 32nd Street Place TIF Redevelopment Plan and Projects generally located to the north of Hammons Boulevard and the east of Rangeline Road and south of 32nd Street. This bill also designates the redevelopment area and project areas, as well as Woodsonia Joplin, LLC, as the Developer. The bill also approves the TIF Contract between the City, Menard's, and Woodsonia.

BACKGROUND
Woodsonia Joplin, LLC (the Developer) submitted a proposed TIF Plan several months ago, called the 32nd Street Place TIF. A meeting and public hearing was held by the TIF Commission on October 29, 2020 to consider the proposed TIF Plan. The Developer presented the proposed TIF Plan including a blight study and cost-benefit analysis. Staff presented an analysis of the proposed TIF Plan and Baker Tilly presented the "But-For" analysis on behalf of the City. Following the presentations, the TIF Commission unanimously (with two members absent) adopted four resolutions recommending to the City Council that specific findings be made pursuant to the TIF statutes, that the area be declared blighted, that the TIF Plan and Projects be approved, and that Woodsonia Joplin, LLC, be designated as the developer for the TIF Plan and Projects.

The 32nd Street Place TIF is a "pay-as-you-go" TIF. This means the City will not issue any debt and the Developer will pay for the development costs up front. Then, as the development within the TIF District generates revenue from the incremental increase in sales tax and property tax, the Developer will be reimbursed from these proceeds generated by the development. The total project cost is nearly $188.9 million, with just over $30.1 million eligible for reimbursement from TIF revenues including CID sales tax revenues captured by the TIF.

The main provisions of the TIF Contract are as follows:

- Developer is designating a portion of the reimbursable project costs associated with Project Area 1A to be funded by TIF revenue generated by Project Area 1A to assist the owner of the tract, Sooner Investments, in a proposed retail redevelopment project.
- Developer is designating a portion of the reimbursable project costs associated with Project Areas 1B and 2 to be funded by TIF revenue generated by Project Areas 1B and 2 to Menard, Inc., to assist in redevelopment of the site with a Menard's store along with adjacent pad site developments.
- Developer is designating a portion of the reimbursable project costs associated with Project Area 5 to be funded by TIF revenues generated by Project Area 5 to an entity to assist in redevelopment of the former Holiday Inn property.
- Developer or its assignees will utilize TIF revenues generated by the remaining Project Areas to fund reimbursable project costs associated with a proposed movie theater, apartments, retail, and office uses.
- Improvements funded by the 32nd Street Place CID will be made to Hammons Boulevard including relocation of a portion of the street and reconstruction of the street to meet City street specifications so that once it is complete, it will be dedicated to and accepted by the City as a public street.
- Provisions are included to address acquisition of right of way required by MoDOT for improvements at the intersections of Hammons Boulevard with 32nd Street and with Range Line and for the acquisition of an easement for construction of a road west of the existing Sam's Club store to provide improved access to existing and new businesses in the area. These provisions allow for the City to use its eminent domain power (if it chooses to do so) after good faith negotiations to acquire the right of way and easements.
- TIF Budget is detailed by Project Area and includes a cap on the interest expense.
- Savings within line items, including interest expense, of the TIF Budget can be transferred to other line items, excluding soft cost line items, with some limitations.
- Interest on reimbursable project costs incurred is calculated at the rate charged to the Developer by its lender, not to exceed 5% for Woodsonia and 4% for Menards.
- Total reimbursable interest expense is capped at $5,500.000.00.
- Maximum TIF Reimbursement Reduction provision states 10 years after the effective date of the Contract, City shall review actual costs incurred by and revenues generated to the Developer by the project. If the information indicates Developer has exceeded an internal rate of return of more than 13%, the TIF reimbursement will be reduced to allow the taxing districts to benefit proportionally in the success of the project.
- The TIF development is limited to certain types of tenants unless City approval is granted. Other than in Project Areas 1B and 2, approval is required for "fast food" restaurants (no more than 2), adult businesses, surplus or second hand stores, gasoline station or convenience store (no more than 1), auto repair businesses or lube shops, and more than 30,000 square feet of non-sales tax generating businesses other than the relocation of the BKD offices and residential apartments included in the TIF Plan.
- Limitations are included on the protest of property taxes within portions of the TIF redevelopment area to help ensure projected property tax revenues generated by the projects are consistent with the projections included in the TIF Plan.
- Provisions are included to require full replacement value insurance is maintained on the private project improvements to ensure that in a casualty event, the improvements are reconstructed or, if not, use of TIF revenues for any additional reimbursements is reduced or eliminated.

FUNDING SOURCE
Not applicable for this item.

RECOMMENDATION
Staff recommends approval of this council bill on an emergency basis to advance this project.