CITY OF JOPLIN
COUNCIL AGENDA ITEM

ITEM
Council Bill 2025-501 – Approving the Prospect Village Tax Increment Financing (TIF) Redevelopment Plan and Projects, designating the Developer of the Projects, and approving a TIF Contract

MEETING DATE
January 21, 2025

ORIGINATING DEPT
Finance

ATTACHMENTS
CB 2025-501 Ordinance; Exhibit "A" Prospect Village Tax Increment Financing Redevelopment Plan; Exhibit "B" TIF Contract; Exhibit "C" TIF District; 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 Prospect Village TIF Redevelopment Plan and Projects generally located east of Geneva Avenue and south of 20th Street (the "Redevelopment Area"). This bill also designates the Redevelopment Area and project areas, as well as Prospect Village, LLC, as the Developer. The bill also approves the TIF Contract between the City and Prospect Village, LLC.

BACKGROUND
Prospect Village, LLC (the Developer) has proposed a redevelopment project called Prospect Village. The proposed project includes the use of tax increment financing and two community improvement districts to help fund the construction of an approximately 135,000 square foot indoor Sports Complex along with 2 adjacent artificial turf outdoor athletic fields, a major anchor tenant and additional retail and hotel space totaling approximately 186,300 square feet. In addition, after a future amendment to the TIF Plan following removal of a portion of the property from a FEMA designated floodplain, it is anticipated that approximately 375 multifamily housing units will be constructed. Improvements necessary to develop the project also include construction of streets, utility improvements, sidewalks, storm water improvements, and other site improvements.

Prospect Village, LLC (the Developer) submitted the proposed Prospect Village TIF Plan several months ago. A meeting and public hearing was held by the TIF Commission on December 12, 2024, 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 three 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 Prospect Village, LLC, be designated as the developer for the TIF Plan and Projects.

The Redevelopment Area has significant challenges related to its status as an environmental/super fund site, wetlands, and floodplain issues. The designation by the EPA as a super fund site in the

1990's was due to mining, milling and smelting operations on the property along with wood treatment/creosote operations that had occurred for approximately 150 years. The site also contains numerous abandoned mine shafts from mining operations over 100 years ago that will need to be remediated. A portion of the Redevelopment Area is currently located within a FEMA designated floodplain.

The Prospect Village 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 $307.3 million, with just over $38 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 will utilize TIF revenues generated by the Project Areas to fund reimbursable project costs as set forth in the project budget including site improvements associated with a proposed major anchor store, retail, and hotel uses and costs associated with environmental cleanup/remediation.
- Provisions are included to address the use of local contractors/subcontractors on the construction of the project improvements.
- Provisions are included to address the acquisition of right-of-way required for the construction of a portion of the proposed Woodsonia Avenue. 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 necessary right of way.
- TIF Budget is detailed by Project Area.
- Savings within line items of the TIF Budget can be transferred to other line items, excluding soft cost line items, with limitations.
- Limitations on reimbursements between individual Project Areas.
- Interest on reimbursable project costs incurred is calculated at the rate charged to the Developer by its lender, not to exceed 7%.
- The term of the TIF is capped at 20 years for each Project Area rather than 23 years as allowed by the TIF statute.
- 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 the Developer has exceeded a specified internal rate of return based on Baker Tilly's analysis of capitalization rates, 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. Approval is required for "fast food" restaurants, adult businesses, surplus or second-hand stores, auto repair businesses or lube shops, and a limited amount of square feet of non-sales tax generating businesses.
- 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 first reading.