

**CITY OF JOPLIN
COUNCIL AGENDA ITEM**

ITEM

Council Bill 2019-520 – Approving Redevelopment Project 1 of the Boomtown Central Shopping Tax Increment Financing (TIF) Plan

MEETING DATE

October 21, 2019

ORIGINATING DEPT

Finance

ATTACHMENTS

CB 2019-520 Ordinance; Map of Project Areas

REVIEWED BY

Department Head: Leslie Haase; Planning, Community Development and Neighborhood Improvement Director: Troy Bolander; Public Works Director: David Hertzberg; City Attorney: Peter Edwards; Interim City Manager: Dan Pekarek

SUMMARY

This Council Bill approves Redevelopment Project 1 of the Boomtown Central Shopping Tax Increment Financing (TIF) Plan.

BACKGROUND

Developer Denali Summit brought forward a proposed TIF Plan for approval of the proposed Boomtown Central Shopping TIF District to redevelop approximately 64.46 acres located south of 32nd Street and east of Range Line Road. The proposed redevelopment will occur in two separate Redevelopment Projects. The Plan proposes the construction of a new retail shopping center anchored by a 206,209 square foot Menards home improvement store along with a 50,300 square foot movie theater complex, 4,400 square foot fuel station, 55,980 square foot grocery store, and additional retail and commercial space of approximately 124,480 square feet. To date, Menards is the only retailer the Developer has confirmed will be located in the proposed development.

Under the requirements of the TIF Act, a 45-day notice was provided to the affected taxing jurisdictions and a public hearing was held before the TIF Commission on August 8, 2019. The City engaged Baker Tilly to perform a “But-For” Analysis. This is a study based on the proposed TIF Plan projections that shows the development would not be feasible, but for TIF assistance. At the TIF Commission meeting, there were 7 of 11 members in attendance. The City was represented by two of six members, the Joplin R-VIII School District by two members, Newton County by two members and the Joplin Special Road District representative. Staff recommended to the TIF Commission to continue the public hearing to September 26 in order for a market study to be completed that would analyze the reasonableness of the developer’s projections; project the anticipated new sales from the development, as well as the

anticipated redistribution of sales from existing non-TIF areas. The public hearing was held, four citizens spoke in favor of the Plan and one citizen asked questions. The TIF Commission voted unanimously to move the TIF Plan forward to Council for consideration.

Within the TIF District, the TIF Act provides for the allocation of 100% of the incremental increase in real property taxes generated by the district in the form of payments in lieu of taxes (PILOTS) and 50% of the incremental increase in economic activity taxes (EATS) generated by the district to help fund a portion of the Redevelopment Project costs. However, this TIF Plan provides for 25% of the PILOTS generated in the Redevelopment Area to be declared surplus and returned to the taxing jurisdictions each year. The TIF Plan proposes to run up to the maximum allowable time under the statute, which is 23 years from the date of activation. The Plan also provides for an additional source of revenue in the form of an additional one-cent sales tax imposed within the area, excluding the Menards store site. All of this tax will be used to help pay for the reimbursable costs shown in Exhibit 3. The Developer presents this TIF Plan as a “pay-as-you-go” TIF. This means the City will not issue any debt and the developer will pay for the development up front. As the TIF development itself generates revenue from the incremental increase in sales tax, franchise tax and property tax, the developer would be reimbursed from these proceeds. The projected total cost of the development is nearly \$77.9 million, while the TIF assistance sought is over \$17.5 million plus interest costs.

This ordinance approves Project 1 of the Boomtown Central Shopping TIF Plan and adopts tax increment financing for the specified project area. If this ordinance is approved on first reading, it will need to be tabled until a Redevelopment Agreement is approved and Project 1 is ready for activation.

FUNDING SOURCE

This item is not applicable for the approval of a Redevelopment Project in a proposed TIF Plan.

RECOMMENDATION

Staff makes no recommendation on this item.