

Legislation Details (With Text)

File #: 2024-6167 **Name:**

Type: Public Hearing - Sworn **Status:** Presented

File created: 2/28/2024 **In control:** City Council - Regular Session

On agenda: 3/26/2024 **Final action:** 3/26/2024

Title: Public Hearing: Petition for Establishment of the Bayberry Crossing Community Improvement District; Bayberry Crossing Baceline, LLC, applicant

Sponsors:

Indexes:

Code sections:

Attachments: 1. Exhibit List, 2. CID Petition, 3. Pre-Application Worksheet & Incentive Modeling, 4. City Presentation Slides, 5. Developer Presentation Slides, 6. Ordinance 7472 - LCRA Urban Renewal Area for 50 & 291 Corridors, 7. LCRA Resolution 2024-1

| Date | Ver. | Action By | Action | Result |
|-----------|------|--------------------------------|-----------|--------|
| 3/26/2024 | 1 | City Council - Regular Session | presented | |

Public Hearing: Petition for Establishment of the Bayberry Crossing Community Improvement District; Bayberry Crossing Baceline, LLC, applicant

Issue/Request:

Public hearing to consider approval of the Bayberry Crossing Community Improvement District which includes all commercial areas of the Bayberry Crossing Shopping Center and would impose a new 1% sales tax with a maximum duration of 27 years in order to fund rehabilitation and reconstruction work within the boundaries of the District located at 507 SE Melody Lane.

Key Issues:

Approval of a new CID which would impose a 1% sales tax within the boundaries of the proposed CID to fund rehabilitation and redevelopment costs.

Background:

Bayberry Crossing Baceline, LLC (“Developer”), through its subsidiary entities which owns the property within the proposed CID area, have filed a Petition for the formation of a CID in the Bayberry Crossing Shopping Center. The CID would impose a new 1% sale tax on the commercial retail businesses in the CID area.

The CID is proposed to fund the following rehabilitation and reconstruction improvements and associated soft costs in the combined total of about \$1.5 million in principal costs over the life of the CID:

- Main Center Façades and Building Envelope Integrity
- Landscaping (including Irrigation)
- LED Lighting
- Signage
- Amenities (benches, planters, etc.)

Developer is proposing to undertake remodeling, updates and improvements to the Bayberry Crossing shopping center. The shopping center parcel is about 5.05 acres and the building size of the completed project is about 54,000 square feet.

The Developer proposes to use a community improvement district (CID) which would impose a 1% sales tax for up to 27 years, which is the maximum duration allowed by the CID Act. Developer projects that the sales tax revenues in the first year of the CID will be about \$75,000/year, which represents \$7.5 million in annual taxable sales, and would accelerate to about \$10 million in annual taxable sales after 6 years. Developer projects that the total net present value of the reimbursement will be about \$1.5 million after 27 years.

Developer also requests the use of an LCRA Redevelopment Plan to provide sales tax exemption on construction materials for the redevelopment work. This would provide about \$72,000 in cost savings to Developer for the project.

The CID area would include the entire parcel at about 5 acres. Data for the proposed request (rounded to the thousands):

Total Project Costs:

\$10,794,000

Total Requested Potential Reimbursement:

\$1,456,000

Total Projected Actual Reimbursement:

\$3,151,000 over 27 years based on sales tax projections

\$1,423,000 net present value of reimbursement at 6% discount rate

Reimbursement as a Percentage of Total Project Costs:

14.2%

The ordinance would make the CID approval contingent upon the CID entering into a cooperative agreement with the City for implementation of the District. The cooperative agreement would contain the following safeguards and protections for the City:

- The City Finance Department would receive the CID revenues from the Department of Revenue and disburse the revenues pursuant to the terms of the agreement. The City will receive a portion of the CID revenues as reimbursement for this for this administrative work.
- Reimbursable project costs which are incurred by the Developer or other private parties will be reviewed and approved by City staff and the District prior to reimbursement from District revenues.
- The CID will be a political subdivision of the state and must follow all applicable laws such as the Sunshine Law and annual budgeting laws.

Impact/Analysis:

The CID would impose a 1% sales tax over the shopping center which will last for 27 years, or until the reimbursable project costs are paid in full. The LCRA Plan would be in effect during the redevelopment time period only, to provide sales tax exemption on construction materials that are used in the renovation process. The property would return to the tax rolls after the redevelopment work is completed.

Timeline:

Developer plans to start with the project in 2024 and finish in less than a year.

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David Bushek, Chief Counsel of Economic Development and Planning