

Legislation Details (With Text)

File #: BILL NO. 24-061
Name:
Type: Ordinance - Public Hearing
Status: Passed
File created: 2/28/2024
In control: Land Clearance for Redevelopment Authority
On agenda: 3/26/2024
Final action: 4/9/2024
Title: An Ordinance approving the Bayberry Crossing Land Clearance for Redevelopment Authority (LCRA) Redevelopment Plan
 (Note: First read by Council on March 26, 2024. Passed by unanimous vote.)

Sponsors:

Indexes:

Code sections:

Attachments: 1. Ordinance, 2. Exhibit A: LCRA Redevelopment Plan

Date	Ver.	Action By	Action	Result
4/9/2024	1	City Council - Regular Session	adopted and numbered	Pass
3/26/2024	1	City Council - Regular Session	advanced to second reading	Pass

An Ordinance approving the Bayberry Crossing Land Clearance for Redevelopment Authority (LCRA) Redevelopment Plan
 (Note: First read by Council on March 26, 2024. Passed by unanimous vote.)

Issue/Request:

Resolution to approve the Bayberry Crossing LCRA Redevelopment Plan

Key Issues:

Request for a CID and LCRA redevelopment plan to provide reimbursement to Developer for certain qualified redevelopment costs associated with the shopping center improvement work. Developer’s proposed reimbursable costs include these shopping center renovation costs:

- Main Center Facades and Building Envelope Integrity
- Landscaping (including irrigation)
- Signage
- LED lighting
- Amenities (benches, planters, etc.)

The LCRA redevelopment plan would be in place for 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. The applicant is not seeking a property tax abatement.

Background:

A Conceptual Economic Development Incentive Request was presented to the City Council at the January 9,

2024 City Council meeting.

Baceline, LLC ("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 the maximum duration allows 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 property is located in the US 50 / M-291 Highway Urban Renewal Area that was created through the adoption of Ordinance No. 7472 in June 2014.

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%

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.

Curt Petersen, Polsinelli, P.C.

David Bushek, Chief Counsel of Economic Development & Planning